



# THE MDGs: EVERYONE'S BUSINESS

How inclusive business models contribute to development and who supports them

United Nations Development Programme





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**Growing Inclusive Markets**

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**Business is a powerful force in the fight against poverty—one that is more powerful when it can build on others' support. Our research with the Growing Inclusive Markets Initiative shows this again and again: inclusive business models, because they include poor people as business partners along the value chain, can contribute towards meeting the Millennium Development Goals (MDGs).**

To be successful and grow, inclusive business models often rely on other players that provide conducive policies; know-how and awareness; finance; and complementary capabilities. And growth, indeed, is required to make significant steps towards achieving the MDGs—on some of which we are severely behind. Our aim is to make this complex landscape of actors more transparent, to better understand how collaboration functions inside inclusive business models.

This report shows, for each MDG, how others have supported inclusive business models in the domains of policy; research and advocacy; financing; and complementary capabilities. It was surprisingly difficult to build a good list of these supporting actors for each MDG—even though much work is being done in the relevant areas of income, decent work, gender, health, the environment and global partnership. On the one hand, encountering this difficulty has made us confident that we are adding something useful to the knowledge base for inclusive business models. On the other hand, it has also shown that much more needs to be done to enable businesses to engage with poor people. Support is often hard to find, and there is only limited knowledge about ways for business to engage successfully with new partners such as not-for-profit organizations (NPOs) and the public sector. Finally, the difficulty of preparing this report has suggested that the landscape of supporting actors for inclusive business models may contain gaps, and that filling those gaps may make it easier for business to make a significant contribution.

This report is only a beginning. Our work will continue on this path, enlarging the data-base of case studies and supporting actors that is already online at [www.growinginclusivemarkets.org](http://www.growinginclusivemarkets.org). To suggest additions, please write to us at [gim@undp.org](mailto:gim@undp.org).

For too long, development actors have been seeking a silver bullet for poverty alleviation—be it good governance or inclusive business—whereas poverty is in fact multi-dimensional, the result of complex social systems that have markets as important sub-systems. Our response to this reality is to look closely at the world out there, learning from what works. In the last chapter of this report we showcase existing projects and initiatives that presently engage UNDP in four roles—as policy advisor, as researcher and advocate, as funder and as capability partner—to support governments, donors, businesses and NPOs. Our hope is that this report will add one more piece to the puzzle of making markets more inclusive and poverty a thing of the past.



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## Inclusive business models—business models that include poor people into value chains as producers, employees and consumers—can make a significant contribution towards meeting the Millennium Development Goals (MDGs).

This report seeks to identify the diverse actors that come together in such models and to show how they collaborate. It aims to:

- Illustrate the varied roles of businesses and other actors in creating inclusive business models.
- Recognize the past and ongoing achievements of companies that use inclusive business models, highlighting a selection of best practices.
- Indicate which other actors can best support business in its contributions towards meeting the MDGs, and guide them in providing such support.

An overview chapter is followed by eight chapters addressing the eight MDGs. Each has three sections:

- **The present situation** describes progress towards meeting the targets for the MDG, outlines the role of business in that progress, and identifies the challenges that remain.
- **The promise of inclusive business models** explains how various types of businesses can contribute further towards meeting this MDG, highlighting best practices for inclusive business models. Discussed are multi-national companies (MNCs), large domestic companies, small and medium-sized enterprises (SMEs) and not-for-profit organizations (NPOs) that use business approaches.
- **The supporting roles of institutions** shows how others can help create and implement business models that contribute towards meeting this MDG. Four types of support (policy, research and advocacy, finance, complementary capabilities) are discussed, along with best practice examples.

After these eight chapters, a ninth describes how UNDP supports businesses' contributions towards meeting the MDGs.

This publication is a first attempt to assemble a "yellow pages" of inclusive business models and the MDGs. It features:

- **40 case studies**, drawing mainly on the latest set of 65 case studies conducted by the UNDP Growing Inclusive Markets (GIM) Initiative, Business Call to Action (BCtA) company initiatives and UNDP's own partnerships.
- **140 supporting institutions** referenced by specific MDG.

The report is part of a broader effort by the GIM Initiative to highlight the diverse actors and patterns of collaboration around inclusive business models. As a multi-stakeholder research and advocacy initiative, GIM already acts as a platform for partnership facilitation and knowledge exchange. This function is being translated online now. A new open-access knowledge management platform – <http://www.growinginclusivemarkets.org> – features two complementary databases that will be growing overtime:

- A **Knowledge Database** contains 120 in-depth business case studies and several publications from major institutions active in the private sector and development field. The database is easily searchable by various criteria such as region, business sector, theme, lead organization, or MDG. The case studies are also searchable based on the constraints they face and the solutions used to overcome them.
- An **Actor Database** comprises 260 supporting actors at local, regional or global level who can provide financing, share expertise, raise awareness and work towards introducing relevant policies. They include government entities, academic institutions, development agencies, multi-stakeholder platforms and nonprofit organizations. They are searchable by country and service sector – from policy to research and advocacy, financing and capabilities.



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**Inclusive business models—business models that include poor people into value chains as producers, employees and consumers—can make a significant contribution towards meeting the Millennium Development Goals (MDGs). The businesses that create and use these innovative models range widely. Some are large multi-national companies (MNCs), others large domestic companies. Still others are co-operatives or small and medium-sized enterprises (SMEs). Finally, some are not-for-profit organizations (NPOs) that use business principles—or social business approaches—to achieve their mission.**

Such businesses engage and depend on a diverse set of actors. As they design their inclusive business models, they build on foundations created by policy and through research and advocacy. And when they put the models into practice, they rely on partnerships with other organizations that contribute financial resources and specialized capabilities.

For example, a utility may invest in providing water and sanitation services to slum dwellers. The design of such a programme will depend on national regulatory policy, which can include incentives for sustainability and transparency. Research and advocacy institutions can offer knowledge about success factors in providing water and sanitation services to poor households and about how to provide such services both profitably and equitably. Funding can benefit the programme while carrying preferential conditions tied to environmental and social standards. And development organizations can contribute expertise in organizing local communities and in building local capacity to create community-based management systems—saving administrative costs and generating income.

By collaborating and building on each other's work, businesses, governments, donors, NPOs and others can develop more inclusive markets that result in expanded choice and opportunity for the poor and produce outcomes that benefit the poor. UNDP contributes to this development through its Inclusive Market Development (IMD) approach, an open and participatory process that involves all relevant actors at various levels to promote inclusion of the poor into markets from which they have so far been excluded.

This report is based on an understanding of poverty as a lack of valuable opportunities—not merely as insufficient income or consumption. The MDGs reflect this multi-dimensional approach to poverty by addressing a wide range of issues, including productive employment and decent work; gender disparities; maternal and child mortality; the eradication of diseases such as HIV/AIDS, malaria and tuberculosis; environmental sustainability; and access to new technologies.

As 2015 approaches it is clear that while we are on-track to meet some goals, we are severely behind in others. Progress has taken place in some of the poorest countries, demonstrating that the MDGs are indeed achievable with the right policies, with adequate investments and with international support. But for countries and issues in which progress needs to be accelerated, it is essential that the MDGs become everyone's business.

## SIX ROLES FOR BUSINESS IN MEETING THE MDGs

The MDGs express a wish and a promise that we—as a global society—can make poverty history. From a purely formal perspective, they represent a commitment by 189 governments to advance their societies towards eight targets in several related areas: health, poverty, gender equality, the environment, a global partnership. But for people who take a more expansive view, the MDGs mean more: they embody the world's will to eradicate poverty.



### Box 1. The benefits from inclusive business models

According to the 2008 report *Creating Value for All: Strategies for Doing Business with the Poor*, published by the UNDP Growing Inclusive Markets Initiative (GIM), inclusive business models include the poor at various points in the value chain: on the demand side as clients and customers, and on the supply side as employees, producers and business owners. They build bridges between businesses and poor people for mutual benefit in the supply chain, in the workplace and in the marketplace.

The benefits from inclusive business models go beyond immediate profits and higher incomes. For business they include driving innovations, building markets and strengthening supply chains. And for the poor they include higher productivity, sustainable earnings and greater empowerment.

Here business has six essential roles to play: by generating growth, by including poor people into their value chains, by contributing knowledge and capabilities, by developing innovative approaches, by replicating those approaches across borders and by advocating for policies that will alleviate poverty.

First, *economic growth* is a main driver of poverty alleviation. Increases in productivity and output create jobs, higher incomes and new income opportunities. An example was seen in China and India during periods of high growth from 1993 to 2005: as per capita purchasing power increased,<sup>1</sup> the poverty headcount—defined as the percentage of those living below \$1.25 per day (2005 PPP)—declined from 54% to 16% in China and from 49% to 42% in India.<sup>2</sup> Such growth also boosts public income through taxes, allowing governments to invest more in social infrastructure and services. Business also contributes to this investment and growth: in 2009, foreign direct investment injected \$548 billion into developing-country and transition economies.<sup>3</sup>

However, business can do more than merely promote poverty alleviation as an unintentional (or ‘trickle-down’) effect of growth. To target poverty more effectively while increasing revenues, business can employ what the UNDP Global Inclusive Markets Initiative (GIM) has called *inclusive business models* (box 1) to consciously include poor people

into its value chains—as producers, as partners, as employees and as consumers. In thus actively creating opportunities for poor people, business can contribute not only to their economic well-being but also to their health and social standing.

Third, business can contribute *knowledge and capabilities* towards meeting the MDGs. For example, fighting HIV/AIDS and other diseases requires action from pharmaceutical companies, medical-care providers and pharmacies, as well as from water and sanitation providers (many of them working as businesses). Reaching the MDGs requires more than funding—it also requires current knowledge, effectively used. Here the technical, but also the managerial competencies of business are needed.

Fourth, meeting the MDGs demands *innovation*—a key quality for business, driven especially by the need to compete. For example, an effort to provide information and communications technology (ICT) to an entire population may require technological advances in data processing along with new business models. Phones may be used instead of computers; content may be paid for by phone. Most companies have specific processes to promote innovation.

Fifth, a business—unlike a government—can *replicate* successful approaches in various countries, since it is not confined to one locality. Many businesses, even small ones, complete transactions and maintain operations across borders. A business can act as a conveyor belt for innovative solutions.

Sixth, business can be an important *advocate* for poverty alleviation. It is an inconvenient truth that creating policies against the interests—or perceived interests—of business is difficult. Although a need for change has been widely acknowledged, the trade regime and agricultural markets of our world still put developing countries, and especially the poor people in them, at a disadvantage. Progress can be made on the political front when business players join together to form coalitions that advocate change and support the MDGs.

