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## Seizing the Peace Dividend: Private Sector Contributions to Forging Resilient Societies

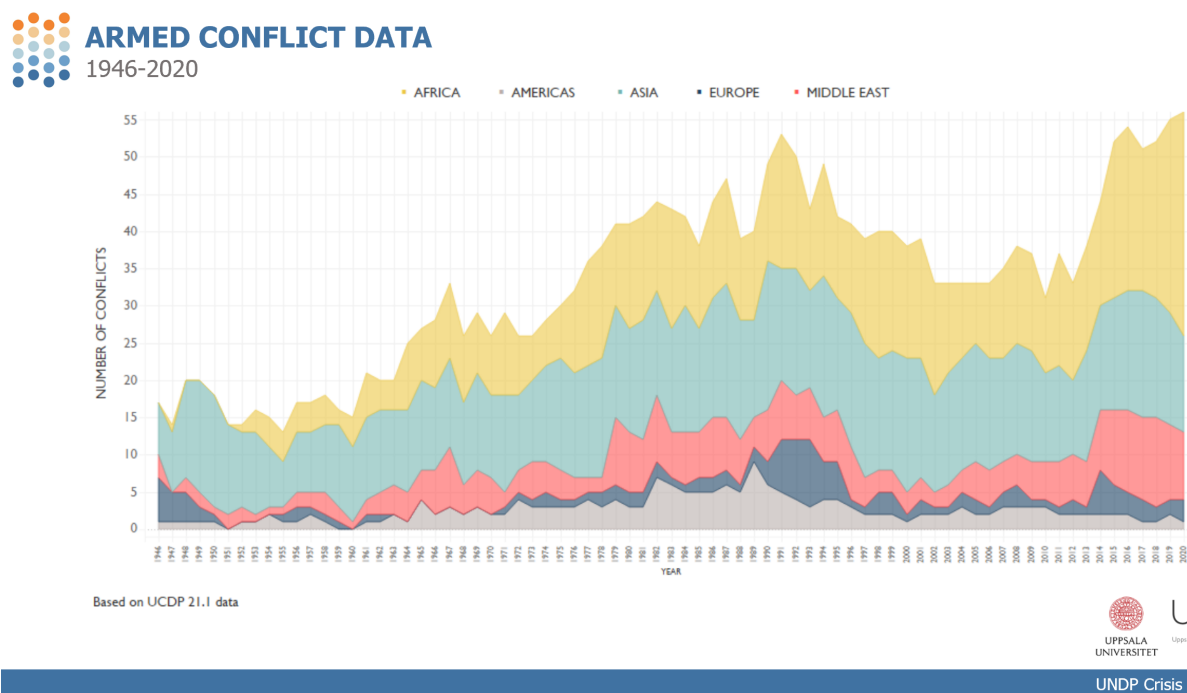
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This policy brief explores the auspicious role the private sector can play in addressing fragility, responding to crises and building resilient communities to prevent conflict and sustain peace. To that end, the brief identifies five dimensions through which national and local governments, policymakers and development practitioners can leverage the largely under-tapped experience, expertise and connections of the business community in sustaining peace. Furthermore, by moving beyond typical frameworks on engaging the private sector solely for resource mobilization, this policy brief provides new insights for businesses themselves on how and why they should align their activities with people, planet, profit and . . . peace.

As crises persist, humanitarian needs continue to increase globally; in 2022, before the war in Ukraine, as many as 274 million people were expected to need humanitarian assistance and protection. This reflects a notable increase from 235 million a year ago—a figure that was already the highest in decades. Violent conflicts are both a driver and an outcome of these unmet needs and pose a significant threat to sustaining peace.<sup>2</sup> There were a record number of 56 state-based conflicts

in 2020.<sup>3</sup> Furthermore, a 2022 poll of nearly 1,000 business, government and academic leaders highlights the increased perception of societal fragmentation as a major global risk and notes that ‘social cohesion erosion’ is the risk that has worsened the most globally since the start of the COVID-19 crisis. It is perceived as a critical threat to the world across all time spans—short, medium and long term—and is seen as among the most potentially damaging for the next 10 years.<sup>4</sup>

Figure 1: UNDP Crisis Risk Dashboard data visualization showing the rising number of conflicts per region, 1946-2020.



