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**Jana Hönke**

## **Business for peace? The ambiguous role of 'ethical' mining companies**

*Multinational companies are increasingly promoted as peacebuilders. Major arguments in support of such a position emphasize both interest-based and norm/socialization-based factors. This article uses research on large mining MNCs in Eastern DRC - those that, arguably, should be most likely to build peace according to the above positions – to critically engage with the business for peace agenda. First it demonstrates the limited peacemaking, as well as active peacebuilding, activities in broader society that companies undertake. Second, it finds that even those companies deemed most likely to build peace continue relying on hybrid (in)security practice.. Third, this article calls for more reflexivity concerning the implications of the business for peace research agenda. While the latter might contribute to socializing businesses into contributions to peacebuilding, it also produces companies as legitimate authorities, despite their limitations as peace-builders. As a result, new conflict and insecurity are produced, especially for/with those displaced from land and artisanal mining pits and left with no alternative livelihood options.*

### **Introduction**

There has been much debate regarding how natural resource extraction fuels conflict (see more recently le Billion 2012).<sup>1</sup> Eastern DRC is one of the prototypical examples used for the argument that precious stones cause rebel groups to fight (Collier and Hoeffler 2004). When it comes to extractive industries, debates focused on how they sponsor violence or support authoritarian governments (Ross 1999, Reno 2001). It has been demonstrated, however, that greed for precious minerals does not *cause* rebels to

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<sup>1</sup> This paper is based on a research project on business and governance in Sub-Saharan Africa that was funded by the German Research Foundation as part of SFB 700 Governance in Areas of Limited Statehood, Berlin.

fight in the DRC, and rather is only implicated in some cases in prolonging the violence in the Kivus and Province Orientale (Mitchell and Garrett 2009, Nest 2011; for a critique beyond the DRC Cramer 2006, Ukiwo 2007). While some mines in the Eastern DRC are militarized and provide income to certain armed groups, others use a much more diverse set of revenue-generating activities, utilising forms of ad hoc taxation and other economic opportunities such as trade in charcoal or wood (Laudati 2013).

Over the last 10 years, however, the idea of 'business for peace' has emerged, powerfully guiding donor expectations and policies in (post)conflict contexts, such as the Eastern DRC. Governments, international organizations (IOs) and non-governmental organizations (NGOs) have come to promote business, including industrial mining companies, as agents of development and peace.<sup>2</sup> Research in International Relations and management studies has concentrated on businesses' contributions to peace ranging from the creation of private standard setting (Haufler 2001) to promoting economic development (Fort 2007) and security provision (e.g. Banfield 2003, Deitelhoff and Wolf 2010) in areas of limited statehood and post-conflict settings.

This paper takes issue with the paradoxical bifurcation of the two aforementioned literatures. The usual argument in support of attracting large scale foreign investment to the mineral sector in post-conflict countries supposes that strengthening the 'formal' economy by bringing in 'good' business, and sanctioning 'bad' business, will replace the war economy. This article argues that this story is far too simplistic: such binary opposition between good and bad company does not exist. By examining security and community practices of multinational mining companies in Eastern DRC that are committed to ethical business principles, this article demonstrates that there is very little active peacebuilding. Although some of the harm business itself does is reduced, insecurity and conflict caused by the very companies deemed most likely to build peace continues to exist. Hence companies are neither socially responsible and good, or bad. Instead, this article demonstrates that companies' violence-reducing and community engagement strategies coexist with practices that lead to insecurity and conflict. As a consequence, this article calls for a critical rethinking of the business for peace agenda. While exaggerated expectations might contribute to socializing businesses into more active contributions to peace, the business for peace agenda also produces companies as legitimate authorities, despite their limitations as peace-builders and their ambiguous effects on local

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<sup>2</sup> See for instance the Global Compact <http://www.unglobalcompact.org/>.

security. Moreover, this article finds that the promotion of large-scale investments in mining in Eastern DRC produces immense insecurity for local communities that depend on artisanal miners<sup>3</sup> and thus requires critical reconsideration.

The article focuses on MNCs that are considered as advanced in their uptake of ethical business norms. Arguably such companies should be most likely to live up to the expectations expressed in the business for peace research. Two case studies are used, namely Canadian and South African gold mining companies Banro and AngloGold Ashanti (AGA). Canadian company Banro in South Kivu is the first company to have entered production phase in Eastern DRC; and AGA in Mongbwalu, Ituri, which has publicly committed to, and promotes, responsible security and human rights policies since a campaign against its complicity with armed groups in the past. Starting with a review of debates on business and peace/conflict in (post)conflict contexts, this article then briefly traces the emergence of the business for peace discourse and illustrates it in relation to industrial mining companies in the DRC. The extent to which companies contribute to peace will be examined by concentrating on AngloGold Ashanti in Ituri and Banro in South Kivu, distinguishing active contributions to peacemaking and peacebuilding in broader society from attempts to reduce their own negative externalities.

