

# Peace Mediation Essentials

# Business Actors in Mediation Processes



## Key Messages

- **Business actors can contribute to peace processes** by influencing the parties, mobilizing the wider community, providing financial or logistical support to the process, acting as experts by bringing knowledge to the process, monitoring the implementation of the peace agreement, and exploring ways to create jobs.
- **Business actors can promote peace or exacerbate war:** Businesspeople are often seen as pragmatic actors with an interest in peace per se, without any pre-conditions attached to it. Nevertheless, some business actors may benefit from the “war economy” and therefore be initially opposed to a peace process. The challenge for a mediator is to recognize and seize appropriate opportunities to engage them. This has to be done with caution, as a mediator’s association with a business actor can also tarnish the mediator’s impartiality.
- **Mediators need to analyze the changing structure of the national economy, and the business actors’ “logic”:** By understanding the pre-war economy and war economy, it is possible to see how business actors can support the transition to a “peace” economy. Mediators need to assess the “logic” and changing behavior of “old” and “new” economic actors as well as the interests and vulnerabilities of local and international business actors in the conflict area. Mediators may differentiate between:
  - *Traditional domestic business actors* were central in the economy of the country before the conflict escalated. If their business suffered due to the conflict, they may have a particular interest in returning to peace.
  - *New domestic business actors* may have benefited economically from the war economy, and will not wish to lose their wealth. As there are limits to the growth of the war economy, these actors may become interested in regulation and governance.
  - *International business actors with a stake inside the conflict country* assess risk and profit in various ways. Some may be more “captive” to the country, e.g., if they have invested in infrastructure, while others remain less “captive” to the local context.
  - *International business actors with a stake outside the conflict country* have no direct business relationship with the country in which the conflict is taking place. They may nevertheless support a peace process for reputational or commercial benefits at home or internationally.
- **The mediator must take a proactive approach:** To get business actors engaged, mediators can identify and build on common interests, develop an “open-door” information policy to invite support, or use moral pressure. Including economic issues on the negotiation agenda can create an entry point for involving business actors.

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## Introduction

*"To the extent that business actors have leverage and influence in society, the mediator must work with them to ensure that it is used in support of the mediation and not against it." (Senior UN Mediator, interviewed by the authors, 15 March 2010).*

### Aim and Approach

- **This Guidance Note aims to help mediators** to assess the potential and limitations of engaging with business actors in peace processes. It provides mediators with an overview of different possibilities of how to include business actors in mediation processes.

### Definition of Business Actors

- **Business actors as a collective term:** Business actors are defined here as private entities formed with the purpose of doing business, whether as individuals, companies, or business associations. The term "business actor" is used here as a collective term that includes different types of corporate institutions and individuals, namely companies, business associations and interest groups, as well as individual entrepreneurs and business executives who represent a company. The term covers domestic as well as international business actors. All sectors and branches are included. State-owned companies are not included here, as they are generally more politically driven and therefore follow a different logic, especially if the state-owned company is rooted in the context of the conflict.

While the motivation and self-interest of the business actor often cause debate, they do not necessarily constitute obstacles to lasting engagement. For mediators, it is of little relevance whether an actor becomes engaged in a peace process for personal business interests or due to more altruistic interests in peace. Often, it is precisely the vital commercial interests that may keep business actors involved in a peace process in the long-term.

### Structure of Guidance Note

- **This guidance note is structured along the following three main questions** that a mediator is confronted with when considering the involvement of business actors:

1. *Context Analysis:* Which contextual characteristics do I need to take into account?
2. *Actor Analysis:* Which business actors are present in a given conflict setting, what is their "logic", and what can realistically be expected from them?
3. *Process Options:* Which options do I have for involving business actors when designing peace processes?

## Context: Relevant Characteristics

For the involvement of business actors in a peace process, both the conflict context and the economic context are relevant. Four context factors are paramount:

- **First, the level and predictability of violence:** For business, the predictability of violence is central, as this influences the business strategy. The less predictable the situation is, the more likely business actors are to pull out. Predictable, low-level and geographically contained violence, on the other hand, is easier to manage.

The level of violence and its geographic distribution can both encourage and deter business actors from becoming engaged in a peace process. The violence can be a motivating factor if businesses (including the employees and their communities) are directly negatively affected by violence. However, domestic and "captive" international businesses that are identified as having a political leaning towards one or the other party are more likely to become targets of violence and thus be deterred from engaging in a mediation process.

