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Chapter 3.

Entrepreneurship for Sustaining Peace

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Introduction

The sustaining peace narrative posits the existence of an ecosystem that can simultaneously prevent the outbreak of violent conflict and proactively foster peaceful societies.² Economic opportunities are an important component of this ecosystem; the inequitable distribution of resources, economic deprivation, exclusion, and joblessness have all been well-documented as root causes of conflict both nationally and globally.³ Although the relationship between economic development and peace is complex and is neither direct nor immediately apparent, the availability of equal economic opportunities can contribute to preventing conflict and sustaining peace.⁴

The 2030 Agenda for Sustainable Development, adopted by the UN General Assembly in September 2015, serves as “a plan of action for people, planet and prosperity.”⁵ It offers an effective blueprint for inclusive national development policies that are universally applicable, that “leave no one behind,” and that contribute to sustaining peace. Entrepreneurship, as referenced in the 2030 Agenda, is not only critical to achieving Sustainable Development Goal (SDG) 8 on decent work and economic growth,⁶ but can also catalyze progress toward the twin goals of prosperity and peace.⁷ A growing number of scholars and practitioners have come to study entrepreneurship as

both a job creator and a peace incubator, particularly in post-conflict settings.⁸

Definitions of “entrepreneurship” abound.⁹ Practically speaking, an entrepreneur may be defined as “a person with the vision to see a new product or process and the ability to make it happen.”¹⁰ This chapter makes a clear distinction between “necessity entrepreneurs,” for whom—in the absence of formal economic opportunities—self-employment is one of few options to earn a living, and “innovative entrepreneurs,” who drive systemic change and foster inclusive growth, impacting the economy on a meaningful scale. For example, street vendors and traders are important parts of local economies but typically employ only themselves or their immediate family. While these people are *enterprising*, this type of business does not necessarily drive economic growth. In contrast, given the right environment, a genuine entrepreneur has the ability and motivation to build new fast-growing businesses that create social value as well as jobs.

Innovative entrepreneurship, as defined above, is a cornerstone to the development of a vibrant local private sector, which—in addition to creating jobs and economic opportunities—can make a powerful contribution to the ecosystem of peace. Peace is not the sole preserve of the state: entrepreneurs, keen to protect their businesses from the instability brought on by violence, can be convincing peace

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² See Chapter 1 of this volume.

³ Steven Koltai and Matthew Muspratt, *Peace through Entrepreneurship: Investing in a Startup Culture for Security and Development* (Washington, DC: Brookings Institutions Press, 2016).

⁴ Phil Vernon, “Bread and Peace: Linking Economic Development and Peacebuilding,” *GREAT Insights* 5, no. 1 (February 2016), available at <http://ecdpm.org/great-insights/prosperity-for-peace/bread-peace-linking-economic-development-peacebuilding/>.

⁵ UN General Assembly Resolution 70/1 (September 25, 2015), UN Doc. A/RES/70/1, preamble.

⁶ Ibid.

⁷ For an overview of the literature, see Wim Naudé, “Entrepreneurship and Economic Development: Theory, Evidence and Policy,” Institute for the Study of Labor, July 2013, available at https://papers.ssrn.com/sol3/papers.cfm?abstract_id=2314802##.

⁸ Roy Laishley, “After War, Creating Jobs for Peace,” *Africa Renewal Online*, April 2009, available at www.un.org/africarenewal/magazine/april-2009/after-war-creating-jobs-peace.

⁹ Jean-Baptiste Say, quoted in Roger L. Martin and Sally Osberg, “Social Entrepreneurship: The Case for Definition,” *Stanford Social Innovation Review* 5, no. 2 (Spring 2007).

¹⁰ Koltai and Muspratt, *Peace through Entrepreneurship*.

brokers. As a pathway to greater economic security and stability, ethical entrepreneurship can help individuals lead more dignified lives and appease sentiments of marginalization that are often at the root of violence. Finally, in order to promote entrepreneurship, it is necessary to improve the “ease of doing business,” a process that can contribute to better governance—a key determinant of peaceful societies.

Local Businesses and Entrepreneurs as Peace Actors

Entrepreneurship can develop and expand the local private sector, particularly small and medium-sized enterprises. A strong local private sector can directly and tangibly contribute to restoring and sustaining peace. This has been demonstrated in both Colombia and Tunisia, where private sector actors have actively contributed to brokering peace and negotiating for more democratic modes of governance.