It must be said that business and market approaches are no panacea for tackling poverty. The many dimensions and causes of poverty require diverse, context-specific solutions. Poor people can gain more from access to markets if they have at least a few assets—land, health, education—or a small income to build on. Humanitarian aid, social work and free public services can bring opportunities. The effectiveness of business in fostering development depends on the policy environment and the quality of political, social and economic institutions.<sup>4</sup>

## HOW CAN INCLUSIVE BUSINESS MODELS CONTRIBUTE TOWARDS MEETING THE MDGs?

This report draws on the insights and the frameworks for inclusive business models in the GIM report *Creating Value for All: Strategies for Doing Business with the Poor*<sup>5</sup> (box 1) and in a joint publication of the UNDP and the International Business Leaders Forum (IBLF) by Jane Nelson and Dave Prescott, *Business and the Millennium Development Goals: A Framework for Action*.<sup>6</sup> Using the UNDP and IBLF framework, three areas of engagement for inclusive business can be distinguished:

- **Core business operations and value chains.** Core business operations and value chains can create shared value by involving poor people—and benefiting them—as producers and business partners in the supply and distribution chain, as employees in the workplace and as consumers in the marketplace. This report focuses on core business operations and value chains for inclusive business models, looking specifically at their relation to the MDGs.
- **Social investment and philanthropic contributions.** Businesses can give back to the community through traditional philanthropy, but also by using new approaches. Examples include social venture funds to product donations, employee volunteering and other in-kind contributions.

### Box 2. Measuring the impact of business on efforts to meet the MDGs

For businesses that seek to contribute towards meeting the MDGs, as well as for their stakeholders, understanding an activity's real impact is critical. First, the actors involved in implementing or funding a business need to know whether it is achieving its objectives or whether adjustments are required in the business or its supporting infrastructure. Second, concrete results help communicate achievements more effectively, to manage stakeholder expectations and to gain further support. Finally, for meeting the MDGs, data can help discover how much a business activity has contributed and how much progress remains to be achieved.

Measuring impact, however, is far from simple. Experts typically distinguish between *outputs* (what a project produces, such as a certain quantity of insecticide-treated bed nets); *outcomes* (direct effects of

production related to the project, for example, on worker incomes or on health); and *impacts* (changes in the population that are observed to result from the project, especially over a longer period).

Impacts are the hardest to measure. That is because changes in community health or per-capita income (for example) can be influenced by complex variables, and it is difficult to attribute them to a given intervention. Inspired by clinical trials, economists have developed *randomized controlled trials* (RCTs) to isolate factors in impact measurements: a treatment group participates in the intervention, while a control group is excluded. Yet such approaches can be prohibitively costly, time-consuming and labour-intensive—especially for independently-funded organizations. And when they are run by companies on their own projects (as most are now), RCTs and other impact-measurement approaches can be vulnerable to self-reporting bias.

The challenge for business is to find well-integrated impact-measurement methods, methods that can support ongoing project management while still producing useful data. Of the many available tools in this growing field, two related specifically to the MDGs can exemplify the diversity of approaches:

- **The Global Reporting Initiative (GRI)** offers standard indicators for reporting on a company's social, environmental and economic performance. Most measure outputs and outcomes: for example, net employment creation and energy use. A guide is available, titled *Communicating Business Contributions to the MDGs*.
- **The MDG Scan**, developed by NCDO (a Dutch NPO), allows businesses to estimate their impact on the MDGs based on existing data about their operations, community investments and sales of products and services that specifically address the MDGs.



- **Public advocacy, policy dialogue and institution strengthening.** Businesses can engage governments and policymakers at all levels—local to global—to support the creation and implementation of conducive policies and to strengthen capacity for administration and execution.

Beyond the purely commercial benefits of inclusive business models for poor people, further impacts (box 2) can result from three areas of a company's activities: in its supply chains, in the workplace and in the marketplace.

- **Business can use its supply chains to create local opportunities** by purchasing goods and services within a community. It can invest in the knowledge and skills of business partners through training and quality management. And it can press for responsible social and environmental standards and practices in the supply chain—creating incentives and know-how to improve suppliers' health and safety conditions, their human rights and labour standards and their environmental sustainability.
- **Business can benefit poor people in the workplace** by creating jobs and offering good wages and working conditions. To develop its human resource pool a business may provide opportunities for training and skills development, enabling employees to advance

in their positions or create their own businesses. A business can also offer additional benefits to employees, including health services for them, their families and communities; social security systems, such as insurance or pensions; access to day care and schooling for their children; and services related to housing, transportation, food and hygiene. Job opportunities can do much to empower women, and businesses can actively promote women employees.

- **Business can serve poor customers in the marketplace** with safe and affordable products and services—especially in essential domains such as nutrition, health, energy, finance, housing and information. Innovative solutions may spread modern technologies and approaches, while they educate customers in the best use of the products and services as well as with relevant background knowledge. Further, opportunities for income and economic independence may arise in the selling, servicing and disposing of the products.

UNDP GUINEA



### Box 3. The special role of co-operatives in inclusive business

Co-operatives have nearly 800 million members and account for an estimated 100 million jobs today. In many countries they are important providers of foodstuffs, housing, and financial as well as other consumer services (such services vary widely).<sup>1</sup> Often they make essential infrastructure and services available in areas that are not viable for the state or for investor-driven enterprises.<sup>2</sup>

But the special relevance of co-operatives for development is also based on their governance structure. A co-operative company is owned by its members, giving them ownership of business solutions and a share in business profits. Co-operatives have thus been made tools for community empowerment—for example, within the fair-trade and micro-finance movements.

Co-operatives cut across the four business types introduced in this chapter. Some, such as Credit Agricole and other banks, are multi-national and profit-oriented. Others, such as energy and consumer-goods co-operatives, are small and not profit-oriented.

Notes: 1. International Labour Conference Report V (1): "Promotion of cooperatives—Fifth item on the agenda", International Labour Organization, <http://www.ilo.org/public/english/standards/relm/ilc/ilc89/rep-v-1.htm>. 2. "Employment: Job Creation and Enterprise Development Department (EMP/ENTERPRISE)", International Labour Organization, [https://www.ilo.org/empent/WorkingUnits/lang--en/WCMS\\_DOC\\_ENT\\_DPT\\_COO\\_EN/index.htm](https://www.ilo.org/empent/WorkingUnits/lang--en/WCMS_DOC_ENT_DPT_COO_EN/index.htm).

Table 1. Capacities and motives for doing business to meet the MDGs, by business type

Business type	Characteristic capacities	Characteristic motivations
<b>Multi-national company (MNC)</b>	<ul style="list-style-type: none"> <li>■ Has high global visibility</li> <li>■ Uses global supply chains</li> <li>■ Maintains operations in various countries</li> </ul>	<ul style="list-style-type: none"> <li>■ Is subject to increased pressure and scrutiny from advocacy organizations</li> <li>■ Seeks reliable, high-quality supplier relationships</li> <li>■ Seeks new growth markets in low-income communities</li> </ul>
<b>Large domestic company</b>	<ul style="list-style-type: none"> <li>■ Has a large local work force</li> <li>■ Is deeply embedded in local communities</li> <li>■ Has long-standing relations with public authorities</li> </ul>	<ul style="list-style-type: none"> <li>■ Has historical ties with communities and acceptance of responsibilities for employees, their families and communities (for example, providing social services)</li> <li>■ Values closeness to local low-income communities as an advantage for business development—including over foreign players</li> <li>■ Relies on a stable national political environment</li> </ul>
<b>Small or medium-sized enterprise (SME)</b>	<ul style="list-style-type: none"> <li>■ Has close ties with employees, customers and business partners</li> <li>■ Often 'goes the last mile' to cater to, or source from, a low-income community</li> </ul>	<ul style="list-style-type: none"> <li>■ Depends on established relationships as a result of personal ties to employees, customers and business partners</li> <li>■ Needs a competitive niche</li> </ul>
<b>Not-for-profit organization (NPO)</b>	<ul style="list-style-type: none"> <li>■ Is mission-driven (not profit-oriented)</li> <li>■ Is flexible in inventing and testing new business models</li> </ul>	<ul style="list-style-type: none"> <li>■ Seeks financially sustainable and scalable models to support its mission, including by helping others to implement solution approaches</li> <li>■ Aims to create income and employment opportunities for people in low-income communities</li> </ul>





## WHO EMBRACES INCLUSIVE BUSINESS MODELS—AND WHY?

This report defines *business* broadly, as any economic activity with the sale of goods and services as its main source of income. So understood, business can be undertaken by a wide range of actors. Such actors include private for-profit companies of all sizes—from the one-person enterprise to the MNC with thousands of employees in dozens of countries. Also included are state-owned companies and co-operatives (box 3). Even not-for-profit organizations use business strategies to achieve their missions more effectively and efficiently.

All these businesses have parts to play in this report. For simplicity, we distinguish four types: MNCs, large domestic companies, local SMEs and NPOs (or social enterprises that are mission-oriented rather than profit-oriented?). As broad as these types are, the boundaries are not always clear-cut, and the types are often mixed. Throughout the following chapters this typology is used, along with best practice examples, to highlight the unique contributions of various kinds of businesses while representing their diversity.

Previous discussions of business and development have often confined themselves to one business type or another—to large multi-nationals or to the local entrepreneur, to social enterprises or to profit-driven, publicly-listed companies. In fact, inclusive business models can involve several or all types at once, each adding its specific resources and competencies.

The motives that drive various business actors to engage the development agenda are equally diverse. Generally, however, these motives can be understood in relation to three main themes:<sup>8</sup>

- **Nurturing an enabling environment that supports business activity.** Business actors seek help in maintaining their license to operate, and in preserving an open and constructive dialogue, through acceptance and support from stakeholders. Such stakeholders include local communities, civil society and policy-makers. If these stakeholders' relations with a business are good, they may take its interests into account as they pursue their own agendas—for example, government investment in local infrastructure, the development of new laws and regulations or the promotion of civil-society and community-led activities around health and education.
- **Reducing risks as much as possible.** Doing business inclusively and responsibly can reduce many risks, including reputational risks (from environmental

damage or poor working conditions in the supply chain), risks of high absenteeism (due to poor health caused, for example, by HIV/AIDS-related sickness) and risks of low employee commitment (the result of poor identification with the business and its interests).

- **Promoting new opportunities.** New business opportunities can arise from strengthening supply chains, empowering employees and winning new customers. Businesses can improve on production quality and cost, extend their innovations and build new growth markets.

