# CHAPTER 4
# GOVERNING CORPORATIONS IN ZONES OF CONFLICT: ISSUES, ACTORS, AND INSTITUTIONS

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Since the end of the Cold War, many observers have commented that civil war and local violence have increased dramatically, with Kaplan pointing to "The Coming Anarchy" as a feature of the 21st century (Kaplan 1994).[1] These "new wars" of the post-Cold War era have been described as being about identity issues and not the geopolitical and strategic issues underlying earlier conflicts (Kaldor 1999; Newman 2004). But in the last ten years, scholars, policymakers, and activists have also increasingly highlighted the material economic factors that are critical features of many contemporary conflicts. They have pointed to the importance of natural resources, especially oil and diamonds, in fuelling long-running civil wars in Africa. A corollary of this attention to economic factors is that the spotlight of international attention regularly focuses on the role of private investors in facilitating and even causing conflict, corruption, and criminality in weakly governed states. Given the high profile and influence of major corporations operating in the developing world, some activists and policymakers argue that the private sector is critical to conflict *prevention* efforts. They seek to integrate business into a variety of voluntary governance regimes intended to control or reduce the links between economic transactions and civil war. Why has this shift in understanding and action occurred? Since when is the private sector given responsibility for peace and security issues that are normally reserved for public authorities? Why has governance by the private sector been adopted as the "obvious" solution to these conflicts?

This chapter explores the dynamics of issue definition and agenda setting, seeking to explain how and why efforts to address conflict today include a role for the private sector, and how that issue has been taken up to varying degrees by governments, activists, and international organizations. The issue was defined and the agenda set as a result of two processes: the development of a broader corporate social responsibility agenda, which has become a focal point for activism, with activists engaging in a learning and emulation process across issue areas; and the movement by public authorities to strategically delegate authority and contract out conflict prevention to non-state actors, in order to reduce the costs of intervention and respond to domestic and transnational pressures. The campaign by activists defined civil conflict as an issue area in which corporations had exacerbated the violence and prevented the establishment of peace, whether they intended to or not. They then took this a step further to assign a role to those same companies in preventing conflict and fostering peace. Companies could do this by adopting a prescribed set of conflict-sensitive business practices and participating in multi-stakeholder governance initiatives designed to reduce conflict. This "business and conflict" agenda led to a broad effort to institutionalize corporate participation in conflict prevention activities, although, as will be discussed below, the results have been fragmentary and incomplete.

This has resulted in a disaggregation of global governance, in which different state and non-state actors perform separate governance functions regarding conflict prevention. Two consequences flow from these innovations in the governance of conflict: first, companies have found themselves reluctantly participating in conflict-prevention regimes in order to manage their political and reputational costs and preserve their markets and "license to operate." These companies operate mainly in extractive sectors and are unable to pack up and move to a new location in response to a breakdown in order. Second, the nongovernmental organizations (NGOs) that initially sought to blame the companies now find themselves partnering with them in governance—even though they generally consider these firms "bad" governors—in the expectation that their behavior can be changed for the better. Ultimately, these efforts support the evolution of increased authority for corporations over conflict issues. This outcome is not entirely in the interest of either NGOs or firms, and yet both actors have contributed to the expansion and institutionalization of the business-and-conflict agenda. The resulting tensions reflect a delicate balance in which either side may find it all too easy to defect and give up this particular governance role.

The role of the private sector in governance is highly contested, with heated debates in particular over the relative benefits of public *regulation* of corporate behavior versus corporate *responsibility* for providing public goods (Haufler 2001; Vogel 2006). The idea that regulation or self-regulation of corporate behavior may contribute to settling conflicts is a new one, though the fact that companies might contribute to conflict is not new at all.[2] This particular solution to contemporary conflict in the developing world was created and defined by specific NGOs in the 1990s, but interest in it was sustained by the institutional support of other actors. A variety of related issues—conflict, corruption, and criminality—came together in a business-and-conflict agenda promoted by the United Nations (UN) Global Compact and a small number of leading donor governments. But there has been continuing contestation over the relative power and responsibility of private agents in addressing these difficult issues. This contestation reflects competing bases for authority of both public and private actors. Corporations may have the resources and expertise to act effectively in this arena, but they do not have the legitimacy for others to look with equanimity on their increased role in political affairs, even in the pursuit of peace. At the same time, there is clearly some tension between this agenda and the sovereignty and policymaking autonomy of the target states, which reflects a divide over whether actors based in the developed world are imposing their solutions on the states and societies of the developing world.

This chapter begins with a short discussion of agency, governance, and the private sector. This is followed by a section on different approaches to issue definition and agenda-setting, and how they may apply to the identification of economic actors as critical players in conflict prevention. The next section examines the business and conflict agenda and the manner in which this agenda was defined and expanded in different ways over a relatively short period of time. The conclusion discusses the implications of this process for institutionalization and broader governance issues.

## AGENCY AND AUTHORITY IN GLOBAL GOVERNANCE

Traditionally, the study of global governance has been equated with the creation and operation of intergovernmental organizations and international regimes. In recent years, the term increasingly has been used to denote the fact that governance at the global level includes a wide variety of actors, both public and private, national and international. As Avant et al. describe it in this volume's introduction, "*global governors are authorities who exercise power across borders for purposes of affecting policy. Governors thus: create issues, set agendas, establish and implement rules or programs, and evaluate and/or adjudicate outcomes.*" Often, this governance involves contributions from different types of actors performing different tasks or functions, sometimes in partnership and sometimes separately and in contention, disaggregating the governance process. We have many different labels for this: public-private partnerships, global public policy networks, non-state market driven governance, etc. (Reinicke, Benner, and Witte 2003; United Nations Foundation n.d.; Cashore, Auld, and Newsom 2004).

In the case of business and conflict, transnational NGOs set the international agenda by raising the issue of natural resource revenues as a source of conflict financing, blaming international firms, and seeking to "govern" them. Both state and non-state actors responded in part by negotiating new rules and practices for a particular firm, sector, or project. Companies generally led the implementation phase in programs to limit the negative effect of resource development, in cooperation with local government leaders and at times with contributions from intergovernmental organizations and donor governments. NGOs typically took on the role of assessment and monitoring of projects, officially or unofficially. Enforcement and adjudication processes, when they existed, might be in the hands of home or host governments, international organizations, or even the private sector itself.

The focus of this chapter will be on how a particular set of issues was defined by one set of actors (initially NGOs and subsequently international organizations and donor governments) in order to establish governance tasks for another set of actors (individual companies, industry associations, and business groups). Those other actors only reluctantly acceded to the pressure to establish rules, norms, and institutions governing their behavior and in many cases have struggled against this expansion of their responsibilities. The relationships among these various actors have produced a diversity of new forms of governance, but as noted in the introductory chapter to this volume, their interactions are often in tension.

