



# The Convergence of Capitalism and Peacebuilding in Asia

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Based on learnings from the IIX N-Peace Innovation Challenge

## CONTEXT

## WHAT IS THE NEED

### REDEFINING PEACEBUILDING

The term "Peacebuilding" first emerged in 1970s through the work of Johan Galtung, who called for the creation of peacebuilding structures to promote sustainable peace by addressing the "root causes" of violent conflict and supporting indigenous capacities for peace management and conflict resolution. Peacebuilding is often understood as the process that occurs after violence and conflict have slowed down, the phase in the 'peace process' that follows peace making and peace keeping. IIX redefines 'peacebuilding' as a multi-dimensional term that transcends immediate crisis and conflict resolution to create sustainable and inclusive peace outcomes, effectively reducing the risk of relapsing into conflict by strengthening national capacities at all levels. Sustainable peace involves long-term transformative efforts that facilitate the establishment of durable, self-sustaining peace through reconciliation, institutional change and, often overlooked, economic development. Inclusive peace refers to fostering participation from all key stakeholders in the peace-process and shifting the paradigm by empowering local communities and vulnerable demographic groups to act as change-agents as opposed to victims of conflict.

Economic development is integral to preventing vulnerable populations and high-risk regions from lapsing or relapsing into violence as it builds resilience from the bottom-up. Economic factors that put societies at risk of conflict include lack of employment opportunities, food scarcity, lack of access to natural resources and health facilities, among others. Interventions that can help address the root causes of conflict through economic development include land reform, healthcare assistance, social safety nets and financial inclusion, promotion of agricultural productivity, vocational training programs, secure access to water and sanitation, opportunities for higher education and sustainable livelihoods. These interventions can have a ripple effect that effectively creates sustainable peace outcomes by improving social cohesion and personal security, reducing incidence of cultural conflict, increasing economic resilience, enhancing multi-generational impact, reducing income inequality and magnifying demographic dividend. By strengthening economies, countries can strengthen peacebuilding efforts and empower local communities to sustain the impact of these efforts in the long term.

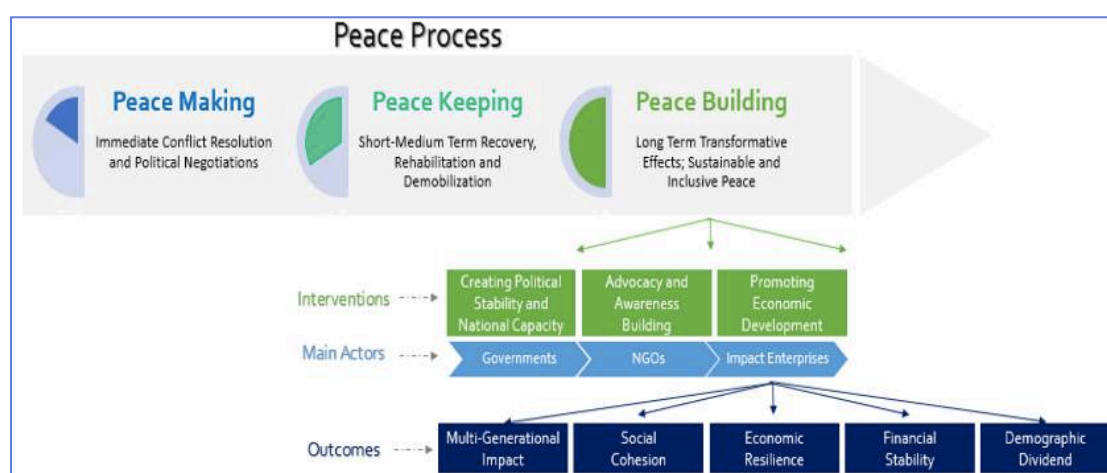
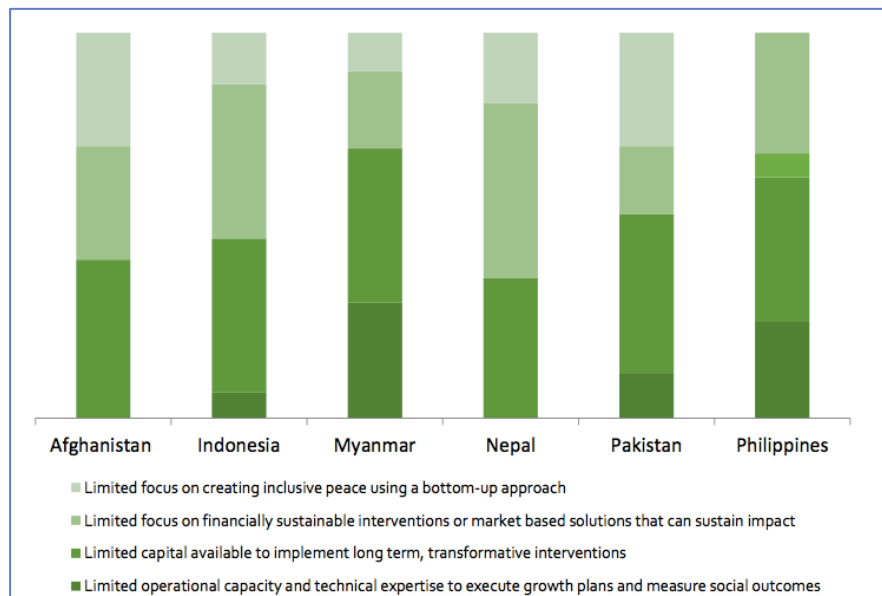


