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Harnessing Market Forces for Peace

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# **Business in complex environments: Entry-points for peace-supporting investments**

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## Highlights

The ‘complex environment’ is a label to describe an operations context that different constituencies give different names. Business might call these environments ‘emerging’ or ‘frontier’ markets; multilateral donors or governments might call the same places ‘fragile states’ or ‘least developed’ or ‘developing countries’. The ‘complex environment’ is a useful analytic category because it unites a diverse set of actors on the same question: *How do we make sense of the environment in which we operate?*<sup>1</sup> By drawing on the research in economics, political economy and the social sciences, this Paper describes the political and economic dynamics that are shaping complex environments and that are relevant for investment in countries affected by, or emerging from, violent conflict. Key highlights are:

- The governance of conflict-affected settings is often characterized by competing set of formal and informal orders, also called ‘hybrid political orders’ or ‘closed access economies’. Ability to work within and across these political universes is a key component of sustaining an investment project in complex environments.
- Stabilization approaches in international policy over the last two decades have tended to promote more narrowly defined elite bargaining processes that in turn entrenched exclusive power systems. These are a reality for private investors that require careful navigation.
- Large-scale investments change political economy relationships especially the calculus of cooperation and confrontation of key players around profit, power, and protection. This is why they are magnets for conflict that require their one conflict resolution mechanisms to have any peace-positive effect.
- Promoting peace-enhancing investment in complex environments needs to build on a clear understanding of moral bounds and pitfalls and the trade-offs between different interventions.

<sup>1</sup> Brian Ganson (2013) ‘Introduction: How do we succeed in a complex environment’, in Brian Ganson (ed) (2014) *Management in Complex Environments: Questions for Leaders*. Stockholm: International Council of Swedish Industry, 11.

## 1 Governance in hybrid political orders

“The majority of states in the global South can (...) be described as hybrid political orders”<sup>2</sup> states the OECD’s *Policy Guidance on Supporting Statebuilding in Situations of Conflict and Fragility*. These orders are characterized by the co-existence and overlap of competing forms of order, conflicting claims to legitimacy and economic resources, and a weak social base. Hybrid political orders underscore that ‘the state’ is not necessarily the only provider of security, welfare, and representation and that it shares authority, legitimacy, and capacity with networks, strongmen, or traditional institutions. The term ‘hybrid’ captures different non-state forms of governance and how they permeate each other into “a different and genuine political order.”<sup>3</sup>

In many contexts, state functions have been assumed by armed non-state actors, including gangs, private networks, local militias, guerrilla armies, or customary authorities; with the consequence of splintering countries into different zones of autonomy.<sup>4</sup> Of course these actors create their own insecurities and inefficiencies, but “partly due to their success in providing security, these sub-state groups often become the most legitimate political authority in areas that they control.”<sup>5</sup> Thus, “imperfectly effective state authority can viably and normatively coexist territorially with more localised non-state forms of social regulation.”<sup>6</sup>

Hybrid political orders are also characterized by how they limit access to valuable political and economic opportunities.<sup>7</sup> Such ‘limited access orders’ grew with the decolonisation of the 1950s and 1960s that fostered indirect rule and the empowerment of elite networks in the absence of independent state bureaucracies. In these circumstances, small state elites became the guardians of access to economic and political opportunities<sup>8</sup> with little political interests to transform into ‘open access orders’ – those systems of governance that structure access to political and economic opportunities in competitive terms through markets, elections, and merit. Box 1 on the closed-access economy in Yemen illustrates the workings of such an economy and its implications for nurturing peace dividends.

The difference between ‘limited’ and ‘open’ access orders frequently remains unrecognised by the outside intervener: “Development policies often fail because they try to transplant elements of the open access order – such as competition, markets, and democracy – directly into limited access

<sup>2</sup> OECD (Organization for Economic Cooperation and Development) (2011) *Supporting Statebuilding in Situations of Conflict and Fragility: Policy Guidance*. Paris: OECD p. 25

<sup>3</sup> Volker Boege, Anne Brown, Kevin Clements, and Anna Nolan (2009). “Building Peace and Political Community in Hybrid Political Orders”. *International Peacekeeping*. Vol. 16, No. 5, pp. 599-615, p. 606.