Corporations are often theorized in a simple way: they are the ultimate rational actors, driven by profits alone.[3] Their interests are defined by their position within a capitalist economy, and their actions are determined by their class interests and/ or their need to sustain and expand the capitalist system.[4] While this is not entirely wrong, it misses the complexity of motivations driving corporate actors today, their varied organizational features, the ways in which they act collectively, and the manner in which they define and re-define their interests. In a world in which the "spotlight" of international attention is difficult to avoid, businesses increasingly find that maintaining their reputation has market value (Spar 1998). When they operate in multiple jurisdictions, they may be subject to too many contradictory rules and learn to value a common framework to address particularly contentious issues. They respond variously to the need to preserve their reputation, prevent government regulation, and adopt evolving norms about corporate behavior (Haufler 2001). Scholarship on business behavior points to many factors beyond profit alone as motivating factors, including market share, risk management, reputation, principal-agent problems, organizational learning, and values-based concerns (Fort and Schipani 2004; Dunning 1993; Casson 1994; Sell and Prakash 2004). Large multinational firms are in constant interaction with a wide range of organizations and individuals, engaging in a kind of modern corporate diplomacy on a global scale (Stopford, Strange, and Henley 1991; Haufler 2004; Hocking 2004; May 2006).

The private sector acts as an agent of global governance in a number of different ways. Individually, multinational corporations (MNCs) are large hierarchical organizations that govern their employees, suppliers, and distributors on a transnational basis. The 21st century company is highly networked, with many tasks outsourced to firms around the world. This involves complex chains of delegation, partnership, and outsourcing that extend the reach of the firm organizationally, creating bonds and relationships even among keen competitors (Gereffi and Korzeniewicz 1994). Dunning (1993) refers to this as the rise of "alliance capitalism," in which the boundaries of the firm are no longer coincident with ownership. This makes it difficult to identify the legal and official reach of the firm—and thus the limits of its responsibilities. Some firms claim that they have no control over or responsibility for the outcomes that are decried by activists. For example, Nike, which owns no factories itself, initially responded to criticism from labor activists by denying that it was responsible for the labor standards of its sub-contractors.

Collectively, firms participate in a variety of initiatives that establish rules, principles, and norms guiding their behavior internationally. These may be based on existing industry associations, such as the standards organizations discussed by Buthe in this volume. Firms also organize as issue-based interest groups that cross sectoral boundaries, such as the World Business Council for Sustainable Development. These groups can be fairly fluid, as consensus about interests held in common waxes and wanes. New groups may form in response to particular campaigns and crises, or old ones may be reformed to address new issues. These new groupings are "clubs" that provide both public and private goods to their members, as discussed by Prakash and Potoski in their work, in this volume and elsewhere (Prakash and Potoski 2006).

The basis for private sector authority varies across issues and initiatives, but it is typically drawn from their expertise, resources, and perceived efficacy. Company managers have more knowledge than potential regulators or outside observers about markets and technologies. They have resources in the form of personnel, organizational capacity, and money that other actors lack. And they are often viewed as being very effective at implementing programs and achieving goals. This is particularly true for companies operating in conflict zones, where by definition the government lacks significant capacity. There are limits to how far and in what areas the firm's governance role is viewed as legitimate. Analysts often distinguish between the immediate area of corporate operations where they have clear responsibilities (e.g., a mining company having direct responsibility for its mining operation), and the larger arenas in which companies have influence (the community, the nation, the globe) but their role is contested (Nelson 2000; Banfield, Lilly, and Haufler 2003).

In these larger arenas, private sector authority often derives from delegation by other actors, including donor governments and international agencies. Corporations may be instruments of foreign policy for particular states. In the case of conflict issues, powerful states may want to see conflicts in the developing world settled and espouse a commitment to the norm of humanitarian intervention, but shy away from direct intervention themselves due to the costs and difficulties of achieving success (Finnemore 2003). International organizations such as the United Nations may have a clear role in peacekeeping but face severe political and financial limits on their capacity to act. Domestic and intergovernmental development agencies have increasingly linked development and conflict agendas, but are unsure of their own capacity to address the problems they have identified (Duffield 2001). Peace may be viewed by all these actors as a public good, but like many public goods, it tends to be undersupplied. Handing this off to the private sector appears to be a second-best solution, but one that is pragmatic about the political limits of public action.

In this chapter, I focus primarily on the issue definition and agenda-setting phases of governance activities. It is impossible in most cases to separate these phases from rulemaking and implementation processes, but the earlier steps are especially interesting in the case of business and conflict. Why the sudden turn to the private sector to resolve conflict in the developing world? The business and conflict agenda is one in which NGOs (advocacy organizations, think tanks, and foundations), governments, the UN, and the World Bank—all attempt to establish new responsibilities for another group of actors: the business community. The business community, in turn, generally opposes these attempts to put limits on some kinds of behavior while expanding corporate responsibilities. They are concerned that any new commitments will establish precedents that they did not intend concerning their role as agents of conflict prevention. As will be discussed in more detail below, the business-and-conflict agenda has included the creation of new rules and norms regarding corporate transparency, supply chain management, revenue management, security management, and conflict impact assessment. Each of these has been institutionalized in a different manner, but all include corporate actors at the center of implementation. And all include a redefinition of the identity and interests of these central actors.

## Setting the Agenda for International Business

The process of issue definition and agenda-setting can be broken down, somewhat artificially but usefully, into a number of different steps. First, we can identify objective conditions that have distributive or moral consequences for particular sets of people. If objective conditions are not seen as costly by anyone, then there is no issue to be identified or resolved. Observers may note that conditions have differential effects and may even point out potential sources of grievance, but it is when an individual or group puts a name to those conditions, identifies the nature of a problem, and calls for action that it truly becomes an issue. In this second stage, by identifying costs and values involved in maintaining or changing the status quo, the participants typically make connections between cause and effect that no one had identified previously. In this stage, injuries are enumerated and blame is laid (Keck and Sikkink 1998). But similar objective conditions may not always lead to identification of the same issues, injuries, and causes, as Carpenter has noted. An identifiable issue does not always become a part of the international agenda (Carpenter 2005a). The third step is one in which collective action is or is not mobilized to put that issue on the agenda of those who can do something about it. As Mancur Olson (1965) perceptively argued, the existence of a problem that needs to be resolved does not necessarily mean that a group will form to address it. Collective action faces many barriers. At the international level, such barriers are formidable indeed.

