Business and Peace Boston Consultation

Consultation Report

December 13, 2016

The Business and Peace Project

CDA Collaborative Learning Projects (CDA), Peace Research Institute Oslo (PRIQ), and Africa Centre for Dispute Settlement, University of Stellenbosch (ACDS) are jointly implementing a collaborative learning project that explores effective peacebuilding by private sector actors. The project is funded jointly by the Norwegian Ministry of Foreign Affairs and the Carnegie Corporation of New York, and has as its overall goal to provide a more robust understanding of the constraints and opportunities for private sector contributions to peace. The project will also generate insights to shape policies and company initiatives that seek to contribute positively to peace. The project undertakes field-based case studies that examine the impacts of private sector actors in fragile and conflict-affected areas. The project will produce nine such case studies. Analysis of the cases, and of the preliminary findings, is taking place through a series of consultations with a broad range of subject matter and context experts. The Boston Consultation, convened at Harvard University, was the third such event.

The Boston Consultation

The Business and Peace project team (CDA, ACDS, and PRIQ) convened a group of Boston-based subject matter experts in Cambridge, Massachusetts. Participants included staff of the project team, as well as academics, professional mediators, peacebuilding experts, and consultants on corporate social impacts. Several participants joined remotely. Participants were asked to read for discussion case material from Iraq and Cyprus, a paper addressing conceptual and policy issues emerging from the literature on business and peace, and a short note on the monitoring and evaluation of corporate social impacts and impacts on peace. Discussions focused on the cases, and the afternoon session focused on monitoring and evaluation of peace impacts, as well as issues relating to the framing of the concept of private sector peacebuilding in academic and policy circles.

1 To learn more about the project, its recent developments and publications, visit: http://cdacollaborative.org/cdaproject/business-and-peace/
Case Methodology

While the Iraq case study was not produced for the Business and Peace project and did not conform to the terms of reference that the project has developed for case studies, the case study nevertheless inspired participants to offer useful insights into case study methodology. Overall, these pointed to the importance of a detailed and comprehensive understanding of conflict actors and dynamics of conflict, including its international dimensions, if the cases studies are to offer meaningful insights into business impacts on peace. Specifically, cases need to provide:

i. Identification of conflict drivers and discussion of conflict dynamics, including international drivers and dynamics, as these make possible an assessment of business’ impacts on peace.

ii. Sociological detail about the interviewees who provide the evidence that is presented in the cases, all the more important in view of the sectarian and ethnic dimensions of the conflict in Iraq.

iii. Details that help to situate and understand the businesses discussed in the cases, such as the nature and scope of operations and business activities, the size of the firm, its internal structure, the nature of its exposure to security risks, and the structure of its external accountabilities, such as a board of directors, regulatory bodies, and ownership.

iv. Information about the full scope of the firms’ impacts, both positive and negative.

v. Clarity about the working definitions of key analytical terms.

With respect to the last point, participants noted that there are significant differences between the business discourse and the peacebuilding discourse in the usage of key analytical terms. In the Iraq case study, the absence of any clarification of terms made it difficult for consultation participants to understand precisely the assertions about company impacts that the case study sought to put forward and illustrate. Participants suggested that providing a detailed glossary of key terms would be a useful contribution that the project could make to public discussion about business and peace.

Participants also mentioned several cases they were aware of in which parties to conflict permitted certain enterprises to operate unmolested within “no go” zones, as their business operations provided services and infrastructure that were of interest to all parties. In particular, in some cases telecommunications operators were allowed to work in conflict zones in Colombia.

“The Peacebuilder’s Perspective”

The literature on business and peace, and the project itself, are focused on identifying ways that individual private sector entities can have positive impacts on peace, approaching that issue from the perspective of well-intentioned individual companies operating in fragile and conflict-affected states (FCAS). Consultation participants with strong peacebuilding backgrounds appeared to find this approach to be somewhat counter-intuitive. For many of them, the primary concern in conflict-affected contexts is the conflict system itself. From their perspective, the central analytical and substantive question for peacebuilding purposes is “what will take us from the conflict to Peace Writ Large (PWL)”?"
When conflict is seen through this lens, the economic incentives that are created and sustained by conflict, and the ways that corporate actors contribute to or sustain conflict systems through their business activities, reinforce conflict at a systemic level and are far more substantial than the actions of a single, well-intentioned company. Uppermost on participants’ minds, therefore, was the question of how profit-focused actors (including such actors as drug trafficking organizations and other armed non-state actors) benefit from conflict and fragility, or stand to lose from peace, and how these incentives may shape their interests and their actions. Participants speculated that, in most conflict settings, there is probably a small percentage of companies that both can influence the conflict and see it as in their interests to address conflict. Useful research might determine whether there are capacities or resources that are relevant to peace efforts and that can be provided by these private sector actors.

