International Chamber of Commerce
The world business organization

The Secretary General

Financing for Development
Implementation of the Monterrey Consensus

High-level Meeting of ECOSOC with the BWIs, WTO, UNCTAD
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Statement
by the
International Chamber of Commerce

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It is an honour, Mr President and distinguished delegates, to speak on behalf of business at this high-level meeting.

- The Monterrey Conference was a turning point in the international construction of the financial underpinnings needed for economic and social progress.

  The Monterrey Consensus proved to be a landmark in delineating the respective roles and responsibilities of developed and developing countries in this endeavour.

  And the Monterrey Process has been noteworthy for its inclusion of the business sector and civil society in the preparatory phases, in the Conference itself and in this follow-up. We have been able to develop new forms of engagement with government and international institutions.

  ICC has had a lead role in organizing a strong business presence throughout this process. The business sector has delivered a range of innovative proposals and actions on marshalling private resources for investment, and on building practical models for partnerships with governments and international institutions. The business group continues to refine and further develop these proposals.

- Since the Monterrey Conference, much of the intergovernmental discussion on Financing for Development has revolved around the follow-up to commitments made by governments in developed and developing countries. Of course, the level of ODA, its effectiveness, the capacity of governments to implement ODA programmes and the governance context of recipients are all important issues.

  But I would like to highlight today one main area where business involvement in the Monterrey follow-up has focussed: and that is the development of local capital formation, local enterprise and investment.

- The Monterrey Consensus properly placed the mobilization of domestic resources for development in the forefront of its agreed "leading actions". This must continue to be a central focus of our attention.

  Private domestic capital formation is the largest source of new investment in developing countries. It is, on average, five times the level of foreign investment. It far outweighs ODA in most countries.

  A domestic environment that encourages and supports domestic private sector growth is exactly the same environment that attracts foreign investment. It is thus essential that the basic elements (which are well known) are swiftly put in place.

  This, for the business sector, is a critical component for successful follow-up in the Monterrey Process.

- For instance, reducing time-consuming, costly and useless obstacles – mostly left-over bureaucratic obstacles - is essential if private sector growth is not to be inhibited.

  For instance, savings and investments are primarily undertaken by private individuals, companies and communities. Thus, governments should help facilitate this process and avoid actions that impede it.

  For instance, the composition of the private sector in any country is an important indicator of its degree of development. If the informal sector is too large, it can constitute a drag on development. Because there is a high degree of correlation between inappropriate, over-burdensome regulation and the concentration of resources in the informal sector, reducing such unproductive regulation must be a primary objective of public policy.

  A final example: without a legally integrated property system, the poor in developing countries cannot convert their work and savings into capital.

- Mr President, the traditional emphasis for development has been on macroeconomic and political conditions. We feel that an essential complement must be the attention paid to the micro-economic environment in country-specific situations, local regulatory regimes, detailed policies and regulations that enhance the environment for the creation of business, of enterprise, of jobs and wealth.

  The micro-level context of an economy goes a long way to determining its development.

  This need to facilitate and encourage domestic private entrepreneurship and investment is particularly important in countries where the prospects of attracting significant foreign investment are small because of such impediments as lack of infrastructure, fragmented markets, limited capacities, poor natural resource endowment, difficult geographic location and lack of opportunities for any investment to exploit economies of scale. In such cases, attention to what is called an enabling domestic environment is essential.

In this respect, and in closing, I would like to recognize the contribution of many civil society organizations.

Mr President, the achievement of the Monterrey goals relies also on the full integration, support and encouragement of the business sector. We thank you for this opportunity to express and contribute our views.

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