



FIFTH SUMMIT OF THE AMERICAS  
April 17 - 19, 2009  
Port of Spain, Trinidad & Tobago



OEA/Ser.E  
CA-V/INF.15/09  
16 April 2009  
Original: English

SUMMARY OF THE PRIVATE SECTOR FORUM PANEL DISCUSSIONS AND KEYNOTE  
ADDRESSES  
V SUMMIT OF THE AMERICAS - HEMISPHERIC PRIVATE SECTOR FORUM  
“PROMOTING PRIVATE SECTOR-LED PROSPERITY”

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I have been asked to summarize the main themes, findings and recommendations from two days of very rich and constructive conversations at the Private Sector Forum – in 10 minutes. I apologize to those speakers whose contributions, however important, I cannot do justice to within these tight time limitations. I also want to thank the Trinidadian rapporteurs for their helpful inputs.

A constant theme of the two-days of intense discussions was the recognition that, notwithstanding the current global downturn and its adverse impacts on Latin America and the Caribbean, the region had made significant progress in recent years. Many social indicators, from access to basic health care and schooling to access to electricity and water, as well as maternal health care and longevity, have shown secular improvement, dramatic in some countries. In particular, during the five boom years of 2003-2007, the region’s macroeconomic performance was impressive, and sharp reductions in poverty and extreme poverty were registered. In many countries, governmental policymaking showed improvements and the results were rewarding, as reflected in positive trends in public debt management, inflation, exchange rates and international reserves. Consequently, the region is much better prepared to accommodate to unfavorable external shocks.

In recent years, both the public and private sectors have grown in strength and effectiveness. In many countries, public-private partnerships have formed, in a variety of sectors, each actor bringing to the table its own contributions, in resources, expertise, technology and management know-how, successfully transforming silos into synergies. For example, drawing on the experience of San Diego, California, the federal and state governments invest heavily in basic university research, that the private sector is unlikely to fund because of the uncertain and long-term nature of the rewards, and that research is subsequently transferred and applied by a dynamic, risk-taking private sector. In southern California, information and communications technologies (ICT) and health care and biotechnology, are dynamic examples of these mutually advantageous partnerships.

The Private Sector Forum discussions yielded many examples of successful case studies of public-private partnerships. Examples ranged from large infrastructure projects, including the multi-billion dollar expansion of the Panama Canal, with the active participation of several multilateral development banks, to grassroots projects in more efficient production of milk and cocoa, building capacity among indigenous populations and small-scale entrepreneurs. The creation of a web page that would collect and document such “best practices” was proposed, to facilitate their replication and scaling up.

A recurrent theme during the Private Sector Forum was that, in response to the global financial crisis, governments are taking action. At the recent G-20 conference in London, where five Western Hemisphere countries participated, there were agreements on a decisive expansion of the resources of the International Monetary Fund and on the activity levels of the multilateral development banks. Moreover, there is to be significant reform of the programs and governance structure of the IMF and World Bank, giving more voice and vote to emerging market economies, in ways that better reflect their contemporary weight in global markets. Moreover, many governments are announcing counter-cyclical fiscal stimulus packages, and their component programs -- in infrastructure, social services -- offer opportunities for cross-border cooperation. The fiscal stimulus packages also overlap with many of the initiatives and goals of the Summit Declaration of Commitment of Port of Spain. As in London, speakers at the Private Sector Forum warned repeatedly of the dangers of trade protectionism, urging instead that countries maintain open markets.

Speakers also urged governments to stimulate private investment. Obviously, without a strong and profitable private sector, there can be no public-private partnerships, no private-sector led social programs. Government incentives to private investment can include targeted taxes and subsidies, support for research and development, public sector procurement, and government-driven demand for goods and services. Public sector investments in human capital -- in health care and in education and training -- are also valuable contributions to sustainable development.

Speakers urged governments to act to protect the most vulnerable, at-risk sectors of their economies. Among the programs that might do the most for mitigating increases in unemployment in the short run, while contributing effectively to increased productivity and equity in the long run, are: low income housing programs; small public works projects; increased and better focused conditional case transfers that give income support to poorer families while giving them incentives to keep their children in schools and using health facilities; and larger infrastructure programs including through public-private partnerships.

The private sector can also play an important role in poverty alleviation, most notably through the creation of good jobs. Increasingly, firms in the region are aware of the basic principles of corporate social responsibility, which posits taking into account the interests not only of shareholders but of a wider range of stakeholders, including employees, local communities, suppliers and consumers. A responsible competitiveness is most sustainable over time, and most likely to build trust among stakeholders and legitimacy for firms. Governments and some international agreements now request firms to undertake impact statements that measure, for example, the likely effects of an investment on the environment and on the communities' social welfare, and to propose measures to mitigate potentially harmful impacts. By integrating corporate social responsibility into management practices, firms can regain some of the public trust that has been impaired as a result of previous neglect and the current downturn. Building trust is critical for social peace and political stability, and for creating a predictable and reliable business environment.

Governments should gain the trust of their citizens through greater efficiency, smart and sustainable regulatory regimes, and more transparency and accountability, taking advantage of the new technologies, including e-government that is increasingly widespread throughout the region. Investments that narrow the digital divide advance social inclusion and expand access to information and, potentially, social services.

Public-private partnerships can take various forms. Governments can provide an enabling framework of positive incentives that facilitate the formation of PPPs; for example, transparent regimes for business contracts can facilitate public-private business relations, just as smart regulations can promote energy efficiency and cost savings, yielding win-win solutions. Common forms of PPPs occur in infrastructure projects, in transportation and ICT, where joint financing can be critical for larger projects that require a long-term time horizon. Speakers also offered many examples of PPPs pursuing social objectives, in health and education, under the aegis of corporate social responsibility.

The good news is that most if not all of the recommendations mentioned during the two days of discussions are already included in the Summit's Declaration of Commitment of Port of Spain. The official Declaration reflects a year-long productive process of consultations with social actors, including the private sector and its various regional associations. Going forward, the key will be implementation, the transformation of lofty words into concrete deeds. The private sector can -- indeed, must -- play an important role in Summit follow-up, and that is the key message of the Private Sector Forum to ministers and leaders.

In this regard, some 65 firms from throughout the Western Hemisphere are already pledged to assist, through public-private partnerships, in realizing Summit mandates. With the establishment and publicizing of inter-American forums dedicated to Summit follow-up, such as ministerial meetings and other working groups, additional private firms are likely to join. The key institutions of the inter-American system -- the Organization of American States and the Inter-American Development Bank -- can be expected to play leadership roles in Summit implementation and in encouraging the continuing participation of the private sector.

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