### **Business for Peace? The Literature**

In addition to the resource curse debate and the aforementioned literature on business and conflict, much interest has revolved around a positive relationship between commerce and peace, and more specifically around business contributions to peace. According to the dominant market-liberal 'business for peace' position, peacebuilding missions should work with companies, and most contemporary business actors should be intrinsically interested in peace.<sup>4</sup> As much as conflict was inimical to growth, the argument goes, commerce and peace will reinforce each other (for a good summary of this position see Berdal et al. 2010). However, empirical evidence for this position is, at best, inconclusive. First, historical evidence demonstrates a close

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<sup>3</sup> See for instance Radio Okapi, Tensions à Watsa: 1 mort et 3 blessés dans un accrochage entre policiers et manifestants, 24 May 2010 ; and Geenen and Claessens (2013).

<sup>4</sup> See FN 2.

relationship between the capitalist economy and violence, such as in how capitalist modes of production were established in Europe and the (post)colonies (Cramer 2006). Capitalism might often require peace, or at least stability, but it also “thrives on war and instability” (ibid.: 204). Second, the supposedly positive correlation between commerce and peace is challenged by empirical research. Quantitative studies fail to find an inverse correlation between commerce and conflict. Barbieri and Schneider (1999) find foreign direct investment (FDI) fuels conflict, especially in asymmetrical relationships. Michalache-O’Keefe and Vashchiko’s study (2010) demonstrates that there is little difference in the level of war and peacetime influx of FDI, and point to peaks in investment during conflict in some cases (see also Driffield et al. 2013).

These studies examine inter-state trade and conflict, and the conflict-proneness of entire states due to their position within international trade relations. Such a focus does not allow for an examination of the effects of specific corporate investment on peace and conflict in an area. As a result, others have shifted their focus of analysis from the unit of the state to individual companies as a way of exploring how companies contribute to peace. In fact, while only seven years ago there was a negative selection bias towards cases in which companies fuel conflict (Wolf and Deitelhoff 2007: 298), now the opposite might be the case. By taking the ‘bad guys’ out of the sample, the liberal idea of commerce for peace is promoted (Fort 2007). Based on the assumption that most companies are intrinsically interested in peace and are apolitical, the management literature views companies as external to local conflicts and concentrates on business *responses* to different conflict settings (Oetzel and Getz 2012). Similarly, it is suggested that companies could step in and broker peace between warring factions thanks to their outsider position with no direct stakes in the conflict (Berdal and Mousavizadeh 2010, see also Fort 2007). Companies would build peace through improving economic conditions, improving access to markets and decreasing inequalities in economic opportunities for the local population (e.g. Oetzel et al. 2010: 362-3).

In International Relations, attention has focused on corporate social responsibility as an emerging norm as well as related voluntary standards. Both are seen by liberals as potentially able to embed the market economy, through socialization into socially responsible behavior and through regulation (Ruggie 2003, Haufler 2001). Much has been achieved in this regard and a number of large extractive companies take part in

a variety of regulatory initiatives, ranging from the Extractive Industries Transparency Initiative and the Voluntary Principles of Security and Human Rights, to the Kimberly Certification Scheme and various other certification schemes to ensure conflict-free sourcing of minerals (see e.g. Haufler 2010; Nest 2011). However, 'successful cases' of such embedding - especially companies that take part in corporate social responsibility (CSR) initiatives - have received much more attention than other companies (Vogel 2008). Many concentrate on policy formulation and how policies translate into specific programs at firm level without looking into their outcomes or impact. Difficulties with operationalisation and data access partly explain this problem, however the positive selection bias and the focus on regulatory mechanisms tends to sideline the question how effective these initiatives are (but see Hönke and Thauer 2014).

Critical scholarship points to limitations of the CSR and business for peace agenda (e.g. Frynas 2005). Many companies do not engage much in building peace and put little effort in reducing their negative impact on conflict. While this would not be contested by scholars interested in positive cases of corporate efforts in peacemaking and peacebuilding, studies that demonstrate the limitations of CSR efforts and the entanglement in conflict and insecurity by supposedly ethical companies are more concerning. It has been demonstrated, for example, for the Nigerian case, that oil companies' collusion with the Nigerian political regime limits and compromises their violence-reducing and conflict preventing efforts (Ukiwu 2007, Zalik 2004, Idemudia 2013).

