

9.1. Philippines Press releases:

Impressive RP delegation to UN regional confab on entrepreneurship

The Philippines has put together an impressive delegation to the upcoming East Asia Sub-regional Workshop on the United Nations (UN) Report on *“Unleashing Entrepreneurship: Making Business Work for the Poor”* on April 21-22 at the Makati Shangri-La Hotel.

The United Nations Development Programme (UNDP), which is organizing the event with the Philippine Business for Social Progress (PBSP), confirmed today that Sec. Imelda Nicolas, Lead Convenor of the National Anti-Poverty Commission (NAPC) and President of the Women’s Business Council of the Philippines (WBCP) will lead the delegation that include Ramon del Rosario Jr., President, Phinma Group; Ricardo S. Pascua, National Co-Chair, Bishops Businessmen’s Conference (BBC); Patricia Calilong, Associate Director, PBSP; Raul C. Hernandez, Vice President SME and Quality and Productivity Environment, Philippine Chamber of Commerce and Industry (PCCI); Antonio R. Santos, Chair, Mindanao Business Council (MBC); David Laurel, Manager, Nestle Philippines; Marc Castrodes, Office of the Presidential Consultant on Entrepreneurship; Zorayda Mel Alonzo, Undersecretary, Dept. of Trade and Industry; Susanita Tesiorna, Informal Sector Representative, NAPC; Emmanuel Buendia Portfolio Manager for Governance, UNDP; and Joey Sescon, Programme Associate for Empowerment of the Poor, UNDP.

According to UNDP Resident Representative Deborah Landey, this workshop “affirms the commitment of the UN to push further the agenda of the Millennium Development Goals (MDGs) to halve global poverty by 2015 by bringing together representatives from the private sector, government, civil society and the informal sector in a forum that will discuss the agenda to unleash the full economic and social potential of small and medium businesses employing and serving the poor especially those from the bottom of the pyramid (BOP)”.

UN Secretary General Kofi Annan created a Commission on Private Sector and Development (UNCPSD) in 2003 to prepare the report on unleashing entrepreneurship. The Commission was asked to tackle two questions: (1) How can the potential of the private sector and entrepreneurship be unleashed in developing countries?; and (2) How can the existing private sector be engaged in meeting the challenge?

The report offers recommendations on how the major actors----governments, public development institutions, the private sector and civil society organizations---can modify their actions and approaches to significantly enhance the ability of the private sector to advance the development process.

An equally impressive lineup of speakers will be at 2-day workshop. UN Assistant Secretary General and Assistant Administrator and Regional Director of the Bureau for Asia and the Pacific of the United Nations Development Programme (UNDP), Dr. Hafiz Pasha, will deliver the keynote address.

The report on “Unleashing Entrepreneurship” will be presented by Kwame Pianim, member of the UN Commission on the Private Sector and Development (UNCPSD). Pianim is a Yale-educated economist from Ghana. He is a successful management and investment consultant with diversified work experience in the international areas and in the private and public sectors of Ghana.

Vice President Noli de Castro will deliver the inaugural address. Jose “Joey “ Concepcion III, president and CEO of Republic Flour Mills and recently appointed Presidential Consultant for Entrepreneurship will deliver a message in behalf of the private sector during the opening ceremonies. Ramon del Rosario Jr. will present the Philippines’ positioning and experience in the

light of the UN report on “Unleashing Entrepreneurship”. Sec. Imelda Nicolas will close the workshop.

The Asian Development Bank (ADB), International Finance Corporation (IFC), Australia and New Zealand Banking Group Ltd. (ANZ), Energy House, SMART Communications Inc. , GLOBE Telecoms and participating countries will share experiences on how the “wealthy” private sector can work with the poor at the BOP.

East Asian countries, namely, Afghanistan, Cambodia, China, the Democratic Peoples Republic of Korea, Indonesia, Laos, Malaysia, Mongolia, Myanmar, the Philippines, Republic Of Korea, Thailand, Timor Leste and Viet Nam will be represented in the workshop.

