

EXECUTIVE SUMMARY

The annual cost of conflict is a trillion dollars.¹

This seemingly hyperbolic statement reflects figures calculated by the Institute of Economics and Peace in 2017, which have since risen.² Indeed, war brings about challenges to business operations and profitability, while elusive political stability causes hesitancy on the part of potential investors. It is undeniable that regardless of the objective financial cost of conflict, business success, economic prosperity and peace are highly interconnected. In turn, academics have given substantial recognition to the potential contributions of the private sector to peace-building. Activity from actors such as Barlow Rand Ltd and the Consultative Business Movement (CBM), which operated in apartheid South Africa, have become exemplars.

Leading private-sector actors are also increasingly intentional in their contributions to immediate and long-term peace. For instance, the chief executive officer of the American food company Chobani, formed the Tent Partnership for Refugees, which has brought over 100 businesses together to use their competencies for the benefit of refugees, many of whom have been displaced due to conflict.³ Many investors and philanthropists have come to expect company reporting on achievements related to the Sustainable Development Goal (SDG) 17.⁴

Private-sector peace-building activities meet with different degrees of success. These initiatives generate data that offer lessons on the existing and potential role of the private sector in peace processes. As international organizations and governments test and improve models for collaboration with the private sector, both the successes and

¹ Foran, interview.

² The amount was calculated at \$1.02 trillion in 2017.

³ 'Our Members - Tent Partnership for Refugees', Tent, accessed 20 February 2020, <https://www.tent.org/members/>; 'Our Team', Tent, accessed 20 February 2020, <https://www.tent.org/about/our-team/>.

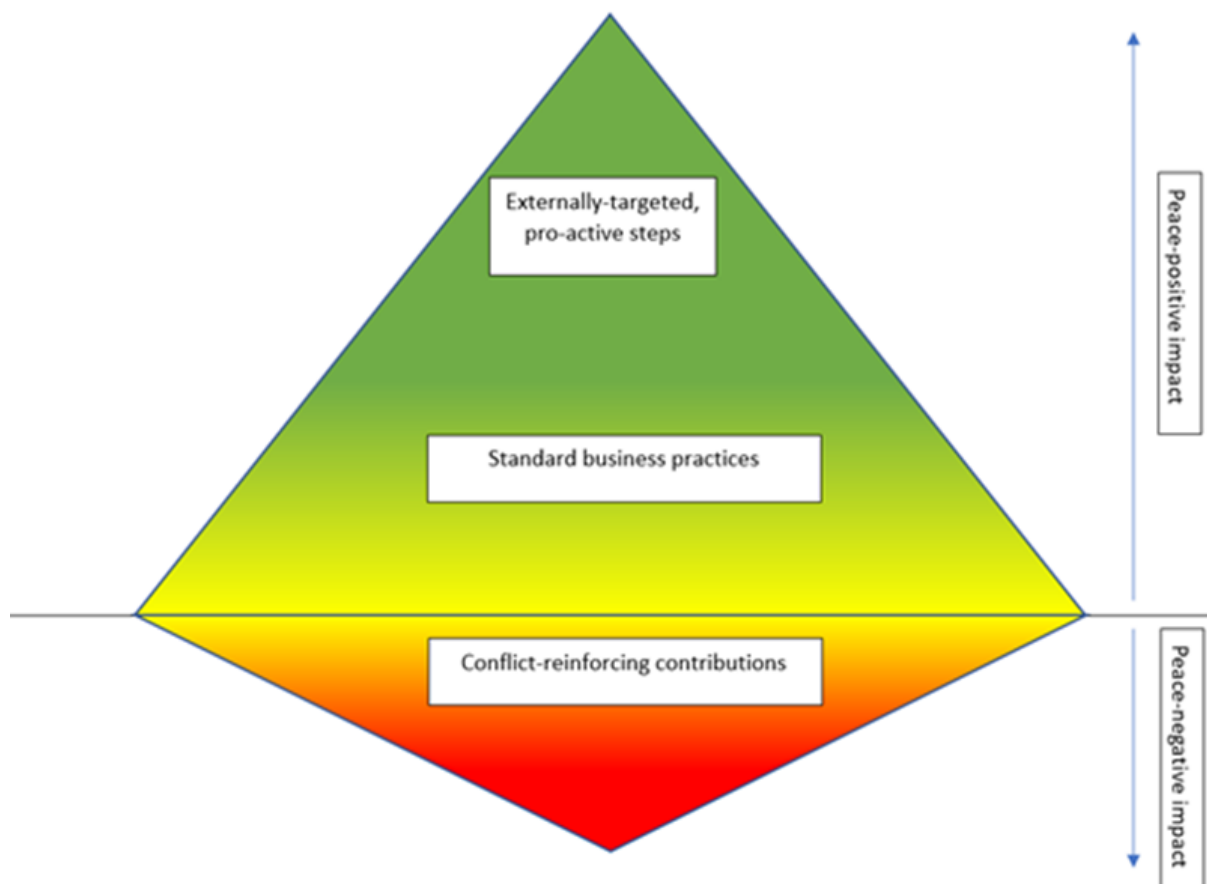
⁴ Sustainable Development Goal 17 - Partnerships for the Goals.