Promoting businesses as peacebuilders is also based on the idea that formal, ethical businesses could be separated from 'bad' business, and would promote long-term stability and peace in line with the market-liberal vision of politics. However, instead of transgressing from unethical to ethical, supposedly ethical companies keep using a hybrid set of practices in (post)conflict settings (Hönke 2013). A look at the entirety of security practices that mining companies committed to CSR use brings to light their continued use of heterogeneous strategies that have ambiguous effects on local peace and security. Whilst corporate community engagement and conflict prevention initiatives can have the potential to address root causes of conflict, such as inequality, abuse of public office and limited access to land, they often coexist with stability-oriented political alliances with political authorities, and managerial uses of community engagement that instead only contain local discontent rather than

contributing to positive peace. Moreover, concentrating upon the peacebuilding activities that industrial mining companies undertake in Eastern DRC might unduly enhance corporate authority and hide their conflict-inciting practices and insecurity-enhancing effects. The liberal business for peace agenda therefore needs critical rethinking.

This article contributes to such an endeavor by investigating the most likely ‘success cases’ for peacemaking and peacebuilding by mining companies in Eastern DRC and how they are entangled with, and effect, local peace and (in)security. The whole range of corporate security strategies will be considered in assessing whether they contribute to peace. These may range from withdrawal from a site of investment, or not entering a (post)conflict setting at all, to fortress protection and engagement strategies with neighbouring communities (Avant and Haufler 2012, Hönke 2013). They also include clientelist practices, including co-option of politicians and indirect rule (Hönke 2013) as well as ‘alliance strategies’ (Avant and Haufler 2012) to produce stable working conditions. They might also engage in peacemaking or peacebuilding practices in broader society (although this happens rarely, see Wolf and Deitelhoff 2010).

Strategies thus range from those that are conflict- and insecurity-enhancing to peacemaking and peacebuilding practices. Peacemaking refers to attempts to end armed conflict, and peacebuilding to any reforms and institution-building initiatives designed to prevent new conflict and create sustainable peace (adapted from Doyle and Sambanis 2006). It is also important to distinguish between different qualities of contributions to peacemaking and peacebuilding. Narrower contributions refer to attempts to reduce conflict- and insecurity-enhancing effects of corporate actions. In other words, activities to prevent doing harm and reducing the negative externalities of core business practices. Broader contributions are any activities aimed at supporting peace in broader society, and hence go beyond reducing or mitigating conflict and insecurity caused by companies’ own activities. These two tend to get mixed up in the promotion of business for peace in policy discourse. However, the latter is the crucial one for evaluating the business for peace agenda in relation to extractive industries.

## **Business for peace – the policy discourse**

In conjunction with some of the academic literature discussed above, donor governments and international organizations promote companies as peacebuilders and partners in (post)conflict zones. In response to NGO campaigns, some efforts have been made to regulate companies in order to stop them fuelling conflict and negatively affecting local populations. Yet at the same time, the business for peace agenda emerged because governments see it as an opportunity to “contract out conflict prevention to non-state actors, to reduce the costs of intervention” (Haufler 2010: 103). Today, governments and NGOs appeal to companies to support the peacebuilding efforts in the DRC. In order to move the Congo forward, so the idea goes, resourceful companies could help to bring peace and development to weakly governed areas in the country. Multinational companies with listings at international stock exchanges are expected to be most likely to meet these expectations.

The idea of corporate *security* responsibility (Deitelhoff and Wolf 2010) is much younger than that of corporate accountability more generally.<sup>5</sup> The triggering factor was IOs’ and NGOs’ questioning of mining companies’ activities in conflict zones. Extractive industries were accused of committing human rights abuses and of complicity with such abuses by state and commercial security providers. For instance, French oil company Elf Aquitaine was revealed to have supported the Cobra militias of Sassou-Nguesso after he lost elections in 1997, in order to secure its strong position in Congo Brazzaville. The conflicts in the DRC have put transnational mining companies and trading networks under the spotlight for fuelling a war economy (United Nations 2002), and more than 80 companies from the OECD-world that exploited resources during the wars have been identified. In addition, companies such as Anglogold Ashanti, Anvil Mining and Freeport - to name some of the most prominent examples - have been accused of complicity in war and human rights abuses (HRW 2005; Global Witness et al. 2007).

Subsequent attempts to regulate multinational companies’ security and human rights practices include voluntary initiatives, such as the Voluntary Principles on Security and Human Rights (VPs), which focuses on extractive industries.<sup>6</sup> These initiatives developed alongside a growing trend to promote partnerships with the private sector in order to solve public issues more generally. From the privatization of formerly state-run services in Europe to foreign direct investment in so-called

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<sup>5</sup> This section largely draws on Hönke 2013, ch. 5.