### Level of Violence

## Business and Politics

The business actors' strategies for coping with violence may vary. Violence often puts companies into a situation where they must either keep their head down or leave the conflict area. However, they may also protect their initial capital and infrastructure through direct negotiations with the conflict parties (with the help of "quick fixers") or by hiring private security companies. Other businesses might resort to investing in short-term (illicit) business activities that offer high financial returns and fan the conflict, while at the same time waiting for it to end.

Extractive industries that have invested in oil prospection and infrastructure, for example, have a long-term horizon of 30 or more years. In this case, short-term violent riots would not be seen as a determinant for pulling out of the country as the long-term benefits for businesses outweigh the short-term losses.

- **Second, the blurry line between business and politics:** Particularly in weak states, business and politics are strongly intertwined. Political actors seek economic assets to consolidate their influence, while business actors engage in politics to push their economic interests. Wealthy business actors are often also "presidential candidates". In such cases, the issue of "involving business actors" is questionable, and mediators may rather highlight the specific business interests of political actors already involved in the process. In Somalia, for example, the same individual could sit at the table as a warlord in one phase of the conflict, a businessman in another phase, and a politician in yet another phase.

In conflict regions, this overlap of politics and economics is often linked to the informal economy. Generally, an escalation of conflict will lead to the expansion of the informal sector, at the expense of the formal sector. However, there are limits to growth in the absence of formal structures. One aspect of engaging with business actors in such a context is to explore how they can gain economically from developing more "formal" structures. These can help their economic interests, in addition to sowing the first seeds of peace and stability.

When economic aspirations are intermingled with political ones, business actors may be perceived as less neutral and pragmatic. Nevertheless, even if business actors are perceived as supporting one side of the conflict, they still may carry weight and be able to influence some of the key actors in the process, thereby helping the overall process.

## Dominant Economic Sector

- **Third, the impact of the dominant economic sector:** The potential influence of the private sector on political decision-making policies depends on the role of the industry within the economy, the power of the individual business leader, or the type of economy. Businesses are more likely to have higher leverage on the government in states where governments rely on taxes and not on foreign aid or on royalties from extractive industries:

- **Primary commodities:** Weak states that have an export-oriented economy, poorly developed democratic structures, and depend on primary, extractive industries are particularly vulnerable to violent conflict. Large extractive companies that have the financial means to protect themselves from violence, e.g., through private security companies or through negotiations with the conflict parties, may refrain from engaging

#### The dominant sector of the national economy

*South Africa:* In South Africa, a corporate organization of mostly national companies developed into a trusted and influential partner of the whole peace process. In the pre-negotiation phase (1985) between the South African government and the African National Congress (ANC), individual business actors met with ANC representatives. The meeting was deliberately made public in the South-African press and the business actors were able to put pressure on the South African government to enter negotiations with the ANC. Such assertive action was only possible due to the importance of the secondary and tertiary sector for the whole national economy.

## Export Orientation

in the mediation process as they are able to continue business as usual. However, if the peace dividend is favourable, they may also be interested in supporting peace. Nevertheless, extractive industries are often caught in a dilemma between putting pressure on powerful actors so as to support peace, and risking the loss of concessions and investments, which are likely to be derived from the powerful actor.

- **Secondary and tertiary sector:** Secondary and tertiary economies that are more labour-intensive, interwoven with ordinary people, and more closely linked to a country's civil society are more likely to have an interest and influence in mediation processes. Moreover, sectors such as tourism and media depend on a safe environment and infrastructure facilities. However, in order to have a relevant impact on the policies of a country, these sectors need to be the "backbone" of a country's economy.

- **Fourth, the export orientation of the economy:** Exporting business may be susceptible to international pressure. Local businesses oriented towards international markets may enjoy more mobility and international connections, including to the media. As a consequence, their leverage on a government may be higher, as the government may not be able to seize the company's assets easily. Therefore, more assertive mediation support activities can be expected from local exporters or international business actors, unless their business is purely extractive or illicit.

In summary, a mediator should start her or his exploration of how to engage with business actors with an analysis of these four factors. Only by understanding the pre-war economy as well as the war economy is it possible to see how business actors might support the transition to the post-war or "peace" economy.

### Actors: Types of Business Actors

The ways in which business actors might become involved in mediation efforts depends to a large extent on the respective characteristics of the business actor. The motivations and links to one or both sides of the conflict have to be analyzed carefully. Mediators need to know the factors driving the involvement of business actors in order to design appropriate strategies. Their main driving factors are profit, security concerns (for persons and infrastructure), and reputational concerns. Based on these driving factors, business actors may be supportive of either a formal or informal economy; they may take a more short- or long-term approach to peace processes; and they may be more susceptible to domestic or international pressure.

