PEACE DIVIDEND INITIATIVE

Harnessing Market Forces for Peace

PDI is a peace-dividend accelerator, bridging the gap between peace mediation and economic actors, to harness market forces for peace in conflict-prone regions. Headquartered in Geneva, it is connected to peacemakers, international organisations, governments, investors and entrepreneurs.

PDI relies on extensive field networks that provide leading conflict analysis, trusted introductions, and on-the-ground operational capability in the world's most conflict-affected countries.

Smallholder Commercialisation Project, Tonkollili Village, Sierra Leone, 2011. © Liam Foran.

To address obstacles to peace-supporting investment, PDI operates three work-streams:

1. **Peace Dividend Diplomacy**
   Through bilateral, shuttle, multilateral **economic dialogues** and our annual events, PDI convenes energetic peacemakers, investors and entrepreneurs to catalyse peace-supporting investments in areas where existing market-based and humanitarian mechanisms are not fully effective.
2. **Peace Value Chains**
   PDI incubates and builds peace-supporting businesses in conflict-affected areas – a process we call Peace Value Chains. PDI focuses on building businesses and enterprises with **strong local ownership and digital models**, delivering the maximum possible value back to staff and communities.
3. **Peace Dividend Investing**
   PDI bridges the gap between investors and the peace-making sector. We are currently incubating two Peace Funds – The **EUR100m Peace Venture Fund** and the **EUR 1bn Peace Dividend Fund** to rapidly invest in fragile areas, and lock in peace through providing jobs, livelihoods, and locally-tethered economic growth.

PDI's interventions focus on the hardest-to-reach actors and conflict-affected areas, and deploy only where PDI's efforts can make a real difference in addressing persistent gaps in the market response.

Who does PDI help?

- Peacemakers seeking rapid delivery of "peace dividends" to lock-in peace.
- Governments and local authorities in conflict-affected areas seeking to attract peace positive investment.
- Investors seeking early access to high-return opportunities, while adhering to peace-positive responsible investment principles.
- Economic development actors, multilateral donors and concessional financiers seeking to allocate peace-supporting capital rapidly and effectively.

A Central African Republic soldier walks past a vendor on a street in Bangui.
© Reuters/Luc Gnago

Escaping the conflict trap

War and conflict trap many countries in a violent downward spiral of economic, social and political factors that can take many decades to escape. A productive economy, supported by local and international investors, is vital to stop the resurgence of violence and secure a lasting peace. Frontier markets in fragile countries can be great engines for economic growth, where rapid demographic, urban and economic progress generate substantial investment opportunities and jobs to help overcome grievances and injustice. This demonstrates the benefits of peace to combatants and populations: the so called 'peace dividend'.

However, stimulating economic development in countries emerging from conflict can be challenging, due to fragile and dangerous contexts, weak local institutions, and illicit networks and corruption. Reputable businesses and investors, as well as multilateral organizations, often move in cautiously, finding it difficult to allocate capital effectively in conflict regions. As a result, the peace dividend stalls and a return to violence remains a high risk, exacerbated by persistent unemployment and economic decline.

What prevents transformative peace-supporting investment in conflict-affected areas?

Operational field experience suggests that four major obstacles prevent effective, timely and reputable peace-supporting investment:

- **Conflicts of interest for peacemakers bridging mediation and commercial deal-making**. Mediation teams must avoid being involved in commercial deals (and don't have the capability to set them up), despite requests.
- **Large development institutions lack a nimble 'leading edge' actor in conflict areas**. Existing responses are not sufficiently fast, profit-driven, or conflict sensitive to be able to implement the right opportunities.
- **Lack of managerial business capacity for local partners**. Existing efforts by development actors generate many credible local business plans, but lack incentives to build local management capacity and accompany projects to maturity for 5–7 years.
- **Intolerable risks for reputable international and local investors** that are wary of the 'total loss of asset' scenario, and the reputational and legal risks of investing in conflict-affected areas