Most of the literature on agenda setting assumes a domestic context where the goal sought is to change government policy.[5] Baumgartner and Jones (1993) describe a model of "punctuated equilibrium" in which both issue definition and the control of institutions within a country interact and can produce sudden shifts in domestic policy instead of incremental evolution and change. Kingdon's "policy windows" model also looks at how opportunities for change may emerge from the way in which problems, policies, and politics converge (Soroka 1999). Much of the foreign policy literature, especially on U.S. foreign policy, posits a cycle in which external events and presidential attention are key factors in getting an issue on the domestic agenda (Wood and Peake 1998). In all these cases, the models for agenda setting assume an existing policy framework and set of institutions which interact with other factors to determine the point at which change is possible.

This is very different from the international arena, which is much less structured than the domestic one. The stages of a policy cycle (e.g., issue definition, agenda access, and policy choice) are less clearly defined, the appropriate point of access is unclear, and the institutional framework is fragmented. When problems are constructed at the international level, affected groups must choose among different actors and different institutional forums to determine where to expend their effort. The sites at which agendas are made and policies are changed are dispersed across different levels, institutions, and actors, and may change over time. At the domestic level, electoral politics are a critical element of issue definition, as political parties compete to dominate policy debates. Internationally, the UN General Assembly plays a somewhat similar role, but one that is much weaker and less significant to the overall global agenda than what we see in domestic electoral politics. Globally, there are multiple bureaucracies, both public and private, which are competing sources of expertise, information, and sources of policy change. This makes agenda setting in the international arena a complex and slippery topic.

The business-and-conflict agenda is particularly interesting, in part because the main target for policy change is not a public actor or institution—it is the private sector. The private sector generally takes the position that the business of business is to make money, not policy.[6] And yet, it is obvious that the private sector is deeply involved in influencing a range of public policies, both at home and abroad. The analysis of corporate policy change on issues of global governance is not well developed as yet, though it is emerging as an area ripe for better developed scholarship (Buthe 2004). In the beginning, it was not clear to activists what were the appropriate points of access to the private sector and the mechanisms by which it could be drawn into new arenas of governance. Multiple strategies were tried, and the outcomes took a variety of forms. Many advocacy organizations underwent a learning process as the broad "corporate accountability agenda" matured over time. Over the course of the last decade, activists have targeted the private sector directly in transnational campaigns that sought to influence consumer and investor sentiments, but they have also targeted international agencies and donor governments to find a way to influence corporate policy. They have utilized rational appeals to the corporate bottom line, describing conflict as bad for business, while also framing the issues in moral terms, pointing to the suffering and hardship of the victims of violence. They have adopted an array of activist tactics, from street protests to litigation. Seeking to promote this new agenda, advocacy organizations learned from previous campaigns on other issues. As stated in the introductory chapter, learning is a powerful source of change, and the actors involved in this issue have learned over time about their sources and techniques of influence.

Issue definition and agenda setting on the international stage are closely linked to the actions of particular agents of change who mobilize to promote a specific set of ideas. As Risse (1994) said, "ideas do not float freely," they are attached to particular groups or institutions. In the business-and-conflict case, activists identified a pressing need to deal with violence and victimization in conflict-ridden countries, and proposed a new solution utilizing the private sector. This matched the emerging norms surrounding corporate social responsibility and pre-existing strategies activists had already been using to influence corporate behavior in other issue areas. It also matched the strategic goals and constraints of key actors—donor governments and international organizations—which sought to address the problems of failed states but had limited resources and political will to act aggressively.

International NGOs defined—or in some sense *re*-defined—the issues involved in civil conflict, pointing to market actors as a cause of suffering, and sought to establish a new solution involving private sector action (Rochefort and Cobb 1994; Keck and Sikkink 1998). This kind of reframing of an issue may be taken up by a wider community when the new idea or norm is congruent with old ones; when actors learn from new evidence and behaviors that challenge traditional perspectives; or when experts and particular social groups redefine what is appropriate (Simmons, Dobbin, and Garret 2006;

Cortell and Davis 2000).[7] Key players are more likely to see congruence, learn about new ideas, and emulate experts if these all match their strategic needs at a particular point in time. Once a new idea or norm is adopted by key players, they must identify the processes and opportunity structures in which to use political reframing strategies, information communication, and values identification to mobilize a larger and influential audience (Tarrow 2002; McAdam, Tarrow, and Tilly 2001; Keck and Sikkink 1998). As increasing numbers of actors come to the same understanding about the definition of the issue, its character, and possible solutions, a network of experts and policymakers may be created. When the consensus extends to a larger audience, such wider acceptance may result in what Sikkink and Finnemore (1998) describe as a "norms cascade" (see also Haas 1990).

The reframing of an issue to include new actors or solutions does not get automatically diffused within a wider community. While NGOs may identify an issue and attempt to place it on the international agenda, they are not always successful; they may not even take up an issue in the first place, as Carpenter discusses in her contribution to this volume (see also Carpenter 2007b). Contestation among different groups may be based on different perceptions of cause and effect, and competing actors may identify different factors and actors as being at fault (Tarrow 2005; Carpenter 2005a; Bob 2005). Internationally, this contestation may occur within particular institutional arenas, such as the UN, or in a space that is detached from an institutional framework, which is primarily the case in the business-and-conflict agenda. What makes NGO-business interaction particularly complex is that transnational campaigns target audiences in one (developed) country in support of an issue that directly affects an audience in another (typically underdeveloped) country.

The first response of most of the business community to new demands, as in this case, is to stonewall. They oppose all attempts to impose new obligations. They typically argue that they cannot change their behavior because they will lose out to competitors, suffer higher costs, or be subject to unreasonable expectations. Stonewalling strategies are particularly common as a response to transnational advocacy campaigns. As anti-corporate campaigns become more intense or sophisticated they can impose more direct costs on companies—loss of markets as consumers refuse to buy the goods of "bad" firms, loss of financial resources as investors turn elsewhere, litigation costs as advocates bring their issues into the justice system, and increased electoral support for potentially costly regulation of corporate behavior. As these costs escalate, stonewalling becomes harder to sustain. When stonewalling becomes too difficult to maintain, many firms pursue a national strategy favoring local regulation, since they typically have more influence in the domestic political arena than in the international one and will be able to preserve their domestic competitiveness with favorable regulations. In an increasingly globalized world market, however, leading MNCs may pursue a strategy of harmonization, i.e., support for international regulation and opposition to national regulation. This reduces the costs of operating under multiple regulatory regimes and is often viewed as a means to "level the playing field." One final option is to adopt voluntary self-regulatory strategies as a way to avoid local and international regulation yet ameliorate societal demands (Haufler 2003). Different companies and industry sectors adopted a mix of these strategies in response to the new business-and-conflict prevention agenda, generally favoring voluntary self-regulation over other strategies.

