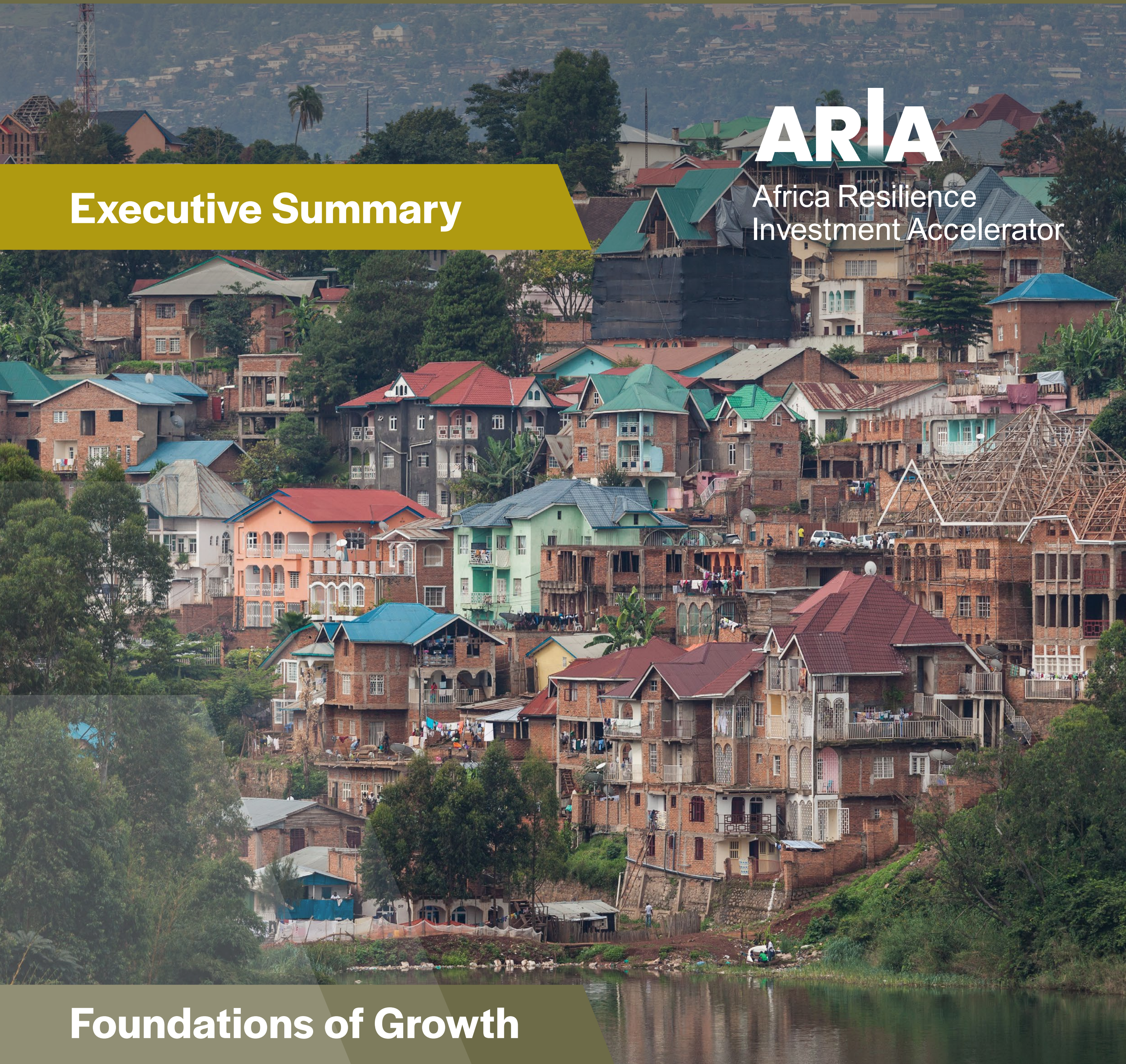

Executive Summary

ARIA
Africa Resilience Investment Accelerator

Foundations of Growth

May 2026

Applying conflict sensitivity and building resilience through **private sector investment**

British International Investment
FMO Entrepreneurial Development Bank
PROPARCO GROUPE AFD
IFC International Finance Corporation WORLD BANK GROUP

Executive summary

The private sector is an essential part of building resilience in Fragile and Conflict-Affected Situations (FCAS). Development Finance Institutions (DFIs) need to harness that private sector role, unlock barriers, and build capacity to enable sustainable and inclusive growth for populations. This means targeting sectors that maximise development impact and job creation potential, with reach to populations that need it most, while still balancing commercial viability. It also requires institutional capabilities to invest with a clear understanding of context and risk to apply conflict sensitivity and avoid harm.