<sup>6</sup> See [www.voluntaryprinciples.org](http://www.voluntaryprinciples.org).

developing countries, market-liberals have argued that business would help. Boege et al. (2006) observe that it has become common wisdom that the private sector *has to be included* in efforts aimed at crisis prevention and conflict management. Governments, international organizations and parts of civil society alike appeal to firms to engage as ‘global governors’ (Avant et al. 2010) of security in ‘weak governance zones’ (OECD 2006). This is true for the DRC as well. Developed together with the US and UK governments, the VPs require companies to teach their host state the virtues of anti-corruption and how to prevent human rights abuses.<sup>7</sup> Another illustration is the Responsible Investment Initiative launched in Kinshasa in 2008. Organized by the UN Global Compact and the German development cooperation company GIZ, it seeks to reframe companies as governance actors and as part of the solution to Congo’s crisis.<sup>8</sup> This turn to companies as peacebuilders is remarkable.<sup>9</sup> *To some extent, the narrative of conflict minerals and war economies has led to the idea that the exact opposite existed: ethical business that builds peace.* The remainder of this paper will look at mining firms in Eastern DRC in order to assess to what extent they actually contribute to peace.

### **Mining MNCs for peace in Eastern DRC? The Anglogold Ashanti and Banro case**

Many of the most important mineral deposits in Eastern DRC have been granted as concessions to MNCs.<sup>10</sup> The 1996-97 and 1998-2003 wars had drawn industrial mining to a standstill, yet this has changed in recent years with major companies returning to, or beginning, exploration work in the country. Since 2003, with the transitional government in place, and more so after the elections in 2006, larger and better known MNCs have come into South Kivu and Province Orientale, such as AGA in Ituri and (together with Rand Gold) in Oriental Province. Rio Tinto conducts exploration work around Isiri in the same province.<sup>11</sup> However, only one single company, Banro Mining in South Kivu, has entered into production.

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<sup>7</sup> Section two of the VPs; Global Compact 2010: How Business Can Encourage Governments to Fulfil their Human Rights Obligations, A Good Practice Note endorsed by the United Nations Global Compact Human Rights Working Group on 29 March 2010, [http://www.unglobalcompact.org/docs/issues\\_doc/human\\_rights/Resources/Governments&HumanRights\\_Good\\_Practice\\_Note.pdf](http://www.unglobalcompact.org/docs/issues_doc/human_rights/Resources/Governments&HumanRights_Good_Practice_Note.pdf) (last accessed March 15 2010).

<sup>8</sup> Forum of the Responsible Investment Initiative (IREP) at the Fédération des Entreprises Congolaises (FEC), co-organized with the GTZ, October 28-30, 2008, Kinshasa, DRC.

<sup>9</sup> For an overview of the specific dynamics in relation to conflict minerals and the electronics industry, see Nest (2011).

<sup>10</sup> See <http://www.ipisresearch.be/mine-concessions-drc.php> [last accessed 14 December 2013].

<sup>11</sup> For a comprehensive overview from 2010 see International Alert (2010).



For the purposes of this article I will use interviews and observations from field research on two gold mining companies, AGA in Ituri and Banro in South Kivu. Ashanti Goldfields acquired shares in the Mongbwalu concession in 1996. It gave the company rights to mining concession 40 which included 2,000 square kilometres around Mongbwalu, Ituri. AngloGold Ashanti was created as a merger of Ashanti with AngloGold in 2004 and took over.<sup>12</sup> Since AGA was targeted by a highly visible shaming campaign criticizing the companies' support for armed group Front des Nationalistes et Intégrationnistes (FNI) (HRW 2005), it has become actively engaged in promoting violence-reducing, conflict preventing business practices (Kapelus et al. 2009). Canada-based company Banro, in turn, is committed to the VPs and other global standards. As the first company to have entered into production, it is hoping to develop a peace-oriented economy in the province. The company holds mining licenses for a total of more than 2790 km<sup>2</sup>, plus research permits for an area that is even larger than this, roughly 40 km southwest of Bukavu (Geenen and Hönke).

### ***Making peace?***

While having invested in their respective mining operations in the 1990s already, both Banro and AGA adopted an avoidance strategy during the second Congo war and did not do exploration work during that time. AGA took up explorations in Mongbwalu from 2003 (Kapelus et al. 2009), and Banro from 2005 (Geenen and Claessens 2013). To wait for a *de jure* sovereign government to be in place and lower levels of violence is what similar companies did as well. Freeport MacMoRan for instance only invested in the now largest copper mine in Southern Katanga after the transitional peace agreement in 2003 (Hönke 2013). Instead of contributing to ending conflict and making peace, those companies that were most likely to actively contribute to peacebuilding seem the least likely to move into conflict-ridden areas early. This calls into question the practicality of an important aspect of the business for peace idea.