We can trace the emergence of the business-and-conflict agenda to a number of factors. First, the social entrepreneurship of key individuals and NGOs was critical to the initial definition of the problem. In this case, they saw the problem as ongoing conflict and then redefined it as a problem of how business was conducted in conflict-affected countries. Blame was assigned, and big business became the symbol of the ills of these countries. The solution—a change in business behavior—became an integral element of defining the problem. Second, the definition of the problem was reinforced by the existence of the broader corporate accountability movement, which was increasingly successful in promoting corporate social responsibility in other issue areas such as the environment and human rights. This movement made the "business case" for corporate action, emphasizing the long-term benefits of responsible action, in addition to making values-based appeals. This was further reinforced by the parallel emergence of academic research and policy analysis that examined the political economy of conflict, "teaching" relevant actors about the links between private sector behavior and conflict. Third, the agenda was set when the cause was taken up by international organizations and major donor states, which saw this as a low-cost solution to a problem they were under pressure to resolve. They wanted to see the end to conflict in the developing world for strategic and humanitarian reasons. At the same time, they were justly wary of direct intervention. For these actors, the business-and-conflict agenda and its call to involve companies in conflict prevention provided the illusion of concerted action while responsibility for action had, in fact, been delegated to the private sector. As more key actors participated in the campaign, the set of issues and solutions became increasingly clear. Repeated negotiations over rules and the design of implementation mechanisms occurred among a changing constellation of actors. The result was a variety of systems, involving different sets of actors, each addressing a narrow subset of the business-and-conflict agenda.

## The Political Economy of Conflict

Empirical and policy-oriented research has identified a number of fundamental mechanisms by which foreign trade and investment can contribute to the political economy of conflict by creating conditions that facilitate the eruption of violence or its continuation (Berdal and Malone 2000; Collier 2003a, 2003b; Ballentine and Sherman 2003; Humphreys 2005). Some mechanisms are general in nature, while others are specific to the development and exploitation of natural resource wealth. The main mechanisms are: (1) the attractions and depredations of resource wealth itself; (2) the politics of inequitable distribution of economic activity, often exacerbated by ethnic divisions; and (3) problems stemming from security services provided to firms, which arise at the project, community, and state levels. In recent years, the economic causes of war have become a fruitful area of research and have generated an extensive debate over "greed versus grievance" as factors explaining the outbreak of violence.[8]

There are two different types of problems that derive from natural resource wealth: the use of revenue gained from trading in high-value commodities to finance war and criminal activity; and the inequitable and too-often corrupt management and distribution of revenues from major long-term resource development, such as gas and oil projects. A number of scholars have examined empirical evidence regarding various mechanisms by which natural resource wealth may be linked to violence, and it is not clear whether it is natural resource wealth that undermines good governance, or weak governance that allows natural resource development to have such dire consequences (Collier 2003a, 2003b; Humphreys 2005).

High-value natural resources can be categorized according to whether they are "lootable" or "non-lootable," which have different patterns in their relationship to the outbreak of violence (Ross 2004; Ballentine and Nitzschke 2005). Lootable resources are easily obtained and carried from place to place, with high value for their weight. The most well-known example is that of diamonds. Although deep-mined diamonds may be difficult to obtain and trade illegally, many areas of West Africa have alluvial diamonds, which do not require deep mining. Much of the diamond business in alluvial fields is by artisanal miners, who sell their diamonds to middlemen. These then become part of a chain of diamond sales, polishing, and marketing that stretches across the globe and spans legal and illegal markets. At the initial stages, the diamonds can be captured by rebels or secessionist movements and used to finance the purchase of weapons and provide money for troops.[9] The income from diamond sales may also be captured by the governing elite, who may use it to fight rebels and prop up its own power regardless of popular support. In the diamond sector, there is a legitimate industry that could be further developed, and an illegitimate one that needs to be regulated or controlled to cut its link to violence.[10]

Fixed-resource development ("non-lootable"), such as gas and oil projects or deep mining, typically requires contracting between governments and investors. Such contracts stipulate, among many other things, the percentage of revenue from the project that must be paid to the government as taxes and fees. These revenue payments can be a windfall to the government, allowing it to loosen fiscal controls, expand its budget, and distribute benefits through patronage to friends and relatives. If it is not managed well, resource development distorts the economy and encourages poor macroeconomic policy choices by governments.[11] Politically, it makes the government less dependent on taxation and thus less accountable to citizens. The payments can become a source of competition among elites, corruption among bureaucrats, and discrimination among citizens. This "resource curse," as some have called it, has been associated with the outbreak of conflict (Karl 1997; Ross 1999; Soysa 2000). The massive revenues from these projects may support authoritarian rulers by providing them with the financial means to increase the repressive capacity of the state. The end result is that revenues from legitimate business that is meant for positive development goals instead produce conflict and underdevelopment. An already weakened state is particularly susceptible to the dangers of mismanaged resource development.

In many cases, these problems are exacerbated by the lack of security. When it comes to private sector trade and investment, fixed investments face a much bigger security risk than others. Most mobile industry and services simply leave conflict-ridden areas, but large projects may remain in place (although they may cease operations at the height of violence).[12] Foreign companies often are obligated by their contracts with governments to secure protection through the use of government military or police forces. In a number of high-profile cases, particularly in Nigeria and Sudan, these very forces proved to be a threat to civilians. Government forces have used company facilities—private airports, helicopters, and trucks—in order to carry out repressive operations against local communities.[13] In other cases, as in Colombia, foreign companies have tried to avoid the danger of being implicated in government human rights violations and repression by hiring private security companies.[14] In another set of high-profile incidents, such private forces also proved to be a source of danger to the civilian population and were accused of corruption.[15] In all these cases, the inequity of providing security to companies and their employees instead of local communities can become a significant source of grievance.

## THE BUSINESS-AND-CONFLICT AGENDA: ISSUE DEFINITION AND AGENDA SETTING

The idea that foreign investment can contribute to instability and violence is nothing new. We can look at the history of the British East India Company for a well-known example the past. In his recent historical survey, Litvin (2003) points out the commonalities across time and space in how companies that are reluctant to get entangled in local politics inevitably get caught up in local disputes, and in too many cases their actions make the situation worse. During the 1960s and 1970s, there was an outcry in the United States and elsewhere against corporate intervention in local politics in places like Guatemala and Chile. Extractive industry development, especially oil and mining, was implicated in authoritarian repression, corruption, and instability (Karl 1997). After the end of the Cold War, there was widespread concern about what appeared to be an increase in civil conflict. Civil wars in Africa seemed to be enveloping greater numbers of people, spilling across borders, and defying all attempts to resolve the issues at stake. The Cold War competition for allies in the developing world had come to an end, and many rebel movements and governments had to seek new sources of financial support. This led to an expanded use of natural resources to provide the money for soldiers and guns.

