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**PRIVATE  
SECTOR  
ACTORS &  
PEACEBUILDING**

**A FRAMEWORK FOR ANALYSIS**

JAN JOEL ANDERSSON • TOBIAS EVERS • GUNNAR SJÖSTEDT



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# PREFACE

The report *Private Sector Actors and Peacebuilding: A Framework for Analysis* represents the findings of a research project conducted at the Swedish Institute of International Affairs (Utrikespolitiska Institutet - UI) and commissioned by the International Council of Swedish Industry (Näringslivets Internationella Råd - NIR) during the period August 2010-September 2011.

The idea for this research project evolved in discussions between a group of researchers at UI and NIR representatives on the relationship between private sector actors and peacebuilding. In these discussions, NIR's many years of practical experience working together with other private sector actors in conflict-affected countries around the world met with research work conducted at UI on trade, security and development policy, creating a synergy that subsequently informed the resulting project and this final report.

A common starting point for the project was that private sector actors may have an important and unique role to play in peacebuilding, contributing in positive and significant ways to trade, job creation and economic development as well as reintegration and reconstruction in conflict and post-conflict contexts. Clearly, international companies and local private sector actors benefit from the kinds of actions that produce peaceful and stable business environments, since conflict-prone contexts pose financial, security and reputational risks to companies as they limit predictability and negatively affect prospects for long-term engagement.

Indeed, contexts of conflict are complex, and the private sector may have a de-stabilizing influence on such environments by engaging in operations that benefit one group or party over another; by generating income, products or services for oppressive factions or by contributing to the political status quo. Corporate activity in sensitive markets characterized by conflict requires an aware and knowledgeable private sector able to devise the kinds of strategies that may make them a positive force in such markets.

In August 2010, NIR commissioned a group of researchers at the Swedish Institute of International Affairs to conduct a review of the academic literature and debate on the role of the private sector in peacebuilding. The review found that the existing literature tends to be normative and that there is no consensus on the role played by private actors in conflict prone and conflict-affected

markets or the benefits of such a role. The review also found that no comprehensive framework existed for assessing the activities and contributions of the private sector in conflict-affected markets, a lack that has inherently limited the scope of the debate.<sup>1</sup> The goal of the research project that followed this review was to develop an analytical framework for examining the role of private sector actors in peacebuilding. This would allow for new possibilities in assessing the impact of business-based peacebuilding, thereby providing private sector actors with new tools with which to better understand their own role in conflict-affected markets and devise strategies for such markets.

Fortunately for the project, we were able to draw on the insights and experiences of an excellent reference group consisting of representatives from civil society, academia and the private sector. The purpose of the reference group was to incorporate expertise on peacebuilding and the role of business from a wide range of spheres while maintaining a focus on private sector actors. We would like to express our gratitude to the members of this group for their time and willingness to share their insights with us. The authors of this report would like to extend a special thanks to Johan Genneby and Lisa Osbäck from NIR for their valuable comments and suggestions throughout the project. We would also like to extend a special thanks to Magnus Serratusell Wallin for his much-appreciated help with the design of the various figures included in the report. Needless to say, the content of this report as well as any errors or shortcomings are the sole responsibility of the authors.

*Norfolk and Stockholm, 28 September 2011*

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<sup>1</sup> The literature review was published as "Doing Business and Making Peace?" UI Occasional Papers No 3, 2010, Stockholm: Swedish Institute of International Affairs and available at: [www.ui.se/eng/nyheter/current-research/ui-occasional-paper-3-doing-business-and-making-peace.aspx](http://www.ui.se/eng/nyheter/current-research/ui-occasional-paper-3-doing-business-and-making-peace.aspx)

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# SUMMARY

The role of private sector actors in peace processes is a growing field of research. While there is a general consensus that the primary responsibility for peace, security and development must rest with governments, it is clear that private sector actors may play important roles when it comes to fostering peace and development in conflict-affected countries. However, we lack knowledge about the dynamics and impact of these roles as well as the tools necessary to analyze them. This study, the result of a research project at the Swedish Institute of International Affairs (Utrikespolitiska Institutet - UI) commissioned by the International Council of Swedish Industry (Näringslivets Internationella Råd - NIR), aims to fill this gap. The study adds to a growing knowledgebase on the role of private sector actors in conflict-affected countries by developing and applying a broad analytical framework capable of identifying and examining the links between private sector activities and key peacebuilding processes.

The development from violent conflict to sustainable peace is conceptualized as a three-phase process in this study. The first phase is mainly concerned with the termination of violence; the second phase with the prevention of a relapse into violence; and the third phase with the transition of society, governance functions and the economy from a state of conflict to a state of sustainable peace. Although private sector actors may be involved in any of these phases, this study focuses on the third phase, peacebuilding, since it is in the context of peacebuilding that private sector actors are most likely able to make a particularly important contribution.

In order to analyze the links between private sector activities and peacebuilding, this study separates private sector activities (unit-level) into six broad categories: business-government interactions, business-society interactions, investment, procurement, recruitment, and sales. Nine peacebuilding processes (system-level) are then similarly isolated and categorized: dialogue, economic growth,

implementation of peace agreements, integration, political reform, reconciliation, redistribution of resources, stability change, and transformation of security and/or safety. By analyzing the specific activities of a private sector actor in a conflict-affected country, the framework developed in this study was then able to identify links between activities and peacebuilding processes.

The study that follows examines five cases involving different private sector actors active in a conflict-affected country: Bombardier Aerospace in Northern Ireland; Heineken in Rwanda; ABB in South Africa; the Palestine International Business Forum in Israel/Palestine and Ericsson in Sudan. In each case, we identify a number of activities specific to the private sector actor in question. We then analyze the potential links, and the positive aspects of such links, between the activities of these private sector actors and key peacebuilding processes in the country in question.

Such a process produced a number of useful findings in the study. First, the framework used successfully identifies when and how private sector activities are linked to peacebuilding processes in the five case studies examined. Second, this framework demonstrates that some peacebuilding processes are more common than others in the five examined cases. Moreover, and along these same lines, the study confirms that certain types of private sector activities are more frequently linked to a specific type of peacebuilding process. For example, business-government activities are more frequently linked to political reform than any other peacebuilding process.

By way of conclusion, this study also suggests two avenues for further research on the role of private sector actors in peace processes. Although it was not the aim of the study's authors to undertake an empirical assessment of the impact of peacebuilding on conflict, it became clear in the course of our research that more empirical impact studies are required if we wish to gain a better understanding of the role of private sector actors in conflict-affected countries. We therefore suggest two avenues for

future research: one that is focused on the measurement of changes in the various causes of conflict and one that is focused on gauging public opinion on conflict-related issues. Other key research areas for future research include the identification of factors that consistently condition the linkages between private sector activities and peacebuilding processes; an examination of how different peacebuilding processes interact and affect each other and the completion of additional case studies capable of generating more systematic knowledge about which types of private sector actor activities are strongly linked to which type of peacebuilding process(es).

For private sector actors active in, or considering becoming active in, the markets of conflict-affected countries, it is hoped that the framework set forth in this study will be used as a road map—one that helps these actors to conceptualize what peacebuilding looks like for private sector actors in conflict-affected environments as well as how the activities of those in the private sector are or may be linked to peacebuilding processes in the future.

# INTRODUCTION

During the past two decades, the increasing globalization of markets, trade and communications has led to unprecedented new opportunities for private sector actors to expand internationally. However, with many of the world's fastest-growing markets experiencing violent conflict or undergoing post-conflict processes, private sector actors are faced more and more with questions about how their activities in conflict-affected markets—that is, markets in states experiencing or recovering from violent conflict—may aggravate or alleviate the effects of violent conflict on the social fabric of these states.

Legitimate private sector actors have an interest in peace and political stability. Threats of open violence, lack of stable political institutions and unpredictable economic frameworks hinder or even prevent private sector activities from taking place by increasing operating costs and disrupting lines of supply. While the primary responsibility for peace, security and development must rest with governments, private sector actors can make an important contribution to stability and security in conflict-affected and post-conflict areas. Indeed, a growing share of economic activity in conflict-affected markets and post-conflict areas stems from private sector activities. The World Bank calculates that about a third of the estimated \$780 billion that flows annually to developing countries (where most armed conflicts take place) is direct foreign investment. This can be compared to global development assistance, which amounts to approximately \$100 billion per year (Thunell 2011: 34).

Many private sector activities may have direct and indirect positive impacts on conflict-affected and post-conflict areas, since these activities create jobs and generate revenues that advance economic development and make recovery and growth possible. Other activities such as investments in communications and infrastructure as well corporate policies that promote inclusive hiring, human rights, respect for labor laws, environmental protection and anticorruption practices are also likely to contribute

to building or rebuilding relations between ethnicities and communities, thereby promoting peace and development.

## **Private sector actors and human rights**

Responding to the growing role of the private sector in conflict and post-conflict regions of the world, the United Nations launched its Global Compact in July 2000. The UN Global Compact is a leadership platform for the development, implementation and disclosure of responsible and sustainable corporate policies and practices. Endorsed by corporate chief executives, it seeks to align business operations and strategies with ten universally accepted principles in the areas of human rights, labor, the environment and anticorruption.<sup>2</sup>

In another response to the growing role played by private sector actors in conflict-affected and post-conflict countries and regions, the UN Commission on Human Rights issued a draft report in 2004 entitled “Norms on Business and Human Rights” that sought to invoke international law to impose on companies the same range of human rights duties traditionally assumed by states. This proposal triggered a heated and divisive debate, however, between private sector actors and human rights advocacy groups and ultimately failed to garner intergovernmental support. In response to the failure to overcome intense division over the draft report, the UN Secretary-General appointed a Special Representative in 2005 to advance the debate on business and human rights (Kinley and Chambers 2006).

In his mandate, the UN Secretary-General's Special Representative, Professor John Ruggie, was tasked with establishing standards of corporate responsibility and accountability regarding human rights; elaborating on state roles in the regulation and adjudication of corporate activities; clarifying concepts such as “complicity” and “sphere of influence”; developing methodologies for human rights impact assessments and reviewing state and corporate

<sup>2</sup> With more than 8,500 signatories in over 135 countries, the UN Global Compact is the world's largest voluntary corporate sustainability initiative. See: [www.unglobalcompact.org/AboutTheGC/index.html](http://www.unglobalcompact.org/AboutTheGC/index.html)



best practices. After several years of research and numerous rounds of consultation, Professor Ruggie issued his final report on 21 March 2011 in which he laid out a set of Guiding Principles on Business and Human Rights as well as measures aimed at helping corporations to implement the “Framework to Protect, Respect and Remedy” introduced by Ruggie in an earlier report. This framework rests on three pillars. The first addresses the state’s duty to protect against human rights abuses by third parties, including private sector actors. The second pillar addresses the corporation’s responsibility to respect human rights; that is, private sector actors should act with due diligence to avoid infringing on the rights of others and to address any adverse impacts related to their activities. The third pillar addresses the victim’s need for greater access to effective redress. These three pillars form an interrelated and dynamic system of preventative and remedial measures that underline the imperatives of state protection, corporate respect for human rights and remediation in cases of demonstrated abuse (United Nations Human Rights Council 2011).

The UN Human Rights Council endorsed the proposed Guiding Principles for Business and Human Rights on 16 June 2011, thereby providing a first ever global standard for the prevention and mitigation of adverse impacts on human rights linked to private sector business activities. The endorsement by the UN Human Rights Council and earlier adoptions of the “Framework to Protect, Respect and Remedy” by many individual governments, business enterprises and associations, civil society and workers’ organizations, national human rights institutions and investors as well as multilateral institutions such as the International Organization for Standardization and the Organization for Economic Cooperation and Development have established the Guiding Principles as the authoritative global reference point on how states and businesses should better manage business and human rights challenges. The new standards provide private sector actors as well as human rights advocates and civil society groups with the tools they need to measure progress on human rights issues affecting millions of people.

The work of Special Representative Ruggie produced a widely accepted set of guidelines and a framework for handling business and human rights challenges. Ruggie’s work also generated a profound change of tone in the business and human rights debate, from one of deep polarization between private sector actors and human rights advocates to one of greater mutual understanding between the different stakeholder groups. Moreover, the focus in Ruggie’s program on systematic and widely distributed research over the last several years has provided a more solid and factual base for further discussion and debate on the relationship between business and human rights. By involving all stakeholder groups, including governments, private sector actors such as companies and business associations, civil society and advocacy groups, and those individuals and communities directly affected, the process leading up to the Guiding Principles remained open and inclusive in contrast to earlier times.<sup>3</sup>

### **Private sector actors and peacebuilding**

The UN’s increasingly active engagement in the relationship between human rights and corporations stemmed from its realization that while private sector actors have a great capacity to foster economic growth and well-being, they are also capable of contributing to the abuse of human rights in different ways. Similarly, private sector actors have the capacity to play a positive as well as a negative role in peacebuilding through their business practices and operations, including corporate employment practices, environmental policies, relationships with suppliers and consumers, interactions with governments, and other types of business activities. The changing nature of violent conflict since the end of the Cold War has created new opportunities for private sector actors to influence the environment in which they operate, but it has also produced new constraints. In particular, the ways in which private sector actors manage their operations aggravates or mitigates the effects of violent conflict on societies in

<sup>3</sup>The work of the Special Representative of the UN Secretary-General on the issue of human rights and transnational corporations and other business enterprises is available at: [www.business-humanrights.org/SpecialRepPortal/Home](http://www.business-humanrights.org/SpecialRepPortal/Home)

troubled states. Since many of the world's fastest-growing markets are found in conflict-affected states, the role of private sector actors in peace processes has become the object of increasing scholarly and public scrutiny (Kaldor 2007: 116–118, Fort and Schipani 2004: 20–25, Haufler 2006: 1–2).

This study takes its inspiration from the UN's work on human rights and corporations, but it concentrates on the role played by private sector actors in peacebuilding. In contrast to much of the recent literature on business and peace-making, which is largely focused on the negative impact of private sector actors on conflicts, this study assumes instead that the private sector possesses important capabilities that can also contribute positively to peace processes. Since so much of the current literature has approached private sector actors as a negative force, however, it is difficult to find assessments of how private sector capabilities have been and can be used or actual recommendations on how private sector actors can actively participate in the process of making peace while doing business. Understanding the positive as well as the negative dynamics of the linkages between private sector activities and peace processes is thus a first step towards answering the larger question of whether private sector activities can contribute to a peace process, and, if so, how.

In this study, an analytical framework is developed that can be used to trace and assess the kinds of linkages that may exist between the activities of private sector actors and a developing peace process in a given country or region. It should be noted, however, that this framework has been designed for two specific purposes. First, it aims at identifying transformation processes in a society, economy, or governance structures that are part of a peacebuilding process in a conflict-affected country. Second, it aims at determining links between the business activities of private sector actors and positive peacebuilding developments in the conflict-affected countries in question. This approach does not assume that private sector activities consistently have a positive or constructive impact on the peace process in a given country. Indeed, private sector

activities may have no link at all to the peace process in a conflict-affected country and such activities may even disrupt this process in certain cases.

Research on the role of private sector actors in peace and conflict is a rapidly-growing field. Nevertheless, theoretical development has been slow. When reviewing the research that currently exists, five major themes in the literature become discernable. First, there is research that concentrates on the incentives for private sector actors to participate in peace processes.<sup>4</sup> Second, there are studies that focus on how norms affect private sector actors and their role(s) in conflict zones. Third, there is research that analyzes why some private sector actors seem to perform better as peacebuilders than others. Fourth, there are studies that deal with problems of methodology, in particular the lack of theoretical foundations and the lack of systematic analysis in current work on private sector actors in peace and conflict. Finally, a few of the most recent research projects<sup>5</sup> have attempted to map out the attitudes and responses of private sector actors towards violent conflict (Evers 2010: 8).

The present study does not aspire to present a comprehensive model of the role of private sector actors in peacebuilding, although it is hoped that the analytical framework proposed in this study will contribute to the development of such a model. It is, however, the aspiration of this study to present an analytical framework capable of helping private sector actors to better understand their role in a peace process as well as how they can become a positive force in conflict-affected contexts by adapting their operations and investment activities to work as optimally as possible with a peace process.

<sup>4</sup> In a recent attempt to quantify the value of peace, for example, researchers at the Institute of Economics and Peace (IEP) actually calculated the value of peace. They argued that demonstrating the economic value of societies at peace would likely encourage private sector actors to participate in peace-promoting measures. Moreover, by using this tool in their strategic planning, private sector actors would be able to make sounder judgments in their cost-benefit analyses (Powell and Chung 2010: 12–13).

<sup>5</sup> While these types of surveys generated much information about how and why private sector actors respond to violent conflict, it did not make any significant theoretical contribution (Powell and Chung 2010: 10–11).

## Purpose and definitions

The purpose of this study is to develop a framework for analyzing and assessing links between activities performed by private sector actors and peacebuilding processes. In this study, peacebuilding processes are defined as the drivers of significant change in a society, an economy, or state structures that in turn create peace. The private sector is defined as that part of the economy that is controlled by private individuals or groups rather than the state and is typically organized and run for profit. It should be noted that this study also views state-owned companies operating for profit as part of the private sector. The term private sector actors used in this study thus includes companies, chambers of commerce, business associations, confederation organizations and other types of formalized cooperation between companies. Non-governmental organizations such as humanitarian organizations, trade unions, environmental protection organizations, development organizations and so on are not included in the definition of private sector actors used in this study.

Although some attempts have been made to develop a theoretical framework for measuring the effects of private sector activities on the development of peace and security (see for example Deitelhoff and Wolf 2010), theoretical development in this field lags far behind that of other fields involved with issues of security, development, peace-making, and corporate agency. At present, there is no universally-accepted method for establishing or examining the links between private sector activities and peacebuilding nor are there any generally-accepted methods for evaluating the direct or indirect impact of private sector actors' efforts on peace processes (Sweetman 2009: 27). Given the lack of theoretical tools in the existing literature for making comparative and cumulative work in this field, developing a framework capable of exploring and assessing the links between private sector activities and peacebuilding would thus seem as necessary to the field as it is potentially beneficial to private sector actors operating, or considering operating, in markets located in conflict-affected contexts. In addition to assisting private sector actors in assessing and developing their own corporate strategies

and risk management practices in conflict-affected countries, it is hoped that such a framework will aid business executives and CSR-officers, academic researchers and policymakers in better assessing the role(s) that private sector actors may play in peace processes. Finally, the authors hope that the creation of this framework will contribute to the accumulation of more, and more refined, knowledge about peacebuilding—its dynamics and its actors.

## Method

This study has drawn on a number of qualitative methods in its collection and analysis of information. Among other things, an extensive review of the existing research on business-based peacebuilding was conducted as well as a review of related literatures in Peace and Development Studies, Economics and Political Science (See Evers 2010). The information required for developing the study's framework and the illustrative cases were acquired through desk studies as well as interviews with private sector representatives, diplomats from several countries, development aid professionals, NGO-staff and research experts from several different fields. Earlier drafts of the report were also the object of extensive consultations with professionals and experts in the area of business-based peacebuilding as well as informal discussions with colleagues with various forms of expertise in the subject of the study. Moreover, the research team was fortunate enough to be able to draw on the knowledge and experience of a dynamic reference group comprised of leading international academics as well as representatives from the private corporate sector and civil society organizations such as International Alert and the UN Global Compact (see Appendix A for a list of reference group participants).<sup>6</sup>

<sup>6</sup>On 23 March 2011, an outline of the analytical framework was discussed at a day-long session with the reference group in Stockholm. A first draft of the report was then sent out to all members of the reference group on 27 May 2011 for a second round of comments.

# PART I

## – ANALYTICAL FRAMEWORK

In this study a peace process is conceptualized as a sequence of interconnected processes that parties to a conflict – as well as various third party actors – participate in to prevent, manage or resolve a violent conflict. Third party actors are often foreign governments, international governmental organizations (IGOs) and non-governmental organizations (NGOs). Third party actors may also be private sector actors such as companies and business associations.

The processes embodying a peace process are in this study analytically separated into three broad categories, which are referred to as “peacemaking”, “peacekeeping”, and “peacebuilding”. Peacemaking processes aim to bring an end to open violence while peacekeeping processes are undertaken to prevent relapse into violence. Peacebuilding processes in turn aim to move a conflict from negative peace to positive peace through transformations in governance structures, society, and the economy. A peace process may proceed in a linear fashion from violent conflict to sustainable peace through peacemaking via peacekeeping to peacebuilding. However, a peace process may frequently regress. It is not uncommon to see peacekeeping fail, leading to a relapse into violent conflict only to be followed by new peacemaking and peacebuilding.<sup>7</sup> At times, parallel peace processes may take place involving some or all of the conflicting parties (Doyle and Sambanis 2000; Paris 2004: 38–39).

A conflict does not end with the end of open violence. The mere termination of violence by means of a cease fire or a peace agreement is not a stable solution to a conflict between two or more parties. A stable and lasting solution, or “positive peace”, can only be achieved when the warring parties have established collaborative and supportive relationships. Usually this requires extensive political,

societal and economic transformations in the country or region in question downscaling or eradicating the roots of conflict (Galtung 1996; Zartman and Kremenjuk 2005).

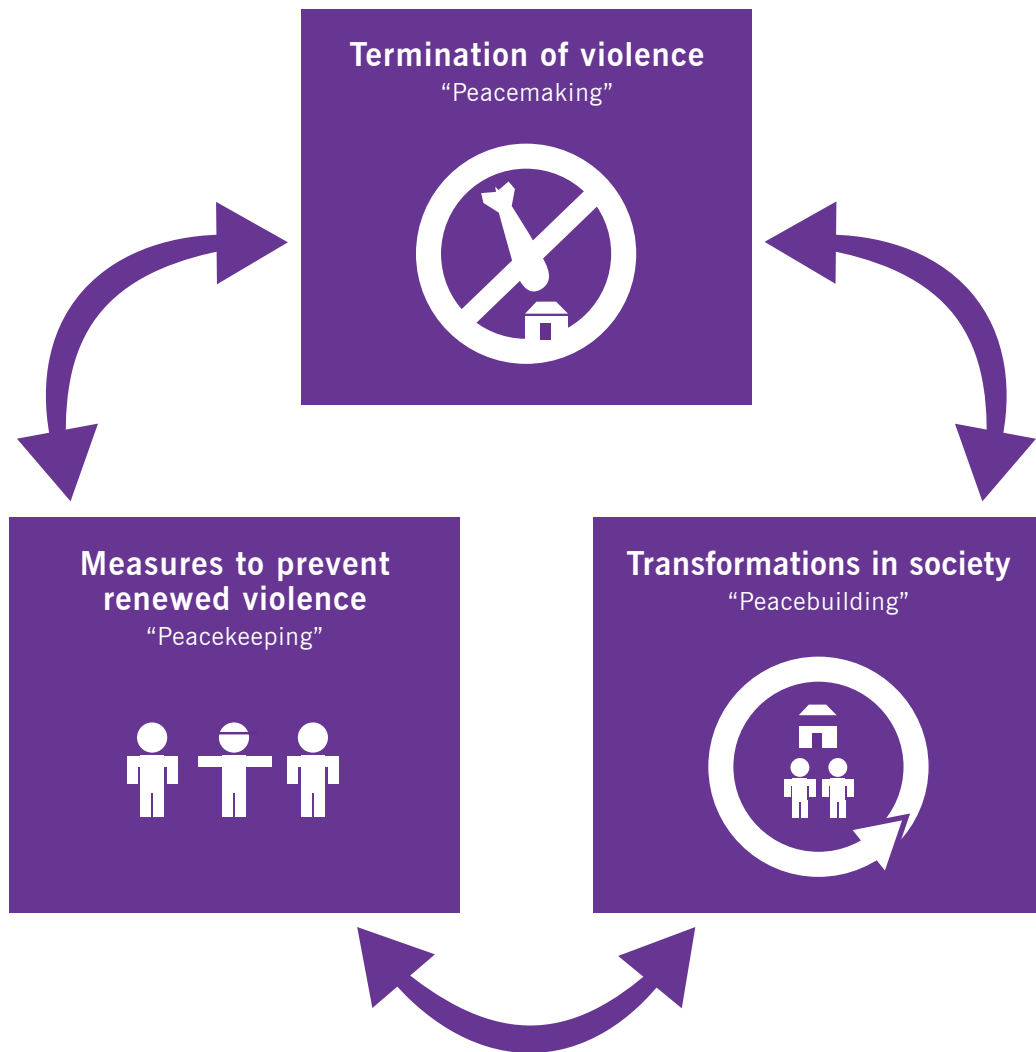
### **Addressing violent conflict in the short-term: peacemaking and peacekeeping**

Peacekeeping and peacemaking aim to address problems of on-going or recent conflict. Peacemaking includes processes that are directly related to the establishment of a cease fire agreement or a peace treaty, which brings an end to military operations or other forms of large-scale violence. In peacemaking direct interaction, such as dialogue or negotiation, between the opposing parties in a conflict is very important. Key processes in peacemaking include formal negotiation or informal intercession between the parties. Third party intervention in the form of mediation, direct facilitation or capacity building (e.g. development aid) is often important in peacemaking. External support for dialogue between the conflicting parties is one example of third party intervention. Peacemaking may lead to long-term positive effects on a violent conflict by paving the way for subsequent peacekeeping and peacebuilding. However, the principal direct effects of peacemaking are short-term since the aim is to bring an end to a conflict or other forms of large-scale violence (Klimesova 2011).