One participant noted that the high profit margins of multinational enterprises (MNEs) in FCAS often derive, at least in part, from the fact that, in the absence of a state that is willing or able to regulate corporations in the public interest, companies find it straightforward to ‘externalize’ significant operational costs that would, in a well-regulated jurisdiction, be ‘internalized’ and borne by the company itself. He noted that it is common for MNEs that have operations in both fragile and well-regulated states to operate very differently, and have very different profit margins, in each.

**Spectrum of Positions in Relation to Conflict**

The most common articulation of the business case for corporate peacebuilding asserts that business is cheaper and easier in more peaceful and less fragile environments, and it therefore behooves businesses to work on making their operating environments more peaceful and less fragile. Participants rejected this argument as misleading and overly general; instead, they suggested that, within the private sector in any given conflict context, one is likely to find profit-oriented actors in a range of economic relationships to the conflict itself. Participants hypothesized that there may be a spectrum of these relationships.

1. Companies that benefit financially from conflict/lose from peace
2. Companies that operate profitably in conflict but may not benefit from it
3. Companies that lose financially as a result of conflict/gain from peace

Source: CDA Collaborative Learning Projects, January 2017
A significant part of a company's interests in peace or conflict will be shaped by the financial implications for that company of the outcome of peace efforts. For a range of purposes, therefore, it is important to consider the practical, financial consequences for companies of peace or continued conflict, and how this might shape a company’s interests or drive a company’s actions. By the same token, conflict analysis needs to consider the ways in which profit-oriented actors fuel, sustain or reinforce conflict systems, whether they do so intentionally or otherwise.

Participants noted for consideration several questions relating to the spectrum:

- Where do different businesses want to sit on that spectrum?
- How willing are they to change their business models to move themselves to a different part of the spectrum?
- What is necessary for them to make the shift?

One participant noted that there may be companies whose project-level staff are keenly aware of the financial costs that conflict imposes on the operation, even as headquarters staff are unaware of these, and quite happy with the margins that the project returns. An implication of this is that, while a project manager or community relations officer may see clearly that conflict creates expenses that eat into profits, the CEO of the same company may see only the resulting profits.

A criticism of the Iraq case study illustrates this point: the researchers did not investigate whether or not the companies at the heart of the cases may have benefitted in any way from the existence of conflict. Similarly, a number of company interviewees in the case study implied that they paid “taxes” to the Islamic State of Iraq and Syria (ISIS) in order to continue operating inside ISIS-held territory, which would certainly appear to be a way of contributing to conflict. The authors made no attempts to assess the impacts of this practice.

**Umbrella Organizations**

The Cyprus case study features “umbrella” organizations that, in principle at least, represent business communities, broadly speaking. Participants identified three possible benefits to individual companies that may derive from working through such organizations.

- Diffuse risks across a range of enterprises.
- Decrease risk that “lobbying” and influencing activities will be perceived as self-interested.
- Increase the credibility and reach of messages, as they come from a body representing a range of private sector actors.

**The Goal of Corporate Peacebuilding**

One participant noted that “field experience shows that the bar for improvement [in responsible business practices] is really low, while at the [social responsibility] conferences, everyone speaks in highly aspirational language about corporate peacebuilding.” Interest in bringing private sector actors into what one might call the “international peace and development agenda” – that is, initiatives such as the Sustainable Development Goals – seems to be strongest in policy and academic circles. Among the most enthusiastic exponents of “business for peace,” private sector peacebuilding tends to be
discussed without reference to key driving factors of conflict or to peace writ large. Instead, incremental positive impacts, and in some cases actions that are understood to be positive irrespective of their impacts, are valued, and are assumed to "add up" to a larger peace. Among private sector actors themselves, however, there is relatively little demonstrated interest in peacebuilding per se. Yet companies have expressed interest in "contributing to peace" when "peacebuilding" is framed as actions that have incremental positive impacts. This apparent divergence in perspectives among the Business and Peace Project's key audiences raises questions about how the project should constructively "package" learning for those different audiences.

Consultation participants expressed their commitment to the notions of Peace Writ Large, key driving factors of conflict, and the systemic and resilient nature of conflict dynamics, akin to the understanding of conflict expounded by CDA’s Reflecting on Peace Practice Program. Participants were in agreement that this set of concepts offers important correctives to the emerging literature on business and peace, particularly in relation to policy initiatives that are rooted in that literature.

