



(issued by the Steering Committee of the Private Sector Track on 10 May)

PROMOTING OPPORTUNITY, GROWTH AND DEVELOPMENT

The Fourth UN Conference on the Least Developed Countries (LDCs) has brought together governments, civil society and the private sector in a unique forum to exchange ideas and recommendations to address the pressing need to promote opportunity, growth and development in the LDCs. The private sector is poised to build on the strong economic growth in many LDCs in the last few years and is convinced that substantial private investment will flow to the countries that can establish conducive business environments and a level playing field. To that end, the private sector offers the following recommendations:

I. Commit to Growth and Opportunity

The LDCs hold enormous potential to become more prosperous, globally competitive economies. But in order to realize that potential, each country needs to commit to promoting growth and opportunity, take control of its own development and ensure national ownership of the development process. Economic development must be home grown and reflect its history, culture, circumstances and context. This commitment to growth and opportunity is the first step for promoting business confidence.

II. Support Entrepreneurship and Private Enterprise

Open markets and private enterprise are critical for development. No other human activity matches private enterprise in its ability to assemble people, capital and innovation in order to create productive jobs and produce goods and services profitably – the source of wealth creation. LDC's need to encourage and enable responsible and sustainable business, entrepreneurship and small and medium-sized enterprises, and ensure a fair, competitive playing field for all business.

III. Establish a Conducive Operating Environment

All forms of private enterprise – domestic markets, foreign investment and international trade – require an operating environment conducive to growth and development, including: peace and stability, the rule of law, good governance with accountability and transparency, the absence of corruption, adequate infrastructure, an educated workforce, clear property rights and enforceable contracts. As the top priorities, LDC's must work to establish peace and stamp out endemic corruption where they exist. Creating the right conditions for private enterprise may require strategic reforms to long-standing regulatory practices and may challenge the economic, political and social status quo of an economy, but doing so is absolutely essential to unlocking the full potential of private enterprise and open markets in a way that can promote economic growth, environmental protection and social development.

IV. Promote Domestic Markets and Capital Formation

For most countries – developed and developing – the main source of economic growth and job creation is a competitive domestic market and particularly the creation of small and medium-sized enterprises. Nurturing and supporting domestic growth should be central to any development effort. LDC's need to set the right framework to encourage domestic savings and investment, including stable macroeconomic policies that limit capital flight, reliable government data on market conditions, sound information disclosure practices and clear and efficient regulatory frameworks for doing business that reduce informality (getting a license, hiring workers, obtaining permits and paying taxes). In order to increase access to capital, LDC's should promote domestic stock exchanges and bond markets, and support capital market information flows.



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V. Invest in Infrastructure, Connectivity and Workforce Development

Railroads, highways, and information and communications technology – the basic tools of transportation and communication – are essential links between regional and international markets, supply chains, and value chains. Improved coordination between public and private investment in infrastructure can have a multiplier effect on development assistance. As competitive economies also require a well-educated workforce with access to advanced skills, training, and differentiated expertise, LDCs should build up their science, technology, engineering, and mathematics educational resources and vocational skills training capabilities.

VI. Encourage Foreign Investment

LDC's should complement efforts to develop domestic markets by promoting inward foreign investment, both of which require the same conducive operating environment. Foreign investment is a vital source of capital as well as increased competitiveness and productivity in the national market, and are also a source of significant secondary job creation by domestic enterprises. Given that the majority of foreign investment is directed to larger markets for domestic consumption, smaller LDCs should promote regional integration in order to create larger, regional markets that will attract more foreign investment.

VII. Increase International Trade

Just as open domestic markets are critical for development, open international markets are also critical to realizing the growth potential of LDC's. As a priority, all governments should work to reduce trade barriers and successfully conclude the Doha Development Round at the earliest opportunity. LDC's should also seek to develop regional and South-South trade. LDC's should invest in transportation infrastructure, improve the efficiency and transparency of customs and transit systems.

VIII. The Power of Partnerships

Effective partnerships between and among governments, the private sector and civil society are particularly useful in addressing complex and inter-related challenges. Such partnerships have proven vital in areas where no single actor can successfully address an issue on its own. The private sector recognizes the power of partnerships and is increasingly taking the lead to initiate them.

IX. The Role of the International Community

The international community should coordinate development assistance to ensure that the impact of aid is fully felt by the recipient country and should be invested in helping LDC's establish conducive operating environments for entrepreneurship and private enterprise. Beyond financial assistance, the international community should create appropriate and relevant incentives and benchmarks for effective development and promote active information sharing among LDC's about successful efforts.

The private sector stands ready to work as a partner with governments and other actors to advance these recommendations and achieve the full potential of the LDC's.