Peacekeeping processes in turn aim to secure the full implementation of a cease fire agreement/peace treaty and hence prevent the relapse of violence. Continued dialogue or negotiations between the parties are examples of activities that are part of peacekeeping. The monitoring of the implementation of a peace agreement by international observers or the deployment of UN peacekeeping troops are examples of third party intervention to “keep the peace”. Activities designed to prevent economic or societal destabilization is another approach to, or unintended facilitation of, peacekeeping (United Nations 2011).

<sup>7</sup> For example, over the years many cease-fire agreements have been signed in Colombia between the Colombian government and the FARC guerrilla, which all sooner or later have been violated.

**FIG. 1** The peace process



Private sector actors, such as individual companies and business associations, may contribute to both peacemaking and peacekeeping processes. At least two broad categories of relevant private sector activities can be identified. The first category of activities concerns the direct involvement of companies or business associations in dialogue or negotiation between parties in a conflict for the purpose of establishing, maintaining or reinforcing a peace agreement. A private company or business association may for example organize or facilitate ad-hoc consultations or continuous dialogue between two or more sides in a conflict. The second category focuses on how private sector activities may contribute to retain or improve political stability in a conflict-affected country by upgrading positive expectations. One example is when private sector activities raise the hope for improved economic development and better living conditions that in turn may decrease the likelihood for hate or bitterness-driven violent behavior. Nevertheless, while private sector actors may play a role in efforts to prevent or resolve violent conflicts, short-term diplomacy and military deployment are likely to be more important than, for example, long-term economic growth (Sachs 2007).

### **Addressing violent conflict in the long-term: peacebuilding**

The focus of this study is on private sector actors' role in addressing violent conflict in the long-term. We argue that it is in the context of peacebuilding that private sector actors such as companies and business associations may make particularly important contributions to a peace process. The role of private sector actors in peacebuilding is however complex and under-studied.

There are several indications pointing to that private sector actors may have an impact on the development towards sustainable peace. For example, Mott (1997) notes that companies contribute to economic growth, which in turn can be expected to influence a peace process positively. However, there is rarely a straightforward relationship between economic growth or development and peacebuilding.

For example, Surke and Buckmaster (2006) argue that rapid economic growth is typically not an indispensable precondition for sustainable peace although it can often be expected to influence the progress of peacebuilding. More significant in their view are short-term economic stabilization strategies or the distributive effects of structural adjustment. In other words, economic growth has some significance, but it is dependent on how it is interpreted.

Private sector actors' contribution to peacebuilding is complex to establish and assess. Another factor adding to the complexity is the great diversity of private sector actors (companies, business associations, chambers of commerce etc.) with a potential to influence peacebuilding. This diversity is noteworthy since it causes variation with regard to how, and with what effect, the private sector impacts peacebuilding. Large and resourceful multinational companies can be expected to play a different role in a peacebuilding process than smaller local companies. This, however, does not mean that "big" always is more important than "small". Local companies may have a critical role because of their ties to the local population and market. The aggregated effect on peacebuilding of the activities of many small companies may also be more important in a peace process than the activities of one big company. It is usually easier to imagine how one single big company affects a peacebuilding process than to envisage how a number of small companies produce a similar impact. It is particularly this complexity problem that calls for a theoretical framework for analysis and assessment.

The impact on peacebuilding by private sector actors also varies with their regular day-to-day activities. They do different things which may affect peacebuilding processes in dissimilar ways. Some activities may have a positive effect, while others cause a negative effect and some no effect at all. The relevance and significance of these varying private sector activities depends on the critical circumstances in a specific conflict-affected country or region. Activities that may help to increase stability in one case may be insignificant in another.

Private sector actors have different strategies for coping with risks for new or recurring violent conflict in a country or region where they operate. One strategy is to avoid the risk caused by violent conflict by disengagement. Such a transfer of assets and capabilities does not have to be comprehensive or irreversible. For example, a company using this strategy may plan to move back into the area as soon as the conditions permit it. Another strategy is to remain in the conflict-affected country or region but increase external security. A third strategy, which is of particular interest in this study, is to try to reduce the risk of conflict by contributing to peacebuilding.

### **A framework for analysis of private sector actors in peacebuilding**

To evaluate the role of private sector actors in peacebuilding requires a framework of analysis that can cope with a high level of complexity. Private sector actors' organizational characteristics differ, they operate in different markets and they have different aims and aspirations. To determine whether a private sector actor operating in a conflict-affected country has an impact on peacebuilding also requires relevant, reliable, and sufficiently specific information about its organization and its activities. After all, many private sector activities do not have any relevant association with on-going peacebuilding processes.

This study offers a road map for the search of such relevant information: a theory-driven framework for analysis of how private sector actors may have an impact on peacebuilding processes. The focus is set on the activities of private sector actors such as companies or business associations, and not on the organizations per se. The aim is not to discover "peace companies" but to identify private sector activities that are likely to have a positive impact on peacebuilding. In principle, assessments of private sector actors should be done on the basis of an "activity analysis". Such studies may, for example, investigate the characteristics of private sector activities which are strongly associated with various peacebuilding processes.

The analytical framework for private sector activities in peacebuilding proposed in this study distinguishes between the unit level of analysis where private sector activities are performed and the systemic level of analysis where their effects, or impact, on peacebuilding are generated. The interaction between the unit and systemic level respectively is crucial for the understanding of if, and how, private sector activities are linked to a peace process and its impact on it. The main purpose of the proposed framework for analysis is to offer criteria and instruments of interpretation to be used for the determination of when private sector activities are likely to be linked to peacebuilding. A second purpose of the analytical framework is to propose an approach to the assessment of the impact of private sector activities on peacebuilding and the reduction/elimination of violent conflict.

The framework for analysis is designed for both diagnosis and forecasts. Diagnosis pertains to on-going or past activities performed in a particular conflict-affected region or country. Forecasts concern what is likely to happen in the future and relates to both the links between private sector actor activities and peacebuilding processes and the impact these links may have on the development towards sustainable peace. The framework consists of two principal elements and the critical relationships between them. The first element of the model is private sector activities and the other is peacebuilding and its processes. The framework is illustrated in Fig. 2 on the next page.

The principal relationship analyzed in this project is that between private sector activities and peacebuilding processes. The impact assessment includes an examination of how different kinds of private sector activities (for example sales, investments or the organization of dialogue) are linked to different processes of peacebuilding. The framework for analysis has been developed with the help of five case studies (see part 2 of this study) which examine various private sector actors active in different conflict-affected countries. The case studies have hence been used to test the relevance and applicability of the framework. Further, the case studies concentrate on analyzing private sector activities' links to peacebuilding processes.

FIG. 2 The framework





To establish the actual effects of peacebuilding on the development of conflict is beyond the scope of this study. Nevertheless, the concluding section of this study (see Conclusion) includes a discussion of potential analytical strategies to detect and evaluate the impact of peacebuilding on conflict development.

### **The unit level of analysis: private sector activities**

One basic function of the analytical framework is to identify private sector activities that can be linked with peacebuilding. This approach means that strictly internal private sector activities are excluded from the framework of analysis, while private sector activities can be separated into six broad categories:

- **Business-government interactions** are multifaceted and take place on many levels and take on different forms. For example, such interactions occur when companies act in line with laws and regulations or simply when they pay taxes. Private sector actors may also have more pro-active interactions with governments and public authorities by participating in government-led inquiries and commissions to develop new regulations and reform existing laws.<sup>8</sup>
- **Business-society interactions** concern relationships between private sector actors and citizens, civil society structures and organizations. These relationships can take the form of direct marketing and sponsorships to increase sales or building an attractive image, but also of public dialogue, programs to connect business success with social progress, as well as traditional charity work. Business-society interactions may focus on specific issues closely related to private sector activities, such as improving local workers health through work place programs or skills through vocational training.<sup>9</sup>
- **Investment** involves the purchase of specific assets (like land, equipment or existing companies) or the acquisition of financial instruments that are not used directly in production processes.

- **Procurement** is the acquisition of goods and/or services that are needed in production processes or in internal operations.

- **Recruitment** of personnel comprises a host of different activities: creating interest for a certain position, screening applicants and selecting the best-fitted candidate for the job.

- **Sales** include diverse activities. A few examples are advertisements, contracts between buyer and seller, payment arrangements, or delivery of goods and services.

### **Analytical considerations**

The types of private sector activities described above are broad categories with considerable diversity. For example, marketing or sales may represent quite different activities depending on the company. Such differences may also influence how, and with what effect, particular private sector activities influence peacebuilding. However, the role a certain activity will play in peacebuilding is also affected by circumstances of a more structural nature including factors such as:

- The size, resources and capabilities of the private sector actor.
- The reach of the private sector activities (are they local, national or international?).<sup>10</sup>
- The type of business, or issue area, in which the private sector activities are performed.

<sup>8</sup> The character of business-government interactions in any particular country or region, however, depends to a large degree on the domestic regime representing the prevailing understanding of the political economy. A "free market", "socialist" or "mixed", economic ideology set up different opportunities and constraints for business-government interactions

<sup>9</sup> The interactions may also focus on more general objectives without direct links to the principal business activities, such as contributing to the electrification of local communities, providing clean water, raising the national level of health by supporting rural clinics, or improving general literacy by sponsoring the national education system with textbooks and computers.

<sup>10</sup> Reach is difficult to assess for complexity reasons, which may lead to that the significance of the activity is underestimated. For example, a local private sector actor may have considerable significance for the local development of peacebuilding, while its national, or conflict-wide, significance is minor.

Furthermore, activities by private sector actors can impact peacebuilding even though they are not meant to have that effect. In such cases, a private sector actor's positive or negative impact on a peacebuilding process has nothing to do with good or bad intentions. Rather, it is due to that a private sector actor contributes to a development which impacts peacebuilding. However, private sector actors can also intentionally try to make a contribution to peacebuilding. For example, a company like Bombardier Aerospace strives to keep a balance between two groups in its workforce in Northern Ireland in order to promote fairness and integration. Palestine International Business Forum (PIBF) is another example of intentional contributions to peacebuilding. PIBF has been conducive in the development of a Jerusalem Arbitration Centre, which is scheduled to open in 2012 and resolve disputes between Israeli and Palestinian companies. This development also enabled the creation of a Palestinian chapter of the International Chambers of Commerce in Ramallah in 2011. PIBF's support and organization of a dialogue between Israeli and Palestinian economic actors is another example of activities which support peacebuilding processes.

### **The system level of analysis: processes of peacebuilding**

Peacebuilding unfolds at the system level of a conflict-affected country and if it is successful helps to diminish the probability that violent conflict will recur. Processes embodying peacebuilding are typically forward-looking. Their principal function can be described as long-term conflict prevention over years if not decades. The peacebuilding processes are autonomous but can also interact to produce synergy effects.

When conceived of as a strategy, peacebuilding should be addressed as a single and comprehensive undertaking despite being a complex phenomenon consisting of a multitude of dynamic elements. In this study, eight processes of peacebuilding are identified. These processes take place in state structures, in society or in the economy of a conflict-affected country or region. In this study, it is assumed that the identified processes of peacebuilding have

a positive effect on the management and resolution of violent conflict. This study does not include any empirical investigation to confirm that the peacebuilding processes indeed have a positive effect on conflict. Nevertheless, in the conclusion of this study a brief presentation will be made of possible ways to estimate impact in particular cases of conflict and peacebuilding.

### **Catalogue of peacebuilding processes**

As mentioned earlier, each of the identified peacebuilding processes has an autonomous impact on a conflict but there can also be interaction between them. Some processes tend to develop simultaneously, such as transformation of security and/or safety and changing stability. Other connections between peacebuilding processes are causal. One process may be a prerequisite for another, or one process may be a consequence of another. Reconciliation, for example, may be a prerequisite for integration, while economic growth may be a consequence of integration. The peacebuilding processes identified in this study are here listed in alphabetical order:

- **Economic growth** Poverty is frequently associated with increases in the risk for conflict while economic growth is often linked with lower levels of conflict (Humphres 2003). Moreover, there is a positive association between economic growth and reconstruction and development (Addiston and Brück 2009). However, there are also indications that economic growth must be distributed fairly to have beneficial effects on peacebuilding (Mott 1997).
- **Dialogue** Any effective peacebuilding requires not only negotiation but also dialogue. While the aim of a negotiation is to reach agreement among parties who differ,

<sup>11</sup> The importance of Isaac's ideas is highlighted by other authors focused on peace processes. Saunders (1999) emphasizes the significance of non-governmental contacts and citizen dialogue and explores the communication between societies and the potential impact of the human dimension on tackling ethnic and religious clashes. The author attaches importance to broad-based, open-ended dialogues that feed back into civil society and eventually into public processes and diplomatic negotiations, but he cautiously concedes that he cannot fully measure the impact of dialogue on deep-rooted antagonisms.

the intention of dialogue is to reach a new understanding and, in doing so, to form a new basis from which to think and act. A successful dialogue may create a context from which many new agreements might come by uncovering a base of shared meaning that can help coordinate and align actions and values (Isaacs 1999).<sup>11</sup>

- **Implementation of peace agreements** The implementation of peace treaties signed earlier in a peace process represents critical conditions for successful peacebuilding (Stedman, Cousens and Rothchild 2002). While failure to implement minor parts of a peace agreement may not jeopardize the entire agreement, a rejection of central clauses is likely to lead to renewed conflict. A continuity of certain peacekeeping activities parallel with peacebuilding is therefore often crucial.<sup>12</sup>
- **Integration** Political integration is the process where states or regions forgo the desire and ability to conduct key policies independently of each other, seeking instead to make joint decisions or to delegate the decision-making process to new central organs (Haas 1960: 2). One outcome of integration is a security community with compatible value systems, mutually responsive elites, adequate communication channels, a pluralistic social structure, a high level of economic and industrial development, and a modicum of ideological homogeneity (Deutsch et al. 1957: 12–13; Haas 1961: 375).<sup>13</sup> In another interpretation a security community is characterized by shared identities, values, and meanings, many-sided direct interactions, and reciprocal long-term interests. In a security community a large-scale use of violence (such as war) has become very unlikely or even unthinkable, conflicts are resolved peacefully (Adler and Barnett 1998; Deutsch et al. 1957; Tuscisny 2007).<sup>14</sup>
- **Political reform** In many cases, political reform is a prerequisite for successful peacebuilding. In principal, political reform unfolds in two contexts, democratization and improved governance. A common view in the literature is that a democratic system has an inherent capacity

for conflict prevention. One of the main functions of a democratic system is to resolve conflicts peacefully. From this premise it can be argued that democratization represents a key element of peacebuilding, and that a sufficiently democratic governance system with bottom up political influence is a necessary condition for peaceful dispute settlement and conflict resolution.<sup>15</sup>

- **Reconciliation** Four main approaches to reconciliation after violent conflict are highlighted in the literature (Bloomfield, Barnes and Huyse 2003). The first approach is “healing” and represents any strategy, process or activity that improves the psychological health of individuals following extensive violent conflict. It is dependent upon and integrally linked to repairing and rebuilding communities and the social context.<sup>16</sup> The second approach is “instituting justice”, which may be of different types such

<sup>12</sup> One example is that it may be necessary to continue monitoring of how rules regarding the deployment of troops or circulation of weapons are respected even during peacebuilding.

<sup>13</sup> An important aspect of integration is how this process becomes accountable to the people. Integration into the society of refugees and former rebels and soldiers represent another major problem. The challenge of protracted refugee situations is rooted in the dynamics of fragile states and a response to this challenge is therefore closely linked to effective peacebuilding. The prolonged exile of refugees is a manifestation of failures to end conflict and promote peacebuilding, and the presence of displaced populations contributes to the perpetuation of conflict while frustrating peacebuilding efforts (Loescher, Milner, Newman and Troeller 2007; Mistry 1996).

<sup>14</sup> Important elements of integration include: strengthening of trade exchanges in the region; creation of an appropriate supporting environment for private sector development; development of infrastructure programs in support of economic growth and integration; development of institutions to support integration and good governance; development of an inclusive civil society; development of environmental programs; joint supervision of the banking and financial sectors; cost-sharing on national and/or regional projects such as drug enforcement; joint development of financial and capital markets; pooling of technical expertise; strengthening of the country's/region's interaction with other parts of the world and joint representation at international conferences and meetings.

<sup>15</sup> However, as the case of Iraq demonstrates, to impose a peace settlement and democratic government institutions on a state and people after a conflict does not guarantee success. The parties to a conflict need a shared understanding that they have common interests, share a vision and learn to collaborate.

<sup>16</sup> Concrete activities may be psychosocial programs, individual counselling and support interventions, training of local communities with psychosocial support skills, self-help support groups, and symbolic forms of healing (Bloomfield, Barnes and Huyse 2003).

as retributive, restorative, historical, or compensatory. The third approach is “truth-seeking”, which is primarily attained by means of truth commissions. The fourth and final approach is “reparation”, which may be represented by different kinds of activities, such as financial, commemorative or political reform.<sup>17</sup>

- **Redistribution of resources** Fairness and justice are of major importance in peacebuilding with regards to economic development and growth as well as reconciliation. In fact, economic growth may instigate conflict rather than preventing it if the resources that it produces remains or becomes unevenly distributed (Kaldor 2007). Research also demonstrates that most people are more concerned by relative than absolute deprivation. Many studies draw the conclusion that a distribution of resources that is perceived to be unfair increases the risk for conflict both within and between states. Accordingly, redistribution of resources is a process of peacebuilding (Gurr 1970; Finkel and Rule 1986).

- **Stability change** Instability is caused by social unrest and tensions in a society which impede critical governance functions and interrupt economic activities. Indicators of instability range from political manifestations in the streets and strikes to political assassinations and internal violent conflict. The threat to stability posed by social protests has increased in most countries since 2007, with those in Africa particularly at risk.<sup>18</sup> Political instability influences private sector activities. For example, a recent study shows that political instability significantly increases credit risks for both states and companies, which in turn may affect the possibilities to advance other peacebuilding processes (Sandström 2011).

- **Transformation of security and/or safety** Deteriorating national or regional security adversely affects a peace process, whereas increasing security may function as a driver of a peace process, including peacebuilding. Safety can be described as relative freedom from danger, risk, or threat of harm, injury, or loss to personnel and/or property, whether caused deliberately or by accident.<sup>19</sup>

Security and safety measures do not by themselves transform a society but are important, even necessary, preconditions for effective peacebuilding.<sup>20</sup>

These nine categories of change in society, economy and state structures represent constituent parts of a generalized understanding of a process of peacebuilding. In theory, all peacebuilding elements may be at play simultaneously in the same conflict-affected country. However, the significance of a given process element is likely to vary across countries and over time. In the case studies in Part 2, the most significant, or key, peacebuilding processes are identified. This focus means that only private sector activities that are associated with these key processes will be considered in the case analyses.

<sup>17</sup> Although these objectives have the same over-arching goal they imply quite different activities in order to be realized. Accordingly, they also represent varying conditions for involvement by private sector actors (Bloomfield, Barnes and Huyse 2003).

<sup>18</sup> The Economist Intelligence Unit surveyed a total of 165 countries for its Political Instability Index for the period 2009-2010, rating each for its economic distress and underlying vulnerability to unrest. A total of 95 countries were rated as being at high risk or very high risk, with Zimbabwe deemed most vulnerable of all. Just 17 states, led by Norway, were rated as being at low risk. Overall, the threat of social unrest had increased in most countries since 2007, when the index was previously compiled (The Economist Intelligence Unit 2010).

<sup>19</sup> Safety and security are closely related but should be regarded as separate concepts. Security pertains to a particular geographic area like a region or a whole country whereas safety relates to individuals. Deteriorating security in a region is likely to increase safety risks but growing safety problems for a particular group of people (e.g. people living close to a chemical factory) does not necessarily affect security.

<sup>20</sup> Some analysts argue that human security at the personal, institutional and structural-cultural levels can be more effectively realized in the process of peacebuilding if culture and identity and an interpretive bottom-up approach to peacebuilding are taken into account when addressing the problems of marginalized individuals, groups, and communities. Both material as well as socio-cultural contexts are considered critical factors to human security and peacebuilding (Conteh-Morgan 2005).

## PART II – CASE STUDIES

The cases included in this study have two functions. Initially, input from the cases was crucial to the development of the theoretical framework. Later, the applicability of the framework was tested on the cases.

The five cases include private sector actors active in Northern Ireland, Rwanda, South Africa, Israel/Palestine and Sudan. The five cases span sectors such as high-technology manufacturing, beverages, power and automation technology, communication and improvement of conditions for business, and mobile communications. The first two cases draw on previously published research while the remaining three were developed specifically for this study.

The principal purpose of the cases, to function as tools for the development of the framework, guided the selection of cases. In addition, the cases represent different industries with divergent business conditions and actors of different type and size. For example, Bombardier Aerospace is a dominant actor in the manufacturing industry in Northern Ireland and also one of the biggest companies there, whereas ABB in South Africa is one of many significant actors in the South African economy. Another important aspect of selection is that the cases span different countries with dissimilar progression of peacebuilding. The availability of information also influenced selection to some extent since some case candidates were unwilling to disclose key information.

The layout of each case includes a background to the specific conflict, a brief description of the parties and causes of conflict, an analysis of which peacebuilding processes that should be considered as significant in the specific case, a section detailing the private sector actor in question and its activities, and lastly an analysis of the links between the private sector actor's activities and key peacebuilding processes.

The description of activities in each case gives an indication of the character of the private sector actor in question, its activities and the context. Since the analysis concentrates on links between activities and key processes, the activities included in the final analysis should not be considered a comprehensive inventory of each private sector actor's activities. While this implies that there may be activities with links to peacebuilding processes that are excluded from the analysis, the number of included activities is considered sufficient to test the relevance and applicability of the framework.

The analysis of the cases focuses on current developments with regards to the conflict situation, peacebuilding and private sector activities. Since peacebuilding processes are dynamic and the situation in a country changes over time, the set of peacebuilding processes that are identified as key in each case may also change over time. While this is unlikely to happen overnight, it is important to point out that the significance of certain private sector activities and their links to a given peacebuilding process is subject to change.

Note that even though the framework for analysis developed in this study allows for a comprehensive analysis of links between any private sector activity and any of the nine different peacebuilding processes identified by the framework, the focus in Part 2 is on analyzing the specific links between private sector activities and those peacebuilding processes that have been identified as key in that specific case. For example, ABB South Africa invests in infrastructure projects in South Africa. While this is linked to the peacebuilding process economic growth it is also linked to the peacebuilding process of redistribution of resources. Since the latter process has been identified as key in this case, the analysis focuses on assessing that link rather than the link to economic growth.

# CASE 1

## – BOMBARDIER AEROSPACE IN NORTHERN IRELAND

### Background of the conflict

In the early 1920s, Ireland was split in two. The northern part remained under British authority while the southern part was given limited self-determination. In 1949 the southern part became the independent Republic of Ireland while Northern Ireland remained under British control. Those supporting continued British control of Ireland became known as Unionists, while those favouring a united Ireland became known as Nationalists. Typically, Unionists consider themselves British and are Protestant while Nationalists view themselves as Irish and are Catholic. A few years before partition, in 1919, Nationalists formed the Irish Republican Army (IRA) (Uppsala Conflict Data Program #2 2011).<sup>21</sup>

The conflict escalated in the late 1960s.<sup>22</sup> Violence persisted throughout three decades, a period commonly referred to as “the Troubles”. From 1969 to 1998 more than 3,600 people were killed and around 40,000 were wounded. Various emergency and anti-terrorist laws were liberally applied. For the most part, the conflict was concentrated to urban areas (Uppsala Conflict Data Program #2 2011).

The conflict intensity faded after the 1970s, and in 1998 the British and Irish governments together with eight Northern Irish political parties signed the Good Friday peace agreement. Even though some political parties in Northern Ireland did not sign the treaty, the agreement had enough support to be successful and marked a formal end to the conflict. While the peace process in Northern Ireland has been successful for the most part,<sup>23</sup> segregation and other destructive social patterns still remain. A few paramilitary Nationalist groups are still active and occasionally commit acts of violence. For example, in April 2011, an officer of the Police Service of Northern Ireland was killed when a car bomb exploded outside his home. Prior to that incident, there have been several reports of policemen’s cars being rigged with bombs, as well as occasional shootings. For instance, in March

2009 two British soldiers were shot to death, and two days later a police officer was gunned down when answering a distress call (BBC News 2011; Haidvogel 2010: 108–109).

With regards to the current situation in Northern Ireland, the work of private sector actors may contribute to reducing animosities in society, subsequently contributing to the advancement of peacebuilding in Northern Ireland.

### Causes of conflict

The conflict in Northern Ireland concerns the territorial status of Northern Ireland. The IRA refused to acknowledge British government control, leading to protracted violent conflict. The root causes of the conflict are commonly identified as based in identity (Catholic versus Protestant, Irish versus British and/or settler versus native) interlinked with past and present experiences from social and structural relationships, specifically political and economic inequality. After the Good Friday agreement in 1998, the overall level of political violence in Northern Ireland decreased significantly. Nonetheless, sustainable peace has not yet been achieved in Northern Ireland (Dixon 2008: 2–31; Ruane and Todd 1996: 4–6; Uppsala Conflict Data Program #2 2011).