FIGURE 1: OVERVIEW OF THE PEACE PROCESS AND REDEFINING PEACEBUILDING

## IDENTIFYING GAPS IN THE PEACEBUILDING SPECTRUM

Long term peacebuilding is designed to fill the gaps that post-conflict peace keeping efforts (demobilization, reintegration, immediate crisis resolution) cannot address completely. It is imperative to identify and address systemic gaps linked to addressing the underlying substantive issues that brought about conflict. This paper approaches the gap analysis in two ways:

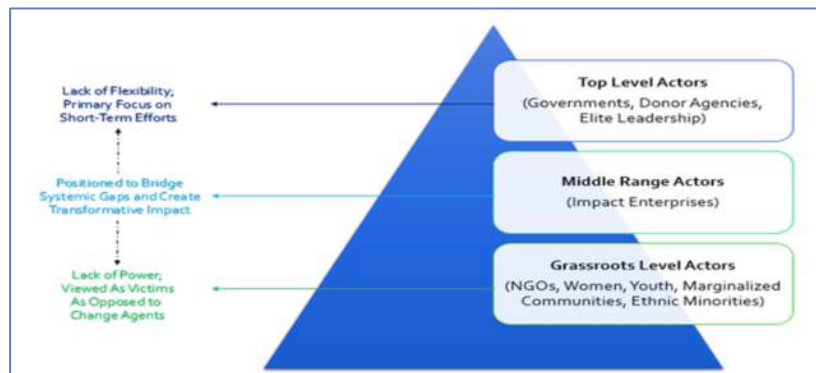
1. **Funding Gap:** Marshaling resources is a multi-faceted task, which is growing in importance and urgency for post conflict countries or regions that are susceptible to violence and war. Traditional sources of capital are primarily in the form of government funding during the peace making phase and as grants, aid and humanitarian relief from donors that are designed to address immediate needs of conflict resolution during the peace keeping phase. However, it is difficult to attract significant funds for preventative measures and long-term interventions, even though these projects may have the greatest potential to sustain conflict-transformation and effectively institutionalize change. Efforts to mobilize additional resources for peace- building priorities need to unlock new sources of capital to reinforce the efforts of traditional players (governments, donors, foundations, NGOs) who have limited access to capital to the breadth of other critical development issues. Key challenges currently faced by peacebuilding actors in 6 target geographies analyzed for the purpose of this report are outlined in the graph below (based on a survey with relevant stakeholders conducted by IIX: sample size of responses: 125), which highlights the main issue is lack of access to capital to scale the impact of their initiatives.



**FIGURE 2: KEY PEACEBUILDING CHALLENGES ACROSS TARGET GEOGRAPHIES**

2. **Actors Gap:** In order to identify critical points for program intervention, it is important to know who the key peacebuilding constituencies are and to identify both, the areas of concentration as well as the gaps in terms of actors who are adequately equipped to implement, accelerate and sustain peacebuilding efforts. On the below spectrum of peacebuilding constituencies, we see there is a critical role to play not just for the elite leadership, who can influence the relational dimension of peacebuilding, but also people at

the grassroots. Peace must be built from bottom-up and is connected to improving local capacities through economic transformation. Many top down approaches which are directed only towards a policy level often fail because the ground level is not prepared to implement or sustain these efforts. However, the key gap in most post-conflict zones is of mid-range actors who are more flexible than top leadership and less vulnerable than those at the grassroots. These actors are often best positioned to build bridges to their less fortunate counterparts across lines of conflict since they understand the nuances of the conflict setting, while also having the ability to sustain conflict transformation through access to the elite leadership. Thus, it is imperative to foster the growth and development of more mid-range actors in post- conflict or high-risk regions.



