

Strengthening Private Sector Resilience under Conflict: Lessons Learned and the Way Forward

**11-12 November 2008
UN-House, MZ-Level, Beirut, Lebanon**

Information Note

A. Background

Private sector development (PSD) continues to be an important policy tool for enhancing socioeconomic development due to the essential role of the private sector in generating income and creating jobs. Moreover, the role of the private sector as a means to mitigate the impact of conflict on socio-economic development as well as an effective tool for peace building have become increasingly under scrutiny.

As such, private sector enterprises operating in conflict affected countries face additional problems and risks stemming from the lack of security and/or high levels of political uncertainty. Private enterprises also continue to face non-conflict challenges associated with the business environment. Facing both conflict and non-conflict induced risks, private enterprises encounter many direct and indirect costs that affect their profitability and most of the time threaten the viability of their existence in a conflict and politically unstable environments.

Private sector operations have a bearing on the conflict situation. Conflict insensitive business practices could aggravate hostilities if they lead to group exclusion or inequitable distribution of benefits amongst conflicting groups. In war economies, many businesses are found to engage in and profit from practices that induce more conflict. Recent studies and experiences show that business actors in conflict afflicted areas can have interest in promoting and securing peace. Some studies even suggest that it is important for enterprises to act with responsibility in conflict situations in order to survive. There is more evidence showing that the private sector can contribute to conflict mitigation and peace building in conflict affected countries.

Most of PSD work in countries affected by conflict has focused on post-conflict development normally because security and rule of law are necessary components for an investment conducive business environment. Another reason is the long-term scope of development policies which may not be feasible in many conflict situations. However, depending on the nature of conflict, experiences and attempts for private sector development during conflict exist though they remain under exposed. Private sector enterprises continued to do business in countries with weak or failing governments and under conditions of fragile security and civil strife. The case for private sector development in conflict could be very straight forward. Businesses by providing jobs and incomes can significantly reduce the number of people drifting into fighting; they

constitute a significant, though not sufficient, alternative for provision of services otherwise provided by the public sector in peace times, and provide an essential base for post-conflict development. The challenge lies in the complexity of designing and implementing policies and practices to further private sector resilience in conflict situation and minimize its negative impact on conflict.

Private sector resilience under conflict is important in the ESCWA region for many reasons. The region continues to be debilitated by major conflicts in many of its countries. Most of these conflicts have a chronic nature and some have persisted over the past 60 years. Conflicts continue to impair socioeconomic development in affected countries as well as affect regional performance as a whole. PSD during conflict can provide an important new venue for improving socioeconomic development in the region. Increasing awareness about the effects of businesses in a conflict situation could provide policy insights about the role of the private sector in conflict mitigation and peace-building processes.

Private sector resilience and development under conflict involve a strong commitment and engagement from a number of actors. The local private sector has a vested interest in securing its survival as it makes an essential component of the society where the conflict is taking place. Regional and international investors are interested in profitable opportunities but also aware of the high risks they are taking. The government of a country affected by conflict can apply immediate measures to support businesses as well as devise policies to insure the development of the sector after the conflict ends. Other governments, donors, and international organizations have an important role to play in promoting policies and providing technical assistance to support private enterprises and improve the business environment.

ESCWA has initiated its activities in this area with the EGM on “Fostering Partnerships between International and Regional Private Sector Institutions and their Counterparts in Crisis Stricken Countries: Towards a More Resilient Private Sector” in December 2007. The EGM exposed the issue of private sector development under conflict in the ESCWA region from various perspectives. The experiences and success stories presented show that further study and advocacy are needed regarding the resilience of business in conflict affected countries in the region. The EGM also concluded that policy and programme formulation targeting specific issues is an important tool to support business survival and development in countries affected by conflict.

The objectives of this EGM are to:

- Enhance policies for private sector development in conflict affected countries;
- Present concepts and experiences concerning private sector’s potential role in development, conflict mitigation and peace building;
- Articulate future pragmatic interventions to enhance private sector resilience in conflict afflicted countries;

- Examine national and regional policies that would facilitate collaboration amongst international, public and civic entities to support private sector resilience.

B. Agenda

- The Private Sector under Conflict
- The Private Sector – Challenges Specific to Crisis Afflicted Countries in Western Asia
- The Private Sector – Difficulties to Public Institutions, Funds and International Organizations in Western Asia
- Success Stories from Iraq, Lebanon, Palestine, Sudan, and Yemen
- Responding to the Challenges facing the Private Sector in Adverse Environments: Financial Schemes
- Responding to the Challenges facing the Private Sector in Adverse Environments: Technical Support

C. PARTICIPANTS

The EGM will bring together regional and international experts on private sector and conflict issues, and representatives of the public and the private sectors concerned with private sector development policies in countries in the region.

It is expected that representatives of the following entities will take part in the EGM: (a) The ESCWA member countries' governments, including ministries of planning and national economy, and parliamentary committees concerned with business legislation; (b) chambers of commerce and unions of businessmen; (c) national and regional funds; (d) academic and research centers; (e) United Nations organization; (f) other organizations concerned; and (g) eminent persons and experts.

D. DATE AND VENUE

The EGM will be held from 11 to 12 November 2008, at the MZ-Level, UN-House in Beirut, Lebanon.

E. FINANCIAL ARRANGEMENTS

Due to budget constraints, ESCWA will unfortunately be able to cover only the participation of some experts that will be conducting presentations. Other participants are expected to participate at their own expense.

F. LANGUAGE

Arabic and English will be the working languages of the EGM. Simultaneous interpretation in both languages will be provided.

G. CORRESPONDENCE

All correspondence related to the EGM should be addressed to ESCWA through:

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