<sup>4</sup> John Rapley (2006) “The New Middle Ages”. *Foreign Affairs*. Vol. 85, No. 3, pp. 95-105, p. 95.

<sup>5</sup> William Reno (2008) “Bottom-up Statebuilding?” In Charles T. Call and Vanessa Wyeth, eds. *Building States to Build Peace*. Boulder: Lynner Rienner, pp. 143-161, p. 143

<sup>6</sup> Dennis Rodgers (2006) “The State as a Gang: Conceptualising the Governmentability of Violence in Contemporary Nicaragua”. *Critique of Anthropology*. Vol. 26, No. 3. pp. 315-330, p. 317.

<sup>7</sup> Douglas C. North, John Joseph Wallis, and Barry R. Weingast (2009) *Violence and Social Orders: A Conceptual Framework for Interpreting Recorded Human History*. Cambridge: Cambridge University Press.

<sup>8</sup> Chabal, Patrick, and Jean-Pascal Daloz (1999) *Africa Works: Disorder as Political Instrument*. Oxford: James Currey, pp. xix, 5; Di John, Jonathan (2008). *Conceptualising the Causes and Consequences of Failed States: A Critical Review of the Literature*. Working Paper No. 25. Crises States Working Paper Series 2. London: London Schools of Economics, pp.23-24.

orders. The reforms threaten the rent-creation that holds the society together and can challenge the very logic on which the society is organised. Not surprisingly, the elite and many non-elites resist, sabotage, or subvert such reforms in limited access societies that are not ready for them.”<sup>9</sup>

Other research also emphasizes the unintended consequences when development or military assistance is given without due attention to the workings of the hybrid political order.<sup>10</sup> One study finds that “institutional reforms that do not align with the prevailing interests and incentives of power-holders, or do not redirect these incentives so as to support the new formal arrangements, are liable to be subordinated to and incorporated within the logic of informal power.”<sup>11</sup>

## 2 Navigating hybrid political orders

“Those who can endure ambivalences and deal with them positively have a clear advantage in the late modern era”<sup>12</sup> – this quote from sociologist Andreas Reckwitz might encapsulate the needed spirit for business, government, or international actors to maintaining operations in complex environments. For day-to-day operations, it means dealing with hybrid political orders.

At an operation level, tensions can arise between the formal dimensions related to national and international laws and the work within hybrid political orders. In the words of a mining sector manager working in a Central Asian country this means, “While a legal framework must be negotiated with the national government, it is important not to confuse that with the agreement required from directly affected communities and their leaders. You should assume that customary law takes over 15 kilometres outside the capital and act accordingly.”<sup>13</sup> Ability to work in both universes is a key component of sustaining a project.

Tension can also arise from different types of economic systems. These can be open or closed access orders, or economies within a spectrum from democratic to more authoritarian governance systems. In these cases, management of sequencing and trade-offs are important. Post-conflict ‘liberal’ peacebuilding driven by the international community over the last three decades were to achieve order, political participation, and propriety all at once; yet many countries are adopting a more limited sequential approach: Order and prosperity first, then – sometime in the future, if at all – broader political participation. These different approaches to post-conflict transformation are harking back to discussions about state-led development, its costs in terms of human rights, and economic inclusiveness, as illustrated by Rwanda’s development trajectory, for instance. Private

<sup>9</sup> North, Douglas C., John Joseph Wallis, Steven B. Webb, and Barry R. Weingast (2007) *Limited Access Orders in the Developing World: A New Approach to the Problem of Development*. Policy Research Working Paper No. 4359. Washington D.C.: The World Bank p. 5.

<sup>10</sup> Paris, R. and T. D. Sisk (eds)(2009) *The Dilemmas of Statebuilding: Confronting the Contradictions of Postwar Peace Operations*. Abingdon: Routledge. Berdal, M. and D. Zaum (eds) (2013) *Political Economy of Statebuilding: Power after Peace*. Abingdon: Routledge. Autesserre S. (2014) *Peace Land: Conflict Resolution and the Everyday Politics of International Intervention*. Cambridge: Cambridge University Press.