## Characteristic capacities and motivations

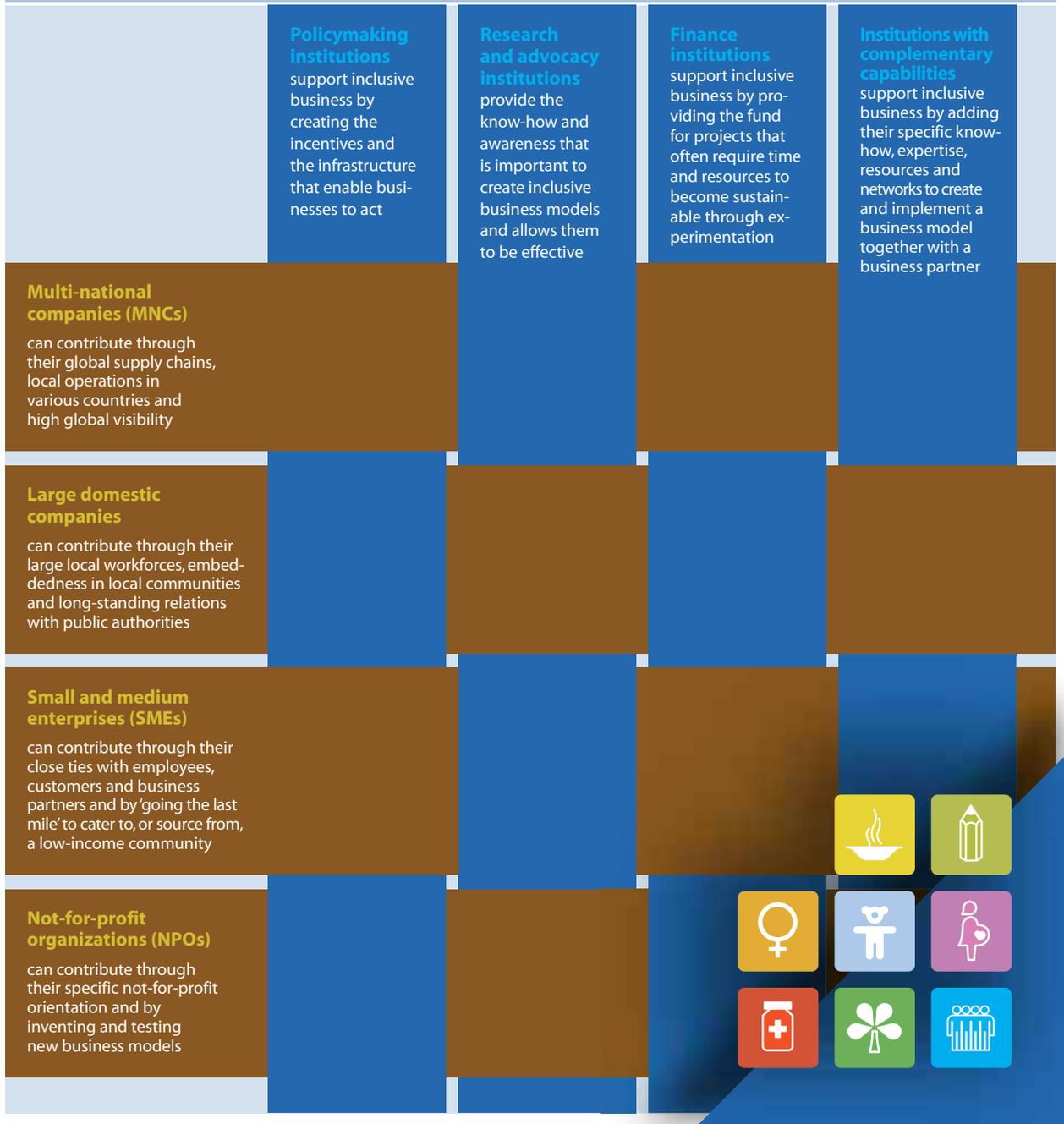
Each business type has its own capacities and motives for contributing to development. These are summarized in table 1. To be sure, the table offers a high-level analysis of facts that in the real world can be much more varied and complex. Still, such a reduction helps to highlight the unique contributions that business actors of each type can make towards meeting each MDG.

## WHO ARE THE SUPPORTING ACTORS—AND WHAT ARE THEIR ROLES?

Businesses can contribute significantly to achieving the MDGs, and they have good reasons to contribute. But they cannot do it on their own. They always require others' support to put inclusive business models into practice. To act, they need the enabling environment provided by government policy—and in most cases they also need other institutions to help execute (box 4).

To ensure an enabling environment, *policymaking institutions* must create incentives for companies to use inclusive business models. Also important as enablers are *research and advocacy institutions*: empirical studies show how best to address an issue, while advocacy makes the case for engagement and mobilizes public awareness and support (advocacy initiatives can also be effective hubs for knowledge and for contacts to other businesses or partners in other sectors). *Financing institutions* can help to fund initiatives. Finally, *institutions with complementary capabilities* can help to implement the initiatives by adding expertise and operational capacities. Business actors that

Figure 1. Actor networks in inclusive business models



enlist these four types of institution for support can most effectively contribute towards meeting the MDGs through using inclusive business models.

In turn, the supporting actors that fall into these four institutional types—including government policymakers, research and advocacy initiatives, foundations and social investors,



## Box 4. Actor networks in inclusive business models: how TEMASOL has helped electrify rural Morocco

A business model will involve many actors: in addition to the focal firm it will require suppliers, funders, partners and customers. Many inclusive business models depend on networks of non-traditional actors, including—for example—governments, public organizations, local communities and not-for-profit organizations. That is because, as inclusive business models venture into new territory and build new value chains, they must use existing resources creatively and work with actors that have the needed resources and capabilities.<sup>1</sup>

This report draws heavily on GIM's ongoing research into these actor networks. It is based on an early analysis of 65 case studies from 27 countries: studies that represent various industries and businesses of all sizes, including not-for-profit organizations and co-operatives, and that were developed by researchers from those countries.

Using the case studies to reveal the roles played by various actors, the report distinguishes among four basic roles played by institutions in supporting inclusive business models:

- Policymaking.
- Research and advocacy.
- Financing.
- Providing complementary capabilities.

Actor networks for inclusive business models can be illustrated through the example of a Moroccan solar electrification company, TEMASOL (figure 2). A joint venture of the French oil and electricity companies TOTAL and EDF with their joint affiliate, TENESOL, TEMASOL was created in 2002 within the framework of a national programme to electrify Morocco's rural regions. The program's goal at its initiation in 1994 had been to increase the country's rural electrification rate from 12% in 1994 to 97% in 2007–08.

Despite efforts by Morocco's national electricity office, ONE, to expand grid-based coverage, about 9% of the rural population lived in areas too remote to be cost-effectively connected. Since Morocco is a very sunny country, ONE called for bids from other service providers to electrify rural areas through photovoltaic (PV) kits. TEMASOL, created in response to that call, was awarded the largest concession—a service contract to supply 16,000 rural homes with PV electricity in four provinces—because of its parent companies' expertise in both solar energy and rural electrification, and because its partner, the French Fund for the World Environment (FFEM), had been researching solar energy since its creation in the early 1990s.

The programme was initially financed within the framework of the German-Moroccan financial cooperation through the KfW development bank. Each PV kit is owned by ONE, which pays 90% of its cost. The other 10% of the cost is paid by customers through a connection fee. Customers also pay a monthly service fee.

Between 2002 and 2008 the programme connected 106,200 customers who are now better able to work and study after sunset. In addition, the PV kits are used to operate water wells. In 2009 TEMASOL employed 84 people. Finally, the programme allows for a saving of 32,000 tonnes of CO<sub>2</sub> over 10 years, compared with traditional energy uses.

Note: 1. One of the key observations made in UNDP (2008).

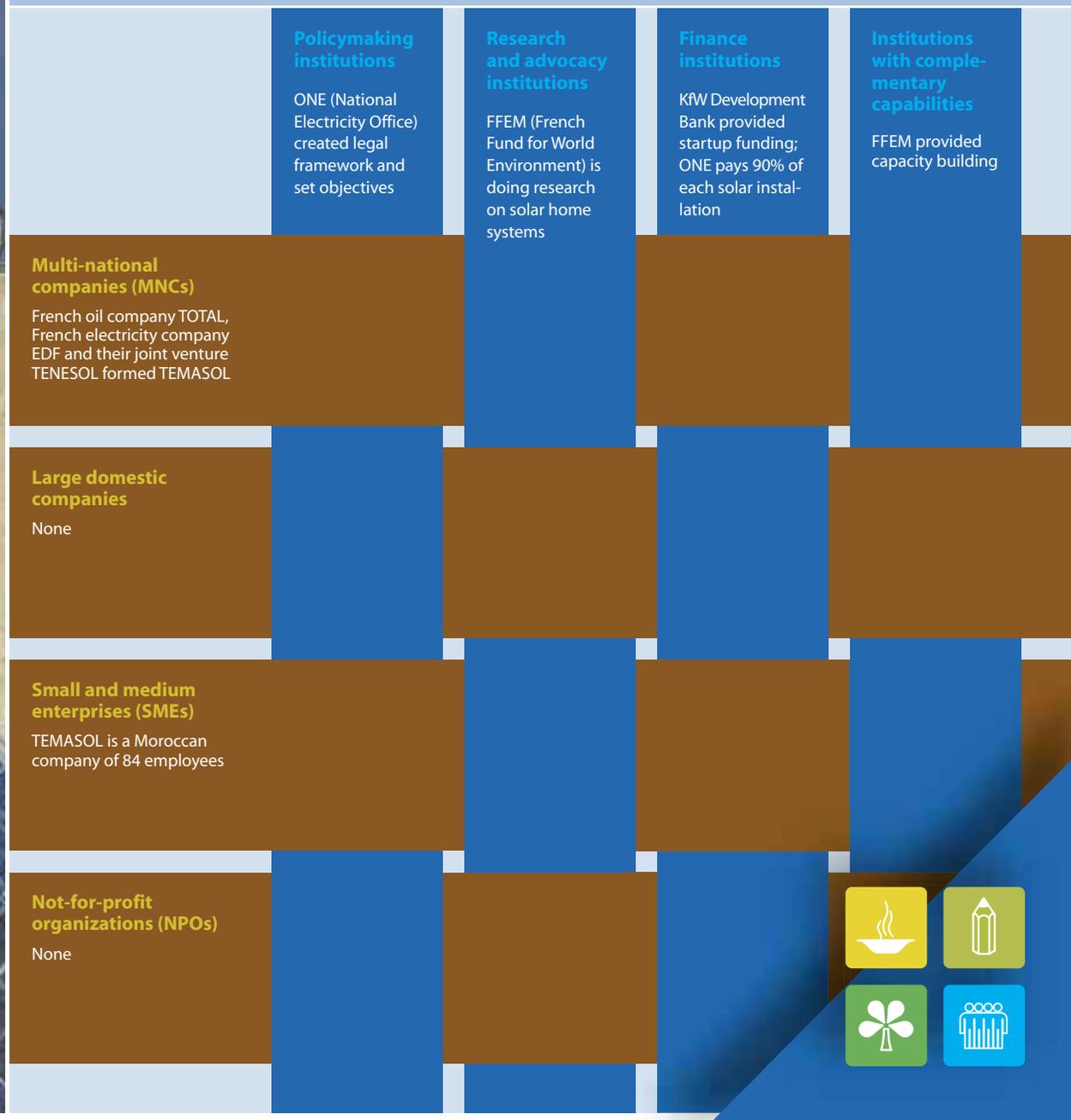


TEMASOL

non-governmental organizations (NGOs) and public-sector agencies—can work with business to reach their own objectives more effectively and efficiently. For one thing, business can offer expertise, resources, operational capacities and management know-how (abilities that often

are complementary). For another, a business can keep an open timeframe and grow organically because it creates its own revenues. Finally, a business contains a built-in feedback mechanism that is often lacking from non-business approaches. Whenever members of a target group

Figure 2. TEMASOL Actor Networks



(producers, consumers, employees) are not satisfied with a business relationship, they can make their voice heard—at least where viable alternatives exist.