Four main types of business actors can be distinguished. Each of these four types may engage either as an individual, a company, or an association, which also has an impact on their peace promoting potential. These four types are not directly related to the different economic sectors discussed above, even if some actors will mainly be found in some of the sectors (e.g., international "captive actors" are often found in the primary, extractive industry).

### A) Typology of Business Actors

- **Traditional Domestic Business Actors:** Business actors who were active before the violence erupted are often identified as being part of the "old" economic and political elite. In some conflicts, this elite has lost its privileges, or even had to leave the country. In other contexts, these business actors are still the backbone of the state. In weak states, business actors are often simultaneously key political actors.

- **On the positive side,** these actors generally have a strong interest in reverting back to the pre-war economy, or some reshaped post-war economy, and are therefore interested in supporting a peace process. As they are familiar

## Traditional Business Actors

## New Business Actors

with both the political and economic elites, they can build bridges between the political and economic discourses and use their extended networks to advocate for peace. They can contribute expertise to talks and are crucial for the peace dividend, the reintegration of combatants into the economy, and the reconstruction of the economy after a peace agreement.

- **On the challenging side**, they are often affiliated with one political or conflict party and have a clear political agenda, which may affect their neutrality as bridge builders.

**Traditional Business Actors**

*Guatemala:* There were occasional direct official as well as unofficial talks between the guerrilla forces and representatives of the private sector. While some private sector actors began to lobby for certain socio-economic positions, others were opposed to negotiating with a leftist guerrilla. Partly due to the influence of the private sector, socio-economic provisions were watered down significantly. Business actors also had a major impact on the inclusion of market-oriented tools for the land reform in the agreement. Thus, business actors were driven both by economic considerations and by ideological convictions.

- **New Domestic Business Actors:** Violent conflict does not automatically disrupt economic activity. Rather, it can promote the emergence of “new elites” and new axes of business. These new elites do not necessarily support peace efforts, as they might fear the loss of what they have gained through war. There is a tipping point, however, where traders, and internationally oriented actors in particular, realize that they could gain more from re-regulating society than from a continuation of the fighting. In some cases, these actors have reached a form of maximum expansion within the conflict, and require peace in order to continue growing and avoid stagnation. Mediators therefore need to analyze and compare how the economic players and their interests are changing, and be aware of different roles these actors can take up as the informal economy develops.

- **On the positive side**, these actors are key players running the economy. They usually have strong links to the main parties to the conflict and can build bridges to more extremist elements, highlighting the pragmatic economic perspective. Like the traditional domestic business actors, they can contribute expertise to talks and are crucial for the peace dividend, the reintegration of combatants into the economy, and the reconstruction of the economy after a peace agreement. Often, they can also identify entry points into talks through economic activities.

- **On the challenging side**, they are often strongly affiliated with a political party or conflict party. With vested interests in the war economy, they may be opposed to a peace process unless they can be convinced that the post-war economy will offer opportunities for them as well. Mediators might face legal constraints when engaging with such actors.

**New Domestic Business Actors**

*Somalia:* When cattle and camel trading reached its limits in the war economy, economic actors (herders, traders, war lords) became interested in developing minimal structures to allow the animal sector to develop. In particular, the business actors mediated a safe route from the south to Somaliland for cattle exports, and a cease-fire agreement for a market in Mogadishu between all factions with a balanced representation of all actors in the negotiations, an integrated force, and a representative governance body that would supervise the force. Such minimal requirements for economic activity are vital for warlords as well, as they depend on taxing the “money flow” for their “security” services.

## International Business Actors with a Stake in the Country

- **International Business Actors with a stake in the country:** International business actors with a stake in the country of conflict can be grouped into two types: those that are captive and those that are non-captive to the country:

The **captive** international business actors with a stake in the country have high investments in the country and are vulnerable to major upheavals due to the long-term payoff of their investment. Low levels of violence and geographically contained violence, however, can be ignored, since they may find a “modus

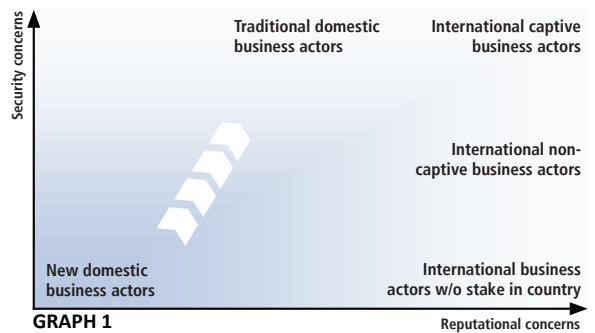
operandi” in a low-level violent context: e.g. private security companies or “quick fixers” who negotiate prices with armed groups to maintain security. Large extractive industry corporations have historically been located in areas where natural resource exploitation has been linked to the financing of conflicts. Thus, they have become familiar with how to operate in this environment.