<sup>11</sup> Anten, L., I. Briscoe and M. Mezzera (2012) *The Political Economy of State-building in Situations of Fragility and Conflict: From Analysis to Strategy*. The Hague: Netherlands Institute of International Relations, p.4.

<sup>12</sup> Andreas Reckwitz (2019) *Das Ende der Illusionen: Politik, Ökonomie und Kultur in der Spätmoderne*. Suhrkamp.

<sup>13</sup> C.f. Ganson and Wennmann, *Business and Conflict in Fragile States*, p.155

investment projects under a more authoritarian government might need to accept that they help stabilize a regime at the expense of inclusive growth and governance, as demonstrated by the case of humanitarian assistance in Syria.<sup>14</sup>

The focus on ‘order and prosperity first’ occurs in the framework ‘developmental peace’ – an approach in the international peace and security domain promoted by China. This approach focuses on economy-centred development at the national level supported state-led investment, particularly in infrastructure. Within this approach, the ‘right to existence and development’ takes precedent over civil and political rights; and economic empowerment over political participation. ‘Developmental peace’ is mainstreamed with the Belt and Road Initiative and within the United Nations by way of ‘democratising’ peace and security policy away from a bias of Western-centric conceptual foundations; hence the Chinese emphasis on sovereign equality and non-interference as a strategy to sustain global peace.<sup>15</sup>

A ‘developmental peace’ can build on strong elite capture of the economy and distorted market mechanisms that result from the elite bargaining processes part of stabilization approaches. A study of 21 case studies of post-war transitions emphasizes that some cases

“Reveal the tensions between ‘working with the grain’ of power structures versus efforts to promote more transformational post-war outcomes. .... a transformative shift towards a more [liberal] peace requires pushing negotiations to the limits of misalignment with the underlying political settlement; yet they also show that such misalignment is the major factor that destabilises elite bargaining processes and can lead to a strong elite push back and/or renewed outbreaks of armed violence.”<sup>16</sup>

The prioritisation of stabilization approaches in international policy has tended to promote more narrowly defined elite bargaining processes that in turn entrench exclusive power systems. Thus, private investors need to navigate the attitude of such actors to demand their share of the investment, in order to bolster their own power.

### 3 Business in conflict situations

Many companies are no strangers to complex environments. Be that natural resource extraction forms or companies that require cheap labour and operating environments have a significant footprint in difficult social and political environments. Yet, corporate actors are not natural peacebuilders and much of the academic literature on ‘business and peace’ exposes expectations

<sup>14</sup> Reinoud Leenders and Kholoud Mansour (2018) ‘Humanitarianism, state sovereignty, and authoritarian regime maintenance in the Syrian war’, *Political Science Quarterly* 133:2, pp.225-257, at 257.

<sup>15</sup> See Xinyu Yuan, The Normative Transformation of the Global Peacebuilding Order: China and the Strategy for Developmental Peace. Country Brief for the project Coherence and Contestation: Chinese, Japanese, and Russian Approaches to the Transformation of Peacebuilding Practices, CCDP, Graduate Institute, unpublished, May 2020, cited with permission of the author.

<sup>16</sup> Christine Cheng, Jonathan Goodhand, and Patrick Meehan (2018) *Securing and sustaining elite bargains that reduce conflict: Synthesis report*. London: Stabilisation Unit, 4-5.

in businesses that are frequently unrealistic. Based on this assessment, companies need help in order to elevate leadership by individuals to systematically peace supporting roles that are part of a way of doing business. Currently, there remains a significant gap between the expectations in business to act in peace supporting ways and their actual ability of doing so. The focus on active engagement on drivers of conflict appears to be the least common focus when considering three primary possibilities companies as a response to conflict: They can work around, in, or on armed conflict.<sup>17</sup>

Most mainstream companies work *around* armed conflict. They withdraw or temporarily cease activities because of armed violence. Companies adjusting operations in this way do not consider a directly role for themselves in conflict resolution, nor do they necessarily have the capabilities of doing so. Companies can be extremely hesitant to withdraw, because it might represent an opportunity for a competitor to enter the market. Short of withdrawal, companies can temporarily cease operations. Bigger actors can absorb the cost of closure more easily than small and medium-sized enterprises (SMEs) that are more vulnerable to conflict risk.