The following paragraphs focus on the roles available to each of the four types of supporting actor. As the

chapters in this report will show, many actors actually play more than one role and contribute towards meeting more than one MDG. More comprehensive profiles will gradually be made available in the online database at <http://www.growinginclusivemarkets.org>.



## Policymaking

Public policy creates the incentives and the infrastructure that enable businesses to act. On the one hand, to make it easier for business to play a role in meeting the MDGs, policymakers can open doors for business, provide economic benefits (or prevent loss), create standards and guidelines and clear a space for public-private partnerships. On the other hand, to make markets work for poor people, specific policies must deal with market failures and target the promotion of pro-poor growth—growth that augments the choices of the poor by providing them with goods and services or by offering them income-generating opportunities and decent work.<sup>9</sup>

In recent years public policy has developed new forms of engagement with business, including soft-law approaches (voluntary agreements, guidelines), partnering initiatives (round tables, collective-action efforts) and awareness-raising efforts (labels, award schemes). These create openings for policy engagement with companies as well as for transparent and accountable exchange. Ideally, national policymakers should provide an overarching framework for all players to contribute towards meeting the MDGs, ensuring that synergies are leveraged, that actors are networked and that efforts complement each other rather than compete.



RICCARDO GANGALE/UNDP

International policy initiatives can also provide direction. The United Nations agencies and programmes work with national policymakers on MDG-related policies (for example, the World Health Organization on health-related policies and the United Nations Environment Programme on environmental sustainability).

## Research and advocacy

Research related to inclusive business models and the MDGs often starts from experience—to document what has been done, identify promising approaches and build theoretical frameworks. For example, GIM develops case studies with developing-country researchers and analyses them. The Base of the Pyramid (BoP) Protocol takes an action-research approach, involving researchers in creating new business models from the bottom up. The Delft University of Technology (TU Delft), the Massachusetts Institute of Technology (MIT) Design Lab and Stanford's Design for Extreme Affordability tailor



UNDP UNITED ARAB EMIRATES

design approaches to the context of poverty. And Making Markets Work for the Poor, an initiative of the United Kingdom's Department for International Development (DFID), creates systemic analyses of challenges to governments and donors in creating more inclusive markets.

Advocacy can bring a topic to the attention of policymakers and the general public, creating an impetus and offering guidance to businesses that want to engage. Accordingly, advocacy initiatives often become important hubs for the exchange of experiences, ideas and contacts. The United Nations Global Compact, the World Business Council for Sustainable Development (WBCSD) and the International Business Leaders Forum (IBLF) are three global initiatives that advocate for the role of business in development.

## Financing



UN PHOTO/MARK GARTEN

Financing is an issue for most inclusive business models, whether involving MNCs or NPOs—though the solutions for each might look very different. Inclusive business models often tread new ground, requiring time and resources to become sustainable through experimentation. Some require ‘patient capital’, or funding that does not come with mainstream expectations of high returns or short-term returns. Social investment funds, such as Acumen, have financing models for lower and slower returns. Such financiers can benefit SMEs and NPOs by valuing social returns at least as much as financial ones. Foundations, such as the Bill and Melinda Gates Foundation and the Rockefeller Foundation, also support NPOs’ business approaches. Traditional venture financing, equity and debt financing also remain viable options.

Some of the contributions that inclusive business models can make to society at large, from environmental protection to women’s empowerment, may offer no immediate financial return. In such cases—when the public benefits are high, but private benefits are too low to justify the effort—the public sector can enter as a partner. Public-private partnership programmes, such as those offered by DFID, the United States Agency for International Development (USAID) and Deutsche Gesellschaft für Technische Zusammenarbeit (GTZ), pool resources with companies (including larger ones) to get valuable projects on the road. The International Finance Corporation (IFC) and regional development banks have investment programmes targeted to meeting many of the MDGs.

## Providing complementary capabilities

When businesses engage in development they often require support from other actors who are better versed in the special conditions of poverty and in particular issues that arise. For example, while a company may have a keen interest in educating employees about HIV/AIDS prevention, it may not have the skills or resources to do so. A reasonable solution is to partner with a public-health and social-marketing specialist, such as Population Services International, which can bring exactly the missing capacities to the table.



UN PHOTO/KY CHUNG

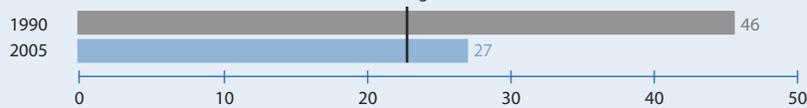
Development organizations—such as Oxfam, Cooperative for Assistance and Relief Everywhere (CARE) and many others—can make inclusive business models more sound and complete by contributing development expertise. Micro-finance institutions have been sought as partners for their extensive networks, gender-based knowledge and experience with financial transactions. Finally, public agencies, such as hospitals and schools, have often been involved where implementation requires educating a target group.



UN PHOTO/P SUDHAKARAN

### Target 1a: Halve, between 1990 and 2015, the proportion of people whose income is less than \$1 a day

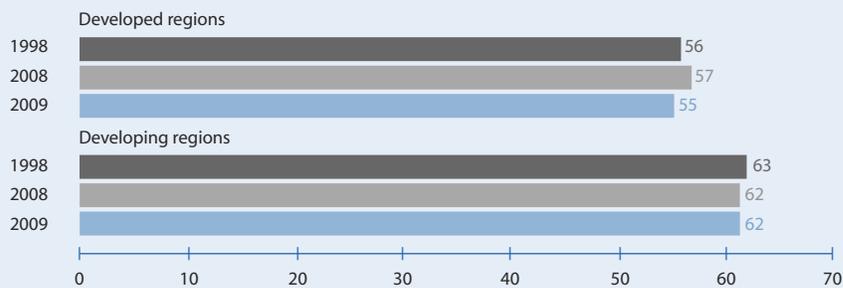
People living on less than \$1.25 a day, developing regions (percentage)



► The global economic crisis has slowed progress, but the world is still on track to meet the poverty reduction target.

### Target 1b: Achieve full and productive employment and decent work for all, including women and young people

Employment-to-population ratio (percentage; 2009 figures are estimated)



► Deterioration of the labour market, triggered by the economic crisis, has resulted in a decline in employment.

### Target 1c: Halve, between 1990 and 2015, the proportion of people who suffer from hunger

Proportion of undernourished population, developing regions (percentage)



► Progress to end hunger has been stymied in most regions.

SOURCE: UN (2010).

## THE PRESENT SITUATION

Private firms are a powerful source of job creation. In Mexico, for example, the private sector created more than 12 million jobs between 1989 and 1998, the public sector only 143,000. But job creation is not merely the purview of large multi-nationals. Micro-enterprises and small and medium enterprises (MSMEs) employ 33% of formal-sector workers in low-income countries and 62% of such workers in high-income countries.<sup>10</sup>

In addition, foreign direct investment in poor markets can accelerate growth and generate income. Increased capital flows can then create incentives for governments to create further regulatory frameworks conducive for business and to spark entrepreneurial activity. Micro-finance has also helped reduce poverty by enabling entrepreneurship. Much evidence suggests that it has increased income and reduced vulnerability among the poor.<sup>11</sup>

Business also invests in water, energy and health and thus helps expand coverage of services.<sup>12</sup> Between 1990 and 2001 more than \$750 billion was invested in 2,500 private projects in developing and transition countries.<sup>13</sup>

By making valuable products and services affordable for the poor, business increases consumers' quality of life. For example, between 2000 and 2005 the number of mobile-phone subscribers in developing countries grew more than five-fold, to nearly 1.4 billion. Growth was fastest in sub-Saharan Africa. Household surveys confirmed substantial and growing use in the low-income population; poor people using mobile phones could benefit from improved access to jobs, to medical care, to knowledge about market prices, to family members working away from home and to remittances sent home by them—and, increasingly, to financial services.<sup>14</sup> Celtel International, which entered the war-torn Democratic Republic of the Congo in 2000, has since accumulated over 2 million subscribers, facilitating the exchange of information among communities previously isolated by war.<sup>15</sup>

### What are the challenges?

- Most poor people lack access to the formal economy because they cannot afford proper registration and legal documents. Accordingly, companies find it difficult to employ them, purchase from them, sell them longer-term contracts or lend to them.<sup>16</sup>
- Slums and villages in developing countries often lack a basic market infrastructure for business (such as roads and other physical infrastructure), basic market information and basic business support services.
- Many developing countries lack a robust overall regulatory and legal framework—one that ensures access to transparent, effective and honest legal systems, to affordable credit and to technology (not hampered by tariffs and trade barriers).
- Supply chains can be deep and complex, involving legions of contractors and sub-contractors. And MNCs may buy products from small workshops through several intermediaries. As a result, ensuring decent work standards throughout the supply chain is extremely challenging.<sup>17</sup>



MARK EDWARDS/UNDP

## THE PROMISE OF INCLUSIVE BUSINESS MODELS

### MNCs can, for example:

- Build operations in developing countries that create pro-poor jobs in accordance with decent work principles.
- Build the capacities of local supply chains and entrepreneurs, and enforce the MNCs' own social standards when sourcing from developing countries.
- Develop business models around improving agricultural output and nutrition that can be replicated in other countries.



ADAM ROGERS/UNCDF

### Large domestic companies can, for example:

- Make their products and services affordable and suitable for the low-income population.<sup>18</sup>
- Enforce decent work standards that ensure employees receive a decent wage, can exercise their rights and enjoy social benefits.
- Advocate for policy reform with the government, collaborate and build capacity for regulation in new industries.



TINEX

### SMEs can, for example:

- As local food manufacturers and retailers, fight malnutrition by offering foods with high nutritional value and by employing innovative technologies to improve agricultural value chains.
- Provide secure employment in their communities, particularly to marginalized people such as the disabled and elderly.
- Support their employees in financial crises and keep them from poverty.



KEVIN KLINE

### NPOs can, for example:

- Assist low-income populations in improving their skills, productivity and income-earning capacity, as well as in organizing them to promote their voice.
- Build partnerships among local populations, businesses and governments to enable agricultural value chains and functional food markets.