The emergence of the business-and-conflict agenda in the 1990s started with the recognition that trade and investment contributed to intractable civil conflict. At this stage, the analysis could have stopped. Instead, some social entrepreneurs identified a culprit: international firms. In the early 1990s, international NGOs such as Global Witness, Partnership Africa Canada, and others produced investigative reports on the role of commodities such as oil, diamonds, and timber (in addition to banks) in supporting continued conflict. The turn from identifying the problem to targeting the private sector as the solution was congruent with the emerging corporate social responsibility movement. The initial impetus toward a corporate social responsibility agenda can be traced back to the 1960s, but it gained momentum with the anti-Apartheid movement and the divestment campaig. While the anti-Apartheid movement demonstrated the potential effectiveness of targeting multinational corporations, it was not until the 1990s that a real "movement" could be said to have emerged. Many groups active on issues of the environment, development, health, labor standards, and human rights began to develop guidelines, principles, and codes for multinational corporations to adopt. By the end of the 1990s, there were a variety of separate and disconnected campaigns against corporate misbehavior, as more and more advocacy organizations learned about the potential for social change through reforms to corporate behavior. (Broad and Cavanagh 1998; Bendell 2004). It is against this background that the debate over corporate complicity in human rights abuses and continued conflict in developing countries emerged on the international agenda. Voices in the international community called for the withdrawal of corporations from investment in countries with illegitimate governments or unstable political environments, such as Burma and Sudan.

At the same time, the research community began to pay attention to economic factors in civil war. It produced scholarship on the so-called "resource curse" or the "paradox of plenty" (Karl 1997; deSoysa 2000; Auty 1994; Ross 1999, 2004; Collier 2003a; Collier and Hoeffler 2000; Berdal and Malone 2000). Paul Collier (2003a) established a research program at the World Bank that was very influential in both academic and policy circles and helped establish conflict as an appropriate issue for the World Bank to address. He and his colleagues conducted empirical research indicating that the more a country is dependent on a single or small number of highly valuable commodities for a majority of its export revenues, the more likely it is to suffer from corruption and underdevelopment.[16] The International Peace Academy established a program on Economic Agendas in Civil Conflict and conducted a series of workshops and conferences on the topic that brought together scholars, policymakers, and activists, and produced a series of high-quality research publications (Ballentine and Sherman 2003; Ballentine and Nitzschke 2005). Over the next few years, many different academic and policy institutions would organize workshops and conferences on this topic.

The notion of bringing businesses into conflict prevention efforts emerged primarily from activism over oil in Angola, diamonds in Sierra Leone, and the use of security forces in Nigeria and Colombia (Global Witness 1998, 1999; Freeman 2000; Smillie, Gberie, and Hazleton 2000). Norm entrepreneurs such as Global Witness highlighted in the global media the role of specific companies that profited from turmoil in Africa, especially from oil and diamonds. Global Witness and Partnership Africa Canada were particularly effective in helping launch the "blood diamonds" campaign. They sought to target consumers and persuade them not to buy diamonds because of their links to bloodshed and terror in West Africa.

Around this time, three NGOs produced a ground-breaking report that attempted to persuade the business community that active and direct involvement in ensuring peace was in their own self-interest. The Council for Economic Priorities, International Alert, and the Prince of Wales Business Leaders Forum (now the International Business Leaders Forum) cooperated to publish *The Business of Peace*, which set the agenda for the emerging interest in corporate conflict prevention. This report made the economic and moral case for why businesses should view conflict prevention activities as financially sensible. The conflict prevention NGO International Alert established a program on business and conflict, engaged in and facilitated dialogue between oil companies and communities in places such as Azerbaijan, and produced a number of reports linking business action to conflict prevention (Banfield, Lilly, and Haufler 2003). Amnesty International, Human Rights Watch, Oxfam International, and other well-established human rights and development NGOs also began to set up programs linking business action to the prevention of human rights abuses, corruption, repression, and violence.

Interest in this topic was reinforced by the United Nations Global Compact, under which the business community committed to nine (now 10) principles drawn from UN conventions on the environment, labor, and human rights (corruption was added later). The UNGC was established by then Secretary-General Kofi Annan as a global tool to promote particular norms for the business community. Its very first Policy Dialogue addressed issues of business in zones of conflict. This topic was pushed to the top of the UNGC agenda by business leaders, particularly those in the diamond industry who were feeling the pressure of an effective activist campaign against "blood diamonds." The industry players were seeking a forum in which to explore their options and demonstrate a commitment to change. Although some leading diamond industry players were eager to participate in the UNGC dialogue, it was difficult to persuade other leading international companies—particularly American ones—of the value of this exercise. The eventual participants in this first policy dialogue included representatives from the private sector, other international organizations including the UNDP and World Bank, and NGOs. The NGOs initially defined the general problem, and it was at this forum that participants established a number of recommendations that have continued to be at the core of the business-and-conflict agenda to this day. These include the need for corporate transparency, particularly regarding financial payments to host governments; revenue management, in which businesses participate in ensuring that the revenues from natural resource development are utilized for public purposes; management of security in a way that protects human rights; and the development of "conflict sensitive business practices," including the use of conflict impact assessments (United Nations Global Compact 2002).[17]

Some of the initial effort went into trying to persuade companies to undertake "conflict impact assessments." While foreign investors typically undertake an analysis of political risk to their own operations, there were calls for them to be proactive in assessing the impact of their operations on local political and social conditions. It has been surprisingly difficult to persuade companies to collect the data for such an assessment, let alone use it in strategic planning. Advocates believe that when company management understands the variety of channels through which its operations can impact a locality negatively, then preventive policies at the individual company level can be implemented. The UNGC and International Alert developed "toolkits" for systematic assessment to try to facilitate more widespread adoption of this practice.