Ashanti Goldfields moved into the DRC early but had a rough start. There was confusion over the initial contract they made with Laurent Kabila in 1996, which was temporarily lost to another company, then reestablished in 2001. This was in the middle

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<sup>12</sup> The Mongbwalu site is operated by Anglo Gold Kilo (AGK), which is a joint venture between AGA (82%) and Congolese parastatal SOKIMO. For consistency, I will refer to the case as AGA throughout the paper.

of the second Congo war and the Mongbwalu area, in which the concession is located, was not under the control of the government. As early as 2002, AGA sent representatives to evaluate the local situation in order to start exploration work. Instead of acting as a mediator and peacemaker, as the business for peace agenda would expect, they made contact with the rebel group Union of Congolese Patriots (UPC), which controlled the area at the time with the support of Rwanda, in order to negotiate access. When the UPC was forced to leave by the FNI, which was created and supported by Kinshasa and the Ugandan government (Tamm 2013), the company started negotiations with them (HRW 2005, Kapelus et al. 2009). Declared president of the FNI, and of Mongbwalu at the time, Floribert Njabu, is quoted in the HRW (2005: 66) report as stating:

*“The government is never going to come to Mongbwalu. I am the one who gave Ashanti permission to come to Mongbwalu. I am the boss of Mongbwalu. If I want to chase them away I will. [...]. The contract for Ashanti is with the government but we [the FNI] control Mongbwalu so they need to come to see me if they want to work there.”*

Rather than attempting to make peace, the company did not even strive for neutrality, instead negotiating with whoever controlled the area.

The allegations raised against the company by Human Rights Watch are well known. The FNI gained in strength in the area last but not least thanks to the material support provided by AGA. It paid US\$ 8,000 to FNI and allegedly provided accommodation, access to transport and paid levies on cargo flown into the local airport (HRW 2005: 59ff; Kapelus et al. 2009). AGA supported the FNI by recognizing them as a negotiating partner and hence providing legitimacy (HRW 2005: 65ff, 74). By doing so it got entangled with a much older local conflict over land and inequality between those identifying as Hema, making up the local auto-defence groups from which the FNI was formed, and those identifying as Lendu, of whom many had sided with the UPC (Fahey 2013; Tamm 2013). This story has become one of the best known examples for how companies become entangled in war and prolong fighting.

Of course, arguably, this incident happened *before* AGA turned into an ‘ethical company’, and actually did trigger the subsequent changes in the company’s strategies. In response to the HRW report, AGA condemned that company staff at Mongbwalu had allowed extortion by FNI and promised that it would never happen again. They argued that in the future, they would only have the “moral right” to engage in a conflict zone “if

[...] we can honestly conclude that, on balance, our presence will enhance the pursuit of peace and democracy” (AngloGold Ashanti 2005 cited in Kapelus et al. 2009: 126). So, has AGA turned from bad to good business practices, and have those significantly contributed to building peace in the area?

As regards conflict resolution in broader society - the most important, but also most demanding criteria - the company did not actively engage in such activities after 2005. Rather it reacted to conflict, and safety in the area improved due to political processes that were beyond the company’s purview. Specifically, the FNI was dissolved in 2005 and turned into a political party. Its leadership became part of the Kabila government and its fighters were integrated into the FARDC (Tamm 2013). Also later on the company reacted to newly increased insecurity rather than taking on a role as peacemaker. When fighting broke out in the area in November 2008, for instance, AGA withdrew from a number of camps for three months (AGA 2008: 17). They were not directly affected by the M23 yet had to deal with indirect effects such as overall increased insecurity.<sup>13</sup> No active attempts at peacemaking were reported. Such attempts might well be beyond the options available to the company. Its former alignment with the FNI, and close links with the Kabila government do not suggest AGA as a neutral mediator in the first place. This case illustrates however the, perhaps unreasonably, high expectations on which the business for peace agenda is based.

In contrast to AGA, it could be argued that Banro contributed to ending armed conflict in Luhwindja territory. However, it did so in a way that is not referred to in the business for peace agenda. While it is difficult to prove the direct involvement of Banro, the FARDC cleared Luhwindja and especially the Twangiza concession of the rebel group Democratic Forces for the Liberation of Rwanda (FDLR) in 2005 just before Banro’s arrival in the same year (Geenen and Hönke). The company has entertained close relations with the Kabila government and it is at least notable that the Congolese army launched a targeted military operation to clear exactly the territory in which the major part of Banro’s concession was located, whilst other surrounding areas were not. The population was also disarmed<sup>14</sup> and subsequently Banro was effectively installed, beginning exploration work there. Since the arrival of Banro and the related high

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<sup>13</sup> AGA 2012, Interviews and focus groups in Mongbwalu October/November 2012.

