

# **The Private Sector and Development**

## **Report of the Commission on Private Sector and Development**

The UN Commission on the Private Sector and Development, co-chaired by Prime Minister Paul Martin and Ernesto Zedillo, Mexico's former president, was created by UN Secretary General Kofi Annan in July 2003.

The Commission was to identify and address the legal, financial, and structural obstacles to expanding the local private sector in developing countries, especially in the poorest regions and communities.

The Commission's report of March 1, 2004, entitled *Unleashing Entrepreneurship: Making Business Work for the Poor*, drew on the expertise of the Commission's 15 members from both the developed and developing worlds. The Commission intends to see its recommendations put into practice, unleashing the full economic and social potential of small and mid-size businesses employing and serving the world's poor.

Initiatives to be announced in the coming months will include projects led by the United Nations, as well as projects conceived and managed by members of the Commission, the private sector, and international development institutions. To ensure that the many issues identified in the report are acted upon, the Commission has asked that the United Nations track the progress of private sector development through an annual report.

Canada responded to the Commission's recommendations immediately by announcing two initiatives aimed at removing obstacles to the expansion of the local private sector in developing countries. These are a task force to develop a mechanism to foster greater links between the private sector in developed and developing countries, and a pilot project in Bangladesh to spur growth in small and medium companies.

### **Task force on the brokerage function**

A key finding of the Commission is the need to tap private sector capabilities and resources in developed and developing countries to promote economic growth in developing countries. Existing energies and opportunities are rarely used because the needs in developing countries have not been well matched with resources and interests around the globe.

In response, the report stresses that an effective brokerage infrastructure that promotes links between private sectors in developed and developing countries would make more transactions between them feasible by reducing the overall risk and transaction costs that often serve as impediments to investment and action.