### Key peacebuilding processes

By examining the literature on the development of the peace process in Northern Ireland and relating it to the analytical

<sup>21</sup> The conflict in Northern Ireland dates back to the 12th century when English settlers started to colonize Ireland. The English colonization created tensions between the Irish Catholics and the English Protestants, which in 1641 escalated to violent clashes. In response to the Catholics violent protests, the English imposed strict laws and restrictions for the Catholic population. This was the beginning of a discrimination which continued for several hundreds of years (Landguiden #2 2011).

<sup>22</sup> In August 1961, the British army was deployed to assist local police with riots and other violence in Northern Ireland. Following the deployment of the army, several people were killed in riots. Violence continued throughout the 1960s and gradually evolved into an armed conflict between the British Army and the IRA (Landguiden #2 2011).

<sup>23</sup> The termination of the conflict has had a positive impact on the Northern Irish economy, and many investors from the UK have made large investments in Northern Ireland. The initial peace agreement has been followed by several other agreements that have ensured equal political participation rights for all groups, demobilization of militants and reintegration in society (Uppsala Conflict Data Program #2 2011).

framework developed in Part 1 of this study, a number of key peacebuilding processes may be identified. They are economic growth, integration, reconciliation, and redistribution of resources. This list does not imply that other peacebuilding processes are not in play, only that the processes listed below are deemed to be especially significant for peacebuilding with regards to the current conflict situation.

### **Economic growth**

Even though the degree of destruction of landscape and infrastructure in Northern Ireland has been fairly limited when compared to other conflicts, Northern Ireland's economic infrastructure is poor and underfunded. The conflict hampered private investment and government funds were largely focused on direct measures to provide security and combat the IRA and associated paramilitary groups. The segregation in society also led to a costly duplication of services. Other factors which highlight the need for economic growth in Northern Ireland include for example a high unemployment rate for young adults (12% in 2009), an increase in homelessness and a high, and rising, proportion of people who are not in paid work in comparison to the rest of the United Kingdom. With these facts in mind, economic growth is a fundamental aspect of the current peacebuilding process in Northern Ireland (INCORE 2011; New Policy Group 2009).

### **Integration**

Rather than manifesting as political violence, tensions have found new arenas in "interface" areas where Protestant communities live alongside Catholic communities. These communities have been the primary sources of conflict in Northern Ireland and repeatedly experience tensions and outbreaks of turmoil and violence. Hence, finding ways to socially and economically integrate these areas with each other but also with society as a whole is crucial for successful peacebuilding (INCORE 2011).

### **Reconciliation**

The scope and complexity of the conflict in Northern Ireland makes it difficult to separate victims from perpetrators. The size of the population in Northern Ireland, approximately 1.7 million, means that most people know someone who has

been killed or injured in the conflict. It has not yet been resolved how victimhood should be defined. Using a sweeping definition risks including those engaged in violence together with those not connected to any violent activities. Similarly, a narrow definition risk excluding too many victims. In addition, there is an ongoing discussion whether or not Northern Ireland needs a Truth Commission (like that of South Africa), and the need for any truth-seeking measures to have firm support from both communities (INCORE 2011).

Some progress has been made with the re-integration of former combatants and political prisoners. A number of Protestant and Catholic ex-prisoner support groups are currently working in joint projects to address issues such as social deprivation, poor health care, legal discrimination etc. Thus, reconciliation is under way in Northern Ireland but it needs to be continually reinforced to build sustainable relationships between former adversaries, and prevent lapses to old conflict behaviour (Hamber and Gráinne 2005: 60–63).

### **Redistribution of resources**

Urban renewal, commercialization and global competition have had negative impact on working class communities, especially Protestant communities. Many have lost their socio-economic status as heavy industries in the region have downsized or shut down, and are experiencing difficulties in coming to terms with the social and political compromises that are required by the peace process. Combined, these elements fuel defensive territoriality amongst affected communities, which generate tensions. In the context of peacebuilding, it is important to counterbalance socio-economic deprivation by redistributing resources and creating an environment where changing values and norms (as a result of urban renewal, commercialization etc.) are not perceived as threats to the community (INCORE 2011).

### **Bombardier Aerospace**

Bombardier Aerospace is a division of Bombardier Inc., a Canadian conglomerate and a Fortune 500 company, which manufactures regional aircraft, business jets, mass transportation equipment and recreational equipment as well as supplies financial services.<sup>24</sup> At present, Bombardier

Aerospace is one of the most important businesses in the local Northern Irish economy and a major contributor to the local community. It is responsible for approximately 10% of Northern Ireland's exports outside of the United Kingdom and is the third biggest employer in Northern Ireland, with salaries alone totaling around £160 million per year. Moreover, the company allocates up to 2% of profits to various Northern Ireland-based charitable organizations (CNN.com 2011; Cowan 2008).

### **Bombardier Aerospace's activities in Northern Ireland**

In 2010 Bombardier Aerospace employed 5,320 people and was the largest manufacturing company in Northern Ireland.<sup>25</sup> Consequently, Bombardier Aerospace's economic importance in terms of generating jobs, business opportunities for sub-contractors, paying taxes, etc. is considerable (Elliot 2011).<sup>26</sup> The company has four sites in Northern Ireland<sup>27</sup>:

- Queen's Island, assembly facility and headquarters
- Dunmurry, composite fabrication and assembly facility
- Newtownabbey, composite fabrication and assembly facility
- Hawlmark, Newtownards, sheet metal component fabrication facility

Bombardier Aerospace is active in corporate social responsibility issues.<sup>28</sup> Among other things, the company invests in education programs for youth, implements a comprehensive energy conservation and carbon reduction strategy, and administers a charitable foundation which donates money to projects addressing environmental and social problems (Bombardier Aerospace Northern Ireland 2011).

Significantly, Bombardier Aerospace has adopted stringent policies with regards to employment practices. The company is committed to promoting equal employment opportunities regardless of age, gender, race, religion and citizenship, in accordance with the particular law of the country where it operates. Bombardier Aerospace has also implemented a company harassment and security policy which protects all employees from harassment in the workplace. These fair employment practices are partly prompted by the law in Northern Ireland but are also voluntary initiatives from

Bombardier Aerospace. The company recognizes that Catholics are underrepresented in its workforce and explicitly encourages Catholics applicants (Haidvogel 2010: 111–113).

Despite Bombardier Aerospace's explicit strategy to implement a fair employment scheme and increase the integration of Catholics in its workforce, progress has been slow. In 2011, of a total staff of 5,320, only 830 were Catholic which equals to 16.3%. In 1990, the number of Catholics in Bombardier Aerospace's workforce was about 11%, which indicates a slow progress towards increased integration in the company (Ainsworth 2011).

Besides its fair employment initiatives, Bombardier Aerospace is a significant contributor to various socio-economic programs in Belfast. One of these, The Employers Forum, is an organization that put companies in direct contact with long-term unemployed in areas of high social deprivation (Haidvogel 2010: 116).

<sup>24</sup> Bombardier Aerospace was created with the 1986 acquisition of Canadair Ltd. A few years later, Bombardier Aerospace established its presence on Northern Ireland by buying the British aviation company Short Brothers. In the 1990s, Bombardier also bought the bankrupt Learjet Company of Wichita, Kansas (builder of the well-known Learjet business aircraft) and finally the Boeing subsidiary de Havilland Aircraft of Canada (Bombardier Aerospace 2011).

<sup>25</sup> Overall, it was ranked as the third largest company in Northern Ireland, surpassed only by Moy Park (#1) and Tesco (#2), based on the number of employees and turnover.

<sup>26</sup> It should be acknowledged that Bombardier Aerospace's activities in Northern Ireland may encompass activities that negatively affect peacebuilding processes, but since the principal objective of this analysis is to examine the positive aspects of its activities, other aspects are excluded from the analysis.

<sup>27</sup> These sites are used in the manufacturing of major aircraft structures, such as fuselages, wings, engine nacelles and flight control surfaces in metal and advanced composites used in all of Bombardier's commercial and business aircraft. The Belfast sites also produce nacelle components for Rolls-Royce, Airbus and General Electric. Furthermore, the company's customer service branch at the Queen's Island site offers a variety of services, including in-house engineering, spare-parts supply and component repairs for Bombardier, Boeing and Airbus aircraft, production of technical publications, and technical training for pilots and engineers (Bombardier Aerospace Northern Ireland 2011).

<sup>28</sup> According to its corporate social responsibility report (2010), Bombardier has pledged to "...act responsibly as a public company, employer, neighbour and partner." More specifically, Bombardier outlines six sustainability issues which are central to both the company and stakeholders. These issues are: governance, employees, product, operations, supply chain and responsible citizenship (Bombardier Inc. 2011).



### Links between company activities and key peacebuilding processes

Four key peacebuilding processes can be distinguished in the case of Northern Ireland: economic growth, integration, reconciliation and redistribution of resources. Although there are other peacebuilding processes at work, the four previously mentioned processes are considered as key in this case, based on findings in the literature on the conflict in Northern Ireland. The following section therefore focuses on analyzing whether Bombardier Aerospace's activities are linked to economic growth, integration, reconciliation and/or redistribution of resources. The analysis also assesses the positive dimensions of any such links.

Both the business-society and recruitment activities of Bombardier Aerospace have links to reconciliation. These types of activities concern building relationships between people and confront social injustices and stereotypes by creating environments (work place, school etc.) where former adversaries socialize under equal conditions. By actively promoting equal employment opportunities and encouraging Catholic applicants for vacant positions, Bombardier may serve as "neutral ground" where Catholics and Protestants can meet, establish relationships and deconstruct stereotypes and other negative images of "the Other" that are often nurtured in their segregated home communities (Haidvogel 2010: 111–113).

Furthermore, Bombardier Aerospace has a long history on Northern Ireland and many of its recruitment and business-society activities are permanent investments. For example, the company has long been an active member of the Employer's Forum, which combats social deprivation by helping people find jobs. This type of activity relates to the reparation aspect of reconciliation, meaning that helping members of segregated communities (Catholics) to find jobs restores their economic status and reduces animosities towards other privileged groups (Protestants) in society. Reducing social deprivation also has positive effects on the integration process, since both communities may reap the benefits from Bombardier Aerospace's activities and need to interact when doing so.

**FIG. 3**  
Summary of  
Bombardier  
Aerospace's  
activities in  
Northern Ireland



Bombardier Aerospace's presence in Northern Ireland is linked to economic growth. More or less all of the identified activities concern economic growth in one way or another, but some are more direct than others. To illustrate, while Bombardier Aerospace's sales activities directly infuses the economy (paying subcontractors, generating export and tax revenue etc.), its business-society activities are more indirect in nature (helping unemployed find jobs which in turn generates tax and increased consumption etc.). As the third largest company in Northern Ireland, one of the top exporting companies, and with 5,320 employees, there are significant links between Bombardier Aerospace's operations and economic growth in Northern Ireland. The company generates jobs and business-opportunities for sub-contractors; it makes large investments in its facilities and educational programs, pays taxes, and builds and sustains high-technology knowledge, all which feed into the Northern Irish economy.

Given the established link between economic growth and lower levels of conflict, good business for Bombardier Aerospace is also good for a sustained peacebuilding process. In addition, the community programs the company supports and participates in helps counteract perceptions that the wealth of Bombardier Aerospace primarily benefits one group. These programs also help redistribute resources in society. For instance, by helping unemployed and hosting education programs for youth, Bombardier Aerospace may offset socio-economic deprivation, and provide new opportunities for those that lost their source of income due to political or technological changes in society (Mot 1997).

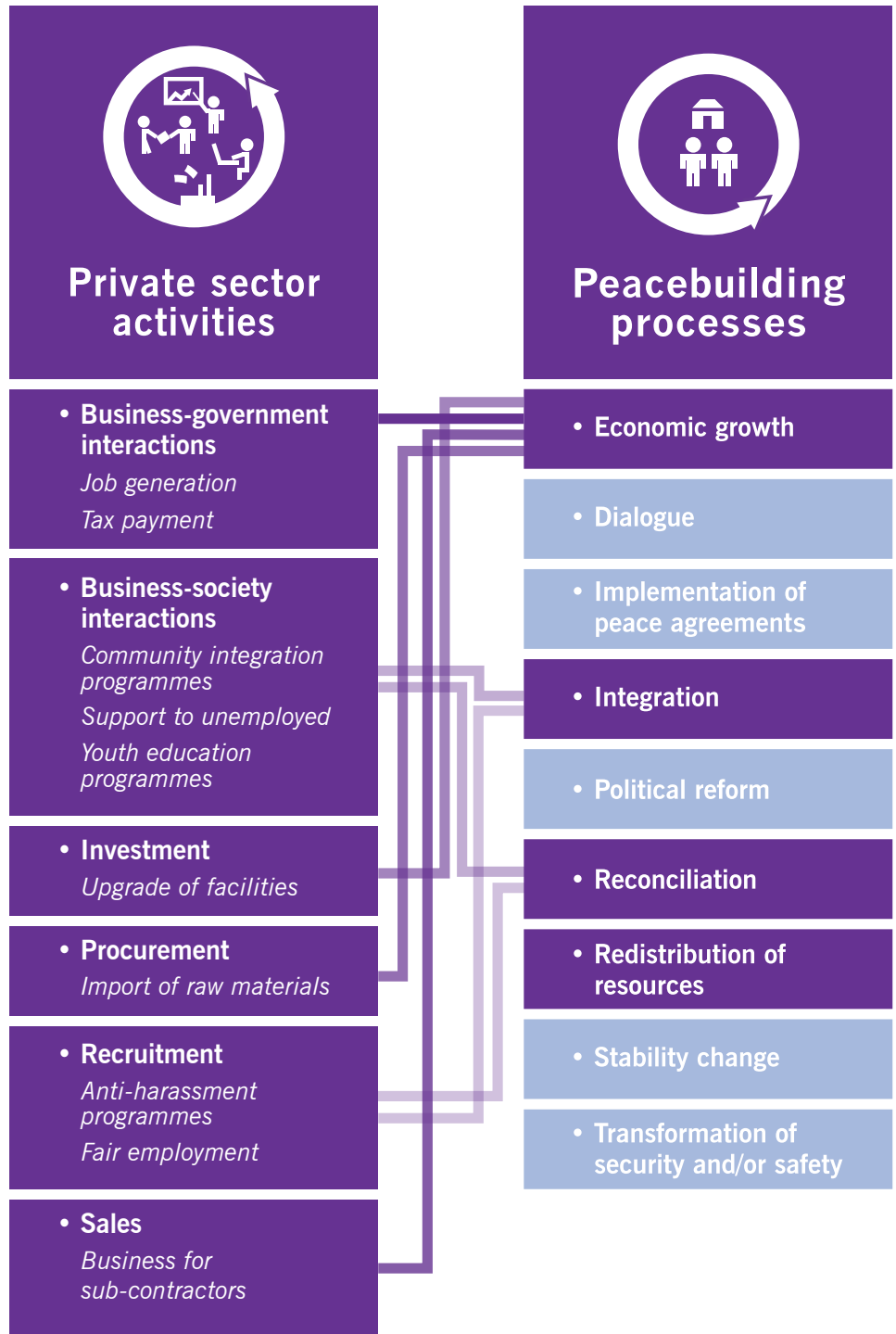
The investment and procurement activities of Bombardier Aerospace are linked to economic growth since they contribute to various economic activities. For example, the company's import of raw materials is a key aspect of their operations, involving both employees at Bombardier Aerospace (job generation) and other workers/companies in Northern Ireland. Investment in facilities and hardware contributes to create new business opportunities and may also generate additional jobs.

Even though the incidence of violence between Catholics and Protestants has subsided the past decade, the interaction between Protestant and Catholic communities remains limited. The persistent segregation is a source of conflict, however, by socially and economically integrating these groups the risk for renewed conflict may be mitigated. It is primarily Bombardier Aerospace's recruitment and business-society activities that are linked to integration. The company explicitly aims to recruit Catholics to diversify its workforce, and the workplace in itself functions as an arena for social integration where individuals meet and are required to work together. Further, either by holding a job at Bombardier Aerospace or by working at a sub-contractor, economic interdependences are created. Bombardier Aerospace may also function as a successful economic example where Catholics and Protestants work together, rather than only relying on their own group. The company's recruitment and business-society programs thus contribute to the development of an inclusive civil society and joint economic ventures (co-workers at Bombardier Aerospace, co-owned sub-contracting companies etc.).

In addition, the social and education programs run by Bombardier Aerospace help create ties between the communities, specifically among the youth who do not share the experiences of past conflict and therefore may be more susceptible to social integration than adults. Integrating youth is also a way to prevent the conflict from renewing itself, meaning that if social integration among the youth is successful it is less likely that those individuals will preserve the "old" sources of conflict. These activities are linked to reconciliation since they are a form of healing.

In summary, there are links between Bombardier Aerospace's activities and economic growth, integration and reconciliation (see Fig. 3). The activities that have links to reconciliation and integration are primarily recruitment and business-society activities, whereas the activities that are linked to economic growth are more diverse, including the activity categories business-government, sales and procurement, and investment activities.

**FIG. 4**  
 Summary of  
 links between  
 Bombardier  
 Aerospace's  
 activities and key  
 peacebuilding  
 processes



## CASE 2

# – HEINEKEN IN RWANDA

### Background of the conflict

The conflict in Rwanda is characterized by the divide between two groups: the Tutsi and the Hutu. The Tutsi is a minority group; about 15% of (current) total population is Tutsi. The Hutu is the majority group; circa 84% of (current) total population is Hutu.<sup>29</sup> Although being in minority, the Tutsi enjoyed political power and economic benefits during the colonial control of first Germany and then Belgium, while the Hutu were neglected. However, in the 1950s the Belgian administration began to support Hutus, since they were less adamant about achieving independence than the Tutsi elites. In 1959 the Hutus revolted, with support from Belgium, against the Tutsi rule and about 20,000 Tutsi were killed and 100,000 displaced. The Tutsi dominance was broken and when Rwanda declared independence in 1962, it did so with a government dominated by Hutus (Uppsala Conflict Data Program #3 2011).

Government repression of Tutsi continued after Rwanda's independence. Small groups of exiled Tutsi tried to fight the Hutu government, but were unsuccessful. A more potent threat to the Hutu government appeared in 1987 after several thousands of Tutsi, whom had participated in the (victorious) rebel side of the Ugandan civil war during the 1980s, formed the Rwandan Patriotic Front (RPF). In 1990, the RPF launched an attack from Uganda which marked the advent of a civil war which would culminate with the genocide in 1994 (Uppsala Conflict Data Program #3 2011).

Several attempts at negotiating a truce were made, but it was not until 1993 that a comprehensive peace treaty was signed between the warring parties. However, implementation of the peace treaty was delayed, and in the meantime Hutu extremists launched a hate campaign against the Tutsi and recruited young men to militias. The death of Rwandan president Habyarimana in a plane crash ignited violence in Kigali which quickly spread throughout the country. Militias of extreme Hutus hunted

down and killed Tutsis, using the national identification system (which identified ethnic group) to find their victims. Over the course of approximately three months around 800,000 people were killed in the Rwandan genocide. In response to the mass killings, the FPR broke the truce and attacked the Hutu government. By July 1994, the FPR had defeated the Hutu government and its troops. Those not killed or captured had fled to Zaire or Tanzania. The FPR announced the Hutu Pasteur Bizimungu as new president and a coalition government, comprised of most major political parties, was formed. A few months later an interim parliament was installed (Uppsala Conflict Data Program #3 2011).

However, the conflict did not terminate with FPR's victory in 1994. Remnants of the Hutu government and the armed forces of Rwanda remained active in various constellations. In 1996, Armed People for the Liberation of Rwanda was formed (PALIR). The group fought Rwandan troops in the eastern parts of the DRC, and in 2000 it merged with other rebel groups into the Democratic Liberation Forces of Rwanda (FDLR). During the past ten years, the FDLR has remained active in eastern DRC, performing sporadic incursions into Rwanda. The group has also performed frequent attacks on civilians, partly as punishment after Rwandan and Congolese coalition forces had passed through and partly as a means of securing economic assets (primarily mining sites and valuable raw materials) in the DRC. In 2009, the FDLR was responsible for the deaths of 1,575 civilians (low estimate) in the eastern border regions of Rwanda and the DRC (Uppsala Conflict Data Program #3 2011).

### Causes of conflict

The conflict in Rwanda, escalating with the 1994 genocide, was primarily caused by animosities between the country's two largest ethnic groups, the Hutu and the Tutsi. The grievances between the Hutu and the Tutsi were rooted in imbalances between food, people and land. In the 20th

<sup>29</sup> Figures are somewhat unreliable as registration by ethnicity was forbidden after the genocide in 1994 (Landguiden #1 2011).

century, Rwanda's food production steadily declined all the while the country's population grew rapidly, from around 2 million in the mid 1800s to over 7 million in the 1990s. Consequently, in a predominantly agrarian society with a rapidly growing rural population, no significant employment alternatives and declining food production, the Hutu and Tutsi became natural competitors. The competition between the two groups was exacerbated by Hutu perceptions of historical injustices and the Rwandan government's failure to implement policies to address the economic decline and inter-group tensions (Magnarella 2005: 817–818, 821–822; Prunier 1995: 25–40).

### **Key peacebuilding processes**

There have been some important developments towards sustainable peace in Rwanda. For example, the open armed conflict between Hutus and Tutsis in Rwanda has subsided and some progress has been made when it comes to dealing with the 1994 genocide. Nonetheless, a number of problems still needs to be resolved for peacebuilding to continue to progress. By examining the literature on the development of the peace process in Rwanda and relating it to the framework developed in this study, the most important peacebuilding processes may be identified. Note that the processes discussed below are not the only aspects of peacebuilding in Rwanda, but they are considered to be the key peacebuilding processes with regards to the current situation in the country.

### **Economic growth**

Rwanda was a poor country long before it experienced armed conflict. However, the consequences of conflict have perhaps made economic growth even more important for Rwanda. The country is densely populated, and there is a shortage of arable land. Developing the economy is necessary to create new jobs – more than 90% of the population work in the agricultural sector – and reduce competition for land. It is also necessary to diversify the economy, presently agriculture amounts to 38.7% of total GDP, to promote growth, enhance economic resilience and generate new employment opportunities. The wars and the genocide have destroyed much of the economic

infrastructure, and many people with valuable industrial and/or economic knowledge were killed during the genocide. This means that there is both a lack of physical structures and human resources in Rwanda (Landguiden #3 2011).

### **Implementation of peace treaty**

An important characteristic of the conflict in Rwanda is that the internal conflict between Hutus and Tutsi ended with a military victory for the RPF (the Tutsi rebels) rather than a negotiated peace. Consequently, while the RPF has been able to more or less dictate the political terms of the peace process they have done so with a mandate attained from military victory and not popular support. This top-down approach to implementing peace suffers from considerable problems. For example, several rounds of negotiations have taken place in Rwanda since the 1990s but none has settled the conflict. The lack of political compromise has also increased public resentment and authoritarian tendencies (Taisier and Matthews 2004: 62–64).

In 1993, the Hutu-dominated government and the Tutsi rebel movement FPR agreed to a peace accord (the Arusha Accord) that would reform the government and army, and allow refugees and internally displaced persons to return to their homes. However, the implementation was stalled and could not prevent the genocide in 1994. During the second phase of the conflict, new negotiations and implementation problems surfaced. The exiled armed opposition, mainly comprised of Hutus, has been demanding negotiations while simultaneously performing incursions into Rwanda. The Rwandan government has repeatedly rejected such demands, accusing the Hutu leadership of war crimes and of genocide (Uppsala Conflict Data Program #3 2011).

In 2002, some progress was made to settle the regional disputes interlinked with the Rwandan conflict. In July, Rwanda and the DRC signed a peace agreement under which Rwanda agreed to withdraw 30,000 of its troops from eastern DRC in exchange for a promise that the DRC would disarm, arrest and deport thousands of the Hutu rebels based in the border regions. The agreement held up and put additional pressure on the remaining Hutu

rebels in FDLR. In 2003, FDLR's military commander Paul Rwarakabije surrendered to the Rwandan government and two years later the FDLR declared ceasefire and vowed to disarm. However, no real progress has been made since and Rwanda continues to refuse to enter talks with FDLR. This demonstrates that several of the peace agreements that Rwanda's is part to have not been fully implemented. This is true for both the internal and the regional dimension of the conflict (Uppsala Conflict Data Program #3 2011).

### **Political reform**

When the RPF assumed control in Rwanda it began constructing a political system modeled after Ugandan President Museveni's "no-party democracy". Accordingly, while the RPF did not outlaw competing political parties, their activities were hampered, elections were recurrently postponed and RPF troops were reassigned to form the national army. Positions in the Cabinet were allocated to civilians and equally divided between Hutu and Tutsi. However, at lower levels of authority, the RPF made sure to take control of positions of authority. Thus, while the RPF formally handed over the responsibility of rebuilding to the new government, it did so knowing that it had large parts of the government under control (Jarstad 2008: 106–108; Taisier and Matthews 2004: 69–70).