<sup>14</sup> Interview with ex-auto-defence group member and artisanal miner, October 2012. Luhwindja.

military and police presence in the area, no rebel attacks have taken place.<sup>15</sup> The campaign, however, did not end fighting in the broader area. Instead, it mainly displaced FDLR strongholds. Indeed, the FDLR continues to be present in surrounding areas such as the Itombwe forest.<sup>16</sup> Some also claimed that security from FDLR attacks was achieved much earlier. During the second Congo war, the population had armed themselves and defended settlements and mineral deposits against FDLR attacks.<sup>17</sup> Many of the artisanal miners in the area, who were part of these self-defence groups, complain that Banro deprived them of access to gold (see also Geenen and Claessens 2013). Economically the region depends very much on artisanal gold mining, which generates income for most households. However, Banro is restricting artisanal mining more and more on the concession. Similar to AGA, Banro has not remained neutral but has instead aligned itself with the *de facto* authority most likely to provide access to the concession. Having acquired shares in the concession in 1996/7 from Laurent Kabila, Banro lost its mining rights when the first Kabila government decided to nationalize mineral extraction (see Geenen and Hönke 2014 and Geenen and Claessens 2013). It subsequently aligned itself with the rebel movement Rally for Congolese Democracy (RCD) that seized large parts of South Kivu in 1998. However, it remained unsuccessful in gaining access to the concession. Finally, Banro built ties with Joseph Kabila whilst at the same time bringing litigation against the DRC at the International Centre for the Settlement of Investment Disputes in Washington. As a consequence, its mining license was reinstated. The concession remained under the control of rebel groups well after 2003, yet the government's military campaign in 2005 eventually provided access to it.

In sum, Banro and AGA do not demonstrate a record of mediating between warring parties in the conflicts in Ituri and South Kivu. They moved into their concessions when fighting reduced in the respective area in which their concessions are located. This access was reached by aligning themselves with the dominant political party. Both companies have hence not been neutral nor have they contributed as much to peace as envisioned by the business for peace agenda. At the same time, their contributions to peacebuilding in wider society remain small.

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<sup>15</sup> Interviews with local population in Luhwindja, 2012.

<sup>16</sup> Interview with local commander of FARDC 2012, map presented with FDLR bases.

<sup>17</sup> Interview with former artisanal miners, 2012.

## **Do no harm? Build peace in broader society?**

This section turns to peacebuilding, in respect of broader society as well as to narrower efforts to do no harm and hence reduce the negative externalities of their own core business practices. The elevated number of security forces in mining areas is a prominent concern in peacebuilding. In the Eastern DRC it often increases insecurity for the population that lives on, and adjacent to, mining concessions. A crucial question is therefore whether AGA and Banro manage their security forces in a way that prevents that.

The security situation in Mongbwalu is still rated as “sufficiently elevated to require the inclusion of state military units on a near-permanent basis” (CAFOD 2010: 10). Therefore AGA works directly with both state police and the Congolese military (FARDC). It also employs commercial security company G4 Security. In addition, a wide range of state actors are involved in security governance, such as the Mining Police, Judiciary Police Officers, and the National Intelligence Agency.<sup>18</sup> AGA has done relatively well in training private security providers. By 2009, it had trained 86% of their employees and commercial security personnel in human rights (Börzel and Hönke 2012). However, this is an average across all its operations, and excludes state security forces. Apart from Congolese security forces, Banro employs private security provider Erynis. It is not a member of the VPs but says that it implements them. Private security forces concentrate on guarding the company’s property and protected areas in the concession. They are supported by state police in situations of public protest or confrontations with artisanal miners (Banro 2012: 22). The company is overall guided by a narrow vision of fortress protection.

Were there ways in which AGA and Banro actively contributed to peacebuilding in broader society in the area? The VPs require companies to actively engage in reducing human rights violations by others and prevent violent conflict in wider society. Some of AGA’s engagement with state security forces might be considered as such. The VPs stipulate that the company should discuss insecurity and human rights issues with political actors in the area in regard to preventing conflict and reducing human rights abuses. While no forum for such regular discussions was reported, AGA makes attempts

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<sup>18</sup> Focus group discussion with community affected, Mongbwalu, October 2012; field research in Luhwindja, summer 2012.

to provide human rights training to the Congolese soldiers and police officers it works with (see Börzel and Hönke 2012). Since such training addresses FARDC units notoriously known for their abusive behavior, it could be said that this contributes to reducing insecurity in broader society. However, there are major challenges with such training. The government has been reluctant to allow such involvement by an external company (Hönke and Thauer 2014). Furthermore, state security contingents rotate on a regular basis (AGA 2008: 17). While it might help to prevent the establishment of networks of corruption it might also support an 'it's my turn' mentality and makes any meaningful impact of training unlikely. Moreover, despite Banro's claim of implementing the VPs, such activities were not identified.

