Graphical user interface, application

Description automatically generated

Guidance for Private Sector Recovery and development in crisis and post-crisis settings

Contents

[Glossary 1](#_Toc92892022)

[1. Introduction 4](#_Toc92892023)

[2. Background 5](#_Toc92892024)

[UNDP's Private Sector engagement 5](#_Toc92892025)

[Private sector's role in recovery 6](#_Toc92892026)

[Economic recovery and livelihoods 6](#_Toc92892027)

[Private economic actors and trickle-down effects 8](#_Toc92892028)

[Challenges of Crisis and Post Crisis Settings 10](#_Toc92892029)

[3. Entry points to private sector recovery and development in crisis and post-crisis settings 13](#_Toc92892030)

[Private sector engagement 13](#_Toc92892031)

[Micro and small businesses 14](#_Toc92892032)

[Informal economy 15](#_Toc92892033)

[Digital transformation 16](#_Toc92892034)

[Access to finance 17](#_Toc92892035)

[Women’s economic empowerment as an accelerator of private sector recovery and development 19](#_Toc92892036)

[Greener businesses 20](#_Toc92892037)

[4. Resilience in Recovery 23](#_Toc92892038)

[Framework for implementation 24](#_Toc92892039)

[Supporting the ecosystem for recovery 25](#_Toc92892040)

[Programming for Private Sector Development in Crisis and Post Crisis Settings 30](#_Toc92892041)

[Checklist to ensure private sector programming builds back better 32](#_Toc92892042)

[Bibliography 34](#_Toc92892043)

[Annex 1: Resources 37](#_Toc92892044)

[Resources are relevant to private sector recovery and development in crisis and post-conflict settings 37](#_Toc92892045)

[Business continuity guidelines for MSMEs 38](#_Toc92892046)

[Case studies 39](#_Toc92892047)

[External complementary resources 39](#_Toc92892048)

[Annex 2 - Additional Resources for Private Sector Development 41](#_Toc92892049)

[Growth diagnostic 41](#_Toc92892050)

[Competition Assessment Framework 41](#_Toc92892051)

[Making Markets Work for the Poor (M4P) 41](#_Toc92892052)

[Inclusive Business Ecosystems 43](#_Toc92892053)

[Value Chain Development 43](#_Toc92892054)

[Business Enabling Environment Reform 45](#_Toc92892055)

[Private Sector Engagement 47](#_Toc92892056)

[Digital Transformation 50](#_Toc92892057)

# Glossary

**Crises** (natural or man-made, disease or conflict) is an event or a series of events that threaten the health, safety, security and wellbeing or a community or a large group of people.[[1]](#footnote-2) They can be caused by natural hazards including epidemics, man-made emergencies such as armed conflicts or industrial accidents, and complex emergencies, which often have a combination of natural and man-made causes, including food insecurity, armed conflicts and displacement.

**Conflict-affected settings** include places that have experienced or are experiencing ongoing conflict or an insurgency that impacts the normal functioning of government, the economy and everyday life.

**Post-crisis** is the phase in which the precipitating issue has ended, and recovery is underway. The process of recovery; rebuilding and restoring institutions, systems and infrastructure, can begin while a crisis is ongoing and continue into the post crisis phase.

A **fragile setting** is defined by the OECD as one where "the combination of exposure to risk and insufficient coping capacity of the state, systems and/or communities to manage, absorb or mitigate those risks."[[2]](#footnote-3) The OECD measures fragility by examining five indicators; economic, environmental, political, security and societal.

**Conflict Prevention** is underpinned by the recognition that efforts to sustain peace are necessary not only once conflict had broken out but also long beforehand, through the prevention of conflict and addressing its root causes.[[3]](#footnote-4)

**Disasters** are serious disruptions of the functioning of a community or a society due to hazardous events that exceed its capacity to cope with existing resources.[[4]](#footnote-5) Disasters can be caused by natural, man-made and technological hazards as well as other conditions that influence exposure, vulnerability and capacity. Disasters lead to one or more of the following: human, material, economic and environmental losses and impacts.

**Hazards** can be natural, man-made or technological. Natural hazards are naturally occurring physical phenomena that can be geophysical (e.g., earthquake), hydrological (e.g., flood), climatological (e.g., drought), meteorological (e.g., cyclone) or biological (e.g., epidemic). Man-made and technological hazards are events that are caused by humans and occur in or close to human settlements. They include complex emergencies, conflicts, industrial accidents, transport accidents, environmental degradation, and pollution.[[5]](#footnote-6)

The **Private Sector** is a basic organizing principle of economic activity in a market-based economy where private ownership is an important factor, where markets and competition drive production, and private initiative and risk-taking set activities in motion. The private sector includes a wide range of market actors that may operate either in the informal or formal economy comprising companies, intermediary institutions such as Chambers of Commerce and Industry, investors, mutual organization (i.e., credit unions or cooperative banks) and state-owned enterprises.[[6]](#footnote-7)

**Micro, Small and Medium-sized Enterprises** (MSMEs) - The definition of what constitutes an SME varies widely and is relative to the country in which they exist. They can be classified based on number of employees, revenues, capitalization and other characteristics. One benchmark commonly used is:

* + Microenterprises: fewer than 10 employees
  + Small Enterprises: between 10 and 50 employees
  + Medium Enterprises: between 51 and 250 employees[[7]](#footnote-8)

In fragile, crisis and post crisis settings most micro and small-sized enterprises are informal, meaning they are not registered or licensed.

**Informal economy** refers to all economic activities by workers and economic units that are – in law or in practice – not covered or insufficiently covered by formal arrangements. Activities are not included in the law, which means that they are operating outside the formal reach of the law; or they are not covered in practice, which means that – although they are operating within the formal reach of the law, the law is not applied or not enforced; or the law discourages compliance because it is inappropriate, burdensome, or imposes excessive costs.[[8]](#footnote-9)

UNDP defines recovery as follows: **Recovery** focuses on how best to restore the capacity of the government and communities to rebuild and recover from disasters, including conflict, and to prevent relapses. Recovery should be considered an integral part of ongoing developmental process at all levels: national, regional and local. Recovery is inextricably intertwined with poverty and the vulnerability of the affected states and communities before, during and after disasters.[[9]](#footnote-10)

**Economic recovery** is the process of stimulating the growth of an area’s (local) economy during and after crisis. The focus on “Building Back Better” a more resilient and inclusive local economy, taking advantage of opportunities through market systems development, strengthening new and existing enterprises, and job and livelihoods creation in the private sector. It’s a dynamics improvement trend of multiple economic parameters through catalytic interventions, both on the ecosystem and the economic drivers (infrastructure, skills, opportunities, services, institutions, governance, rule of law, etc.).[[10]](#footnote-11)

**Peacebuilding** is an inherently political process aimed at preventing the outbreak, escalation, recurrence or continuation of conflict. Peacebuilding encompasses a wide range of political, development, and human rights programmes and mechanisms. The importance of national ownership and leadership is critical in peacebuilding, whereby the responsibility for sustaining peace is broadly shared by the Government and all other national stakeholders, and underlines the importance, in this regard, of inclusivity in order to ensure that the needs of all segments of society are taken into account.[[11]](#footnote-12)

**Stabilization projects** are missions established by the Security Council to support political processes and carry out several security-related stabilization tasks, with a focus on major population centres and lines of communication, protecting civilians, human rights monitoring, the creation of conditions for the provision of humanitarian assistance and the return of displaced persons, among other things.[[12]](#footnote-13)

# 1. Introduction

A growing number of crises around the world emphasize the need for crisis prevention and response mechanisms[[13]](#footnote-14) that accelerate the journey towards resilience, ownership, sustainability, and localization. More focus is needed on fostering systemic change after a crisis, including to build back better (BBB), instead of aiming to return to the pre-crisis situation. The pandemic has resulted in extraordinary need for increased support to developing economies at a time when donor governments may be reducing development investments, either because of domestic budget demands, or lack of support for foreign aid spending.

Catalytic interventions to improve governance, strengthen social cohesion, address inequalities and promote sustainable natural resource management are called for, especially in protracted crisis settings. Appropriate responses to crises through recovery programming that “do no harm”[[14]](#footnote-15) and “leave no one behind” (LNOB) require a thorough understanding of the changes caused by the crisis on the local economy, livelihoods, social systems, governance, available capital and assets and changes in the labour force.

In settings where institutions are challenged, security is an issue, liquidity is scarce and supply chains are impaired, business survival is the main objective. Even in the most conflict-ridden circumstances, some basic level of exchange will happen, and this is the seed for economic and livelihoods reactivation. These exchanges are born from entrepreneurship efforts from private individuals which are key to market reactivation. Economic activities are a main foundation for prevention, stabilization and recovery.

While **UNDP guidance note on Building Resilience for Livelihoods and Economic Recovery in Fragile and (post) Crisis/Transition Settings** provides the overall framework, this guidance on Private Sector Recovery and Development offers deeper reflection and specific tools relevant in these contexts. In alignment with UNDP's Private Sector Strategy and the Finance Sector Hub's service offer, **this document provides guidance to UNDP Country Offices on the design and implementation of solutions – within a recovery framework - to foster private sector development in crisis and post-crisis settings.** It addresses the trends, challenges and opportunities of working in those environments to rebuild with greater social cohesion, gender equality, opportunities for youth and resilient and greener markets.

# 2. Background

## UNDP's Private Sector engagement

[UNDP's Private Sector Strategy (2018-2022)](https://www.undp.org/publications/undp-private-sector-strategy-2018-2022) provides an overarching framework for engagement with the private sector. In fragile, crisis and post crisis settings, seeks to address the root causes of livelihood and entrepreneurship vulnerability, and ultimately engage in greener and more inclusive ways to Build Back Better.

The private sector landscape in crisis and post-crisis settings usually includes[[15]](#footnote-16):

* Companies:
  + Large companies.
  + Micro, Small and Medium-sized Enterprises (MSMEs). A majority of micro and small-sized enterprises are informal, meaning they are not registered or licensed.
  + Cooperatives - most often used to organize producers in the agriculture sector.
  + Social enterprises - are formed to address a specific development issue or cause.
* Intermediary institutions: Chambers of Commerce and Industry and Business Associations
* Commercial Banks, Microfinance Institutions as the main investors

UNDP's strategy main rationale seeks to advocate and support businesses to adopt models, investments, and business decisions in line with the SDGs, especially those of publicly traded corporations, setting aside short-term thinking. The private sector's role is a vital actor in advancing and promoting the adoption of the SDGs so that all business outputs are contributing to the SDGs."[[16]](#footnote-17)

In crisis or post-crisis settings, it is important to work with MSMEs to tap into the opportunity to build a better, more resilient business. Business models built disregarding local needs or benefiting from poor wages or bad employment conditions to take advantage of a crisis may not survive in the short term as the crisis recedes.

This is not to say MSMEs need to be held to unreasonable standards. For the most part, MSME owners live and work in the same community, so they care as much about the quality of life it offers as does every other resident. Being part of the social fabric in which they operate, they are often also among the first responders after a disaster. Even though businesses are great allies in building resilient communities or rebuilding after a crisis, they aren't always aware of sustainable and inclusive business practices or the value of implementing them. Therefore, any new programming should seek to demonstrate to businesses the positive impact to their profits and long-term sustainability of adopting a business model in harmony with the SDGs.

Systemic interventions are fundamental to support private sector development in crisis and post crisis settings. Without legal frameworks, institutional strengthening, economic inclusion, and community empowerment shaping the business enabling environment necessary for doing business, growth is impossible. Ideally, the flourishing economy resulting from a good enabling environment contributes to the stability and social cohesion to overcome a crisis and resume economic activity.

Given its positioning as a neutral broker, its global presence and mandate on sustainable development, democratic governance, peacebuilding, and climate and disaster resilience, UNDP can add value, advising and supporting institutions and communities, deploying solutions to help individual businesses and livelihoods.

## Private sector's role in recovery

Recovery is an umbrella which requires coordinated interventions in different domains. It offers an opportunity to Build Back Better by reflecting on the root causes of crisis and vulnerabilities and recasting development priorities to improve resilience. Such events are prone to recur, hence the need to strengthen capacities to absorb shocks, learn and recover faster[[17]](#footnote-18). Recovery also provides an opportunity to engage in transformative programming aiming to tackle gender disparities and empower women by improving their access to economic, social, and environmental assets.[[18]](#footnote-19)

Recovery is also an opportunity for transformative change. Rebuilding markets in a more inclusive and equal fashion could accelerate progress towards the SDGs and generate larger impacts at the economic and societal level, improving resilience over time.

## Economic recovery and livelihoods

UNDP’s approach builds on the [**Sustainable Livelihoods Framework**](https://www.google.com/url?sa=t&rct=j&q=&esrc=s&source=web&cd=&ved=2ahUKEwi0xJjzv-j0AhVpQfEDHfdtDZQQFnoECAYQAQ&url=https%3A%2F%2Fwww.undp.org%2Fcontent%2Fdam%2Frblac%2Fdocs%2FResearch%2520and%2520Publications%2FPoverty%2520Reduction%2FUNDP_RBLAC_Livelihoods%2520Guidance%2520Note_EN-210July2017.pdf&usg=AOvVaw3rJ6cOUbczqu4GXMVWDAuO) (SLF)[[19]](#footnote-20) to ensure a systemic understanding of livelihoods and local economies with a specific focus on crisis and post crisis settings, with the objective to help individuals reach their desired livelihood outcomes in challenging contexts. Through the SLF, economic recovery and livelihoods are considered part of a complex system where individuals and institutions interact and adopt strategies to cope with crises, based on the levels of household assets[[20]](#footnote-21) and the functioning of markets, communities, and governments.

Diagram, timeline

Description automatically generatedThrough systems thinking in livelihoods, UNDP aims to recover and strengthen the asset base of individuals as well as transform the structures and processes that shape their lives, with the objective of increasing the number of positive coping strategies that lead to the livelihood outcomes that individuals desire. These interventions also aim to improve market mechanisms and advocate for policies, legal frameworks, and institutional arrangements that are key for inclusive social and economic development.[[21]](#footnote-22)

Diagram

Description automatically generated

Interaction with entrepreneurs at the local level is a main objective since the early stages of disaster response or intervention in a protracted crisis scenario. Investments (via cash interventions, in kind donations, inventory, etc.) in livelihoods and market recovery result in economic recovery which reactivates jobs, trading relationships and markets, which in turn contribute to social cohesion, build trust, and contribute to stabilization.

