

The Global Compact –Report on Progress and Activities (July 2002-July 2003) made the following references to least developed countries.

Business and Sustainable Development: Launched in February 2002, this dialogue aimed at providing input to the World Summit on Sustainable Development (WSSD). Outcomes of this dialogue include a Performance Model for sustainable development. This Performance Model is currently being used in the learning forum tool development activities.

The Working group on Sustainability Performance and Financial Markets is now being coordinated by the UNEP Division on Finance Initiatives. A new discussion paper has been developed by the working group chair, Calvert, and a forum on this theme is being planned for September 2003.

UNFIP will organize a donors conference this year in support of the Financing Sustainable Entrepreneurship initiative.

In addition, in its work to address critical development issues, the Global Compact has begun initiative on Least Developed Countries (LDCs), seeking to promote sustainable investment. The initiative was initially discussed in February 2002, followed by a meeting in Paris in June 2002 to initiate the dialogue process.

A formal high-level launch was held in Johannesburg in 2002, chaired by Secretary-General Kofi Annan and attended by a dozen heads of state and government ministers including British Prime Minister Tony Blair, French President Jacques Chirac, as well as numerous business leaders and civil society representatives. A working group on this issue presented a plan calling on Global Compact participants to identify business opportunities in LDCs that would both be sustainable and designed in ways to help nurture small and medium-sized businesses. Throughout the past year, companies were asked to identify specific LDCs that they will target for business development in partnership with other stakeholders and in alignment with Global Compact principles. Participants committed to publicly share progress and contributions during the process. A subsequent meeting was then held in London in October 2002 to launch the practical phase of the initiative. Relevant actors from business and civil society attended, along with several UN agencies, including UNDP, ILO, UNEP and UNCTAD. The working group reconvened in April 2003.

Accordingly, a general framework was created to ensure that the initiatives have the maximum chance of success. A business proposal must be based on a rational business case for the company and be in line with the country's priorities for poverty alleviation. In order to leverage synergies, it must rely on partnerships with government(national or local)and civil society as a primary mechanism of engagement and operation. It should also aim to spread social entrepreneurship and good business practices.

The LDC initiative was first launched in Ethiopia. The initial meeting was encouraging. One of the projects to emerge from this meeting was a proposal from Shell to build business in two sectors: solar energy to meet industrial and household energy needs and water generation to meet rural development needs. The Launch was supported by UNDP, the central operational UN entity, and a number of leading international NGOs. One of the most critical steps going forward is securing adequate funding for the venture.

An exploratory meeting was also organized in Bangladesh. Two major urban problems- waste and water& sanitation were discussed. Lever, in Bangladesh, has expressed willingness to be the lead company. The launch was attended by NGOs, the Foreign Investors Chamber of Commerce and Industry, UNDP and the UK government's Department of International Development.

In both these cases, the proposals adhered to the defined criteria. Possibilities are currently being explored in three additional countries: Madagascar, Angola and Cambodia.