In Colombia, the private sector has been part of the peace talks between the government and the Fuerzas Armadas Revolucionarias de Colombia (FARC) since the administration of President Andrés Pastrana in the late 1990s. Although those talks failed, business engagement in peacebuilding initiatives since then has become more intense and sophisticated. One example is the Fundación Ideas para la Paz, a think tank set up by a group of Colombian businesspeople to advance academic and technical know-how on peacebuilding processes and the engagement of the private sector.¹¹ The private sector was an important source of support for the recent (and more successful) negotiations led by the administration of President Juan Manuel Santos, which is also working with the UN Development Programme (UNDP) to support rural entrepreneurship as a path to rehabilitating victims of the armed conflict.¹²

In Tunisia, the Tunisian Confederation of Industry, Trade and Handicrafts (UTICA), which represents about 150,000 private companies (including many small and medium-sized enterprises) was an influential member of the Tunisian National Dialogue Quartet, which won the Nobel Peace Prize in 2015. The Quartet orchestrated an inclusive dialogue after months of debilitating social protests, leading to a road map to help steady the country’s post-revolution transition. UTICA has continued to advocate for structural reforms through a Tunisia 2020 program on sustainable growth, which it launched in November 2016.¹³ In both Tunisia and Colombia, the participation of the private sector was motivated by a combination of civic responsibility and business interests that intersected broadly with those of society. When the business of business is peace, the private sector can serve as a legitimate peace broker.

Entrepreneurship as a Means to Decent Work

Economic growth and job creation are necessary components of building sustainable peace, but they are not sufficient conditions for peace. When inequalities persist against a backdrop of macroeconomic growth, a vicious cycle of social exclusion and economic deprivation can undermine peace. Moreover, when inequality intersects with identity politics, social cohesion may be severely undermined.¹⁴ It is important, therefore, not to stop at job creation but also to think about “decent work.” Indeed, SDG 8 calls for the promotion of “sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.”¹⁵

A March 2017 briefing from the Brookings Institution examines how the economic model of various countries in the Middle East and North Africa has resulted in high levels of unemployment and economic marginalization, particularly among

11 See www.ideaspaz.org/foundation/about.

12 UNDP Colombia, “Empleabilidad y emprendimiento para familias rurales víctimas del conflicto armado: ‘Somos Rurales,’” available at www.co.undp.org/content/colombia/es/home/operations/projects/poverty_reduction/proyecto-desarrollo-economico-incluyente-rural-para-familias-vic.html.

13 Daniela Henrike Klau-Panhans, “The Private Sector and Peace: What Does Tunisia’s Nobel Peace Prize Teach Us?” *Voices: Perspectives on Development*, October 16, 2015, available at <http://blogs.worldbank.org/voices/private-sector-and-peace-what-does-tunisia-s-nobel-peace-prize-teach-us%20/>.

14 Karen Ballentine and Jake Sherman, eds., *The Political Economy of Armed Conflict: Beyond Greed and Grievance* (Boulder, CO: Lynne Rienner, 2003).

15 See “Targets and Indicators” at <https://sustainabledevelopment.un.org/sdg8>.

the youth population.¹⁶ Demand for jobs cannot be sustainably addressed through public sector hiring. At the same time, a recent survey found that more than 80 percent of youth in Algeria, Egypt, Tunisia, and the Palestinian Territories believed that starting a business is a good career choice. Despite this entrepreneurial enthusiasm, the stark reality is that many countries lack the environment and incentives for entrepreneurial activity to thrive.¹⁷ This dissonance between what youth aspire to and the opportunities available to them contributes to emigration, which represents a flight of human capital, and to the frustrations that have fueled uprisings across the region over the last decade.

From a positive peace perspective, research by the Institute for Economics and Peace on the connection between youth development, social entrepreneurship, and sustaining peace found that there is a strong correlation between positive peace (a measure of the attitudes, institutions, and structures that support peace) and the Youth Development Index. In an enabling environment where the potential of youth can flourish, the demographic dividend is not only economic but can also contribute to restoring a measure of stability and resilience to labor markets, especially in countries recovering from conflict.¹⁸ This is not to suggest a simple or linear relationship between employment programs and peace, but rather to emphasize that peaceful and resilient societies can better promote and benefit from youth development and youth-led entrepreneurship.¹⁹

One concrete policy to promote youth entrepreneurship would be to put in place educational and vocational training programs geared toward entrepreneurship.²⁰ Such education should be widespread—rather than confined to the secondary

and higher levels or to private schools—and should be designed to cultivate a spirit of initiative and self-sufficiency in all children at an early age. To teach and encourage creativity, it is also necessary to have a high tolerance for failure, which must be reinforced and embraced as part of the process of learning and innovation.²¹ An education system reliant on rote learning, rooted in “a pervading culture of risk avoidance and fear of failure,”²² cannot contribute to an entrepreneurial culture, nor will it help individuals develop the life skills needed to face adversity, including violent conflict, in a constructive manner.