- **On the positive side**, these actors have the financial, personal and influential capacity to become important players for the conflict parties, and can thus support peace. For instance, international business actors might be more credible than political actors when illustrating the prospects of a peace dividend. Moreover, they are interested in securing a stable peace and a long-term pay-off of their investments, and therefore they may be amenable to supporting peace processes by opening doors to the leadership of armed groups or providing expertise.

At the same time, these actors are susceptible to international campaigns and thus need to consider reputational risks too. They may therefore become engaged in support of global regulations and good practices. The Canadian-based company Talisman was involved in the oil sector in Sudan. In part due to the international campaign against it, it pulled out. The rise of extractive companies from countries where international public campaigns have little influence, however, is weakening the impact of such campaigns. In this case, Chinese, Indian, and Malaysian companies were happy to fill the gap left by Talisman.

- **On the challenging side**, these actors are generally strongly dependent on the countries’ (or local) elites to run their business, especially in the extractive industry (e.g., they require licenses for mining). The corporate logic will therefore be to protect the relations with the elite (be they governmental, para-state, or non-state armed groups), so as not to jeopardize their business interests. Furthermore, they tend to be present in geographically delimited areas and are thus not interested in national peace. Their political and financial clout may negatively influence the mediation process if parties feel they will not benefit from it. Along the same lines, mediators could also be regarded as biased by opposition parties if they accept such a company’s support.

The **non-captive** international business actors with a stake in the country are typically involved in the service sector. The relocation or closing down of business activities is the usual response to the eruption of violent conflict. While they may have close ties to governments, such actors rarely establish close ties to armed non-state actors. Their main concern is reputational risk. In addition, some companies may have a Corporate Social Responsibility (CSR) or Philanthropy Policy that includes conflict resolution efforts.

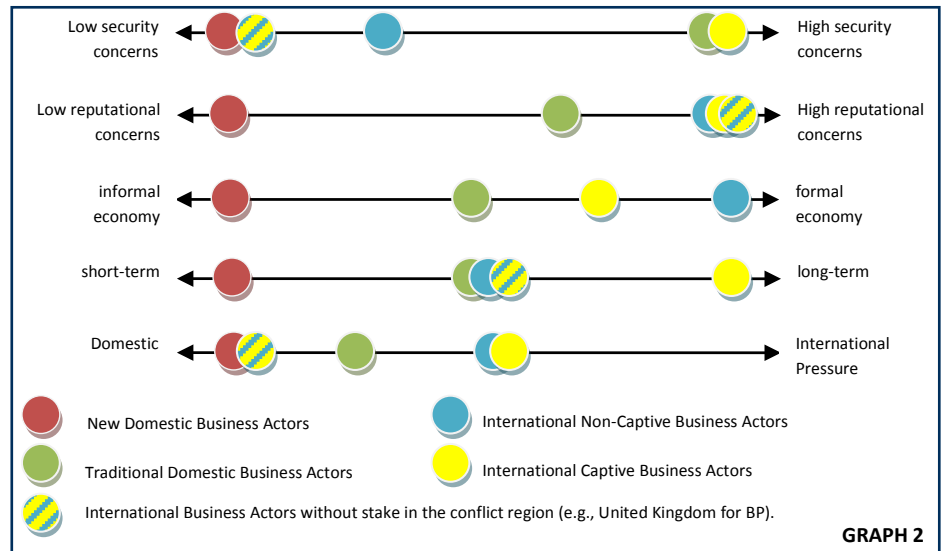


- **International Business Actors without stake in the country:** International business actors with no stake in the country of conflict have no security risks at all; their only considerations are reputational. Their motivation to support a peace process is to improve their image globally, or with their home government. The implicit payback is not from the conflict country itself, but from their home government. Some companies, for instance, supported the mediation in the Southern Sudanese Process (where they had no or only little investments) with their expertise in agriculture or in the oil industry, there

International Business Actors without a Stake in the Country

by securing continued support from their home government on issues related to their exports. Generally, such efforts are low-profile activities, as the idea is not to be seen in public, but rather to be seen by one’s own home government.

