International Conference
‘Private Sector Development and Peacebuilding – Exploring local and international Perspectives’
Berlin, 15.9.2007

From conflict analysis to PSD planning

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GTZ Sector Project ‘Innovative Tools for PSD’
Content

- Background to the Debate
- Linking PSD with Conflict Prevention and Peacebuilding
- Conflict Analysis and PSD
- Project Examples
Background to the Debate
Political Background

- Collapse of the state in Somalia
- Genocide in Rwanda
- Balkan conflict
- September 11 and Afghanistan
- Crisis in West Africa and the Great Lakes Region
- US intervention in Iraq
- Current discussions:
  - Sudan
  - Post-Tsunami development
  - Oil in Africa
Development of the Topic

- April 1996, Mary Anderson warned the international community to "Do No Harm"
- July 1996, Luc Reychler for more systematic conflict impact assessment at the macro/policy level
- In 1998, Kenneth Bush presented “A measure of peace” (→ PCIA)
- OECD/DAC task force and guidelines for conflict, peace and development (OECD 2001)

since then:
- Development of tools (Do no harm, Peace and Conflict Impact Assessment)
- Integrating CP/PB as a cross-cutting issue
German Policy Background

- BMZ strategy paper “Crisis prevention, Conflict Transformation and Peace Building” in 2005

- Binding directives: contribute to reducing structural causes of violent conflict

- Conflict-rating system
  - K2 interventions: CP, CT and PB are primary objective of the project
  - K1 interventions CP, CT and PB are important secondary objectives;
  - K0 interventions not directly CP, CT and PB but conflict sensitive

⇒ Mainstreaming CP/CT/PB in all programmes in countries with conflict risk (approx. 50%)
Working in and on Conflict in Countries at Risk

**Working around Conflict**
The conflict is ignored or even seen as an obstacle, but no effort made to actively influence it. Projects avoid conflict topics, and frequently withdraw from conflict areas.

**Working in Conflict (conflict-sensitivity)**
The possible mutual impacts of development cooperation and conflicts are recognised. Strategies are developed in order to minimise negative impacts on the conflict. The conflict itself is not content of the work.

**Working on Conflict**
The conscious attempt to design programmes to such that they make a direct contribution to peace building. Crisis prevention and conflict transformation are the specific priority areas.
Linking PSD with Conflict Prevention and Peace Building
## Competitiveness of an Economy

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<tr>
<th>Level</th>
<th>Factors</th>
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| **Meta** | - development orientation  
- social capital |
| **Macro** | - degree of economic stability  
- legal framework and enforcement  
- dialogue with PS and civil society |
| **Meso** | - quality of infrastructure  
- availability of financial and non-financial services  
- existence of chambers/associations |
| **Micro** | - level of entrepreneurial tradition  
- productivity  
- availability of qualified labour |

## Private Sector Development Programme

- Reform of Investment Climate
- Investment and Export Promotion
- Business Development Services
- Value Chain Promotion
- Local Economic Development
Rationale for Linking PSD and Peacebuilding

- Violent conflicts have *adverse effects on the economy*; Development interventions fail
- Private Sector Development *affects resource distribution* + may create conflicts or exacerbate existing conflicts
- Conflicts often have *economic causes*
- *Economic resources* play an important role for the duration & intensity of a conflict
## Impact of Conflict on the Economy’s Competitiveness

### Competitiveness of an Economy

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### Impact of the Conflict

- Athmosphere of mistrust
- Brain drain
- Economic reforms not priority
- No funds for public investment
- Unattractive to FDI
- Interrupted / informal markets
- Limited flow of information
- No confidence among stakeholders
- Lack of economic perspective
Potentially Negative Impact of PSD on Conflict

- 'Picking the winner'
  - Worsening tensions between groups

- Business Services for war profiteers
  - Promoting an economy of violence

- Local Economic Development in advanced regions
  - Conflict-escalating regional imbalances

→ Economic Development and Poverty Reduction is not automatically conflict preventive (core message of BMZ strategy)
Countries that rely heavily on primary commodities are more vulnerable to conflict.