The emergence of the broader business–and-conflict agenda encompassed a number of simultaneous strands. The first to gain traction addressed the need to control trade in commodities, with the “blood diamonds” issue gaining the most attention. Under pressure from a highly visible campaign launched around 1998 that blamed the diamond sector for funding conflict in Sierra Leone, an initially reluctant diamond industry formed a new group—the World Diamond Council (WDC)—dedicated to ending the trade in conflict diamonds. Industry leaders, notably DeBeers, initially stonewalled and did not take the campaign seriously. Some soon realized the political environment had changed in ways that made the influence of transnational advocacy campaigns more apparent. They had the examples of other corporations that had been targeted on other issues: Nike on labor standards, the fur industry on animal cruelty, etc. The value of diamonds hinges so heavily on image and perception that some feared an extended campaign linking bloodshed to the gems would influence consumer buying habits.[18] In 2000, the WDC proposed to develop a certification system that would identify diamonds that did not come from conflict regions and were “legitimate.” They proposed a chain-of-custody system that would track rough diamonds from the ground to the retail store to ensure that conflict diamonds did not enter legitimate market channels. In order to ensure this system would be viewed as legitimate and to increase its effectiveness, the WDC advocated the establishment of an intergovernmental system of export-import controls.

Given the importance of the diamond sector to its economy, South Africa launched negotiations with other diamond producers in May 2000 to develop a system of trade controls. The UN General Assembly passed a resolution later that year endorsing the establishment of a certification system for rough diamonds. After two years, producer governments, the diamond industry, and key NGOs reached consensus on what is known as the Kimberley Process Certification System (KPCS). KPCS members commit to export and import controls on diamonds and agree to oversight by other members, as well as two NGOs: Global Witness and Partnership Africa Canada. The KPCS integrates into its process the certification and chain of custody system developed by the diamond industry. Since its implementation, members have moved to strengthen oversight and have been willing to exclude participants who do not meet KPCS standards. The process has been undermined to some degree by diamond smuggling and corrupt officials in some member countries. Nevertheless, it is credited with helping to cut off the flow of funds to rebels in Sierra Leone, thus facilitating the negotiation of a peace agreement there. While the KPCS has achieved a relatively high degree of institutionalization and acceptance, activists have been unable to gain support for similar certification systems for other conflict commodities, such as coltan and timber.

The issue of corruption was quickly linked to the business-and-conflict agenda, since corrupt leaders and their often-supportive business allies helped undermine legitimate government. In the 1990s, activists and development specialists began to view corruption as a barrier to development and a precursor to social breakdown. Transparency International, an NGO dedicated to changing law and regulation regarding corruption issues, launched a highly successful campaign to “name and shame” countries by publishing its annual Corruption Perception Index of the most corrupt political environments. It promotes the negotiation of “Integrity Pacts” between business and government. In 1997, member states of the Organization for Economic Co-Operation and Development (OECD) finally passed a Convention on Combating Bribery of Foreign

Public Officials in International Business Transactions. The World Bank, as part of its program of good governance initiatives, began to incorporate anti-corruption elements into its development programs and has supported the idea that both government and the private sector needed to provide more information to the public about commercial transactions.[19]

Increasingly, the payments made by oil and mining companies to host governments became a central target. Global Witness, whose key goal was "breaking the links between natural resources, conflict and corruption," was a key actor in arguing for transparency and responsible revenue management. It produced investigative reports detailing the links between oil revenues and conflict in places such as Angola and lobbied governments and international organizations to take action. A Canadian company, Talisman, came under intense public pressure regarding its participation in an oil development project in Sudan. The Sudanese government was fighting a civil war in the south, and oil development was both a source of conflict and a source of military finance. Talisman's CEO initially condemned the criticisms and refused to withdraw. Eventually, as the company's share prices declined in response to the barrage of bad publicity, it sold its share in the project to a Chinese-owned company. While the diamond case hinged on the potential action of consumers, in this case action by investors and the threat that the government of Canada would step in with regulations influenced Talisman to change its policy. In response to this incident, as well as similar ones involving the mining sector, the Canadian government became an active player in the business-and-conflict agenda, sponsoring research and debate at home and internationally.

The British government, under Tony Blair, made corporate social responsibility a key element of its foreign policy. It established a Corporate Citizenship Unit in the Foreign Office, and the Department for International Development provided support to organizations such as International Alert for research in this area. The British took the lead in promoting transparency in revenue payments through the Extractive Industries Transparency Initiative (EITI), announced in 2002 at the World Conference on Sustainable Development. This policy effort targeted host governments to persuade them to be more transparent about natural resource revenues and where the money goes. Although initially a UK initiative, over time it has built up support and now has 20 countries that have committed to or are implementing its principles, though with varying levels of success and enthusiasm. EITI has established a Secretariat and has sought to become more institutionalized. Unlike the Kimberley process, however, EITI relies more on voluntary action by governments and does not directly target industry. As a counterpart, the Publish What You Pay Campaign, launched with the support of George Soros, combines the efforts of over 100 NGOs that seek to pressure companies directly to make public their payments to host governments.

The entire area of revenue management, going well beyond transparency, became a subject of concern. Scholars, policy analysts, and development practitioners studied the models of "good" oil revenue management in places such as Norway and Alaska. These model systems typically required transparency about the amount of oil development and revenue; established a fund for future generations; and made commitments regarding the distribution of revenues to support social welfare and equitable development. The goal was to avoid the resource curse and the macroeconomic distortions known as "Dutch disease."[20] The question was whether such models could be transported to states that were desperately poor, generally undemocratic, corrupt, and not genuinely committed to any of the elements of such a model. The need for a new way of doing business took on more import as the international petroleum industry began to explore for oil in some of the most unprepossessing corners of the world: Sudan, Chad, and Equatorial Guinea.[21]

The most significant attempt at implementing such a model in a poor country occurred during this time period, as part of the project to develop a gas pipeline from Chad to Cameroon. Oil had been discovered in Chad in the early 1970s, and a consortium of foreign oil company investors led by Esso (now Exxon Mobil) conducted exploration and planning. Decades of civil unrest and the challenges of working within a multi-ethnic state were viewed as barriers to development at first. However, the oil majors were all looking for new sources of oil and began to seriously consider development in Chad in the 1990s. In order to manage political, social, and environmental risks, Exxon began consultations with communities beginning in 1993 and initiated work with the World Bank. The consortium leaders realized that revenues from this project could de-stabilize the corrupt and weak regime in Chad, and perhaps in Cameroon as well, and that the violence would not be good for business. At the same time, international activists were warning of the inevitability of political breakdown and the destruction of the natural environment, mobilizing a "green" consortium to oppose it. But by 1997, the World Bank had committed to participate in the project.