Graph 1 situates the four types of business actors on a security/reputation continuum to highlight the different operational logic of the business actors. Graph 2 compares the operational logic of different business actors regarding a variety of parameters (non-exhaustive list).



GRAPH 2

### B) Individual Businesspeople, Companies, or Associations

As cross-cutting categories, each type of business actor may be involved as an individual, a company, or an association of different companies. Each of these types of involvement incurs different challenges and opportunities:

#### Individual Businesspeople

■ **Individual businesspeople’s** interest and capability in supporting mediation processes will usually depend on their personal and professional background. Involvement of individuals in their personal capacity (instead of as company representatives) reduces the reputational risks of a company. However, it might also reduce the company’s commitment to continue its involvement after the person has left the company. Individuals may also pursue a political agenda and present themselves as new political leaders through their engagement.

- **On the positive side**, individuals have the flexibility to act fast and decisively. People trust people, not institutions, especially in countries where the institutional dimension has disappeared and been replaced by the informal. Therefore, the personal reputation of these individuals is their comparative advantage. They often have ties with relevant members of the warring parties and combine a personal and professional interest in establishing peace. If they are in a leadership position, they may be interested in securing a “peace dividend” once the conflict is settled.
- **On the challenging side**, they may lack institutional backing and therefore clout and leverage. An over-dependence on one individual actor may jeopardize the sustainability of the involvement. If their personal reputation is tarnished, they quickly become very vulnerable. If they have a close relationship with one of the warring parties, their neutrality is also at risk.

## Companies

- **Companies rarely become involved officially.** They rather join a business initiative. Companies may become involved in peace mediation processes if they have a high interest or stake in the conflict (domestic companies or international ones with high investments). The reputational and security risks involved in such engagements require the utmost confidentiality and discretion.
  - **On the positive side,** the advantage of working with companies is that if a strategic choice has been made, it is more sustainable and carries more clout than if it is only supported by an individual. In a mediation process, companies can be important players due to their large size, their societal influence, their relationship with conflict parties, and their financial capacities and means of transportation.
  - **On the challenging side,** however, a company is slower to act, it has more complex procedural constraints, and a higher reputational risk of receiving unwanted media attention. These are all likely to make a company cautious to engage. Companies are also more vulnerable to comparative disadvantages, i.e., they might refrain from an involvement if other companies do not get involved.

## Business-led Initiatives

- **Business-led initiatives for peace,** either by a specific sectional association or by an over-arching initiative (e.g., through a chamber of commerce or some other organizations), have provided crucial support to mediation processes.
  - **On the positive side,** they are well placed to support a mediation process because they allow for collective decision-making and may thus be able to avoid the individual companies' concerns regarding comparative disadvantages. Associations often include businesspeople from both sides of the conflict line, so that they can become pragmatic, economically-minded bridge-builders. The set-up of associations allows them to be more effective than a single businessperson or large company, as they represent larger interests and therefore have greater leverage. Their links to civil society movements may foster a more long-term perspective amongst business actors.
  - **On the challenging side,** the collective action challenge of associations can make for slow decision-making processes. Disagreement within the association on the appropriate action or inconsistent behavior of an association might paralyze the assistance or even damage the reputation of a mediation process.

In summary, mediators need to analyze the following aspects:

- *The changing structure of the national economy:* the changing behavior of "old" and "new" economic actors prior and during the conflict;
- *Business actors' interests and vulnerabilities:* the interests and vulnerabilities of local and international business actors in the conflict area.

Each type of business actor has specific potentials and challenges. Understanding their "logic", their contextual position, and the effects of the conflict on their business can contribute to an understanding of the opportunities and limitations of engaging them in a mediation process. Business actors can bring specific benefits to the process that other actors cannot (resources, knowledge, influence on parties; see below). However, mediators also need to be aware of the risks of engaging with business actors, in particular regarding their reputation for being impartial.



## Process: Options for Mediators

Depending on the potential roles and activities of business actors (section A), mediators have different strategies to involve business actors (section B), and these also change depending on the phase of the peace process (section C). While this guidance note focuses on the contribution of business actors to track 1 peace processes, a more direct involvement of business actors as mediators is often pivotal in areas where there is little or no central governance, and therefore also no track 1 process. Furthermore, as peace is never made on only one track, business actors have a key role to play in linking up the various tracks. Tracks should not be considered as being separate.

