



Summary Report: Seminar on Private Sector Development in Conflict and Fragility Affected Environments – Interventions, predicaments, complications and impact, Monday 7th November 2016

18th November 2016

Overview

A healthy private sector is crucial for poverty alleviation, the creation of jobs and the raising of incomes. This is true even in the adverse context of Conflict and Fragility Affected Environments (CFAEs). Supporting livelihoods is an effective way of supporting peace-building efforts. However, carrying out Private Sector Development (PSD) work in CFAEs also presents unique challenges. The private sector of conflict-affected countries is likely to be small, informal and constrained by resource and labour-scarcity.

This seminar examined how these challenges are currently approached by development partners and how these approaches can be improved. You can view the programme for this event [here](#).

This event was organised by Danida and the Ministry of Foreign Affairs of Denmark. It was held in the Ministry's headquarters in Copenhagen, Denmark. The DCED Secretariat provided advice and assistance to the planning and the implementation of the event.

Further resources for practitioners of PSD in CFAEs can be found on the [DCED's website](#).

Participants

Around 70 participants took part in the seminar. Participants and discussants included Danish Ministry staff and programme managers, and also came from several other organisations, such as the World Bank, International Financial Corporation, the Swedish International Development Organisation, ILO, GIZ, Clingendael (The Netherlands institute of International Relations) and Danish researchers, consultants and social partners active in the field.

A full participants list can be found [here](#).

Presentations

Full presentations are available for download on a dedicated seminar page on the [DCED website](#). They covered the following topics:

- How to stimulate private sector activity in fragile countries. *Ivan Rossignol, World Bank.*
- Bringing private sector investments to challenging markets: predicaments and complications. *Michel M. Botzung (Nairobi) and Joanna Kata-Blackman (DC), IFC.*
- Empowerment and growth through private sector development: cases from Iraq, Afghanistan, South Sudan and Sierra Leone. *Ole Stokholm Jepsen, Consultant.*
- Business as development agents or business as usual? The case of mobile telecommunications industry in Afghanistan. *Sameer Azizi, Copenhagen Business School.*
- Conflict-sensitive private sector development. *Anette Hoffmann, Clingendael.*
- Enterprise development and job creation - cases from Myanmar, Afghanistan and East Timor. *Merten Sievers, ILO.*
- Private sector development in contexts of open and sustained violence. *Birgit Seibel, GIZ.*
- Building the organizational fabric of the private sector: from crisis and conflict to development. *Niels Tanderup-Kristensen, The Confederation of Danish Industry (DI).*
- Trade Union Perspectives. *Mads Bugge Madsen LO/FTF Council.*
- PSD in FCAEs based on a mapping of Danish growth and employment engagements in Somalia, Afghanistan, Mali and Zimbabwe. *Mikkel Klim, Consultant.*

Key discussion points

The first presentation of the day was by Ivan Rossignol (World Bank). He identified that global poverty as a whole is decreasing, yet the concentration of global poverty is increasing in FCAEs. Poverty is often becoming deeper and more entrenched in countries that are conflict ridden. This highlights both the importance and the challenge of undertaking PSD in FCAEs. There were three other key themes present throughout the seminar.

Complexity

Conflict adds new dimensions of complexity to the requirement to analyse and understand market systems. Several of the presentations gave an insight into these multiple and complex channels of interaction between peace, fragility and PSD.

Ivan Rossignol identified some of the gaps in the existing knowledge on stimulating the private sector in fragile states. Several important causal links do not have a

strong foundation in the literature. For instance, there is a lack of empirical evidence on the causal link between jobs and reduced violence. One of the key messages of his presentation was that in many cases, there has not been enough learning from prior interventions in fragile environments.

CFAEs are characterised by complex interactions between state and non-state actors. In his presentation, Sameer Azizi (Copenhagen Business School) gave an overview of the case of the mobile telecommunications industry in Afghanistan. Private actors in this industry must interact with both the formal and informal governance structures in Afghanistan. This may include a requirement to interact with insurgents in order to be able to do business. The moral challenges of decision-making in such situations add to the complexity of working in CFAEs.