These political imbalances persist in present day Rwanda, and even though political institutions have been reformed, the RPF maintains control of the operation of government. In several cases, appointed Hutu ministers have claimed that they have no real control of their ministry. Instead, the second or third in command, typically a RPF officer, is the one making the decisions. On several occasions, Hutu ministers have publicly protested and/or quit because of their lack of real political influence (Taisier and Matthews 2004: 69–70).

In addition, the RPF and Tutsi leaders have exploited the events of the genocide and created a culture of political and judicial impunity where mainly one side (Hutus) have been held accountable for human rights abuses and mass killings, despite evidence of repeated human rights viola-

tions, unlawful killings and harassment perpetrated by the RPF in various military campaigns during the late 1990s and early 2000s. This has undermined trust and confidence in the political and judicial system, which in turn curtails peacebuilding (Taisier and Matthews 2004: 75–78).

Another important reform issue is that of the disarmament and demobilization of former rebel soldiers as well as those groups that remain active in the border regions (FDLR for example). Although there has been a program for demobilization and reintegration in place in Rwanda since 1997,<sup>30</sup> the problem with armed groups along the border regions remains. The Rwandan army has unsuccessfully tried to disarm the rebels in North and South Kivu by force, leaving voluntary disarmament as the only remaining solution to the problem. Such a process requires diplomatic initiatives, political reform and economic carrots (jobs etc.) to convince the rank and file of the FDLR that disarmament is a viable and better alternative than continued armed struggle. However, the FDLR is reluctant to negotiate because of the RPF's dominance of the Rwandan political system. In addition, the RPF's dismissal of other Hutu political parties has sent a clear message that Hutus have no place in Rwandan politics, leaving armed struggle as their only option. Without a political opening from the RPF, voluntary demobilization and reintegration is unlikely to take place (International Crisis Group 2003: 21–25).

### **Reconciliation**

A deciding factor for the prospect of reconciliation is to identify what it is that needs to be reconciled. In the case of Rwanda, the first priority is the 1994 genocide in which around 800,000 Tutsis and moderate Hutus were killed. However, Rwanda's long history of conflict also presents other needs of reconciliation, including war crimes committed by the various fighting factions, massacres of refugees and internally displaced persons and structural discrimination of both Tutsi and Hutu (Eugenia 2004: 31–33).

<sup>30</sup> Rwandan Commission for Demobilisation and Reintegration, funded by the World Bank Multi-country Demobilization Reintegration Program.

Presently, Rwanda lacks capacities to manage the thousands of prosecutions of crimes of genocide. It has been estimated that it would take the formal judicial system in Rwanda about 100 years to judge the over 100,000 prisoners in custody. To support Rwanda, the United Nations International Criminal Tribunal for Rwanda (ICTR) was established in 1994, but its progress has been slow. In 17 years it has completed 55 cases, including 38 convictions, 8 acquittals, and 9 cases pending appeal. The ICTR's slow processing of cases, its bureaucracy and corruption has generated much ill will. This has reinforced Rwandans' negative perception of the UN (mainly due to its inability to act during the genocide) and the application of Western justice (Eugenia 2004: 33–36; ICTR 2011).

Interconnected with the justice issue is that of poverty reduction. Reconciliation in Rwanda not only requires that perpetrators be judged but also that poverty is reduced. Many of the victims of the genocide and war crimes are still very poor and in order to be able to think about forgiveness, they first need a viable livelihood. Thus, even though some reconciliation measures have been put in place, Rwanda lacks judicial and bureaucratic capacities and many of the subjects of reconciliation are not yet ready to think about it due to poverty and the poor standards of living (Eugenia 2004: 37–38).

### **Transformation of security and/or safety**

The development of the Rwanda conflict has had considerable impact on the security in the region, which in turn have affected the internal conflict in Rwanda. The relationships between the factions in Rwanda and foreign supporters are complex, but in the latter phase of the conflict (1997 and onwards) Ugandan and Burundian forces have been fighting for and with the Rwandan army against Hutu rebels. Most of these Hutu groups consolidated into the FDLR in 2000, and has since made repeated incursions into Rwandan territory but also in neighboring countries. For example, in 2002 fighting between the Rwandan army and FDLR occurred inside Burundi and in April 2004 Rwandan army forces made incursions into both Burundi and DRC. In 2010 there was some degree of de-escalation of the conflict as Rwanda withdrew all its troops from DRC and

a new operation against the FDLR was launched by DRC forces with support from the UN peacekeeping force in the North and South Kivu Provinces of DRC which borders Rwanda (Uppsala Conflict Data Program #3 2011).

In sum, Rwanda's territorial integrity remains compromised, and although the level of violence has decreased since the mid 1990s, assassinations, abductions, torture and other forms of violence remain a common feature of life in Rwanda. The people living in the border regions are particularly exposed to violence, since they are subject to attacks by the FDLR, criminal elements and RPF troops operating in the area (Taisier and Matthews 2004: 75).

### **Heineken**

Heineken International is a Dutch brewing company founded in 1864 in Amsterdam. The company owns and manages a global portfolio of beer brands and is one of the world's top brewers in terms of sales and profitability. In 2010, Heineken made a net profit of 1,436 million Euros, employed approximately 65,730 people and brewed 145.9 million hectoliters of beer. Through its network of breweries, the company is present in over 70 countries. Heineken claims that it takes a comprehensive approach to sustainability issues. The company recognizes its dependence on natural ingredients and the need for a thorough sustainability strategy as part of maintaining a successful business (Heineken Annual Report 2010).<sup>31</sup>

Heineken has been operating in Rwanda through the subsidiary Bralirwa since 1971 (as of January 2011, Heineken owns a 75% share in Bralirwa). In line with Heineken's strategy, the local brand of beer<sup>32</sup> has been preserved

<sup>31</sup> Heineken acknowledges that sustainability cuts across sectors, involving environment, people and communities, and that the company has to "... balance our financial sustainability with playing a role in society". The company defines three imperatives for its sustainability strategy: (1) to improve its environmental impact, (2) to empower the people and the communities in which it operates, and (3) to positively impact the role of beer in society (Heineken Annual Report 2010).

<sup>32</sup> Bralirwa produces six brands of beers and seven types of soft drinks. Some are produced under license, most notably Coca-Cola soft drinks, while others are Bralirwa's own products (David 2011).

while the business strategy and adherent sustainability policies are those formulated by Heineken. The company's flagship is the Primus beer, which is claimed to be the Rwanda's biggest beer brand and "...the national beer of Rwanda". The Primus beer brand has an established position in Rwandan society not only due to its popularity but also via sponsorship of sports tournaments and music. Heineken has also introduced the beer in Burundi, the Democratic Republic of Congo and Congo-Brazzaville, making it a regional beer brand (Kezio-Musoke 2011).

Bralirwa's administrative headquarters is located in Kigali, where the company also owns a brewery. The company also has a second production site in Gisenyi, 117 kilometers west of Kigali. To ensure the availability of its products, Bralirwa has a network of distribution depots across the country, and contracts independent distributors. This network also covers border regions and links to distribution networks in neighboring countries. There is no detailed account that fully covers Bralirwa's export sales, but the company does claim that its exports to the Kivu (Goma) region in the DRC and south Uganda account for about 5% of total sales volume (Bralirwa #1 2010).

### **Heineken's activities in Rwanda**

As the largest company in the country, Bralirwa is an important contributor to the Rwandan economy. It is one of the top tax payers, employs 570 people and provides opportunities for a wide range of subcontractors in logistics, supply etc. Furthermore, Bralirwa has also taken on the role as sponsor and creator of various environmental and social programs, both locally and nationally<sup>33</sup> (Bralirwa #2 2010; Kezio-Musoke 2011).

In accordance with Heineken's global sustainability strategy, Bralirwa has adopted a number of policies and activities in its operation that relate to ethics, environment, socio-economic welfare and governance. Bralirwa has a

code of ethics which clearly defines its stance in corruption, fraud prevention, supply chain management, donations and assistance, publicity/sponsorship, child labor and consultation. The code is implemented in everyday routines, for example in recruitment procedures, which adhere to a set of predefined standards in order to avoid favoritism and nepotism (Feil, Fischer, Haidvogl and Zimmer 2008: 12).

Bralirwa has taken measures to enhance the security for its workers. The company employs a security officer and coordinates with a security service provider. Seeing as Bralirwa operates in the border regions between Rwanda and the DRC, areas in which hostile militias and well-armed criminals are active and government control limited, providing security for its employees and products is important. However, Bralirwa has not hired private security companies to support its operations in these areas. Instead, the company has worked to make the Rwandan government aware of the security problem. For example, it has cancelled the night shift, leading to decreased production and consequently less tax generation. It is unclear whether this strategy has had any effect on the Rwandan government and the security in the border regions. Also, Heineken claims to observe a strict compliance policy. In a case where some of the company's workers were unjustly arrested, the company used formal channels to inform the authorities and get the legal process on track, rather than launching its own investigation and sidestepping the local legal process (Feil 2010: 35–36; Feil, Fischer, Haidvogl and Zimmer 2008: 11).

With regards to socio-economic activities, Bralirwa has implemented a number of measures that go beyond Heineken's business rationale. It has encouraged local economic development by tying local farmers to their supply chain and offering them a set price (just above market price) for their crops. The company also created an scheme allowing 5,500 farmers and their dependents to join the national health insurance program (Bralirwa #2 2010; Feil, Fischer, Haidvogl and Zimmer 2008: 13).

Bralirwa has established a fairly expansive distribution network in Rwanda, which also connects to neighboring

<sup>33</sup> It should be noted that some of Bralirwa's activities have a potentially negative dimension when it comes to peacebuilding. For example, Bralirwa's product (beer) is linked to alcoholism, increased violence, etc.



countries where some of Bralirwa's products are sold. However, transporting goods in the Great Lakes region is not unproblematic since there remain small bands of defeated rebel groups and bandit gangs active in some parts of the region. Specifically, the border region between Rwanda and the DRC has a documented problem with rebel groups and gangs of criminals. This region is covered by Bralirwa's distribution network but the company makes no mention of any special security arrangements to ensure uninterrupted supply and safety of its employees and contractors. It only states that it "...stimulates the distributor to continued improvements and rewards good performance" (Bralirwa #1 2010; Uppsala Conflict Data Program #3 2011).

Overall, Bralirwa has established itself as a very popular company in the country, not only because of its products but also because it is one of the more active companies when it comes to corporate social responsibility issues and various sponsorships (both financial support and give-aways). It should be noted that the lack of any real competition has most likely also contributed to the intense popularity of Bralirwa. Furthermore, the company has in some respects assumed responsibilities that are normally the realm of the state, for example health care, reinforcing its presence as well as its image as a benevolent actor in Rwandan society (Interview #1 2011).

### Links between company activities and key peacebuilding processes

Five key peacebuilding processes can be identified in the case of Rwanda: economic growth, implementation of peace agreements, political reform, reconciliation and transformation of security and/or safety. These peacebuilding processes are not the only ones in the Rwanda case, but the literature on the conflict in Rwanda indicates that these processes are more significant than others. Hence, the following section concentrates on evaluating whether Heineken's activities are linked to economic growth, implementation of peace treaty, political reform, reconciliation and transformation of security and/or safety. The analysis also assesses the positive aspects of any such links.

**FIG. 5**  
Summary of  
Bralirwa's  
activities in  
Rwanda



Bralirwa's activities in sales, business-government and procurement can be linked to economic growth. Activities in these categories all contribute to increased economic activity by generating jobs, increasing tax revenue, increasing business to business contacts/opportunities, building competence which may disseminate to other businesses and the public sector, creating new economic interdependencies locally and regionally etc. By being a top tax payer, Bralirwa indirectly affects the people working for the government and those depending on it for services like health care, infrastructure, security and so on. The company buys grain from local farmers at price set just above market price, sustaining a number of local farmer communities, their families and relatives. The company's sales activities have a nation-wide penetration through the many depots and resellers that more or less depend on Bralirwa's products for their business. It is difficult to estimate how many people this involves since the company has not released any data on its network of resellers, depots and other logistical support it employs. However, since Bralirwa does business in the entire country and the region, it is safe to say that many people are directly or indirectly involved in their sales activities. Some of Bralirwa's business-society activities also have links to economic growth. For instance, the company provides health care for 5,500 farmers and their dependents. Such a contribution, albeit a small-scale one, saves money (and lives) for the families which in turn may be used for something more productive, like education or improvements on the farm.

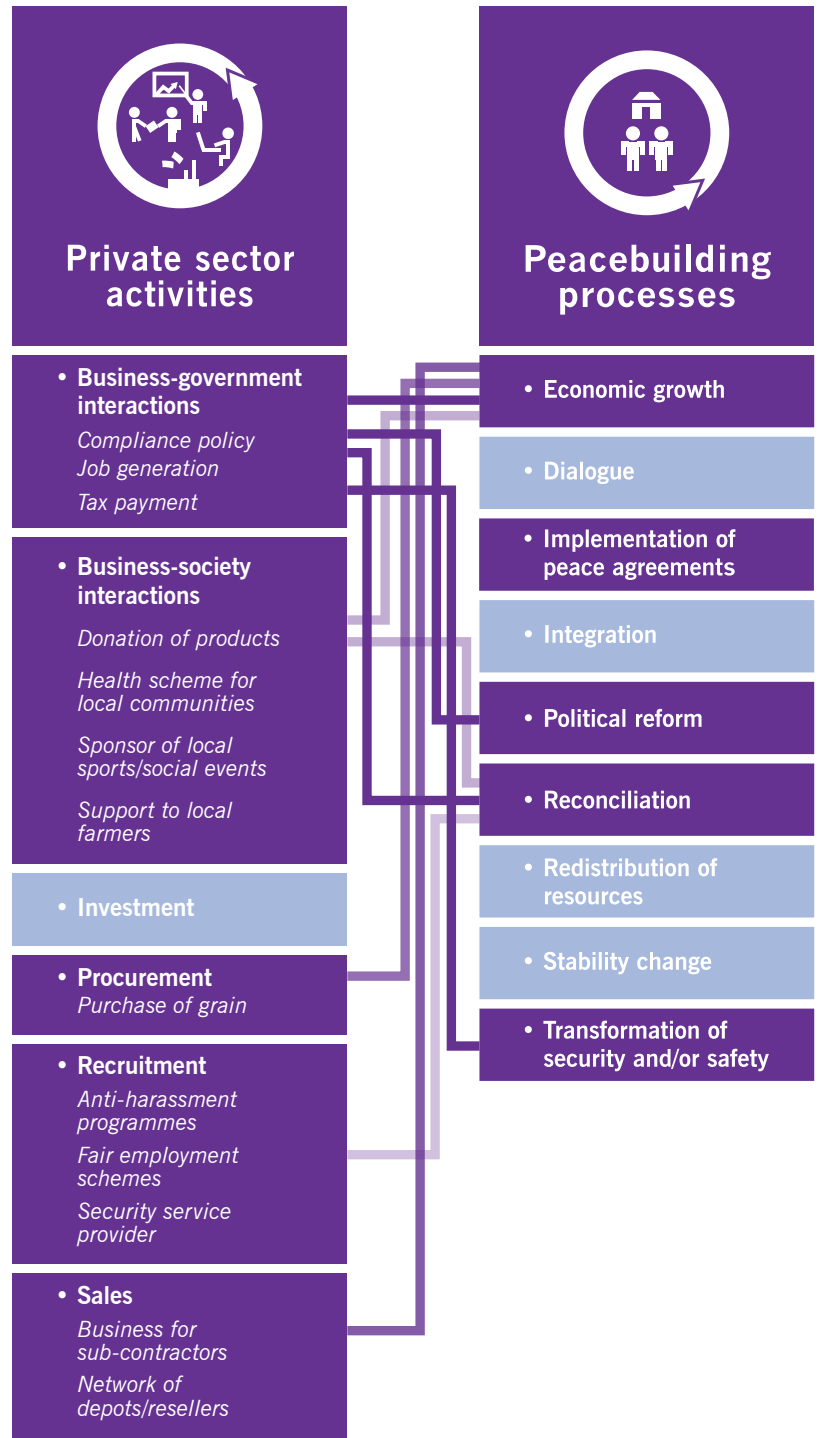
Bralirwa's activities cannot be linked to the implementation of peace treaties in Rwanda. Rather, the poor implementation affects Bralirwa's business which in turn may negatively affect its contributions to economic growth. To elaborate, the lack of political compromise has increased public resentment and authoritarian tendencies in Rwanda, and spurred FDLR's lingering insurgency in the eastern border regions. Since Bralirwa's sales activities are nationwide and the company also exports to the DRC, increased hostilities in the region may lead to increased costs for security, property loss, insurance and so on, which in turn affects the company's revenue and busi-

ness opportunities. In other words, instability in the border region may reduce the contributions Bralirwa can make to economic growth since some of the company's activities are negatively affected.

The links between Bralirwa's activities and transformation of security and/or safety primarily pertains to the company's security and compliance policies. By explicitly refraining from involving itself in any security matters, like for example hiring security companies to oversee its activities in the troublesome border regions, Bralirwa contributes to reinforce the Rwandan state's responsibility for security, rather than creating a parallel system which may undermine the legitimacy of the state's ability to provide security for its citizens. In addition, by providing job opportunities and supporting local businesses (engaging subcontractors, providing resellers with products, procurement from local farmers etc.) Bralirwa generates job opportunities which are crucial in the ongoing disarmament and demobilization process. Since former combatants without a source of income may become a security threat, Bralirwa's job and tax generation may help alleviate that threat although there is no evidence that Bralirwa has reserved jobs for ex-combatants or cooperated with the Rwandan Commission for Demobilisation and Reintegration (Feil 2010: 35–36; International Crisis Group 2003: 21–25).

According to Bralirwa's compliance policy (outlined by Heineken) the company must comply with existing local legislation and observe Heineken guidelines as well as other international codes of conduct (like the Global Compact) when it comes to interactions with the political sphere. Consequently, the company utilizes formal channels in its dealings with the government and authorities. However, Bralirwa takes a clear stance on the importance of human rights and vows to support its employees if their rights are violated. Taking an adamant position on human rights is one way to promote political reform (equal rights for all etc.), particularly in a country recovering from genocide where the current regime has little tolerance for political opposition. Hence, while Bralirwa does not actively encourage political change, it does take a stand for

**FIG. 6**  
Summary of links  
between Bralirwa's  
activities and key  
peacebuilding  
processes



equal political rights and human rights. It also promotes a transparent and accountable political system by following a strict compliance policy, i.e. it claims that it does not accept/contribute to corruption (The Economist #2 2008).

It is primarily the economic contributions of Bralirwa that are linked to reconciliation. Many of Rwanda's genocide victims are poor,<sup>34</sup> and in order to be able to think about justice and forgiveness, they must first have a viable income and personal economic situation. By contributing to economic growth, generating jobs and tax money, Bralirwa may help victims of the conflict to start thinking about justice and healing. To a lesser degree, Bralirwa functions as a forum in which former adversaries meet and work together, not only at its central facilities but also out in the country thanks to its large network of depots and resellers (Eugenia 2004: 37–38).

To summarize, Bralirwa's activities in Rwanda are linked to economic growth, reconciliation, political reform and transformation of security and/or safety (see Fig. 4). The categories of activities that demonstrate links to economic growth are business-government, business-society, procurement and sales. Activities in the business-government, business-society and recruitment categories are also linked to reconciliation.

## CASE 3 – ABB IN SOUTH AFRICA

### Background of the conflict

The white minority in South Africa established a system for segregation between whites and non-whites known as apartheid in the early 1900s. After the National Party won the 1948 elections, the system became a predominant feature of South African society. Several laws were passed that restricted the rights of non-whites, and large parts of the non-white population were deported to their home countries (Uppsala Conflict Data Program #4 2011).

In reaction to segregation and oppressive laws, various opposition groups were established in the country, primarily

within the black population. The African National Congress (ANC), the Pan African Congress (PAC) and the South African Communist Party (SACP) comprised the vanguard of this movement and organized campaigns of civil obedience and demonstrations. During a demonstration in Sharpeville in 1960, white police men opened fire on a demonstration, killing 69 people. After the massacre, the ANC and the PAC were outlawed by the white regime. The armed wings of the two organizations (and later also the Azanian People's Organisation) then started attacking government targets, and the conflict entered a phase of escalation. ANC and PAC attacks on the government were responded to with crack downs on resistance members. Repression by the government intensified throughout the 1970s and 1980s and the conflict developed into a full-blown armed conflict in 1981 (Landguiden #4 2011).

In the apartheid system, the police and security forces in South Africa had a wide mandate, including extensive arrest and interrogation powers. These powers were frequently used in the conflict with the black resistance groups, by arresting and detaining key figures in the leadership of the ANC and PAC. For example, in 1964 ANC leader Nelson Mandela was imprisoned together with seven other ANC leaders<sup>35</sup> (Uppsala Conflict Data Program #4 2011).

As government repression intensified during the 1970s and 1980s, the costs of the apartheid system increased. The system and recurring violence deterred foreign investors, and the private sector had difficulties filling vacancies,

<sup>34</sup> As of 2006, 58.5% of Rwanda's population were living below the national poverty line (World Bank #2 2011).

<sup>35</sup> The security forces also used their generous mandate to harass, rout or otherwise disturb demonstrations, sit-ins and other political activities that the white regime considered as threats to national security. Because of the apartheid system, the white security forces could act with impunity and their interventions often resulted in civilian casualties. Furthermore, aside from suppressing the black majority in the country, the South African government actively engaged neighbouring countries in order to destabilize any developments which could threaten South Africa's minority rule. This pro-active foreign policy was one of the reasons to South African involvement in other intra-state conflicts, like Namibia (which South Africa occupied during World War I) and Angola (Uppsala Conflict Data Program #4 2011).

which lead to decreased production and a weak domestic market. In addition, the apartheid system and systematized governmental repression began to receive international attention. The United States and Western Europe imposed economic and political sanctions on South Africa, demanding political reform and equal rights for all citizens. Despite the negative economic effects of apartheid and international pressure, the South African regime refused to give in. Instead, the regime stepped up its operations against the ANC and the influence of military and security services increased (Landguiden #4 2011).

When P W Botha was replaced as leader of the National Party by Frederik Willem de Klerk in 1989, the apartheid system began to crumble. In 1990, the ban against the ANC, PAC and SACP was abolished and a year later several of the apartheid laws were cancelled. Subsequently, a multiparty congress was tasked with developing a new constitution, political prisoners were released and the ANC lay down arms. However, divisions within the group of opponents to apartheid complicated the democratic transition, and outbreaks of violence in some regions<sup>36</sup> threatened to spark a civil war. The hostilities were successfully defused and in April 1994 South Africa held its first free elections which were won by the ANC.<sup>37</sup>

### **Causes of conflict**

The South African conflict primarily concerned the economic, political and social inequalities experienced by the black majority, dating back to colonization and amplified by the white regime's implementation of the apartheid system. Through the apartheid system, the distribution of political power (and indirectly economic power) was effectively controlled by the white regime, leading to conflict with the black majority (Auvinen and Kivimäki 2001: 65–68; Bremner 2001: 394–402).

### **Key peacebuilding processes**

Even though peacebuilding in South Africa has made important progress since the first free elections in 1994, there are a number of problems that may interrupt the peace process if left unresolved. By examining the literature on

the development of the peace process in South Africa and relating it to the framework developed in this study, a number of key peacebuilding processes may be identified. Note that this is not an exhaustive list of processes, but arguably among the most important peacebuilding processes with regards to the current situation in South Africa.

### **Integration**

The social and economic integration of white and black communities in South Africa has been relatively slow since the fall of apartheid. The lack of integration is noticeable in most areas of society. The majority of blacks remain poor and the social barriers between black and white communities are relatively intact, for example interracial marriages are still fairly uncommon and some social activities are still linked to race (for example, blacks play football while whites play rugby). More than ten years after apartheid, blacks constitute around 90% of all low-income households. Blacks also remain disadvantaged on the job market, despite government-sponsored affirmative action programs. While exposure to crime has become a problem that concerns both white and black groups, it is the black communities that are most heavily exposed to violent crime. The United Nations Office on Drugs and Crime (2004) reported 68 murders per 100,000 people in 2003 (as compared with Sweden's relatively low rate of 1.2 murders per 100,000 people). Although more recent data from the South African police (2010) indicate that the murder rate has decreased, violent crime remains a pervasive problem in the poor townships inhabited by blacks (Landguiden #7 2011).

<sup>36</sup> For example, between August 1990 and April 1994 around 3000 people were killed in violent confrontations between "self-defence units" loyal to the African National Congress and "self-protection units" loyal to the Inkhata Freedom Party in the township Thokoza (Bremner 2001: 394).

<sup>37</sup> The parliament later appointed Nelson Mandela as president and apartheid was definitely eliminated. Nonetheless, the legacy of apartheid and the conflict between the black movements and white regime constitute considerable challenges for the peace process in South Africa. There is still widespread poverty, economic inequality, corruption, health problems and lingering grievances between those who enjoyed benefits under the apartheid system and those who suffered under it (Landguiden #4 2011).

The lack of integration also causes great disillusionment among the younger population. Many feel trapped, without any possibilities to make something of their life. According to a study by the Medical Research Council, one in five teenagers aged 15-17 had tried to commit suicide during the preceding six months, 29% had been binge-drinking at least once in the previous month, 19% had become pregnant or fathered a child and 20% were overweight. These social problems often lead to violent behavior, and confrontations between angry youth and police are not uncommon. When integration does take place it is typically among the more privileged. Blacks and whites in this group typically adopt the same behavior, thus distancing themselves from the poor regardless of race. The growing black middle-class in South Africa shows that integration does take place, but it needs to be amplified in order to prevent social unrest and better facilitate peacebuilding (The Economist 2010).

