



World Business Council for
Sustainable Development

Informal interactive hearings with NGOs, civil society organizations and the private sector on the implementation of the Program of Action for the LDCs for the decade 2001 – 2010

United Nations Headquarters, 22 June 2006

Thank you, Mr. Chairman, Ladies and Gentlemen,

My name is Filippo Veglio. I speak on behalf of the 190 multinational companies that are represented through the World Business Council for Sustainable Development (WBCSD), based in Geneva, Switzerland.

These companies share the fundamental belief that business cannot succeed in societies that fail. They are convinced that their core business practices, guided by innovation and a need for profitability, can contribute towards the sustainable development of even the least developed countries.

Poverty and income inequality bring about political and economic instability, which are a significant threat to the pursuit of sustainable development. Our member companies therefore have a strong interest in promoting social progress, including looking for innovative ways to engage low-income communities in business activities. By doing so, business contributes not only to its own sustainability and growth, but also helps low-income communities to generate wealth and climb up the development ladder – the proverbial “win-win.”

Many business foundations and businesses carry out social investment programs in the developing world. Whilst this is commendable, it is our belief that real business ventures are the only way to provide financially self-sustaining solutions to poverty. These have the potential to grow, thereby positively impacting many more people and securing long-term investment.

This brings me to our **first message** to these hearings. The WBCSD believes that there are three principles to deliver successful business with low-income communities:

- Focus on the core competencies of the company when adapting business models to look for ways to reduce the costs of products and services;
- Partner with other stakeholders that offer complementary expertise to the management know-how, technology and operational skills of a company;
- Localize suppliers and service providers so as to promote entrepreneurship, increase the capacity of small and medium enterprises, and create local jobs, thereby lifting people into the formal economy and global market place.

I would like to provide you with two concrete examples of what our corporate members are doing in terms of creating lasting and cost-effective development solutions:

- GrupoNueva, a Latin American holding company in the domain of forestry, wood and fiber cement products, and irrigation systems, has set itself a strategic target of gaining 10% of its sales revenues from low-income communities by 2008. Already GrupoNueva is marketing low-cost irrigation systems that can help Guatemalan farmers triple their incomes.
- Vodafone, a mobile telecommunications company, together with its partner companies in Kenya and Tanzania, has developed a microfinance payment



platform for African entrepreneurs, which utilizes existing cellular infrastructure and the increasing penetration of mobile phones to deliver financial services to communities who otherwise would be “unbanked”.

In addition, the WBCSD has recently signed an agreement with SNV, a Netherlands-based development organization that provides advisory services to nearly 1800 local organizations in over 30 developing countries to support their fight against poverty. The partnership aims most notably to provide business brokering services between WBCSD member companies, the partners of our regional network, and small-medium sized enterprises in order to facilitate new business ventures. The initial focus is in the Latin American region, where both parties believe the conditions are most ripe to prove the concept and achieve some early success. If this is the case, we intend to expand the approach into other regions.

Some of our members have also expressed a desire to engage in focused activities with multiple stakeholders in sub-Saharan Africa. We are currently selecting two countries from the region, identifying potential partners, and designing the content of the work program, which will most probably looking at ways to improve the investment climate.

This brings me to the **second message** we would like to convey. Business could do more to help the least developed countries if the framework conditions were more conducive to investment and the management of risks.

Our members regard a favorable investment climate as an essential prerequisite for the success of their projects in the developing world. If governments take upon the task of accelerating the creation of a favorable business environment, business can harness its innovation and problem-solving skills to unleash local entrepreneurship. We therefore call upon political leaders to focus their attention on the following priorities, which we believe will have a multiplier effect on development:

- 1) The improvement of regulatory frameworks to uphold property rights, to promote greater movement of entrepreneurs to the formal economy, and to root out corruption
- 2) Capacity building and access to finance for local enterprises and entrepreneurs
- 3) Investment in the necessary infrastructure such as roads, energy, telecommunications, and ports.

In conclusion, the WBCSD believes that the markets can work for everyone but this requires an innovative approach that unleashes entrepreneurship at the local level. Many of our members are already promoting sustainable and inclusive business activities with partners from the development community and civil society, and we believe there is much more we can do.

Thank you.

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