Whilst we cannot prevent hazards from occurring, we can develop the capacities of communities and nations to manage crises, reduce their impact on livelihoods and economies, enabling them to recover efficiently and foster local economic development. Therefore, we can and should prevent or manage hazards from leading to disasters by helping communities to be prepared, reduce their risks and become more resilient. To become more effective in achieving impactful and sustainable outcomes for LER, UNDP focuses on the root causes of crises and structural inequalities that hinder livelihood development, with a view to strengthening resilience.

### Private economic actors and trickle-down effects

In addition to employment and household income, the private sector can deliver necessary goods and services, both for daily living and as needed for recovery, as well as introduce innovation in business and operational models linked to necessity and difficult environments. Figure 2, provides a representation of potential contributions to markets and recovery processes. These contributions are the reason why helping the private sector to recover from crisis in a holistic and systemic manner is so critical.Timeline

Description automatically generated

**Figure 2 Business Contributions to Crisis Recovery**

**(Adapted from UNDP Private Sector COVID-19 Service Offer, Finance Sector Hub)**

Before addressing how private sector development in fragile, crisis and conflict settings is different to general private sector development, it is worth reviewing the process by which normal functioning business activity takes place. It is only with a thorough understanding of how business functions in a market unaffected by crisis or fragility that it is possible to maintain a focus on what aspects of the process can be impacted by crisis or conflict.

In a normal context, an entrepreneur identifies an opportunity based on an examination of the market, sources capital to fund inputs, produces goods or services and delivers to the market. The business enabling environment (BEE) includes services and infrastructure, many of them provided by government, that support licit business functioning in an efficient and transparent market.

When designing an intervention, it is helpful to understand how the business cycle operates in a non-crisis setting. In crisis and post crisis settings, contexts and enabling environments could face complex challenges, that push entrepreneurs to innovate and adapt to missing or disrupted elements. Entrepreneurial activities do not necessarily cease during a crisis, but they may not be as efficient in meeting the needs of the market, may do so at exorbitant prices, or may do so in ways that skirt the law. Similarly, the lack of a functioning enabling environment may result in lack of access to capital because banks might be inexistent or won't lend without the ability to record collateral. At the same time, it is critical to identify the root causes of any market failure, many of which are likely to date back to pre-crisis issues. Addressing these root causes thus often entails building back better.

The business cycle, can be summed up in the following steps:

1. An entrepreneur surveys the market and identifies an opportunity
2. The entrepreneur accesses capital, both working capital and capital investment funding to produce goods or services
3. Produces Goods & Services
4. Delivery to Market - upon conclusion of sale, generates cash, which funds next round of capital requirements

The business enabling environment is separate from the business cycle but supports and engages it at various parts of the cycle. For example, the physical infrastructure provides the power to operate a business and the roads to deliver goods to markets. A fair, transparent judicial system provides confidence disputes will be fairly adjudicated and credit reporting systems and a collateral registry enable financial institutions to make lending decisions in an informed manner and to lend with the confidence there is a possibility of recouping their investment in the event of default. Government typically delivers many of the functions of the business enabling environment, either directly or via public private partnerships.

Any business cycle is part of a wider market system. Figure 3 depicts the market system as referred to within the framework of market systems development. The core of the market system is supply and demand. Their immediate environment consists of rules, including informal norms and regulations, and supporting functions. The market systems approach is based on the premise that instead of helping people directly, support should focus on changing the functioning of ‘market systems’ to make them work better for the poor, marginalized and disadvantaged. Systemic market-based programming helps to support local markets to rebound more quickly, restore and rebuild livelihoods, foster sustainable and decent employment, and create a more inclusive, greener and resilient private sector, thus building back better.

Diagram

Description automatically generated

Fig. 3 Market system, Springfield Centre: 2015

The basic requirements to do business in crisis and post crisis settings are no different to business elsewhere:

* An idea that answers a demand in the market
* Access to financing (either own funds or others') to cover the cost of inputs through the production or service delivery stage
* A means to deliver their product or service to market
* The ability to complete a sale

This already hints at a variety of preconditions that the market system is required to fulfill for businesses to be able to function. For example, for a business idea to work, information on existing or future demand is required, financing requires access to finance, delivering a product requires transportation infrastructure and security along trade routes.

### Challenges of Crisis and Post Crisis Settings

In the crisis and post crisis settings where UNDP is working, the challenges imposed by fragility or crisis are on top of challenges faced in any developing economy. There are challenges for businesses operating in those settings, and for the practitioners developing and implementing programming. The challenges for private sector development in a conflict-affected setting are linked to the disruptions in the economy caused by conflict or disasters. Protracted armed conflicts, economic sanctions are usually the main reasons why educated people flee the country, causing a brain drain and capital flee, which in turn opens doors to illicit trade.

In conflict-affected settings the **threat of or actual violence** often exists as a pervasive issue touching every aspect of life and work. To the extent of their capacity, businesses will consider the threat of violence by for example engaging security for their premises. Corruption and other criminal behavior are more difficult to fight because a violent response is more likely in an already violent society, which often includes a proliferation of weapons. To achieve good governance, the private sector needs to speak in a unified voice, pushing for better governance and an end to violence. However, exactly this organization of the private sector tends to be more difficult to accomplish in an environment where interpersonal trust is limited, and alliances may be entrenched. The difficulty development professionals face is how to manage the risk, but not to use it as an excuse for doing less than the best possible in the circumstances. Such situations are often dynamic, and implementers need to continually seek solutions to work around and contain the risk.

**Challenges to private sector engagement in crisis contexts** often relate to the potential risks private sector partners perceive in engaging in such a volatile environment. For instance, experience from the UNDP-OCHA led Connecting Business initiative (CBi) has shown that collective action coordinated by private sector networks can reduce some of those risks. Furthermore, a network approach provides a clear and easy entry point for companies to engage, reduces duplication and can scale impact. National disaster management policies and frameworks rarely provide guidance or incentive mechanisms for the private sector to engage in emergency preparedness, response and recovery. Nevertheless, the private sector can be a vital partner in addressing the needs of vulnerable populations affected by crisis. Therefore, as part of preparedness and building back better, efforts to improve government’s policies enabling private sector engagement in crisis response and recovery in collaboration with the private sector are key.[[22]](#footnote-23)

In Philippines, the **Private Sector Reconstruction Commission** headed by a business leader who will assist and support the Philippine Government’s reconstruction efforts in his capacity as a private citizen and assist the Government in tapping the resources of the private sector towards this end. The Public Commission and all Government agencies and instrumentalities are mandated to extend all assistance and support to the Private Commission and all projects that the Private Commission and the private sector may undertake in support of the Philippine Government’s reconstruction efforts and strategy. The Private Commission and the private sector that will contribute manpower, expertise, funds and resources to the Private Commission shall remain a separate private organization and private citizens and entities, respectively, and will not form part of the Public Commission.

Available here : <https://www.officialgazette.gov.ph/2009/10/22/executive-order-no-838-s-2009/>

While every crisis is different, common challenges are present, and their degree of complexity depends on the setting.

**Table 1. Challenges for Private Sector in Crisis or Conflict-affected Settings**

|  |  |
| --- | --- |
| Sector | Challenge |
| Infrastructure | * Roads, transportation networks, power, telecoms, water, and production facilities are destroyed * Mines and other ordnance represent risk * Access to some areas controlled by insurgents * Lack of housing stock for returnees and development workers, large influx of expats distorts real estate market |
| Inputs | * Value chain disruptions may limit access to raw materials, interrupting production * Labor may have limited skills to begin with, crisis and conflict bring trauma, displaced populations, issues reintegrating soldiers or insurgents and trust among different groups * Power and water access limited or disrupted * Lack of cash to conduct transactions * Little or no market information |
| Access to Finance/Investment | * Collapse of the banking system, liquidity crisis * Absence of financial institutions or presence limited to major cities, lack of capital, willingness to lend, to informal enterprises * Skills deficiency - lack of credit skills, but also a problem for businesses unable to adequately represent business performance with accounting or bookkeeping records * Lack of access to real property ownership documents to use as collateral and 'credit infrastructure' (e.g., credit reporting, collateral registry), or real property destroyed * Informal nature of business, business registration may be difficult or inaccessible |
| Government | * Sometimes still in formation * Lack of secure environment * May or may not be some continuation of legal system, some aspects may carry over and be of use so PSD * Lost experience/skills if significant numbers of government died or became refugees * Programming to establish rule of law often prioritizes other issues over commercial law * Lacks the capacity to ensure decent work and address child labour and other exploitative practices * Limited revenues to fund initiatives, reliance on donor funding * May be distrusted by MSMEs / may have a bias towards large enterprises |
| Context risks | * Conflict between rent-seeking groups * Lack of protection to vulnerable populations and their human rights * Human rights concerns including relating to child labour and other exploitative practices by businesses * Weak institutions and regulations allowing lax or no environmental standards |

# 3. Entry points to private sector recovery and development in crisis and post-crisis settings

Crisis and post-crisis settings can represent opportunity as well. These opportunities offer entry points in supporting the private sector’s recovery and development. While the COVID-19 pandemic brought economic devastation to many around the world, this forced changes in business models that opened doors towards transformative change in terms of women’s inclusion, digitalization, greening and innovation. Clearly, UNDP strives to support opportunity for success that is distributed more equitably, but it is the challenge which creates opportunity to solve problems and satisfy demand.

In a conflict-affected economy, the obvious immediate opportunity is often the need to guarantee food security, replace or repair housing stocks, and communications, but one only must see what

the pandemic did to the value of solutions of conferencing platforms to realize how a **crisis can create demand** for a previously unimagined product or service. In the immediate aftermath of several armed conflicts in Africa and the Middle East, entrepreneurs engaged in business ventures that solved market failures like telecommunication or medical insurance[[23]](#footnote-24). Mobile phones were the foundation upon which all sorts of other opportunities for economic recovery and development were based: Basic devices allowed farmers to access financial services, information and logistics, young women could get information about jobs and apply. Just the ability to communicate over distances helped build trading relationships along with dozens of other benefits. Filling the demand created by crisis can offer an entry point to support livelihoods in the immediate response.[[24]](#footnote-25)

More systemic entry points mentioned below require a thorough understanding of the market system overall and in particular those of key value chains. Conducting a market systems analysis prior to designing interventions is critical not only to identify such entry points, but also the constraints and opportunities in a market system in order to Build Back Better.

## Private sector engagement

As highlighted earlier, with the right preconditions in place the private sector can be a potent and important partner in crisis response and recovery. Private sector actors mobilize their corporate social responsibility mechanisms for donations, utilize their logistic capacities, engage with their clients (usually MSMEs and informal actors) to restructure accounts and support for business continuity, as well as to advocate for the adoption of risk informed business models.

Even if such collaboration with the private sector in recovery efforts may prove challenging, private sector engagement can still offer opportunities and entry points. Market systems and value chains typically include enterprises of all sizes and forms. While all are market actors, some hold more power than others. Finding partners who are willing to collaborate and have a commercial incentive to improve the market system to ensure crisis-affected people benefit from it is a critical step when looking for entry points. Such enterprises can play a vital role in market reactivation, either as suppliers or buyers in value chains, or as service providers within the market system not limited to recovery.

**UNDP Sudan’s private sector partnership to provide digital access for displaced populations**

UNDP Sudan started an innovative and ambitious tripartite partnership with the companies Sudatel Telecommunications Group (STG) and Empower Renewable Energy Co Ltd. The aim of the collaboration is to address the stark digital access disparity: In Sudan, [80 mobile subscriptions are registered for every 100 people](https://data.worldbank.org/indicator/IT.CEL.SETS.P2?end=2020&locations=SD&most_recent_value_desc=false&start=1960&view=chart), mobile penetration is high at 76% of the total population – but internet penetration sits at 30.9% primarily concentrated in urban and peri-urban areas. Similarly, rural electrification significantly lacks behind and on a national level is suffering from a reliance on fossil fuels and currently high prices. UNDP’s partnership is thus testing the value proposition of solar-powered telecommunications infrastructure – aiming to expand digital access in crisis areas focusing on refugees, IDPs, and cross-border and rural development livelihood schemes located outside the coverage of the National Grid. The pilot will install four telecommunication towers powered by a Solar in a Box. Solar in a Box is a containerized deployable, mobile community infrastructure prototype that powers collective assets to overcome barriers to digital and energy access.

These two private sector partners share UNDP’s vision and have a commercial interest in improving mobile telecommunication and data access, and thus opening economic and technical opportunities such as mobile money transfer services, livelihoods, human security, as well as access to information and basic services like health and education:

Empower, an Energy Service Company (ESCO) founded in 2017 by two university friends aims to reduce Sudan’s energy deficit which according to its founders is the pragmatic viable solution to support rural development. Empower will design, offer and monitor the Solar in a Box system.

Sudatel Telecom Group Limited, a Sudan-based public shareholding company that operates in the telecommunication sector whose subsidiary Sudani is one of three Mobile Network Operators (MNOs) in Sudan. With a network density covering all states of Sudan with nearly 10 million active users, its business products and services include internet connectivity and voice services. Sudani will mobilize Cell on Wheel (COW) service coverage in Umrakoba and Tunaydbah refugee camps in Gedarif State, re-activate service coverage at Elkurmuk, Blue Nile State, and a greenfield new service coverage at Joda, White Nile State.

UNDP Sudan’s initiative has created considerable interest to scale up this private sector partnership with Phase I scaling to a minimum of 50 towers expanding a wider consortium for Public Private Partnership.

Once the four telecommunication towers as part of the pilot are installed, UNDP will be able to validate the mobile money platform it developed. The financial service platform aims to adapt to the localized context that can expand the existing Sanduk scheme, a traditional savings scheme in Sudan, as well as formalize groups into more robust savings and credit cooperatives. The bottom-line is to focus on maximizing and sustaining impact at the community level to boost collective impact on people’s living conditions, safety, and security. Approximately 120,000 people will benefit from improved digital access and access to energy in the pilot locations.

