Hilton Humanitarian Conference
"Vulnerable Populations: International Community Responsibilities"

Session I: "Delivering a Future through the Millennium Development Goals"
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Thank you, Ralph (Begleiter), and thank you to the Hilton Foundation for inviting me to this important conference.

Any discussion of the Millennium Development Goals should start with recognition that the UN has done mankind a unique service by establishing them. We are fortunate to have a world organization which can identify the collective goals of the human race.

I would add that it is humbling to discuss how we might achieve these goals, because they are so enormous, and our means are so limited. Each of us is concentrated on some small piece of the overall problem, like the blind man and the elephant. And yet we must all add our ideas, if we are to get anywhere in this effort.

I would like to concentrate on the part of the elephant that I have been focused on, which is working with the private sector, because I believe that over the longer term it is private sector development which is the key to protecting vulnerable populations.

My organization is working to create locally-owned businesses in post-conflict and very poor countries, by engaging the private sector in creative ways, using international organizations for what they can do, and filling the gaps in the project development process ourselves.We are doing this in tough investment climates, where this approach is needed. For example, we are building an Afghan-owned generic medicines plant in Kabul, to produce generic medicines for the Afghan market. It is hard, uphill work, and we have received little help from official aid agencies. What I will say today is based on our direct experience.

As I told the UN General Assembly last June, the MDGs cannot be achieved without the positive engagement of the private sector. There is just not enough international assistance funding available to bring about such dramatic changes. To get anywhere near these goals, we need a new strategy, new methods, and significant additional resources.

The private sector has vast resources – more than half of the 100 biggest economies in the world are not countries at all, they are companies. And the private sector is the world's greatest employer, wealth creator and poverty reducer. The private sector can be engaged positively in this effort, but it cannot be engaged against its own interests. When its interests are aligned with the objectives of the international community, they can be a powerful and helpful force.

Vulnerable populations need sustainable jobs, and these can only be provided through expansion of the local private sector. If heads of families, whether men or women, have jobs, they can overcome most other problems. But jobs are not being created where they are needed most because investors are not normally attracted to business opportunities in such risky areas.

I am not proposing a simplistic, magical solution here; business investment works better in some situations than in others. For example, it is difficult to create businesses and new jobs where most people are subsistence farmers. What I am arguing is that the private sector has much to contribute, and needs to be engaged creatively. It can be an important factor in the solution of the problems addressed by the MDGs.

What is needed is "Encouraged Investment" or "Encouraged Entrepreneurship" if you prefer, in the most challenging areas. This requires new strategies for helping local entrepreneurs: supporting them with technical and advisory assistance so that their businesses will be more attractive to investors, and attracting equity partners through new international policies and instruments.

In our experience, the business community is generally ready to contribute to this effort. But UN agencies, financial institutions and NGOs need to encourage business development much more energetically than they do now. In the short term, they can do this through the three "F's": Facilitation, Flexibility and Financing.

Facilitation: Help in writing business plans and other documentation needed for business start-ups. Often local entrepreneurs do not have the skills to do this; they did not go to business school. They are clever business people, but they need help in preparing the papers to present their project to partners or financial supporters. International organizations do have these skills and can help them with this.

Flexibility: International organizations and lenders should work with the ideas and proposals that entrepreneurs have, and not try to impose pre-conceived notions of what they think is needed. Often international agencies have a list of priority business sectors for support – but any business will help if it creates jobs. And local entrepreneurs usually have a pretty clear idea of what is needed, and what they can do.

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Financing: The scale of financing needed for local investors typically is between 1 hundred thousand and 1 million dollars – mid-level finance. But international financial institutions are seldom willing to discuss projects of that small a scale. Sad to say, international financing is like something on another planet for most local entrepreneurs in the poor countries of the world. This needs to change. New financial vehicles are needed, with imaginative criteria, and active marketing, to meet the needs of local entrepreneurs.

Over the longer term, a new strategy that really includes the private sector should include several components:

1. It should be designed to encourage and help local entrepreneurs;

2. It should offer financial incentives to local entrepreneurs and private equity investors who invest in priority areas – and not just for companies from the sponsoring country.

3. It should provide for opening of markets for goods from poor countries;

For such a strategy to work, there should be high-level policy leadership, coordinated among UN and national aid agencies, international financial institutions, the private sector, equity investors, and leading NGOs. There needs to be a fundamental change of attitude toward development of local entrepreneurs and private investment.

Thank you.

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