Countries engaged in trade with each other are less likely to fight each other.

A large diaspora statistically increases the risk of conflict renewal.

Civil wars last longer if rebels finance themselves using illegal commodities.

There is reduction of conflict risk in countries with high male secondary enrolment.

Countries with severe horizontal inequality are more vulnerable to conflict.

from P. Collier
Conflict Analysis and PSD
Core Elements of Conflict Analysis

Identify and separate...
- the root causes of the conflict/s
- the escalating factors and 'dividers'
- the de-escalating factors and 'connectors'

...to be able to design programmes to
- reduce root causes
- strengthen de-escalating factors and connectors
- weaken escalating factors and dividers

→ unequal access to resources is often a root cause of conflict + at the heart of PSD
### Conflict analysis and planning of intervention

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<th>Planning</th>
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<tr>
<td><strong>Conflict Profile</strong></td>
<td>socio-economic character of conflict</td>
</tr>
<tr>
<td>Analysis of Causes and Factors</td>
<td>root causes, escalating and de-escalating factors in the economic sphere</td>
</tr>
<tr>
<td>Analysis of Actors</td>
<td>economic actors and groups, chambers, sectors</td>
</tr>
<tr>
<td>Trends/Opportunities</td>
<td>economic dynamics of the conflict; winners and losers</td>
</tr>
<tr>
<td>Entry points</td>
<td>- address root causes - reduce escalating factors - support deescalating factors</td>
</tr>
<tr>
<td>Capacity Analysis</td>
<td>check capacity of programme and partners for a systematic approach to conflict sensitive PSD</td>
</tr>
<tr>
<td>Strategy Development</td>
<td>- K0 or K1 - macro, meso and micro level interventions</td>
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*Workshop with PSD Programme Partners* (i.e. Sri Lanka)
Checklist for Conflict Sensitive Project Planning I

**Socio-Economic Character of the Conflict**
- Meta-/macro-/meso-/micro-level: what indicators before, during and after the conflict? How to explain changes?
- What are the coping strategies of political & economic actors?
- What are the economic costs of the conflict (and benefits of peace)?

**Economic Root Causes & Escalating Factors**
- Economic reasons for violence as perceived or communicated by conflicting parties
- Role of economic actors in relation to root causes/escalating factors

**Options for PSD programmes**
- Reform of BEE
- Support target groups’ coping mechanism
- Awareness raising on cost of conflict
- Programme designed to work on root causes/escalating factors
Checklist for Conflict Sensitive Project Planning II

Economic Dynamics of Conflict

- Which economic actors are winner/loser of conflict/peace?
- Economic activities of conflict parties & interest to continue
- What are cash/commodity flows, economic sectors, actors, regions relevant to the conflict?
- How are conflict activities financed?

Peace building Capacities of Economic Actors

- Identify connectors/dividers within economy
- Identify peace initiatives of economic actors
- Opportunities/potential for economic actors to get involved in peace building

Options for PSD programmes

- Avoid supporting winners of conflict
- Divert profit-seeking behaviour from war to peace economy
- Create incentives for participation in peace economy
- Support connectors and peace initiatives
- Support local and MN business in their peace-building role
Peace and Conflict Analysis (PCA) in PSD

**Peace and Conflict Assessment**

**PCA in PSD planning process**
- Assess economic causes and escalating factors of the conflict
- Identify important economic actors with regard to conflict and peace (‘connectors’ and ‘dividers’) and potential intermediaries

**YES**

*Can those causes/factors be addressed by PSD interventions?*

- Design the PSD intervention to address economic causes/factors on the level of the objectives or target groups

**NO**

- Ensure a do-no-harm approach of the planned PSD intervention

**YES**

- Where feasible, implement/adapt activities to support and complement CP/PB
GTZ Project Examples
## Selected GTZ Projects According to BMZ Conflict-Rating System

1. **Ensure ‘do no harm’ on all strategic and practical levels**  
   - **K0**

2. **Adapt PSD intervention (strategy and/or target group, regions) to contribute to CP/PB**  
   - **K1**