## Micro and small businesses

Although there is often a desire to generate exports and foreign currency reserves, it is simplest and most effective to **meet domestic demand first**. Fast exports usually translate to extractive industries or other raw materials or agricultural products with little added value, low wage local jobs and profits accrued to foreign businesses.

A significant impact can be achieved withmicro-businesses requiring little capital, with the added advantage that growing an economy via many small businesses represents less risk than putting all hopes on one large business or multinational investor. Support is key to help small and micro businesses understand the concepts of market demand, pricing their products to be competitive and profitable, and keep business records.

Value chain or supplier development approaches[[25]](#footnote-26) offer good methodologies to tap into the potential of MSMEs and address their constraints in a systemic way.

## Informal economy

People engaged in the informal economy are particularly vulnerable in times of crises. Informal self-employed entrepreneurs and informal workers face higher vulnerabilities as they earn their livelihood from low and irregular incomes, they are often not entitled to participate in government schemes (such as for example credit guarantee schemes), they are not covered by social protection systems, not protected by labor laws and inadequately represented in governance structures. People engaged in the informal economy often do not have sufficient savings to sustain themselves over long periods without income. The COVID-19 has been a painful reminder of these vulnerabilities, further acerbated by the lack of representation of the informal economy.

UNDP developed and implemented the [**In Motion**](https://sdgvaluechains.undp.org/content/sdgvaluechains/en/home/metodologias/en-marcha/) **methodology**, aimed at supporting micro and small businesses to reactivate by assessing needs, supporting business model improvements, trainings and equipment or grants to recover from post crisis events. The toolkit has been implemented in post disaster settings in Latin America and the Caribbean region, yielding sustained increases in sales of about 40%, allowing local markets to reactivate and resume livelihoods.

Managed properly, the informal economycan present an opportunity to generate jobs and income and deliver basic goods and services. In many fragile, crisis or conflict affected contexts the informal economy includes more businesses than the formal economy. The International Labor Organization (ILO) describes the informal sector as activities operating outside government benefit and regulation. Informal businesses offer ease of startup and exit, tend to require little capital and utilize local resources or suppliers; all of which contribute to adaptable businesses useful in the chaos of a crisis situation. Informal businesses can respond to previously unanticipated demand in the market and generate income. In general, the informal economy is a fertile ground for entrepreneurial experimentation and innovation. Moreover, the informal economy provides employment to many people who otherwise may be excluded from opportunities such as women. The downside is that without a legal registration, it is more difficult for informal businesses to grow beyond a micro business because they are unable to do such things as obtain financing, hire large numbers of people and enter into lease agreements. As they operate outside government oversight, they are more likely to represent a risk of engaging in illicit practices, such as smuggling or money laundering, and be prone to predatory lending, unsafe working conditions and child labor. It is, however, possible to create mechanisms whereby businesses started as informal, can move into the formal economy and contribute as they grow.

Formalization needs to be addressed holistically in any context. In a crisis context, amplifying the voice of the informal economy is even more crucial to ensure that their vulnerabilities are adequately addressed and the path to recovery addresses their needs with a view to build back better. As such, organization and representation of the informal economy is a critical steppingstone towards increasing the agency of informal enterprises. While supporting the organization of the informal economy and working on improving the business enabling environment to foster formalization, support to informal businesses and the value chains they are operating in is critical to ensure that they can fulfill their growth potential and contribute to economic recovery and development.

**Amplifying the voices of Informal Economy actors in Africa’s recovery from COVID-19 pandemic**

In the evolving aftermath of the impacts of the COVID-19 pandemic much attention has been brought on the informal economy in Africa. While there has been greater awareness of the fact that the informal economy contributed significantly to GDP and was by far the main source of income and employment in Africa, [accounting for up to 85.8 percent of all forms of employment](https://www.ilo.org/wcmsp5/groups/public/---dgreports/---dcomm/documents/publication/wcms_626831.pdf), yet this significant population of Africa continues to exist outside formal arrangements and often found to be living on the edge: highly vulnerable to poverty, low earnings and irregular incomes and bad working conditions.

The emergence of this attention began to unfold as it became apparent that the heaviest impacts could be in the informal economy as evidence of impacts trickled through to the formal economy and for that matter the entire population in African countries as documented in the series of [ILO Monitor on COVID-19 and the World of Work](https://www.ilo.org/global/topics/coronavirus/impacts-and-responses/WCMS_767028/lang--en/index.htm) published in 2020-2021. [Recent World Bank estimates](https://blogs.worldbank.org/opendata/updated-estimates-impact-covid-19-global-poverty-looking-back-2020-and-outlook-2021) suggested that between 42-49 million people – largely in the informal economy in Sub-Saharan Africa - will be pushed into extreme poverty in 2021.

UNDP is partnering with the ILO to play a connecting and enabling role (through a regional initiative) by assembling the analysis and findings through direct interaction with informal economy actors (on the impacts, their agility, needs and the often-hidden engine of innovation and growth it harbors), and by providing a platform that empowers informal economy actors to bring their voices and knowledge directly to respective decision-makers and facilitate a transformational policy making process.

## Digital transformation

Technology, in particular digital technology represents opportunity in new ways to deliver PSD programming in addition to new business models or products, but it must be done in a way that expands opportunity rather than concentrating economic power. It is important to ensure the model doesn’t hurt those at the bottom of the economic ladder or to put regulations in place ensuring protection. Therefore, it is critical to monitor the potential impacts of the intervention throughout the system and identify who stands to gain or lose at each step.

**Technology Delivers Credit**

Just as M-Pesa made it possible to provide bank accounts via mobile phones, Tala is one of several companies offering micro-credit via mobile phones. Tala is making loans ranging from $20-$500 to consumers in Kenya, Mexico, Philippines and India. Underwriting is based on factors that include online behavior and mobile phone bill payment history. Terms average 30 days but can range from 20-90 days. Charges are a flat fee of 5-15% of the loan. In January 2020, Tala said their delinquencies were 15-20% and at that point they were writing off about half of delinquent loans.

Just as with any other consumer product or service, whether delivered via traditional methods or utilizing new technology, regulation is necessary to prevent predatory behavior. Tala's use of technology to underwrite and deliver credit should push costs down, but Tala's lowest rate, a flat fee of 5% of the loan amount for an average term of 30 days equates to an annual interest rate of 60%. The potential returns are extraordinary for Tala and their investors, but the cost to borrowers is much higher than traditional microcredit. Tala uses social media for marketing but the very reason that can be so effective; because consumers may associate the product or service with friends or influencers they trust, is another reason for regulation. With a lender based in one country extending credit via mobile app in another, questions of who has authority to regulate and enforcement are inevitable.

Source: [Sameepa Shetty](https://www.cnbc.com/sameepa-shetty/) (2020): Start-up uses mobile data as a credit score for the global unbanked, Jan 3 2020, updated Mon, Jan 6 2020, [link](https://www.cnbc.com/2020/01/03/start-up-uses-mobile-data-as-a-credit-score-for-the-global-unbanked.html)

Projects that deliver daily market town prices for produce to farmers via mobile phone are an example of technology that provides farmers with information that enables them to make a rational decision about selling their goods to a buyer at the farm gate or taking them to market. Crisis and post crisis settings could also open windows of opportunity in testing technologies for assessments, business model development and service delivery.

## Access to finance

Access to finance typically poses a critical systemic constraint in crisis and post-crisis settings. Addressing access to finance holistically and systemically can bring about catalytic change and unleash private sector recovery. There are many ways in which access to and use of financial services can be improved even in crisis and post-crisis settings, and UNDP partners with UNCDF to pursue this work. For example, savings groups are a tested way to provide informal access to finance, in particular to populations who are excluded from the formal financial sector, such as refugees, while at the same time allowing for strengthening social cohesion. Other, more larger scale modalities include enterprise challenge funds, which UNDP also uses to stimulate innovation in crisis situations.

In particular in conflict affected settings, international sanctions can cause disruptions in the financial sector, which will need to be considered. In case a liquidity crisis can develop in addition to other crisis situations affecting a country, as has happened in Afghanistan with the take-over of the government by the Taliban in 2021. This will require a wider, tailored response.

A systemic view of the financial sector is important, which also requires looking into longer term ways of strengthening the ecosystem. For example, regulatory constraints such as missing collateral registries such as a cadaster system may be missing. In particular in countries with protracted and often overlapping crisis situations even formal MSMEs tend to be underserved by formal financial service providers, due to the high perceived risk associated with MSMEs. Trust in formal financial service providers is furthermore a key constraint. In this regard, credit risk protection mechanisms may help.

**Making entrepreneurship less risky in an insecure environment**

UNDP Yemen is working on establishing a credit risk protection mechanism to decrease the credit risks MSMEs bring to the finance sector and thus create a safety net for MSMEs. Lack of access to finance has been identified as a cause for MSMEs typically not being able to sustain their business beyond four years. During the project’s inception phase it was found that the reach of microfinance institutions is limited, only accounting for 20% of all micro and small enterprise loans, leaving the informal businesses no other option of accessing finance on the formal market. This trend has been even further exacerbated by additional crises such as COVID-19.

In the longer term, this mechanism is intended to be set up in partnership with some of the major commercial banks, microfinance institutions and insurance companies in Yemen. There are still numerous challenges that need to be overcome, such as a guarantee system to assure financial institutions that the credit will be repaid. To help address these challenges, UNDP Yemen decided to establish a solidarity fund, which helps manage the risks while providing financing to formal and informal businesses. A Solidarity Fund organizes the SMEs as members and assures their credit risk may be a solution that works in lieu of a small Joint Liability Group model. The Solidarity Fund will require every SME to contribute on a monthly basis. This solidarity fund can be setup through a seed investment over three to five years by donor agencies to which the SME members regularly contribute. A solidarity fund can be the first of many such risk management steps that are built with people’s participation to build resilience. The pilot phase of the project will start with 100 SMEs and the overall impact will be studied for future development of the project.

Support to microfinance institutions and other financial service providers can go a long way in unleashing the local economic potential, for example through support in developing new financial products, or in making adaptations to extend services to so far excluded MSMEs, for example those by displace persons or other people on the move. Proper credit training can bring lending capacity to even an informal economy, or one affected by crisis. The guiding principles of extending credit are captured in the "five C’s":

* Character - "defined as the mental and moral qualities distinctive to an individual. It is perhaps the most important of all qualities of credit."[[26]](#footnote-27) Loan repayment is often a function of the borrower's willingness to adhere to an agreement and to work with the lending institution in a fair and transparent manner, even if the business transaction didn't go as originally planned.
* Capacity/Cash Flow - the ability of the borrower to repay the debt with cash flow generated by the transaction financed, or availability of cash reserves as a secondary source of repayment. It is important to understand and assess the likelihood of the projected cash flow and align the loan repayment with it.
* Capital - the business owner's investment in the business or the transaction. This is often described as 'having skin the game', meaning the business owner has something at risk in the transaction
* Conditions - general economic conditions, competition, whether the business can function successfully in the existing environment
* Collateral - assets offered to secure the loan; with an agreement they can be sold if the loan is not paid as agreed.

The first four can be addressed without collateral registries or credit reporting agencies; pieces of credit infrastructure often missing in developing economies and those affected by crisis. Personal references or local reputation can answer for character, and a lender who knows their market will be able to tap into local resources who can comment on character, although one must be attune to the possibility some will use the opportunity to disparage personal enemies or to discriminate against members of certain groups. Communal savings groups have proven a successful way to replicate at the local or neighborhood scale the personal reference requirement based on proximity and common knowledge of people within a specific lending group.

Working capital financing should be repaid when the proceeds of the sale related to the inputs financed are collected, rather than structured as a term loan paid overtime. Assessing the general economic conditions and the viability of the business in the existing environment is a reasonableness test of a loan. The requirement for the business owner to invest his or her own capital in conjunction with the lender is primarily to keep the business owner incentivized to keep working to repay the loan if the transaction financed fails and a revised repayment method and schedule are required.

Contrary to popular belief, collateral is (or should be) the least important consideration in a loan transaction. It should never be less than the third-place option as the source of repayment for a loan. The first source of repayment should be from the transaction financed and the second should be from other income of the borrower, with the possibility of restructuring the repayment schedule to a longer term. Liquidating collateral often brings much less cash than the original price paid for the assets, and it is an expensive and time-consuming process for lenders. In crisis situations there may be some risk in trying to repossess collateral and it is unlikely a functioning legal system will be in place to support the process.

Financial education activities should be part of private sector development initiatives at any level and have considerable impact particularly among women.

## Women’s economic empowerment as an accelerator of private sector recovery and development

When building back better, creating a more inclusive private sector is a critical element. While economic recovery offers new opportunities for entrepreneurship, wage labour and social empowerment, women often do not benefit as much from these as men. This highlights the importance of gender transformative action to be built into any private sector recovery initiatives. The guide on women’s economic empowerment in crisis and post-crisis settings provides details on how to ensure that women benefit from economic recovery and that Building Back Better entails gender transformational change.

The importance of a context-specific gender analysis to inform programme design cannot be stressed enough. A gender analysis must be part of any market systems analysis conducted prior to developing interventions to foster the private sector.

A critical lesson learned from women’s economic empowerment initiatives is that women need more than job opportunities. What is required are systemic changes that can only be accomplished through wider initiatives promoting safe and women-friendly workplaces, challenging gendered social norms at a collective level and addressing formal rules and laws that do not currently support working women. In short, also with regards to women economic empowerment a systemic approach is needed.

To achieve such transformational change some project design and implementation goals include:

* Systemic (multi-sectoral and integrated) livelihood interventions to reduce susceptibility to gender-based violence (GBV)
* Addressing structural barriers and fostering an enabling environment
* Designing tailored intersectional WEE programming that responds to women’s and men’s diverse and intersecting needs
* Ensure women are included in meaningful participation in formal and informal peace negotiations
* Facilitating the provision of gender responsive business development services and tailored support to women-owned businesses
* Engaging women as change agents via an empowerment approach
* Harnessing digital technologies and innovation for women

## Greener businesses

A crisis also offers an opportunity to foster a transition to a green economy and lay the foundations for environmentally sustainable and socially inclusive production and consumption. Promoting a green economy implies transformation of policies and practices towards environmental sustainability. This will require interventions at the macro and micro levels addressing gaps and barriers, creating enabling framework conditions through regulatory frameworks, providing access to finance (through loans, grants, seed funds, etc.), removal of harmful subsidies, demand policies (e.g., public procurement), environmental indicators to support monitoring and enforcement regimes, intensifying technology transfer, strengthening innovation systems, and building national capacity.