BERGISCHE UNIVERSITÄT WUPPERTAL

**SAFO / BASF SE ■ MNC**

Roughly 2 billion people suffer from malnutrition. By fortifying basic staples with micro-nutrients, the Strategic Alliance for the Fortification of Oil and Other Staple Foods (SAFO) provides an easy and cost-effective way to help them. Contributing to this project are GTZ, which advises the public sector and facilitates multi-stakeholder dialogue, and BASF, which produces micro-nutrients including vitamin A. To launch the initiative local decisionmakers develop a plan to fortify staple foods, such as flour and oil, and to establish standards for labelling fortified food products. For consumers the price increase is minimal—0.2%–0.3% on average—but the health benefits are considerable. SAFO has been introduced successfully in Bangladesh, Bolivia, Brazil, Cambodia, Indonesia, Tanzania and Uzbekistan, and the first sales of vitamins were completed in mid-2009.<sup>19</sup>

**Tinex ■ Large domestic company, FYROM**

Tinex was founded by Vladimir Todorovich in 1994 in the Former Yugoslav Republic of Macedonia (FYROM) after the country gained independence from Yugoslavia. It has grown from a 15-employee, 700m<sup>2</sup> grocery store to the country's second largest supermarket chain (by revenue).<sup>20</sup> Tinex became the first company in the FYROM to offer employment to every foster child turning 18. The company, with a successful placement and mentoring programme for the children, has a formal partnership with the State House for Foster Children (a government institution) and the Association of Foster Children (a non-profit organization). Selected store-level mentors support the children's transition from the State House to the store, and the State House employee responsible for the child is also present during this six-month transition period.<sup>21</sup>

**Amul Dairy co-operatives ■ Co-operative, India**

For many of India's rural poor, selling milk is essential to their income. Amul Dairy has organized almost 2.8 million dairy farmers into village-level societies in Gujarat, North India. Amul, as the umbrella organization, is large. Yet each of the more than 13,000 village-level societies is itself a small co-operative. Together these societies bring more than 10 million litres of milk to market daily, making Amul the leader in the Indian milk industry. Amul has transformed the milk value chain by organizing farmers and creating an efficient handling and marketing system. Each day milk is collected no more than 10 miles from the farmer using an automated computerized collection system that speeds up weighing, quality testing and payment processing. After Amul's success in Gujarat, the government established Operation Flood to replicate the model nationwide. As a result, in 2009 some 14 million dairy farmers in more than 133,000 village-level societies produced 110 million tonnes of milk.<sup>22</sup>

**Saraman ■ NPO, Iran**

Saraman produces affordable, earthquake-proof, pre-fabricated steel structures for houses, schools and hospitals in Iran. The NPO trains young graduates to later implement the practice. The company has 12 permanent employees in its office and more than 60 workers in fabrication and implementation sites. Many more jobs are created for the lower-income communities that engage in the construction projects.

Saraman was created by German and Iranian universities and their corporate partners. German technology was adapted to reduce the cost and time of earthquake-proof construction, using locally-available material in an environmentally-friendly way.<sup>23</sup>

## THE SUPPORTING ROLES OF INSTITUTIONS

### Policy

Policy can help spur SME growth and entrepreneurship by providing funding and market linkages.

- The **World Food Programme (WFP)** uses its purchasing power to offer small-holder farmers opportunities to access agricultural markets and become competitive players in those markets. Purchase for Progress (P4P) has been launched in 21 countries.<sup>24</sup>
- Ecuador's **Tourism, Micro-Enterprises, Micro-Credit and Poverty Reduction Program** developed a micro-finance model to stimulate the tourism sector by channelling funds to micro- and small tourism enterprises through a savings and credit co-operative.<sup>25</sup>
- Based on the only international governmental instrument on co-operatives, the International Labour Organization (ILO) Promotion of Cooperatives Recommendation, 2002 (R.193), **EMP/COOP** serves ILO constituents and co-operative organizations by focussing on evidence-based advocacy for co-operative values and principles. It ensures co-operative competitiveness by developing tools and capacity building, by promoting education about co-operative principles and by advising on co-operative-related law and policy.<sup>26</sup>

Businesses in developing countries often find it difficult to find qualified staff. Public programmes that provide training in line with local business needs can address this bottleneck and help people access qualified positions.

- In Indonesia the **Education and Skills Training for Youth Employment programme** provides training for both in-school and out-of-school youth, in line with local market demand.<sup>27</sup>

National certification and labelling schemes, thanks to the increased market value of certified products, can enable inclusive business models that incorporate small-holder farmers and implement decent work practices.

- Uganda adopted a **national organic standard** in 2003 and the **East African Organic Products Standards (EAOPS)** in 2007. Certified organic exports increased from \$3.7 million in 2003–04 to \$22.8 million in 2007–08. Studies commissioned by UNEP and UNCTAD, who supported the development of EAOPS, indicate that in 2006 the farm-gate prices of organic pineapple, ginger and vanilla were respectively 300%, 185% and 150% higher than those of conventional products.<sup>28</sup>



UN PHOTO/VIESTI

## Research and advocacy

Market and business research supports inclusive business models that create income opportunities and allow access to goods and services.

- The **BOP Learning Lab Network** brings researchers together with companies and development organizations to develop inclusive business models and share knowledge.<sup>29</sup>



STUDIO AZZURRO/UNDP

- **FinMark Trust** in South Africa does market research in the low-income market, in particular on financial services. Similar market-research institutions are Plano CDE in Brazil and the Institute for Financial Management and Research in Chennai, India.<sup>30</sup>
- The **Making Markets Work Better for the Poor (M4P) initiative** in Vietnam has three components designed to increase participation by the poor in value chains, private-sector employment and public-private partnerships for infrastructure services. These include the Action Research Funding Component, which supports research in the three areas mentioned; the Vietnam Challenge Fund, which challenges the private sector to propose innovative inclusive business models; and the Capacity Building component, which builds capacity at the policy level in Vietnam.<sup>31</sup>

Informal markets are difficult for formal businesses to interact with. Some institutions are building knowledge on how it can be done.

- **UNDP's Initiative on Legal Empowerment of the Poor (ILEP)** supports national, regional and global efforts to expand poor people's access to legal and institutional mechanisms. The initiative also guides businesses in reducing the transaction costs of working with the poor informally through legal inclusion.<sup>32</sup>

Some institutions help develop and control social standards in the supply chain.

- **Social Accountability International (SAI)** has established SA8000, a standard that employers use to measure their own performance and responsibly manage their supply chains. Affiliate Social Accountability Accreditation Service (SAAS) accredits qualified audit organizations to certify compliance. More than 1.2 million workers are employed in over 2,100 SA8000-certified facilities in 63 countries, across 66 industrial sectors.<sup>33</sup>
- In the **4C Association** producers, trade and industry and civil society from around the world work towards greater sustainability in coffee. The initiative targets coffee producers with limited or no access to markets for certified coffees. 4C increases coffee producers' net income through improvements in quality, marketing conditions and efficiency.<sup>34</sup>
- In 2002 Nestlé, Unilever and Danone created the **Sustainable Agriculture Initiative (SAI) Platform**, a non-profit organization designed to support sustainable agriculture practices involving various food chain stakeholders. The SAI Platform today counts 25 members, with estimated sales of \$300 billion.<sup>35</sup>



## Financing

Banks and investors fund SMEs to expand operations and create employment.

- The **International Finance Corporation's (IFC) Linkage Programs** are designed around selected IFC investments, to increase participation in a project by local firms and to bring additional benefits to surrounding communities.<sup>36</sup>
- **MYC4** is an online marketplace that connects small-scale investors directly with African entrepreneurs who lack capital.<sup>37</sup>
- In Pakistan **Standard Chartered** focuses on the needs of small businesses. Its SME Training Programme gives entrepreneurs primer on finance and accounting and customer service delivery in a two-day workshop.<sup>38</sup>
- **Anglo Zimele** is the enterprise development and empowerment initiative of the mining and natural resource company Anglo American in South Africa. Its Supply Chain Fund has supported more than 150 businesses since 1989.<sup>39</sup>

A number of donors and development banks support large domestic companies, MNCs and others in inclusive business model development through loans and co-funding.

- **Opportunities for the Majority**, through a \$250 million special funding facility, provides loans and partial credit guarantees to companies interested in supporting inclusive business models in Latin America and the Caribbean.<sup>40</sup>

ERICK RABEMANANORO/UNDP



ADAM ROGERS/UNCDF



## Capabilities

Development-oriented organizations can help train local producers and organize them into co-operatives or groups that facilitate the interface with larger businesses.

- In Uganda **TechnoServe** has been working with the **Uganda President's Initiative on Poverty Alleviation** to make the *matooke* (green banana) industry more efficient and beneficial to the rural poor. TechnoServe is organizing 9,000 *matooke* farmers in groups, transforming the groups into marketing companies and linking them to urban wholesalers. TechnoServe applies a similar model with some 6,000 organic and 500 conventional cotton farmers in Uganda.<sup>41</sup>
- In Nicaragua and Honduras **SNV** connects large coffee companies with small-scale coffee growers to increase income for all parties. By giving the companies tools and training, SNV has enabled staff to help 850 farmers increase the efficiency and quality of their production and gain Utz certification for their organic coffee beans.<sup>42</sup>

Labour organizations can help businesses implement good labour standards and provide assistance to MNCs to manage their supply chains with regard to social standards.

- **Better Work** is a partnership programme between IFC and the ILO that aims to improve both compliance with labour standards and competitiveness in global supply chains. It involves the development of both global tools and country-level projects, with a focus on solutions that build co-operation among governments, employer and worker organizations and international buyers.<sup>43</sup>



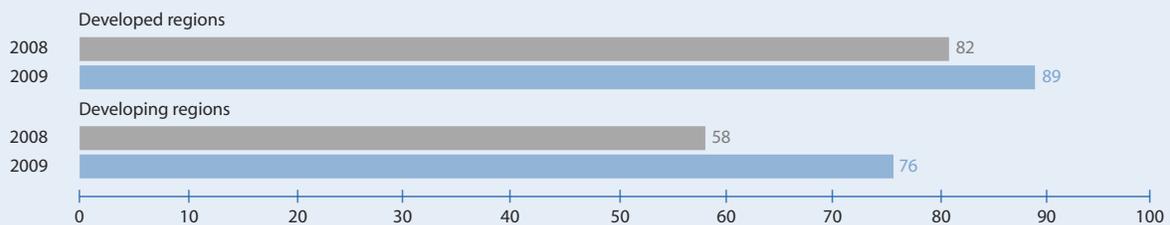
MARTA REMONEDA/UNDP



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### Target 2a: Ensure that, by 2015, all children will be able to complete primary schooling

Adjusted net enrolment ratio in primary education, 1998/99 and 2007/08 (percent)



SOURCE: UN (2010).

► 28 million more children are able to attend school since 1999. But 75 million still miss out (34 million boys and 41 million girls).

► About 150 million children ages 5–14 are engaged in child labour.<sup>1</sup> The highest incidence of child labour is in agriculture (60%).<sup>2</sup>

Notes

- 1. "UNICEF calls on governments, donors and the private sector to end child labour," United Nations Children's Fund, [http://www.unicef.org/media/media\\_53955.html](http://www.unicef.org/media/media_53955.html).
- 2. Ministry of Social Affairs and Employment of the Netherlands (2010).