Unleashing Entrepreneurship: Making Business Work for the Poor

The United Nations Development Programme (UNDP) in the Philippines and with the full support of the private sector will host the launching and workshop on the UN report on “*Unleashing Entrepreneurship: Making Business Work for the Poor*” for the East Asia Sub-region on 21-22 April 2005 at the Makati Shangri-La Hotel.

With the Millennium Development Goals (MDGs) challenge to halve global poverty by 2015, United Nations Secretary General Kofi Annan created a Commission on Private Sector and Development in 2003. The Commission was asked to tackle two questions: (1) How can the potential of the private sector and entrepreneurship be unleashed in developing countries?; and (2) How can the existing private sector be engaged in meeting the challenge?

In its final report, the Commission offered recommendations on how the major actors--- governments, public development institutions, the private sector and civil society organizations---can modify their actions and approaches to significantly enhance the ability of the private sector to advance the development process. It identified and addressed the legal, financial and structural obstacles blocking the expansion of the indigenous private sector in developing nations----especially in the poorest regions and communities in those countries. The report estimates that as of 2002, about four (4) billion people worldwide live at the bottom of the pyramid (BOP).

The report on Unleashing Entrepreneurship puts emphasis on expert assistance and regulatory reforms aimed at smaller scale indigenous enterprises that in most countries are the primary engine of job creation and domestic commerce. The report was shaped by the following overriding concepts: (1) strong expansion in sustainable private sector investment is the main driver of accelerated economic growth essential for poverty reduction; (2) domestic private initiative and entrepreneurship, particularly within the small and medium enterprise segment and the informal sector have enormous potential but these are largely trapped in disabling environments; (3) governments need to create an enabling environment for competitive private sector to develop including the rule of law and a level playing field; (4) Private sector players must nurture and build links with local entrepreneurs and smaller companies; and (5) to ensure progress towards the MDGs, government, development institutions, private sector and civil society need to collaborate fully for the expansion and use of private sector capabilities.

OP-ED Article

Unleashing Entrepreneurship: Making Business Work for the Poor

From April 21-22, the United National Development Programme (UNDP) will be hosting in the Philippines the East Asia Sub-Regional workshop on the UN Report on Unleashing Entrepreneurship: Making Business Work for the Poor. Fourteen (14) countries in East Asia are expected to tackle this UN report that offers recommendations to the global challenge of poverty eradication.

Halving global poverty by 2015 is the overarching goal of the Millennium Declaration (MD), the historic document signed in September 2000 by 189 member-states of the United Nations (UN) that pushed the agenda for the eight (8) Millennium Development Goals (MDGs) to ensure that development initiatives are effectively eradicating poverty and promoting sustainable human development.

Ten (10) years from now, which is not too faraway, the developing world will be judged on how well it has performed and how the developed countries have truly supported the poor countries in terms of the targets set by the MDGs.

The task is formidable. Despite great progress in some countries and regions, deep poverty remains stubborn and intractable. Substantial gains in some countries have been accompanied by deep losses in others, and far too many people still earn less than US\$1 a day, suffer from hunger and lack of access to water, sanitation and energy. As of 2002, an estimated 4 billion people worldwide lived at the bottom of the pyramid (BOP), people who earn less than US\$ 1,500 a year.

In the Philippines alone, there were 23,509,648 Filipinos or 30.4% of the population living below poverty line as of the 2003 national survey. There were 10,670,897 subsistence poor Filipinos (below the food poverty line) or 13.8% of population.

It was on this note that in 2003, UN Secretary General Kofi Annan created a Commission on the Private Sector and Development. Grounded on empirical evidence from Latin America, Asia and Africa that **sustained** economic growth is linked to strong private investment and growth **if** translated into incomes for the poor reduces poverty, the Commission was asked to tackle two questions: (1) How can the potential of the private sector and entrepreneurship be unleashed in developing countries?; and (2) How can the existing private sector be engaged in meeting the challenge?