At the levels of rules and regulations, generating green growth requires coherent set of well-coordinated policies – financial, industrial, employment/labour market, education, and skills development policies. Shifting to low carbon economies requires changes in every sector. This transition can be driven by prioritising clean technical investments in key sectors including clean energy infrastructure, connectivity infrastructure such as mass transit systems, e-education, and smart quality health care infrastructure.

While economic policy is a determining factor in changing conditions and incentives structures for the economy in favour of the environment, mindsets will also need to change, making it important to also consider interventions that address informal rules and norms through for example stimulating demand in ‘green’ products in consumers and increase awareness.

As with other major efforts that require interventions at all levels systemic approaches are needed to tackle more than one issue at once. A systemic perspective will help to adequately identify opportunities to stimulate inclusive green sector growth. Likewise, a green recovery will require strong and effective coordination among actors.

Access to finance is typically a critical factor in private sector recovery in crisis contexts. Addressing access to finance thus lends itself to also ensure access to finance for innovative, green investments, which has been found a critical gap. While public sector funding is catalytic and needed in this regard, it will never the sufficient to meet the needs, making private sector funding is critical. Blended funding methods combining public and private funding could provide a meaningful solution. Especially in crisis and post-crisis contexts it is important to keep financing systems simple for market actors, to remain flexible to respond to changing market dynamics and to keep matching these market dynamics. Furthermore, supporting SMEs in accessing finance is crucial.

Private sector initiatives can include environmental objectives through:

* Promoting the growth of and create jobs in a ‘green’ sector, like renewable energy
* “Greening” / Improving the environmental sustainability of a sector
* Increasing the climate change resilience of a sector
* Ensuring a do-no-harm approach in supporting sector growth

At the micro level, a green industry strategy aims at mainstreaming environmental and social considerations into operations of enterprises. For example, cost reductions and thus enhanced competitiveness can be achieved through more efficient use of resources. Enterprise Challenge Funds such as UNDP’s Innovation Challenge Funds to spur green innovation as for example in renewable energy or adaptation to climate technologies have produced good outcomes. Likewise, Accelerator Labs can be good breeding grounds for climate-smart innovation.

Green value chain development is also effective in greening a sector. As such, all economic activities along the value chain will have potential to greening, by for example considering how their respective material and energy inputs could be decreased or substituted for greener alternatives, or how to decrease the pollution and waste they generate. Another option could be re-purposing waste as inputs for other activities and industries (for instance, agricultural waste used as fertiliser). Widespread and sustained efforts by a variety of actors part of the value chain’s market system are needed for green practices to take root and spread in the market. Since livelihood interventions often are within agricultural value chains, climate-smart agriculture offers effective ways towards greening the economy, as unsustainable agricultural production practices are one of the main contributors to climate change and environmental degradation. Climate-smart agriculture aims to sustainably increase agricultural productivity and incomes; to adapt and build resilience to [climate change](http://www.fao.org/climate-change/en/); and to reduce and/or remove greenhouse gas emissions, where possible. Seeing that numerous crises are driven by climate change; such climate resilience is critical in building back better.

Measures to green the economy should generally be mainstreamed along with dedicated and targeted interventions as part as private sector recovery programming. As such, any support to policy development should have specific indicators for achieving environmental goals. Systemic interventions at the micro level will work in any country context as they will be by themselves targeted to fit the context and market system on the ground. They may thus be particularly useful in settings where a variety of market actors (providers of business development services or financial services, business membership organisations etc) and the regulatory frameworks need to be strengthened. Such approaches however require an investment in learning – by the team and to understand the market systems.

# 4. Resilience in Recovery

Systemic interventions to strengthen the resilience in entrepreneurs is a complex process, since conditions could be dire, and the risk will be high. Nevertheless, even in the most complex scenarios, some level of trade will happen, since people affected will seek alternatives for income, secure food items and try to resume their lives if possible.

Supporting entrepreneurs in understanding how to assess the market, risks, identify opportunities and link them with service providers will help them make better business decisions (i.e. invest in inventories that will sit unsold on their shelves). Such decisions will have implications for the local economy, income and security thus also affecting other people. Having good credit with suppliers may buy some additional time when a business encounters a slow down or is impacted by a crisis.

Institutions at the national and local level have a role to play in recovering and fostering an enabling environment. They are crucial in developing and providing support for business continuation, as well as enabling and developing environments to attract investment and talent. Critically, local and national institutions are required to correct market failures and address unsatisfied demand across the market system. Examples of actions strengthening local and national governmental institutions include:

Rules and regulations:

* Legal frameworks: Key for resilience and sustainability in the development of recovery strategies. It is very likely that policies and legal frameworks will take longer to be developed and adopted, they are a natural entry point for UNDP as a partner which can support institutional and policy strengthening in stabilization, crisis, fragile and post crisis settings. Business registration and creation, local permits, incentives, greening transitions, among others are some of the domains where technical assistance is key.

Supporting functions:

* Business development services and access to finance: Normally all countries have some governmental institutions providing business development services and access to finance, for example through SME concessional loan funds. Working with and strengthening such institutions is in particular during crisis times crucial, as these services are often critical to support enterprises in overcoming difficulties and ensure they maintain in business.
* Infrastructure: From roads to small community markets and providing access to energy and telecommunications, these are vital enablers that allow exchanges, logistics, irrigation, etc. Infrastructure is an opportunity to engage contractors and workers and create business to linked services. It also has lots of potential to develop supply chains to businesses linked to construction services and inputs.
* Information: Many local or national institutions provide relevant information, such warnings on potential pests due to weather influences for farmers, or on export potential. If international supply chains are disrupted, such information can be critical for businesses.

It is important to strategize and time wisely different interventions, to avoid or disincentivize actions aiming at business formalization. Investing in a business enabling environment that provides the incentives as well as enforcement required to convince businesses to formalize is particularly important in many crisis and conflict affected countries that are characterized by a large informal economy.

Innovation is a common trait emerging in crisis or post crisis settings. Due to complex settings and challenges businesses face, they need to quickly adapt their models and innovate in order to survive. This opens a fertile ground for solutions mapping, which in turn can offer solutions that could be scaled up.

## Framework for implementation

A framework for development and implementation of PSD in crisis and post-crisis setting should contribute to systemic efforts in the recovery process. PSD is not a standalone intervention since it should be linked as a building block of a recovery or stabilization strategy. As mentioned in the first section of this document, private sector development at all scales is an enabler to accelerate economic recovery and a window to engage in transformative changes which could accelerate recovery or stabilization.

Long term objectives of PSD in crisis and post crisis settings are related to the SDGs. More specifically:

1. Changing market systems to be inclusive, equitable, green, resilient and sustainable while generating profits, innovation & growth.
2. Make markets work for the poor and most vulnerable via:
   1. Unlocking private finance for the SDGs
   2. Align business strategies and operations with the SDGs
   3. Policies that foster inclusive and green economy

The first step towards achieving these objectives is to conduct a market systems analysis and identify disruptions to the business cycle, root causes of constraints in market systems (market failures) and entry points to stimulate private sector recovery and foster private sector development. With this knowledge, a new vision for the market systems can be formulated. This vision will include interventions that change market systems to be inclusive, equitable, green, resilient, and sustainable. In the new vision the market system therefore functions without non-market actors providing services (or goods).

Development outcomes of strategies and interventions should aim at:

**Table 2. Private sector development outcomes in crisis and post-crisis settings**

|  |  |
| --- | --- |
|  | Development Outcomes |
| Overall | Women’s economic empowerment |
| Greener production |
| Foster business model innovation |
| Social cohesion and sense of normalcy |
| Improved business sustainability and resilience |
| Integrate youth and people on the move |
| Large companies | investment |
| Fill demand gaps (larger recovery processes) |
| Anchor MSMEs as suppliers |
| Generate employment |
| MSMEs | Fill demand gaps |
| Generate employment |
| Activate local supply chains (urban and rural) |
| Reduce risk – improve access to finance |
| Associate |
| Informal businesses | Reactivate livelihoods |
| Improved business models for sustainability and working conditions |
| Inclusion in value chains |
| Access to finance |
| Cooperatives (financial) | Improve ratings |
| Increase membership |
| Business associations, chambers, guilds | Take advantage of economies of scale |
| Access to finance |
| Aggregate outputs for supply |

### Supporting the ecosystem for recovery

The market systems approach offers an easy-to-understand way to mapping the ecosystem to understand the enabling environment, existing businesses and market opportunities as depicted in Figure 3. It also provides a basis on which progress can be measured as programming is implemented. The starting point is a market systems analysis to look at:

* Degree of impact in businesses
* Degree of impact along the supply/value chain
* Market failures often evidenced in root causes to constraints in the market system
* Identify the most vulnerable
* Identify short-, medium- and long-term strategies that ensure the most vulnerable benefit from the upgraded, functioning market system
* Opportunities for transformation and build back better.

Given the overarching goal of building back better it is critical to not only support businesses to operate again to their pre-crisis level, but to address market failures to allow the vulnerable, crisis-affected people to be able to reap more benefit from being a market actor, be it as a producer, trader or consumer.

Ecosystems play a key role in private sector development. In crisis and post crisis settings, fostering spaces where business owners and entrepreneurs meet and exchange foster the development of networks that have the potential to foster innovation, improve business ventures, test prototypes, unlock finance, among others.

**Mosul’s business ecosystem – information is money**

After war and ISIL/Daesh occupation left Mosul devastated, entrepreneurship is on the rise again while entrepreneurs struggle to overcome challenges. The UNDP Accelerator Lab in Iraq used the Collective Intelligence exercise with key players in Mosul to sense and explore the current situation of the ecosystem of the city. A Systems’ Mapping approach and Stakeholders Meetings with various actors within the Mosul entrepreneurial ecosystem led to identifying a key problem which is an information deficit by entrepreneurs. While there are services available to support them, entrepreneurs lack the means to find them. To address this constraint, UNDP Accelerator Lab Iraq partnered with Mosul Space, an innovation hub, to create and operate an interactive digital platform that lists all entrepreneurs and service providers. At the same time, the platform will collect data from entrepreneurs who use the platform. With this data, the information provided can be better targeted to the needs of the entrepreneurs and ultimately help to further improve Mosul’s entrepreneurship ecosystem by tailoring services to demands.

The importance of the ecosystem, however, is how it affects the functioning of the business cycle. In Table 3 below answering the questions for each business cycle will help identify issues within the ecosystem or at the firm level, at each stage of the business cycle, that impede private sector development. The questions are not intended to be comprehensive, but illustrative of what should be considered.

Table 3. Entry points for private sector development

|  |  |  |
| --- | --- | --- |
| Business Cycle | Market System Functions | Guiding questions |
| Identify market demand/opportunity | Core of the market system:   * Market demand * Market access   Supporting functions:   * Information * Business Development Services * Security | What are the goods and services being exchanged?  Are people’s livelihoods/income completely interrupted?  Where is the market failing?  How identify market demand or spot a gap in market that represents opportunity?  What is size of market?  Who or what is competition? |
| Access to finance or means of funding inputs | Supporting functions:   * Access to finance * Information   Rules and regulations:   * Regulations, laws | Are banks, microfinance institutions or other financial intermediaries present in the market?  Do crisis affected people have a network or savings to buy inventory, setup a store; are they eligible to receive a loan?  Is there a functioning regulatory system guiding the financial sector? |
| Source inputs  (raw materials, labor, equipment) | Core of the market system:   * Market demand * Market access   Supporting functions:   * Information * Skills development * Technology * Infrastructure   Rules and regulations:   * Societal norms and informal rules restricting women or other people such as displaced from working | Are raw materials readily available?  Are manufacturing facilities existing?  Are they operating?  Is labor available and qualified?  Is specialty training required?  Is manufacturing equipment in place, or easily sourced?  Are there any major factors impeding production (inconstant services, security issues)? |
| Production process | Core of the market system:   * Production   Supporting functions:   * Information * Skills development * Business development services * Technology * Infrastructure   Rules and regulations:   * Labor laws * Regulations & laws | Is there adequate power, water and other utilities?  Can they meet quality requirements for finished product?  Can they produce in sufficient quantities to meet demands?  Is manufacturing capacity easily modified?  Is there a way to keep track of costs and business-related expenses and income?  Are working conditions adequate?  Are there any major security issues in the operation?  Are there any national regulations related to quality, hygiene, packaging etc.? |
| Deliver to market | Core of the market system:   * Market demand * Market access   Supporting functions:   * Information * Infrastructure * Transportation | How far is the nearest market?  Is there an intermediary or a distribution network to deliver to market?  Are routes safe?  Is transportation infrastructure (e.g., roads) and services adequate? |
| Conclude sale | Supporting functions:   * Information * Access to finance * Business development services * Technology | How to establish price?  Is it driven by awareness of costs?  Does a means of payment exist (cash, bank transfers, cybercurrencies, community currencies or barter systems)?  Does seller extend or buyer require credit?  Is there a means of enforcing collections if credit sales not paid? |

In supporting private sector development in a crisis or post crisis setting, the importance of keeping the focus on ensuring solutions are solving **business** problems cannot be emphasized enough. The need is to find ways for licit businesses that are in alignment with the SDGs to function and be sustainable because that should provide a strong foundation for a resilient, inclusive and cohesive community.

Private sector development practitioners’ problem solving (e.g., rebuilding roads, restoring power, developing credit skills) should support of identifiable business opportunities, explore local solutions and test business model innovations[[27]](#footnote-28). In the case of ongoing threats, such as an active conflict or insurgency, there are limits to the work, but the sort of creative solutions brought by the microfinance institution that sent their staff out with burner cell phones and hid the data they carried in a flash drive hidden in an engine block can enable work to move forward while managing risk.

**Turning an energy crisis into a business opportunity**

Already before the war devastated Yemen, access to energy was a struggle. Now, with fossil fuel prices soaring in the country, energy has become scarce and unaffordable leaving the high demand for affordable energy unmet.