Social Entrepreneurship and Sustaining Peace

Societies that have been affected by conflict often suffer from low levels of social cohesion and may be highly polarized along ethnic, socioeconomic, or political lines. Regardless of social and political differences, the need and desire to rebuild one's livelihood and to prosper economically is likely to constitute common ground between groups. Entrepreneurial initiatives can create sites for intergroup socialization based on this shared interest, which can become a lever for social cohesion and the establishment of sustainable peace. For example, Jusoor is an entrepreneurship program in Lebanon aimed at teaching the next generation of Syrian business owners to rebuild what the war has destroyed.²³ Similarly, the Peres Center for Peace and Innovation and the Center for Jewish-Arab Economic Development jointly provide Palestinian entrepreneurs with business skills, and create opportunities for Israeli and Palestinian businesspeople to forge professional

16 Bessma Momani, “Entrepreneurship: An Engine for Job Creation and Inclusive Growth in the Arab World,” Brookings Institution, March 29, 2017, available at www.brookings.edu/research/entrepreneurship-an-engine-for-job-creation-and-inclusive-growth-in-the-arab-world/.

17 Jacqui Kew et al., “Generation Entrepreneur? The State of Global Youth Entrepreneurship,” Global Entrepreneurship Monitor and Youth Business International, September 2013, available at www.youthbusiness.org/wp-content/uploads/2013/09/GenerationEntrepreneur.pdf.

18 International Labour Organization, Peacebuilding Support Office, UNDP, and World Bank, “Employment Programmes and Peace: A Joint Statement on an Analytical Framework, Emerging Principles for Action and Next Steps,” September 2016, available at www.ilo.org/wcmsp5/groups/public/-/-dgreports/-/-dcomm/documents/statement/wcms_535665.pdf.

19 Institute for Economics and Peace, “Youth Development, Social Enterprise, and Sustaining Peace,” background note, June 2017.

20 See, for example, the AGREE Initiative in Sierra Leone at www.unwomen.org/en/news/stories/2016/9/lakshmi-puri-speech-on-launch-of-agree-initiative.

21 Bill Lucas, “Creative Teaching, Teaching Creativity and Creative Learning,” in *Creativity in Education*, Anna Craft, Bob Jeffrey, and Mike Leibling, eds. (London: Continuum, 2001).

22 Momani, “Entrepreneurship: An Engine for Job Creation and Inclusive Growth in the Arab World.”

23 Emma Sheppard, “Young Entrepreneurs in Syria: ‘They Will Rebuild What the War Has Destroyed,’” *The Guardian*, May 30, 2017, available at www.theguardian.com/small-business-network/2017/may/30/syria-young-entrepreneurs-war-jusoor-mujeeb-techstars-unfpa-startup-weekend-remmaz.

and personal relationships.²⁴ These initiatives also demonstrate the importance of entrepreneurship for displaced persons as a means to earn a livelihood, contribute to their host or transit communities, and build new skills and relationships.

Such activities that are premised on an entrepreneurial strategy but whose main purpose “is not the maximisation of profit but the attainment of certain economic and social goals, and which [have] the capacity for bringing innovative solutions to the problems of social exclusion and unemployment,” are typically referred to as “social entrepreneurship.”²⁵ Although definitions of “social entrepreneurship” remain contested and somewhat imprecise, it remains a useful concept for conceptualizing the relationship between entrepreneurship and peace.²⁶

Social entrepreneurship is often carried out at the grassroots level, thereby allowing for a more granular understanding of community needs and points of friction. As outlined above, policies that foster and support both existing and new entrepreneurs should thus be pursued not only to create self-employment, but also to maximize economic opportunities and to create new sites for exchange and interaction. In the past few decades, the body of literature and community of practice dedicated to social entrepreneurship have grown. Youth-led social entrepreneurship in particular has been observed as having many positive outcomes: it can boost social cohesion, enable the transfer of skills among youth, and address important issues around identity, alienation, and disenfranchisement. As a class, entrepreneurs display remarkable resilience, enduring and flourishing even in difficult environments, and in turn making their communities, societies, and countries more resilient as well.