This would be a huge project, estimated initially at $3 billion. The major consortium partners were Esso/ExxonMobil, Shell, and Elf, which would finance about 70 percent of the project. Another large percentage would come from the International Finance Corporation, along with export credit agencies in the United States and France and commercial banks. The World Bank would only contribute about 3 percent of the pipeline costs, but it established conditions for the disbursement of the loan.[22] The oil companies looked upon World Bank participation as critical to managing the risks they faced. The Bank insisted on environmental assessments prior to investment, and the companies said they were willing to apply the same standards in Chad that they would apply in a developed country.[23] Although initial opposition to the project centered on environmental and resettlement concerns, as the situation in Chad and surrounding countries deteriorated over the course of the 1990s, critics voiced increasing concern about human rights abuses, corruption, and the potential for war. The World Bank was under pressure from activists, who had been campaigning against World Bank programs and were particularly vocal in opposing Bank financing for major oil development projects such as this one. The Bank staff supporting this project viewed a revenue management plan for the Chad-Cameroon pipeline project as an innovative way to promote responsible development and address critics' concerns.

The most onerous conditions were contained in a revenue management plan. Once the companies paid the taxes, fees, and royalties they owed the government, they were willing to go along with World Bank conditions on the use of those payments by the

Chadian government. There were still many voices opposing this plan, including some World Bank staff, who held up project approval in 1998 over continuing environmental concerns. Nevertheless, the Chadian government passed a law institutionalizing the revenue management plan in 1998. Under this plan, 10 percent would be saved for future generations, 80 percent would go into a separate account (not controlled by the government) for health, education, welfare, and development projects, and 5 percent would go for special development in the oil producing region. The development account was established in London, managed by an NGO, and overseen by an "International Advisory Group" of eminent persons, both from Chad and elsewhere. This group would monitor the use of pipeline profits and ensure transparency regarding oil production and revenue streams.

Implementation was nearly derailed, however, when the Bank hesitated to provide a final commitment, and then the oil companies themselves hesitated about whether to go forward. Shell and Elf did in fact withdraw from the consortium in 1999, citing economic concerns. The project teetered on the edge, generating heated opposition from NGOs and "green" politicians in Europe, targeting the World Bank as much as the companies. Other central African states, however, expressed solidarity with Chad and urged the Bank to go forward with its plan. Throughout 2000, the World Bank wavered regarding final approval, even as Chevron and Petronas replaced Shell and Elf in the oil development consortium. The Board of the World Bank finally voted to approve the project in 2000. The pipeline was built, and revenues began flowing. However, the Chadian government consistently tried to undermine external oversight and claim a larger percentage of the revenues. When it tried to change the law that underlies the revenue management plan, the World Bank ended its programs in Chad; after months of negotiations, the relationship was resumed and the revenue management plan remained in place. Because of these difficulties, it is not clear whether this can be a model for other projects. Oil exploration and development in other equally unstable environments is going forward, but despite concerns about the resource curse, implementing a revenue management plan remains a politically difficult project.[24]

One final issue became a key element of the business-and-conflict agenda: corporate security arrangements. Most foreign investment in extractive industries involves negotiations and contracts with the host government, which often require them to rely upon the government for protection. In some cases, observers accused host governments' military and police forces of violating human rights of ordinary civilians and using corporate resources (helicopters, for instance) to violently attack local communities (in places such as Nigeria and Colombia). A few companies sought to avoid such entanglements by hiring private security companies but found themselves partnering with organizations that were accused of fraud, human rights abuses, drug running, and human trafficking. They—and often their home governments—came under critical pressure for the way in which corporate security conflicted with the protection of human rights in local communities.

In response, the U.S. and UK governments facilitated a dialogue among extractive industries and NGOs on security and human rights issues. The goal was to develop international voluntary norms for hiring security forces, both public and private. In 2000, they announced the adoption of the U.S.-UK Voluntary Principles on Human Rights and Security by a small core group of countries and companies. The Voluntary Principles have not been widely adopted, but they are slowly being incorporated into some contracts and laws. The initial group has slowly expanded and has tried to become more institutionalized by establishing a steering committee and holding regular meetings. A recent effort to tighten oversight mechanisms led to intense negotiations, with a number of companies unwilling to make deeper commitments than they originally had made. But the system is still in place and taking on more significance, particularly given rising popular concern over the actions of private security forces.

## CONCLUSION: SETTING THE AGENDA FOR BUSINESS

The turn towards a corporate role in conflict prevention came from twin governance failures: the failure of governments to resolve violent and bloody conflict in the developing world, and the failure to regulate the negative impact of trade and investment on conflict. But in assigning companies a new role in preventing conflict, the harshest critics of corporations may have given the private sector new authority in the arena of conflict and security. The debate over corporations and conflict is one which evolved within a remarkably short period—from approximately 1998 to 2002, when most of the initiatives described above were instigated. The issue was defined by an assortment of NGOs addressing peace and conflict prevention, human rights, and humanitarian concerns. The agenda was set—and then expanded—by them with the support of the United Nations (especially the UN Global Compact), a handful of donor governments and key exporting states, and a few leading corporations. Rules were negotiated by a variety of actors at the local, national, regional, and international levels and within both the public (state and intergovernmental) and private sectors. Implementation has been primarily a task for a mostly reluctant private sector in partnership with states, IOs, and NGOs. In most cases, monitoring has been sustained by NGOs and intergovernmental organizations. Although it was not described in detail here, the enforcement and adjudication of the rules have been contested by the private sector and its critics.

This very brief overview tells a story about how an old issue became defined in new ways. Setting agendas and creating issues is a central element of governance, as noted by Avant et al. in the introductory chapter. In this case, these processes assigned corporations a more prominent role and authority over the governance of conflict. We can trace this back to NGOs that essentially began to transfer the ideas of corporate social responsibility from the environmental, labor, and human rights fields into the debate over the role of corporations in conflict zones, extending learning from one issue area to the next.[25] The appropriate sites of contestation and access for addressing the corporate role in conflict were not at first very clear, and activists engaged in an evolving strategy to establish this on the international agenda. They brought in a widening array of other actors to propel this agenda forward, and found receptive ears in the halls of the UN and in a handful of donor governments. As was noted in the introduction to this volume, the relationships among the actors are key to understanding evolving forms of governance.

What is striking is the range of governors involved, the diversity of "triggers" for the new governance initiatives, and the different governance mechanisms and rules they produced. "Name and shame" activism was involved in all cases but had particular impact in the cases of Talisman, blood diamonds, and the security principles. The revenue management mechanisms in Chad-Cameroon and EITI essentially built upon these and earlier activism. Rules and standards were established in both the Voluntary Principles case and EITI, but only diamonds developed an extensive certification system and legal framework. The Chad-Cameroon case is the only one where an international organization took the lead; in EITI and the Voluntary Principles, and to some extent Talisman, particular governments pushed the issue forward: the United Kingdom, the United States, and Canada. The private sector was instrumental in the diamond case, but much more passive in all the other instances.

