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ECCLA - Exchange and Cooperation Centre for Latin America

CECAL - Centre d'Echanges et Coopération pour l'Amérique Latine

CICAL - Centro de Intercambios y Cooperación para América Latina

FORUM MONDIAL DE LA SOCIETE CIVILE

(www.worldcivilsociety.org)

Centre International de Conférences de Genève – CICG,
14 – 19 juillet 2002

SECTEUR PRIVE ET DEVELOPPEMENT

lundi 15 juillet 2002 – 16h00/17h30

Salle 2

Conférenciers :

Mr. Bruno Gurtner, Swiss Coalition of NGOs
Mr. Michel Celi Vegas, Exchange and Cooperation Centre for Latin America (ECCLA) (*)
Mr. Papa Demba Thiam, Organization for Economic Cooperation and
Development (OECD)
Mr. Martin Epp, Helvetas
Ms. Lorraine Ruffing, United Nations Conference on Trade and
Development (UNCTAD)

(*) Résumé de la présentation de M. Michel CELI VEGAS

Dans un monde interdépendant, bouleversé par les changements de la mondialisation, la société civile et le secteur privé deviennent des acteurs prioritaires des Etats pour établir les modèles du développement économique.

La diversité des opportunités commerciales et financières mises à disposition par le secteur privé, peut semer les bases d'un développement durable si elle est complémentaire aux attentes des acteurs de la société civile. Ceci implique une meilleure utilisation des ressources naturelles, humaines, technologiques et financières. Les réseaux permettant aux entreprises de transférer la technologie, par le biais de divers mécanismes de partenariat, sont complémentaires à l'expertise et à la connaissance du terrain des acteurs de la société civile. Les projets de développement durable, de la micro finance, des nouvelles technologies de l'information et de la communication représentent les piliers que la société civile et secteur privé doivent définir comme prioritaires.



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WORLD CIVIL SOCIETY FORUM

« Private Sector and Development »

CICG, Room 2

Mr. Michel CELI VEGAS

President of ECCLA

Geneva (Switzerland) 15th July 2002



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CONTRIBUTION OF PRIVATE SECTOR AND CIVIL SOCIETY: ECONOMIC DEVELOPMENT MODELS

- Objectives must be complementaries
- Multi-institutional and Pluridisciplinary Partnerships
 - Platform of exchanges
- Impact on decisions taken by the States and International Organizations
 - Consequences on the International Community



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ADVANTAGES OF THE PRIVATE SECTOR

- Promotion of Economic Development
 - New products, services and markets
 - Merges Companies
 - Transfer of new technologies
- Commercial, industrial and technological Partnerships



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ADVANTAGES OF CIVIL SOCIETY

- Works as a link
- Expertise and diversity
- Knowledge of local communities and territories
- Defense of main principles
- International Networking

OBSTACLES TO BE REDUCED OR ELIMINATE

- Technical and financial resources missing
 - Diversity of sectors and countries
- Minimum Capacity of Government
 - Political instability
 - Markets instability



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CRITERIAS TO USE THE INSTRUMENT

- Participation of local authorities
 - Incorporation of local population
 - Decentralization of decisions
- Coordination with others institutions
- Active participation in political economy



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PRIORITIES OF PROJECTS

- Sustainable Development
 - Microfinance
- New technologies of information and communication



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CONCLUSIONS

- Improving of national institutions
- Credibility of organizations of social society
 - Help for enterprises in rural zones
- Responsibility sharing of Government and International Organizations



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DEVELOPMENT

PRIVATE SECTOR

CIVIL SOCIETY

Summary: Joint Session between the Working Group on Civil Society – Private Sector Relations and the Working Group on Human Development

Private sector and development

Time: 15 July 2002, 16:00-17:30
Location: ICCG 2
Moderator(s):
Presenters/ Participants:

- Mr. Michel Celi Vegas, [Exchange and Cooperation Centre for Latin America](#) (ECCLA)
- Mr. Martin Epp, [Helvetas](#)
- Mr. Bruno Gurtner, [Swiss Coalition of Development Organisations](#)
- Ms. Lorraine Ruffing, [United Nations Conference on Trade and Development](#) (UNCTAD)
- Mr. Papa Demba Thiam, [Organisation for Economic Co-operation and Development](#) (OECD)

Reporters: Cosima Strasser (ICVolunteers), Gabrielle Gerelle (ICVolunteers)
Language: English

The Joint Session between the Working Groups on Private Sector Relations and Human Development brought up surprisingly few controversial issues. The speakers agreed on the importance of the private sector, yet each one of them emphasized a unique issue.