The 3-year ERRY project began (2016-2019) created a unique, low-cost solar microgrid solution and offered an alternative, clean, and renewable energy source that rural homes could afford as a stable electricity source. It provided an affordable energy source to around 10,000 and training to women and youth to set up and manage the solar microgrids. Up to date, women, men, and youth are still running the power stations. Two major issues in Yemen were improved with this project: affordable energy and providing income for women and youth. The next steps involve trying to bring in the private sector as investors into the microgrid business to secure funding to continue to build more microgrids. The number of current businesses involved has increased from 3 to 25 and continues to expand. The exit strategy includes a target of $5 million USD in private sector investment.

To improve waste management, UNDP launched Yemen’s first Waste-to-Energy plant in 2021. This initiative aims to bring the community, institutions, and private sector together to reduce waste and generate affordable energy. This UNDP partnered with the company Sehab Tech to set up the first plant and lead the implementation, whereby Sehab Tech contributed more than 30% of capital. The plant is expected to transform up to five tons of solid waste a day and can generate 100 kilowatts hour of electricity which is enough to power 100 commercial shops3. Since this is a profitable and sustainable business model, the idea is for other private sector actors to copy the model with their own investment. Such waste-to-energy plants create their own value chain and many jobs, mainly in waste collection and sorting. With waste being able to be sold for profit to the private sector by individuals and the government, gaining a lot of interest from other investors. Major issues improved by this project were reducing waste, creating affordable energy, and creating income opportunities.

The principles established by the International Finance Corporation for engagement with the private sector in fragile and conflict-affected states include the need to adopt a conflict sensitive approach, ensuring programming does not exacerbate conflict by creating unfair opportunity or excluding parties to the conflict. Practitioners need to address immediate needs, often to support livelihoods, but do so in a way that supports long-term private sector development. In addition to financial support, development requires expert advice, regulatory reforms and capacity building. The facilitation of new players and innovation will fuel a dynamic private sector.[[28]](#footnote-29)

Operating in a volatile crisis or conflict-affected context requires quick reaction to changes. Adaptive management as an evidence-based approach to programme design and implementation helps to successfully implement in such volatile contexts. It highlights the importance of continuous and systematic use of relevant knowledge to inform decision-making around changes to ongoing programmes in crisis and conflict-affected settings.

In developing programming to solve problems in crisis or post crisis settings, it is of critical importance to not only address the disruptions or business problems caused by the crisis, but to see the crisis as an opportunity to build back better, creating a more diverse, inclusive, green and resilient private sector.

While immediate relief can solve problems caused by crisis and support the reestablishment of a basic functioning of markets, many market disruptions caused by crisis exacerbate or shine light on pre-existing market constraints or failures that disadvantage the poor or more vulnerable. As such, crises can be an opportunity to identify new entry points to address systemic constraints hindering the private sector, and thus to build back better. It is therefore of critical importance to understand the entire market system, not only its core. Typically, insufficient or unsupportive rules and regulations and supporting functions pose a significant constraint to building a more diverse, inclusive, green and resilient private sector.

**Bringing systems thinking to the Inclusive Growth Portfolio of projects in Liberia**

The UNDP Liberia Country Programme Document (CPD) 2020-2024 has been designed to support the implementation of the Agenda 2030 for Sustainable Development and the United Nations Development Sustainable Development Cooperation Framework (UNSDCF) 2020-2024, as well as aligned with Liberia’s National Development Agenda (the Pro-Poor Agenda for Prosperity and Development). The CPD enlists a sound and rigorous situation analysis, which drew great attention on the multifarious challenges facing Liberia as well as the potential of Liberian natural resources to promote green and inclusive growth.

Nevertheless, the Country Office increasingly came to the realization that the portfolio of projects contained in its Inclusive Growth portfolio were standalone/piecemeal tackling challenges in isolation and lacked coherence, synergies, and the delivery of development results more effectively and efficiently. To overcome this shortcoming, UNDP Liberia initiated a process of review and redesign of this portfolio and attempted to bring more holistic and systems thinking to address the challenges and opportunities. The test for applying this approach in the Liberian context meant a mindset change in the design of the portfolio, and would require conceptualizing, including, and integrating programmes and projects that typically sustain and improve natural resource production with initiatives that typically increase the growth in (private sector) value addition and inclusion, especially the youth and women in the informal economy. The approach also meant that to address key enabling drivers such as the expansion of infrastructure including energy that support access, connectivity and productivity would also need to be conceptualized, included, and integrated differently to support the entire “system of projects/programmes”.

In essence, the systems approach required integration at three levels: 1) integration of thematic areas, for example, ensuring that efforts to improve production included the participation of youth and women in the informal economy; 2) integration across systems, for example, linking systems that produce natural resource products with systems that add value; and 3) integration across the portfolio, for example, integrated, area development projects are linked to efforts to put in place an enabling macro environment. Such a portfolio for inclusive and green growth is currently under construction in Liberia.

Because crises can vary so significantly and often overlap, where, for example a crisis caused by an earthquake might trigger a conflict between groups, it is impossible to classify the impacts by type of crisis. The important factors to consider are the nature of the impacts and how they impact the private sector's ability to function (recognizing there will likely be significant humanitarian impacts dealt with by other efforts).

In the Annex 1, specific resources for private sector recovery and development in fragile, crisis and conflict-affected settings are listed. In addition, Annex 2 lists resources for private sector development, in particular using the market systems approach, applicable to any setting; diagnostic tools, approaches to development and tools for sectoral evaluation.

The need to respond quickly, the unstable nature of fragile, crisis and conflict-affected settings and the presence of former combatants or insurgents make the need for due diligence and risk assessment especially crucial. It isn't, however, a process that can be done once and checked off. Such situations are especially dynamic with players and alliances changing throughout the course of implementation requiring an ongoing process of risk assessment.

Finally, the Finance Sector Hub mechanism serves the need to capture experience gained in different programs and make it available on their site, but it bears stating that anyone delivering programming should formalize a means of capturing and communicating lessons learned.

1. Success and failure all offer lessons, good, bad, new methods/practices

2. Demonstrate willingness to fail and learn

## Programming for Private Sector Development in Crisis and Post Crisis Settings

#### Step 1 – Market Systems Analysis

Assess the status of each of the market system functions[[29]](#footnote-30):

* Supporting functions including business development services, infrastructure, access to finance, skills development, information etc
* Rules and regulations including laws and their enforcement, informal rules and societal norms
* Supply and demand including labour market information, the state of economic sectors etc

What are existing industries, key businesses in each and current state of those businesses? Are they functioning, able to conduct business and do they have active customers buying from them?

It may be useful to select a number of key value chains and conduct a more in-depth analysis on these.

In crisis and post-crisis contexts, companies are also encouraged to conduct human rights due diligence and a context or a political economy analysis (part of conflict sensitivity), particularly when inter-communal tensions are present or a conflict is ongoing or recently ended. Understanding the drivers of conflict and the factors that contribute to peace can help businesses not only avoid operational risks and other impediments, but also help companies contribute positively to the peace dividend as illustrated in Step 5 below.

#### Step 2 – Identify disruptions to the business cycle

For each industry identified in Step 1, and referring back to Figure 6, assess the value chain's ability to function at each stage of the business cycle, given the condition of the market system. Note issues.

Business Cycle Stages

1. Identify market demand/opportunity
2. Source capital via internal resources, access to finance or other means of funding
3. Source inputs (raw materials, labor, equipment)
4. Production process
5. Deliver to market
6. Conclude sale

#### Step 3 – Identify root causes of market failure and other entry points for private sector recovery and development

Before proposing solutions, ensure you have identified the root causes of constraints/issues noted in Step 2. Keep asking yourself “Why?” until you have reached the bottom of the issue. Make sure you have identified key market failures that inhibit poor people from benefiting from the market.

Identify entry points in form of opportunities the crisis created and build on these.

#### Step 4 – Create a new vision for the market system that is more inclusive, equitable, green, resilient, and sustainable

Develop a new vision for the market systems that not only addresses disruptions to the business cycle but builds back better. Ensure proposed solutions ultimately solve problems that inhibit businesses' ability to function. Make sure the solutions address the root causes rather than symptoms and consider the entire market system, including the ecosystem. Ensure that the proposed solutions are not piecemeal approaches but provide a pathway towards building a more inclusive, green, diverse and resilient private sector.

#### Step 5 – Identify partners, ideally from the private sector, to jointly improve the market system

Based on your market systems analysis, identify market actors who may be willing and capable to collaborate with you in your endeavor of Building Back Better the private sector. Developing a business case demonstrating a solution to one of the root causes you identified in Step 3 can help in convincing market actors to collaborate. Remember, they need to have a commercial interest in changing the market system sustainably. For example, in contexts experiencing inter-communal tensions or conflict, a company’s pledge to diversity and gender equality can make a positive contribution to social cohesion in and beyond the firm and contribute positively to the peace dividend.

#### Step 6 – Ensure programming is aligned to the UNDP Private Sector Strategy

Measure new programming to solve identified issues against the UNDP Private Sector Strategy to determine it meets the strategic objectives to:

1. Reshape markets to be **inclusive, equitable, green, resilient, and sustainable** while generating profits, innovation and growth.
2. Make markets work for the SDGs by driving progress on 3 strategic priorities:

* Unlock private finance for the SDGs
* Align business strategies and operations within the SDGs
* Policies that foster inclusive and green economy

Programming that meets these strategic objectives supports inclusive, equitable growth that builds social cohesion, while reducing the incidences of crises caused by natural or man-made disaster or conflict.

## Checklist to ensure private sector programming builds back better

|  |  |
| --- | --- |
| Through your market systems analysis you have identified constraints in the market system (market failures) and their root causes that need to be addressed to make the market systems more inclusive, greener, and more resilient |  |
| You have identified disruptions to the business cycle caused by the crisis and propose solutions that address these in a systemic way |  |
| You ensured conflict sensitivity and the proposed solutions do no harm |  |
| Your proposed solutions include gender transformative actions towards women’s economic empowerment |  |
| Youth will be included in and benefit from the market systems you propose to target |  |
| You ensured the inclusion of displaced persons and other people on the move (if relevant) |  |
| Your proposed solutions contribute to mitigating and adapting to climate change by for example greening value chains |  |
| Your new vision for the market system addresses the root causes of constraints |  |
| You identified market actors, ideally from the private sector, as potential partners |  |
| You developed businesses cases highlighting your potential partners commercial interest around your changed vision for the market system |  |
| You identified opportunities to strengthen linkages between market actors, to strengthen the system as a whole |  |
| New programming is aligned to the UNDP Private Sector Strategy |  |
| Build your implementation plan on adaptive management to be able to swiftly react if circumstances change in a volatile environment |  |
| Ensure continuous monitoring and evaluation based on a monitoring plan and adapt to learn the lessons |  |

# Bibliography

http://www.artisantoolkit.org

Bar Am, Jordan, Laura Furstenthal, Felicitas Jorge, and Erik Roth, "Innovation in a crisis: Why it is more critical than ever, Prioritizing innovation today is the key to unlocking postcrisis growth", https://www.mckinsey.com/~/media/mckinsey/business%20functions/strategy%20and%20corporate%20finance/our%20insights/innovation%20in%20a%20crisis%20why%20it%20is%20more%20critical%20than%20ever/innovation-in-a-crisis-why-it-is-more-critical-than-ever-vf.pdf?shouldIndex=false, June 2020.

Business Call to Action Case Study, PHINMA Property Holdings Corporation: Improving the lives of informal settlers by providing affordable and decent homes, https://static1.squarespace.com/static/6049e33a3512a120620cfe14/t/604b2b541405de1cceb4d867/1615539029804/BCtA\_casestudy\_Phinma.pdf0.

Cali, Massimo, "Trading Away from Conflict, Using Trade to Increase Resilience in Fragile States", World Bank Group, 2015.

Curtis, Lisa, Peter Davis, Canan Gunduz, Andrew Ockenden, Thomas Pedrick, Tony Vaux, Joost Van Der Zwan, "Private Sector Development in Conflict-Affected Environments, Key Resources for Practitioners", The Donor Committee for Enterprise Development, October 2010.

https://www.dfc.gov/sites/default/files/media/documents/9000104356.pdf, www.freshtohome.com.

Disaster Recovery Guidance Series, Private Sector Participation in Disaster Recovery and Mitigation, Global Facility for Disaster Reduction and Recovery, The World Bank, https://www.gfdrr.org/sites/default/files/publication/Private\_Sector\_Guidance\_Note\_DRAFT%206\_LOWRES.pdf.

Disaster Recovery: Challenges and Lessons, UNDP, 2016.

Ebersole, Bill, "[The 5 Cs of Credit: Character](http://www.communitybusinessfinance.com/blog/5-cs-credit-character)", http://www.communitybusinessfinance.com/blog/5-cs-credit-character.

Gender and Recovery Toolkit, UNDP, 2020.

"Generating Private Investment in Fragile and Conflict-Affected Areas", International Finance Corp., 2019.

Hameed, Sadika, Kathryn Nixon, "Private-Sector Development in Fragile, Conflict-Affected, and Violent Countries", CSIS Working Group on Private-Sector Development in Fragile States, Center for Strategic and International Studies, 2013.

https://www.ippmedia.com/en/news/formal-versus-informal-sector-pros-and-cons

Mallett, Richard, Rachel Slater, "Growth and Livelihoods in Fragile and Conflict-Affected Situations", Secure Livelihoods Research Consortium, Working Paper 9, November 2012.

Malloch-Brown, Mark, Paul Polman, "Better Business, Better World, Executive Summary", Business and Sustainable Development Commission, https://olc.worldbank.org/system/files/Better\_Business\_\_Better\_World\_Executive-Summary, January 2017.

MINUSMA Fact Sheet & MINUSTAH Fact Sheet, UN Peacekeeping

https://www.pactworld.org/mines-markets/project

Parker, Joan C., "A Synthesis of Practical Lessons from Value Chain Projects in Conflict-Affected Environments", USAID, microReport #105, May 2008.

Peterson-Withorn, Chase, "American Billionaires Have gotten 12 Trillion Richer during the Pandemic", <https://www.forbes.com/sites/chasewithorn/2021/04/30/american-billionaires-have-gotten-12-trillion-richer-during-the-pandemic/?sh=52640df8f557>, April 30, 2021.

Ranawana, Anupama, Atarah Senn, "We do what we have to do, Cultures of Indebtedness Among Women Entrepreneurs in the East of Sri Lanka", Working Paper 74, Secure Livelihoods Research Consortium, March 2019.