### Political reform

Corruption is a pervasive feature of the South Africa political system and it hampers the changes in state, society and economy which are crucial for peacebuilding. To address the corruption issue, political reform is required on both national and local levels. The 2010 Transparency International Corruption Perceptions Index ranked South Africa 54th out of 178 countries. Since the democratic elections in 1994, the numbers of citizens who believe that most public servants are corrupt have increased.<sup>38</sup> While these types of surveys are not reliable as indicators of the extent or seriousness of political corruption, the public's perceptions of the political system are crucial to its legitimacy and may encourage/discourage corrupt transactions (Lodge 2002: 403).

The South African state has certain features (which may also be found in other states with a high incidence of corruption) which encourage corruption. One such feature is the notion of power as all-pervasive; another is the lack of a distinction between private and public spheres, and attitudes towards social ties and power that encourage people with special relationships to help each other, regardless of formal circumstances.<sup>39</sup> Corruption in South Africa is not isolated to high-ranking politicians but also

affects politics and public functions on the local levels. The police, in particular, struggle with corruption problems,<sup>40</sup> which has further eroded the public's trust in vital government functions (Lodge 2002: 411–417; van der Veen 2004: 315–316).

Furthermore, even though the ANC has been fairly successful in transforming itself into a political party, its lack of internal democracy in combination with its electoral dominance is problematic, since South Africa's new democracy is to some extent contingent on ANC's own, internal political behavior (Randall and Svåsand 2002: 46).

### Reconciliation

After the transition from apartheid to democracy South Africa was quick to recognize that it was necessary to deal with the atrocities committed during apartheid and subsequently deliver restorative justice and societal reconciliation. In 1995, the government established the Truth and Reconciliation Commission (TRC)<sup>41</sup> which was

<sup>38</sup> In 1995, 46 % of the respondents in a national survey thought that most civil servants were corrupt. Three years later, that percentage had increased to 55 % (Lodge 2002: 403).

<sup>39</sup> Examples of recent high-profile corruption cases include a South African arms deal where Jacob Zuma (Deputy President of the ANC at the time), Tony Yengeni (Chief Whip for ANC at the time) and other high-ranking ANC officials were suspected of having received substantial bribes from arms contractors for making the deal happen. The charges against Zuma were later dropped, but Yengeni was convicted. In 2007, Zuma disbanded the independent police unit responsible for investigating corruption cases, including those cases in which Zuma had been a suspect (Landguiden #5 2011).

<sup>40</sup> There are numerous examples of police corruption in South Africa. In 1996, 1076 policemen were under national investigation. Cars are repeatedly stolen from the lots where the police impound stolen cars, often by policemen working together with professional criminals. In 1995, around 2000 policemen were found guilty of medical insurance fraud worth 60 million South African Rand (Lodge 2002: 416–417).

<sup>41</sup> The work of the TRC was carried out through three committees: (1) The Human Rights Violations Committee, which investigated human rights abuses that occurred between 1960 and 1994. (2) The Reparation and Rehabilitation Committee which was tasked with restoring victims' dignity and formulating proposals to assist with rehabilitation. (3) The Amnesty Committee which considered applications from individuals who applied for amnesty. To diminish victor's justice or other perceptions of injustice, no side was exempt from appearing before the commission. The commission heard reports of human rights violations and considered amnesty applications from all sides, from the apartheid state to the liberation forces, including the ANC.

tasked with documenting human rights violations committed between 1960 and 1994. The perpetrators who confessed to their crimes and gave testimony could be granted immunity from both criminal and civil prosecution. Those who were exposed but refused to cooperate were prosecuted in a criminal court. The TRC received thousands of complaints and testimonies about torture, murder and other severe human rights violations perpetrated by activists on both sides (Landguiden #6 2011).

Although the TRC was heralded as a successful project by the South African government, its significance for reconciliation has been called in to question by victims, experts and politicians. One study of several hundreds of victims conducted by South Africa's Centre for the Study of Violence and Reconciliation & the Khulumani Support Group (1998) found that most thought that the TRC had failed to achieve reconciliation between black and white communities. A recurring comment was that the commission had favored reconciliation over justice, and that the TRC had been biased in favor of the perpetrators in the interests of achieving quick reconciliation. Many victims expressed the belief that justice was a prerequisite for reconciliation, while they viewed the TRC as treating justice as an alternative to reconciliation. The lack of outreach and feedback was also criticized. There were perceptions that some communities were favored over others, and the feedback from hearings was often poor. Another study found that while the TRC was effective in bringing out the truth, it was less effective in bringing about true reconciliation. The respondents in the study (English, Afrikaaner and Xhosa) also rated the TRC's effect on South African politics as poor. Overall, the data demonstrates that none of the three ethnic groups in the study perceive the TRC as highly successful in contrast with the official view. This implies that reconciliation is a key process for successful peacebuilding in South Africa, and that there remains a great deal of work to be done in this area (Vora and Vora 2004: 308–317).

### **Redistribution of resources**

The elections in 1994 marked the end of the white minority's political control of South Africa. Even though

the white minority has lost political power, they retain the economic power. While there is a growing black middle-class, income is very unevenly distributed<sup>42</sup> and black households amount to around 90% of all low-income households. In 2004, 10% of companies in South Africa were owned by blacks, and blacks comprised around 15% of the educated work force (blacks comprise around 80% of the total population). Health care services and the social security system are for the most part financed by private insurances, leaving most blacks with access only to government-sponsored basic health care. At the same time, blacks are the group in most need of social support and health care, particularly those suffering from HIV/AIDS.<sup>43</sup> There have been several attempts to address the uneven distribution of resources. A program launched in 2004, for example, is aimed at transferring ownership of industry assets from white to black owners. The program also obligates companies to pay for the education of its black workers, and government agencies are required to privilege black-owned companies when procuring products/materials. However, the program has since been criticized for undermining good business behavior and feeding political corruption (Landguiden #5 2011; UNDP #1 2011).

### **ABB**

ABB was formed in 1988 when Swedish Asea and Swiss BBC Brown Boveri merged under the name ABB. Today ABB is one of the world's largest engineering companies, specializing in power and automation technologies.<sup>44</sup> The ABB conglomerate has operations in around 100 countries and employs 116,500 people worldwide. In 2010, the

<sup>42</sup> This is indicated by the country's Gini coefficient which stands at 57.8, making South Africa one of the countries with the most unequal distribution of income in the world. The Gini coefficient is a measure of the income/consumption distribution deviation among individuals or households within a country. A value of 0 represents absolute equality; a value of 100 absolute inequality.

<sup>43</sup> As of 2007, 5.7 million South Africans had been diagnosed with HIV/AIDS.

<sup>44</sup> ABB's products and solutions include for example components for the transmission and distribution of electricity, electrical substations, electrical motors, generators and various systems for control and optimization of industrial systems. Most of ABB's customers are companies in industries such as chemicals, metals and minerals, marine and turbo charging, pharmaceuticals, power, pulp and paper, oil and gas (ABB #2 2011).

company reported global revenues of \$31.6 billion and was ranked 237 on the Fortune 500 ranking (ABB #1 2011).

ABB South Africa<sup>45</sup> (ABB SA) was established in 1992 and is currently represented in twelve different locations throughout the country. The company has developed a considerable manufacturing capability in South Africa with production sites in Alrode, Johannesburg and Bothshabelo. Approximately 2,500 people are employed by ABB SA, and more are tied to the South African office since ABB SA holds responsibility for operations in Angola, Malawi, Namibia, Swaziland, Zimbabwe and the DRC. In 2009, ABB SA reported revenues of 3.1 billion South African Rand, approximately \$459 million (ABB #3 2010).

One important facet of ABB SA is that it has integrated various empowerment initiatives in its corporate structure. For example, 20% of the local holding company is owned by WIPHOLD which is an investment company owned and run by black women. ABB SA has also established relationships with other so called Black Economic Empowerment (BEE) companies. For example, in 1999 ABB SA formed ABB Karebo Manufacturers (Pty) Ltd in one of ABB's core business fields, high voltage switchgear (ABB #4 2011: 3).

### **ABB's activities in South Africa**

ABB SA has established various social programs in South Africa but also contributes to economic and social development through its business projects.<sup>47</sup> The South African economy is fairly strong in comparison to other sub-Saharan countries, with a total GDP of \$354 billion and a GDP growth of 3% in 2010. Hence, while ABB SA's generation of tax and export income is not unimportant, it is one of many streams of capital in the large South African economy. Rather, ABB SA's more important contribution to the South African economy is diversification of the economy and transfer of technological know-how. Further, the company delivers key technologies and services to infrastructure and industry projects in South Africa. For example, ABB SA has partnered with South Africa's largest power producer Eskom,<sup>48</sup> helping it expand and

upgrade power plants and power grids at several sites in South Africa. Also, ABB SA is engaged in several projects in the important South African mining and metals industry. Thus, ABB SA's business activities are part of fundamental infrastructure and industry projects in the country (ABB #4 2011: 6).

Through professional training initiatives, culture programs, health and safety standards personal leadership development and empowerment initiatives ABB SA encourages its employees to "develop their full potential". These activities aim to improve the skills of the company's workers, attract new talent and implement the company's values in every day work and relationships within the company. ABB SA has also implemented a formal performance management system, which help combat favoritism and nepotism. In addition, the health and safety program ensures that staff is well-informed about risks in the workplace and how to manage them. The company has also implemented a driver training program to reduce traffic accidents (ABB #4 2011: 7).

ABB SA promotes and implements the ABB Group's global sustainability policies, which concern "economic development, environmental stewardship and social progress." These three dimensions of ABB's sustainability work are reflected in a number of activities that ABB SA undertakes. For instance, together with the Swiss South African Co-operation Initiative (SSACI), ABB SA provides working experience for technical students and arranges technology courses to provide lecturers with updated and industry-relevant knowledge. The company also sponsors a school program run by

<sup>45</sup> ABB South Africa (ABB Holdings (Pty) Ltd., Sunninghill) is a subsidiary to ABB Ltd, Switzerland, which is the ultimate parent company of the ABB Group.

<sup>46</sup> Asea and BBC had been active in South Africa long before they merged into ABB, Asea since 1907 and BBC since 1924 (ABB #4 2011: 2).

<sup>47</sup> As with the other cases in this study, it is unlikely that all of the activities conducted by a private sector actor in a conflict context are positive in nature. However, since the present focus is to scrutinise the positive aspects of ABB SA's activities, other perspectives will not be addressed.

<sup>48</sup> According to Eskom, the company generates approximately 95% of the electricity used in South Africa and approximately 45% of the electricity used in Africa.



the World Wildlife Foundation, contributing to the education of youth and raising their environmental awareness. Other social programs include support to orphans of HIV/AIDS. ABB SA provides support for around 1,000 children, and organizes employees that volunteer to assist with HIV/AIDS projects that ABB SA is involved in (ABB #4 2011: 4).

All of ABB SA's manufacturing operations comply with the ISO 14001<sup>49</sup> standards. Aside from complying with the ABB Group's global environmental objectives, ABB SA has signed the voluntary National Energy Efficiency Accord,<sup>50</sup> and is committed to reduce energy consumption. This ambition is exemplified by ABB SA's new headquarters, a state of the art project built to minimize energy consumption, and investments in local companies<sup>51</sup> specializing in power-saving technology (ABB #5 2009).

The ABB Group nurtures a culture of empowerment that has been thoroughly implemented in ABB SA. The company was among the first to establish a relationship with a BEE company. It has also set up new companies in co-operation with BEE businesses in order to facilitate BEE ownership. ABB SA partnered with a women's investment company, selling 20% of shares to an investment company owned and run by women. Empowerment is also a key element in ABB SA's procurement routines. The company's procurement focuses on developing accredited BEE and Small to Medium Enterprise (SME) suppliers. ABB SA's various business units actively engage SMEs to assist them with development issues. With regards to recruitment, the company has recruited many engineers from disadvantaged communities and promoted black employees to its management ranks (ABB #4 2011).

<sup>49</sup> ISO 14001 is an environmental management standard that forms the basis for the organization's environmental work. The ISO 14001 encompasses 55 specific standards that must be implemented throughout the organization, documented and continually upheld. For more information about ISO 14001, please see: [www.iso.org/iso/iso\\_14000\\_essentials](http://www.iso.org/iso/iso_14000_essentials)

<sup>50</sup> The goal of the accord is to reduce energy usage in South Africa's industry and mining sectors by 15% as of 2015.

<sup>51</sup> For example, in 2009 ABB South Africa acquired Westingcorp (Pty) Ltd, which produces capacitors used to improve the energy efficiency of electrical equipment.

**FIG. 7**  
Summary of  
ABB South  
Africa's activities  
in South Africa



## **Links between company activities and key peacebuilding processes**

A total of four key peacebuilding processes can be identified in the case of South Africa: integration, political reform, reconciliation and the redistribution of resources. There are additional peacebuilding processes also underway in the country, but research on the conflict in South Africa suggests that the four processes mentioned above are the most significant. For this reason, the analysis in this section focuses on establishing whether ABB SA's activities are linked to integration, political reform, reconciliation and/or the redistribution of resources. In addition, the analysis evaluates the positive dimensions of any such links.

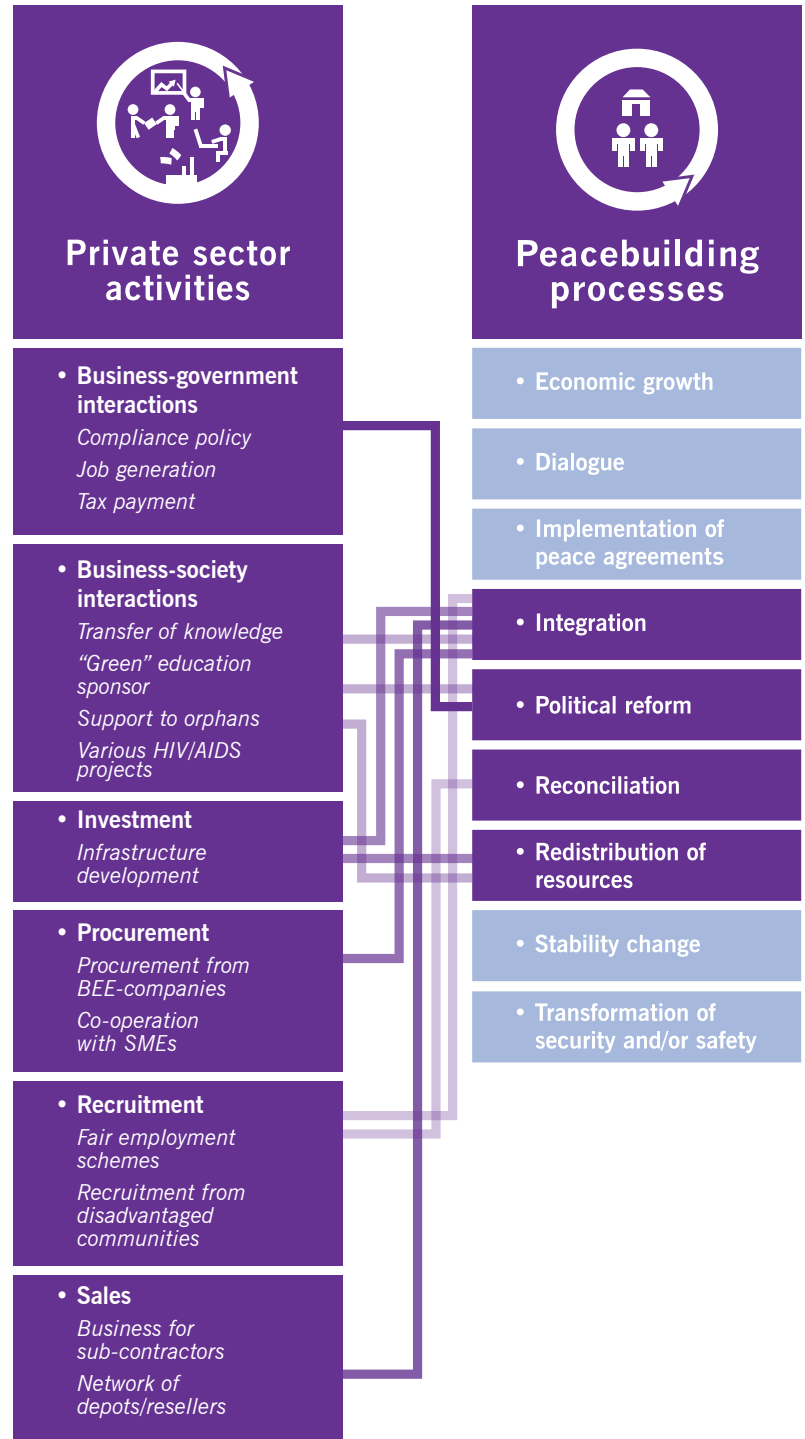
ABB SA's procurement, recruitment and sales activities can be linked to integration. ABB SA runs empowerment projects which supports companies owned and run by blacks by doing business with them. This helps BEEs gain a foothold on a competitive market while also generating income for those owning, and working for, those companies. In turn, this activity may also function as a redistribution of resources since it nurtures the growing black middle-class (who often own or run the BEEs) and may also help lift families from poverty by generating jobs. Further, ABB SA has recruited many engineers from disadvantaged communities and promoted black male and female employees to management ranks. This is linked to integration, and to some extent reconciliation, both at the work place and in society. Promoting a work place where whites and blacks meet and co-operate facilitates socialization and helps eliminate common stereotypes and other negative perceptions of "the Other." In South African society, managerial positions and other advanced jobs such as engineering positions award status and a middle-class income, allowing black families access to privileges and opportunities that were previously denied, either through racial discrimination or poverty. With regards to reconciliation, integrated work places contribute to a normalization of relationships between blacks and whites and the chance to rebuild black and white communities (healing).

In terms of business-society activities, ABB SA's transfer of knowledge and HIV/AIDS support programs are linked to integration and the redistribution of resources, respectively. By recruiting and educating people from disadvantaged communities, the company helps members of marginalized communities attain advanced skills and knowledge, making them more attractive on the job market, opening up new opportunities which were previously unavailable to them due to lack of skills and/or poverty. This contributes to integration by giving marginalized people access to skills, knowledge and jobs that typically require an education or contacts they did not have due to discrimination or poverty. It also offers alternatives to a career in crime. Furthermore, ABB SA's support of various HIV/AIDS programs in South Africa helps disadvantaged people combat the disease and improves the living conditions of the diseased and his/her family members. This activity is linked to redistribution of resources since it gives people affected by HIV/AIDS access to medical and social care they would otherwise not have because of poverty or the social marginalization that the disease often brings. In addition, ABB SA's support of HIV/AIDS programs in the country is linked to political reform, since it may offset corruption and imbalances in a system that is almost as divided now as it was during apartheid, with typically underfunded and understaffed systems serving the black and poor populations (Ruff, Mzimba, Hendrie and Broomberg 2011).

Through its investments in various BEE companies, ABB SA's investment activities are linked to integration and the redistribution of resources. The company has made a strategic decision to focus their investments in BEE companies and open up ABB SA to small-scale investors. ABB SA's partnership with a women's investment company is an example of this. The company's investments in infrastructure projects are also significant for redistribution of resources. By expanding and improving South Africa's power grid and power stations, additional communities are connected to the power grid. Power is thus becoming accessible to more and more people, as make-shift housing is replaced by more modern housing as part of government-financed campaigns to improve the standard

**FIG. 8**

Summary of links between ABB SA's activities and key peacebuilding processes



of living.<sup>52</sup> Although it should be acknowledged that safe access to reliable power is still not standard in many of South Africa's townships and rural settlements.

The business-government activities of ABB SA's are to some extent linked to political reform, primarily via the company's stringent compliance policy. These policies have proved to be effective tools against corruption. While some of the company's subsidiaries have been involved in corruption cases, there are no recent cases involving ABB SA. However, deeming from the other cases, the suspected activities were exposed and reported to the authorities during internal compliance reviews, which indicates that the ABB Group takes it work against corruption seriously. In addition, ABB SA has implemented a formal performance management system, which helps combat favoritism and nepotism. In a country such as South Africa where corruption is pervasive, setting standards and enforcing them are important drivers of change. This is true both when it comes to ABB SA's interactions with public officials and other companies, but it may also contribute to change the attitudes of its workers towards corruption and how they choose to act when faced with corruption (New York Times 2006).

In summary, ABB SA's activities in South Africa are linked to integration, political reform, reconciliation and the redistribution of resources (see Fig. 5). The activity categories displaying links to integration include business-society, investment, procurement, recruitment and sales. Recruitment is the only activity category with links to reconciliation, whereas the two categories of business-society and investment have links to the redistribution of resources. Finally, the business-government and business-society categories include activities with links to political reform.

## CASE 4 – THE PALESTINE INTERNATIONAL BUSINESS FORUM IN ISRAEL/PALESTINE

### Background of the conflict

The conflict in Israel/Palestine is one of the most emblematic internal conflicts of modern time, and its long history and significance for developments in the Middle East make it a recurrent theme in world affairs. Given the protracted history of this conflict, a complete account of it and the developments leading up to situation today is beyond the scope of this report. However, a brief background will be provided in order to provide a working context for the case of the Palestine International Business Forum (PIBF) and its activities in Israel/Palestine.

The state of Israel was created in 1948 and was immediately challenged by neighboring Arab countries that did not approve of its creation and sympathized with the Arab population living in the territories that Israel had now claimed. A concerted, though unsuccessful, attack on the newly-found state was subsequently launched by Egypt, Lebanon, Syria, Jordan and Iraq in 1948. During the second half of the 20th century, additional interstate wars occurred, most notably in 1956 when Israel came to blows with Egypt over the status of the Suez Canal, and again in 1967 with Syria, Jordan and Egypt over territorial boundaries.<sup>53</sup> Israel's success in these wars allowed it to occupy or annex the territories of the Gaza Strip, the West Bank, the Golan Heights and parts of southern Lebanon. However, the wars and Israeli occupation of these new territories led to a number of new problems as new groups<sup>54</sup>

<sup>52</sup> Between 1996 and 2001, more than two million houses with access to electricity, water and modern sanitation facilities were constructed by the South African government in an effort to improve social conditions (Landguiden #7 2011).

<sup>53</sup> Other wars occurred in 1969-1970 (Israel-Egypt) and in 1973 (Israel-Syria).

<sup>54</sup> These groups include Hamas, Fatah, PLO, Hezbollah and the Palestinian Islamic Jihad.

contesting Israel's power took up arms against the country (Uppsala Conflict Data Program #6 2011).

The Israeli occupation of the Gaza Strip and the West Bank led to enormous frustration amongst Palestinians, who began a revolt in 1987 (the intifada). The intifada continued until the early 1990s when Israel and the Palestinians agreed to engage in peace talks. These negotiations, also known as the Oslo process, led to an agreement on a framework for how to proceed in resolving the conflict. Despite the Oslo accords, however, progress towards a comprehensive resolution remained slow and unsteady, and in 2000 a second intifada erupted (Uppsala Conflict Data Program #6 2011).

The terror attacks against the U.S. on September 11th 2001 increased pressure on all of the parties involved to resume talks, but rather than negotiations, each side of the Israeli-Palestinian conflict escalated their attacks on the other side. Internal divisions among the various Palestinian armed groups became increasingly clear during this period as Fatah and Hamas struggled for control over the Palestinian territories.<sup>55</sup> In 2006, Israel invaded Lebanon, claiming that it needed to do so in order to stem Hezbollah attacks on Israel from Lebanon. After a quick offensive, Israeli troops withdrew following reassurances from the UN Security Council that UN forces would be stationed in the area to prevent further attacks against Israel from Hezbollah. In 2008, talks between Israel and Fatah concerning the West Bank resumed even as Israel reinforced its blockade of Gaza with the aim of preventing the import of any weapons that could be used in attacks against Israel. Several years of an Israeli blockade have, however, left the Gaza economy in tatters and frustration levels among Palestinians in Gaza at a high point (Uppsala Conflict Data Program #6 2011).

Following the collapse of peace talks in 2010, the Palestinian leadership stepped up formal efforts to achieve statehood. In addition, the recent "Arab Spring" of 2011 has added another dimension to the conflict and increased popular pressure on the Palestinian Authority to

act. In the wake of the Arab Spring uprisings in the Middle East, Egypt mediated an agreement between Fatah and Hamas in May 2011 that put an end to the four-year rift between the two Palestinian parties. The deal called for the formation of an interim government and the start of preparations for parliamentary and presidential elections to be held within the year. Egypt also withdrew its support for Israel's four-year-old blockade of the Gaza Strip, which in turn led to more rockets attacks from Gaza on Israeli settlements. Renewed Palestinian efforts to establish a state, and the recent increase in attacks on Israel have once again exacerbated tensions between Israel and Palestine. The peace process appears to have reached a true standstill at this point, and it seems that there will be no movement forward until a number of key security and political issues are finally resolved (Brynen 2008: 242–243; Uppsala Conflict Data Program #6 2011).