Source: Uppsala Conflict Data Programme, Uppsala University

Although responding to crises, preventing violent conflict and sustaining peace are the primary responsibilities of national governments, the private sector—particularly at national and local levels—has emerged as an important actor with which to engage and partner. Across different countries and contexts, businesses have stepped up to support crisis-affected people to ‘build forward better’. UNDP’s *Strategic Plan 2022-2025* also notes: “Businesses are beginning to recognize that resilience can protect business continuity. This makes the private sector a key collaborator as companies re-engineer their business models to become more adaptable and set themselves green and risk-informed standards.”<sup>5</sup> But what about peace? The United Nations (UN) recognizes that to advance the sustaining peace agenda—including by fostering a coherent vision and approaches for building more just and peaceful societies—the role of the private sector must be elevated.<sup>6</sup> Other stakeholders agree: *The International Dialogue on Peacebuilding and Statebuilding* (IDPS)<sup>7</sup> supports the promotion of a peace-promoting private sector. IDPS notes that “businesses have the potential to positively contribute to sustainable peace through a refined understanding of conflict dynamics, fragility risks, and opportunities to support resilience capacities”. Yet the IDPS notes, too, that “the mobilisation of private sector actors as positive contributors to peace and resilience is largely untapped”.<sup>8</sup> Moreover, the International Finance Corporation has recommended

that development institutions and other stakeholders enhance their understanding of how the private sector can contribute to conflict prevention.<sup>9</sup>

*UNDP’s Private Sector Strategy seeks, in partnership with governments, civil society and businesses, to make markets work for the Sustainable Development Goals (SDGs) with an emphasis on inclusion of poor and marginalized communities. It seeks not only to enhance the private sector’s role as a vital actor in advancing the SDGs but also to promote the adoption of the SDGs as the main framework for private sector strategies and operations so that all business outputs are contributing to the SDGs. The Connecting Business initiative (CBI), jointly led by UNDP and the UN Office for the Coordination of Humanitarian Affairs (OCHA), recognizes that disasters can reverse years of development gains and acknowledges the role the private sector can play in disaster risk reduction, emergency preparedness and response as well as recovery. At the same time, UNDP’s Prevention Offer calls for acting early and at scale in conflict and crisis prevention and peacebuilding. Its objectives are to stabilize and protect hard-won development gains; mitigate risks of relapse or recurrence; and build institutional and community resilience to sustain peaceful development pathways.*

Businesses often possess critical attributes—such as deep acceptance and trust of the public, broad social networks and wide geographic reach—that can make them powerful agents for peace. In fact, as communities around the world struggle to overcome mistrust and misinformation during the ongoing COVID-19 pandemic and the related infodemic, research has shown that business is not only the institution (compared to government, NGOs and media) with the highest level of public trust, but also the only institution seen as both ethical and competent.<sup>10</sup> Moreover, when the government is absent, people anticipate that business will step in to fill the void.<sup>11</sup> This is particularly critical in fragile and conflict-affected contexts, where the absence of government may be both a driver of fragility and an impediment to recovery. Businesses are also promising partners for governments from a financial

perspective. The effects of violent conflict lead to a persistent decline in the productive capacity of an economy, implying a 15-20 percent drop in real GDP over five years and a 10 percent fall in real tax revenue.<sup>12</sup> Since most jobs and domestic revenue are created by and generated from the private sector, governments are keenly aware of the potential business can play as a cost-effective conflict prevention and peace actor.

Drawing upon primary data from countries including Côte d'Ivoire, Haiti, Kenya, the Philippines and Sri Lanka, this policy brief identifies five ways policymakers, development practitioners, national and local governments and business leaders can further catalyse private sector impact to yield peace dividends.