The effectiveness of the companies' peacebuilding activities vary. In the AGA case, security forces related to the mines are still met with mixed perceptions. In particular in regard to state security forces, interviewees report that they provided a certain level of security. Similar to the Banro case, their presence keeps out other armed actors. AGA self-reports that no confrontations took place in 2011 and 2012 in Mongbwalu that resulted in injuries or fatalities and that involved state or private security working with them (AGA 2012). However, it was reported in focus groups and interviews in the Mongbwalu area that they elevated everyday insecurity for the population living around the concession.<sup>19</sup> FARDC soldiers, for instance, use threats to levy illegal taxes on gold traded by artisanal miners using AGA site control points for that. In the case of Banro, illegal taxation was not reported. Since the company has entered the production phase, however, encounters between security forces and disgruntled community members from relocated communities have taken place. They also violently clashed with artisanal miners.<sup>20</sup>

For both Banro and AGA, their presence has triggered major new conflict between industrial and artisanal miners. Besides relocation, local people report that violent encounters with company security forces and denied access to former artisanal gold mining sites constitute a major source of insecurity. Ilunga (2012) suggests that around 25 000 of the 120 000 inhabitants of the wider Mongbwalu area are artisanal miners. A CAFOD (2010) report talks about an estimated 9500 artisanal miners on the

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<sup>19</sup> Focus groups and interviews held in October 2012, Mongbwalu.

<sup>20</sup> Interviews with community representatives in Luchiga, and with artisanal miners in Luhwindja in 2012; see also Geenen 2013 and Geenen and Hönke 2014.

AGA concession. Many more depend on this as a major source of income. Estimates of artisanal miners in Luhwindja range from 6000 to up to 12 000, each providing a living for a family, on top of which come local traders, shop keepers and service providers who depend on this sector (Geenen and Claessens 2013).

While still in the exploration phase, AGA has already defined an exclusion zone and cleared up to 3,000 miners from the site. More displacement will come the closer the company gets to production. Banro has already closed several of the major artisanal mining sites around its operations. At the same time, no sufficient alternative livelihood opportunities have been created in both areas. The companies rarely provide formal employment opportunities as an alternative. They have certain initiatives in place in order to develop alternative livelihood opportunities for miners. However, such programmes have reached out to a few hundred people at their best. Some of them are for delivering gravel or bricks to corporate constructions and the sustainability of these business models for once the operations are running are in doubt (Geenen and Hönke 2014, de Koning 2013). The perceived failure by the companies to bring about such alternatives and social benefits has fuelled distrust among locals. A community leader from Mongbwalu was recently quoted saying: *“If they don’t provide alternatives, there will be a rebellion for sure ... these miners are ex-fighters and have access to weapons”*.<sup>21</sup> Similar voices can be heard in the still existing artisanal mining sites in Luhwindja from artisanal miners feeling fearing to be relocated again by Banro.<sup>22</sup>

Kapelus et al. (2009: 130) conclude a review of AGA in Mongbwalu by saying that there was “little doubt that a mining operation such as AGA’s proposed Ituri mine can provide crucial employment and income opportunities to the local population, the region and the country as a whole, as long as legitimate decision-making processes are established and supported at various levels of government.” This present article does not reject this claim entirely. However, although so far the project has provided income for certain people at various levels of government, this is very different from providing income and employment opportunities for the local population. Conflicts between industrial mining companies and 100,000s of artisanal miners in the Eastern provinces (and other parts of the DRC) cannot be washed away as a necessary transitional

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<sup>21</sup> Reuters 2012 news article, <http://mg.co.za/article/2012-04-30-congo-exrebels-threaten-anglogold-mining-project> [last accessed 14 December 2013].

<sup>22</sup> Interviews by Sara Geenen in 2012, see Geenen (2013) .

phenomenon from a war to a peace economy. Competing development models might be at stake here. So far, the promotion of foreign direct investment, and also the formalization of the sector supported by donors has been largely at the expense of artisanal mining (Geenen et al. 2011). At the very least, the limitations of top-down models that put the state and big investment at centre state are apparent in Eastern DRC and will need to be balanced with local, livelihood-focused and decentralized strategies; including artisanal mining. Such rethinking therefore needs to go beyond the oversimplified narratives of state-focused development and conflict minerals (Autesserre 2012). Positive peace requires opportunities for people to make a living, and artisanal mining is one, together with the promotion of “inclusive forms of resource ownership, control and access” (Le Billon 2012: 192).

In sum, much of the ‘peacebuilding’ that Banro and AGA undertake in Eastern DRC revolves around attempts to mitigate new conflicts created by their very presence. Industrial mining comes with its own problems. While it is important to make companies reduce these, more caution should be applied in promoting companies as peacebuilders outright. Some more reflexivity regarding the ‘unintended’ consequences of a business for peace agenda is apt, too. Apart from not overestimating most companies’ actual contributions to peacebuilding, more awareness is required of unintended effects, such as contributing to crowding small-scale and artisanal mining out of local economies, that will hardly lead to sustainable peace.