### A) Roles and Activities for Business Actors

Generally, the activities that business actors can take up depend on the necessities of a given process. Thus, mediators have to identify the specific functions that business actors can play during the process: financial support, communication channels, expertise, or intermediary. In the following, different kinds of roles and activities are presented as a source of inspiration of what to look out for, rather than a checklist. We distinguish between business actors directly involved in mediation (as mediators or as part of the team) and business actors supporting mediation efforts indirectly.

#### Business Actors as Mediators

- **Business actors as members in mediation teams:** Business actors can be part of the mediation team. However, in a formal track 1 peace process, this is very rare and only happens under specific circumstances. It is much more common in track 2 and 3 processes.

#### Business Actors Supporting Mediation

- **Business actors supporting mediation efforts:** Several activities can be subsumed under support activities: For example: using informal contacts, mobilizing the wider business community and popular support, knowledge and research, and monitoring of implementation.

#### Informal Contacts

- **Informal contacts:** The networks and personal contacts of business actors are crucial in all phases of a peace process to access all parties in the negotiating process. In particular, for establishing a first contact between the mediators and one of the parties, or behind-the-scene bridge-building between the conflicting parties. Another possibility is to use business actors to bring hardliners together with more pragmatic representatives of the same party. The main advantage of using business actors as intermediaries is that they are often seen as pragmatic actors with an interest in peace per se, mostly without political conditions attached.

Contacts and networks are also important during the negotiation phase or in the implementation phase. For example, informal contacts can be an important instrument for keeping parties at the table or convincing them of a specific solution.

#### Mobilizing wider Support

- **Convincing parties to a conflict and mobilizing wider support:** Business actors are considered to be the most credible actors to demonstrate the negative economic effects of a conflict or the positive effect of peace (dividends), before or during the negotiations. The local export industry might be best placed to promote bridge-building due to its relationships with and dependence on all warring parties as well as on international actors such as consumers, distributors, governments, and trade organizations.

## Knowledge and Research

- **Knowledge and research:** Business actors have a key role to play as experts on specific economic aspects. They provide a unique combination of expertise with credibility. Experts from international companies can be consulted to discuss different possibilities for resolving economic or business-related problems with the warring parties. They can present the requirements of international markets to ensure that clauses negotiated in the peace agreement do not prevent international investment. In addition to the substantive aspect of securing more information and expertise on a topic, this support serves two purposes: first, to de-politicize the object of dispute; and second, to provide an opportunity for building trust between the parties.

## Monetary Support

- **Monetary support and pressure:** This aspect can include different activities:

**Logistical support:** Important logistical support provided by business actors may comprise of staff secondment, transportation facilities, and accommodation or security services.

**Financial support:** The direct financial support of mediation processes seems rare, although business actors, especially international ones, can provide money more quickly than governments. In mediation, quick money is often more important than big money.

Financial support might not be possible in certain conflict contexts. In some countries, business actors may be too small to provide in-kind support or make big donations to the mediation process. In other cases, pouring in large amounts of money might divert the parties' attention from the process and thereby cause a delay.

**Financial pressure:** The possibility of direct financial pressure on the conflict parties seems to be more common. Especially in the pre-negotiation phase, private actors may have some leverage to bring the different parties to a table. For example, an important employer in a region may threaten to move the production site to another region unless the warring parties agree to join the talks. Similarly, business actors who help to finance the conflict parties' activities, may threaten to axe a party's funds and thus pressure them to sit at the table. The link between the "lead role" of business actors and diaspora funding of conflict (remittances) is important in this respect.

## B) Strategies to get Business Actors involved

Once mediators are aware of the logic of business actors and their possible contributions, the next step is to reflect on the possible strategies from the side of the mediator to make best use of the business actors' contributions. Since mediation is a voluntary process based on the acceptance of the mediator by the conflict parties, mediators always face constraints when deciding on how to organize a process. Any provision to include business actors must be assessed in order not to jeopardize the acceptance by the conflict parties.

## Common Interests

- **Identify common interests and build on them:** Mediators can directly contact business actors they want to have on board, especially if they feel that the business actors have interests that would support the peace process. Mediators can work with the business circles to see how new favourable economic activities could be established if peace was brought about. One area to explore for example, is DDR, as combatants will have to be brought back into a local economy.