## THE PRESENT SITUATION

Private education has expanded dramatically over the last two decades in both high-income and low-income communities. Global enrolment in private primary schools grew by 58% between 1991 and 2004, that in public primary schools by just 10%.<sup>44</sup> Some African and South Asian countries, where demand for schools exceeds supply and where public funds are limited, have experienced growth in the number of private low-cost schools, mostly at the secondary level.

In some poor urban and peri-urban areas of India and sub-Saharan Africa, most school-children are in private schools. In Hyderabad, India, 65% of schools are private, and more than half of those are unregistered. In Lagos State, Nigeria, 75% of school-children are in private schools. For these instances, including enrolment in private unregistered schools in government statistics would reduce the percentage of out-of-school children from 50 to 26. Most low-budget private schools are run by local entrepreneurs and employ local teachers.<sup>45</sup> Evidence from around the world shows a positive correlation between private education and education quality, suggesting that the private sector can deliver high-quality education at low cost.<sup>46</sup>

Attempts to certify goods, such as chocolate, as child-labour-free have struggled for credibility. Manufacturers in developing countries often sub-contract labour-intensive segments of production to back-street producers. One of the few successful certification schemes is GoodWeave, which protects the carpet industry. Its sponsor, RugMark International, claims that in South Asia more than half a million weaving jobs previously held by children have been replaced with adult labour.<sup>47</sup> Part of RugMark's revenues are invested to finance social and rehabilitation programmes for former child workers and children of carpet-weavers. So far more than 4 million carpets with the RugMark label have been sold in Europe and North America.<sup>48</sup>

## What are the challenges?

- National policies often create hurdles for businesses seeking to provide education: registration criteria are unclear, processes time-consuming.<sup>49</sup>
- Market information about education demand is limited. Data often lack basic information, such as the number of children attending school; the characteristics of those not in school; the amounts of education materials and their use; and what is being learned.<sup>50</sup>
- Elimination of child labour requires the development and enforcement of appropriate legislation as well as collaborations between the private sector, governments and civil-society organizations.
- Monitoring and enforcing anti-child-labour laws in the supply chain can be difficult—especially because much child labour is at the lower end of the supply chain, in small workshops or in home-based work.



MANUEL SARDA/UNDP

## THE PROMISE OF INCLUSIVE BUSINESS MODELS

### MNCs can, for example:

- Fight child labour in their supply chain—for example, by requiring suppliers to adhere to a code of conduct and submit relevant certification.
- Design and market products and services that are adapted to low-income markets and that contribute to children's education; examples include learning materials, access to ICT and lighting to help children study after dark.



UNICEF/NYHQ2006-1823/JOSH ESTEY

### Large domestic companies can, for example:

- Work with their local communities to eradicate child labour.
- Promote primary education enrolment for their employees' children and facilitate access to schools for them.
- Advocate with government for universal primary education and quality schooling.



AEIOTU

### SMEs can, for example:

- Provide affordable, high-quality education by running schools in slums and rural areas.
- Sell lighting solutions, learning materials and ICT-based education solutions to low-income families.
- Avoid child labour.
- Support employees in sending their children to schools.



SELCO SOLAR PVT. LTD.

### NPOs can, for example:

- Create income opportunities for entrepreneurs by implementing innovative business models around schooling, such as micro-franchise solutions.
- Create and distribute learning-oriented products and services.
- Offer consulting services to companies to help them tackle child labour holistically.



OPPORTUNITY INTERNATIONAL

**IKEA ■ MNC**

In the mid-1990s IKEA became aware of widespread child labour in South Asia, facing accusations against its own supply chain. To help with the global issue IKEA established a code of conduct stating that all suppliers shall recognize the UN Convention on the Rights of the Child, comply with all relevant national and international laws and take all appropriate measures to ensure that no child labour occurs at the suppliers' and their sub-contractors' places of production.<sup>51</sup>

In 2005, in partnership with the United Nations Children's Fund (UNICEF) and Save the Children, IKEA launched its Social Initiative to support projects that benefit an estimated 100 million children. As part of the initiative IKEA created an especially sturdy SUNNAN lamp designed to resist the wear and tear of difficult living conditions—including, for example, a battery capable of withstanding high temperatures and humidity—giving children without electricity the power to read, write or draw after sunset.

**Carulla Foundation ■ Large domestic company, Colombia**

Carulla Foundation was founded by José Carulla Soler, then owner of the Carulla chain of department stores, in 1962. For 47 years the foundation provided scholarships to thousands of low-income employees of the company. In 2008, due to findings about the importance of the first years of life, the foundation decided to focus on promoting early childhood education in Colombia through its initiative AieoTu. AieoTu offers high-end education services through direct contracting with the government. In addition, the Carulla Foundation provides 30% of the centres' resources. The remaining costs are covered by cross-subsidization: one high-income child finances the education of two low-income children. Now serving 700 low-income children across four centres, AieoTu envisions replicating its model by developing self-sustainable franchise centres.<sup>52</sup>

**SELCO India ■ SME, India**

SELCO India is a Bangalore-based enterprise founded in 1995 that provides solar lighting to 4,000 institutions (such as orphanages, clinics, seminaries and schools) and to more than 110,000 rural homes in the state of Karnataka and elsewhere. To enable customers to meet the up-front cost, SELCO obtained loans from state-owned rural banks.

A customer survey found that the lamps enabled children to study after sunset—something hardly possible with dim kerosene lamps—and that this, in turn, reduced the opportunity cost of studying for the whole family by freeing children to help during daylight hours. Today SELCO has installed more than 95,000 solar-panel systems, with more than 400,000 people benefiting directly.<sup>53</sup>

**Opportunity International ■ NPO, Ghana**

In 2007 Opportunity International, an international not-for-profit micro-finance institution, launched its Microschools of Opportunity program. It provides loans to teachers who open schools in poor neighbourhoods where children, especially girls, would otherwise lack education. 'Microschools' are schools financed through micro-credit; the average such school in Ghana enrolls about 200 students. By July 2008 they operated in 50 neighbourhoods and towns in Ghana and 9 locations in Malawi. The goal was to expand the pilot to Asia and to several other countries in Africa.<sup>54</sup>

## THE SUPPORTING ROLES OF INSTITUTIONS

### Policy

Private providers can increase access to schooling for children from low-income families. But regulation and enforcement are central to maintain high standards. These standards include clear, objective, streamlined criteria and processes for establishing, operating and monitoring private education institutions.<sup>55</sup>

Policy can also promote demand—for example, through financial support for parents—and can encourage investment.

- Nepal's **Welcome to School Initiative** provides scholarships to girls and first-time learners. Combined with teacher training, awareness-raising about education and its importance, the development of tools to boost education quality and the encouragement of enrolment among out-of-school children, the initiative helped spur exponential growth in primary enrolment. An additional 473,000 children enrolled annually, more than half of them girls.<sup>56</sup>

- Brazil's **Bolsa Familia** transfers money to poor families on two conditions: all a household's children between 6 and 17 must be enrolled in school, and those children must attend at least 85% of their classes each month. The programme prefers to make the monthly transfers, ranging from \$12 to \$95 per family, to female heads of households. By October 2009 cash transfers had been made to 12.5 million families under the programme, covering 52 million people—100 percent of the estimated poor people in Brazil. Evidence shows that Bolsa Familia and its predecessor, Bolsa Escola, promote enrolment among the poor; Bolsa Escola was found to reduce drop-out rates by 7.8%.<sup>57</sup> Similar programmes exist in dozens of countries across Latin America, Africa and Asia.

Policy provides the legal framework for fighting child labour, giving businesses a clear mandate to act and helping them to avoid competitive pressures.

- The 1999 **ILO Convention of the Worst Forms of Child Labour (WFCL)** is the most widely ratified international labour convention, ratified by 171 states.



PETER BRUYNEEL/UNDP



UN PHOTO/JEAN PIERRE LAFFONT



## Research and advocacy

Knowledge about inclusive education—with a special view to marginalized groups—must be the basis for both private and public school services.

- The **United Nations Educational, Scientific and Cultural Organization's (UNESCO) SchoolNet Toolkit** is designed to help education planners and practitioners integrate ICT into education systems.<sup>58</sup>

Investments in education services need to be guided by information about demand and financial sustainability.

- The **African Private Schools Investment Index** ranks 36 African nations by attractiveness for private investment in education, using six categories and 39 indicators.<sup>59</sup>

Eliminating child labour is difficult; effective, evidence-based interventions are necessary.

- The International Labour Organization's (ILO) **International Programme on the Elimination of Child Labour (IPEC)** developed Child Labour Monitoring (CLM), which has evolved into industry-based and region-based Child Labour Monitoring Systems (CLMS). The systems identify children in the workplace, note the hazards they face, and verify that they have been removed and that the children are in school or some suitable alternative. They are based on a learning approach: experiences from CLMS generate feedback to improve the model.<sup>60</sup>



## Financing

Schools and other education services are lowering school fees through specialized financing options that, for example, allow for longer repayment schedules and affordable interest rates.

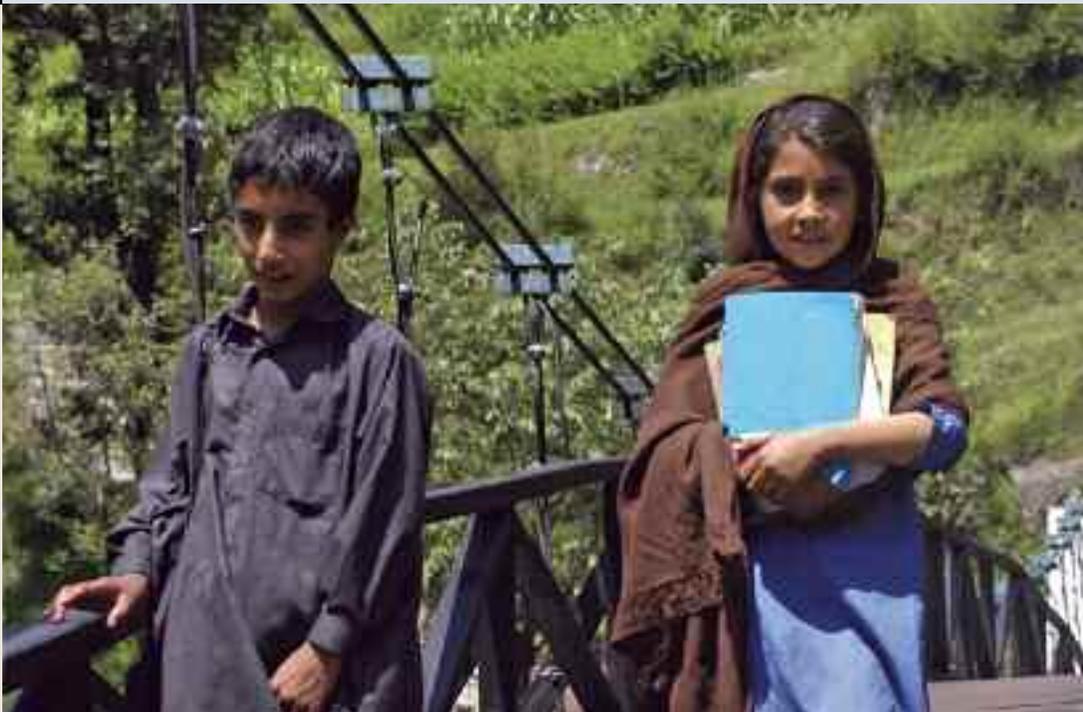
- **Orient Global**, a Singapore-based private investment institution, is managing a \$100 million education fund investing in private-education ventures in developing countries.<sup>61</sup>
- **IFC Africa Schools Program** encourages local banks to finance private institutions for durations that are suitable to capital investments in education. The programme consists of \$50 million of risk-participation facilities for education sector loans and a \$5 million advisory-services program.<sup>62</sup>
- **Education for All (EFA)** is a multi-donor trust fund providing quality universal education. In Haiti the fund works through the Haitian Ministry of Education to subsidize nearly 100,000 poor children in 1,000 accredited private schools.<sup>63</sup>
- The **World Bank's Haiti Education for All Adaptable Program Grant** gives the management committees of eligible private schools a \$90 subsidy per student, so that poor students not in school can attend non-public primary schools for free.<sup>64</sup>



## Capabilities

Businesses can draw on support from specialized partners to eradicate child labour from their operations and institute child-friendly policies.