## 1. Engage the local private sector to harness shared contextual knowledge

Too often, the private sector is not included as a stakeholder in analyses and strategic planning processes that governments conduct with regional and international organizations, as well as international financial and development finance institutions (IFIs and DFIs). And while non-governmental organizations (NGOs) often help shape humanitarian response plans with governments, the UN and other international partners, business alliances are often left out—making it harder to build a shared understanding of the needs and priorities of a given context. This has indeed been the CBI experience in several countries, including Côte d'Ivoire and Haiti. Furthermore, inviting the private sector to share context-specific insights and learn from those of governments, alongside humanitarian, development and peace practitioners, can also build ownership, identify new opportunities and further motivate business leaders to align their profits with broader prevention and peacebuilding efforts.

Being part of the social fabric in which they operate, private sector entities often have in-depth knowledge of the drivers and impacts of conflict. They may have access to diverse grassroots perspectives and other beneficial connections with local partners such as village leaders, women's groups, youth and religious figures. In fact, businesses often already assess the political economy of conflict and the (in)formal constellation of various actors as part of their market analysis, standard risk management and business continuity

practices. Furthermore, some private sector entities also conduct specific conflict or contextual analyses to better understand how they can *do no harm*. For these reasons, there are promising opportunities for the private sector and partners, notably DFIs, to develop integrated sector strategies, leverage due diligence and market knowledge, contribute to joint upstream project development, agree on relevant principles and collaborate on conflict sensitivity.<sup>13</sup> Drawing on the insights of the private sector could, therefore, complement the transformative conflict prevention and peacebuilding work that governments, international organizations, and peacebuilders lead.

*A World Bank Group study<sup>14</sup> which analysed 312 published evaluations of private sector development interventions in 23 fragile and conflict-affected countries found that projects were most effective when both local stakeholders and investors had an important stake in the project. The study also found that creative approaches that used local knowledge to support the most vulnerable provided heightened opportunities for success, notably projects targeting at-risk populations (particularly conflict-affected youth) for small- and medium-sized enterprise (SME) development. These youth projects had an 86 percent success rate.*

## 2. Leverage the power of collective private sector action

Due to the often-politicized nature of conflict-affected contexts, the private sector is sometimes hesitant to engage in peacebuilding efforts. Experience from CBI demonstrates that collective action can mitigate some of the (perceived) risks of engagement while maximizing private sector contributions—before, during and after crises. UNDP's *Prevention in Action Forum 2021* identified that it is better for peace actors to engage with alliances than with one single business. As one business leader explained, the private sector often sees peacebuilding as problem-solving, and while comprising a part of a company's normal plan of operations, the complex nature of conflicts often requires cooperation among multiple actors to mitigate and resolve them. Taking an alliance-building approach can strengthen networks, especially in fragile and conflict-affected settings, where data may be scarce and operations more difficult to deliver.

Engaging with private sector platforms also strengthens coordination. Networks provide an easy entry point for governments, development and peace practitioners to reach a larger group of businesses but also help the private sector align its support with broader efforts without the need to independently navigate among different actors. Private sector networks can also present a unified business viewpoint that can advocate towards responsible authorities,

for example, on ensuring that critical facilities which may be affected by conflict stay safe and open (e.g., ports and roads). Collective action also reduces the risk of duplicating efforts or gaps in coverage where resources are in short supply, and needs can rise quickly due to the shifting nature of conflict.

*Last year, UNDP and CBI developed a Guidance Note<sup>15</sup> for private sector networks to embed conflict sensitivity in private sector disaster management. Recognizing that private sector operations can sometimes have intentional or unintentional negative impacts on the peace and conflict landscape, the CBI member network in the Philippines, the Philippine Disaster Resilience Foundation (PDRF), has adjusted its operations in post-conflict settings to ensure the principle of **do no harm** is sufficiently integrated into its operations. Its examples<sup>16</sup> have demonstrated that while conflict sensitivity is often more complicated than theory suggests and private sector actors can be hesitant to unravel it, with even elementary tools and a simplified process for analysis, a private sector network can help businesses play a vital role in rebuilding conflict-affected communities.*

## 3. Embrace and advance digital transformation as a medium for peace

At this year's Davos Agenda hosted by the World Economic Forum, UNDP's administrator stated that "digital is perhaps the single biggest transformative variable in the way development choices and pathways can be rethought". But for digital to benefit everyone, everywhere, it must be thoughtfully developed and used, and open-sourced whenever possible.<sup>17</sup> UNDP's *Strategic Plan 2022-2025* considers digitalization as one of the enablers to drive new approaches and innovative solutions in protracted and recurrent crises.