Companies can also work *in* conflict situations and attempt to minimize its effect on their operations. Bigger companies can pay for private security, but smaller actors cannot do so. A survey on Jamaica has shown that smaller companies pay a higher share of their revenues (17 per cent) for security in comparison to a medium-sized (7.6 per cent), and large companies (0.7 per cent).<sup>18</sup>

Business can also work *on* armed conflict, which means that it can take various roles to affect the key factors driving drivers. Case evidence shows that business have engaged in the following activities: building bridges between different communities and between state and society; engaging directly in talks with belligerents; providing good offices and information; acting as a pro-peace constituency, paying for (part of) a peace process; assisting in the delivery of humanitarian aid; strengthening local economies; building trust and fostering accountability; and limiting access to conflict financing.<sup>19</sup>

Other research has identified three types of motivations for business engagement in conflict prevention and peacebuilding research. *Value-driven motives* make corporations engage in conflict prevention or peacebuilding because their core identity as a business compels them to act, frequently due to the conviction of a leader within the firm. *Performance-driven motives* focuses on the economic benefits of peace, or cost of conflict, for corporation as a reason to engage in conflict

<sup>17</sup> This analysis is inspired by Jonathan Goodhand (2001), *Violent Conflict, Poverty and Chronic Poverty*, Chronic Poverty Research Centre Working Paper No. 6, University of Manchester, Manchester, pp.30-31.

<sup>18</sup> United Nations Office on Drugs and Crime (UNODC) and the World Bank (2007) *Crime, Violence, and Development: Trends, Costs and Policy Options in the Caribbean*, UNODC and World Bank, Vienna and Washington D.C., pp. 48-49.

<sup>19</sup> For a diverse set of case studies on business engagement in peacebuilding see Jane Nelson (2011), *The Business of Peace: The Private Sector as a Partner in Conflict Prevention and Resolution*, The Prince of Wales Business Leaders Forum, International Alert, Council on Economic Priorities, London and New York, 2001, pp. 73-140.

prevention or peacebuilding. *Stakeholder-driven motives* refer to the demands for intervention from actors with influence over decisions of business operations.<sup>20</sup>

The case of Kenya suggests that value- and performance-driven motives were at the heart of business engagement in peacebuilding. The case shows that business engagement in the mitigation of election-related violence was prompted by the ethical and moral commitment of several local business leaders but was maintained over time largely for business interests to prevent future economic losses due to violence in the flower, tea, and tourism sectors. In 2008, one year after the contested elections, conflict had contributed to a 24% reduction in flower exports and at least a 40% decline in tourism, costing the tourism industry alone at least US\$270m in lost revenue and more than 140,000 lost jobs. Export losses from the tea industry amounted to US\$2m per day because tea estates became a deliberate target of post-election violence. The study also showed that business engagement remained limited to the core interests of business. Thus, engagement in peacebuilding focused on reducing the negative impact of violence; but did not entail addressing the systemic inequalities and historical legacies underlying to land conflict that are both the heart of Kenya's local conflicts and of its export-oriented economic model.<sup>21</sup>

Another strand of research has studied peace-positive roles of the private sector, but it cautions for optimism. The study financed by the Carnegie Corporation<sup>22</sup> contributes to a more balanced understanding. The following points highlight three of the study's key findings:<sup>23</sup>

- “Whether the impacts of foreign investment ... are positive or negative in terms of peace depends on how a company operates and how it engages with other actors. A company that actively monitors and manages its impacts, particularly its impacts on drivers of conflict, can avoid negative impacts on conflict.”
- “Transforming peace and conflict dynamics in a positive way requires a company to go beyond ordinary business activities or [CSR] initiatives to address key drivers of conflict and peace. Since some powerful actors have an interest in maintaining conflict systems, companies that contribute to peace take calculated, substantial risks to engage in and around contentious socio-political dynamics.”
- “A company that contributes to peace is not categorically different from other peacebuilding actors. [A company's] peacebuilding impact results from archetypical peacebuilding assets: its social capital among people with direct influence over questions of conflict and peace; its control over economic resources in which other actors have an interest; its influencing and convening power; its ability to confer legitimacy on others ...; and/or its ability to create mechanisms for addressing grievances ...”

