

Peacebuilding and the Private Sector: Business in Conflict Zones

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Speakers

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About 10 years ago, the international community witnessed a growing interest in the role of business in conflict zones. At around that time, the first policy dialogue was held under the UN Global Compact and the Kimberley certification scheme was launched. On November 9th, the CPRF reflected on how the relations between societal actors and business have changed over this period. Moreover, the panelists discussed what actions the companies should take to assure that their practices are conflict-sensitive.

The Role of the Private Sector in Conflict Areas

Corporate engagement in conflict areas is not massively different from the engagement in other areas. First and foremost, the companies need to follow the law and commit to appropriate standards. Nevertheless, many companies also recognize that it is in their own interest to become more sensitive to conflict dynamics in the environment where they do business. Small

issues at the local level can quickly escalate to have a global impact on the company. Hence, companies are more and more aware of the need to understand its role and responsibility in each particular context in order to get their practices right. The companies have to ensure better practices within their own business and make concrete contributions to the communities they are working with. For this reason, companies might share experiences within their sector and engage in internal benchmarking.

In the case of weak state structures, there is a risk that the private sector could take over governmental responsibilities or exploit the lawless environment to its own benefit. For example, in Colombia the government's military campaign against the insurgents has left a vacuum for companies to fill in often insensitive ways. At the global level, increasing scrutiny from the public, the media and from institutional investors has improved the companies' awareness for conflict-sensitive business practices.

Corporate Social Responsibility

In a situation where the state is weak and several different actors operate on the sociopolitical level, the scope of corporate social responsibility can become blurred. A number of steps might contribute to the companies' knowledge about local issues and provide guidance for corporate social responsibility. First, in order to assess which actions might increase or decrease tensions the companies have to examine the root causes of the conflict and the contributors to the conflict at the local level. Second, the companies need to know all the political and societal actors as well as their sensitivities. Only knowing all the different actors will allow them to avoid unconsciously siding with one particular set of actors. Third, it is important to acknowledge that some companies are under constant pressure to manage mission creep. They need to use resources strategically by not only responding to the communities' immediate needs but also to discuss their long-term development requirements. The corporate interventions at the local level need to be strategically planned.

On the macro level, the companies' ability to impact the conflict decreases over time. For example, once an agreement is made with the government, the companies lose part of their leverage over the authorities. Nevertheless, on the local level the companies' impact often increases.

Local Perspective

Considering the perspective of local stakeholders is important to assure conflict sensitivity. Many companies see their impact in terms of the environment rather than in regard to the local communities. Even when they are aware of their social responsibilities, they often prefer to do quick impact infrastructure projects with high visibility. However, such projects might have a negative impact on conflict dynamics as the influx of money and resources may change the social hierarchy of local communities and enhance rivalries. Just investing resources does not guarantee conflict sensitivity. “Conflict is an accumulation of small grievances over time!”

More deliberate communication with the local actors is important to assess and guide the company’s engagement. The core staff on the front lines needs to become more sensitive about the impact of their actions. Internalizing ongoing risk assessment ensures that contextual changes feed back into the management systems. Companies often work with NGOs, especially at the local level to build understanding of local issues. However, it is not always easy to define the appropriate stakeholders. Building knowledge on socioeconomic and development issues will help to engage with the right people.

UN Global Compact

During his tenure as UN Secretary-General, Kofi Annan challenged the business community to engaging more actively in the work of the United Nations. The private sector plays an important role in almost all aspects of the world organization’s work. In early years, the UN was rather nervous about engaging with private sector, as companies were often seen as contributing to conflict and poverty. Nevertheless, the UN Global Compact managed to connect different actors in a multi-stakeholder dialogue with the objective of ensuring a more positive contribution by the private sector. The CEOs of the member companies commit to adjust the day-to-day business in order to have a more positive impact on the societal level. Ten principles have been developed as a guide for corporate engagement. Today, the Global Compact is the world’s largest corporate citizenship initiative, with over 7,700 corporate participants and stakeholders from over 130 countries. The interest of the institutional investment sector has become a great driver for the Global Compact.

Conclusion

While certainly not all companies are perfect when it comes to engaging responsibly in conflict areas, the panelists nevertheless agreed that many try to improve their corporate social responsibility. There is a lot of space for companies to do away with bad practices, sometimes not intentionally. Most of the real changes happen inside the companies, for example in the way the company manages its supply chain. Internal controls are essential to ensure more conflict-sensitive practices. Apart from internal improvements, a company may continue to have a strong positive impact by developing access to infrastructure and promoting microenterprises. They need to learn how they can do good things. Companies need to make strategic choices and understand their role and responsibility in the conflict-affected areas. Listening to the communities is the first step for turning lessons from the local level into more practical management options.

Resources

United Nations Global Compact:

<http://www.unglobalcompact.org>

Corporate Engagement Project, CDA Collaborative Learning Projects:

http://www.cdainc.com/cdawww/project_profile.php?pid=CEP&pname=Corporate%20Engagement%20Project