limitations of past initiatives and partnerships must be considered. This report therefore addresses the following question: *Based on previous involvements of the private sector in peace-building, which of its activities can contribute positively to peace-building and what lessons can be applied to future interventions?*

The body of this report begins with a Literature Review, which surveys scholarly work on the links between private sector activity and peace-building. Aspects covered are motivations for private-sector actors to get involved in peace-building, concrete ways through which they can contribute, benefits that private-sector involvement can bring to peace-building processes, and the limitations of private-sector involvement. Overall, most scholars on this topic hold that private-sector involvement is not a panacea for peace-building challenges, nor does it necessarily constitute an obstacle to peace-building. Instead, there is an emerging trend to recognize possible contributions of private-sector actors, while taking the limitations into account.

The Case Studies section explores peace-building activities conducted by private-sector actors within conflicts in Kenya, Sri Lanka, Nepal, El Salvador, Northern Ireland and Somalia. These examples present a wide breadth of private-sector motivations, contributions and progressions undertaken amidst different political and socioeconomic variables. For instance, the case from Sri Lanka details private-sector engagement during a civil war, while the case from El Salvador explores private-sector contributions during peace negotiations. The case in Kenya explores private-sector responses to future violence while actors in Northern Ireland began their actions two decades into the conflict. Actors in Nepal and Somalia both brought attention to the economic injustice surrounding them. In Nepal, business actors employed strikes while in Somalia turned to incremental, operational activities. These cases provide qualitative evidence of what has been possible and indications of what remains underexplored in contemporary peace-building.

Interviews were conducted with academics as well as development and peace-building practitioners to inform a Thematic Analysis of the incentives, roles and limitations surrounding the mobilization of private-sector actors for peace-building. The analysis produces an analytical framework that recognizes the contributions of the private sector as fluid, of differing prevalence and urgency. This is diagrammatically presented in the Contributions Pyramid and accounts for different levels of sensitivity to conflict displayed by private-sector actors. There is also an expanding range of options available. When adopting a conflict-sensitive lens, positive peace can be pursued through standard business practices such as the provision of basic services, principled job creation, and contributions to the economic development of a region. Standard practices with a conflict-sensitive lens form the foundation and bulk of peace positive and sustainable engagements from the private sector, but under specific conditions these can be augmented by externally targeted and proactive steps. Through the latter, businesses can influence peace talks and help create multilateral policies with governments for the post-conflict economic environment.



Despite the market opportunities generated by peace for most businesses in the long-term, the private sector is often reluctant to contribute to peace-building. It typically contributes once the costs of war directly impact business operations. This reluctance is partly explained by the fact that many private-sector actors, whose core purpose is to generate profit, do not regard peace-building as their mandate or responsibility. Moreover, many businesses find ways to continue operations in conflict environments, in the absence of added incentives or professional guidance on how to operate with a conflict-sensitive lens.

Whereby businesses have sufficiently large incentives to get involved in peace-building, the types of contributions they can make largely depend on the characteristics of and relations among the businesses. Overall, due to a lack of alternative sources of income and dependence on the environments in which they operate, local businesses and subsidiaries of multinational corporations are highly incentivized to contribute. Small businesses provide a platform for incremental grassroots contributions, national and international brands can help bolster FDI inflows, while alliances provide a vehicle for public participation and national political engagements. The impact businesses can have on peace-building processes further depends on their internal structures as well as the initiative and influence of internal stakeholders.

Based on the Thematic Analysis, this report presents the following policy recommendations for the private sector, public sector, and peace-building and development institutions:

1. Businesses should adopt a conflict-sensitive lens to their operations to achieve peace-positive impacts.
2. Businesses should view value creation for society as a higher business purpose.
3. Businesses, if highly invested in fostering peace, should consider politically organizing into an alliance.
4. The public sector should become more comfortable working with the private sector on a long-term and sustained basis, not simply around particular projects or interventions.

5. (Legitimate) governments and development practitioners should lead and enable private-sector engagement in peace-building, seeking their business-perspective early on.
6. The public sector should not disengage from cooperation with private-sector actors based on the primary interest of businesses to make a profit.

“I believe that it is part of building good sustainable businesses to help establish safe, secure, stable and peaceful societies. Business thrives where society thrives.”

- Chairman Peter
Sutherland

British Petroleum; Goldman Sachs⁵

⁵ Quoted in Nelson, 'The Business of Peace', p. 26.