

**Fostering Partnerships between International and Regional Private Sector  
Institutions and their Counterparts in Crisis Stricken Countries:  
Towards a More Resilient Private Sector**

**Beirut, 12-13 December 2007**

**INFORMATION NOTE**

**A. BACKGROUND**

The ESCWA region continues to be afflicted by armed conflicts and political tensions. The situation in Iraq, the OPT, Lebanon and more recently, developments in Yemen, have fundamentally affected socioeconomic development and living conditions in these countries. Ongoing conflicts also have impacted other countries in the region, such as Jordan and Syria, both of which are struggling to cope with the hundreds of thousands of refugees that have crossed their borders from Iraq. These political tensions and conflicts show little sign of abating, creating great challenges for organizations undertaking development activities in the region.

Studies and field research have shown that a key vehicle for development is the private sector. Recent evidence suggests that an active, private sector that heeds good governance practices can assume a proactive role in mitigating conflicts or alleviating the socio-economic conditions of people living in conflict or political tension. Moreover, encouraging legitimate business activity discourages people from drifting into violence.

Private sector performance is negatively affected by adverse conditions resulting from conflict and political tension. Both domestic and international enterprises face serious risks from operating under political instability or armed conflicts. Damages to physical capital, inadequate infrastructure and corruption are some of the challenges that raise costs and threaten the continuity of operations. There are also instances where private sector enterprises take advantage of instability and precarious political environment to increase their profits. However, research has suggested that the majority of private sector enterprises have a strong interest in maintaining peace and stability in the environment where they operate.

At the same time, the private sector has a moral and social responsibility towards the community in which it operates, as it also contributes to broader socioeconomic goals such as growth and employment generation. Fostering dialogue between the private sector, the government and civil society can help all parties to recognize their common interests in conflict mitigation and peace building, and result in establishing networks and partnerships to serve those interests.

One way to contribute to long-term development objectives in a crisis situation is to support private sector efforts in maneuvering and maintaining operations and jobs. Equally important is to engage local markets and businesses to ensure that incoming funds stimulate economic activity locally. It is also necessary to build the capacity of national actors to implement projects to support private sector activities. In this regard, the roles of the public sector and civil society actors are important in formulating and adopting policies that provide incentives for the private sector to continue operations in spite of unfavorable circumstances. In addition to incentives, fiscal and financial support such as tax exemptions, loan rescheduling, low interest rates on loans, and donor mobilization are obvious measures to increase private sector resilience.

Developing public/private partnerships can support the policy formulation for private sector resilience. Partnerships can also promote the role of the private sector in conflict mitigation. Drawing from its extensive experience working with public and private entities, ESCWA intends to explore ways for creating policies that support a more resilient private sector in crisis areas through public, civil and private partnerships, while at the same time emphasizing the moral and social role of the private sector in conflict mitigation and peace building.

The purpose of the Expert Group Meeting (EGM) on “Fostering Partnerships between International and Regional Private Sector Institutions and their Counterparts in Crisis Stricken Countries: Towards a More Resilient Private Sector,” is to provide a platform for discussing the role private sector partnerships can play in promoting enterprise business continuity and fostering stability and peace in the region. The EGM will also provide a venue for exploring opportunities to establish long term partnerships between the private sector enterprises, on one hand, and the government and civil society at both the national and regional levels, on the other.

## **B. CHALLENGES**

The private sector in countries affected by conflicts faces a number of risks that require careful consideration. These include the following:

- Political and security risks arising from acts of armed conflict and absence of rule of law and resulting in damage and material destruction.
- Lack of adequate physical infrastructure that fulfill the requirements of viable businesses in terms of basic products and services, such as water, electricity, transport, and telecommunications.
- Institutional risks arising from weakened public institutions, outdated government practices, stagnant legal and regulatory frameworks, absence of effective dispute settlement mechanisms, and spread of corruption.
- Risks arising from economic conditions such as unstable local currency, high inflation and interest rates, public debt, inadequate labor force, and absence of free market mechanisms.
- Internal risks such as poor work ethic and corruption, resulting from living in a conflict situation, outdated business practices and work culture

## **C. OBJECTIVES**

The EGM aims to achieve the following objectives:

1. Provide a platform for discussing the interlinkages between conflict, development, and the private sector.
2. Examine strategies that would enhance private sector capacity to adapt, diversify and innovate under conflict situation.
3. Study government policies that serve to strengthen private sector resilience in times of political tensions and conflict
4. Promote private sector partnerships with the government and the civil society with the aim of enhancing private sector resilience and fostering its positive contribution to conflict affected societies.

5. Provide input for the design of future technical assistance and capacity building programmes/projects to support private sector activities in countries afflicted with political tension and conflict.

#### **D. MAIN THEMES AND TOPICS**

The EGM will be a two-day, high-level meeting set around plenary sessions. The sessions will highlight the role of the private sector partnerships in maintaining business operations under difficult circumstances and the role these partnerships can assume in mitigating conflict and fostering peace and development. Case studies will be presented for selected sectors which have a particularly vital role during and after periods of conflict. Policy recommendations pertaining to the resilience of the private sector as well as its role in conflict mitigation will be made. The presentations and deliberations will focus on three main themes:

##### **Theme 1**

##### **Development under crisis**

###### *Main topics:*

- Sustaining development activities under different types of conflict situations in the ESCWA region
- The interlinkages between conflict, development and the private sector

##### **Theme 2**

##### **Resilience of the private sector in countries affected by crisis– minimizing risks and exploring opportunities**

###### *Main topics:*

- Private sector: a vehicle for development and conflict mitigation in crisis countries
- Enterprise resilience strategies: risks and cost vs. benefits and returns
- Public sector support and incentives: proposed fiscal and monetary measures, aid schemes.
- Strengthening the resilience of the private sector through partnerships: case studies in selected sectors (construction, agriculture and agro-businesses, information and communication technology, security and protection...)

##### **Theme 3**

##### **Promoting private sector partnerships with the expatriates**

###### *Main topics:*

- The role of expatriates in their home country
- Impact of expatriate remittances on the economy
- Networking with the expatriates

Conclusions and policy recommendations for promoting public/private partnerships and strengthening private sector resilience.

## **E. PARTICIPANTS**

The EGM will bring together regional and international experts on private sector and conflict issues, and representatives from the private sector, the public sector and civil society organizations concerned with socio-economic development policies in countries affected by conflict.

It is expected that representatives of the following entities will take part in the EGM: (a) The ESCWA member countries' governments, including representatives of several public sector entities; (b) private sector enterprises; (c) civil society, including professional unions, academic centers and non-governmental organizations (NGOs); (d) expatriate community and institutions; (e) funds and financial institutions; (f) regional organizations; (g) United Nations bodies and agencies; (h) other international organizations concerned; and (j) eminent persons and experts.

## **F. DATE AND VENUE**

The EGM will be held in Beirut, Lebanon, from 12 to 13 December 2007.

## **G. FINANCIAL ARRANGEMENTS**

The participation of invited experts to present papers will be financed by ESCWA. Representatives of national, regional and international institutions and organizations, as well as other participants are expected to participate at their own expense.

## **H. LANGUAGE**

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

## **I. CORRESPONDENCE**

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

**Mr. Antoine Mansour**

Head, Emerging and Conflict Related Issues (ECRI)  
Economic and Social Commission for Western Asia  
P.O. Box: 11-8575  
Beirut, Lebanon  
Email: [escwa-ecri@un.org](mailto:escwa-ecri@un.org)  
Fax: (961-1) 981510  
Tel: (961-1) 981301, 981311, 981401