

Business and peace – taking stock: building peace with a bulldozer?

In the mid-1990s, as a result of the civil war and genocide in Rwanda, peacebuilding began to be integrated into development work. The background to this was the painful experience that development did not automatically generate peace. Today, more than twenty years later, in our efforts to integrate peace and development, we seem to be back where we started. “Jobs, jobs, jobs” is the tenor of the World Development Report 2011, and this filters through into discussions of how increasingly violent situations can be addressed in practical ways in 2018 as well. In the report, economic development and the generation of employment are promoted as core components for stabilisation, conflict transformation and peacebuilding. The 2030 Agenda for Sustainable Development and the New Deal for Engagement in Fragile States also identify a key role for business and the private sector in transforming conflict. FriEnt explored this nexus at a series of events between July 2017 and June 2018 and draws some initial conclusions in this paper.

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1. The context

An equivocal relationship

“Before, we feared bullets, now we fear bulldozers” – this comment came from dialogue partners from Myanmar. After years of war and violence, their region was the focus of major infrastructural and investment projects aimed at developing the economy in the wake of the hard-won peace. But instead of everyone benefiting from development prospects, job creation, income security and opportunities for participation, which would have provided an economic basis for implementation of the peace deal, many local people were deprived of their land and therefore their livelihoods. The profits generated by these projects were channelled abroad or ended up in the pockets of the country’s political, military and economic elite. Local people, by contrast, saw a decline in their living conditions and life becoming increasingly precarious. Not only were fewer jobs created than they had hoped; many of the jobs which did exist were assigned to workers from other regions, and working conditions were often very poor. Is this what “business for peace” looks like?

Lack of data

A glance at academic research on the business-peace nexus reveals that the current economic policies which form the basis for engagement even in conditions of conflict and fragility are in fact predicated on stable governance and well-functioning institutions.

Business and peace: Myanmar

[Wirtschaft und Frieden – wie steht’s in Myanmar?](#)

FriEnt-Fachgespräch | February 2018

[Wirtschaft und Frieden: Auswirkungen chinesischen Wirtschaftsengagements in Myanmar](#)

FriEnt-Fachgespräch | June 2018

Where do we stand?

[Wirtschaft & Frieden – wo stehen wir?](#)
FriEnt-Expert Workshop | July 2017

[Critical Reflection on ‘Land Grabbing’
in Fragile and Conflict-Affected
Contexts](#)

A. Graf, C. Kruckow, S. Gemperle |
KOFF, FriEnt | 2013

[The political economy of fragility:
Business, Peace and Conflict in Sierra
Leone](#)

Brian Ganson and Herbert M’cleod |
December 2017

There is currently no reliable data available that confirms a positive correlation between economic development and peace. And yet the commonly held assumption that economic development relies on stable conditions is not borne out by reality. This is clearly demonstrated by the well-functioning war economies and economies of violence, and by the target countries of large-scale land investment, many of which belong to the group of fragile states, including DR Congo, Sierra Leone and Cambodia, or are located in conflict regions, such as Sudan and South Sudan.

Conflicting economic models

In Myanmar and elsewhere, there are many positive examples of grassroots and participatory economic development at the local level. However, national economic policy and international arrangements such as investment protection agreements (IPAs) tend to support a

very different kind of development. The profit guarantees for international companies provided by the IPAs undermine trade unions’ efforts to secure minimum wages and safeguard minimum standards in working conditions and may also conflict with national (social welfare) legislation.

This is not only about conflicting interests. Underlying this situation is stakeholder complexity: government and civil society, local and international development organisations and business – all of them with highly diverse, sometimes even contradictory concepts and assumptions about the link between business and peace. For one side, economic development should directly benefit communities, fulfil their needs and unlock their potential through locally appropriate initiatives; for the other, large-scale and mega projects are initiating broad-scale economic benefit as the backbone for effective development.

Business and peace?

[Confronting Risk, Mobilizing Action:
A Framework for Conflict Prevention
in the Context of Large-scale
Business Investments](#)

Brian Ganson and Achim
Wennmann | FES | 2012

[Collaborative for Development
Action, Business and Peace Project |
CDA](#)

2. Experiences

Local initiatives

There are many diverse business initiatives at the local level and in specific regions, some of which are extremely promising in terms of both their economic and peace impact. If designed with conflict sensitivity in mind, they can bring people together across conflict divides, give them positive experiences of mutual engagement and establish a new livelihood base. Experiences range from transport companies in Afghanistan, IT initiatives in Palestine and agricultural and solar energy projects in Yemen to local tourism companies in Myanmar and Sri Lanka.

The prerequisite is an insight into the realities of local people’s lives: what must be the key elements of economic engagement if it is to have a peacebuilding effect? Community-oriented strategies are a gateway here, as the tourism industry in Myanmar and Sri Lanka has shown.

The responsibilities of government and business – linking the local with the national and international

International rules

[UN Guiding Principles on Business and Human Rights](#) | 2011

[UN Declaration on the Rights of Indigenous Peoples \(UNDRIP\)](#) | 2007

[Voluntary Guidelines on the Responsible Governance of Tenure of Land, Fisheries and Forests \(VGGT\)](#) | 2012

The conditions which must be in place if successful local initiatives are to have positive effects at the national level have not yet been fully explored. They do, however, include national legal frameworks and international rules. The UN Guiding Principles on Business and Human Rights, the UN Declaration on the Rights of Indigenous Peoples (UNDRIP) and the Voluntary Guidelines on the Responsible Governance of Tenure of Land, Fisheries and Forests (VGGT) also apply in contexts of fragility and violence, requiring states and businesses to fulfil their human rights obligations.

