

THE UN PRIVATE SECTOR AND DEVELOPMENT COMMISSION REPORT

In July 2003, UN Secretary-General Kofi Annan convened the Commission on the Private Sector and Development to find ways to unleash the potential of the private sector in the world's poorest communities and regions, and to mobilize the global private sector in poverty reduction efforts. The Commission was co-chaired by Paul Martin of Canada and Ernesto Zedillo, former President of Mexico.

Released on March 1, 2004, the Commission's final report, *Unleashing Entrepreneurship: Making Business Work for the Poor*, recognized that

- small and medium-sized enterprises (SMEs) in developing countries can drive job creation, innovation and growth.
- in many countries, however, entrepreneurs operate at the margins of the formal economy without access to the legal system, or to financial and other resources needed to become more productive, innovate, or expand.

The Report recommended that

- developing and developed country governments reform public laws, regulations and other barriers to growth, particularly through measures to reduce informality, and to reform the overall private sector enabling environment in developing countries;
- the public and the private sector cooperate and form partnerships to help entrepreneurs access key inputs such as financing, skills and basic services; and
- the global private sector, including multinational corporations, develop commercially sustainable business models for contributing to poverty reduction.

The Commission's recommendations have been endorsed by Secretary-General Annan, and also by the G8 leaders in the *G8 Action Plan: Applying the Power of Entrepreneurship to the Eradication of Poverty*, at the Sea Island summit.

Canada's Follow-up

Canada will do more to enable developing countries, particularly those in Africa, to build their private sectors, make markets work for the poor, and compete globally. Work already underway, in addition to the Canada Investment Fund for Africa to be launched in 2005 (see page 18), includes:

Egypt: One-Stop Shop for Small Business

As part of CIDA's Small Business Support Project in Egypt, the fee-based One-Stop Shop facilitates the issuance of business licences in the Governorate of Dakahlia and has reduced approval times from one year in 1999 to just 14 days. This model has proven to be effective and sustainable and is now being replicated across Egypt.

Bangladesh: Local Enterprise Investment Centre

CIDA is providing funding to establish a Local Enterprise Investment Centre in Dhaka, Bangladesh. The Centre will help SMEs invest in partnership arrangements with domestic or foreign companies that will provide local SMEs with new technologies, knowledge and skills needed to grow and expand their operations and products.

Mozambique: Supporting Smallholder Farmers

Canada is one of the largest contributors (\$20 million over five years) to the multidonor pooled fund supporting Mozambique's agricultural sector public expenditure program, known as PROAGRI. The program supports the efforts of smallholder farmers and the private sector to increase agricultural productivity, agro-industry, rural entrepreneurship and rural finance. In Mozambique, the agriculture sector involves 75 percent of the workforce and 26 percent of economic activity.