Growth and stability in post-conflict countries depend critically on jobs and wealth creation, and thus on private sector investment and business activity.

**Comprehensive solutions vs. quick response.** Quick results are needed to address urgent needs and build confidence in the first phase of a post-conflict situation. Establishing a “proper” legal framework for private sector activity and investment may not be the top priority. Donors should in many instances be more pragmatic and support interim arrangements that can quickly be put in place and can later be upgraded to more comprehensive solutions.

**What existed before may not be worth rebuilding.** In particular, obsolete public-sector monopolies should not be resurrected and new forms of entrepreneurship should be encouraged. The tendency or temptation to reconstruct may be great but is nonetheless often misplaced.

**Encourage competition.** Again, it is often easier (for the government as well as donors) to deal with one large entity (public or private) to carry out a reconstruction activity. Competition should be encouraged upfront, by removing monopolies and restrictions to entry where they exist and by creating opportunities for small and medium-sized enterprises.

**Contract out services** to the private sector to prime the pump and get the economy moving, and be willing to work with the non-traditional private sector. Diaspora investors, foreign SMEs and domestic investors without the track record of large multinationals are more likely to take the risk of investing in a post-conflict environment.

These and other measures will be part of a broader reform and assistance package that would also include **safeguarding measures** to limit pilfering, corruption and appropriation of national assets by less scrupulous operators and officials, and to give donors and other stakeholders additional comfort.

**Sector focus.** Investors do not invest in an economy but rather in specific industries. Special attention should be given to those industries with immediate private sector investment potential, such as telecommunications, air transport, port services, hotel, selected financial services and extractive industries. Most of these sectors are also key intermediate inputs in other production activities.

**Tailored donor instruments.** Post-conflict countries are characterized by high uncertainty and risk and by low payment capacity. Donors should make available the appropriate risk mitigation instruments (such as guarantees) and output-based aid type of approaches (for example, decreasing consumer subsidy provided to the operators of selected services) that will help bridge the transition to a more stable country and a growing economy.