**FIGURE 3: PEACEBUILDING CONSTITUENCIES**

## WHAT IS THE SOLUTION

### IMPACT INVESTING: SHIFTING THE PARADIGM OF PEACEBUILDING

The practice of grant making and donor funding have traditionally been considered separate from investing in both objective and approach, but the emerging field of Impact Investing creates the opportunity for a productive collaboration between these two disciplines. Impact Investing refers to investments that are intended to create positive social impact beyond financial return. It is similar to the donor funding model in terms of the intentionality in the investment approach: to achieve social impact; and is distinct from traditional investing: in addition to financial returns, social outcomes are also actively measured. What started as a niche has become mainstream. The Impact Investing market size was approximately US\$46 billion in 2014 (WEF, 2014) and is estimated to reach US\$1 trillion (JP Morgan, 2010) by 2020, representing a pool of private sector capital that could potentially be mobilized to address the funding gap faced by traditional peacebuilding agents.

Key sectors targeted by Impact Investors include sustainable agriculture, financial inclusion, access to water, affordable healthcare, education and livelihoods, among others. The entities that address these sectors through the dual lens of financial stability and positive impact creation are termed as Impact Enterprises. This report defines Impact Enterprises (IEs) as mission-driven Social Enterprises, high- impact Small and Medium Enterprises, and revenue generating Non-Profits that address the needs of marginalized communities and development challenges in high-impact sectors. IEs are well positioned to address the actor gap in the peacebuilding spectrum by using market-based solutions to create sustainable, scalable and inclusive peace outcomes. The graphic below illustrates the nexus between peacebuilding and Impact Enterprises, with brief explanations of how target IE sectors are positioned to advance social progress along three dimensions – Foundations of Wellbeing, Access to

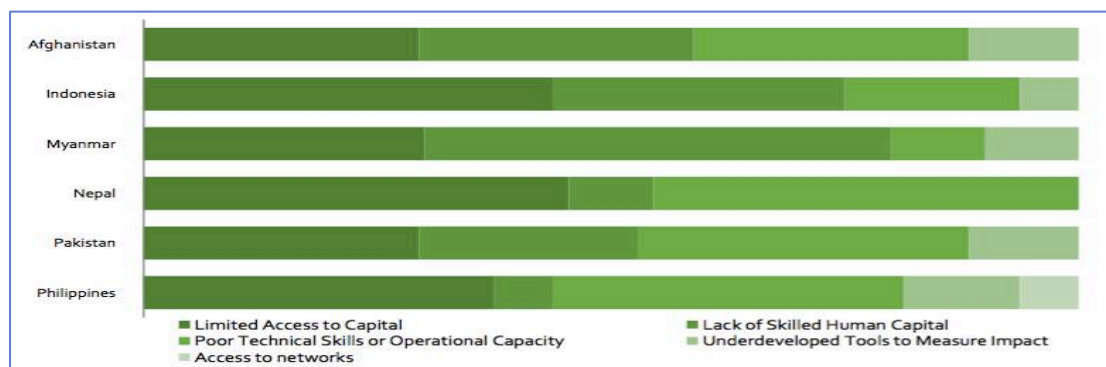
Opportunities and Basic Human Needs (designed based on the Social Progress Index). It also describes how these interventions can have positive outcomes on the peacebuilding agenda within the three focus areas: Women, Youth, Technology and Innovation.



**FIGURE 4: THE NEXUS OF PEACEBUILDING AND IMPACT ENTERPRISES**

### KEY CHALLENGES FACED BY PEACEBUILDING IMPACT ENTERPRISES

Private sector enterprises have the transformative power to both exacerbate and ameliorate conflict, which is why strong supportive programs to foster the development of Impact Enterprises are needed in post-conflict regions. These enterprises are often best positioned to tackle problems in countries and yet, are burdened by barriers to growth that stem from factors such as: poor access to market and networks, lack of skilled human capital, underdeveloped tools to measure impact, and the inability to raise capital due to poor technical skills. Key challenges faced by IEs in N-Peace's target geographies are outlined below (based on a survey with relevant stakeholders conducted by IIX: sample size of responses: 125), with limited access to capital being one of the common top challenge across the region.