3. **Adapt/Design PSD programme or component’s objectives to contribute to CP/PB**  
   - **K1**

4. **Conduct intervention primarily to contribute to CP/PB (= peace building is the main objective)**  
   - **K2**
Conflict-Sensitive Private Sector Development

Adapt conventional activities to contribute to crisis prevention / peace building

Local Economic Development (LED)
- selection of conflict-affected regions
- locally produced/managed reconstruction of the economy
- include conflict information in location marketing
- transparency and participation in local decision making
- PACA: local champions‘ role in conflict? Conflict issues in Workshops and interviews

Value Chain Promotion
- selection of conflict-affected chains
- transparency on conflict through VC analysis
- prominent business leaders as peace agents
- dialogue and win-win improvements
- promote CSR (issue of Maoist rebels)
Adapt conventional activities to contribute to crisis prevention / peace building

**SME development/BDS**
- actively communicate that intervention are for both entities (Republika Srpska + BH)
- joint events for entrepreneurs of both entities / crossing borders
- support to cross entity sectoral business associations
- joint label for furniture producers
- BDS providers/CEFE trainers/PACA facilitators in both entities

**Vocational Training**
- introduce and strengthen non-violent conflict resolutions at schools (ToT, curricula dev.)
- support reconciliation and trust building between opposing groups
  - staff exchange in third countries
  - joint training
  - German CIMIC forces hold lectures at schools
Conflict-Sensitive Private Sector Development

Design intervention strategy to contribute to peace building

- Transparency/democratic decision making
- Rehabilitation
- Food security
- Transparency/democratic decision making
- Rehabilitation
- Food security

Community development
- Capacity building for infrastructure rehabilitation
- Improved local investment climate with PCIA

SME development
- Regional Business consultant training
- Skills training, BDS centers, FSE

Support to agricultural production
- Credit facilities
- Multi-ethnic associations
- Cross border cooperation

Conflict management/Regional cooperation
- Cross-conflict and Regional trainings
Design intervention strategy to contribute to peace building

- All PSD programmes have resource distribution consequences + an impact on the conflict
- Multi-disciplinary components: community development, conflict management/regional cooperation, support to agriculture, SME development (BDS, skills training, financial services)
- PCIA procedures should be built into partners' project management for monitoring + business climate improvement
  - Project conflict indicators: struggle for power, access to resources, corruption, information/transparency, cultural diversity, regional cooperation
  - General conflict level: military presence, crime/security, political climate, legal framework
- Linking disbursement of funds to democratic decision making
- Cross-conflict training by each component: efficiency + dialogue
- Transparency and participation: process at least as important as end result
Conflict-Sensitive Private Sector Development

Design intervention strategy to contribute to peace building

Investment Promotion in Afghanistan

- Systematic donor coordination: conditionality at macro level (reforms against association)
- Networking with security related institutions and regional networking
- Start development of institutions even if regulatory framework is not in place
- Operational Practices
  - Recruitment: Employment of local staff (e.g. returnees), risk: returnees often not accepted; Not only professional but also soft-skills (e.g. regarding conflict sensitivity)
  - Consideration of all local languages in project documents & publications (avoid bias)
- Methodological Practices
  - Promoting dialogue
  - Identify win-win-situations for business cooperation among opposing groups
  - Identify & support cross-conflict value chains & trade and cross-conflict BDS provision
  - Initiation & support of joint business associations/organisations
  - Economic incentives for conflicting groups to engage in joint activities
  - LED & SME promotion to contribute to development of alternative livelihoods
Need for monitoring system and indicators
  - PCIA - based

Potential indicators:
  - trade/economic interaction between opposing groups;
  - number of joint business associations;
  - economic indicators in conflict prone areas;
  - improved access of marginalised groups to business services, TVET & employment;
Conflict-Sensitive Private Sector Development

**Need for further discussion:**

- Is there a trade-off between peacebuilding – PSD?
- Are partners reluctant to work on conflict?
- Positive discrimination vs. conflict specific target groups?
- Involvement of (former) warlords etc?
- How to decrease economic resources/ foundation of conflict?
- ...