### **Causes of conflict**

At the heart of the Israel-Palestine conflict lies the question of which state(s) have a right to exist on the territories presently defined as, or occupied by, the state of Israel. Related to this fundamental dispute over territory are questions of religious and ethnic identity, in this case the religious divide asserted between Muslims and Jews (Ciment 1997: 12–18; Uppsala Conflict Data Program #6 2011).

### **Key peacebuilding processes**

It is difficult to analyze the Israel/Palestine case because of the complex development of the peace process. However, by examining the literature on the development of the peace process in Israel/Palestine and relating it to the framework developed in this study, a number of key

<sup>55</sup> In the Palestinian elections of 2006, Hamas won over Fatah, which caused the EU and the United States to cancel aid programs to Palestine, citing Hamas' label as a terrorist organization. Fatah's and Hamas' political differences and their contrasting approaches to the conflict with Israel have become clearer since Hamas assumed control of Gaza in 2007 after clashing with Fatah security forces. Two Palestinian parties are now representatives in the conflict: Fatah and the rest of the PLO controlled by Palestinian president Mahmoud Abbas and in charge of the West Bank, and Hamas, which controls Gaza.

peacebuilding processes can be identified. It should be noted that this does not imply that other peacebuilding processes are not at work; only that the processes listed below are deemed to be of particular importance to peacebuilding under the conditions that currently exist in Israel/Palestine.

## Dialogue

The conflict in Israel/Palestine has a long and convoluted history with many complex features, in particular the religious/ethnic divide, that have long complicated relations between the two opposing groups. Both groups hold perceptions of “the Other” that are characterized by stereotypes and suspicion, making inter-group contacts difficult even outside of the conflict context. Consequently, there are few incentives for interaction between the two groups, despite a number of shared problems that are not necessarily directly related to the principal issues of conflict. Hence, in order to effectively address the common problems that spring from this conflict, it is vital to promote interaction and cooperation between Israelis and Palestinians. Increasing interaction and cooperation requires changing prevailing negative perceptions and attitudes held by both sides, and one way to accomplish this is to engage both parties in various forums for dialogue. Psychological research suggests that individuals will change their negative attitudes towards another group when they discover that members in the other group have attitudes or beliefs similar to their own. Ongoing dialogue also increases understanding of the other side’s goals and commitments, since sharing the insight that both sides must live on the same territory and both are unwilling to leave increases the likelihood that the sides in question will be able to discover more co-operative and long-term solutions to their now-common problems (Mollov and Barhoum 1998; Mollow and Lavie 1999).

Forums for dialogue, then, remain essential to the peacebuilding process in Israel/Palestine. Despite the protracted and seemingly intractable nature of the Israeli/Palestinian conflict, there are at least two successful examples of dialogue initiatives in Israel/Palestine. One of these initiatives is focused on business-related issues.<sup>56</sup>

The other initiative is focused on inter-religious dialogue and the promotion of cultural and religious understanding (Mollow and Lavie 1999).<sup>57</sup>

## Implementation of peace agreements

Israel has signed peace treaties with most of its neighbors, and even though some of them continue to harbor negative attitudes towards Israel, a relapse into armed conflict seems unlikely in most cases.<sup>58</sup> When it comes, however, to negotiations with the Palestinians, peace treaties have largely failed to deliver a sustainable peace, in part because they have been poorly implemented. It is beyond the scope of this report to examine all of these treaties, their respective successes and failures, and the reasons for success or failure. Instead, the report will examine one example of poor treaty implementation as a way of illustrating the significance that actors, in this case private sector actors, whose actions aid in the delivery of promises made have on the success of a peacebuilding process (Inbar 2000: 262–262).

In the beginning of the 1990s, Palestinians and Israeli negotiators met in a series of meetings hosted by Norway. This eventually led to an agreement entitled the Declaration of Principles on Interim Self-Government Arrangements (DOP). This declaration, also known as the Oslo Accords and Oslo Agreement, affirmed the Palestinians’ right to self-government and provided for the creation of a Palestinian National Authority (PNA) that would be responsible for administering the territory under its control.

<sup>56</sup> The Palestinian International Business Forum, sponsored by the International Council of Swedish Industry, arranges annual conferences in which representatives from Israel, Palestine and Sweden meet to discuss common problems and possible solutions.

<sup>57</sup> This second initiative was jointly sponsored by the Israel Interfaith Association and the Palestinian Movement for Peace and Equality based in Khan Yunis with assistance from Norwegian People-to-People Organization. Participants in this initiative were Israeli/Jewish and Palestinian Muslim/Arab students and academics.

<sup>58</sup> Israel has had a peace treaty with Egypt since 1979 and one with Jordan since 1994. The relationship between Israel and Syria remains hostile, however. The two countries engaged in peace talks organized by Turkey in the late 2000s, but Syria withdrew from the talks in response to the 2008-2009 Gaza War.

The treaty also called for Israel to withdraw its forces from parts of the Gaza Strip and the West Bank. Other key issues, however, such as the status of Jerusalem, Palestinian refugees, Israeli settlements, security and borders were left to be settled at a later stage. The assassination of Israeli Prime Minister Yitzhak Rabin in 1995 marked the beginning of the end of the Oslo Accords. Both sides subsequently failed, wholly or in part, to implement large parts of the agreement,<sup>59</sup> focusing instead on effecting change outside of the agreement. By the year 2000, the security situation in Israel/Palestine had further deteriorated, and in September of that year, the al-Aqsa Intifada was launched. The increased violence and poor implementation of some of the major provisions of the accord undermined public trust in the accords and the peace process more generally and gradually rendered the Oslo Agreement obsolete. Thus, in the case of Israel/Palestine, peacebuilding was, then and now, constricted by the failure of both sides to deliver on promises made. Improving implementation—finding new channels and new actors capable of aiding in the implementation process—thus remains a critical task for policymakers and other stakeholders today looking for ways to achieve a truly credible and sustainable peace (Ciment 1997: 200–203; Morag 2000: 200–220).

### **Political reform**

The political status of the territories occupied by Israel, notably Gaza and the West Bank, and the political and judicial rights of the people living in these territories remains a key issue or challenge for any peacebuilding process. Many Palestinians residing in these areas are affected by policies implemented by the Israeli government, yet they have few forums in which to voice their opinions and are very distrustful of the Israeli government. This high level of distrust among Palestinians residing in the occupied territories is a major reason why Palestinians have resisted allowing their political leaders any room for concessions in negotiations with the Israeli state. Growing distrust has also weakened the position of more moderate Palestinians who continue to support the peace process and it increases the likelihood of protests. In addition to the

issue of Palestinian trust, or lack of it, is the issue of political corruption. If, on the one hand, Palestinians distrust the Israeli government, a vast majority of them also believe that there is a great deal of corruption in the Palestinian government and that reform is necessary.<sup>60</sup> Given this state of things, a vital component of any peacebuilding process in Israel/Palestine must be political reform—reform that accommodates Palestinians' political and judicial rights vis-à-vis Israel, but also reform that builds Palestinians' trust in their own political institutions by tackling the problem of internal political corruption (Sahliyeh and Deng 2003: 705–707).

### **Transformation of security and/or safety**

A predominant view of Israelis is that it is first and foremost security that dictates Israel's attitude towards peace with its neighbors and the Palestinians. This attitude is rooted in the particular circumstances under which Israel came to exist and continues to exist as well as the history and experiences of the people inhabiting the country. Put another way, Israel's national threat perceptions are mainly existential. Israel has fought several wars with Arab coalitions bent on destroying it. Collective memories of the Holocaust and earlier attempts to eliminate the Jewish people, in combination with recurring wars and acts of terrorism against Israelis, serve to accentuate a sense of an immediate threat to Israel's very existence. In addition, political circumstances in the region reinforce the Israeli notion that peace can only be attained through enhanced security. For example, Israel has no official allies in the region and no benevolent neighbors. In fact, Israel has been at war at least once with each of its neighbors during the past fifty years. The countries surrounding Israel therefore also perceive Israel to be a threat, each with their own specific set of security issues vis-à-vis Israel. Syria and Lebanon wish to recover territory lost to Israel in previous

<sup>59</sup> For example, Israel continued to expand its settlements. The PNA proved in turn unable to control the activities of Palestinian militant groups conducting terror attacks against Israeli targets.

<sup>60</sup> In a survey by Sahliyeh and Deng (2003), 85% of Palestinians responded that they believe the Palestinian government to be corrupt, and 84% responded that they would like to see reforms within the Palestinian Authority.

wars; Syria seeks to expand its regional influence at the expense of Israel, and Jordan wants to establish a balanced relationship with both Israel and the Palestinians.<sup>61</sup> The primacy of security in the Israeli public debate and in the mindset of most Israelis inclines the Israeli public and its decision-makers to view all of the elements of a sustainable peace from a security point of view (Aggestam 1999: 57–59, 75–77; Alpher 1994: 229–236; Reiter 2009: 27–33).

Hence, in order to catalyze the peace process it will be necessary to create arrangements that substantially improve national and regional security conditions for Israel. This may entail military measures, such as a demilitarized zone,<sup>62</sup> and/or early warning systems. It may also include the transference of security responsibilities from Israeli forces to international forces, for example shifting responsibility for security in now-occupied areas from local Israeli forces to international forces, as was the case in south Lebanon after the war in 2006 (Alpher 1994: 234–235).

### **Palestine International Business Forum**

The Palestine International Business Forum (PIBF) first started in 1994, when Yassir Arafat and Shimon Peres visited Stockholm and met with Swedish private sector actors. This meeting was followed by joint discussions with private sector actors in Israel and Palestine, leading up to a request for a Swedish initiative to constitute a third party to enable a platform for dialogue. In 2005, PIBF was founded as a member organization in Jerusalem by a group of Palestinian, Israeli and Swedish businessmen and with financial support from the Swedish International Development Cooperation Agency (SIDA). As of 2011, PIBF has 99 corporate members, ranging from small businesses to multinationals coming from Sweden, Israel, the Palestinian Territories and the United Kingdom. The organization is managed by a board of directors which include business representatives from Sweden, Israel and Palestine. The operational body of PIBF is comprised of five employees located at offices in Stockholm, Ramallah and Tel Aviv (Palestine International Business Forum 2007).

The purpose of PIBF is to facilitate sustainable economic

development in Palestine. The organization's operating assumption is that a healthy and competitive private sector is crucial for societal development and will help to build peaceful and interdependent relationships in the Middle East. PIBF does not support business activities per se; rather, it supports business opportunities in various sectors in Palestine and works to improve structural conditions for businesses and economic growth there. All projects that PIBF engages in are implemented with Palestinian partners and designed for the benefit of Palestinian society (Palestine International Business Forum 2007).

### **Palestine International Business Forum's activities in Israel/Palestine**

PIBF arranges a number of activities and manages several projects in the Israel/Palestine region. Its primary focus has been to arrange meetings between key businesspeople in Israel and Palestine in order to promote dialogue on business-related issues, and, whenever possible, discussions on the wider implications of the conflict in the region.<sup>63</sup>

The conflict in Israel/Palestine has created political and practical obstacles to business and trade. One such obstacle is that business people from Palestine and Israel have no natural forum in which to meet and discuss business opportunities, find common solutions to economic obstacles, and so forth. In order to remedy this, PIBF created an annual conference to which business representatives from Israel, Palestine and Sweden were invited.

<sup>61</sup> In light of the uprisings and changes in government in the Middle East during 2010–11, the political priorities for some of Israel's neighbours may change over time. Nonetheless, once stable governments have emerged from the current (July 2011) political turmoil in Syria and Jordan, it is unlikely that the attitudes of these governments towards Israel or their foreign and security policies vis-a-vis Israel will change overnight.

<sup>62</sup> The principle of a demilitarized zone has successfully been applied in the security relationship between Egypt and Israel. In the Sinai desert, there is a 250 km demilitarized desert buffer zone that separates Israeli forces from Egyptian forces.

<sup>63</sup> It is possible that PIBF's activities may contain neutral or even negative aspects when it comes to peacebuilding. However, since the purpose of the current study is to examine the ways in which private sector actors like PIBF may contribute positively to peacebuilding processes, these other aspects will not be addressed here.



To date, PIBF has held five such conferences,<sup>64</sup> which has not only helped to establish more continuous dialogue between Palestinian and Israeli companies, but also attracted the participation of Israeli, Palestinian and international political leaders as well as NGO-representatives. This has helped to promote peacebuilding by creating a forum in which business concerns—in many cases business concerns related to the Israeli/Palestinian conflict—can be vented and even resolved relatively unrestricted by political agendas and priorities. Also, by meeting and co-operating on a more regular basis, members of the PIBF have come to know each other in new ways, which is likely to contribute to improving Israeli-Palestinian relations, even if this occurs primarily at the individual level (Hampson, Crocker and Aall 2007: 40–42).

Furthermore, PIBF has been an important driving force behind the creation of the Jerusalem Arbitration Center (JAC). In April 2010, a PIBF delegation met with the Chairman of the International Court of Arbitration at the headquarters of the International Chamber of Commerce (ICC) in Paris to present the project and to advocate for the Palestinian Authority in the ICC. In June, at the ICC World Business Summit in Hong Kong, a PIBF-led delegation presented the initiative before the ICC Board of Directors and General Assembly. Six months later, a Palestinian chapter of the ICC initiated operations in Ramallah and during spring leaders of Israeli and Palestinian ICC signed a Memorandum of Understanding for the creation of the JAC. The arbitration<sup>65</sup> centre, which will start functioning in 2012, will serve as an impartial, credible, speedy and cost efficient forum for resolving commercial disputes between Palestinian and Israeli businesses. Previously, Palestinian businesses had to rely on Israeli courts to settle disputes. This was considered a problematic arrangement since the court processes were costly time-sinks, and the courts were often perceived by Palestinian businessmen as favoring Israeli companies over Palestinian ones. The JAC will be established under the umbrella of ICC international and will thus have international backing. It will also be linked to the Ministry of Justice in Israel and Palestine as a means of securing enforcement of the court's rul-

ings. Thus, PIBF has been a key facilitator in the process leading up to the creation of a Palestinian chapter of the ICC and JAC (Palestine International Business Forum #2 2011; Palestine International Business Forum #3 2011).

PIBF also manages a program that aims to enhance local dairy production and supply Palestinian school children with milk. The project was established in co-operation with the Swedish Tetra Pak Global Food for Development Office and delivers milk to around 600,000 school children in the Palestinian territories. Through the project PIBF has both established and supported cooperation between the public and private sectors with the aim of creating new jobs in the cattle farming and dairy processing industries in Palestine. According to PIBF estimates, the milk project will increase Palestinian raw milk production and sales by 25% and the volume of processed milk by at least 125%. In addition, the project will protect and generate around 2,800 jobs in Palestine's cattle farming and dairy industry (Palestine International Business Forum #4 2011).

Tourism in Israel/Palestine remains an untapped source of economic activity and growth, particularly in the Palestinian areas where road blocks and other security measures have severely hampered the development of tourism. PIBF has attempted to address these problems by contributing to the establishment of new routes (with Swedish tourists as a main target group) to the West Bank and the wider Holy Land; supporting the training of Palestinian hotel service personnel and tour guides as well as facilitating cooperation between Israeli and Palestinian travel agents and guides. As a result of PIBF facilitation and advocacy measures in Israel and PIBF initiatives in cooperation with

<sup>64</sup> The themes of these conferences were as follows: Start-up Conference (2006); How Joint Forces within the Private Sector can Promote Peace through Economic Development (2007); Innovations in Public-private Partnership (2008); Sustainable Urban Development: Prospects in Palestine (2009), and The Power of Business: How to Create Change (2010).

<sup>65</sup> In arbitration, the parties meet with a trained mediator and present their case. Typically, this process is both faster and cheaper than litigation in the court system. Decisions are legally binding and internationally enforced. In contrast to public courts, proceedings and court records are confidential.



## Private sector activities

- **Business-government interactions**

*Establishment of ICC chapter*

*Establishment of JAC*

- **Business-society interactions**

*Annual business conference*

- **Investment**

*Tourism capacity building*

- **Procurement**

- **Recruitment**

- **Sales**

**FIG. 9**  
Summary  
of PIBF's  
activities in  
Israel/  
Palestine

Palestinian tour operators and the Arab Hotel Association, there has been a significant increase in the number of tourist visits to Jerusalem and Bethlehem during the period of 2006-2009. (Interview #2 2011).

### **Links between NGO activities and key peacebuilding processes**

Four key peacebuilding processes can be identified in the case of Israel/Palestine: dialogue, implementation of peace agreements, political reform and transformation of security and/or safety. While there are other peacebuilding processes at work, the four aforementioned processes have been singled out as key in this case based on studies of the literature on the conflict in Israel/Palestine. Accordingly, the following section will analyze links between the activities of PIBF and dialogue, the implementation of peace agreements, political reform and the transformation of security and/or safety.

PIBF's business-government activities are linked to political reform, dialogue and to some extent to the transformation of security and/or safety. In particular, PIBF's work to establish a chapter of the ICC in Palestine and the JAC to resolve commercial disputes are important political developments. The establishment of the ICC chapter is not only significant for commercial development but also has political implications. Symbolically, it represents an international forum recognizing the rights of Palestinian (companies) in which they can address trade and business issues without having to rely on the Israeli court system. Also, while the establishment of an ICC chapter is by no means a prerequisite for statehood, it is a function that is typically associated with recognized states. Therefore, it can be interpreted as a token of the political progress that has been made by the Palestinian territories.

PIBF's contribution to the planned establishment in 2012 of the arbitration centre JAC is also linked to political reform. The JAC will contribute to reducing distrust between the parties, since it will serve as a neutral forum for resolving commercial disputes between Palestinian and Israeli businesses. This may also help to improve governance,

since the parties are more likely to respect and follow a ruling if they perceive the system to be fair and impartial (Brown 2003: 5–8).

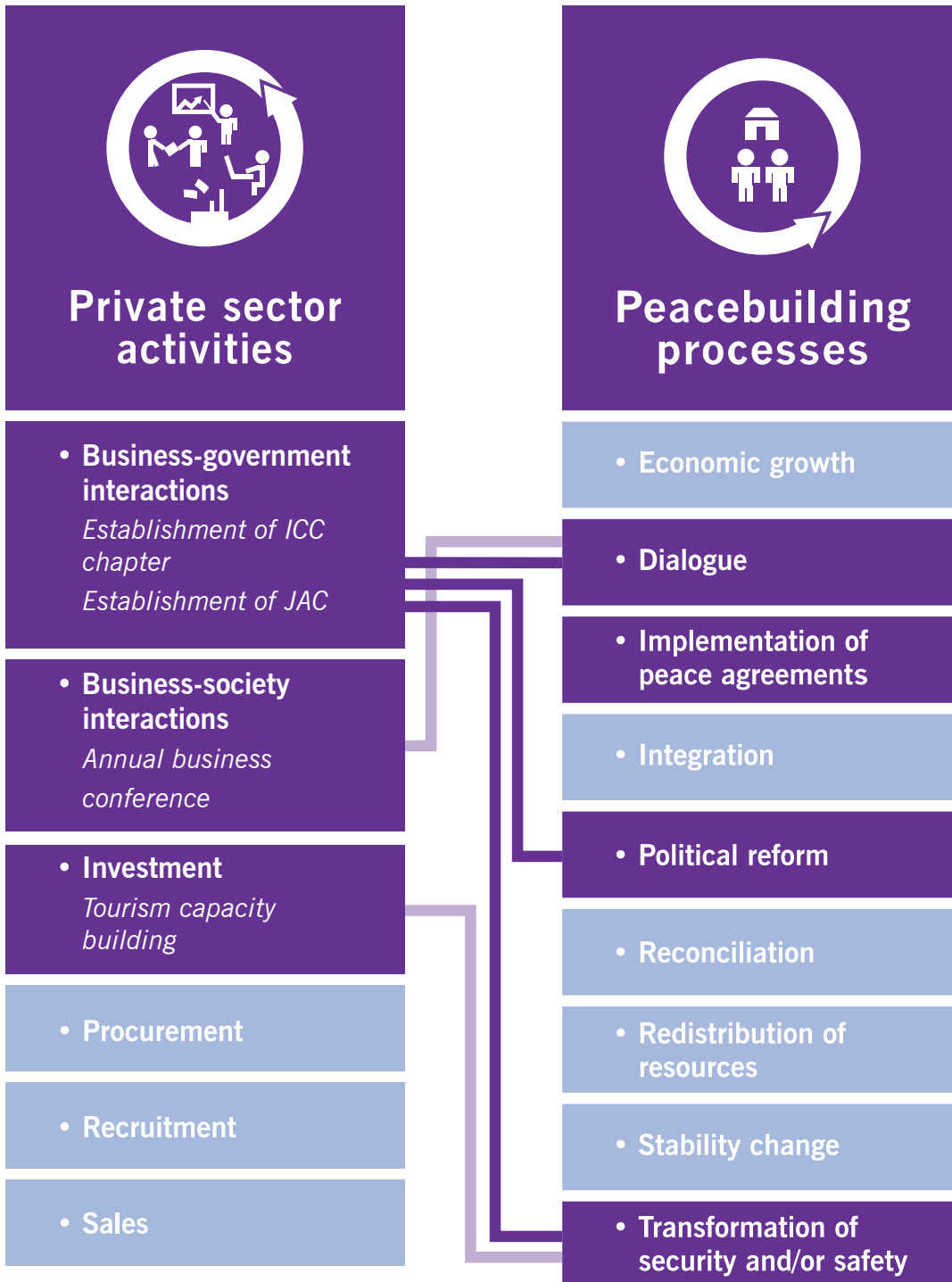
The establishment of these two functions has implications not only for political and business relationships between Israelis and Palestinians, but also for Palestinians' trust in their own governing bodies. These new functions are not as vulnerable to political corruption in Palestine as previous or other existing authorities or organizations. While this is partly due to the fact that they are new, it is also attributable to the fact that they both report to external authorities (like ICC headquarters) rather than the Palestinian Authority, which ensures a higher level of transparency and independence. Although these new governance functions do not resolve the problem of corruption in other Palestinian authorities or organizations, they do contribute to the political reform process by reducing corruption in the issue areas they were created to address and may therefore help to increase Palestinians trust in government.

PIBF's business-society activities, in particular its annual conference, are linked to the creation and sustenance of a dialogue process. The process primarily concerns those Israelis and Palestinians directly involved in the conferences, but also contributes to a wider dialogue in society, since the conferences have attracted the wider participation of a host of political leaders and NGO-representatives. In addition, by facilitating increased business opportunities between Israeli and Palestinian companies, these conferences have created new opportunities for meetings and contacts between Israeli and Palestinian members—not only during, but also after, a conference. This type of forum thus increases interaction between otherwise opposed parties and facilitates understanding of the other side's goals, commitments and limitations. This in turn strengthens the possibility for ongoing dialogue, making it easier to widen such a dialogue to include other, more overtly political, issues.

PIBF's investment activities are linked to the transformation of security and/or safety and economic growth. By

contributing to the establishments of new travel routes to the West Bank and the wider Holy Land, PIBF's initiatives have helped to open up parts of Israel/Palestine that were previously quite inaccessible to tourists because of road blocks and other security measures. Even though many road blocks and security measures remain in place throughout the Palestinian territories, the increased concentration of tourists has contributed to more relaxed security measures and may subsequently have decreased tensions. For example, the removal of road blocks not only benefits tourists but also Palestinians moving in and out of the area. The removal of road blocks or check points is thus also the removal of one source of daily frustration for Palestinians. While the conflict is clearly not attributable to road blocks, removing one source of frustration in the everyday life of Palestinians represents a small but significant step towards the creation of more peaceful relations between Israelis and Palestinians.

An overview of the links between PIBF's activities in Israel/Palestine demonstrates (see Fig. 6) that there are links to the peacebuilding processes of dialogue, political reform and the transformation of security and/or safety. The business-government activities of PIBF are linked to the peacebuilding processes of dialogue, political reform and transformation of security and/or safety. PIBF's business-society activities are linked to dialogue and the investment category of activities has links to the transformation of security and/or safety.



**FIG. 10**  
Summary of the links between PIBF's activities and key peacebuilding processes

# CASE 5

## – ERICSSON IN SUDAN

### Background of the conflict

Sudan has experienced several internal conflicts since its independence in 1956. Elites originating from the Nile Valley area in the north has dominated the country, and established the capital Khartoum as the national power base, marginalizing other regions and their inhabitants. Along with the disproportionate distribution of power, Sudan is characterized by long-standing tensions and disputes between the northern Arab (Muslim) population and the southern African (Christian/Animist). These imbalances have repeatedly plunged the country into war during the 20th century. The first war broke out in 1963 when a rebel group based in the south fought for the independence of the south. In the early 1970s, the government of Sudan was overthrown by the military, leading to internal conflicts within the military and the political leadership. Pressed by internal struggles following the coup d'état, the new Sudanese leadership sought peace with the southern rebels. The conflict<sup>66</sup> was settled in 1972, with Sudan territorially intact (Brosché 2009: 17–19).