The ultimate aim of those supporting this agenda is to create more peaceful societies with an equitable distribution of natural resource wealth and improved governance. This is the goal of the NGOs, donor governments, and international organizations. The companies involved in conflict prevention initiatives see it is contributing to an improved ability to manage their political risks and reputation, gaining "cover" for their operations in failed states. The hope of those advocating this agenda is that it will be a win-win situation for states, societies, and companies. But who loses? Corrupt local leaders clearly lose, as do rebels attempting to finance the takeover of government. Another set of losers is those who oppose natural resource development projects: local communities that might be devastated by depletion and degradation of their environment; those displaced by major project development; and those who do not believe that any of these initiatives will reduce corruption, inequity, and instability. Finally, the losers include those who oppose the transfer of some authority over conflict and security issues to the private sector. For them, sovereignty and legitimacy lie with either the government or the people of the country involved.

The public sector has not completely abdicated its role in international governance on conflict and security issues. All of these new mechanisms include a significant role for public authorities, either governments or international organizations, and they often include the direct participation of civil society representatives. In other words, these are all about a business role in governance of conflict and security issues, but the business role is narrowly defined. In fact, most participants agree that the private sector cannot legitimately act alone in these areas and requires some sort of partnership with other more legitimate actors—states, international organizations, and NGOs. The authority of non-state actors in this arena remains tentative and has not been fully institutionalized or accepted. More importantly, their willingness to be a part of governance arrangements will remain a source of weakness that may lead to their breakdown in the future.

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## Endnotes

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[1] This perception is contradicted by the reality that the number of conflicts and people killed in war have declined over the last ten years; see Gurr and Marshall 2006; Human Security Centre 2006.

[2] For an excellent historical overview of the many ways in which foreign firms have become entangled in local politics, including war, see Litvin 2003.

[3] Milton Friedman (1970) famously argued that profits are the only goal the firm *should* have, though that position has been extensively critiqued; see Wilcke 2004.

[4] This chapter takes a deliberately agent-centered focus, and does not address the structural power or place of business within the capitalist system. Critical perspectives tend to be divided on whether corporate interests favor war or peace, with literature and evidence on both sides.

[5] There is a vast literature in the communications field on issue definition, focusing on the media. Although the media constitutes a very important part of the story in agenda-setting, it is not the focus of this chapter.

[6] Milton Friedman famously wrote that the main social responsibility of business is to make money for shareholders, within the limits of law and social norms.(Friedman 1970).

[7] In a recent special issue of *IO*, Simmons, Dobbins and Garrett (2006) lay out four possible mechanisms of policy diffusion: coercion, competition, learning, and emulation. This chapter does not address coercion and competition, since the focus is on issue definition and agenda-setting and not behavioral change. Coercion and competition would logically be more important in analysis of the impact or outcomes of this agenda, i.e., in looking at whether the private sector actually changes its behavior.

[8] There is an extensive debate over "greed" versus "grievance" as factors in modern civil conflict. Some of the early work included that of David Keen (1998), Mats Berdal and David Malone (2000), and Paul Collier and Anke Hoeffler (2000). These factors are also linked to analyses of the "new wars" described by Mark Duffield (2001) and Mary Kaldor (1999), and critiqued by Edward Newman (2004).

[9] For excellent overviews of the role of resource flows in conflict, particularly regarding diamonds, see Smillie et al. 2000; Humphreys 2005.

[10] The policy debates over what to do about so-called "conflict diamonds" acknowledge the difficulty of distinguishing between legitimate and illegitimate diamonds and diamond-trading. The fear is that any action against conflict diamonds might undermine legitimate markets and states with well-managed diamond sectors, such as Botswana.

[11] This is often referred to as the "Dutch disease," named after the Dutch experience. With the discovery of North Sea oil, investment dramatically shifted out of all other areas of the economy, leading to severe macroeconomic imbalances.

[12] Most businesses flee violence, but some do not. If the violence is in a distant or inaccessible part of the country or the firm is not itself a target of attack, then business

can continue. For example, the oil industry continued operating throughout the Angolan civil war because it was not a target of attack and most of the fighting was outside the oil producing areas; see Berman 2000 for managers' views on conflict.

[13] There are conflicting reports about the degree of direct complicity by companies in these repressive operations. The definition of complicity in cases such as these is a subject of evolving practice; see Ramasastry 2002.

[14] For a thorough analysis of the global private security sector, see Avant 2005.

[15] There are disputes about the exact relationship between company managers and public and private security forces. Some defend themselves as unwitting accomplices in atrocities, while others accuse them of acting in full knowledge of the dangers of using any sort of security force in such an uncertain environment. (Avant 2005)

[16] Collier's work generated controversy, both from those who put more weight on issues of identity, such as ethnic and religious causes of conflict, and from those who challenged the empirical analysis and conclusions drawn from it. For instance, see Woodrow Wilson International Center for Scholars and International Peace Academy 2001; Fearon 2005.

[17] Information was obtained by personal participation in UNGC meetings.

[18] The conflict diamond campaign threatened markets but did not actually have a huge impact on diamond sales.

[19] The anti-corruption drive by the World Bank divided policymakers concerned that the most disadvantaged people would be victims twice over: once by the corruption of their leaders, and again if the World Bank cut off its aid. Anti-corruption efforts were undermined when World Bank President Wolfensohn, a champion of the program, came under fire for corruption himself.

[20] The "resource curse" refers to the ways in which natural resource wealth undermines broader development and fosters corruption and conflict.

[21] In a report by the Overseas Development Institute and the UN Development Programme (UNDP) in 2006, they list 12 countries in Africa alone that can expect to receive windfall revenues from commodity price increases; see Overseas Development Institute and United Nations Development Programme 2006.

[22] *Petroleum Economist*, 1998. "Tapping Into a New Frontier Oil Province," 65(10): 5-10.

[23] *Financial Times,* "Bank role urged in Chad oil plan," October 27, 1997, 4.

[24] The oil development law for Iraq, as currently discussed, will have some features of a revenue management plan. Which regions within the country will control the oil fields and how the revenues will be distributed regionally are at the core of Iraqi political divisions over oil development.

[25] The characterization of this as an extension of corporate social responsibility (CSR) is contested by some analysts, who argue that corporate *security* responsibility of companies is very different from traditional social responsibility. See, for instance, Banfield, Lilly, and Haufler 2003; Wolf and Engert 2005.