Mikkel Klim's presentation mapped Danish PSD programmes in Somalia, Afghanistan, Mali and Zimbabwe. He mapped the various factors that can complicate and constrain interventions, as well as the ways in which Danish programmes had interacting with these factors. This presentation and others throughout the Seminar highlighted the fact that an appreciation of this complexity will improve the design and implementation of PSD programming in CFAEs; Jim Tanburn of DCED noted that adaptive management was also likely to be needed, to cope with the complexity; this implied flexibility and results measurement during implementation.

Context

Understanding the societal context in which interventions take place was identified as a vital point by several presenters and participants.

Anette Hoffman's (Clingendael) presentation stressed the importance of understanding the political contexts of CFAEs in the designing of interventions. In CFAEs, questions over who benefits from growth in a particular sector take on a heightened importance: grievances can quickly lead to violence. She highlighted the fact that Political Economy analyses and monitoring and evaluations systems must be used to both design and implement interventions in CFAEs effectively.

Birgit Seibel's (GIZ) presentation also focussed on the challenging context of CFAEs. She gave an overview of GIZ's work in Yemen, during open and sustained violence. She made the case for PSD interventions, in these challenging circumstances.

Niels Tanderup-Kristensen (The Confederation of Danish Industry) explained how business member organisations can remain a collective voice of industry and work democratically for change, this means that they can foster change in other parts of the political system. Similarly, Mads Bugge Madsen (LO/FTF Council) gave an overview of how trade union involvement in CFAEs can contribute to peace-building and poverty alleviating efforts.

Overall, to be successful PSD interventions in CFAEs must take into account the contexts in which they operate. Development partners should remain aware of the ways in which they contribute to changes in these contexts, both positively and negatively.

Cost

Given the above points on the complex and difficult contexts in which PSD programmes in CFAEs are implemented, another key consideration for Seminar participants was cost. Because of the factors noted above, designing and implementing PSD programmes in CFAEs is likely to take significantly more resources than in a “normal” situation; results may also be more modest.

Ole Stokholm Jepsen (Consultant) gave an insight into this point in his presentation of his work in four different CFAEs: Iraq, Afghanistan, Sierra Leone, and South Sudan. Facilitating access to markets and credit in each of these situations entailed significant costs. Post-conflict societies require additional considerations of inclusion that go beyond the average PSD programme. Appropriate interventions will include local authorities and traditional leaders as partners in the enabling process.

Michel M. Botzung and Joanna Kata-Blackman (IFC) also identified the extra support that interventions and investments in CFAEs often require. The increased staff time needed to broker agreements between different actors is likely to incur significant costs. Factors such as the reduced capacity of local government and the limited availability of finance also add to these challenges.

Making PSD programmes in CFAEs a success requires that donors mobilise sufficient resources to match their aspirations. This was a point that several participants in the conference stressed had been overlooked in the past.

Participant feedback

Participants were asked for what their next steps for the field of PSD in CFAEs should focus on and what their main takeaway messages would be. Their replies included:

- The importance of including a power analysis in conflict settings to design conflict sensitive programmes.
- The importance of context awareness and understanding the synergies between the work one carries out and the surrounding society. Broaden the scope to include not only traditional donors but include businesses and social organisation partners.
- Scalability? (Needed, as administrative/implementing resources are scarce).
- Key importance of understanding the context in which you work (Political Economy) as basis for engaging in PSD.
- “Follow the power” Look at the bottom part of the iceberg.

- The importance of context and the implications for design and implementation.

Other feedback comments from participants included:

- Interesting, thought provoking and informative day. Case studies were very interesting – very useful to share experiences. Thank you!
- Very much enjoyed the honest and provocative presentations from the World Bank Group at the start of the day. A very informative day overall.
- Excellent venue and overall arrangement.