The result is the Commission's report on "***Unleashing Entrepreneurship: Making Business work for the Poor***" that was submitted to the UN Secretary General in March 2004. The report offers recommendations on how the major actors---government, public development institutions, the private sector and civil society organizations (CSOs)---can modify their actions approaches to significantly enhance the ability of the private sector to advance the development process.

Unleashing Entrepreneurship offers the strongest argument that sustainable private sector investment is the main driver of accelerated economic growth essential for reducing poverty and making rapid progress towards the MDGs. Small and medium enterprises and the informal sector can be the engines job creation----seedbeds of innovation and entrepreneurship.

But this is where the big challenge comes in. The private sector through its engine of entrepreneurship faces numerous constraints, especially in developing countries. Three (3) major structural challenges confront the private sector in all developing countries, to varying degrees: (1) microenterprises and many small and medium enterprises operate informally; (2) many small and medium enterprises have barriers to growth; (3) a lack of competitive pressure shield larger firms from market forces and the need to innovate and become more productive.

In other words, there is widespread informality for microenterprises, there are few competitive small and medium small enterprises and there is lack of competitive pressure on large companies.

Small and medium enterprises and the informal sector can be engines of job creation---seedbeds for innovation and entrepreneurship. But in many poor countries, these are marginal in the domestic ecosystem. Many operate outside the formal legal system, contributing widespread informality and low productivity. They lack access to financing and long-term capital, the base that companies are built on. They are not integral to the value chain, they create low or little value.

The case of the Philippines is again worth noting here. A 2001 national survey shows that 91.6% of enterprises in the Philippines are microenterprises, only 7.6% are small, 0.4% are medium and 0.4% are large. A structure such as this demonstrates the wide disparity of businesses here. It is a structure that can also explain the phenomenon of widening income disparities in the country.

What can be done? The report on Unleashing Entrepreneurship offers courses of action that are based on the foundations of private sector development, namely, the global macroenvironment, the domestic macro environment, physical and social infrastructure and the rule of law; and the pillars of entrepreneurship which are the leveling of playing field and access to finance, skills and knowledge.

This calls for reform of laws, regulations and other barriers to growth; facilitation of partnerships and cooperation between public and private players to enhance access to productive resources; encourage the development of business models that can be scaled up and replicated and that are commercially sustainable.

Recognizing the size and complexity of the challenge, government, the private sector and CSOs must work together to eliminate the barriers that have kept energies and opportunities for entrepreneurship untapped for so long. Some countries that have chosen to take this path earlier, many of them in Asia, have shown the way for those who remain beset by poverty.

‘UNLEASHING ENTREPRENEURSHIP: MAKING BUSINESS WORK FOR THE POOR’

“We need to build a true development coalition in which all the actors play mutually supportive roles -- governments, public development agencies, the private sector, civil society organizations and labour unions”, Kofi Annan, United Nations Secretary-General, said at the launching of the report of the Commission on the Private Sector and Development, entitled “Unleashing Entrepreneurship: Making Business Work for the Poor”.

The document was presented to the Secretary-General by the Commission’s co-Chairs, Prime Minister of Canada Paul Martin and Mexico’s former President Ernesto Zedillo. Also

participating in the presentation was the Administrator of the United Nations Development Programme (UNDP), Mark Malloch Brown.

Calling for targeted policy reforms and initiatives to promote local businesses that are critical to the eradication of poverty in the developing world, the report draws on the expertise of the Commission's 15 members, who include internationally recognized leaders in business, development economics and government from both the industrialized and developing countries.

Engaging the Private Sector

Mr. Annan pointed out that in the work for development the United Nations had only sporadically tapped the power that could be drawn from engaging the private sector. Convening the Commission on the Private Sector, he had challenged it to identify ways to engage the private sector in developing countries, with a view to unleashing the entrepreneurial and creative potential of their own people. And he was "delighted that the Commission has risen to the task".