Swiss Agency for Development and Cooperation, 2014. The operational guide for the making

markets work for the poor (M4P) approach. SDC.

"Scaling Frontier Innovation, Mapping and Analysis of Entrepreneurial Ecosystems Incubators and Accelerators in the Asia-Pacific", https://scalingfrontierinnovation.org/wp-content/uploads/2020/03/8\_Frontier-Incubators\_Entrepreneruial-Ecosystem-Mapping-Report-2019.pdf, June 2019.

Shetty, Sameepa, "Start-up uses mobile data as a credit score for the global unbanked", https://www.cnbc.com/2020/01/03/start-up-uses-mobile-data-as-a-credit-score-for-the-global-unbanked.html, Jan 3, 2020, Updated Mon, Jan 6, 2020.

Springfield Centre (2015): The Operational Guide for Making Markets Work for the Poor. 2nd Edition, 20th September 2015

"States of Fragility 2020", OECD Publishing, Paris, <https://doi.org/10.1787/ba7c22e7-en>.

UNDP PSD Strategy, Annex 1.

UNDP's Private Sector Development and Partnership Strategy (2018-2022), Making Markets Work for the SDGs, https://www.undp.org/publications/undp-private-sector-strategy-2018-2022.

UNDP's Private Sector COVID-19 Service Offer, Finance Sector Hub

https://www.un.org/sustainabledevelopment/sustainable-development-goals/

United Nations Peacekeeping Operations: Principles and Guidelines, UNDP 2008

Wegner, Stephan R., Ann E. Flanagan, "The Private Sector in Fragile and Conflict-Affected States", Independent Evaluation Group, World Bank Group.

# Annex 1: Resources

UNDP’s primary resources on private sector development and engagement can be found at:

https://www.undp.org/partners/private-sector

https://www.businesscalltoaction.org/

https://www.undp.org/partners/private-sector/istanbul-international-center

### Resources are relevant to private sector recovery and development in crisis and post-conflict settings

|  |  |  |
| --- | --- | --- |
| **Minimum Standards on Economic and Private Sector Recovery** | [Minimum Economic Recovery Standards](https://seepnetwork.org/Resource-Post/Minimum-Economic-Recovery-Standards-Third-Edition-exist-190) (SEEP Network) | The MERS offer tools for crisis responders to enhance the effectiveness and quality of the economic assistance offered and provide guidance on good programming |
| **Pre- and Post-Crisis Market Analysis** | [Minimum Standards for Market Analysis](https://www.calpnetwork.org/wp-content/uploads/2020/03/calp-misma-en-web-1.pdf) (CaLP) | Provides guidance on emergency market analysis valid for every sector. |
| [Emergency Market Mapping and Analysis](https://www.emma-toolkit.org/)(Oxfam, IRC, Practical Action) | The EMMA is a widely used market analysis approach in rapid emergency contexts to get an understanding of how the crisis disrupted markets. |
| [Pre-Crisis Market Analysis](https://beamexchange.org/uploads/filer_public/52/23/52239a2c-e9ea-44aa-b912-a841e9edf826/pre-crisis-market-analysis_compressed.pdf) (IRC) | A pre-crisis market analysis provides a benchmark on the functionality of several critical market systems from ‘reference’ to ‘post-shock’ times, feeding into preparedness and contingency planning. |
| **Market Systems Development** | [Market Systems Development in Fragile Contexts](https://beamexchange.org/uploads/filer_public/a4/c6/a4c614f5-745d-4a9b-933c-1132e05dd7a8/brief_msd_in_fragile_contexts_compressed.pdf) (Sida) | Describes how market systems approaches need to be adapted to fragile contexts to allow response to immediate needs. |
| [ILO and UNHCR’s guide to market-based livelihood interventions for refugees](https://www.ilo.org/empent/Projects/refugee-livelihoods/WCMS_634395/lang--en/index.htm) | This guide uses a market systems approach to fairly integrating refugees and other displaced populations into market systems. |
| **Business Enabling Environment Reforms** | [Operational Experience of Business Environment Reform Programming in Fragile and Conflict-Affected States](https://assets.publishing.service.gov.uk/media/5c781ce9e5274a0ece3a9605/BER-in-FCAS-Report-September-2017.pdf) (Business Environment Reform Facility) | This report highlights evidence of what works and what does not work in reforming the business environment in fragile and conflict-affected states. |
| [Business Environment Reforms in Fragile and Conflict-Affected Situations](https://www.enterprise-development.org/wp-content/uploads/BEWG-FCAS-Discussion-Paper-2020.pdf) (DCED) | This discussion paper shows how private sector development programmes build on humanitarian assistance activities and introduce business environment reforms. |
| **Access to Finance** | [Savings Groups for Refugees: 10 Tips for Development and Humanitarian Actors](https://mangotree.org/Featured-Resource/Savings-Groups-for-Refugees-10-Tips-for-Development-and-Humanitarian-Actors) (SEEP Network and FSD Africa) | Provides useful tips when implementing savings groups in refugee contexts. |
| [Financing the Frontier: Inclusive Financial Sector Development in Fragility-Affected States in Africa](https://www.fsdafrica.org/wp-content/uploads/2019/08/17-02-13-Mercy-Corps-Report.pdf) (Mercy Corps & FSD Africa) | This document offers guidance on how to use a market systems approach to inclusive financial sector development. |
| **Private Sector Engagement** | [Guidance Note: Conflict Sensitivity in Private Sector Disaster Management](https://www.connectingbusiness.org/publications/guidance-note-conflict-sensitivity-private-sector-disaster-management)  (Connecting Business Initiative) | This guidance note provides an overview of the concept and lists recommended actions for business networks to consider as they design and implement various interventions before, during and after crises. |
|  | [Engaging companies in manmade disasters - a guidance toolkit for private sector networks](https://www.connectingbusiness.org/publications/engaging-companies-manmade-disasters-guidance-toolkit-private-sector-networks) (Connecting Business Initiative) | This toolkit provides a framework and practical tips for private sector networks to translate manmade disaster contexts into an engagement strategy that fits the capabilities of network participants, efficiently channel private sector capabilities and support governments and the humanitarian community. |
| **Private Sector Investment** | [Generating Private Investment in Fragile and Conflict-Affected Areas](https://www.ifc.org/wps/wcm/connect/07cb32dd-d775-4577-9d5f-d254cc52b61a/201902-IFC-FCS-Study.pdf?MOD=AJPERES&CVID=mzeJewf) (IFC) | This document describes how investors in conflict-affected markets must make deliberate efforts to identify how their investees can operate with positive intent, and to understand the business benefits of operating in ways that benefit all groups in society. |
| **Adaptive Management, Monitoring & Evaluation** | [Measuring Achievements of Private Sector Development in Conflict-Affected Environments. Practical Guidelines for Implementing the DCED Standard](https://www.enterprise-development.org/wp-content/uploads/DCED_Practical_Guidelines_Measuring_PSD_in_CAEs_Version3_June2015.pdf) | Guidelines to adapt the DCED Standards to conflict-affected environments using quality results measurement systems to understand progress towards results; manage risks; and make decisions to benefit poor, conflict affected people. |
| [Supporting adaptive management: monitoring and evaluation tools and approaches](https://odi.org/en/publications/supporting-adaptive-management-monitoring-and-evaluation-tools-and-approaches/) (ODI) | Offers M&E tools to be used with adaptive management in volatile contexts. |
| [Adaptive programme management in fragile and complex settings](https://beamexchange.org/uploads/filer_public/0d/c8/0dc8d3dd-e4a1-4d74-8f7d-f0ac440250a5/practice-note_adaptiveprogrammemanagement_compressed.pdf) (The Broker) | Offers a way to manage programmes by integrating continuous feedback loops that allow to take advantage of emerging opportunities and take systematic and structured action during uncertainties and change. |

### Business continuity guidelines for MSMEs

|  |  |
| --- | --- |
| Detailed guidance for MSMEs | [Responding to the COVID-19 Crisis. Pathway to Business Continuity & Recovery. Guidance for Micro, Small and Medium Enterprises (MSMEs)](https://www.unido.org/sites/default/files/files/2020-06/MSME_Recovery.pdf) (UNIDO) |
| [Multi-hazard Business Continuity Management. Guide for small and medium enterprises](https://www.ilo.org/wcmsp5/groups/public/---ed_emp/documents/instructionalmaterial/wcms_187875.pdf) (ILO) |
| [Guidebook on SME Business Continuity Planning](https://www.apec.org/Publications/2013/09/Guidebook-on-SME-Business-Continuity-Planning) (APEC) |
| [The six-step COVID-19 business continuity plan for SMEs](https://www.ilo.org/wcmsp5/groups/public/---ed_dialogue/---act_emp/documents/publication/wcms_740375.pdf) (ILO) |
| Booklets to guide MSMEs | [Unstoppable Business. Recipe to Survive the Crisis](https://app.adpc.net/sites/default/files/public/publications/attachments/BCM%20Booklet_final.pdf) (ADPC) |
| [Disaster Proof Your Business](http://www.pipso.org.fj/wp-content/uploads/2017/05/DISASTER_PROOF_Factsheet_April2017.pdf) (PIPSO) |

### Case studies

[Private Sector Development in fragile and conflict-affected states. Lessons learned from the DFID Private Sector Development Programme in the Democratic Republic of the Congo](https://beamexchange.org/resources/1186/) (DFID DRC PSD Programme)

[Market systems resilience mitigates COVID-19 impact on smallholder farmers. Lessons learned from InovAgro in Northern Mozambique](https://beamexchange.org/resources/1352/) (DAI)

[MSD in disrupted markets: important lessons from Nepal](https://beamexchange.org/community/blogs/2020/7/17/msd-disrupted-markets-nepal/) (Itad & OPM)

[Promoting inclusive markets in Somalia](https://beamexchange.org/resources/1310/) (DAI)

[Evaluation of market systems development interventions for refugee and host communities in Jijiga, Ethiopia](https://beamexchange.org/community/blogs/2019/7/30/building-inclusive-markets-forced-displacement-settings/) (ILO)

[Facing up to the challenges. Blending market and humanitarian support for refugees in Uganda](https://beamexchange.org/resources/1281/) (Mercy Corps)

[Disruptive technologies for private sector development in the Democratic Republic of the Congo](https://beamexchange.org/resources/1241/) (DFID DRC Private Sector Development Programme)

[Gender Equality and Social Inclusion (GESI) mainstreaming in DFID’s PSD programme in the DRC. A description of the programme’s approach and lessons learnt](https://beamexchange.org/resources/1276/)

[The last frontier for energy access. The renewable energy opportunity in the Democratic Republic of Congo](https://beamexchange.org/resources/1227/) (ELAN RDC)

[Adapting Market Systems Development in conflict-affected areas](https://enterprise-development.us18.list-manage.com/track/click?u=d2891e94c56d73ca7b77cb659&id=520a761b84&e=e0f2af00dc) (ELAN RDC)

[Doing more business and less aid: The journey of a market system development project in Afghanistan](https://www.ilo.org/wcmsp5/groups/public/---ed_emp/documents/publication/wcms_732597.pdf) (ILO)

[Challenge funds in fragile states: experience from the Afghanistan Business Innovation Fund](https://www.enterprise-development.org/wp-content/uploads/CAE-challenge-funds-BIF-2016.pdf) (Landell Mills)

### External complementary resources

In addition, the following resources are suggested as examples of resources to be used by private sector recovery and development practitioners to keep informed about technology and innovative practices to consider in developing programming. One of the most interesting aspects of working in private sector recovery and development is the opportunity to access resources, technology and ideas from the private sector in our work. This requires staying on top of new ideas and technologies, using a variety of sources. Obviously, the UNDP has their own resources, noted below, that can help in bringing many of these ideas to the organization, but it is worthwhile subscribing to relevant newsletters, groups, such as the LinkedIn Financing the Frontier or the SEEP Markets in Crisis group, or Business Fights Poverty below, or finding other ways to stay informed about resources, methods and technologies that can be used to continue to push the effectiveness of our work. As noted, this list is just suggestions of the sorts of resources one should seek.

<https://seepnetwork.org/Markets-in-Crises>

The SEEP Network’s Markets in Crisis Community of Practice aims at improving market-based programming in emergency and recovery contexts.

<https://businessfightspoverty.org>

Business Fights Poverty is a private sector-led collaboration network focused on private sector engagement in creating social impact.