The same study also finds that working on conflict practically exposes corporations to delicate situations in a way that they are not always equipped to address.<sup>24</sup> From a company perspective,

<sup>20</sup> Jonathan Luke Austin and Achim Wennmann (2017) Business Engagement in Violence Prevention and Peacebuilding: The Case of Kenya. *Conflict, Security and Development* 17(6):451-472, at 458.

<sup>21</sup> *Ibid.*, 464-465.

<sup>22</sup> Ben Miller, Brian Ganson, Sarah Cechvala, Jason Miklian (2019) *A Seat at the Table: Capacities and Limitations of Private Sector Peacebuilding*. Boston, Oslo, Cape Town: CDA, PRIO, and ACDS.

<sup>23</sup> *Ibid.*, pp.5-6.

<sup>24</sup> See also Ganson and Wennmann 2016, 157.



conflict primarily resides at the local level. Yet, the company is legally required to comply with international law; it is also practically unable to operate beyond the power and authority of the national government that controls the broad parameters of its operations. However, for the company to prevent and manage conflict on a day-to-day basis, it is compelled to remain attentive to 'local laws' which means the rules or understandings informally asserted by a variety of 'local actors'. The latter determine the extension or withdrawal of social support for a project, whatever the national authorities may say.

In dealing with local conflict at the sub-national level, companies so far have not been able to count on international support, and most companies may not be ready to navigate such circumstances. Over the last decade, many businesses have expanded their staffing in the fields of risk, compliance, and CSR. These fields of practice have become a way of working businesses know and in most instances; they have become institutionalised within and outside the firm.

However, there is a gap between such business policy and a its practical needs to mitigate and prevent conflict risk is a problem. The current guidelines, frameworks and approaches have little to do with – or relevance – for resolving business related conflict at the site level in terms of dispute resolution or peacebuilding. They remain primarily policy discussion with little leverage over local conflict systems that investments are part of. What is more, many corporations outsource conflict analysis and practical experience on conflict mitigation to specialized risk analysis outfits when necessary, yet corporate capacities for risk analysis and enacting operational changes based on these analyses remain limited even in large firms.<sup>25</sup> Many CEOs and site managers prefer conflict management to stay discretionary, discrete and outside the public spotlight, or refer it to the company's legal division in case problems need solving. Thus, conflicts are address through the lens of crises management or legal procedures, and not through the lens conflict resolution or transformation.

#### 4 The special case of large-scale investments

Large scale investments are magnets for conflict.<sup>26</sup> When conflict-affected and fragile states receive multi-billion-dollar investments of extractive, agriculture or infrastructure projects already stressed political and social orders can become even more stressed. The implication of many large-scale investments on domestic political economy and development processes usually is conflict – ranging from non-violent in the form of strikes, sit-in, or protests, to violent conflicts that result from party politics, economic agendas, or authoritarianism. While multi-billion-dollar investments can have positive macro-economic effects, they change political economy relationships especially the calculus of cooperation and confrontation of key players around profit, power and protection.

<sup>25</sup> Brian Ganson (2014), 'Business in Fragile Environments: Capabilities for Conflict Prevention, *Negotiation and Conflict Management Research*, vol. 7, no. 2, pp. 121-139.

<sup>26</sup> This is the headline finding of Brian Ganson and Achim Wennmann (2016), *Business and Conflict in Fragile States: The Case for Pragmatic Solutions*. London: Routledge for the International Institute for Strategic Studies.

Conflict dynamics associated to large-scale investment evolve in three trajectories, research suggests.<sup>27</sup> The first set of dynamics flow directly from the company's activities (people displacement, destruction of livelihoods, irreparable harm to the environment). The second trajectory departs from the indirect impacts of company operations that exacerbate existing social tensions (in communities or between different levels of authority of key power holders). Finally, company operations can force dormant conflicts to the surface, including though giving land or other assets new value that activate conflict. Such dynamics can also occur in the household as changing levels and patterns of income can lead to increasing rates of domestic and gender-based violence.<sup>28</sup>