The SDGs and a Fair Business Environment as Incubators for Peace

Access to entrepreneurial opportunities requires a favorable investment climate and fair enforcement of regulations, and the SDGs provide a base for the creation of such conditions. One of the targets under SDG 8 is to “strengthen the capacity of domestic financial institutions to encourage and expand access to banking, insurance and financial services for all.” This is complemented by SDG 9.3, which calls on nations to “increase the access of small-scale industrial and other enterprises, in particular in developing countries, to financial services, including affordable credit, and their integration into value chains and markets.”²⁷ Strengthening these capacities is more than a mere technocratic exercise; governance is also a determinant of the business environment. For example, high levels of cronyism and patronage undermine regulations and institutions and create barriers to new business entrants.²⁸

A fair and competitive business environment is one indicator of good and just economic governance and increases the likelihood of equitable economic distribution. Countries with the least business-friendly regulations are also likely to have high income inequality, a known driver of unrest and violence. When regulations are not in place, are unfair by design, or are not enforced impartially, access to capital and the authorizations required for starting a business are more likely to be dependent on clientelist networks, nepotism, and bribery. Policies aimed at improving the business environment can therefore

24 Jessica Banfield, Canan Gündüz, and Nick Killick, eds., “Local Business, Local Peace: The Peacebuilding Potential of the Domestic Private Sector,” *International Alert*, July 2006, available at www.international-alert.org/publications/local-business-local-peace.

25 Organisation for Economic Co-operation and Development, “Job Creation through the Social Economy and Social Entrepreneurship,” 2013, p. 17, available at www.oecd.org/cfe/leed/130228_Job%20Creation%20through%20the%20Social%20Economy%20and%20Social%20Entrepreneurship_RC_FINALBIS.pdf.

26 Martin and Osberg, “Social Entrepreneurship: The Case for Definition.”

27 See “Targets and Indicators” at <https://sustainabledevelopment.un.org/sdg9>.

28 Michael Breen and Robert Gillanders, “Corruption, Institutions and Regulation,” *Economics of Governance* 13, no. 2 (2012).

Box 1. Women and entrepreneurship

SDG 5.5 calls for ensuring women's full and effective participation in political, economic, and public life. Supporting women entrepreneurs is one path through which governments and the UN can make progress toward this goal.

In Liberia, UNDP has been working with a group of women motorcycle taxi operators, known as the Pink Panthers (for their bright pink jackets and helmets.)²⁹ During the Ebola outbreak, the Pink Panthers modified their services to provide home delivery of groceries and essentials. This helped to minimize the number of people going out in public or interacting at markets, where they were at risk of exposure to the virus. By responding flexibly to this challenging situation, the Pink Panthers were able to assist with the prevention and recovery effort while also providing a valuable service.

In India, the Swayam Shikshan Prayog (Self-Teaching Project) works with rural women in the states of Maharashtra and Bihar to help them become clean-energy entrepreneurs.³⁰ The women organize themselves into self-help groups, which then introduce their communities to innovations such as biogas-based clean stoves, rechargeable solar lanterns, groundwater-conserving irrigation techniques, and vermiculture-based composting. This enterprise earned a UN Climate Award at the 2016 Marrakech Climate Change Conference and highlights the many opportunities for entrepreneurs to contribute to the achievement of SDG 2.4 (sustainable agriculture), SDG 6.4 (water management), SDG 7 (affordable and clean energy), and SDG 14.2 (marine and coastal ecosystems).

be a means of “building more effective, accountable and inclusive institutions.”³¹

The objectives of building sustainable peace and creating a sound business environment thus converge on the question of governance, particularly as it relates to the design and enforcement of business regulations. The Institute for Economics and Peace describes a sound business environment—defined as “the strength of economic conditions as well as the formal institutions that support the operation of the private sector”—as one of eight “Pillars of Positive Peace.” It notes that “business competitiveness and economic productivity are both associated with the most peaceful countries, as is the presence of regulatory systems that are conducive to business operations.”³²

Conclusions

There are numerous points of convergence between entrepreneurship and sustaining peace. At

a broader conceptual level, entrepreneurship may be seen as addressing the economic drivers of violent conflict. Noting the complexity of the relationship between conflict, peace, and the economy,³³ it is perhaps more useful to focus on mutually reinforcing dynamics between entrepreneurship and peace, rather than to attempt to frame entrepreneurship as a “solution” to conflict. Four such dynamics have been explored: creating an inclusive local private sector, promoting decent work, supporting social entrepreneurship, and fostering a sound business environment.