- The **ABRINQ Foundation for Children's Rights** funds activities in seven action areas with financial support from over 3,000 companies throughout Brazil. Its Child-Friendly Company Program (CFCP) is a social-labelling initiative. To qualify for the label, Brazilian companies must formally commit to a code of conduct requiring activities such as promoting antenatal care and schooling. The foundation helps these companies eliminate child labour in the workplace and in the supply chain.<sup>65</sup>
- The **Child Labour Free Certification Initiative**, created by Section 3205 of the United States Food and Energy Security Act, is directed to develop a voluntary, third-party certification effort to reduce the likelihood that products produced with forced labour or child labour are imported into the United States, as directed in the Trafficking Victims Protection Act of 2005. The certification will drive down demand for child-labour-made goods by providing willing consumers and businesses, as well as the US government, with full information about which products—and companies—make efforts to avoid using and profiting from child labour.<sup>66</sup>
- **UNICEF** works with corporate partners, such as IKEA, to help the partners eliminate child labour from their supply chains while at the same time creating opportunities for children and their families.<sup>67</sup>



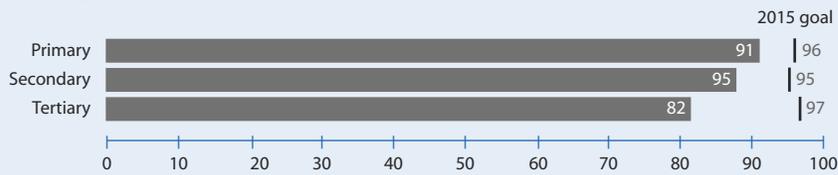
MUZAMMIL PASHA/UNDP



SHEHZAD NOORANI/THE WORLD BANK

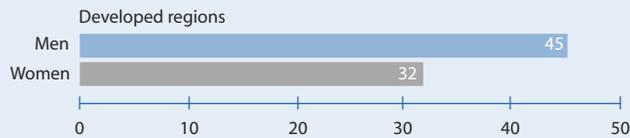
**Target 3a: Eliminate gender disparity in primary and secondary education preferably by 2005, and at all levels by 2015**

**Girls enrolled in primary school per 100 boys so enrolled, developing regions, 1999 and 2008**



► The developing regions as a whole are approaching gender parity in educational enrolment.

**Percentage of women in top-level and all occupations, developing regions, average for the period 2000–08**



► Top-level jobs still go to men — to an overwhelming degree.

SOURCE: UN (2010).

## THE PRESENT SITUATION

Globally, whereas ten years ago agriculture was the main employer for women, the services sector now provides most female jobs: out of all women employed in 2008, 37% worked in agriculture and 47% in services. But women still tend to work in sectors with low pay, long hours and informal working arrangements. And even in sectors where women outnumber men, it is rarely women who hold upper managerial positions.<sup>68</sup>

Many companies have installed programmes to eliminate the gender wage gap. But the gap remains large—at a global average of about 17%—and tends to be higher in the private sector.<sup>69</sup>

Micro-finance has proven effective in empowering women. For example, in Nepal 68% of Women's Empowerment Program members said they made decisions on buying and selling property, sending daughters to school, arranging children's marriages and family planning. In India SEWA clients have lobbied for higher wages, the rights of women in the informal sector and resolution of neighbourhood issues.<sup>70</sup>

Many women own businesses and act as role models for others. However, only a third of firms in 118 economies surveyed by the World Bank have female participation in ownership—and women-owned businesses tend to have fewer employees, lower sales and less invested capital.<sup>71</sup>

Businesses are recognizing the challenges women face in combining family and work, and some have taken steps to alleviate the tension. For example, coffee and rose exporters in Kenya provide child-care centres for rural agricultural workers, reducing absenteeism and increasing productivity. FURNAS in Brazil, IBM in Hungary, the Royal Marsden in the United Kingdom and BHEL in India offer holiday activities for workers' children by identifying and entering into agreements with existing community programmes.<sup>72</sup>



ADAM ROGERS/UNCDF

## What are the challenges?

- Gender stereotypes and clear-cut roles for men and women are deeply embedded in many countries' cultures. These biases are often reflected in economic and social institutions. Businesses can find it difficult to act against what is considered appropriate for women in such an environment.
- Labour markets are often dominated by men, and women often find it hard to compete since they often must fulfil other time-consuming roles in the family. Though companies offer women employment, taking these jobs under standard conditions may not be a viable choice for women.<sup>73</sup>
- The gap between males and females often starts in primary school. And in later education the gap widens even more. So women are often unqualified for better jobs—while those working in the informal economy often lack the capacity, business skills and access to credit that are necessary for starting small enterprises.<sup>74</sup>



## THE PROMISE OF INCLUSIVE BUSINESS MODELS

### MNCs can, for example:

- Work with partners in their supply chains to promote female employment and women's rights and establish links with women's co-operatives and SMEs.
- Establish codes of conduct and standard processes that treat women equally and compensate them fairly across the value chain.



UN PHOTO/EVAN SCHNEIDER

### Large domestic companies can, for example:

- Employ female employees in decent work.
- Provide skills training and enable mothers to work and care for their families.
- Support further training and education for women and employ them in managerial positions.
- Advocate with government for women-friendly labour-market conditions.



JUANA DE CATHEU

### SMEs can, for example:

- Promote equality and ensure proper treatment of women in the workplace.
- Encourage women entrepreneurs and empower others to follow in their footsteps, especially women-headed SMEs.



INTER-AMERICAN DEVELOPMENT BANK

### NPOs can, for example:

- Develop business models that bring education, health care and financial services to under-served women at higher quality and lower cost.
- Create economic opportunities for women while acknowledging and furthering their own skills and creativity.
- Empower women leaders and entrepreneurs through courses and trainings.



HBPS

**Adina for Life ■ MNC**

Adina for Life markets culturally-authentic beverages from countries around the world. In Senegal Adina for Life sources certified organic hibiscus blossoms from the women's co-operative "Qualité Agriculture Biologique" (QABCOO). More than 520 members of QABCOO could benefit from a fair wage guaranteed by the fair-trade label with Adina and its partners who provide technical assistance, advice and monitoring to the workers. Through their economic contribution, women have gained more awareness of their potential in the community and as a result are involved in decisionmaking processes.<sup>75</sup>

**Celtel ■ Large domestic company, Democratic Republic of Congo**

In 2000 Celtel International—a pan-African mobile communications provider operating in 15 countries—entered the war-torn Democratic Republic of the Congo, a country with little or no infrastructure and no banking network. The potential customer base was initially small and hard to reach. Despite these obstacles Celtel has gained more than 2 million Congolese customers, allowing communities previously isolated by war and poor infrastructure to exchange information.

Women were part of Celtel's success: Celtel's strategy encouraged the use of shared handsets, and women made a business out of it, renting the handsets for the price of airtime plus a fee. The business provides an excellent livelihood for these "Mamans GSM," contributing as much as half of their household income.<sup>76</sup>

**Denmor Garments, Inc. ■ SME, Guyana**

Denmor Garments, Inc.—a privately owned garment manufacturer operating in Coldingen, Guyana—has grown from 250 to more than 1,000 employees since its establishment in July 1997. Of the employees, 98% are women from poor rural communities. All employees are cross-trained, so that everyone can operate machinery at each production step. The company spends \$250,000 annually on training and provides many fringe benefits, such as free transportation to work. Line supervisors, also female, and provide practical guidance in personal hygiene and grooming. Denmor invites experts to speak to the women on issues such as domestic violence and child support. Paid time away from work is provided for these sessions. These high labour standards improve workforce productivity and make the company's products more attractive to foreign customers.<sup>77</sup>

**Hathay Bunano Proshikhan Samity ■ NPO, Bangladesh**

**Hathay Bunano Proshikhan Samity** produces children's toys and clothes by working with local women artisans. Its products are marketed through wholesale and retail buyers in Europe, the United States, the United Kingdom and Australia. This NPO has employed about 3,500 poor women artisans through its rural production centres across the country. Payment, while made on a product basis, is in general estimated at Tk 10 per hour (about \$0.14). The minimum hourly wage in Bangladesh is Tk 6, but for rural-handicrafts work it is not uncommon to see women working for as little as Tk 3. Thanks to this income opportunity, women have not needed to migrate to urban areas to find work—while their new economic independence has reduced rates of childbirth and early marriage.<sup>78</sup>

## THE SUPPORTING ROLES OF INSTITUTIONS

### Policy

Many countries have successfully implemented policies promoting gender equality in the workplace.

- Montenegro's **Accountability for the Protection of Women's Human Rights Project** resulted in a revised labour law, which now includes provisions on harassment and sexual harassment. It also prohibits discrimination against women seeking employment and preserves a pregnant woman's right to one year of maternity leave.<sup>79</sup>
- The **Gender Equity Model (MEG)** is a partnership programme between the Mexican government and private companies interested in promoting gender equality. Companies engaged in self-assessment and training to address weaknesses receive a Gender Equity Seal. Through this programme 550 people were trained in gender-equity action. After gender committees were launched in and between the 42 participating firms, the firms reported an improved labour atmosphere.<sup>80</sup> Egypt is implementing a similar model with the same Gender Equity Seal.

Policy can also improve labour-market conditions for women.



ADAM ROGERS/UNCDF

- The **Women Workers' Unity Group (WWUG)** in Thailand has been demanding that government establish child-care centres in industrial communities and that state-run day-care centres expand their hours to accommodate workers. The WWUG's pressures for greater co-ordination among ministries with child-care responsibilities were instrumental in the signing of a Memorandum of Understanding among five ministries.<sup>81</sup>

### Research and advocacy

Research can identify best practices and lessons learned for business to uphold gender rights and empower women in developing countries.