## Information Policy

- **Information policy:** Mediators may publicly declare an "open door" policy, i.e., invite civil society actors, including business actors, to contact the mediation team. Often, the involvement of business actors may also be supported through a so-called "peace dividend publication"; this can show to the business community

## Confidence-Building

- and society in general how much they lose economically because of the ongoing violence.

**Confidence-building measures between business actors and armed groups:** A minimal level of trust is necessary to start negotiations. Trust-building measures, which can be discussed in direct or indirect contacts between business actors and armed groups, might include the specific needs of business actors, e.g., stopping kidnapping of civilians (businesspeople being frequent targets) or the plundering of business premises.

## Use of Pressure

- **Use of (moral) pressure:** Businesses (in particular international corporations) can also be put under pressure to support a mediation process, and their reputation is a key leverage point in this context: Companies that do not cooperate might get a bad reputation (e.g., Hunt Oil in Iraq). In such cases, “naming and shaming” campaigns may be a suitable tool for applying pressure on the company. Furthermore, international trade companies are susceptible to trade sanctions. Mediators cannot initiate such campaigns by themselves, but may be in contact with other actors who can.

***Inclusion of economic aspects in peace agreements***

*Cyprus:* The mediation leading to the vote on the Annan plan had failed to get the support of the business community (which eventually campaigned against the Annan plan). In the new process, the topics included in the negotiations were widened: from four (security, property of people who fled the north, territory, governance) to six (adding EU and economy). Besides the six working groups on these issues, the mediators established seven technical committees that would agree on practical issues improving the everyday life of Cypriots. Both measures increased the prospects of involving business actors and indeed their readiness to support the peace process.

## Economic Aspects in Peace Agreements

- **Inclusion of economic aspects in peace agreements:** Several examples show that the involvement of business actors can be supported by including an economic perspective in the negotiation process. Having an economic topic on the negotiation agenda can be a way of getting business actors involved. However, they may prevent certain economic issues from becoming part of a peace agreement, in particular those related to market regulation. Instead, they may push for deregulation, for example for managing common property issues (see case of Guatemala).

## Confidentiality

- **Guaranteeing confidentiality of the process:** Business actors may fear politicization and visible involvement. If the process ends in a mess, no business actor will want to be associated with it. Guaranteeing discretion and confidentiality can make it easier for business actors to engage. Only once the agreement is signed and successful will visibility and reputational benefits be welcomed, although only among selected target audiences.

Finally, mediators need to keep in mind that business persons rarely stay inactive for long. As highlighted in the section on the typology of business actors, supporting a mediation process is but one possible strategy for business actors to cope with violent conflict, and mediators need to show the long-term benefits of this strategy.

### C) When to involve Business Actors

An understanding of the different opportunities and challenges during the different stages of the mediation process is relevant in determining when to include business actors.

***Pre-negotiations***

- Depending on the context and actor analysis, it may be useful for mediators to approach and involve relevant business actors early on in the process, in order to make use of their networks and knowledge of the economy and conflict.

Ignoring the role and knowledge of business actors may cause them to become spoilers of the formal peace process at a later stage.

- Business actors can act as intermediaries, using their “pragmatic” image to promote the idea of greater economic benefits in a peaceful environment.
- When there is no track 1 mediation process, some business actors that are strongly affected by the conflict may take the initiative to set up their own mediation process, yet typically on track 2 and 3, rather than track 1. Formal processes on track 1 may use such initiatives to build a peace constituency within the country.

#### ***During the Negotiation Phase***

- Discussions between mediators and key business actors can be important for maintaining a steady relationship throughout the negotiations; this contributes towards ensuring that their considerations are taken on board.
- The business community has much to gain as well as to lose in the implementation of a peace agreement. Their knowledge and engagement on substantial issues related to economic development, trade, employment, and market relations should flow into the peace agreement before it is signed.
- Their negotiating skills and knowledge of the conflict parties may make them pertinent during this stage, especially when the process hits an impasse.

#### ***Implementation phase***

- Business actors influence the implementation phase through their core business: building the economy, ensuring fair employment practices, or hiring people from different ethnic or social backgrounds.
- The implementation of peace is costly, and financial involvement of economic actors can be crucial.
- Reintegration of combatants into the business sector must be coordinated with the relevant business actors, who may provide suitable jobs.