However, in the south discontent was brewing ever since the failed rebellion.<sup>67</sup> In 1983, developments in the south reached the boiling point and a second civil war broke out when the Sudan People's Liberation Movement/Army (SPLM/A) started a second rebellion. This time however, the southerners viewed the war as a national struggle, rejecting the secessionist demands of the previous war, which included all Sudanese irrespective of religion or origin. By 1984, Sudan was in full-scale civil war<sup>68</sup> and experienced considerable economic problems as industries were suspended, infrastructure and farms destroyed and the number of refugees increased. In 1989, there was a shift in power in Sudan when colonel Omar al-Bashir led a group of military officers to overthrow the coalition government in Khartoum. The civil war in the south continued more or less uninterrupted until 2005 when the parties signed a Comprehensive Peace Agreement (CPA). However,

while the government and the southern rebel movement were engaged in negotiations to stop the war in the south, another conflict started in Darfur,<sup>69</sup> the westernmost part of Sudan (Uppsala Conflict Data Program #5 2011).

Although the peace agreement from 2005 settled the conflict in the south, violence continued in Darfur and new rebel groups have emerged in the south. While Southern Sudan's independence in July 2011 reduced some of the instability in the south, the creation of a new state holds the potential for a war between north and south, as demonstrated by the recent skirmishes between northern and southern troops over the oil-rich Abyei region (Uppsala Conflict Data Program #5 2011).

### Causes of conflict

The conflict between the Sudanese regime and the southern rebels can be traced back to long-standing power imbalances and competition over resources. Elites from the north have monopolized political power and thereby control government resources, causing a disproportionate distribution of power and government resources. This imbalance is manifested in multiple ways, for example in per capita levels of government subsidy, access to health care and literacy rates (northern states enjoy higher levels

<sup>66</sup> During the 1970s, various groups (a communist group in 1971 and an Islamic group in 1976) were involved in violent confrontations over governmental power, but these conflicts were minor in nature.

<sup>67</sup> Tensions were amplified by economic recession, government ineffectiveness, corruption and general abuse of power. When the government announced the division of Southern Sudan and implementation of Sharia law, many perceived it as a move to weaken the south and once more concentrate power to Khartoum.

<sup>68</sup> Initially, the SPLM/A received support from the Ugandan government whilst the Sudanese government supported Ugandan rebels, but as relations improved between the two countries in the early 2000s, SPLM/A lost the support from Uganda.

<sup>69</sup> In Darfur, the Sudan Liberation Movement/Army (SLM/A) issued a political declaration stating that they intended to change the political system in Sudan by violent means. Shortly after SLM/A appeared, another opposition group, JEM (Justice and Equality Movement), launched an assault on government forces. To make matters worse, a government aligned militia, called Janjaweed, also joined the conflict. Besides fighting the rebel forces, the militia troops have repeatedly attacked the civilian population in Darfur, committing gross violations of human rights.

in all the aforementioned). Another key aspect is the environment and competition over resources, notably water, pasture and oil (Cobham 2005).

### **Key peacebuilding processes**

The peace process in Sudan has seen many setbacks and many challenges remain before sustainable peace can be achieved. By examining the literature on the development of the peace process in Sudan and relating it to the framework developed in this study, a number of key peacebuilding processes may be identified. Note that this is not an exhaustive list of processes, but arguably among the most important peacebuilding processes with regards to the current situation in Sudan.

### **Implementation of peace agreements**

On January 9, 2005 the Comprehensive Peace Agreement was signed by SPLM/A, the government of Sudan,<sup>70</sup> and a number of countries and organizations<sup>71</sup> which had been involved in negotiating the treaty.<sup>72</sup> While several sections of the treaty have (more or less) been implemented and respected by all signatories, for example the referendum for the south and its subsequent independence, the implementation of other crucial parts of the treaty has been less successful. Specifically, this concerns control of the resource-rich Abyei area and the demarcation of the border between north and south. The process of implementation has so far been slow and characterized by suspicion, partly due to that important persons at the negotiations are now marginalized or have been replaced. Both parties have repeatedly failed to meet deadlines on troop withdrawals, census and preparations for the referendum (it was initially planned to take place in July 2007). Aside from poor implementation of the treaty, progress has been threatened by repeated skirmishes between north and south, the first occurring only a year after the signing of the treaty. The emergence of a new rebel group in Southern Sudan also threatens the implementation of the peace treaty. Clashes between the troops of Southern Sudan and the southern rebels risk undermine the peace treaty between north and south. Thus, continued progress towards sustainable peace requires both parties to adhere

to the provisions of the peace treaty and improve their implementation of its provisions (Brosché 2009: 27–31).

### **Political reform**

One problematic feature of the CPA is that it left little room for other political parties in Southern Sudan than the SPLM/A and National Congress Party (NCP). While other parties are not forbidden, the initial lack of political options in Southern Sudan constitutes a risk as discontent groups may resort to violence in lack of political alternatives. In fact, the development of a nascent rebel movement in Southern Sudan can partly be attributed to this democratic deficit. A transition period of six years is embedded in the CPA after which multi-party democracy is to be launched. However, this power-sharing transition period may cause problems for the democratization that is to follow after the transition. That is, both the SPLM/A and the NCP have the opportunity to relatively undisturbed build economic strength and rally supporters during the transition. Should the two parties be unwilling to share power when multi-party democracy is supposed to be launched, they may use their political domination and/or economic strength to curtail or otherwise sabotage the process (Brosché 2009: 34–35; Jarstad 2008:106–108).

Another critical reform issue is the transformation of SPLM/A from a rebel movement to a political actor. This is crucial in order for the CPA to succeed and for South-

<sup>70</sup> The government of Sudan is comprised by the National Congress Party (NCP) which is controlled by Omar al Bashir.

<sup>71</sup> These included Kenya, Uganda, Egypt, Italy, the Netherlands, Norway, the United Kingdom, the United States and the organizations Arab League, United Nations, African Union, European Union and the Inter-Governmental Authority on Drought and Development (IGAD).

<sup>72</sup> The CPA is composed by six previous partial agreements, assembled into one accord. In short, these agreements concern a transition phase during which SPLM/A and the National Congress Party will share political power for six years and then transition to multi-party democracy. Also, the CPA concerns procedures for future negotiations, agreement on a referendum on the status of Southern Sudan, cease-fire and troop withdrawal from northern and southern Sudan, the status of the armed forces of the government of Sudan and SPLM/A, protocols for wealth-sharing and power-sharing and agreements on how contested border areas should be administered (Brosché 2009: 22–23).

ern Sudan to move forward with peacebuilding. Presently, there is a lack of money, structures and qualified individuals to facilitate this process. The lack of money is particularly important as it is needed to pay salaries for civilian and military staff in the SPLM/A. Without money to pay soldiers and create new jobs for ex-soldiers, disarmament and demobilization cannot proceed, with the possible result that the unpaid soldiers become internal security threats (Söderberg Kovacs 2008: 153–156)

### **Redistribution of resources**

A key aspect of the conflict in Sudan is access to resources, in particular water, pasture and oil. The CPA included provisions on wealth-sharing from oil revenues to eliminate any economic incentives to fight. The redistribution of resources has not worked perfectly, but so far it has prevented a relapse to conflict. However, there have been clashes which directly relates to control of oil resources. Maintaining strict wealth-sharing protocols is not only important to avoid new confrontations, it also directly concerns statebuilding in Southern Sudan since oil revenues can be used to pay for political and economic reforms, which in turn may advance peacebuilding (Brosché 2009: 24–25).

### **Transformation of security and/or safety**

Despite stipulations in the CPA that both sides are required to remove/demobilize troops and respect agreed upon arrangements, there have been repeated outbreaks of violence since the signing of the treaty. On several occasions, SPLM/A forces have clashed with forces from the government of Sudan, most recently in the Abyei area. In addition, the nascent rebel movement in Southern Sudan is a precarious development that must be addressed in order to avoid a new civil war in the country, which may jeopardize the agreements with the government of Sudan. The ongoing conflict in Darfur comprises another pressing security issue. The rebels<sup>73</sup> active in Darfur are primarily a threat to the government Sudan, but there is a regional aspect of the conflict since neighboring countries Eritrea, Chad and Libya have provided the rebels with financial, political and material (including arms, ammunition and military training) support. Sudan on the other hand, supports rebels in Chad and the Janjaweed militia

has made incursions into Chad, killing civilians. Thus, apart from being an ongoing humanitarian emergency, the regional dynamics of the Darfur conflict hold the potential of a regional war (Uppsala Conflict Data Program #5 2011).

### **Ericsson**

Ericsson is a Swedish company, founded in 1876, which provides telecommunications equipment and associated services to mobile and fixed network operators. The company's operations are divided into four areas: networks, services, multimedia and mobile phones.<sup>74</sup> Over 1,000 networks in more than 180 countries utilize equipment from Ericsson, and the company serves around two billion subscriptions and 700 million subscribers. In 2010, Ericsson had 90,261 employees, operations in 175 countries, reported global revenues of \$28,226 million and was ranked 339 on the Fortune 500 ranking. While specific numbers on Ericsson's activities in Sudan are not available at this time, the total economic benefit to the Sudanese economy of mobile telephones/networks is estimated at \$2,415 million (4% of total GDP) and around 40,000 jobs (Ericsson #1 2011; Deloitte 2010: 17).

### **Ericsson's activities in Sudan**

Ericsson's chief business partner in Sudan is Zaine, previously known as Mobitel and a wholly owned subsidiary of the Mobile Telecommunications Company Group. The economic and social significance of Ericsson's operation in Sudan is considerable, according to a Deloitte report which evaluates the impact of mobile communications in Sudan.<sup>75</sup> Apart from contributing to the growth and devel-

<sup>73</sup> There are primarily two rebel groups active in Darfur: the Justice and Equality Movement (JEM) and Sudan Liberation Army/Movement (SLM/A). They fight the government of Sudan (but on occasion each other as well) and the government-aligned Arab militia Janjaweed.

<sup>74</sup> Examples of Ericsson's products and services include radio access network, (radio base stations for GSM, WCDMA, HSPA, LTE) core network solutions, microwave radio and optical fiber solutions, consulting and education, systems integration, customer services, software for TV and media solutions, mobile phones and other mobile communication devices.

<sup>75</sup> While there may be negative or neutral aspects of some of Ericsson's activities, the purpose of this study is to examine the positive dimensions and therefore other aspects will not be addressed.



## Private sector activities

- **Business-government interactions**

*Compliance policy*

- **Business-society interactions**

*Business to business dialogue*

*Disaster relief*

*Mobile service for refugees*

- **Investment**

*Installation and maintenance of mobile service platforms*

- **Procurement**

- **Recruitment**

- **Sales**

**FIG. 11**  
Summary of  
Ericsson's  
activities in  
Sudan

opment of the Sudanese economy, the economic effects<sup>76</sup> of the mobile communication sector facilitate the micro-economic activities of small businesses. For example, the mobile phone is an income generator for many small businesses as it is used to reach new customers, establish networks of clients/other businesses, handle logistics etc. Tea traders have established a system where they can be reached through a “missed call system” that costs nothing for the tea traders or customers (Deloitte 2010: 22, 39–40).

In order to validate its efforts to promote “good governance in sensitive countries” and to make sure the company is not complicit in human rights abuses in Sudan, Ericsson contracted an independent human rights lawyer to perform a human rights review in 2007. The review did not find any evidence of Ericsson contributing to human rights abuses in the country (Ericsson #3 2007: 27).

Other activities conducted by Ericsson in Sudan include actively engaging with the investment community with related work/interests in the Sudan area. The company also supports the local United Nations Global Compact network in Khartoum and works together with the UN High Commissioner for Refugees and its customer MTN to service refugee settlements in northern Uganda, along the border to Sudan, with telecommunications connectivity (Ericsson #3 2007: 23).

Ericsson activities in Sudan also include immediate disaster relief through its Ericsson Response. In 2006, the UN Office for the Coordination of Humanitarian Affairs requested that Ericsson set up a GSM-network in Southern Sudan to reinforce the ongoing relief effort. The GSM-system enabled relief organizations to securely communicate, coordinate missions and communicate with local organizations (Ericsson #2 2006: 27).

<sup>76</sup> The total economic benefit in 2008 was estimated to \$2415 million (4% of total GDP) and around 40 000 jobs. Some of these jobs are high-skilled technical jobs which have helped reinvigorate the national work force by attracting skilled workers back to Sudan. The mobile telecommunications sector also contributes to demand-side GDP growth rates of 0.12% for each 1% increase in market penetration. Since market penetration is at 28%, there is much potential for growth and for additional beneficial effects on the Sudanese economy (Deloitte 2010: 4).



The company has a global health policy which provides its employees with information and guidance in health issues, in particular HIV/AIDS which is a considerable health problem in Sub-Saharan countries. In Sudan, the reported prevalence of HIV/AIDS is 1% of the population (ages 15–49), which amounts to 422,724 people. However, information and guidance in health issues have not been adapted and properly communicated to local levels, which implies that workers in Sudan cannot fully benefit from Ericsson's corporate level program (World Bank #1 2011, Anonymous source 2011).

With regards to Ericsson's business practices in Sudan, the company requires all customers and suppliers to sign an end user statement that specifies that Ericsson equipment must be used for peaceful, non-military uses and that this is strictly maintained by the Swedish government. Even though this is an example of Ericsson attempting to positively influence other actors within its spheres of influence, it is unclear how the company follows up on alleged breaches of the end user agreement and if there is any kind of enforcement on behalf of Ericsson (Anonymous source 2011).

### **Links between company activities and key peacebuilding processes**

The four peacebuilding processes identified as key in the Sudan case are: implementation of peace agreements, political reform, redistribution of resources and the transformation of security and/or safety. Even though other peacebuilding processes are active in this case, research on the conflict in Sudan suggests that the four previously mentioned processes are most important given the current state of the conflict. Hence, the following analysis concentrates on establishing whether Ericsson's activities are linked to implementation of peace agreements, political reform, redistribution of resources and the transformation of security and/or safety. Also, the analysis assesses the positive aspects of any such links.

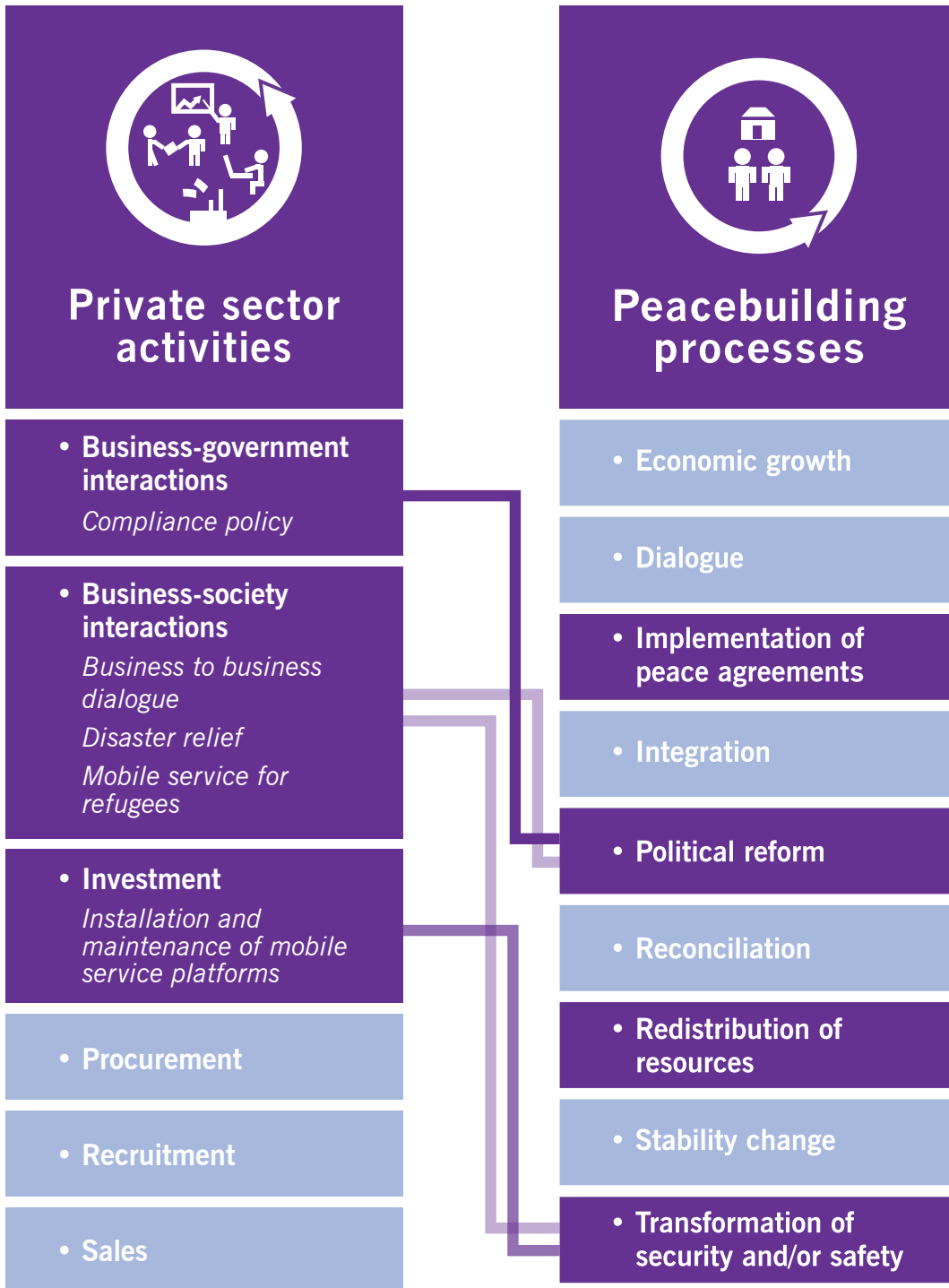
There is a link between the mobile services provided by Ericsson and the personal safety of people living in Sudan. In the context of the past and present civil wars in Sudan and the associated risk of violence and abuse (particularly for women), mobile phones have become a tool for personal safety. People living in more remote areas of the

country use mobile phones to warn each other of attacks and raiders, and can keep in touch if displaced. In urban areas where law enforcement is weak or corrupt, mobile phones are used to avoid crime by for example early warning. Furthermore, mobile communication is the primary means of communications for the 0.5 million Sudanese workers who work outside the country. The Sudanese diaspora uses phones to stay in contact with family, transfer mobile phone credit or other economic resources to families in regions of recent or ongoing conflict. These contacts, in particular transfer of economic resources, may alleviate the effects of violent conflict for individuals by for example allowing them to buy food, communicate with displaced family members and so on (Deloitte 2010: 25–26).

Ericsson's business-government activities and some of its business-society activities can be linked to political reform. The company applies a stringent compliance policy, is an active member of the local chapter of the UN Global compact and is engaged with investors operating in the area. While these activities in themselves may not instigate democratic reform or similar fundamental political changes, they do not contribute to political corruption. Rather, by following and enforcing a strict compliance policy and taking an adamant position on human rights, the activities promote a transparent and accountable political system.

The disaster relief, one of Ericsson's business-society activities, can be linked to transformation of security and/or safety. The company provides relief organizations with a telecommunications infrastructure, helping them coordinate and execute missions to help refugees in Sudan. Ericsson also provides refugee camps with mobile services, making it easier for refugees to find displaced family members, keep in contact and warn others of battles, raids or other security threats. These activities are both linked to transformation of security and/or safety since they help improve the safety of individuals.

In short, Ericsson's business-government activities can be linked to political reform while its business-society activities have links to both political reform and transformation of security and/or safety. The company's investment activities are linked to transformation of security and/or safety.



**FIG. 12**  
Summary of links between Ericsson's activities and key peacebuilding processes

# CONCLUSION

The main function of the analytical framework developed in this project is to offer criteria and instruments of interpretation that can be used to determine when and how private sector activities come to be linked to peacebuilding and the peacebuilding process. The framework as such does not instantly reveal the role and significance that specific private sector actors have had in a peace process in a particular country. What the framework does do, however, is to offer an approach, or model, for how such questions can be addressed.

One of the report's chief conclusions is that this framework does successfully help identify many of the roles that private sector actors play in a given peace process; that is, it shows how such actors can be significant players in the process of peace. Another accomplishment of the project is its identification and elaboration of the various peacebuilding processes that drive transformations in societies, economies and state structures. These processes include dialogue; economic growth; the implementation of peace agreements; integration; political reform; reconciliation; the redistribution of resources; stability change and the transformation of security and/or safety.

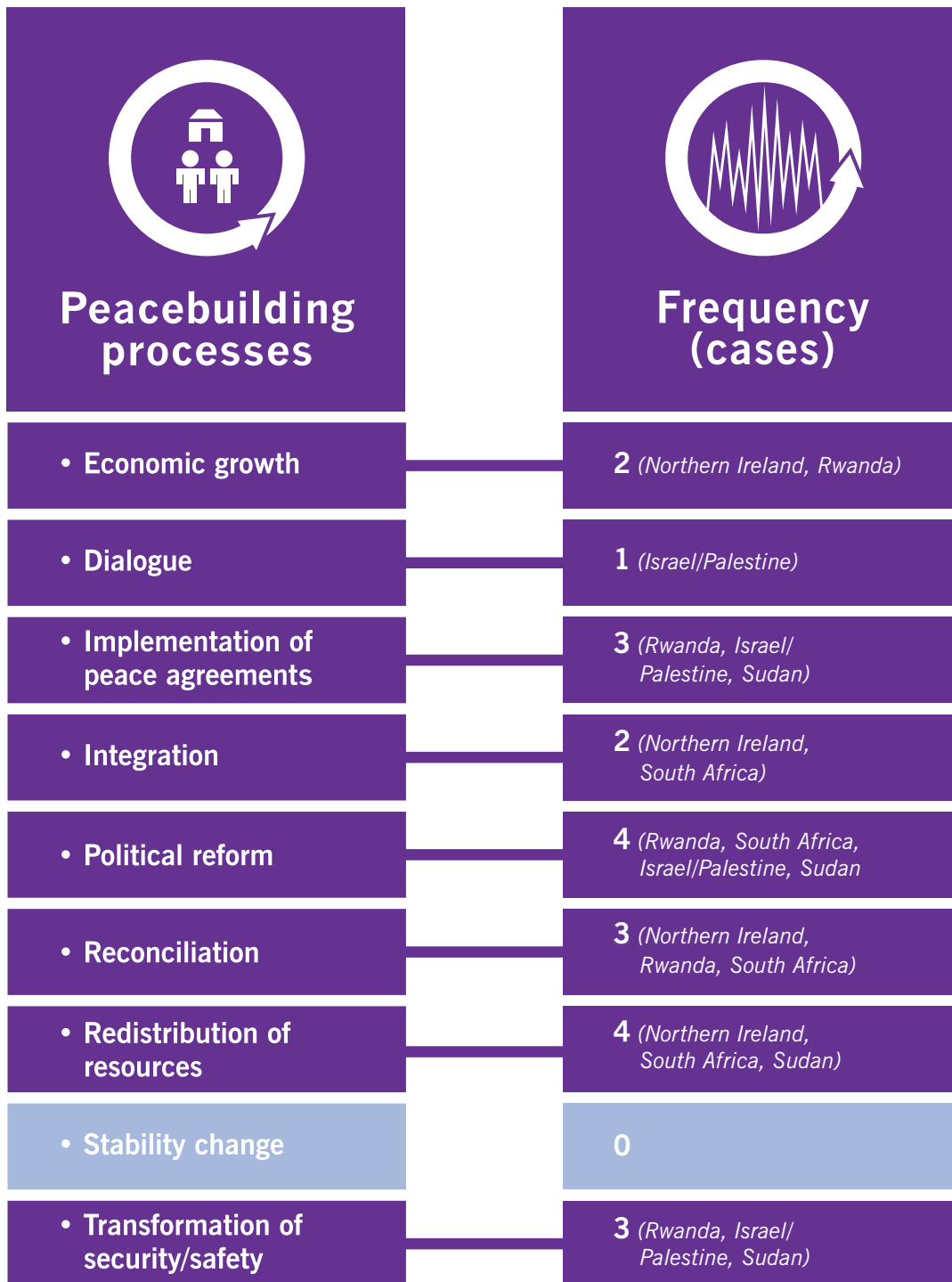
The applicability of this analytical framework was tested in the form of five cases that included different private sector actors operating in disparate conflict-affected countries. This exercise produced clear evidence of the general relevance and usability of the framework. The five case studies also generated evidence about the centrality of peacebuilding processes as well as how private sector activities may be linked to such processes. Figure 13 shows the frequency with which each of the nine categories of peacebuilding occurs in the five cases studied (Israel/Palestine; Northern Ireland; Rwanda; South Africa and Sudan).

It is interesting to note that no type of peacebuilding process was identified as a key process in all five of the cases. Only one process category is significant in four

of the cases: political reform (Israel/Palestine, Rwanda, South Africa and Sudan). The implementation of peace agreements, reconciliation, redistribution of resources and the transformation of safety and/or security are significant in three of the cases. Dialogue, economic growth and stability change are significant in fewer than three of the cases. It is also noteworthy that stability change is not a key peacebuilding process in any of the five cases.

