

ADVANCING GOOD GOVERNANCE in International Development

Making Market-based Approaches to Development Work for the Poor

4 – 5 June 2015

Rhodes House, Oxford

Plenary: Private Sector Operators In Fragile States: How Can Business Be Harnessed To Advance Humanitarian And Development Action?

The panel discussed the challenges of development and humanitarian action in fragile states, broadly described as those which are vulnerable to shocks, and not just those which are politically fragile. It was recognised that the private sector has a great potential to contribute to fragile states, although there are barriers to that contribution being harnessed or recognised. The panel identified that one of the keys to this is better communication between the private sector and humanitarian actors, which may be facilitated through meetings or an intermediary.

Key Points from the Session

- 1. There is a need for much greater understanding by the private sector and humanitarian actors of one another, and of themselves.** The view of the panel was that both the private sector and humanitarian actors need to better understand their own and one another's core "business", comparative advantages, missions and interests. If that can be achieved, then the panel thought that those stakeholders would better be able to work effectively together. A critical part of developing understanding is to ensure that there is clear communication, with all parties using language which is mutually understood. It was identified that the private sector and humanitarian actors can commonly use the same language with different meanings and intentions, wittingly and unwittingly.
- 2. Suspicion on the part of the private sector, non-governmental organisations, governments and civil society of one another can be overcome.** There are three factors that lead to successful engagement: an understanding of stakeholders' respective motives; clear modes of engagement before, during and after a humanitarian incident; and the correct configuration of engagement between stakeholders. It was identified that civil society can be particularly sensitive to the role of the private sector where it considers that action has not been taken to tackle foreseeable humanitarian risks. It was emphasised by the panel that it is important to create space for discussion between these various actors. Intermediaries were considered to be particularly effective in being able to facilitate understanding. Other options to form a basis for interaction include: (i) entering into bilateral agreements for specific action; (ii) engaging in constructive debate on limited issues with carefully chosen counterparties; (iii) and working through 'platforms' for broad discussions to plan and prepare for emergencies with several counterparts. The United Nations Global Compact was identified as a potentially useful framework for furthering dialogue between the private sector, and development and humanitarian actors.
- 3. There remains a concern that the private sector cannot pick up all issues where government fails.** The panel was concerned that the focus on the private sector risks establishing an expectation that they can address issues where government fails to fulfil its social obligations. To counteract this, it was proposed that the private sector, and humanitarian and development actors should collectively coordinate their action to the greatest extent possible with all stakeholders, and to develop holistic solutions. Through a collective focus on accountability to beneficiaries, all stakeholders can work to ensure that demands are being referred to the entity best placed to provide the support that civil society requires.
- 4. Pre-emptive action to protect against shocks and humanitarian disasters is what will make the most difference.** In order to most effectively prevent severe humanitarian disasters, the panel

considered that efforts need to focus on disaster preparedness. That action needs to be attuned to longer term, plausible threats. A key part of this was considered to be the protection of livelihoods. If livelihoods of individuals are strong, then they will be able to plan and prepare for the future, including infrequent humanitarian events. It was identified that the private sector has a key role in promoting livelihoods, through the provision of employment and establishment of a stable market economy.

Emerging Questions

1. What action is needed to harness the abilities and energy of refugees and internally displaced persons? Is there a particular role for the private sector in this?
2. How can local communities be made more of a part of the dialogue between the private sector and humanitarian actors, given their vital role and contribution?