An example of national legislation which provides local initiatives with protection and

opportunities for development is the Bangsamoro Basic Law on the island of Mindanao (Philippines). The Basic Law, which was negotiated by all parties, allows groups which were previously economically and politically marginalised to exert a measure of control over local resources and grants them a share of the revenue for their region's benefit.

Agreements between local communities and companies ensure that businesses comply with their international obligations relating to respect for human rights in all sectors. In addition, governance issues – such as timely and adequate information for local communities, inclusion and co-determination, participation of all social groups, including women, in planning and decision-making, repudiation and grievance mechanisms, and protection of minorities – also have an important role to play. Key experience has also been gained in the Philippines in negotiating processes involving companies, government bodies and civil society.

Conflict sensitivity

For business operations in conflict areas, civil society organisations have developed sector-specific guidelines on conflict sensitivity, a topic of relevance to all areas of corporate engagement in contexts of fragility and conflict.

Businesses' first priority is to maximise their profits, minimise costs and ensure that their operations proceed as smoothly as possible. They are not necessarily concerned with promoting peace; they do, however, have a strong interest in minimising risks to their corporate activity. For transport companies operating in Afghanistan's border regions, for example, the primary concern in negotiations with conflict parties is to ensure that they can transit conflict areas unharmed; they are less interested in positively influencing the conflict. This is borne out by numerous other examples from various countries, showing that basic assumptions about businesses' role and interests and their opportunities to contribute to peace should be re-examined.

In fact, businesses can make a commitment to conflict sensitivity and show responsibility when engaging in fragile and conflict-affected contexts.

Local initiatives for business and peace

[Conflict-sensitive employment in Afghan construction and transport companies](#)

Elke Grawert, Fazalrabi Shirzad | bicc Working Paper | July 2017

[Afghanistan's Cross-border Trade with Pakistan and Iran and the Responsibility for Conflict-sensitive Employment](#)

Elke Grawert, Rabia Nusrat, Zulfiqar Ali Shah | bicc Working Paper | May 2017

[Is there a Case for Private Sector Development Interventions in the Contexts of Open and Sustained Violence?](#)

Urs Schrade et al. | GIZ Discussion Paper | June 2017

Conflict sensitivity

[Do no harm? Chinesische Investoren in der Mekong-Region](#)

FriEnt Expert Workshop | June 2015

[Tourismus in Sri Lanka: Die menschenrechtliche Verantwortung von Reiseanbietern in Post-Konflikt-Gebieten](#)

Christine Plüss, Nina Sahdeva, Antje Monshausen | arbeitskreis tourismus & entwicklung und Tourism Watch/ Brot für die Welt

[Is Conflict Sensitivity Applicable to Employment?](#)

Elke Grawert, Dirk Hansohm, Rabia Nusrat | bicc Working Paper | January 2017

They can do so, for example, by ensuring, when recruiting staff, that they do not give preference to members of a (former) conflict party, do not focus their operations solely on one region, and, as far as possible, do not operate along entrenched lines of conflict.

Other sectors

The issue of (conflict-sensitive) recruitment highlights other challenges in the peace-business nexus. Even with transparent selection procedures, it may ultimately prove to be the case that most jobs go to members of one (conflict) group. This applies particularly if they previously enjoyed privileged access to education and professional training. Here, it is a matter for the state to level out the disparities by adopting appropriate reforms and education policies and thus counteract economic development along conflict lines.

Cultural and spiritual dimensions

There are also many cultural and spiritual dimensions to business and peace. On the Pacific island of Bougainville, for example, the decision to (re-) open one of the world’s largest copper mines also touched upon the spiritual meaning of the land on which the mine is located and its importance for the local communities’ survival and development.

The restoration of social relations, including the social cohesion that was a casualty of the war around the mine, is also seen as crucial to economic decision-making.

Local mechanisms of conflict resolution and accountability must also be considered. Traditional value systems and conceptions of the law exert considerable influence in many instances and often have greater legitimacy, in local communities’ eyes, than international norms. They too must be considered in economic development and peacebuilding strategies.

Land and mining

[Mining for Peace and Development?!](#)

FriEnt-Session | FriEnt Peacebuilding Forum 2018

3. Where do we go from here?

The importance of economic development in building a peaceful society is undisputed. However, it is also clear that economic development does not necessarily produce a peace dividend. There are entry points for building a positive relationship between the two, even if this is not a given. What can be done to strengthen and build on the positive experiences? Is there a space for dialogue between governmental and civil society organisations working on peace and development here? We have identified the following **three pathways as priorities for future engagement**:

Winning over businesses to peace

Under which conditions can businesses be persuaded to support peace – and which companies are committing to “do no harm” now and in the long term? What is the situation with new economic “big hitters” such as China? How much responsibility do investors and banks bear, as the providers of business finance? When is public sector funding for business development justified? These are just some of the questions

addressed by peace organisations several years ago. It is time to revisit them and continue to seek answers.

The political commitment to scaling up: from local to national impact

Local economic projects can be very successful, inclusive and innovative. However, there is often a lack of support mechanisms and political commitment, preventing their scaling-up to national level. What can be done to boost the political commitment to business engagement for peace? How can elites be motivated to behave in an inclusive manner, allow space for competition, and have a peacebuilding impact? Which accompanying measures are important in creating a positive framework for economic development and peace, for everyone's benefit? And what kind of grievance and arbitration mechanisms are needed in order to mitigate the negative impacts and provide appropriate compensation?

Conflict sensitivity

The development of models for conflict-sensitive generation of employment is a key entry point which must be addressed with businesses, government and administration on a context-specific basis.

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