

Open space I

Priming the private sector to contribute to national development

"...It is of vast importance that our people reach some general understanding of what the complications really are, rather than react from a passion or a prejudice or an emotion of the moment. It is virtually impossible at this distance merely by reading, or listening, or even seeing photographs or motion pictures, to grasp at all the real significance of the situation. And yet the whole world of the future hangs on a proper judgment."

Surveying the wrecked economies of Europe, Marshall noted the "possibilities of disturbances arising as a result of the desperation of the people concerned." He said that there could be "no political stability and no assured peace" without economic security, and that U.S. policy was "directed not against any country or doctrine but against hunger, poverty, desperation, and chaos."

General George C. Marshall,
Outlining the Marshall Plan in an address at
Harvard University on June 5, 1947

Introduction

Success stories of private sector led economic development are universal. Examples of PS development in Vietnam, China, Philippines, the tiger economies, Emirates, Kenya, Ethiopia, Botswana, Egypt, Uganda, South Africa, Mozambique etc, ... Globalisation has demanded that nations, polities and societies can act alone... they must be part of this deregulated international market system which neither states nor societies have a say on. We define PS development as enhancing

- Enhancing productivity of the poor – increasing outputs of farms, small scale enterprises and markets of the poor;

- Microfinance has been the main instrument of poverty alleviation for which the world has recognised its founder with a Nobel Prize. This has to be taken to the next step to provide the pedestal for sustainable poverty alleviation;
- Human qualities development can be promoted in faster way through the PS, promoting educational institutions, health facilities and livelihood security;
- Market development to take it out of an inefficient, almost barter system, into adding value that would raise resources for development;
- Financial capital development: the PS would be able to bring in FDI in addition to the donor provided funds for development;
- The private sector owns the media and therefore has tremendous influence on informing people on national development issues, their developmental and human rights and expose bad practices;

WHO and HOW

Thomas's presentation to the opening session of the Bonn CD Workshop, CD is an **ENDOGENOUS CHANGE PROCESS**. Any meaningful CD support needs to start from existing capacities and work with the assets that any country brings to the table. Above all, it should support and engage with processes that are driven by country-level initiative. HOW and WHO should do the PS do this?

1. While States and CSOs have definite role in national development (**ownership**) the PS contributes as the engine for national development through creating capital – human, financial and good and services (**MfDR**);
2. Public-Private Partnerships provide for **ownership, harmonisation, alignment, MfDR and mutual accountability**. The linkages are well informed by the nexus between governance, market and civil society sector and media which is in the hands of businesses (**mutual accountability**);
3. States create the enabling environment (**harmonisation and alignment**) for PS development and generate the resources through tax and royalties, needed for national development. It

also enforces the Rule of Law that creates the checks and balances in PS versus the state and people (**accountability**);

4. States create the regulatory environment for a vibrant private sector (**ownership, harmonisation and alignment**) and CSOs such as labour unions and professional associations, which provide the voice of the people.