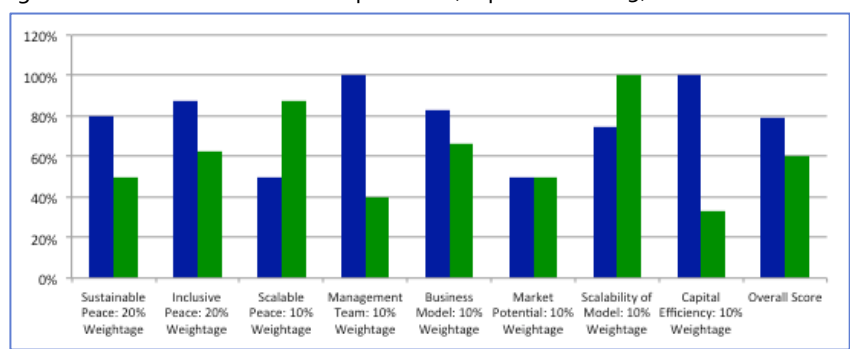


**FIGURE 5: KEY CHALLENGES FACED BY IMPACT ENTERPRISES FOCUSED ON PEACEBUILDING IN TARGET GEOGRAPHIES**

## IIX N-PEACE INNOVATION CHALLENGE

The IIX N-Peace Innovation Challenge is a game-changing initiative implemented by my organization, Impact Investment Exchange Asia (IIX), in partnership with the N-Peace Network and supported by the United Nations Development Program. This initiative was spearheaded by me under the guidance of Prof. Durreen Shahnaz, founder of IIX, and executed with the support of IIX’s business development and advisory team. The objective of the Challenge was to create a platform that would explore the convergence of capitalism and peacebuilding. The challenge had four distinct phases of implementation as detailed below:

1. **Diagnostic Paper:** In-depth analysis of the potential for Impact Enterprises to play a role in Asia’s peacebuilding agenda with a focus on 6 of UNDP’s priority countries: Afghanistan, Indonesia, Myanmar, Nepal, Pakistan and the Philippines. This research (captured in the section above) laid the foundation for designing the key parameters of the Challenge. (July 2015)
2. **Marketing and Outreach:** Call for applications for Impact Enterprises from the six target geographies that are building peace with a focus on women, youth and/or technology and innovation. IIX received a strong response of +50 relevant applications that made it to the first level of review. (August 2015)
3. **Screening and Selection:** Selection of one winner, from each of the six target geographies, that uses market-based solutions to create sustainable, scalable and inclusive peace. The applicants were qualitatively and quantitatively assessed against competitors from their own regions to ensure a level playing field. Figure 6 provides a sample snapshot of the 8 dimensional scorecard was designed to facilitate the selection process. (September 2015)



**FIGURE 6: SAMPLE 8-D SCORECARD USED TO RATE, RANK AND SELECT WINNERS**

4. **Launch Winners:** The final phase entailed launching these winners at a special UNDP hosted event in NYC in October 2015. The winners reflected both geographic and sector diversity:



### OVERVIEW OF CHALLENGE WINNERS

Winner	Country	Sector
Arzu	Afghanistan	Fair Trade
Kopernik	Indonesia	Clean Energy
Koe Koe Tech	Myanmar	Healthcare
Higher Ground	Nepal	Livelihoods
Buksh Energy	Pakistan	Energy Access
Coffee for Peace	Philippines	Agriculture

The following section provides an overview of the winning cohort of Impact Enterprises as well as a brief description of how they are shifting the peace paradigm in their region:

## WHO: OUTLINE OF THE SIX WINNERS

### ARZU STUDIO HOPE, AFGHANISTAN



ARZU STUDIO HOPE weaves peace by helping women in Afghanistan break the poverty cycle. By giving them access to skills and market, ARZU is acting as a catalyst for resilience – enabling these women to become the authors of their own story in the nation’s peacebuilding process. ARZU’s translates this into a simple equation: Jobs+Education+Healthcare = Peace. Their impact has enabled +2000 weavers to earn 68% more than the average Afghan per capita income, with 55% owning their own homes, 20% with at least one child in college, not one has died from childbirth and all of them can read and write. Not only does this amplify Afghanistan’s demographic dividend, it also has tangible multi-generational impact that can reduce the risk of these women and their families resorting to a life of violence or falling prey to conflict in the future.

