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Post-Conflict Reconstruction: Opportunities and Risks

Client Alerts

February 3, 2025
By: Ian Moss, Alyssa G. Bernstein, Steven J. Arango, Joseph Jazwinski

After years of destabilizing international and non-international armed conflict that has resulted in the loss of lives, destruction of communities, and decimation of economic opportunity in places across the globe, there are indications that some of these conflicts are approaching resolution. As such, the international community is beginning to explore how best to seize the moment to rebuild and set these societies on a path to peace and prosperity. There are hopeful signs of an end to the active conflicts in Gaza and Syria, and discussion of peace talks in Ukraine. However, the road to recovery is long and each of these places will require billions of dollars of investment to rebuild.

Syria, for example, shows hopeful signs of moving toward more stable and inclusive governance. Following more than a decade of internal conflict and socio-political fracture, as Syria now emerges from the despair of the heinous reign of the former Assad regime—which resulted in the imposition of a host of sanctions impacting everyday life—the new government will be seeking funding and technical assistance from the West, Gulf states, and others in the international community to facilitate reconstruction and recovery. The human toll and ongoing suffering caused by these crises have been profound. Across these destructive conflicts and others, hundreds of thousands of people have died, leaving their families bereft of not just loved ones but of meaningful economic prospects in the communities in which they reside. History shows us that for societies to emerge from such tragedies, there must be a concerted effort—both domestically and internationally—to rebuild and recover. Rebuilding after these contemporary conflicts will be no different. The scale of reconstruction needed will be substantial, with estimates suggesting efforts much larger than even the Marshall Plan that helped rebuild Europe after World War II.

The private sector, including both for-profit and non-profit entities, will play a pivotal role in the recovery and reconstruction process. New markets will emerge for a wide range of sectors including construction, healthcare, security, defense, governance, and food and aid. While the business opportunities in these markets will reach into the trillions of dollars, the private sector must approach these prospects with caution. Operating in these environments comes with its own set of risks—practical, legal, and ethical. From ensuring employee safety and securing proper insurance, to navigating the complex legal and regulatory frameworks of multiple jurisdictions, including related to environmental, social, and governance responsibilities, interested private sector parties must proceed thoughtfully and responsibly. Below, we offer a broad overview of some of the opportunities, but also the risks, that the private sector must navigate as it operates in these environments.

I. Opportunities

For countries and locations that have faced years of conflict, instability, and destruction, like Gaza, Ukraine, and Syria, the financial toll of reconstruction is staggering. Estimates of reconstruction costs exceed a trillion dollars. The World Bank reported in April 2024 that the cost of rebuilding critical infrastructure in Gaza alone at that time had already reached $18.5 billion, and other estimates for reconstruction are as high as $50 billion. At least 66% of the buildings in Gaza have been damaged, and that is in addition to general infrastructure that too has been decimated but remains necessary to sustain a population of roughly 2 million people. Ukraine's recovery is projected to require $486 billion over the next decade, while Syria faces a similar challenge, with preliminary estimates for reconstruction reaching $500 billion. While Gaza, Ukraine, and Syria dominate headlines, it is important to recognize that other regions are also grappling with instability from conflict and destruction. Countries like Burma, Sudan, and Venezuela also will need billions of dollars in investment to stabilize their economies. We expect there to be renewed focus on Latin America under the Trump Administration, which could shift priorities and present new opportunities and risks for private sector activity in that region.

Reconstruction and recovery present significant opportunities for the private sector, and indeed cannot happen without it as nations rebuild and reinvest in both their economies and their people. The immediate priorities for countries recovering from devastating conflict are clear—clearing debris and unexploded ordinance, repairing basic infrastructure, and providing the essentials for populations that have survived for years on spartan resources. In Ukraine, the cost of clearing debris could reach as high as $11 billion, de-mining and clearing unexploded ordinance could take decades and cost $35 billion, and rebuilding housing may total around $97 billion. Already, Turkish businesses have been awarded $1 billion in contracts to help repair Ukrainian infrastructure, often to restore bridges and roads. Additionally, private companies are stepping in to fill security needs elsewhere. For example, American companies are reportedly responsible for manning checkpoints at critical junctions within Gaza following the declared ceasefire.

Investment in these post-conflict societies will come from a variety of parties seeking to capitalize on reconstruction, whether from the United States in Ukraine, Arab Gulf countries in Syria and Gaza, or China wherever it is able. At the same time, there will be synergies and surprising overlaps: Ukrainian president Volodymyr Zelenskyy has offered to help Syria in its reconstruction by extending diplomatic ties and working toward economic cooperation.

As areas transition from conflict to peace, economic needs will extend far beyond basic reconstruction. The scope of recovery will encompass critical sectors such as energy, security (including border, cyber, and physical), technology, agriculture, social services, and governance among others. Numerous private sector actors from a litany of countries offer means to help. International organizations like the International Finance Corporation, the Multilateral Investment Guarantee Agency, and the European Bank for Reconstruction and Development, to name a few, offer financial assistance and advice to entities willing to take on the risk to help in reconstruction and development efforts in places where, even after armed conflict ends, political risk remains. Historically, the United States, working through the US Agency for International Development (USAID), has been one of the largest grant providers worldwide, and instrumental in supporting reconstruction efforts in post-conflict societies.

Beyond these foundational needs, countries will actively seek commercial investment not just to revitalize their economies but to strengthen their global standing in the process, all while forging stronger diplomatic and economic ties with other governments. There will be an eagerness to court investment in new sectors that will help increase both economic and political clout. This will create numerous opportunities for parts of the private sector willing to take the measured risks to enter markets reemerging from conflict.