Rising conflict trends have increased populist wariness towards western economic models and an increasingly globalized economy. In many places this pushback builds on growing disillusionment: "When governments fail to deliver and there are allegations of corruption," concluded a study of conflict in the extractives industries, "this increases the chances of populist movements or new governments calling for radical redistribution of wealth."<sup>29</sup> In Nicaragua, former Contra and Sandinista enemies have united to stop the construction of the Grand Inter-oceanic Canal that would displace them from their land, saying, "We might go to war, not because we all want that, but because there may be no other option."<sup>30</sup>

The costs of popular pushbacks to investments are significant. A study of direct costs to business of conflict with the company found one nine-month construction delay that resulted in US \$750 million in additional project costs. Stoppages at a second project carried a price tag of \$100 million per year, and a community's ability to protest against a third company by cutting its power lines cost it US \$750,000 per day. Of 50 company conflicts surveyed, more than a third involved at least one fatality.<sup>31</sup> In South Africa, Lonmin PLC saw its share price drop 30% within a week of the 2012 massacre of workers protesting at its Marikana platinum mine linked to longstanding tensions among the company, rival labour unions, local government, and communities.<sup>32</sup> A subsequent five-month industry-wide strike cost Lonmin, Anglo American Platinum and Impala Platinum a combined US \$2.25 billion in lost revenues.<sup>33</sup> over the last 15 years, the government Peru has foregone investment of USD 8.5 billion in mining project due to conflict.<sup>34</sup> Reviewing the many conflict situation in Latin America *The Economist* flatly stated: "The days that big mines could simply be imposed are over."

<sup>27</sup> Bardouille-Crema, Dost, Diana Chigas, & Ben Miller (2013), 'How Do Our Operations Interact with the Environment?', in Brian Ganson (ed.), *Management in Complex Environments: Questions for Leaders*, pp. 58-85.

<sup>28</sup> Jütersonke, Oliver and Hannah Dönges (2015), 'Digging for Trouble: Violence and Frontier Urbanization', in *Small Arms Survey, Small Arms Survey 2015*, Cambridge: Cambridge University Press, pp. 37-57.

<sup>29</sup> Paul Stevens, Jaakko Kooroshy, Glada Lahn and Bernice Lee, (2013) *Conflict and Coexistence in the Extractives Industries*. London: Royal Institute of International Affairs. p. 93.

<sup>30</sup> Nehemiah Stark (2015), 'Nicaraguan Farmers Resist Grand Canal, the World's Largest Construction Project', *The Guardian*, 4 April.

<sup>31</sup> Daniel M. Franks, Rachel Davis, Anthony J. Bebbington, Saleem H. Alia, Deanna Kemp, and Martin Scurrah (2014) 'Conflict Translates Environmental and Social Risk into Business Costs', *Proceedings of the National Academy of Sciences of the United States of America*, vol. 111, no. 21, pp. 7576-7581.

<sup>32</sup> Fifi Peters (2013) 'Lonmin Recuprates After Marikana Tragedy', *Business Day Live*, 19 August.

<sup>33</sup> Ed Stoddard (2014) 'South Africa Miners Return to Work After Longest Platinum Strike', *Reuters*, 25 June..

<sup>34</sup> *The Economist* (2016) *From Mining to Co-operation*, 6 February.

## Conclusion: Entry-points for peace-supporting investments

The case for more emphasis for peace-support investments build on the fact that many private investors do invest in complex environments *exactly because of* the comparative advantages these represent. They are countries with weak regulatory systems and cheap labour. Private investors that are simply in it for profit maximization might be unwilling partners for peace-supporting ventures, especially if these include a “more robust and better enforced environmental, social and labour regulations. It will likely include a more open access order that creates more opportunity for the many and therefore subjects incumbents to greater competition. And, in the view of many, it will entail a fairer division of the profits of business between labour and capital.”<sup>35</sup> Based on these elements of peace, “businesses profiting from the economic status quo ... are unlikely to be enthusiastic peacebuilding actors”.<sup>36</sup> If the entire value added of a textile, tourism, or manufacturing sector depends on the model of a low wage economy, then there is real risk to these sectors to be in favour of peace-supporting investment.