### KOPERNIK, INDONESIA



Kopernik is energizing Indonesia peace and security agenda by empowering women to become micro-social entrepreneurs that sell life changing, clean-energy technologies to remote villages. They aptly title these women ‘ibu inspirasi’, translated as inspirational women in Indonesian or ‘wonder women’ in English. These technologies, ranging from solar lanterns to clean cookstoves, are life changing because of their multi-dimensional impact on the nation’s resilience. At a micro level, they save women’s time and money, improve health and safety for the children and open up new economic opportunities for the community. At a macro level, they ease the pressure on the environment and accelerate the post disaster recovery process by equipping the nation to respond to environmental or economic shocks. To date, Kopernik has trained more than 300 wonder women, sold ~10,000 clean energy products and reducing CO<sub>2</sub> emissions by +5000 tonnes, allowing Kopernik to address the root causes of conflict of resource-scarcity, gender inequity and economic instability.

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## KOE KOE TECH, MYANMAR



Koe Koe Tech's innovative apps are acting as a bridge for peace in Myanmar, leveraging the power of technology to democratize healthcare. These apps are designed to educate and connect underserved populations, particularly women, to affordable healthcare, contributing towards reduction of maternal mortality and infectious disease rates, encouraging behavior change for healthy living and stimulating rural markets by enabling purchase of low-cost, high quality medicine. Koe Koe Tech's ability to increase access to affordable healthcare in a scalable, sustainable way significantly reduces the economic burdens of healthcare - a key need in an economy emerging from conflict with a tremendous target market of 14 million families. Recognizing the complimentary relationship between health and peace, where solutions to improve the former often address root causes of the later, Koe Koe Tech expedites recovery efforts by improving the nation's resilience dividend experienced by a healthier workforce, improving socio-economic reconciliation and helping to prevent renewed outbreaks of violence in the region.

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## HIGHER GROUND, NEPAL



Higher Ground uses an innovative, cross subsidy model to build peace from the bottom up in Nepal, training and employing at-risk youth and women in their Bakery and Crafts enterprises to sustain operations for their HG Community Development Initiative [HCDI]. These individuals have often been victims of violence, struggling to reintegrate with society and usually remain economically disadvantaged, which amplifies their risk of relapsing into lives of exploitation. Higher Ground's inclusive approach aims to break this vicious cycle of abuse by providing vulnerable individuals with redemptive employment opportunities, acting as a platform not just to lift themselves out of poverty and exclusion, but also to give them a voice at the peace table. HCDI further strengthens the nation's social fabric by promoting awareness for human rights and providing support to trafficking victims. As such, Higher Ground is a revolutionary organization working through the entire peace process from rehabilitation and recovery to resolution and resilience building.



## BUKSH ENERGY, PAKISTAN



Buksh Energy's Lighting a Million Lives initiative is ensuring a brighter future for the nation by tackling energy poverty in Pakistan, a nation that is in a midst of an energy crisis with 63% of the population in off grid areas. By providing low-income families with access to clean and affordable energy, Buksh is stabilizing society and strengthening their economic capacity to reap a 'green peace dividend'. This reduces the nation's security risk by improving the country's energy independence, strengthening domestic stability through citizen involvement and using green technologies to mitigate security threats of climate change and resource scarcity – a increasing cause of conflict in the world. As a pioneer of the clean energy movement, Buksh has already impacted over 1000 lives - majority of whom are women and children - enabling Pakistan to transition to a sustainable, low-emission economy that will reduce poverty, trigger economic dynamism and catalyze the long-term peacebuilding process.