1. How can we strengthen FCAS investments through conflict sensitivity?

- **Ensure risk analysis accounts for context, as investments are not neutral in FCAS.** Private sector investment is central to long-term growth and stability in FCAS. At the same time, investment decisions are not neutral. They redistribute economic opportunity, influence access to resources, and shape perceptions of inclusion and exclusion. Understanding these interactions is essential to managing risk and delivering sustainable outcomes in FCAS.
- **Leverage Environmental, Social and Governance (ESG) to embed conflict sensitivity in projects, but this is broader than compliance.** While conflict sensitivity can and should be integrated into existing ESG systems and due diligence processes, it also requires a broader lens that looks beyond the project boundary to understand how investments interact with wider conflict drivers and social dynamics, and to identify practical responses.
- **Move beyond just "do no harm", to support more deliberate choices about how investments can contribute to inclusion, resilience and stability.** In practice, this requires more intentional investment choices. Sector selection, geographic focus and business models shape who benefits from investment and how. Prioritising sectors with strong potential for job creation and service delivery, such as agribusiness, energy, infrastructure and financial services can support both commercial viability and development impact.

2. How can we apply conflict sensitivity across the investment lifecycle?

- **Strategy and capital allocation.** Align country strategies, sector prioritisation and pipeline development with context-specific risks and opportunities. This means establishing a grounded understanding of the drivers of fragility, conflict and resilience factors within the country to inform business development strategy and investment decision-making.
- **Project design and implementation.** Strengthen due diligence, structuring and stakeholder engagement with the flexibility to adapt to changing FCAS circumstances. Decisions on project location, phasing, ownership structures and value chains can shape inclusion and influence local perceptions.
- **Investment life cycle from planning to monitoring and adaptation.** Enable consistent decision-making through governance, risk appetite and coordination. This can be aided by questions such as:
  - Are we investing in the right places, sectors and partnerships given the context?
  - Have we adequately assessed how this investment may interact with conflict dynamics and stakeholder relationships?
  - Are we equipping clients to manage conflict-related risks effectively over time?
  - Are we tracking changes in context and adapting our approach accordingly?
  - Are we set up internally to apply conflict sensitivity consistently and at scale?

3. How can we embed conflict sensitivity at the project level?

- **Starting early.** Integrating conflict sensitivity into due diligence, either as part of ESG or standalone in high-risk environments, looking at actor mapping, local conflict dynamics and perceptions of project benefits.
- **Structuring investments and engaging stakeholders.** Designing transparent and inclusive benefit sharing, sequencing project activities to reduce tensions during sensitive phases, and enhancing stakeholder engagement, grievance mechanisms and security management that are sensitive to local power dynamics.
- **Technical assistance as a core delivery mechanism.** Many clients face capacity gaps in areas such as stakeholder engagement, communication, risk management and crisis response. Without targeted support, even well-designed projects may struggle to manage evolving risks effectively in FCAS.
- **Adaptive management and supervision.** Project conditions can change rapidly in FCAS, requiring ongoing monitoring of contextual dynamics during project supervision. Adaptive management requires clarity on how and when to respond, identifying potential trigger events, escalation pathways and flexibility to adjust project design and engagement.

4. How can we enhance institutional capability for FCAS investment decision-making?

- **Risk appetite and proportionality in FCAS.** Not all projects or contexts require the same level of analysis, mitigation or supervision. Higher-risk environments may justify more intensive engagement and support, while lower-risk contexts may allow for more streamlined approaches. Decisions to withdraw or reduce exposure can have consequences as significant as continued engagement, reinforcing the need for deliberate judgement.
- **Coordination across functions.** Conflict sensitivity cuts across multiple functions within DFIs, including investment teams, ESG specialists, legal, risk, fragility and technical assistance providers. Effective application depends on how well these functions work together through information sharing and coordination, aligning on risk and mitigation, project priorities and constraints.
- **Systems, tools and incentives that support consistent practice.** Beyond individual expertise, developing guidance, building tools and templates, investing in staff capacity, ensuring that internal processes support adaptive approaches, and aligning incentives with long-term investment performance and resilience help reinforce the importance of conflict-sensitive approaches.
- **Learning and adaptation.** Capture lessons from project experience to identify what worked, what did not, and how approaches can be refined in future investments. These should be practical and focused on improving decision-making, and informing country strategies, sector approaches and investment processes.

Technical assistance lessons learned:

Proactive engagement: initiating support during due diligence and continuing through implementation, rather than relying on reactive interventions once issues emerge;

Multidisciplinary design: combining expertise across social, security and operational domains to reflect the complexity of risks;

Embedded support: working alongside client teams to build systems and capabilities, rather than conducting one-off assessments;

Sustainability: focusing on approaches that clients can maintain beyond the duration of the TA.

Executive Summary

Foundations of Growth

Applying Conflict Sensitivity
and Building Resilience through
Private Sector Investment

ARIA
Africa Resilience
Investment Accelerator

Contact

To learn more about ARIA and to explore partnership opportunities, please visit our website at **www.ariainvests.org.**

You can contact the ARIA team at **info@ariainvests.org.**

About ARIA

ARIA exists to unlock investment in frontier markets in Africa. It was launched in 2021 at the G7 summit. It is sponsored by the UK's DFI, British International Investment, and the Netherlands' DFI, FMO (the Dutch entrepreneurial development bank) and Proparco , the private sector financing arm of the Agence française de développement Group (AFD Group).