

EC91/4/009

Introduction

There is a growing recognition that state enterprise cannot be the sole engine of economic growth, progress and change. The size of the public sector is not the key issue, but rather the effectiveness with which resources allocated to the public sector are utilized in developing countries. "Much of the developing world is emphasizing the role of the private sector and of external links in economic development. Canada must keep in step by re-emphasizing the private sector in its own contributions to development." Building Partnerships for Tomorrow (Conference Board of Canada, 1987, p25)

Long term business cooperation with the developing world represents the creation of new development resources and not a diversion of development funding. According to World Bank estimates the Third World will have 84% of the world's population by the year 2000. To ensure that developing countries are able to develop their production and marketing capabilities to respond to this increasing population pressure, two factors are clear:

1. Developing countries' growing needs must increasingly be met by productive investments from the private sector.
2. Canadian business involvement in international development can enhance ICOD's efforts.

Government Position

The federal government's current Strategy for Canadian Official Development Assistance (Sharing our Future, 1988) made a strong commitment to foster new partnerships both at home and abroad. Indeed, increasing private sector cooperation is seen by the Strategy as instrumental to achieving sustainable development. "...development is not going to work very well until it includes the Third World's private sector... Developing countries must be able to earn their living by producing goods and services that meet demand and selling them on the international market - functions at which the private sector excels." [p. 59]

In its discussion of the Canadian business community the strategy was unequivocal: "Canada's business community is an indispensable partner in international development efforts...[it] can supply the trade, investment, technology and know-how that developing countries urgently need... Encouraging greater private-sector participation... is an important goal of this new strategy... [and it] will make Canada's development assistance more effective..."[p. 75].

ICOD and the Private Sector

Increased private sector initiatives make good sense for ICOD which has a unique blend of expertise and responsibility. The Act establishing ICOD, as well as its operating strategies and objectives, support the argument for some form of private sector initiative. To date, most of ICOD's links have been forged with governments, academia and regional organizations. The Centre is now in a position to expand its scope of operations, and to direct an increasing priority to involvement of the private sector in the work of ocean development.

In assessing the opportunities for Canadian business links with developing countries, the Conference Board of Canada has identified three major issues to be addressed:

1. the information gap between Canadian firms and developing countries,
2. the financing of business in developing countries, and
3. the capacity of developing countries to absorb and make better use of external resources.

It is in addressing these three issues that an ICOD Business Cooperation Program, focused on ocean development, could be of assistance to the private sector in both developing countries and Canada. Starting a program that will respond to these issues is what the Government of Canada and ICOD management wish to do. Building on the workshops launched last spring is a good way to launch this initiative. An example of this is a possible joint venture which developed from one of the workshops conducted by ICOD.

A) Nouvelle Piton Foods

With assistance and participation from the federal and provincial governments, a group involved in the fisheries in Nova Scotia, including fishermen and processors, have developed fish handling and processing techniques for the Blue Shark. Entrepreneurs from Nova Scotia and St. Lucia have now proposed a joint venture to catch and wet-salt Blue Shark in Nova Scotia, and dry it in facilities to be established in St. Lucia, for local markets which are now serviced by European suppliers. The entrepreneurs in St. Lucia and Canada are knowledgeable, established and prepared to supply equity financing or borrow at commercial rates. Assistance which ICOD might provide includes - travel contributions to finalize the formation of the joint venture, and assistance with technical and marketing studies.

B) Assistance to National Development Banks

The participation of national development banks in ICOD's business cooperation program is a logical step if funding transferred by ICOD to the banks can be used for loans to local enterprises utilizing Canadian services or equipment. Repayments will be used to create a revolving fund in each development bank. Efforts will be made to obtain a counterpart contribution by the recipient national development bank. Amounts of up to \$100,000 and for 2 or 3 banks are contemplated for this FY.

Recommendation

That ICOD's President initiate private sector programs in line with the ODA strategies of the Government of Canada and within the authorities of the President and the resources of the Centre and that the President prepare a report and recommendations to the Board for consideration at its next annual meeting. This would form the basis for subsequent submission to the Minister for additional funding to support an expanded business cooperation program.