<https://forkast.news/blockchain-trust-building-technology-post-covid-world-needs/>

Why blockchain is the trust-building technology our post-Covid world needs, Dr. Geoff Jiang, President, Intelligent Technology Business Group and of Alibaba DAMO Academy's FinTech Labs, Ant Group

<https://impactmoney.net/impact-investing/what-is-blended-finance-and-is-it-needed/>

"What is Blended Finance and Is It Needed?", September 21, 2019 [Anthony Randazzo, CFA](https://impactmoney.net/impact-investing/author/impactmoney/)

<http://odscadenasvalor.org/efuture>

Practical guides to help businesses re-tool and discover new ways to reach customers

<https://www.womensworldbanking.org/>

<https://blogs.worldbank.org/psd> - World Bank Private Sector Development Blog

# Annex 2 - Additional Resources for Private Sector Development

## Growth diagnostic

[Growth Diagnostics](https://growthlab.cid.harvard.edu/files/growthlab/files/growth-diagnostics.pdf) (Ricardo Hausmann, Dani Rodrik, Andrés Velasco)

## Competition Assessment Framework

Competition Assessment Framework, An operational guide for identifying barriers to competition in developing countries (DFID)

## Making Markets Work for the Poor (M4P)

|  |  |  |
| --- | --- | --- |
| **How to create inclusive market systems** | [Introduction to Market Systems Development](https://beamexchange.org/market-systems/) (Beam Exchange) | Provides definitions, videos and an introduction to market systems development. |
| [A Systemic Approach to Creating More and Better Jobs](https://www.ilo.org/empent/Projects/the-lab/WCMS_732125/lang--en/index.htm) (ILO) | A brief that lays out the steps to understand why and how a systemic approach is used. It provides concrete examples, guidance and practitioner tools that demonstrate the versatility of the approach and provide an understanding of how to use the approach to address key decent work challenges in a range of contexts. |
| [The Operational Guide for the Making Markets Work for the Poor (M4P) Approach](https://www.springfieldcentre.com/the-operational-guide-for-making-markets-work-for-the-poor-2nd-edition/) (Springfield Centre) | A guide that provides a substantial operational resource on how to implement markets that work for the poor. |
| [Seizing opportunity – a practitioner’s guide to supporting market systems change toward inclusion and equity using the Market System Innovation (MSI) approach](https://beamexchange.org/resources/1463/) (FSG | A report that provides guidance for philanthropic actors seeking to be more effective in supporting such changes in market systems. It shares lessons from work in supporting partners across the globe in applying MSI in a range of real-world scenarios and offers practical suggestions for others involved in similar work. |
| [A framework for inclusive market system development](https://beamexchange.org/uploads/filer_public/58/e9/58e97cfb-73ec-48af-b6be-9eaf51656356/frameworkforinclusivemsd2014_compressed.pdf) & [Practical analytical framework for inclusive entrepreneurial market systems. Assessing the underlying factors enabling inclusive economic growth](https://beamexchange.org/resources/1407/) (USAID) | This document describes the USAID inclusive market system development (IEMS) framework that identifies and documents a comprehensive set of underlying systemic variables that influence new business formation, growth, and inclusive gains in market systems. |
| [Disability Inclusion in Market Systems Development](https://beamexchange.org/resources/1348/) and [Disability Inclusion Framework and Guidance](https://beamexchange.org/resources/1350/) (Adam Smith) | This framework and guidance draw from the lessons learnt from the modest body of existing literature and examples of disability inclusion in market systems development and good practice from the private sector. |
| [Systems, power, and agency in market-based approaches to poverty](https://www.oxfamamerica.org/explore/research-publications/systems-power-and-agency-in-market-based-approaches-to-poverty/) (Oxfam) | A report that reviews some shortcomings of Market-based approaches (MBAs) and the search for more holistic, systemic approaches to poverty. |
| The [ILO and UNHCR’s guide to market-based livelihood interventions for refugees](https://www.ilo.org/empent/Projects/refugee-livelihoods/WCMS_634395/lang--en/index.htm) | This guide provides a framework for assessment to help practitioners determine the right combination of interventions to arrive at a holistic approach that is well adapted to the local context and labour market. |
| **Market System Analysis and Implementation** | [Market Systems Analysis for Decent Work: A User-friendly Guide](https://www.ilo.org/empent/Projects/the-lab/WCMS_744250/lang--en/index.htm) (ILO) | The focus of this short guide is on the practical aspects of the MSA process, including how to manage its component parts - such as finding a good consultant or understanding how to orient your research questions. |
| [BEAM Exchange guidance on implementing the market systems approach](https://beamexchange.org/guidance/) | Guidance and resources to help put the market systems approach into practice. |
| **Facilitating Change and Improving Markets** | [Market Failures and what may be done about them](https://beamexchange.org/uploads/filer_public/0b/20/0b2058be-e4f3-44c2-b788-1c9c73b0e93b/454_market_failures_and_what_may_be_done_about_them_compressed.pdf) (Nathan Associates) | Lists the different consequences of market failures and possible solutions to fix them. |
| [Strengthening Markets through Collaboration](https://businessfightspoverty.org/strengthening-markets-through-collaboration/) (Business Fights Poverty & Endeva) | This report offers guidance on how stakeholders can combine their strengths in a systematic way to magnify their impact and tackle more effectively MSME barriers to success. |
| [Bending the rules: How to use a systemic approach to improve the rules of the game](https://www.ilo.org/empent/areas/value-chain-development-vcd/briefs-and-guides/WCMS_754366/lang--en/index.htm) (ILO guidelines and case studies) | This brief document summarizes some experiences to help projects understand why it is essential to work on rules and regulations and how to productively do it. Provides recommended pathways and can be used as reference for market systems or private sector development project looking to work more effectively in the policy realm. |
| [Market systems facilitation, how good are you?](https://www.ilo.org/empent/areas/value-chain-development-vcd/briefs-and-guides/WCMS_551173/lang--en/index.htm) (ILO) | This short note summarises learning on the use of facilitation tactics by ILO market systems projects, examining what worked, what did not, and why. |
| **Green Market Systems Development** | [Market Systems Development and the Environment](https://www.ilo.org/empent/Projects/the-lab/WCMS_764221/lang--en/index.htm) (ILO Strategic and Operational Guidance Note) | This ‘guidance note’ synthesises the findings of five MSD projects that have contributed to both environmental and socio-economic objectives into practical guidance to help better integrate and achieve environmental objectives in MSD programmes. |

## Inclusive Business Ecosystems

|  |  |  |
| --- | --- | --- |
| **Toolkits** | [Inclusive Business in Africa](https://www.africa.undp.org/content/rba/en/home/about-us/AFIM/inclusive-business-in-africa0.html) (UNDP – includes guidelines, training handbook and toolkit) | Provides guidelines, training handbook, and toolkit to strengthen inclusive business ecosystems in Africa. |
| [In Motion](https://sdgvaluechains.undp.org/) toolkit (UNDP) | Tool to revamp the business model of micro and small enterprises through comprehensive business support to improve their productive capacity and their links with the market |
| [Green and inclusive business toolbox](https://www.inclusivebusiness.net/node/1950#:~:text=The%20Green%20and%20Inclusive%20Business%20%28GIB%29%20Toolbox%20provides,GIB%20models%2C%20for%20example%20by%20integrating%20small-scale%20) (GIZ) | Provides assistance for supporting companies at all different stages of business development. Presents 21 tools to support green and inclusive business models in development cooperation. |
| **Detailed guidance for inclusive business models** | [Brokering Inclusive Business Models](https://www.undp.org/content/undp/en/home/librarypage/poverty-reduction/private_sector/brokering-partnerships.html) (UNDP) | Provides essential information and tools to build inclusive business models with companies and other partners. |
| [Realizing Africa’s Wealth: Building Inclusive Businesses for Shared Prosperity](https://www.africa.undp.org/content/dam/undp/library/corporate/Partnerships/Private%20Sector/IBE/UNDP%20AFIM%20Realizing%20Africas%20Wealth.pdf) (UNDP) | This report is the first UNDP study to look specifically at inclusive businesses in sub-Saharan Africa and the region’s inclusive business support systems. Provides initial insights into the different players and roles required to make inclusive business a widespread reality in Africa. |

## Value Chain Development

|  |  |  |
| --- | --- | --- |
| **Guidelines on Value chain development** | [Sustainable Commodities: ensuring smallholder benefits, better environmental management, and durable growth. A Guide for Practitioners Based on Country Experience](https://eur03.safelinks.protection.outlook.com/?url=https%3A%2F%2Fwww.undp.org%2Fcontent%2Fdam%2Fundp%2Flibrary%2FSustainable%2520Development%2FGuidance_Note_Sustainable_Commodities.pdf&data=02%7C01%7Cyuko.hirose%40undp.org%7C0ed7c66745ca40aeb10408d7e2f3622b%7Cb3e5db5e2944483799f57488ace54319%7C0%7C0%7C637227407257622768&sdata=iRmsVLNqzF6XXiG08eWSxGgqqu486IXc5kqe45eXutM%3D&reserved=0) (UNDP) | The note focuses on UNDP’s experience addressing the environmental, social and economic aspects of sustainable commodities in different country contexts. Draws on lessons learned from global, regional and national programmes led by UNDP and partners. |
| [Guidelines for Value Chain Selection (GIZ & ILO)](https://www.ilo.org/empent/areas/value-chain-development-vcd/WCMS_416390/lang--en/index.htm) | These guidelines offer a holistic and structured approach to value chain selection. They combine four different dimensions of value chains/sustainable development: economic, environmental, social and institutional. |
| [Value chain Development for Decent Work (ILO)](https://www.ilo.org/empent/areas/value-chain-development-vcd/WCMS_434362/lang--en/index.htm) | This guide provides an overview of how to take a systems approach to value chain development with the objective of creating more and better jobs with a focus on decent work. |
| [Operational guidelines on IFAD’s engagement in pro-poor value chain development](https://www.ifad.org/en/web/knowledge/publication/asset/42266913) | These guidelines address recommendations on ensuring that IFAD’s pro-poor value chain development projects reach out to women and the very poor, promote an inclusive value chain governance, work with the appropriate expertise and partners, and build capacity for implementation. |
| [Growing together. Strengthening micro-enterprises in value chains (Care & Business Fights Poverty](http://value-chains.org/dyn/bds/docs/detail2/939/2) | The guide demonstrates how collaborative action to strengthen micro-enterprises in value chains can achieve improved business performance and positive social impact. |
| [Developing gender-sensitive value chains. A guiding framework (FAO)](http://www.fao.org/3/a-i6462e.pdf) | This framework focuses on the systematic integration of gender equality dimensions into value chain development programmes and projects. Discusses gender inequalities and the importance of addressing these dimensions in value chain development. |
| [Environmental Sustainability in Value CHain and Market System Development for Decent Work: A Short Guide for Analysis and Intervention Design (ILO)](https://www.ilo.org/global/topics/green-jobs/publications/WCMS_779348/lang--en/index.htm) | This guide provides some advice on how to incorporate environmental objectives in VCD/MSD analysis and intervention design. It suggests ways to frame environmental goals and their relation to other objectives. |
| Toolkits, Videos, and manuals | [Agribusiness Supplier Development Programme (UNDP – includes links to a toolkit and training manual)](https://www.africa.undp.org/content/rba/en/home/about-us/AFIM/overview/ASDP.html) | Provides essential information and tools to be used in the development of successful agribusiness supplier development programmes based on different country experiences. |
| [SDG Value Chains](https://sdgvaluechains.undp.org/) (UNDP) | Tools and methodologies to engage in the development of entrepreneurial skills to support market inclusion. |
| [Value chain development explained (ILO video)](https://youtu.be/KnAVgP2YjYE) | Video that explains ILO’s approach to value chain development. |
| [Sector Selection for Decent Work: Tips, Tricks and Tools (ILO)](https://www.ilo.org/empent/Projects/the-lab/WCMS_563289/lang--en/index.htm) | This brief note summarises practical lessons and tools from sector selection exercises in Afghanistan and Peru. Shares strategies to maximize the impact of market systems development interventions on decent work |
| [ValueLinks 2.0 - Manual on Sustainable Value Chain Development (ValueLinks)](https://valuelinks.org/material/manual/) | Manual that addresses the sustainability issues in value chain analysis, strategy formation and program implementation |
| [A Handbook for Value Chain Research (IDRC)](https://www.fao.org/fileadmin/user_upload/fisheries/docs/Value_Chain_Handbool.pdf) | This handbook provides detailed information about different aspects of value chains. |

## Business Enabling Environment Reform

|  |  |  |
| --- | --- | --- |
| **Business reform guidelines** | [[[[￼](https://www.enterprise-development.org/wp-content/uploads/DCED-Policy-Brief-BEWG-BER-MSEs-February-2019.pdf)](https://www.enterprise-development.org/wp-content/uploads/DCED-BEWG-BER-and-MSEs-Report-FINAL.pdf)](https://www.enterprise-development.org/wp-content/uploads/DCED-Policy-Brief-BEWG-BER-MSEs-February-2019.pdf)Creating Better Business Environments for Micro and Small Enterprises](https://www.enterprise-development.org/wp-content/uploads/DCED-Policy-Brief-BEWG-BER-MSEs-February-2019.pdf) Summary and detailed [Technical Report](https://www.enterprise-development.org/wp-content/uploads/DCED-BEWG-BER-and-MSEs-Report-FINAL.pdf) (DCED) | This brief summarises short, relevant guidance on specific topics related to donor and development agency support for better business environments in developing economies. |
| [Supporting Business Environment Reforms. Practical Guidance for Development Agencies](https://www.enterprise-development.org/wp-content/uploads/DonorGuidanceEnglish.pdf) (DCED) | This document provides practical guidance to development agencies to improve their support for business environment reforms in developing and transition countries, which aim at economic growth, job creation, poverty reduction and gender equality. |
| [Business Environment Reform Guidelines](https://europa.eu/capacity4dev/t-and-m-series/documents/guidelines-ndeg9-business-environment-reform) (EC) | This document offers up-to-date guidance on business environment reform and how to prioritise, design and implement BER interventions with an inclusive approach. |
| [The Business Environment Reform Diagnostic (BERD) Process: Guidance for Consultants](https://assets.publishing.service.gov.uk/media/5c791f2ce5274a0ec04b4530/Guide-for-BER-Diagnostics.pdf) (Business Environment Reform Facility) | This guidance includes approaches for both economy-wide and sector-specific BER. It describes specific diagnostic tools, indexes and approaches and identifies key resources across numerous technical areas. |
| **Inclusive Business and reform in fragile and conflict-affected States** | [Primer on the Role of Government in Inclusive Business. How the Public Sector can collaborate with the Private Sector to achieve sustainable development objectives](https://www.africa.undp.org/content/dam/undp/library/corporate/Partnerships/Private%20Sector/IBE/IBEI%20Primer%20(English),%202016.pdf) (UNDP) | A short brief on how the Public Sector can collaborate with the Private Sector to achieve sustainable development objectives. |
| [What Works in Business Environment Reform in Sub-Saharan Africa and South Asia](https://assets.publishing.service.gov.uk/media/5c76aff5e5274a0ec04b44f7/What-Works-in-BER-in-SSA-and-SA-Feburary-2017.pdf) (Business Environment Reform Facility) | The first part of this report provides a snapshot of current programming, and the second part describes important lessons learned by these programmes, drawing on 19 interviews with Country Offices and implementing agencies. |
| [Operational Experience of Business Environment Reform Programming in Fragile and Conflict-Affected States](https://assets.publishing.service.gov.uk/media/5c781ce9e5274a0ece3a9605/BER-in-FCAS-Report-September-2017.pdf) (Business Environment Reform Facility) | This report provides expert advice, analysis of lessons learned, policy research about what works and what does not, and develops innovative new approaches to involving businesses and consumers in investment climate reform. |
| [Gender-Sensitive Business Environment Reform: Why does it matter? – A policy guide](https://www.enterprise-development.org/wp-content/uploads/DCED-BER-Gender-Policy-Guide.pdf) (DCED) | This Policy Guide highlights the importance of considering gender in business environment reform interventions; the relationship of gender-sensitive BER to women’s economic empowerment; and how donors can implement gender-sensitive BER interventions. |
| **Digital technologies and businesses** | [Use of New Technologies in Regulatory Delivery](https://www.enterprise-development.org/wp-content/uploads/DCED-BEWG-Use-of-New-Technologies-in-Regulatory-Delivery.pdf) (DCED) | This study contributes new knowledge including progress being made in the Government to Business(G2B) applications of emerging technologies. |
| [Policy and Regulatory Issues with Digital Businesses](http://documents1.worldbank.org/curated/en/675241563969185669/pdf/Policy-and-Regulatory-Issues-with-Digital-Businesses.pdf) (World Bank) | This study describes the characteristics of digital platform firms, as well as their impacts on traditional firms. It also focuses on a few key regulatory and policy areas, including competition, taxation, data privacy, and infrastructure. |
| **Toolkit and resources** | [Digital Economy Kit – Harnessing Digital Technologies for Inclusive Growth](https://pathwayscommission.bsg.ox.ac.uk/sites/default/files/2020-01/Digital_Economy_Kit_JAN_2020.pdf) (Pathways for Prosperity Commission) | This kit is designed specifically for the policymakers, strategic businesses and civil society leaders who are shaping the country. The kit is not just an analytical exercise, it must have senior-level engagement across government and different parts of society. |
| [Enabling Environment for Sustainable Enterprises Toolkit](http://eese-toolkit.itcilo.org/index.php/en/toolkit/about-the-toolkit.html) (ILO) | This toolkit contains information related to policy development, development tools for EOs and how to strengthen partnerships. |
| [Practical resources on key areas of business environment](https://www.enterprise-development.org/implementing-psd/business-environment-reform/#1581420926303-01815ad6-5825) | Business environment resources on business registration and licensing, tax policies, enabling access to finance, labour laws, land titles and registers, access to commercial courts, and public-private dialogue. |

