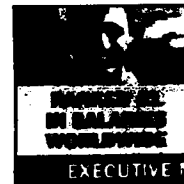




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BYLINE: By Felicity Barringer New York Times

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UNITED NATIONS -- Nearly a decade after microfinancing took hold as a method of stimulating the growth of grass-roots private sectors in developing countries, the United Nations is beginning a new effort to support entrepreneurial efforts that could help lift countries out of poverty.

Secretary-General Kofi Annan said on Saturday that a new commission would work to eliminate the institutional, legal and cultural roadblocks that could inhibit the development of small and medium-size businesses in poor countries.

The co-chairmen are Ernesto Zedillo, the former president of Mexico and the current director of Yale University's Center on Globalization, and Paul Martin, a member of the Canadian Parliament and a former finance minister.

"This is yet another illustration of the rapidly growing ties between the United Nations and the private sector," Annan said at a news conference.

The creation of such a commission, with its emphasis on developing the free market and on deregulation, underlines a new willingness at the United Nations to experiment with concepts and practices that have often been distasteful to the nonprofit institutions with which the international organization has worked most closely over the years.

Referring to the internationally endorsed goals of the United Nations for improving health, education and living standards in developing nations by 2015, Annan said: "We cannot reach these goals without the support of the private sector. Most of all, we cannot reach them without a strong private sector in the developing countries themselves, to create jobs and bring prosperity."

Speaking at the news conference, Martin said: "Whatever else we do to help the poor, local entrepreneurs have the power to create the greatest change for their countries. The entrepreneurial spirit is everywhere. It does not have to be imported. Visit the smallest town in the poorest country on market day and you will see the private sector at work."

Among the commission's members are Jorge Castenada, the former Mexican foreign secretary; Luisa Diogo, minister of planning and finance of Mozambique; Rajat Gupta, a senior partner at McKinsey & Co.; and Carly Fiorina, the chief executive of Hewlett-Packard.

Among the issues the commission intends to examine, the co-chairmen said, will be how to create legal underpinnings for businesses -- often a major issue in societies where private property may not be a legal concept -- as well as questions of credit and trade.

Mark Malloch Brown, the director of the United Nations' Development Program, said on Friday, "The business of building a business sector in developing countries, is, I think, the critical next challenge in development, the way that democratic governance was so much the challenge for us in the last few years."

He predicted that some of the commission's blueprints for building a private sector would quickly be turned into pilot programs to test their merit.

Zedillo said the commission's investigation would be undertaken with the understanding that "there is not such a thing as a silver bullet for development."

"Of course," he added, "we need private investment, but we also need democracy, we need the rule of law, we need sound macroeconomic policies -- financial, tax and otherwise. We also need free trade."

That last item is a source of constant friction between countries like France and the United States, which offer significant subsidies for some portions of their domestic food and textile industries, hampering the ability of developing countries to compete.

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