As time was a critical factor in the battle against poverty and in the work to reach the Millennium Development Goals, the Secretary-General said he was heartened that the launch of the Commission's recommendations would be followed by a plan of action and a set of initiatives, to be developed further as catalysts for action.

Those initiatives, would include projects driven by the United Nations, and others conceived and managed by the Organization's development partners, members of the Commission, the private sector and international development institutions. The report also in many ways complements the efforts of the Global Compact -- the United Nations' corporate citizenship initiative, which brings together companies, non-governmental organizations and trade unions, with the common purpose of fostering action in support of universal values.

Call to Action

Presenting the report, Prime Minister Martin said that it was more than an analytical treatise or a collection of facts and statistics -- it was a "call to action". As spelled out in the document's opening paragraph, the most pressing challenge of the twenty-first century was to end poverty; to realize, in human terms, the aspiration of the Millennium Development Goals. The 1.2 billion people -- one fifth of the people on earth -- living on less than \$1 a day was a staggering number. "Imagine row upon row of people, of all ages, of all ethnic makeup, representing the full breadth of humanity, living in abject poverty", he said. That was the moral impetus behind assisting the developing world.

Entrepreneurship must flourish: Elements

For too long, he continued, development specialists had overlooked or downplayed the role of entrepreneurship in creating economic growth, providing employment and increasing productivity. Local small businesses and the informal, village-based micro-enterprises were the key players in the development effort. They were the local employers. They were driven by the energy, innovation and dreams of a single person, a single family, or a small firm starting from scratch. "All finding their niche, creating local employment; paying local wages, meeting local demand. All with a potential to grow, to forge linkages with other businesses, small and large, and to drive the national economy forward as they expanded to new markets." Unleashing local private enterprise -- supported by strong, indigenous democratic institutions -- was a new pillar of development.

He said that for small businesses to flourish and provide the jobs and income to build a more equitable and prosperous society, they needed cross-cutting partnerships on the domestic and

international levels, which should involve micro-entrepreneurs, multilateral development institutions, civil society and large-scale private sector companies. Here the international community could assist. Through new ideas, best practices, innovative approaches — many of which were outlined in the report — it was possible to stimulate new thinking and new action among all those who had a role to play in development.

Local private businesses needed predictability, assurances of even-handedness and a level-playing field, he said. They also needed the rule of law and a regulatory regime which aimed to facilitate, rather than stifle, entrepreneurial activity. He also noted the need to support knowledge and skills acquisition in developing countries. Multinational corporations with branches in developing countries could play an important role by mentoring, training and assisting local businesses through their knowledge and expertise. It was possible to do more by facilitating linkages among multinational corporations and small- and medium-sized enterprises.

Also emphasizing the importance of the private sector's contribution to sustained economic growth, Mr. Zedillo said that one could find small entrepreneurs working hard to provide for their families in “any shantytown or village in a developing country”. As useful as that version of the private sector was in providing some employment and income to large masses of people, however, it was not enough to defeat their poverty.

It was a strong proposition of the report that in many developing countries the private sector failed to rise to its potential because property rights weren't truly protected and government regulation of businesses was excessive and of bad quality. The obstacles included the lack of legal status and title to property, red tape, difficulties in obtaining credit or registering a business, cumbersome taxation rules and corruption.

Other key elements

Needless to say, effectively addressing those issues was not all that a country must do to overcome underdevelopment, he continued. Other key elements, such as good governance, macroeconomic discipline, open markets and sufficient investment in physical and social infrastructure, must be put into play. In the case of poorer countries, generous international assistance was certainly needed. However, if entrepreneurship was not allowed to flourish, progress was almost impossible, even if the other ingredients were in place.

The message was precise and should be compelling: poverty would remain intractable in countries lacking a vigorous domestic private sector. Therefore, the impediments to its development must be removed. To that end, the report outlined a series of policy recommendations for the governments of the developing countries themselves — where the primary responsibility indeed lay — as well as actions to be taken by the multilateral institutions, civil society organizations and the private sector itself.