## Private Sector Engagement

|  |  |  |
| --- | --- | --- |
| **Engaging and Working with the Private Sector** | [UNDP Private Sector Strategy 2018-2022](https://www.undp.org/publications/undp-private-sector-strategy-2018-2022) | This strategy aims to assist countries to align private sector activities and investments with the 2030 Agenda by: influencing investors and businesses of all sizes; embedding the SDGs into their decision making and practices; and supporting governments to establish enabling policy and regulatory environments. |
| [Kampala Principles on Effective Private Sector Engagement in Development Co-operation](https://www.effectivecooperation.org/content/kampala-principles-effective-private-sector-engagement-through-development-co-operation) (Global Partnership for Effective Development Co-operation) | These principles focus on realising sustainable development results and serve as a basis for inclusive dialogue and more effective partnerships. |
| [Minimising the Risk of Negative Market Distortions in Private Sector Engagement: A Practical Framework](https://www.enterprise-development.org/wp-content/uploads/DCED_Minimising-the-Risk-of-Market-Distortions-in-PSE_Practical-Framework.pdf) (DCED) | This report reviews how PSE interventions may give rise to negative market distortions in three areas. |
| [A categorisation of private sector engagement strategies and comparison with other approaches for working with and through the private sector. Operational Framework](https://www.enterprise-development.org/wp-content/uploads/Operational-framework-for-the-DCED-Private-Sector-Engagement-Working-Group-for-web.pdf) (DCED) | This working document aims to narrow down the most relevant PSE strategies. It also seeks to draw dividing lines between PSE and other approaches covered by DCED working groups. |
| [Private Sector Engagement for Sustainable Development. Lessons from the DAC](http://www.oecd.org/dac/private-sector-engagement-for-sustainable-development-9789264266889-en.htm) (OECD) | This document examines the politics, policies and institutions behind private sector engagement, the focus and delivery of private sector engagements, private sector engagement portfolios, effective partnership and thematic issues including risk, leverage and ensuring results. |
| [Forming partnerships with the Private Sector. A summary of lessons learned by Market Systems Development Practitioners](https://beamexchange.org/uploads/filer_public/28/45/28452280-e3be-4cf2-81eb-8a3e6ae184b1/forming-partnerships-with-private-sector-hpc_compressed.pdf) (SDC) | This document aims to capture some lessons and tips on how to form and manage partnerships with Private Sector Actors. |
| **Finance** | [Demonstrating Additionality in Private Sector Development Initiatives. A Practical Exploration of Good Practice for Challenge Funds and other Cost-Sharing Mechanisms](https://www.enterprise-development.org/wp-content/uploads/DCED_Demonstrating-Additionality_final.pdf) (OECD) | These guidelines provide a synthesis of the key elements (assessment criteria and principles) that can form the basis of good practice in demonstrating additionality. |
| [Donor engagement in Innovative Finance: Opportunities and Obstacles](https://cdn.enterprise-development.org/wp-content/uploads/DCEDWorkingPaper_DonorEngagementinInnovativeFinance.pdf) (DCED) | This paper focuses on four concepts that frequently feature in current discussions: Innovative Finance, Blended Finance, Impact Investing, and Results-Based Finance. |
| [A How-To Guide for Blended Finance. A practical guide for Development Finance and Philanthropic Funders to integrate Blended Finance best practices into their organizations](http://www3.weforum.org/docs/WEF_How_To_Guide_Blended_Finance_report_2015.pdf) (OECD) | This guide explains the Blended Finance opportunity and offers a framework for starting or scaling up activities for a range of development funder audiences. |
| **Inclusive business models** | [NGO and company partnerships for inclusive business](https://endeva.org/wp-content/uploads/2019/06/ngo-and-company-partnerships-for-inclusive-business.pdf) (Endeva) | This guide aims to give NGOs and companies guidance in conducting more productive IB partnerships as equal partners. |
| [Brokering Inclusive Business Models](https://www.undp.org/content/undp/en/home/librarypage/poverty-reduction/private_sector/brokering-partnerships.html) (UNDP) | The objective of this report is to provide the essential information and tools to build inclusive business models with companies and other partners. |
| **Toolkits** | [The Inclusive Business Management Practices Tool](https://ibpractices.businesscalltoaction.org/) (UNDP) | A tool and report for inclusive businesses to improve management practices and maximize SDG impact. |
| [P.ACT Partnership Co-design Toolkit](https://d-lab.mit.edu/resources/publications/pact-partnership-co-design-toolkit) (SEED and MIT D-Lab) | The P.A.C.T. toolkit introduces partners to four stages of co-design, each building on the previous, to bring partners closer to developing a complete partnership model and get ready to commit. |
| [Private Sector Engagement Toolkit](https://www.mercycorps.org/research-resources/private-sector-engagement-toolkit) (Mercy Corps) | This toolkit is a resource for effectively building and sustaining program partnerships with the private sector. It outlines Mercy Corps’ strategy for engagement. |
| [The sustainable development goals (SDGs) and inclusive business maturity toolkit](https://www.inclusivebusiness.net/IB-training/toolkit/sustainable-development-goals-sdgs-and-inclusive-business-maturity-toolkit) (UNDP) | This toolkit was designed as a practical reference for business leaders as they seek to best position their companies for future success in the context of the SDGs. The toolkit is tailored to each company’s level of experience with inclusive business. |

## Digital Transformation

|  |  |  |
| --- | --- | --- |
| **Detailed guidance on digital transformations** | [eFuture](http://odscadenasvalor.org/efuture) (UNDP guides on digital transformation for MSMEs) | A practical guide to help businesses re-tool and discover new ways to reach customers. |
| [The use of IT solutions in inclusive value chains](https://endeva.org/wp-content/uploads/2019/03/it-solutions-in-inclusive-value-chains-endevafundes-2019.pdf) (Endeva) | This paper presents an overview of key IT solutions that can aid MSMEs to become more effective and efficient. The analysis includes specific considerations of how IT solutions can help to better integrate MSMEs into the value chains of large companies for mutual benefit. |
| [Super Platforms: Connecting Farmers to Markets in Africa](https://www.cgap.org/blog/super-platforms-connecting-farmers-markets-africa) (Mercy Corps, Mastercard Foundation, CGAP) | Research on Mercy Corps’ AgriFin Accelerate programme that explored the digital transformative potential of digital markets in Africa. |

1. Humanitarian Coalition. <https://www.humanitariancoalition.ca/what-is-a-humanitarian-emergency> [↑](#footnote-ref-2)
2. OECD (2020): [*States of Fragility 2020*](https://doi.org/10.1787/ba7c22e7-en), OECD Publishing, Paris [↑](#footnote-ref-3)
3. The United Nations Secretary-General’s Report on sustaining peace (A/72/707-S/2018/43) (2018) [↑](#footnote-ref-4)
4. [UNDRR](https://www.undrr.org/terminology/disaster) and [IFRC](https://www.ifrc.org/what-disaster) terminology [↑](#footnote-ref-5)
5. [IFRC](https://www.ifrc.org/what-disaster) terminology. [↑](#footnote-ref-6)
6. [UNDP's Private Sector Strategy (2018-2022)](https://www.undp.org/publications/undp-private-sector-strategy-2018-2022), Annex 1 UNDP’s definition of the Private Sector.. [↑](#footnote-ref-7)
7. Noggle E., Foelster J. and Johnson T. (2020): [A Framework for Understanding the Financial Health of MSME Entrepreneurs](https://content.centerforfinancialinclusion.org/wp-content/uploads/sites/2/2020/08/MSME-Framework-08122020.pdf). [↑](#footnote-ref-8)
8. ILO (2015): [Transition from the Informal to the Formal Economy. Recommendation No. 204.](https://www.ilo.org/ilc/ILCSessions/previous-sessions/104/media-centre/news/WCMS_375615/lang--en/index.htm) [↑](#footnote-ref-9)
9. Gender and Recovery Toolkit, UNDP 2020 [↑](#footnote-ref-10)
10. Livelihoods and Economic Recovery for Fragile and (post)Crisis/Transition Settings, UNDP guidance note, 2021 [↑](#footnote-ref-11)
11. United Nations GA 70/262 (2016) and SC 2282 (2016) resolutions [↑](#footnote-ref-12)
12. MINUSMA Fact Sheet & MINUSTAH Fact Sheet, UN Peacekeeping [↑](#footnote-ref-13)
13. And aligned with the [Sendai Priorities for disaster risk reduction](https://www.un-spider.org/risks-and-disasters/sendai-framework-drr#no-back) [↑](#footnote-ref-14)
14. Resolutions [58/114](https://documents-dds-ny.un.org/doc/UNDOC/GEN/N03/501/42/PDF/N0350142.pdf?OpenElement) and [46/182](https://www.humanitarianresponse.info/sites/www.humanitarianresponse.info/files/documents/files/GA%20Resolution%2046-182.pdf). [↑](#footnote-ref-15)
15. Adapted from UNDP’s definition of the private sector (see glossary). We will not address the case of state-owned enterprises in this document since we the focus is around private sector engagements. [↑](#footnote-ref-16)
16. UNDP's Private Sector Development and Partnership Strategy (2018-2022), Making Markets Work for the SDGs, p.4 [↑](#footnote-ref-17)
17. Based on UNDP’s the Livelihoods and Economic Recovery Guidance *HYPERLINK* [↑](#footnote-ref-18)
18. Disaster Recovery: Challenges and Lessons, UNDP 2016 [↑](#footnote-ref-19)
19. The framework is adapted to LER-FACTS. [↑](#footnote-ref-20)
20. Definitions of each asset (financial, human, physical, natural, information, social and political capital) are presented in the Glossary. [↑](#footnote-ref-21)
21. More information on systems analysis for risk and resilience in: [UN/CEB](https://unsceb.org/sites/default/files/imported_files/RnR_0.pdf), p. 25. [↑](#footnote-ref-22)
22. CBi member networks have also contributed to or are reference in many recent government policies (such as for example Haiti’s [National Management Plan for Disaster Risks](https://www.haitilibre.com/docs/PNGRD_BAT_2020_SMALL.pdf)) or they represent the private sector in national or local coordination mechanisms (such as [AGERCA](https://www.connectingbusiness.org/publications/cbi-member-network-overview-haiti) from Haiti). [↑](#footnote-ref-23)
23. As documented by Clayton M. Christensen, Efosa Ojomo and Karen Dillon in Prosperity Paradox, 2018. [↑](#footnote-ref-24)
24. An example of UNDP’s efforts in this regard is [UNDP Lebanon’s programming to reduce the direct economic downturn impact of the COVID-19 pandemic and the economic crisis on vulnerable communities](https://www.google.com/url?sa=t&rct=j&q=&esrc=s&source=web&cd=&ved=2ahUKEwiZ0cregPL0AhUnh_0HHc2SD10QFnoECAwQAQ&url=https%3A%2F%2Fdata2.unhcr.org%2Fen%2Fdocuments%2Fdownload%2F88540&usg=AOvVaw1tQI7En6ePLkrHDiGOgTZZ), for example through supporting the production of personal protective equipment (PPE). [↑](#footnote-ref-25)
25. Such as [UNDP SDG Value Chains](https://sdgvaluechains.undp.org/). [↑](#footnote-ref-26)
26. Bill Ebersole, Community Business Finance Blog: [The 5 Cs of Credit: Character](https://undp.sharepoint.com/sites/PSDinfragileandcrisis-affectedsettings/Shared%20Documents/General/Final%20drafts/The%205%20Cs%20of%20Credit:%20Character) [↑](#footnote-ref-27)
27. Where UNDP has Accelerator Labs, these can help in finding solutions to business problems. Accelerator Labs employ a bottom-up approach, facilitating grassroots innovation to tackle development challenges in different country contexts. The innovation and learning cycle include sensing, solutions mapping and collective intelligence, and experimentation and scaling. [↑](#footnote-ref-28)
28. Generating Private Investment in Fragile and Conflict-Affected Areas, International Finance Corp., 2019 [↑](#footnote-ref-29)
29. For more information on market systems functions and how to conduct the analysis, see [Market Systems Analysis for Decent Work: A User-friendly Guide](https://www.ilo.org/empent/Projects/the-lab/WCMS_744250/lang--en/index.htm) (ILO) or [Guidance on Market Analysis](https://beamexchange.org/guidance/analysis/objectives-market-analysis/) (BeamExchange). See also Annex 2 for more resources. [↑](#footnote-ref-30)