The use of mobile devices provides access to new, localized information and rapid exchange that has not previously been possible. New technologies enable risk detection, early warning and information management, including through the use of artificial intelligence (AI), remote sensing and open web data. Technology- and data-driven foresight, horizon scanning and other forms of futures thinking

that involve the private sector are powerful tools to inform conflict prevention strategies. While different digital tools have been piloted for conflict prevention, there is untapped potential for AI, the Internet of things, blockchain and virtual reality to also contribute to early warning—especially on emerging multidimensional and asymmetric threats such as climate insecurity, cyber threats and lethally autonomous weapons systems—and to sustaining peace, overall. True digital transformation will require governments and policymakers to move beyond pilots towards a broader and scalable application of digitization and digitalization. Partnerships with private-sector entities can help develop and adapt effective tools for local peace contexts, such as the partnership under UNDP's Digital X Scale Accelerator between UNDP Sudan and Koe Koe tech—a Myanmar based start-up—to scale up an AI model to identify trends in social media around hate speech, and/or risk factors and early warning signs for extremism.



Technology is also enabling early response: Local peacebuilders from across the world are using the Internet for digital peacebuilding and data-driven advocacy. Mobile devices and other digital tools also connect communities, providing early warning information to those responding. With technology increasingly connecting people, especially during the COVID-19 pandemic, technology is enabling users to help prevent conflict, for example in social media, where peacebuilders are negotiating among

adversaries and brokering peace online<sup>18</sup> while, at the same time, shifting narratives on how young people, women and vulnerable communities—who are often absent from formal peace processes—can be and already are agents of peace. Similarly, social media has been used for sense-making and to map conversations that allow the conflict prevention and peacebuilding communities to draw a more detailed yet nuanced picture of complex situations, including conflict drivers.

*Together with the private sector, UNDP<sup>19</sup> has launched a series of campaigns in 10 countries<sup>20</sup> to prevent and counter hate speech, misinformation and disinformation, particularly forms targeting young people who are at higher risk of exposure to radicalization, manipulation and exploitation, thus giving primacy to prevention. The campaigns raise understanding and awareness of how hate speech can escalate to violent behaviour and how digital consumers can work together to prevent violence. Using the Google Ads online advertising platform, the initiative is transforming knowledge and attitudes so users will be more tolerant and informed—and ultimately reject hate speech. By fighting hate and false narratives online, the initiative is expected to promote social cohesion, deepen democracy, advance peaceful discourse and secure safe Internet spaces.*

## 4. Adopt a holistic view on private sector engagement and whole-of-systems solutions

Scaling up private sector contributions to support peace requires stakeholders—governments, humanitarian, development and peace practitioners and businesses themselves—to acknowledge the multitude of ways they can add value before, during and after crises. Unlike formal humanitarian, development and peace organizations, which often operate under defined mandates and contexts, businesses frequently operate seamlessly across the humanitarian-development-peace nexus. The private sector can provide goods and services, such as low-interest loans, to marginalized communities, thus meeting critical needs. Recent years have seen several examples of businesses partnering

communities. The private sector can also help governments (re-) build infrastructure and provide connectivity—sometimes even supporting inclusive social services that can reduce group inequality. The revenue from the taxes businesses pay will further enable governments to meet people's needs and, by doing so, reduce proclivities for discontent. The private sector can also engage in policy dialogue by lending its voice to larger causes: With its position and relative influence, private-sector advocacy can shape policies that address business and human rights, including issues such as inequality and discrimination, which can be, together with other factors, a root cause of conflict. In some cases, the private sector

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