Of course, he added, the document in no way intended to provide a blueprint for private sector development in every developing country. The members of the Commission had just tried to describe the general sense of direction that the reform process must follow in the pursuit of a domestic private sector that truly served to expand opportunities for the poor.

Critical to MDGs

Mark Malloch Brown, Administrator of the UNDP, added that the Commission's report was part of the continued “intellectual revolution” at the United Nations. It was a reflection of the Organization's picking up important issues, which were critical to the achievement of the

Millennium Development Goals. Unless there was a vigorous private sector in poor countries, those goals would not be met. For the UNDP, the report added “another leg to the table” of its total vision of the development strategy, and the Programme was proud to have been able to support it. It showed how to build businesses “from the bottom up” in poor countries, creating jobs and services for the poor in the process.

Responding to a question regarding the responsibilities of the multinational private sector, Mr. Martin said that while the focus of the report was on the development of an indigenous domestic private sector, entities of the multinational private sector could provide mentoring and training, for example. Also, large multinational corporations in their home countries benefited from local business sources. When operating in developing countries, they should also seek to source from local enterprise and facilitate its access to large financial and consumer markets.

Mr. Zedillo added that there was no conflict between domestic and multinational private sectors. There were enormous synergies, which, unfortunately, were sometimes not taken advantage of. It was necessary to create a proper environment for the local businesses to prosper. Domestic reforms were needed, and it was necessary to establish proper rules and institutions in that respect.

Asked which of the two countries — Canada or Mexico -- could be cited as an example for developing countries to emulate, Mr. Zedillo replied that the report had not set an objective of making comparisons and measuring indicators of the business environment in every single country. At the country level, it was important to see what kind of local adaptations could be implemented in order to emulate the best practices.

Mr. Martin said that within Canada he could cite several examples where the provinces with a long history of local entrepreneurship became much wealthier than others.

A correspondent asked what corporations intended to respond to the report’s recommendations with particular initiatives. Mr. Malloch Brown replied that Hewlett-Packard Company already had a major programme on the “bottom-of-the-pyramid” business development and services provision. In follow-up to the work of the Commission, the UNDP would be looking at ways to work with individual companies. It also had partnership relations with Microsoft and many others.

The idea was to use the report as the basis for future action, he said. Both within the Commission membership itself and through today’s launch appealing to a wider number of businesses, including members of the Secretary-General’s Global Compact, he hoped to see “plenty of pick-up of the recommendations of this report”. It was important to create a virtuous circle where multinational corporations would act not as destroyers of local business, but as partners and generators of local business development.

Asked about the negative effects of globalization, Mr. Martin said that there was no doubt that the gap between the rich and the poor had actually increased. In today’s world, the old answers did not apply anymore. It was for that reason that the Commission’s report had sought to find new approaches to the problem of globalization. Growth had to come from local vision, and the response of the great corporations in the developed economies should be positive in that respect. It was also necessary to look at the reasons why the developed economies had done so well.

Looking at the situation from the point of view of a developing country, Mr. Zedillo added that, in the developing world, some countries had been very successful in achieving rapid growth and overcoming poverty over the past 20 years. Indeed, there were some factors under the control of the developed countries and multinational corporations that influenced the development of poor

countries. But, it was important to remember that primary responsibility for development lay with the developing countries themselves. Rich countries should do their part, but, more frequently than not, policy failures could be found in the developing countries themselves.

Responding to a question about Canada's plans for the implementation of the Commission's recommendations, Mr. Martin said that they would become an important part of the country's foreign aid thrust. In fact, later in the day, Canada was going to announce two initiatives that flowed directly from the report. Canada had agreed to work with the United Nations in putting together "a sort of brokerage arrangement" to promote development of the private sector in developing countries. The country also intended to fund a local enterprise centre in Bangladesh, which would provide "one-stop shopping" for indigenous small businesses there.