## COFFEE FOR PEACE, PHILIPPINES



Coffee for Peace uses a unique, triple-bottom line formula to brew peace for over 800 families in the high-conflict zone of Mindanao, Philippines – 'Farmers, Environment, Peacebuilding'. The farmers (80% of which are women) are paid a fair price for their coffee, empowering them with a sustainable livelihood, magnifying their economic security and financial stability. The environment is transformed into an ally by planting trees with a dual impact: (i) helping the farmers maximize productivity levels courtesy the critical shade cover that expedites coffee plant growth (ii) creating a spillover 'green' footprint on the region. And finally, Coffee for Peace acts as an avenue for dialogue for at-risk individuals to avoid conflict by building awareness on peace and reconciliation through targeted training and community building programs. This 'prevention better than cure approach' positions Coffee for Peace to redefine the peacebuilding narrative in Philippines by building inclusive peace (literally) from the grassroots!

## NEXT STEPS

Although the enterprises have benefited from the recognition received from the United Nations and added exposure to the impact investing ecosystem, in my opinion, the competition needs to go beyond the awards ceremony in New York. It is imperative that these winners are now taken to the next stage of growth to allow them to scale operations, deepen their impact and sustain peace in their communities. The key challenge is to equip the winners with the tools, resources and networks to unlock growth capital from impact investors. UNDP is currently in the process of unlocking follow on funding to fund IIX's end-to-end investment readiness services (Figure 7).



**FIGURE 7: IIX'S END TO END INVESTMENT READINESS SERVICES**

This final phase of the Challenge is scheduled for Q1 2016, contingent upon the UNDP's ability to mobilize the requisite funding channels. This will help differentiate the IIX N-Peace Innovation Challenge from other Impact Enterprise competitions and will help Asia move one step closer to redefining the dominant narrative by enabling the convergence of capitalism and peace. The Theory of Change that will be accomplished is detailed in Figure 8.

ACTIVITIES	OUTPUTS	OUTPUT INDICATORS	OUTCOMES	OUTCOME INDICATORS
Research on Systemic Gaps and Solution Designed to Address These Gaps	Diagnostic Paper Developed	<ul style="list-style-type: none"> <li>Diagnostic Paper Developed to Form Basis of N-Peace Innovation Challenge</li> </ul>	Diagnostic Paper Serves as a Blueprint for Innovation Incubation Models	<ul style="list-style-type: none"> <li>Innovation Challenge launched in 2015</li> <li>Number of similar models launched in subsequent years by UNDP / N-Peace</li> </ul>
Selection Process Prioritizes Women/Youth Focused IEs	Winning cohort of IEs are women or youth led/focused	<ul style="list-style-type: none"> <li>Number of IEs with refined business plans, financial models and capital raise strategies</li> </ul>	Increase Participation of Women and Youth in Sustainable Peace & Security Efforts	<ul style="list-style-type: none"> <li>Number of women beneficiaries impacted</li> <li>Number of youth beneficiaries impacted</li> </ul>
Technical Assistance Provided to 6 winning IEs	Investment Ready IEs focused on Peace Building	<ul style="list-style-type: none"> <li>Number of IEs with refined business plans, financial models and capital raise strategies</li> </ul>	Increase in Private Capital Mobilized for Peacebuilding	<ul style="list-style-type: none"> <li>Number of IEs that are able to raise investment capital</li> <li>Amount of capital raised</li> </ul>
Impact Assessment Provided to 6 winning IEs	IEs have Tailored Impact Assessments	<ul style="list-style-type: none"> <li>Number of IEs equipped with impact assessment frameworks and data collection tools</li> </ul>	Improved Ability for IEs to measure, monitor and magnify their impact	<ul style="list-style-type: none"> <li>Number of IEs able to improve their SROI</li> <li>Average percentage increase in SROI</li> </ul>
Tailored Mentorship and Training through Lens of Peacebuilding	IEs trained to align mission with N-Peace to create sustainable peace and security	<ul style="list-style-type: none"> <li>Number of IEs linked with sector experts/mentors</li> <li>Number of training workshops to help IEs scale impact</li> </ul>	Reduction of Risk of Relapsing into Conflict in Target Geographies	<ul style="list-style-type: none"> <li>Improvement in Social Cohesion</li> <li>Improvement in Economic Resilience</li> </ul>

## ACKNOWLEDGEMENTS

Conceptualizing and executing the IIX N-Peace Innovation Challenge has been an incredible learning opportunity and a fantastic hands-on experience for me. I would like to conclude by expressing my profound gratitude to IIX for serving as the platform for me to be a part of this incredible initiative and to The Shell Centenary Scholarship Fund and Impact Business leaders for providing me with the support required to be a part of the Impact Investing movement.