In reality, the complementarity between peace and entrepreneurship is likely to be highly context-specific, making generalizations on best practices difficult. Even so, the 2030 Agenda gives governments an effective blueprint for crafting national development policies that could create an enabling environment and a resilient ecosystem to simultaneously promote entrepreneurship and build sustainable peace.³⁴

29 UNDP Liberia, “Supporting post Ebola Recovery: Female Motorcyclists Empowered,” November 9, 2015, available at www.lr.undp.org/content/liberia/en/home/presscenter/articles/2015/11/09/supporting-post-ebola-recovery-female-motorcyclists-empowered.html.

30 See www.sspindia.org/about-us/.

31 See “Targets and Indicators” at <https://sustainabledevelopment.un.org/sdg16>.

32 Institute for Economics and Peace, “Positive Peace Report 2016,” available at <http://visionofhumanity.org/app/uploads/2017/02/Positive-Peace-Report-2016.pdf>.

33 Ballentine and Sherman, *The Political Economy of Armed Conflict*.

34 Anita Ernstorfer et al., *Advancing the Sustainable Development Goals by Supporting Peace: How Business Can Contribute*, CDA Collaborative Learning and UN Global Compact, 2015, available at <http://cdacollaborative.org/publication/advancing-the-sustainable-development-goals-by-supporting-peace-how-business-can-contribute/>.

This is not to suggest that all forms of entrepreneurship are virtuous or have a positive impact. Conflicts create opportunities for both legal and criminal entrepreneurs. Unethical and illegal enterprises, such as those engaging in arms, drug, or human trafficking or forcing people to work in dangerous settings such as mines or fishing boats, can prey upon and magnify the vulnerabilities of those weaker than themselves. Businesses can distort policies or politics, engaging with and supporting corrupt or undemocratic leaders.

Nonetheless, the economic incentives and peace dividends that can be sparked by entrepreneurship warrant greater attention and have practical and policy implications for the United Nations. In order to harness the positive aspects of entrepreneurship while reining in or mitigating potential harm, it is recommended that:

1. Where the UN has a peacebuilding or development mandate, country assessments and peace and conflict analyses should systematically map existing entrepreneurial initiatives that, in addition to their intrinsic economic value, have explicit peacebuilding benefits for the community. These benefits may include helping victims of war and civil strife to recover and build new lives, creating jobs and inclusive opportunities for affected communities, or providing public goods where normal services are unavailable. This mapping should be gender-sensitive and should include an assessment of the “business environment” (i.e., the factors enabling or inhibiting entrepreneurship).
2. An integrated entrepreneurship development strategy should be designed to help the most promising entrepreneurs and social innovators (particularly youth and women) scale up their initiatives. This strategy should be aligned to the 2030 Agenda, particularly the goals and targets that reference inclusive economic growth and decent work for all (SDG 8), resilient infrastructure and innovation (SDG 9), the reduction of inequality (SDG 10), and the promotion of peaceful and inclusive societies (SDG 16). The primary responsibility for the development of such a strategy rests with member states and other national stakeholders, with UN resident coordinators and their respective peace and development advisers playing a proactive role in ensuring this strategy is informed by and builds on existing efforts. Where relevant, UN regional economic commissions, regional political offices, the World Bank, and regional development banks should also contribute to this endeavor.
3. Peace operations should encourage the host country to develop a strategy for creating an environment that fosters entrepreneurship, with particular attention to youth-led social entrepreneurship. Specific elements of this enabling environment (as suggested in the analysis above) should be incorporated into the design and planning of these operations, serving as performance benchmarks toward an exit strategy, and progress toward these benchmarks should be monitored and reported on. Such progress is likely to have wide-ranging benefits including improved service delivery and confidence in government. Such an exit component can play a critical role in linking short-term programmatic activities such as quick impact projects to the long-term vision of sustaining peace.