



Business for development

Few people now disagree that private businesses are the engine of economic growth and job creation, but direct support for the private sector has remained marginal in international development assistance.

Development aid no longer focuses only on state-run industries, but even today the international community focuses on infrastructure financing, debt cancellation and the provision of social services. While this is worthwhile, there are additional possibilities for development agencies to help by promoting the private sector. Support for governments needs to be complemented with more direct ways of assisting commercial enterprises.

Entrepreneurs in emerging markets need access to professional training, new technology, better analysis and, of course, financing. Aid agencies can help by supporting local financial and service institutions. Loans in local currency, insurance, as well as microfinance initiatives, should also be made available.

Aid should be used to increase incentives for businesses to be responsible corporate citizens. This can be done by offering them longer term financing or by underwriting part of the cost and risks inherent in innovative socially responsible strategies.

It is time to move from talking about the importance of private business to providing direct, well-targeted assistance. For the international community to win over poverty, it needs to make its assistance to business as vital and structured as its assistance to governments.

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