II. Risks

Private sector actors looking to engage and conduct business in post-conflict areas in support of reconstruction and recovery must be acutely aware of potential dangers. Some may take the form of reputational risks associated with doing business in certain areas, while other risks may be financial or security-related. Of course, there are also legal risks associated with engaging in post-conflict reconstruction activities. Many countries as well as the European Union have strict laws of which private sector actors should be aware lest they open themselves up to public scrutiny and legal exposure. In the United States, for example, there is an expansive legal and regulatory framework governing investment in conflict-affected regions. Navigating these complexities, with the help of capable counsel, is crucial to ensuring compliance and mitigating risks. These include:

- Sanctions: Congress has authorized the President to exercise broad discretion under a wide range of statutes to prevent certain economic transactions that involve US persons and companies, US goods and services, access to the US financial system, and visas; similar regimes can be seen across Europe. Countries and territories experiencing instability are often subject to sanctions, ranging from full embargoes to targeted economic restrictions. For example, Burma (Myanmar), Palestine, Sudan, Syria, and Venezuela are all subject to some form of sanctions by the United States, United Kingdom, and the European Union, including US human rights related sanctions under the Magnitsky Act. Private sector actors that violate these sanctions can face substantial monetary and even criminal penalties.

- Export Controls: The United States regulates the export, reexport, and in-country transfer of US goods, software, and technology—including certain foreign products with US components or based on certain US technology—to other countries. Congress authorizes the regulation of exports that could have military or nuclear applications, as well as "dual-use items" (i.e., items that can have both military *and* civil uses). Private sector actors are subject to civil or criminal enforcement action if they provide a regulated US item to a restricted country or end user, or for a restricted end use.

- Bribery: Bribery and other corrupt practices often accompany the significant influx of money, including in post-conflict settings where private sector actors are relied upon in the reconstruction process. The Foreign Corrupt Practices Act (FCPA), 15 U.S.C. §§ 78dd-1, et seq., prohibits US persons or companies from making payments to foreign governments and officials in exchange for obtaining or retaining business. The FCPA also requires companies "whose securities are listed in the United States to meeting its accounting provisions," which include keeping accurate records and maintaining internal accounting controls. Similarly, the UK Bribery Act of 2010 (UKBA) specifically prohibits British citizens, residents, and companies from bribing foreign public officials with the intention of influencing the officials in the performance of their official functions and obtaining or retaining business advantages. The UKBA also prohibits commercial bribery between private sector entities.

- Material Support of Terrorism: 18 U.S.C. § 2339A and § 2339B make it a criminally punishable offense to provide any items of value, including coordination or non-military training, to groups designated as Foreign Terrorist Organizations. The Specially Designated Global Terrorist program prohibits designated individuals and organizations from transacting with US property or persons. A strong civil statute also exposes companies to large judgments in the United States. The UK also has far-reaching restrictions on terrorism financing, with the Terrorism Act of 2000 criminalizing the provision of money or other property where known or reasonably suspected to be used for the purposes of terrorism.

- Forced Labor Laws: 19 U.S.C. §1307 prohibits importing goods made with forced labor into the United States, and the Torture Victims Protection Reauthorization Act (TVPRA) makes it illegal for companies to benefit from forced labor in their projects or supply chains. In the European Union, the Forced Labour Regulation prohibits the sale of forced labor-made goods on the market from the end of 2027, and the Corporate Sustainability Due Diligence Directive, which could potentially apply to E.U. and non-E.U. companies from 2027, requires companies to identify, assess, mitigate and prevent adverse human rights and environmental impacts in their own operations and in their supply chains.

To ensure compliance with both domestic US and international law and regulation, private sector actors should both seek counsel and establish robust safeguards that include internal controls like conducting audits and establishing clear policies that employees, executives, and lower-tier contracts are all required to follow.

It is equally important to address the practical challenges of investing or conducting business operations in post-conflict settings. There are numerous heightened risks, including the potential to fall victim to or indirectly facilitate corruption; increased vulnerability to cybersecurity-related threats; personal security risk, including kidnap for ransom of employees and executives; looting or theft of goods; and even total loss of investment if there is social upheaval or if a conflict reignites. Private sector actors should put together a robust plan and undertake a clear-eyed analysis of the likelihood of each of these potential challenges and develop thoughtful responses in the event of foreseeable contingencies. Otherwise, business entities risk making poor and potentially illegal decisions after conflict has broken out, endangering employees’ lives and incurring massive criminal and civil penalties.

Private sector actors will find that there are opportunities in markets emerging from conflict. The specific expertise found in the private sector can both contribute to meaningful recovery for the affected populations and communities and establish these entities as key collaborators in emerging markets. But, to do so properly, it is important to develop thoughtful risk management strategies that consider a range of potential challenges before entering into agreements related to post-conflict reconstruction activities. This critical planning will ensure that private sector actors have thoroughly assessed the legal, practical, and financial implications of conducting business in a specific post-conflict setting.

Jenner & Block’s lawyers are uniquely prepared to advise on these issues, having worked throughout their careers on matters involving complex operating environments—including post-conflict settings—where the stakes are high. In the upcoming installments of this series, we will explore key topics such as government contracting, sanctions, anti-bribery regulations, and safety and security, offering guidance to help private sector actors navigate the complexities of post-conflict environments with confidence.

Related Attorneys

Ian Moss
Special Counsel
imoss@jenner.com
+1 202 639 6074

Alyssa G. Bernstein
Associate
abernstein@jenner.com
+1 202 639 6029

Steven J. Arango
Associate
sarango@jenner.com
+1 202 637 6348

Joseph Jazwinski
Associate
jjazwinski@jenner.com
+1 312 840 7480

Related Capabilities

Investigations, Compliance, and Defense