

Introductory Remarks at
the Private Sector Development Workshop
*“Unleashing Entrepreneurship:
Mobilizing Human, Financial, and Social Capital”*

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Distinguished guests, friends and colleagues—good morning to you all and welcome. On behalf of IDRC, allow me to say that it is a privilege and a pleasure for us to join you in this important conference.

I call this conference important, but in fact that is an understatement. The harsh truth is that in the international development community—and here I include government ODA and research organizations along with NGOs—we have for too long neglected the business sector as essential participants in generating economic growth in developing countries.

There are several reasons for this costly failure. Some of the reasons are rooted in the general preference of public servants and political leaders for dealing with other public servants and political leaders; overall, development policy has been shaped in a culture of insiderism that has too often excluded developing-country entrepreneurs. I suspect other explanations reflect our long-standing concentration on the redistribution of wealth in developing countries, with too little attention to wealth creation for development.

I might add that we in the donor countries forget our own history when we ignore the underpinnings of wealth creation in developing economies. Our countries grew prosperous, in large measure, by mobilizing investment in roads, railways, energy, and the other infrastructure basic to fostering lively and creative entrepreneurship.

In any event, we are now engaged in an overdue and urgently needed corrective phase. Some government aid agencies (CIDA among them, to its credit) are explicitly recognizing the place of the private sector generally—and entrepreneurship specifically—in accelerating economic growth for development that is sustainable and equitable.

Aileen Carroll, Canada's Minister for International Cooperation, convened a valuable round table on these issues in February. At CIDA, private sector development has been adopted as a programming priority. For our part, we in IDRC are committing significant new funding to support research on the critical and practical questions that still need to be answered.

It is plainly apparent, for example, that good governance is a prerequisite to unleashing entrepreneurship for development. Good governance, in this context, simply means democratic rule-making that achieves a balance between economic efficiency—wealth creation—and social justice. Good governance strikes the productive balance between vibrant markets and fairness.

But what exactly constitutes good governance in the particular circumstances of a particular country? And specifically, what are the public policies most likely to mobilize domestic savings for investment in private-sector growth?

I stress good governance not least because we can all see the calamities that befall a country without good governance—even a country endowed with natural resources. Indeed, ungoverned natural resources are a curse: an invitation to pillage and warfare, in which the prevailing private enterprise is a murderous criminality.

Our conference sessions point to many of the compelling research questions surrounding this governance challenge of achieving efficiency and equity: questions about financing the energies of entrepreneurship; about disseminating the potential of ICTs; about understanding the dynamics of remittances from national diasporas; about pursuing objectives spelled out in the Martin-Zedillo report; about cultivating rural enterprise; and about realizing the immense benefits of true collaboration between local communities, small and medium-sized firms, and global corporations.

Again, I welcome and salute you all for your contributions to this conference. Your work is timely—and the need is pressing.

Thank you.