One of the project’s aims is to develop insights for companies operating in fragile and conflict-affected states (FCAS). Discussion of corporate interests and relationships to conflict in FCAS, however, suggested that companies are far more likely to have negative impacts on conflict than positive impacts, that conflict systems are resilient in part because some actors profit or benefit from conflict, and that the business case for corporate peacebuilding is, in most cases, unclear to corporate decision-makers. In view of this, what constructive messages and lessons will this project ultimately have for corporate audiences? If companies have something other than peace as an objective – community development, for instance – what constructive outcomes can come from the insight that their efforts may have no discernable impact on Peace Writ Large?

Participants had a number of suggestions:

- In distinguishing between peace impacts and other impacts, the project should be careful not to discourage constructive initiatives that do not connect directly to peace.
- It may be worthwhile to mention in the case studies which impacts are clearly not contributions to peace, even if it is more complex to establish what positive impacts on peace would look like.
- Identifying the skills, assets, and resources that a particular business has that give it particular advantage in addressing conflict factors – a strength analysis, rather than a gap analysis.
- Use the language of “impacts” to describe the way in which companies affect their operation contexts, as that language is by now well-understood and widely accepted among multinational companies.

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2 A key driving factor of conflict (KDF) is a term used to described a factor of conflict without which the conflict would not exist or would look entirely different. For more, see: Reflecting on Peace Practice (RPP) Basics. A Resource Manual. Cambridge, MA: CDA Collaborative Learning Projects, 2016.

3 It should be noted that CDA’s work seeking to better understand incremental impacts from activities in the peacebuilding sector also demonstrates little evidence to indicate that smaller initiatives tend to ‘add up’ to a larger impact (at the PWL level). For more see: Ernstorfer, Anita, Diana Chigas, and Hannah Vaughan-Lee. “From Little to Large: When does Peacebuilding Add up,” Journal for Peacebuilding and Development 10, no. 1 (2015): 72-77.

4 Many of those concepts can be found at: http://cdacollaborative.org/what-we-do/peacebuilding-effectiveness/
It would be easier for companies to engage in a particular role in a wider, multi-actor initiative, rather than leading or assuming primary responsibility themselves. A useful contribution, therefore, would be to understand and articulate what other actors need to do in order to create opportunities for companies to engage with them and take on peace-positive roles.

**Monitoring & Evaluation of Business Initiatives for Peace**

One product of the project will be a preliminary framework for monitoring and evaluating (M&E) business effects on peace. Participants were asked to consider an initial concept note regarding how an approach to M&E in this arena might take shape.

The broad consensus was that companies do not have much incentive to invest time and money into assessing these impacts, but that, ultimately, it is difficult to discern what kind of commitments they might be willing to make before establishing an understanding of what it means for companies to engage in peacebuilding. For the moment, while companies may be interested in conflict prevention and mitigation, one participant explained that "when you talk about 'peace,' companies want nothing to do with it." Another participant expressed extreme skepticism of companies’ capacities for conducting M&E, saying, "companies are maybe twenty steps behind the field of M&E," in terms of the sophistication of their thinking about impacts and how to assess them (the participant noted that, by and large, when companies measure anything at all, they measure outputs).

In approaching the question of M&E with companies, therefore, there is a strong rationale for building M&E activities into business processes that already exist for collecting and analyzing information. Relevant processes might include impact assessments of various kinds (human rights, social, and environmental). These have effectively been mainstreamed into corporate practice. Conflict impact assessments appear to be emerging in a similar way, and it might be possible to integrate peace and conflict dynamics into this conversation. An alternative might be to "piggyback" on the systems that are currently in place to assess and track human rights impacts by linking these to conflict.

Participants expressed their view that a simple case illustration of an M&E process that described a "program," or initiative, a theory of change, and a set of indicators, might be useful in communicating the process and the value of M&E to a corporate audience.

**Future Directions**

One participant suggested that a constructive approach to bringing companies into peacebuilding would be to define specific roles for companies within a larger, multi-actor process of peacebuilding. The aim would be to enable a company to engage in activities that align very closely with its core business activities and competencies, but that fit into a larger initiative, with other organizations leading and playing additional roles that complement the company’s.

This suggestion implies a set of roles for other actors in a conflict context, including, at least potentially, policy actors: analysis, design of an initiative, and scoping a clear, limited, effective, and appropriate role for corporate actors within the context of a larger initiative.