



**THE BUSINESS
HUMANITARIAN
FORUM**

THE POSITIVE POTENTIAL OF THE PRIVATE SECTOR

**Statement by Ambassador John J. Maresca
President of the Business Humanitarian Forum
Before the United Nations General Assembly
Interactive Hearings on the Millennium Development Goals¹
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The Private Sector Role in Post-Conflict Reconstruction

Mr. President, Ladies and Gentlemen,

May I congratulate the General Assembly on its initiative to gather the thoughts of leaders of civil society, NGOs and the private sector, as part of its review of progress toward achievement of the Millennium Development Goals. This is an essential part of ensuring that all relevant voices are heard in this process.

Developing the Potential of the Private Sector

I have been invited to contribute a perspective from the private sector, as President of the Business Humanitarian Forum (BHF). And so I will concentrate my remarks today on the role of the private sector in relation to achievement of the MDGs, and to the challenges of conflict prevention and post-conflict reconstruction. Mr. President, the Millennium Development Goals cannot be achieved unless the resources, the energy and the creativity of the private sector are positively engaged. All the assistance programs in the world, together, cannot match the power for positive change which can be brought to bear by the private sector. More than half of the world's biggest economies are companies, not countries.

Business investment is the engine of development in our world. And development is the key to achieving many of the other goals of the Millennium Declaration as well. Traditional approaches to the private sector are not sufficient. We need to find new ways to bring sustainable private sector investment to where it is needed, because business investment is the most effective way to address development and humanitarian problems.

¹ This statement was made as part of a program of "Interactive Hearings" with the UN General Assembly (UNGA) in New York. The intention of the Hearings was to receive the views of selected representatives of Civil Society, NGOs and the private sector on progress toward achievement of the UN's Millennium Development Goals, established in 2000. The UNGA is developing a report on this progress as an input to the UN's Summit of World Leaders, planned for September 2005. Mr. Maresca spoke as a representative of the private sector under the heading "Freedom from Fear," which addressed problems of conflict prevention and post-conflict reconstruction.

Mr. President, the BHF has been seeking to do this for six years, and what I have to say today is based on our direct experience. We believe it should be a top priority of the UN to make better use of the untapped positive potential of private sector investment.

The Private Sector and Post-Conflict Reconstruction

The role of the private sector can be especially dramatic after a conflict, because conflicts are the greatest multipliers of humanitarian problems. So the period of post-conflict reconstruction is where the interest, investment capacities and cooperation of business are most needed. But unfortunately that is just the situation in which businesses are most hesitant to invest. They hesitate because of all the uncertainties – general instability, low levels of security, absence of many normal services, and the difficulty of earning a fair profit.

The international community seeks to improve post-conflict situations by re-establishing the framework conditions in which business and other aspects of economic life can function normally. This is important, but not enough. Businesses focus on specific opportunities that fit their business model, and unless they are attracted to such opportunities, they will not invest. New ways must be found to attract and involve businesses in these circumstances, in order to ensure early investment and job creation. This is what I call “encouraged investment.”

What are needed most are wholly or partially locally-owned small and medium-sized businesses that offer meaningful, sustainable jobs to local people. Typically, this means small and medium-sized investments by local entrepreneurs. To make this happen, efforts are needed on many sides: financing must be available, both as low-cost loans and sometimes as grants; training and assistance in developing ideas into projects, including writing business plans, identification of potential partners and negotiation of agreements; help in establishing a business and getting it started; and all the other elements, from initiative to registration to marketing, that go with business start-up.

The BHF has been pioneering this effort with new and creative models to bring together established businesses with partners in post-conflict and very poor countries, to create new, locally-owned enterprises that will contribute to sustainable economic reconstruction and development.

Many institutions, including a number of UN organizations, have recognized the need for this type of activity. But it has, frankly, been very difficult to find national or international agencies that were really in tune with this approach, and prepared to help. Sadly, international assistance remains a very remote concept for the typical local entrepreneur.

What the UN Can Do

The UN can play a more active role, if it determines to do so. Such a role depends on a more positive attitude toward the private sector throughout the UN system, more flexible ways to offer assistance and stimulation directly to small and medium-scale local entrepreneurs, and a greater sense of the importance and urgency of private sector investment in such situations. There needs to be less red tape and more flexibility and innovation. UN organizations need to be infused with a sense of partnership with the private sector. I do not mean that specific partnerships are always necessary; sometimes they are superfluous and meaningless. What is needed is a sense of shared objectives and a willingness to help in whatever ways are needed.

“Encouraged Investment” projects should identify humanitarian needs and sustainable economic development opportunities, take advantage of business interest in corporate philanthropy and social responsibility, recruit local investors, and make use of the credibility of UN organizations and the interest of local authorities to see early economic regeneration.

Organizations can help by undertaking the work of researching, selecting and recruiting private sector contributors, putting together project proposals, negotiating partnering agreements and other necessary documentation, finding necessary funding, and managing the overall development of the project. Such cooperation takes advantage of the strengths of the various cooperating players, with a resulting effect that is greater than that of the component partners operating individually.

The good news is that much of the business community is prepared to participate in this kind of activity. The bad news is that the UN is not.

At the BHF we fully support the UN’s Global Compact, and require responsible corporate practices and economically sustainable activities of our partners. The results of the projects we undertake are local jobs, local ownership, locally-produced goods, local economic regeneration, local models of corporate responsibility and – most important of all – hope that a better future is possible.

I am not suggesting that the UN or its agencies should undertake management of specific investment projects; they could not do this effectively. But I do believe the UN and its agencies can be much more supportive of such efforts.

Recommendations for the UN

Based on our experience, we recommend that all UN agencies make working with the private sector a MUCH higher priority, and recognize its urgency in post-conflict situations. This means attracting the private sector, seeking greater contact, and involving private sector entities in specific projects.

Such a broad program should include:

-- Identification by each UN agency of cooperation with the private sector as a priority, and development of a strategy for achieving better cooperation;

-- Organized dialogue, such as seminars and focused meetings, between UN agencies and relevant representatives of the private sector, to understand each other's objectives and to define areas of cooperation;

-- Training for as many UN staff as possible, on how to work more effectively with the private sector;

-- Development of new vehicles to facilitate financial support for small and medium-sized local investors and their international partners, especially in post-conflict and least-developed countries. Mr. President, I look forward to responding to questions or comments, and I thank you for your attention.