Mr. Bruno Gurtner, representative of the Swiss Coalition of NGOs, stressed the impact that small to medium-sized enterprises have on the development of economies. Mr. Martin Epp of Helvetas talked about the importance of decentralizing decision-making and financial power. Mr. Michel Celi Vegas of *Centre d'Echanges et de Cooperation pour l'Amerique Latine* (CECAL), emphasized the formation of a civil society and cultural change within that society as intrinsic elements of a country's economic transformation. Ms. Lorraine Ruffing of the United Nations Conference on Trade and Development (UNCTAD) declared that corporate social responsibility is the basis of all sustainable economic development. She called for monitoring and standardized reporting in order to verify corporate social responsibility—something the business world is strongly opposed to.

Importance of small to medium-sized enterprises for the development of economies

For Mr. Gurtner, the role that the private sector, both foreign and domestic, plays in the development of a country's economy is essential. He outlined briefly the Monterrey consensus on the development partnership, which is based on a mutual responsibility between developed and developing countries and the cooperation of their public, private and civil sectors.

Mr. Gurtner mentioned the role that Foreign Direct Investment (FDI) plays in developing countries. To assure the durability and positive impact of these investments, Mr. Gurtner stressed that social and environmental standards must be respected.. According to Mr. Gurtner, the

impact of FDI is limited by its national and regional concentration. He grants more importance to the mobilization of domestic financial resources and improvement of market access to promote small and medium-sized enterprises (SMEs) within developing countries, as they provide about 80% of all jobs. Mr. Gurtner named some of the problems facing SMEs in developing countries, such as poor policies and institutions, trade barriers, and the lack of financing, and he stressed the role that governments have to play in overcoming these problems.

Mr. Gurtner also talked about the importance of the public-private partnership (PPP) in its different forms, particularly commercial or institutional cooperation for strengthening infrastructure. The main concerns are access to water, promotion of health and education, transportation, and communication. According to Mr. Gurtner, the risks of PPPs, such as corruption and the lack of organizational mechanisms, can be overcome by the establishment of standards and codes, technical assistance and capacity building, transparency, and the participation of civil society.

Mr. Epp named the strengthening of the private sector as one of the most important assets to a growing economy. To disseminate the 'big money', he suggested the decentralization of financial and decision-making power.

Mr. Michel Celi Vegas, representing CECAL, also declared the importance of the private sector and listed a few advantages, one of them being the opportunity to form commercial, industrial and technological partnerships. Yet, he stressed the role that civil society plays in the development of a country. Mr. Vegas agreed with Mr. Epp on the importance of decentralization and the involvement of the local population, which results in financial aid for more enterprises, especially in rural zones. He also declared that the improvement of national institutions in developing countries was necessary to guarantee the stability of a developing market and to effect a 'cultural' change concerning society's attitude towards the economy. For him, it is clear that international organizations and governments have a joint responsibility in the development of both the private sector and civil society.

Ms. Lorraine Ruffing from UNCTAD stressed corporate social responsibility in the context of the private sector and foreign investment. She believes that FDI has to be selective but not discriminatory, and that it must allow SMEs access to financial capital. Ms. Ruffing stated that SMEs could benefit from cooperating with transnational companies (TNCs), working together as part of a bigger network. She noted that not only foreign investors, but also governments have to establish a strategies for encouraging ethical foreign investment—in this case targeting investors with positive corporate philosophies. These should include the delegation of power to local managers to develop local linkages. As an example, Ms. Ruffing named the 'tiger states' of Asia that have used international cooperation to strengthen their local sectors. She added that the risks of TNC-SME cooperation for developing countries include dependence on one TNC customer, and the low-cost markets sought by these companies, which hinder long-term prosperity.

Interesting questions

After the presentations, some interesting questions were raised. One delegate pointed out that 'cultural development' was a very relative notion. In response, Mr. Vegas explained that he had used the term with an economic connotation. Another delegate asked how corruption in developing countries could be overcome, as recent events have shown a lack of integrity in the North American economic system. He added that he was wondering why a project concerning this problem, the creation of a 'code of conduct' to avoid corruption, had been halted in 1992.