Moreover, a final cautious note should be sounded. Banro and AGA have become part of an, arguably, highly selective statebuilding project. Both companies provide the government with substantial revenue. AGA pays \$125 000 per month for its exploration activities (CAFOD 2010: 19). Banro’s payments went up with the start of exploitation and the company paid over 12 million dollars to the government in 2012 (Banro 2012), including taxes and paying state agents, such as police and military, on their payroll. In addition, both companies sponsor state capacity building activities and social service delivery in local communities. That could be considered problematic in a context in which the government is one of the warring parties, and in which state security forces do not behave much differently from rebel forces. In addition to the payments above, both companies provide state security forces with privileged access to mining areas alongside the various economic opportunities they provide, such as smuggling of minerals and informal taxation. They sometimes also provide ideational support in



terms of recreating the idea of the state as the provider of public goods, even though very little is done in that regard by the current government. The following quote from an interview in Mongbwalu illustrates this point:

*Q: [I]n your opinion, who do you believe is responsible for providing [...] services?*

*A: Under normal circumstances, this should be the responsibility of the government. [...] However, when a partner provides these services, it is because there is an agreement with the government.*

*Q: What makes you believe that these services are provided by AGK because there is an agreement with the government?*

*A: It's because a partner cannot conduct any activities in this country without the prior consent of the government. That explains we believe that activities carried by AGK are carried on behalf of the state.*

*(Interview with youth representative from Mongbwalu, in: Ilunga 2012: 129)*

Together with the other points made above, this quote illustrates that companies committed to corporate social responsibility materially and ideationally support a regime that is legal but has limited societal legitimacy. The results of the 2011 presidential elections in the DRC were highly contested and allegations of vote rigging severe and the regime has become more clearly autocratic.

Moreover, elsewhere I have argued that companies have become part of a politics of 'indirect discharge' (Hönke 2010). In order to recapture rents from resource extraction, the second Kabila government centralizes access to concessions by giving them to multinational companies. Amidst competition over 'l'Afrique utile', the Kabila regime stages its claim to sovereign control through a hybrid network/coalition with foreign investors and local power holders. At the same time, it uses the outsourcing of policing and social service provisions to companies in order to consolidate its rule (ibid.). It is thus possible that the very socially responsible activities promoted by proponents of embedded liberalism might turn out to have counterintuitive effects.

## **Conclusion**

This paper has critically reviewed the business for peace agenda in relation to Eastern DRC. Starting from expectations formulated in the related literature and policies, it examined the extent to which multinational mining companies contribute to peacemaking and peacebuilding in Eastern DRC. It has demonstrated that there is

limited evidence for corporate peacemaking and active peacebuilding in broader society in both cases. While recognizing the complicated contexts in which companies operate, their activities remain very limited compared to the expectations inherent in the business for peace agenda. In addition, even 'CSR firms' produce stable working conditions by hybrid means: while implementing aspects of ethical business standards, such as the VPs, other business practices continue and keep having problematic effects on local peace and security. This is not because they are simply no 'CSR firms', or because they were not in the past. While there is variation in the scope and quality of peacemaking and peacebuilding efforts by so-called ethical companies, it is important to increase awareness and better understand that even MNCs that strongly commit to ethical standards not only play a very limited role as active peacebuilders, but also remain entangled with violence and practices that create insecurity.

The business for peace agenda has generated interesting research and a new market for consultants and NGOs. A first implication of the findings of this paper is that within this growing field, more nuanced, more modest, and more critical evaluation of large companies' role in peacemaking and peacebuilding is required. Companies are neither socially responsible (and hence 'good') or 'bad'. Instead, companies' violence-reducing and community engagement strategies need to be investigated in conjunction with their other everyday practices. Ethical business strategies remain entangled with the physical violence implied in traditional 'fortress' protection as well as with clientele strategies used by the same organization in order to provide stable working conditions (Hönke 2012, 2013).

This article has also demonstrated that we need a better understanding of the limitations and unintended consequences of the liberal 'business for peace' agenda and the promotion of industrial mining companies in (post)conflict settings such as Eastern DRC. It is a call for more reflexivity concerning the implications of the business for peace research agenda, arguing that it needs to go beyond its pragmatic stance of identifying best practice in order to incite virtuous learning cycles among peers. While that might contribute to socializing businesses into non-violent behavior and contributions to peacebuilding and public security provision, it also produces companies as legitimate authorities, despite their limitations as peace-builders and their ambiguous effects on peace and conflict. This carries the danger of promoting large MNCs at the expense of smaller businesses and artisanal mining. The latter begs an even bigger question: how do you build peace without building it from the bottom-up and based on local livelihood opportunities?

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