

# PRIVATE SECTOR DEVELOPMENT

## ENGINES OF GROWTH

Organizations throughout the development community recognize that entrepreneurship can promote efficiency, create poverty-reducing jobs, and ease hardship.

IDRC is one of these organizations. The Centre has long valued industry, trade, and commerce as engines of economic growth. From its own practical support for private sector development, IDRC has learned that two kinds of assistance can pay dividends: improving the business environment, and stimulating innovation.

If donor agencies work to enhance the general environment for business — for example, by pressing for reforms in licensing and regulatory frameworks — then the wealth-producing potential of entire industrial sectors will be unleashed. Furthermore, if donors focus these and similar steps on fostering those creative entrepreneurs who invent, manufacture, and market wealth-producing innovations, such innovations will flourish and multiply.

But solid evidence is needed to underpin such measures, and here IDRC's role in funding research for development can make a special contribution. This brief sets out some of the ways that IDRC does so.



Maureen O'Neil  
President, IDRC

## BETTER RULES, BETTER LIVES

In some parts of the Asia Pacific region, the prevalence of mobile phones, Internet links, and other modern information and communication technologies (ICTs) has helped countries develop and prosper. In the same region, meanwhile, other economies suffer because their vital telecommunication services remain weak.

LIRNEasia (Learning Initiatives on Reforms for Network Economies) is dedicated to correcting this imbalance. This virtual organization of regional ICT policy and regulatory professionals works to improve the lives of poor people by making ICTs more accessible and affordable. Its basic approach is to encourage the reform of restrictive legislation, for example, laws inhibiting the use of cost-efficient Wi-Fi technologies.

“We want our research and capacity building to result in changes to laws, policies, regulation, and most importantly in implementation,” says LIRNEasia

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IDRC: P. Bennett

## ECONOMIC DEMOCRACY IN ACTION

Fair competition is at the heart of private sector development. It is the “market” mechanism that drives innovation, efficiency, and productivity.

In recent years, many developing countries have enacted laws and created institutions to discourage companies from engaging in anti-competitive practices. When these measures are successful, the economy grows, consumers enjoy better products and often lower prices, and governments spend more efficiently.

IDRC has supported a range of research projects on competition policy in the developing world, many of which have spurred changes in legislation and opened markets. The results are summarized in *Competition Law in Action: Experiences from Developing Countries*, by Taimoon Stewart, Julian Clarke, and Susan Joeke. Read full-text online at

[www.idrc.ca/en/ev-111677-201-1-DO\\_TOPIC.html](http://www.idrc.ca/en/ev-111677-201-1-DO_TOPIC.html)

Canada's International Development Research Centre (IDRC) is one of the world's leading institutions in the generation and application of new knowledge to meet the challenges of international development. For more than 35 years, IDRC has worked in close collaboration with researchers from the developing world in their search for the means to build healthier, more equitable, and more prosperous societies.

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Executive Director Rohan Samarajiva. “But even that is not enough. Success means that people’s lives are improved.”

A two-year grant from IDRC allows the association to develop procedures for collecting data about ICT supply, demand, and regulation, and to apply these procedures to surveys

in six Asian countries. Another study examines the role of ICTs in improving the living standards of small-scale farmers by providing timely information about markets and ensuring the “traceability” of produce to niche markets.

[www.lirneasia.net](http://www.lirneasia.net)

## LAUNCHING A PRIVATE ENTERPRISE CULTURE

In some world regions, the digital revolution has unleashed new enterprises that have spurred dramatic improvements in living standards. Other regions, however, have been slower to apply information technologies to business.

In Central America, the Omar Dengo Foundation has been helping students, older adults, and women micro-entrepreneurs achieve a better life by learning to use modern communication tools. Now, IDRC draws upon the foundation’s rich experience in training and capacity building to support an ambitious learning program in five Central American countries.

The three-year initiative is called Lanz@. Using a train-the-trainers model, local researchers work in selected communities to adapt and develop digital training tools for teaching business skills. Participants co-learn as they go by sharing knowledge across a Web network. The initial component of the project focuses on training the coordination teams and preparing course manuals.

The ultimate goal is to foster a culture of private enterprise that will create jobs and improve productivity, especially among youth and women.

[www.fod.ac.cr](http://www.fod.ac.cr)

## JOB CREATION THROUGH SMALL BUSINESS

Egypt’s private sector has long been dominated by small-scale enterprises. Lacking credit, marketing channels, or the time and resources needed to explore new business approaches or technologies, these farmers, furniture makers, metalworkers, and restaurant owners struggle to earn a living.

In the late 1990s, Egypt’s government recognized that strengthening the domestic micro, small, and medium enterprises (SMEs) sector was critical to boosting employment and exports. But how to achieve this goal? With help from the Canadian International Development Agency and IDRC, in 2000 the government launched the Small and Medium Enterprise Policy Development Project (SMEPol).

SMEPol’s research and case studies have focused on Egypt’s daunting business environment, and explored how policies, regulations, and legislation can be reformed to create an atmosphere more favourable to small entrepreneurs. The project also trained government staff in pursuing approaches to policy-making that will benefit SMEs.

SMEPol’s efforts have paid off with new supportive legislation, for example governing income tax and the tendering of government procurement, and with the opening of “one-stop shops” for business registration and licensing. Perhaps the most promising output, however, has been an action plan for promoting the growth of SMEs that details concrete measures, including time-lines, to help these businesses compete globally.

[www.sme.gov.eg](http://www.sme.gov.eg)

## MOBILIZING THE WORKING POOR

In developing countries, up to three-quarters of non-agricultural employment is “informal” — people work in small unregistered enterprises, or in family businesses, or are self-employed. Women are particularly likely to pursue informal employment.

Despite its major contributions to national economies, informal employment lacks adequate acknowledgement and support. In response, the research and policy network WIEGO — “Women in Informal Employment: Globalizing and Organizing” — seeks to increase the visibility of the working poor in the informal sector, and to give them a stronger voice in improving their circumstances.

WIEGO was established in 1997 to increase understanding of informal employment and of its links with poverty and marginalization. The network focuses on business opportunities at the bottom of the economic pyramid, and applies its research and statistics to help organizations of informal workers campaign for change. Over the years, WIEGO has promoted policy dialogues and processes that include representatives of these organizations.

[www.wiego.org](http://www.wiego.org)



### GARDENS OF PLENTY

Urban agriculture can not only reduce hunger and poverty, but it also offers opportunities for raising income by selling produce. In Kampala, participatory research supported by IDRC has helped 150 poor urban farmers convert 12 hectares of undeveloped land into a model community sustained by agriculture. [www.mcgill.ca/mchg](http://www.mcgill.ca/mchg)