## Questions for the Mediator

### **Context**

**Key question: What is the nature of the pre-war economy, the war economy, and the possible post-war “peace” economy?**

1. *Violence:* What is the level, geographic delimitation, and predictability of violence? Which business actors/economic sectors are directly affected?
2. *Informal/formal economy:* How strong is the informal economy, how is it linked to the formal one?
3. *Sectors:* How has the private sector been affected by the conflict, which sectors have increased, which have decreased? Which sector is the “backbone” of the economy?
4. *Domestic/international orientation:* To which extent is the economy domestically oriented, export- and import-oriented, or dependent on international networks?

### Actors

**Key question: Which business actors need to be involved in the peace process (directly or indirectly), what is their “logic” and possible interest in conflict and peace?**

1. *Relations to the conflict parties:* What is the relationship between the conflict parties and the various business actors? How do the parties perceive them? Is a specific business actor in contact with both conflict parties, or only with one side?
2. *Relations to the political elite:* What is the overlap between the political elite and the economic community?
3. *Relations to the wider population:* What is the perspective of the wider society of the role of the business community? Are the business actors seen as “war supporters”, “peacemakers”, or “neutral”?
4. *Relations between domestic and international actors:* How are the domestic and international business actors interlinked? How far are they linked domestically and internationally with non-business actors?

### Process

**Key question: What does the mediation process need in terms of support activities that can best be given by which type of business actors?**

1. *Contacts during pre-negotiations:* Which business actor can help build trust and understanding between parties so that negotiations can begin?
2. *Joint vision and goal:* How can the business actors be part of the joint vision and goal that could give orientation to the peace process?
3. *Issues and agenda-setting:* What are the economic issues (e.g., economic development, trade, employment, and market relations) that need to be negotiated to address the conflict? How do they affect various business actors, and how can these actors contribute to the issues (e.g., with knowledge)?
4. *Support and disruption:* Which of the various business actors can contribute resources, knowledge, leverage, or networks to the peace process to push it ahead? Which of the business actors may have an interest in stalling the process at a specific moment?

## Additional Sources and Useful Links

### Readings

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**The Mediation Support Project (MSP)** aims to enhance peace mediation capacities by focusing on research, training, process support, and networking. The main partner of MSP is the Swiss Federal Department of Foreign Affairs. MSP was founded in 2005 as a joint venture between the Swiss Peace Foundation (swisspeace) and the Center for Security Studies (CSS) at the ETH Zurich.

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Provided by the Swiss Federal Department of Foreign Affairs in collaboration with the Mediation Support Project, swisspeace, and the Center for Security Studies ETH Zurich.

This guidance note is based on a research project on the role of business actors in mediation processes. See Iff, Andrea / Sguaitamatti, Damiano / Alluri Rina M. / Kohler Daniela (2010). The typology of business actors on page 5 is based on interviews with Julian T. Hottinger (Swiss FDFA).

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WENNEMANN, A. (2010) Chapter One: Peace Processes, Business and New Futures after War, In M. Berdal and A. Wennmann (eds) *Ending Wars, Consolidating Peace: Economic Perspectives*, Adelphi Papers 50/412, pp. 15-32, International Institute for Strategic Studies.

## Links

Danish Institute for Human Rights (Respecting Human Rights in Difficult Environments). [www.humanrightsbusiness.org](http://www.humanrightsbusiness.org)

OECD: Risk awareness tool for weak governance zones. [www.oecd.org](http://www.oecd.org)

The Business & Human Rights Resource Centre has become the world's leading independent resource on the subject. The website is updated hourly with news and reports about companies' human rights impacts worldwide – both positive and negative. [www.business-humanrights.org](http://www.business-humanrights.org)

The UN Global Compact is a strategic policy initiative for businesses that are committed to aligning their operations and strategies with ten universally accepted principles in the areas of human rights, labour, environment, and anti-corruption. [www.unglobalcompact.org](http://www.unglobalcompact.org)

Since 1999, International Alert has been working on a range of initiatives that address economic issues and their links with conflict and peace. This has included work with the business community, including multinational and local private-sector actors operating in conflict zones, to ensure that their conduct does not fuel tensions or even violence, but can contribute towards creating a stable political climate instead. [www.international-alert.org](http://www.international-alert.org)

Red Flags is an attempt to communicate, in simple, clear terms, the changing nature of liability risk, based on the latest research into recent case law. It provides a guide for law-abiding companies as to how the expectations for compliance are changing. [www.redflags.info](http://www.redflags.info)

The Peace Research Institute Frankfurt has developed a research group that focuses on the role of corporate governance contributions to security through the analysis of different country case studies and sectors. [www.hsfc.de](http://www.hsfc.de)