The entry point for peace-supporting investments might therefore be first and foremost one of conscious restraint. The principle of **‘conflict sensitivity’** is grounded in the imperative “of systematically taking into account both the positive and negative impact of interventions, in terms of conflict or peace dynamics, on contexts in which they are undertaken, and, conversely, the impact of these on the interventions”.<sup>37</sup> The related principle of **‘Do No Harm’** holds that, if outside intervention is to be constructive, “assistance given in conflict settings ... be provided so that, rather than exacerbating and worsening the conflict, it helps local people disengage from fighting and develop systems for settling the problems which prompt conflict within their societies.”<sup>38</sup> In other words, no international project – both public and privately financed – can become peace enhancing if it drives people apart rather than bringing them together. Any large project could do much good simply by applying conflict sensitivity analyses to their own interventions – and by holding each other to account for doing so.

‘Do no harm’ can be approached realistically in conflict settings; not as an impossible norm, but as a practical proposition to do less harm because winners and losers are inevitably created. Such an approach might take the form of being

“more attuned to risks: What are the risks? What is their magnitude? Who bears them and at what cost? Precautionary principles that address these challenges are necessary so as to restrain the impulse to automatically ‘do something’, but also to provide clear guidelines

<sup>35</sup> Brian Ganson (2019) Business (not) for peace: Incentives and disincentives for corporate engagement on good governance and peaceful development in the African context. *South African Journal of International Affairs*, 26:2, 209-232, at 216.

<sup>36</sup> Ibid.

<sup>37</sup> Africa Peace Forum, Centre for Conflict Resolution, Consortium of Humanitarian Agencies, Forum on Early Warning and Early Response, International Alert, and Saferworld (2004) ‘Introduction’, in *Conflict-Sensitive Approaches to Development, humanitarian Assistance and Peacebuilding: A Resource Pack*.

<sup>38</sup> CDA Collaborative Learning Projects (2004) *Reflecting on Peace Practice Project*, Cambridge: CDA Collaborative Learning Projects.

for action. These guidelines should be .... about how to shape the risk environment in order to nudge elite bargaining processes in a more developmental direction.”<sup>39</sup>

For peace-enhancing investments wanting to evaluate risks and improve impact, the following questions might be a useful guide: What is the ‘conflict and business’ environment? What is the local definition of ‘peace’? How does our peace work impact socio-economic structures? Does our operational presence give support to conflict actors? Is our firm structured to support peace? Do we work well with other knowledge producers and peace practitioners? What is our ‘red line’ for terminating operations?<sup>40</sup>

Finally, investors in complex environment might also benefit from a **moral compass** that sets out the ‘rules of the game’ for peace-enhancing investments focused on key stakeholders. Investors need guidance about how to deal with trade-offs and moral dilemmas relevant for work in countries or specific territories affected by, or emerging from, violent conflict. Trade-offs can include those between short-term stabilization through elite pacts at the cost of entrenching economic interests which in turn making the job for inclusive development harder later on. They might involve the toleration of an ‘acceptable rate’ of coercion, disruption, casualties or even death in the short term to enable peace-enhancing opportunities in the long term. They might also involve the toleration of a degree of exclusive governance to enable short term economic recovery at the cost of participatory politics in the immediate aftermath of conflict.<sup>41</sup> Other trade-offs can be focused on the role of women and girls in society. For instance, in Afghanistan, the question is if it is defensible to mediate a peace that reduces violence but will at the same time take girls out of schools and limit the role of women in society?

Given the complex circumstances inherent in countries affected by, or emerging from, violent conflict, a moral compass should accompany investors and peace professionals in their decision making on the pathways from power- to rule-based systems, from exclusive to inclusive governance, and from unpredictable to more predictable relationships between stakeholders.

<sup>39</sup> Christine Cheng, Jonathan Goodhand, and Patrick Meehan (2018) *Securing and sustaining elite bargains that reduce conflict: Synthesis report*. London: Stabilisation Unit, p.5.

<sup>40</sup> Jason Miklian; Peer Schouten; Cindy Horst and Øystein H. Rolandsen (2018) *Business and Peacebuilding: Seven Ways to Maximize Positive Impact*. Oslo: PRIO.

<sup>41</sup> Christine Cheng, Jonathan Goodhand, and Patrick Meehan (2018) *Securing and sustaining elite bargains that reduce conflict: Synthesis report*. London: Stabilisation Unit.