In light of the data derived from the case studies examined in this report, it is possible to pinpoint typical links for a certain category of activities. For example, business-government activities are most frequently linked to political reform and economic growth. Breaking down the links in this way provides an indication of the type of private sector activities that are likely to be linked with a certain peacebuilding process, and, subsequently, the strength of the relationship between a given set of activities and a specific peacebuilding process. For instance, findings in Figure 14 indicate that investment activities have fewer links to reconciliation than recruitment activities (this is true, at least, in the cases examined in this study). Since the data in this study is limited to five cases, more general conclusions on the significance of these kinds of relationships are speculative at best. Nevertheless, analyzing these kinds of relationships in this way may provide a useful indication of which activity has the most powerful link to which peacebuilding process. With such knowledge, it should be possible for private sector actors to better tailor their operations to the conflict context in which they are operating. For example, in a conflict-affected state in which reconciliation is revealed to be a key peacebuilding process, private sector actors may wish to pay extra attention to their recruitment activities with the knowledge that there are strong links between company recruitment activities and reconciliation. Such knowledge can help these actors to develop a more conflict-sensitive approach.

This kind of information may also be useful when it comes to isolating those areas, or peacebuilding processes, in which the activities of private sector actors are likely to prove most useful. Judging from the results of Figure 14, for example,



**FIG. 13**  
The prevalence  
of peacebuilding  
processes

it seems that most categories of private sector activities tend to be linked with economic growth. This raises questions both for private sector actors and for future research into an underexplored area: what, for example, is most cost-effective when it comes to contributing to a peace process? Put another way, should a company continue to do business as usual in a conflict-affected country, focusing solely on contributing to economic growth, or should such a company engage instead in more costly business-government activities that contribute more to peacebuilding (and thus to better conditions for business in the longer term)?

### **Lessons for future research**

This project is exploratory in nature. In some respects, the role and performance of private sector actors in conflict-affected countries remains an understudied area of research. In particular, we lack studies that examine how private sector activities, for example the recruitment of personnel or the sale of goods and services, may be linked to a peace process. Although the existing literature includes a general discussion of this subject, more specific knowledge about the relationship between private sector activities and peacebuilding is warranted. Analyses of how private sector actors fare in a conflict or in a peace process has principally focused on special measures undertaken by these actors, for example in terms of corporate social responsibility.

Because the links between the activities of private sector actors and a peace process remain relatively understudied, the principal objective of this project has been to develop and test a framework capable of addressing this gap. The research strategy of this project has been to develop such a framework based on knowledge derived from existing literature, but also to draw on information gathered in the five case studies analyzed in this study. The case studies have thus had three essential functions. First, they have served as an aid in creating a pool of detailed knowledge about what private sector actors do in various conflict contexts. Second, they have served as a source of information and as an example of the peace process and peace progress in specific contexts. Third, these studies have been used to test the applicability of the analytical framework that they helped to create.

This assessment has generated favorable results in the sense that the usability of the framework has been demonstrated. In its present form, the framework should be useful for practical application by individual private sector actors. Since the roles of private sector actors in peace processes remain under-researched, actors wishing to make a systematic assessment of a peacebuilding process and their particular relationship to it are most likely to find the conceptual part of the framework useful.

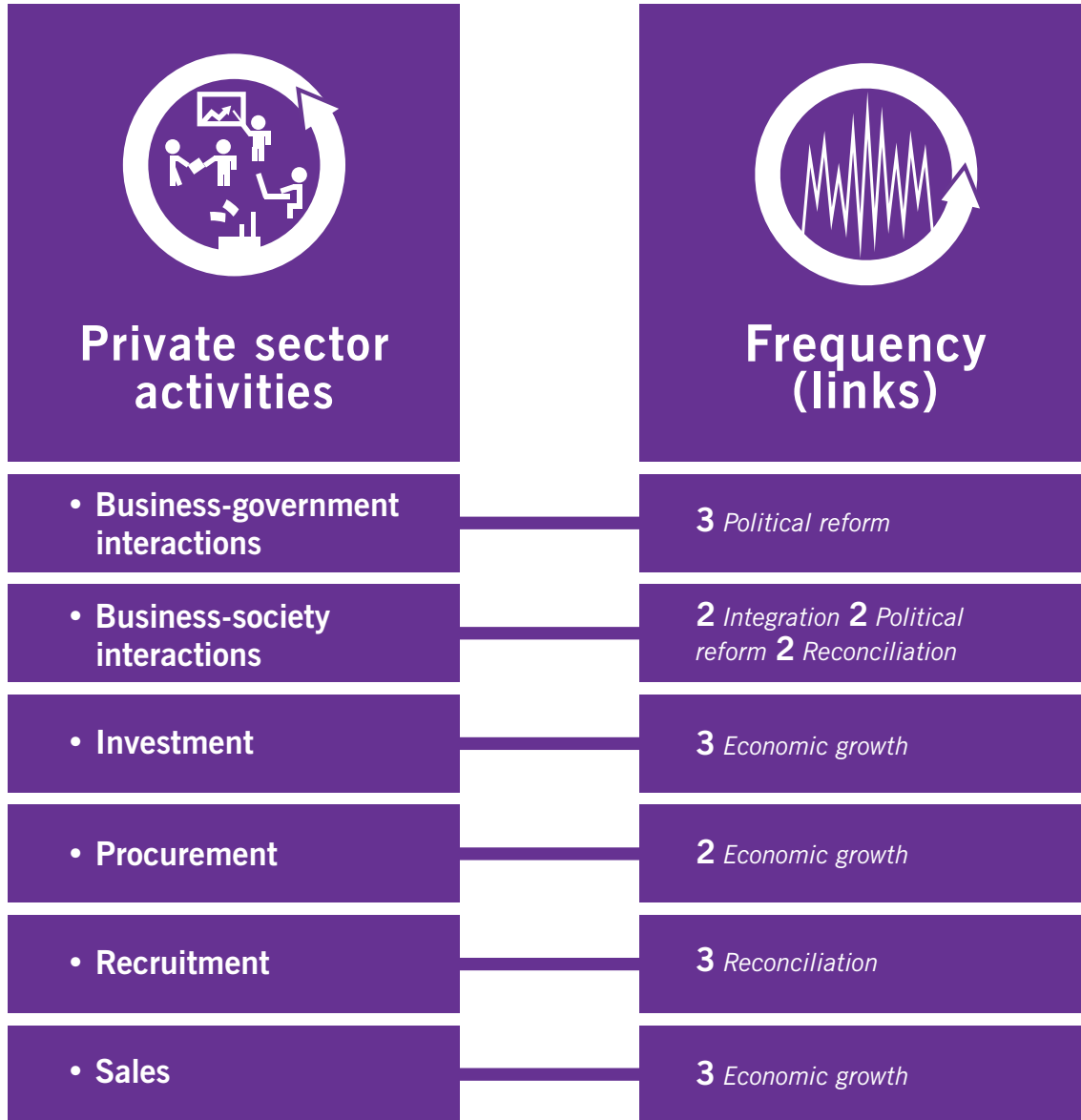
Thanks to its explorative dimension, the framework also indicates ways in which it can be made more grounded and detailed. The case studies have engendered important observations concerning how private sector activities are linked to peacebuilding processes. For example, the findings in Table 6 indicate that political reform and the redistribution of resources are identified as key peacebuilding processes in four out of five cases. In contrast, integration is significant in only two cases (Northern Ireland and South Africa). While thought-provoking, these observations are largely hypothetical at this point and require further testing in the form of additional case studies featuring more private sector actors and more conflict-affected countries before more can be said about them.

Further research is also warranted in the following areas:

- Factors that consistently condition the linkages between private sector activities and peacebuilding processes
- How peacebuilding is conditioned by earlier stages of a peace process
- How different peacebuilding processes interact and affect each other
- Additional cases studies are needed that specify how specific types of private sector activities tend to be linked with specific peacebuilding processes

Since the main purpose of this study was to develop a framework for analyzing how private sector activities are linked to peacebuilding processes, an empirical assessment of the impact of peacebuilding on an ongoing conflict lies beyond the purview of the project. Nonetheless, there are ways for future research to address this problem.

**FIG. 14** Most common links between activity categories and peacebuilding processes



One avenue of approach for future research could entail an assessment of the character of the link between private sector activities and peacebuilding processes. Private sectors activities may contribute to a peacebuilding process in various ways. A basic condition for this kind of positive influence on a development towards sustainable peace is a manifest association with one or more processes of peacebuilding. There are three major forms of such involvement: individual association, group association and coordinated group association

In some cases, a lone private sector actor may be associated with a peacebuilding process in ways that are clearly favorable to the creation of a positive impact on this process. An example of this might be a large construction company tasked with rebuilding the infrastructure of a small country ravaged by civil war. In this example, construction activities are associated with at least two types of peacebuilding processes. First, the repair, improvement and extension of roads and power lines enable and stimulate greater economic growth, which, in turn, facilitates other peacebuilding processes such as political reform. Second, improved infrastructure affects integration positively, since it ties different parts of the country together, thus facilitating greater communication and exchange of goods and services.

Typically, only large companies operating in small or weak countries will have discernable individual links with peacebuilding processes. This does not mean that small private sector actors are unimportant in such contexts. A small private sector actor is important in peacebuilding because such an actor is a constituent of a group of actors that, together, may have a significant influence on the peacebuilding process. One example of this might be a multitude of small private sector actors working on expanding a national market, thus contributing to increased economic growth in a conflict-affected state.

Group association means that private sector actors act independently but may need to consider a similar or even the same set of external constraints, for example conditions in particular market in which they all operate. However, private sector actors in a group may be influenced or encouraged

to coordinate their efforts for the explicit purpose of supporting or facilitating peacebuilding. Such influence may come from a national government, from an international organization (e.g. the UN or the EU) or from a private sector business association. An example of such encouragement is the economic incentives that are sometimes offered to companies to encourage them to invest and operate in a post-conflict area characterized by high unemployment.

A second avenue for further research concerns the impact of peacebuilding on conflict. Measuring the effects of peacebuilding on a conflict is notoriously difficult. The mere fact that most peacebuilding processes require a long period of time before they generate discernible impacts presents a formidable challenge for research in this area. However, conducting impact assessments of peacebuilding on conflicts is possible. For example, a relapse into violence within a country in which peacebuilding processes are underway suggests that changes in state structures, the economy, and society have had little if any positive impact. If there is no relapse into violence, the significance and impact of peacebuilding processes are harder to assess, unfortunately. Nevertheless, we would suggest that there are two approaches to estimating the impact of peacebuilding that call for further investigation.

The first approach is derived from an analysis of the causes of the conflict that a peacebuilding process attempts to remedy. Causes of conflict can be separated into three categories (Rupesinghe 1998): structural or root causes,<sup>77</sup> proximate causes<sup>78</sup> and triggers.<sup>79</sup> An analysis is then

<sup>77</sup> Structural or root causes are factors that are built into the policies, structures or fabric of society that may create conditions for violent conflict. Such factors are, for example, illegitimate government, a lack of equal economic and social opportunities and lack of political participation.

<sup>78</sup> Proximate causes are factors that are symptomatic of the root causes of conflicts or may lead to further escalation. Light-weapons proliferation, human rights abuses, the objectives of political actors and the role of diasporas are examples of proximate causes.

<sup>79</sup> Triggers are single acts, events or the anticipation thereof that trigger violent conflict or its escalation. Some examples are elections, the behavior of political actors, the sudden collapse of a country's currency, increased food scarcity and the assassination of leaders.

undertaken of which peacebuilding processes are in operation and significant in the case(s) studied. On the basis of the information available about these developments, assessments can then be made regarding how and to what degree these developments are related to any of the causes of conflict or any other circumstances that make it difficult to address these conflicts. Finally, a probabilistic estimate can be made of the impact that peacebuilding will have on the case of conflict under study.

The second and supplementary approach takes a social/cultural direction as its starting point. The rationale is that peacebuilding contributes to lessening the probability that military forces or other violent measures will be employed to resolve a conflict. Eventually, this probability rate becomes next to zero. When such a point is reached, the role of peacebuilding is to maintain the probability of armed conflict resolution at this low level. The larger perspective brought to bear here is that the impact of peacebuilding processes can be seen as the favorable transformation of a culture of violence into a culture of non (or lesser) violence in the country or region concerned. The assessment method here would primarily be public opinion polls. Such surveys look for developments that can be expected to reflect the impact of peacebuilding processes in the form of changed perceptions of other groups (ethnic, religious, etc.); trust-building between different groups as well as between the population and public institutions; growing vested interests of various population groups in transformations that represent peacebuilding and changed expectations regarding the future development of the country in question (Paris 2004: 55–58; Schirch 2008: 5.)

### **Lessons for practice**

The five case studies explored in this study indicate that the analytical framework created to analyze and assess whether, and, if so how private sector activities are linked to peacebuilding processes is, indeed, useful. This framework can facilitate decisions about how to address a conflict as well as a peace process. It may serve, moreover, as a road map for private sector actors looking to obtain a fuller grasp

of what peacebuilding is and how their own activities are linked in theory and in practice to peacebuilding processes.

However, utilizing the framework for practical purposes will consist of a two-task process that may have to be carried out by two different people or teams. The reason for this is that each task will require a distinct kind of expertise as well as input knowledge/information. The first task will be to map out key peacebuilding processes unfolding in the conflict-affected country in question. Analysis in the first task should be directed at the systemic level (society, the economy or the state). The second task will require a focus on the unit – company level, calling for an analysis that uncovers and assesses the links between different types of private sector activities and the peacebuilding processes identified.

For private sector actors active in, or considering becoming active in, conflict-affected countries or markets, it is hoped that the framework developed in this study will be of use to them to conceptualize what peacebuilding looks like for private sector actors in conflict-affected environments as well as how the activities of those in the private sector are, or may be linked, to peacebuilding processes.



# ABOUT THE AUTHORS

**Dr. Jan Joel Andersson** is Dragas Distinguished Visiting Professor of International Studies at Old Dominion University in Norfolk, Virginia as well as Head of Development and Senior Research Fellow at the Swedish Institute of International Affairs (UI), where he is directing UI's program on Defense, Security and Development Policy. A graduate of the United World College of the Adriatic in Italy and Uppsala University in Sweden, he received his M.A. and Ph.D. in political science from the University of California at Berkeley. Dr. Andersson has taught and conducted research at Berkeley, Stockholm and Uppsala as well as at universities and institutes in Costa Rica, Kazakhstan, and Malawi. He has been Senior Analyst and consultant at the risk management firm 4C Strategies AB; Visiting Research Fellow at the Institute for Security Studies in Paris (EU-ISS) and worked on the staff of a U.S. Senator on Capitol Hill in Washington, DC.



*Dr. Jan Joel Andersson*

**Tobias Evers** is an analyst at the Swedish Institute of International Affairs (UI) with expertise on the role of the private sector in peace processes and conflict zones, international crisis management, and global non-military power configurations. After studying psychology and history at Stockholm University and the University of Adelaide in Australia, Tobias completed a M.Sc. in International Studies from Uppsala University with a focus on Peace and Conflict Research.



*Tobias Evers*

**Dr. Gunnar Sjöstedt** is Senior Research Associate at the Swedish Institute of International Affairs (UI) and Associate Professor of political economy at Stockholm University. He is a graduate of the Stockholm School of Economics and a former Director of Research at UI. Dr Sjöstedt's research focuses on regional cooperation, economic integration and international negotiations in the fields of trade, the environment and security. He has also conducted research on economic security and economic statecraft, non-military power relations and strategic analysis and intelligence failures. He is a member of the International Advisory Board of Negotiation Journal and has since 1988 participated in the Program on the Processes of International Negotiation at the International Institute of Applied Systems Analysis (IIASA) in Austria.



*Dr. Gunnar Sjöstedt*

# APPENDIX A

## Interviews

Interview (by telephone) with **Rwandan Senior Diplomatic Staff** (anonymous on request by interviewee), Rwandan Embassy. Stockholm: 11 April, 2011.

Interview with **Anders Nordström**, Group Advisor, Sustainability Affairs, ABB Asea Brown Boveri Ltd, +46 21 32 32 55. Stockholm: 3 & 20 May, 2011.

Interview with **Mats Holmberg**, Vice President, International Liaison Officer, ABB AB, +46 21 32 14 57. Stockholm: 3 & 20 May, 2011.

Interview with **Margit Vaarala**, Secretary-General, Palestine International Business Forum, +46 8 783 82 99. Stockholm: 14 June, 2011.

Interview (by telephone) with **Elaine Weidman**, VP Sustainability & CR, LM Ericsson AB +46 10 719 87 40. Stockholm: 23 June, 2011.

Interview (by telephone) with **Paul de Voijs**, Head of Volvo Cars in India and **Håkan Svensson**, Business Controller, Volvo Cars. Göteborg: 21 June, 2011.

Interview (by telephone) with **Anders Norinder**, Head of Volvo Cars in Latin America and **Håkan Svensson**, Business Controller, Volvo Cars. Göteborg: 23 June, 2011.

# APPENDIX B

## Reference group members

**Dr. Achim Wennmann** is Coordinator of the Geneva Peacebuilding Platform, and Researcher at the Centre on Conflict, Development and Peacebuilding (CCDP) of the Graduate Institute of International and Development Studies in Geneva, Switzerland. His current research relates to conflict analysis, war-to-peace transitions, peacebuilding, and state fragility. He has specific expertise on the economic dimensions of these topics and has published widely on conflict economies, the financing of armed groups, economic issues and instruments in peace mediation, transnational crime networks, post-conflict economic recovery, and hybrid political orders. Dr. Wennmann is author of *The Political Economy of Peacemaking* (London: Routledge, 2011), and co-editor (with Mats Berdal) of *Ending Wars, Consolidating Peace: Economic Perspectives* (London IISS and Routledge, 2010). Dr. Wennmann has also been consultant for the OECD International Network on Conflict and Fragility's work stream on international assistance to peace processes.

**Ms. Adrienne Gardaz** is Program Officer at the UN Global Compact since February 2010 and works closely with the private sector, NGOs, governments and the UN to explore ways and means by which the private sector can contribute to peace and development. In 2009, she also worked at the OHCHR to support the Working Group on the use of mercenaries. Prior to joining the UN, Ms. Gardaz was a protection delegate at the International Committee of the Red Cross and completed missions in the field in Rwanda and Sri Lanka. From 2004 to 2006, Ms. Gardaz worked as a Junior Policy Officer in the Swiss Federal Department of Foreign Affairs where she researched on the role of the private sector in conflicts and developed policies on the interactions between economic issues and human security. She holds a master's degree in International Relations and a master's degree in International Law from the Graduate Institute of International Studies in Geneva, Switzerland.

**Ms. Alice Bah Kuhnke** is since 2009 Director for Sustainability at ÅF AB, a leading company in technical offering highly qualified services and solutions for industrial processes, infrastructure projects and the development of products and IT systems. Prior to joining ÅF, she directed Sektor 3, a think tank aiming to highlight, examine and raise debate on the conditions for and the importance of civil society organizations. Ms. Bah Kuhnke has previously been General Secretary for Fairtrade Sweden and was Director for Skandia Ideas for life.

**Dr. Angela Rivas Gamboa** holds a PhD in Social and Cultural Anthropology. She heads the Business and Peace-Building division at Fundación Ideas para la Paz (FIP), a Bogotá-based think tank devoted to overcoming armed conflict and building sustain-able peace in Colombia. Her work builds on an understanding of corporate social responsibility (CSR) as attentive to human rights, conflict prevention/amelioration and peace-building. Her work at FIP focuses on providing useful knowledge and developing tools to enhance and encourage the adoption of CSR among companies that operate in Colombia; promoting the adoption by the business community of standards and codes of conduct on human rights and security; and promoting the adoption of methodologies and business practices attentive to human rights, conflict prevention/amelioration and peace-building. She has previously worked for the CSR division of Occidental Petroleum Corporation. Additionally, she has conducted social research on a variety of topics including: justice, policymaking on both crime and violence prevention, and urban security.

**Dr. Desislava Stoitchkova** is a Senior Program Officer at International Alert, a UK-based independent peacebuilding organization working to lay the foundations for lasting peace and security in communities affected by violent conflict. Her primary focus is on facilitating conflict-sensitive practice on the part of private sector actors operating and/or investing in high-risk environments. Prior to joining Alert, Dr. Stoitchkova was a researcher and a lecturer at Utrecht University in the Netherlands where she specialized in issues of business, conflict and human rights.

**Ms. Erica Molin** is as of 1 January 2009 the Chief Executive Officer of the International Council of Swedish Industry (NIR). She joined NIR in 2005 as Program Coordinator of the Swedish Workplace HIV/AIDS Program (SWHAP), supporting HIV and AIDS programs at Swedish related workplaces in Sub-Saharan Africa. In 2007 she was promoted Program Director of SWHAP as well as for the Palestine International Business Forum (PIBF), an initiative of Swedish, Israeli and Palestinian private sector actors working to strengthen the Palestinian private sector as a contribution to the Middle East peace process. Ms. Molin has also been responsible for NIR's involvement in Colombia supporting the country's peace process through social dialogue and interventions incorporating the private sector. In the capacity of Program Director in all these regions, Ms. Molin was responsible for developing new long term initiatives ultimately aimed at facilitating the necessary conditions for trade and economic development. Ms. Molin holds a LLM in International Law from the University of Lund, Sweden, and Universidad Autónoma de Madrid, Spain.

**Mr. Håkan Svensson** holds a position as senior Business Controller within Volvo Car Overseas Corporation. His career primarily covers finance/ business development experience in various companies within the Volvo and Ford groups. During the last 25 years primarily in manager positions related to subsidiaries abroad, establishing, supporting and controlling new and/or smaller entities. Initially the scope was focused on non Auto-motive business primarily within Western Europe. From 1995 the focus has shifted into markets outside of Western Europe and US. His experience includes 5 years foreign assignments in Central Europe, Belgium and Germany. From 2005 he has also travelled extensively in India, during the start up of a local sales company, and spent a significant amount of time in Russia, primarily Moscow. Other markets that have recently been in focus are South America, primarily Brazil, Middle East and parts of Asia Pacific.

**Mr. Johan Genneby** is Director Market Development at the International Council of Swedish Industry (NIR). In his role for NIR, Mr. Genneby is responsible for monitoring NIR interventions and developing long-term program in new complex markets aimed at facilitating necessary conditions for business and trade. Further, Mr. Genneby manages NIRs work on the theme of Business and Peace and is responsible for implementation and donor relations for Palestine International Business Forum (PIBF). Mr. Genneby was previously Head of Mission Office at the European Union Monitoring Mission and Communication Officer for a Swedish government authority. He holds a M.A. in Political Science and Economics from Linköping University with studies in International Relations at the University of Victoria, Canada.

**Prof. Dr. Klaus Dieter Wolf** is Professor at the Institute of Political Science at Darmstadt University of Technology, and holds since 2005 the position as Deputy Director and Research Group Director at Peace Research Institute Frankfurt (PRIF) where he focuses on Private Actors in the Transnational Sphere. He has written and contributed to a range of publications, including co-authoring the book *The Role of Business in Global Governance. Corporations as Norm-entrepreneurs* and co-editing (with Nicole Deitelhoff) *Corporate Security Responsibility? Private Governance Contributions to Peace and Security in Zones of Conflict* (both Palgrave Macmillan 2010). Prof. Dr. Klaus Dieter Wolf holds a Ph.D. in Social Science from Tübingen University.

**Ms. Lisa Osbäck** is Coordinator Market Development at International Council of Swedish Industry (NIR). Ms Osbäck coordinates NIR's operations in new complex markets, aiming at developing new long term programs and projects to support Swedish companies and contribute to better conditions for trade and economic development. Further, Ms. Osbäck coordinates NIR's operations on Peace and Business, and has experience from working with NIR programs such as the Palestine International Business Forum (PIBF). Ms. Osbäck holds a MA in Political Science and Economics from Uppsala University, including studies in Political Science and Economics at Laurentian University and a Minor Field Study in Vietnam.

**Dr. Magdalena Kettis** is Head of Social and Environmental Issues, Ownership Strategies at Norges Bank Investment Management (NBIM). NBIM manages the assets of the Norwegian Government Pension Fund Global. She is responsible for the ownership activities, including dialogues with portfolio companies, within NBIMs strategic focus areas on social and environmental issues; children's rights, water management and climate change. Her background includes more than 10 years experience with business and human rights. Prior to joining NBIM in 2007 Dr. Kettis worked as a CSR and corporate communications consultant. She was also involved in starting up of Amnesty Business Group Sweden and served as a board member for four years. She holds a doctorate in political science and political risk management from the University of Stockholm, Sweden.

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The role of private sector actors in peace processes is a growing field of research. While there is a general consensus that the primary responsibility for peace, security and development must rest with governments, it is clear that private sector actors such as companies and business associations may play important roles when it comes to fostering peace and development in conflict-affected countries. However, there is a lack of knowledge about the dynamics and impact of these roles as well as the tools necessary to analyze them. This study fills an important gap by developing a broad analytical framework capable of identifying and examining the links between private sector activities and key peacebuilding processes. The analytical framework is then used to examine five cases involving different private sector actors active in a conflict-affected country: Bombardier Aerospace in Northern Ireland; Heineken in Rwanda; ABB in South Africa; the Palestine International Business Forum in Israel/Palestine and Ericsson in Sudan. In each case, a number of activities specific to the private sector actor in question are identified. The potential links between the activities of these private sector actors and key peacebuilding processes are analyzed.

For private sector actors active in, or considering becoming active in, conflict-affected countries, the framework set forth in this study will be of use as a road map—one that may help to conceptualize what peacebuilding looks like for private sector actors in conflict-affected countries as well as how private sector activities may be linked to peacebuilding processes.

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