GTZ Press release: Peace Through Economic Development

“Business can contribute to peacebuilding. But it takes time.” British economist Paul Collier knew that he was in agreement on this point with the 120 participants who had come to Berlin on September 14 and 15 for the international conference on “Private Sector Development and Peacebuilding”. While discussion had previously centred on the importance of multinational corporations, in Berlin the focus was on the involvement of local business. “Local businesses are much more directly affected by internal domestic conflicts”, emphasised Karin Kortmann, Parliamentary State Secretary in the German Federal Ministry for Economic Cooperation and Development (BMZ) in her opening address. “Local business actors and business associations often have great influence in this context and good contacts with policy-makers.”

At the core of the conference was a study by the International Alert organisation, which on the basis of several case studies examined the significance of local businesses in securing peace. The resulting manual, produced with the support of GTZ, offers a wealth of ideas on how development cooperation can support the private sector in its role in peacebuilding.

An international consensus now prevails that economic growth per se has neither peacebuilding nor conflict-reducing effects; this poses all the more urgently the question of how to design promotional programmes that are conflict-sensitive in the sense of a do-no-harm approach. Sabine Becker of the GTZ sector project “Innovative Instruments for Private Sector Promotion” introduced initial concepts for using economic aid to actively de-escalate conflict and to address its structural causes. Her conclusions are based on the internal cooperation between the GTZ crisis prevention and economic promotion divisions which brought together analytical instruments and project approaches from both disciplines. Underlying this cooperation is the cross-sectoral concept for crisis prevention adopted last year by BMZ, which mandates conflict sensitivity for all German governmental Development Cooperation projects.

In order to combat post-conflict poverty and despair, removing as much as possible of the grounds for renewed hostilities, it is crucial to stabilise the economy as quickly as possible and create employment for young people. But it takes foreign businesses seven years on average to re-establish themselves in post-conflict regions, according to a World Bank study. “This time must be substantially reduced, since businesses make great contributions not only to economic reconstruction, but also to the reform of the institutional and legal framework”, declared Rob Mills from the World Bank. This means that the objective of the international community’s economic promotion is to create as soon as possible conditions in the post-conflict countries that enable local and international enterprises to resume operations and so to help stabilise the economy.
In discussions and workshops, the conference participants, whose employers include the British and Canadian development organisations DFID and CIDA, the UN Conference on Trade and Development (UNCTAD), the United Nations Development Programme (UNDP), the International Labour Organization (ILO) and various international economic institutes and non-governmental organisations, agreed on certain basic principles: for instance, the management of every conflict requires its own analysis grid. In addition, all actors together must develop a concept for a sustainable peace process. Again, the post-conflict situation is usually extremely difficult. Often corruption prevails and functioning institutions are lacking, which calls not only for prompt aid but also for the establishment of sustainable structures and systems. Both are integral to GTZ’s work: “Naturally, capacity building is a long-term process, but technical cooperation following conflicts also has a short-term perspective”, explained Cornelia Richter, Director General of the GTZ Planning and Development Department. “It supports a good investment climate, promotes policy dialogue, and offers pragmatic conflict resolutions, so that sustainability can develop.”

All in all, the conferees found the two days to have been successful. For the first time, ideas and views on this subject could be exchanged across sector boundaries and a common basis established for future work: in the coming months, business in particular is to be included to a greater extent in the exchange so that strategies can be designed at smaller workshops for various conflict situations.

Katharina Mikulcak