

Post-conflict Reconstruction

Developing Public-Private Partnerships

By John J. Maresca

The Business Humanitarian Forum (BHF), a Geneva-based international non-profit association, has developed a model for public-private cooperation on specific development projects that could make an important contribution to restarting the economies of post-conflict societies. In close collaboration with the Bureau for Crisis Prevention and Recovery (BCPR) of the United Nations Development Programme (UNDP), it is working to “jump-start the private sector” as a key element of reconstruction.

Projects developed on the BHF model identify urgent humanitarian needs in post-conflict situations, take advantage of corporate philanthropy and interest in corporate social responsibility, recruit local investors to establish local ownership, and make use of the credibility of UN agencies and the interest of local authorities to see early economic regeneration. The BHF model draws particularly on the technical expertise and specialized resources of the business sector, and brings them to bear where they are most needed. The BHF itself adds a lot of hard work: finding, selecting and recruiting private sector contributors; putting together project proposals; negotiating partnering agreements and other necessary documentation; finding necessary funding; stimulating interest and providing a continuing catalyst for success; and managing the overall development of the project.

The BHF/UNDP partners insist on responsible corporate practices, the results of which are local jobs and ownership, local economic regeneration, local models of corporate responsibility and perhaps, most importantly, hope that a better future is possible.

The BHF was established in 1999 at a round-table discussion in Geneva among senior business and humanitarian personalities. For several years, it has called attention to the need for greater business involvement in humanitarian work and the positive potential of partnerships between businesses and international organizations. The support of the private sector is important because humanitarian problems are growing while public resources for dealing with them are declining—a trend which is likely to continue.

John J. Maresca (far right, at a meeting with Kabul Mayor Anwar Jekdalek, far left) is President and co-founder of the BHF. A former United States Ambassador and a senior business executive, he has been associated with a number of NGOs involved in conflict prevention and post-conflict reconstruction.

At the same time, the private sector has vast resources, energy and creativity, and can make a significant difference in meeting these problems.

Business already plays an important role in humanitarian work through its corporate philanthropy donations, direct support for specific humanitarian programmes, and the funding of many business foundations. The challenge of attracting business support for humanitarian work is not so much a matter of convincing corporations to play a role, but rather of encouraging greater involvement with guidance in the most constructive directions, demonstrating alignment with business objectives and facilitating their support. The aim must be to make humanitarian support very simple for a company, so that it can do something clearly worthwhile, aligned with the company's business objectives, limited in scope, and easy.

Observing the situation in post-conflict Kosovo, the BHF concluded that a great deal of effort had to be put into attracting businesses to invest in specific commercial projects as early as possible after the end of a conflict. Such investment is the key to getting economic life stirring again, providing jobs and income, and some measure of hope that life will improve.

Early investment can reduce the overall expense of emergency assistance and help to ensure a sustainable peace. Indeed, allocating some funding for development of investment projects would very likely bring economies in overall spending for post-conflict recovery.

But businesses are hesitant to invest immediately because of the uncertainties inherent in post-conflict situations—general instability, a lack of security, absence of many normal services such as banking, communications and insurance, and the prospective difficulties in earning a fair profit. The BHF concept of cooperative projects reduces the risks for companies, while drawing on their resources and expertise.



Photos courtesy of the BHF

The international community seeks to improve post-conflict situations by assisting the country concerned reestablish framework conditions in which business and other aspects of economic life can function normally. Nonetheless, businesses focus above all on specific opportunities which fit their business model, and unless they find them attractive, they will not invest. On the same basis, they can be engaged in projects within their scope of activity which are aligned with their general business interests.

The BHF has sought to bring together business representatives and specific challenges that may interest them. After the Afghan conflict in late 2001, the BHF gathered its informal contact group of humanitarian organizations to ask how it could help them face the task of post-conflict reconstruction in Afghanistan. The unanimous answer was that they would benefit from informal dialogue sessions with the business sectors that could contribute to the reconstruction effort. The reasoning, objectives and considerations of business people are quite different from the logic followed by international civil servants, and the dialogue between the two groups can be very fruitful.

Since that time, the BHF has brought to Geneva individual representatives of the pharmaceutical, medical, building, electricity, water and flour milling business sectors both in Afghanistan and the industrialized countries for focused, off-the-record brainstorming meetings on the problems of regenerating activities in the current Afghan context. Out of virtually every session, the BHF has developed a specific public-private project concept.

UNDP has been facing the same issues and has come to conclusions similar to those of the BHF. Both organizations found that their approaches, as well as their abilities, were complementary. The development pipeline is now full of such projects, but the UNDP/BHF partners keep identifying new possibilities.

The pilot project for Afghanistan, likely to be the first to actually reach the production stage, is for a generic medicine production facility to help fill the country's desperate need for medicines of all kinds. This project resulted from an offer by the European Generic Medicines Association to donate equipment, training, management and quality control, and a year's supply of raw materials. Building on this offer, the BHF and UNDP conducted a joint mission to Afghanistan, with the support of the Afghan Health Ministry, the commitment of a respected Afghan physician as principal investor, and the assurance of early seed funding from the World Bank. The UNDP/BHF partners met with the mayor of Kabul, who committed himself to urgently providing a building site in the city's as-yet-unused industrial park so that construction could begin. The plant is expected to be operational later this year. Other projects have developed in a similar way, loading the BHF and the BCPR with more project development work than they can handle.

Both organizations are seeking additional funding and personnel time to deal with the increased workload occasioned by these initiatives.

A factor in the development of these projects has been that the UN system cannot easily and quickly react to such innovative efforts. They meet bureaucratic resistance, procedural obstacles and competing priorities. Success in business demands decisiveness and quick action, but the international organizations have ponderous decision-making structures. Also, unless funding was foreseen the previous year, there would normally be no money in an organization's budget for something new. The BHF, in particular, could rapidly expand its operations and increase its projects if it had access to additional funding.

The BHF model can be replicated anywhere, provided there are companies willing to contribute, local investors and international organizations willing to cooperate, and supportive local authorities. The Forum is currently discussing possibilities for projects in Africa and the Balkans.

With the United Nations turning increasingly toward the concept of public-private cooperation to harness the resources, energy and creativity of the private sector, the BHF concept comes at an opportune time. If it is applied broadly, creatively and effectively, it can help to ensure rapid post-conflict reconstruction that is less expensive and more stable. □

More information on the BHF is available at www.bhforum.ch.