- The **United Nations Entity for Gender Equality and the Empowerment of Women (UN Women)**—a new UN entity—includes the **United Nations Development Fund for Women (UNIFEM)**, which provides financial and technical assistance to innovative programmes and strategies that foster women's empowerment. For example, the 2010 publication *Women's Empowerment Principles: Equality Means Business* guides businesses in empowering women in the workplace, marketplace and community.<sup>82</sup>

Advocacy is critical to advancing women's empowerment in business.

- The **International Center for Research on Women (ICRW)** works in all areas of women's



UN PHOTO/RAY WITLIN

empowerment, from increasing access to health services and economic opportunities to reducing discrimination and violence against women. In Senegal it worked with Nike Foundation and Tostan (a West African non-profit that works to improve women's health) to improve the well-being of adolescent girls. It also assists German development agency GTZ and its private-sector partners with helping cotton farmers in sub-Saharan Africa increase their yields.<sup>83</sup>

- The **Mekong Private Sector Development Facility (MPDF)** and the **International Finance Corporation's (IFC) Women in Business Program** conducted the survey and report *Voices of Vietnamese Women Entrepreneurs* to help businesswomen in Vietnam speak out about the challenges they face and how to solve them. The project also assisted with drafting the Gender Equality Law, and it organized advocacy workshops to raise awareness about gender and private-sector development. A similar study was conducted in Cambodia.<sup>84</sup>

## Financing



ADNAN SAHBAZ/UNDP

Many financing facilities invest specifically in women and their empowerment, often through micro-finance.

- **Kiva** is an NPO that allows people to invest in micro-entrepreneurs through micro-finance institutions world-wide. Since its inception it has loaned approximately \$153 million,<sup>85</sup> of which 82% has gone to women.<sup>86</sup>
- **Women for Women International** gives women access to capital and operates group-based micro-credit programmes in Afghanistan and Bosnia and Herzegovina. It helps women form co-operative ventures and micro-enterprises, such as production facilities and co-operative stores.<sup>87</sup>
- **First Microfinance Bank of Afghanistan (FMBA)** introduced group lending to expand access to finance to women entrepreneurs, particularly in Afghanistan's urban areas.<sup>88</sup>
- **Microfund for Women (MFW)**, a micro-finance institution in Jordan, worked with Women's World Banking (WWB) and the International Labour Organization (ILO) to launch CareGiver. This gender-specific insurance product will be available to nearly 40,000 borrowers, 96% of them women. It is designed to help women and their families cope with the expenses associated with hospitalization, such as medical fees, lost income and child care.<sup>89</sup>

## Capabilities

- **Calvert Investments**, in partnership with UNIFEM, introduced the Calvert Women's Principles in 2004, a code of corporate conduct focused on empowering, advancing and investing in women world-wide. The code provides indicators for tracking progress on various dimensions ranging from employment and compensation to accountability.<sup>90</sup>
- The IFC's **Women in Business (WIN)** program—formerly Gender Entrepreneurship Markets—provides financial products and advisory services to increase women entrepreneurs' access to finance, to reduce gender-based barriers in business and to make IFC investment projects more sustainable.<sup>91</sup>
- **Goldman Sachs' 10,000 Women** is a five-year investment to educate 10,000 under-served women in business and management.<sup>92</sup>



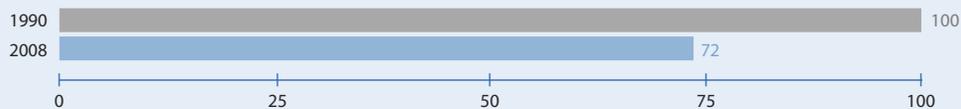
JOSE MARIA BORGES/UNDP



UN PHOTO/JOHN ISAAC

#### Target 4a: Reduce by two thirds, between 1990 and 2015, the under-five mortality rate

Under-five mortality rate per 1,000 live births in developing regions, 1990 and 2008



SOURCE: UN (2010).

► Child deaths are falling, but not quickly enough to reach the target. Four diseases—pneumonia, diarrhoea, malaria and AIDS—accounted for 43% of all deaths in children under five in developing countries world-wide during 2008.<sup>1</sup> An estimated 9.2 million children under five world-wide died from largely preventable causes during 2007.<sup>2</sup> Malnutrition, poor hygiene and lack of access to safe water and adequate sanitation contributed to more than half of these deaths.

Notes

1. UN (2010).

2. "Young Child Survival and Development," United Nations Children's Fund (UNICEF), <http://www.unicef.org/childsurvival/index.html>.

# REDUCE CHILD MORTALITY

## THE PRESENT SITUATION

Partnerships that support large-scale immunization campaigns can produce quick gains in children's health. The number of children world-wide who die before their fifth birthday declined from 12.5 million in 1990 to 9 million in 2008. Health-sector partnerships ensured vaccination against measles for 700 million children globally between 2000 and 2008, averting 7.5 million deaths and reducing death by 68% over the same period. These achievements were supported by international co-operation that raised \$5 billion and mobilized 20 million volunteers for targeted campaigns and interventions. For example, Vietnam has benefited from the Global Alliance for Vaccines and Immunization (GAVI) Vaccine Fund, which made it possible to raise total government expenditures on immunization by 20%. Key supporters include Novartis, GlaxoSmithKline and Merck.<sup>93</sup>

The private sector is also contributing towards the reduction of child mortality by providing products and services designed to tackle some of its main causes. For example, Manila Water Company has connected more than 140,000 low-income households to the piped-water system and provided access to clean water for more than 860,000 poor people in the Philippines.<sup>94</sup> And each year A to Z Textiles manufactures 20 million long-lasting anti-malaria bed nets for poor children in Tanzania.<sup>95</sup>

### What are the challenges?

- A lack of awareness in low-income communities about the causes of child mortality can make it difficult for businesses to provide solutions. For example, people may not be used to making their children sleep under bed nets. Raising popular awareness requires collaboration from public-sector actors and development organizations.
- For vaccinations, distribution and provision is a main challenge. Many places lack the cold chains needed to transport vaccines safely.
- Many health systems are weak—especially in rural areas—with few doctors and nurses and a lack of nearby health facilities.
- Private water provision and sanitation can help make water more accessible and affordable—but only where regulation and enforcement provide the right incentives. Designing systems that draw on the capacities of the private sector while maintaining and improving equitability has proven challenging in some places.



JOSE MARIA BORGES/UNDP



# THE PROMISE OF INCLUSIVE BUSINESS MODELS

## MNCs can, for example:

- As pharmaceutical companies, partner with governments and international organizations to sharply reduce prices for essential pneumonia, diarrhoea, malaria and AIDS drugs.<sup>96</sup>
- Develop products to tackle major causes of child mortality—water purifiers, mosquito repellent and nets, fortified food—and market them at affordable prices.



GRAMEEN

## Large domestic companies can, for example:

- As pharmaceutical companies, produce generic medicines at low cost.
- As water and sanitation utilities, improve access to clean water and hygiene by expanding networks to low-income communities and upgrading quality standards.
- Raise awareness about child health issues in the workforce and in local communities.
- Combine corporate marketing expertise and products with major public-health campaigns.



INTER-AMERICAN DEVELOPMENT BANK

## SMEs can, for example:

- Put in place distribution methods that will ensure delivery of the required products to people in need; sell such products (clean water, bed nets, medicines) to low-income households through pharmacies, retail shops and other outlets.
- As local food manufacturers, help fight malnourishment by producing products with high nutritional value.



ADAM ROGERS/UNCDF

## NPOs can, for example:

- Design and implement innovative business models to provide clean water, basic hygiene, sanitation, nutrition and access to basic medicines in a sustainable and scalable manner while creating entrepreneurship opportunities.
- Provide medical services and education on child health to local communities.



PESINET

**Grameen Danone** ■ MNC, Bangladesh

Microfinance institution Grameen and French dairy company Groupe Danone established a joint venture whereby a self-sustainable social business was set up with the objective to create a yogurt fortified with micro-nutrients to decrease malnutrition for the children of Bangladesh. The yogurt is produced with solar and bio gas energy and is served in environmentally friendly packaging. Around 25% of low-income children living around the factory are regular customers, 700 village ladies are getting an additional income by selling these yogurts door-to-door, and 370 micro-farmers around the plant sell daily to Grameen Danone, thus improving their income by approximately 40%.<sup>97</sup> The first plant started production in late 2006 and the 10-year plan is to establish 50+ plants, create several hundred distribution jobs and develop self-degradable packaging. In 2007 Danone launched a mutual fund, danone.communities, designed to finance the expansion of Danone's social business in Bangladesh as well as encourage the development of new social businesses that fight malnutrition and poverty in developing countries.

**Unilab/RiteMed** ■ Large domestic company, Philippines

Philippine pharmaceutical company Unilab set up RiteMed in 2002 as a subsidiary with the mission of marketing and distributing quality generic medicines to the poor. RiteMed reduced prices by selling smaller batches and by marketing more efficiently (saving costs by marketing the whole line of 65 products together). Quality medicines, offered at prices 20%–75% below those of leading brands, were distributed by public government hospitals, making them affordable and accessible for millions of Filipinos. RiteMed also organizes marketing campaigns and community outreach programmes on disease prevention.<sup>98</sup>

**Amanz Abantu** ■ SME, South Africa

Diarrhoea remains the second leading cause of death among children—it kills more young children than AIDS, malaria and measles combined. About half of these deaths occur in South Asia and Africa.<sup>99</sup> Amanz Abantu provides water supply and sanitation to peri-urban and rural communities in the Eastern Cape, where a quarter of the population lacked potable water. The company was set up in 1997 and won a contract for the Eastern Cape through a government tender (itself a result of South Africa's unique constitutional guarantee of sufficient water access as a basic right). The company pipes water meeting international quality standards to standpipes where individuals can buy it using pre-paid smartcards; 25 litres are provided free to each household by the state. Through Amanz Abantu 2.5 million people have gained access to clean water at low cost.<sup>100</sup>

**Pesinet** ■ NPO, Mali

Pesinet, a French NPO, provides preventive medical diagnostics to children under five in rural areas of Mali. For a monthly fee of CFA 500 (about \$1) each family receives weekly health check-ups for children, free medical examinations for any identified abnormalities, discounts on medicines and free follow-up examinations when needed. The weekly check-ups are provided by local agents, each trained by Pesinet and provided with a mobile phone containing a special application to transmit information on patients' weights and symptoms (such as fever). Doctors who perceive irregularities can communicate through the agent by phone and suggest remedies. In Mali more than 5,000 children had benefited through 2008.<sup>101</sup>

According to Pesinet child mortality in its subscriber base is now very low, at 5 per 1,000 (compared with an average of 150 per 1,000 in the capital city covered). The NPO estimates that it can prevent 80% of child mortality from benign diseases, reducing total child mortality in the covered populations by more than half.<sup>102</sup>



## THE SUPPORTING ROLES OF INSTITUTIONS

### Policy

National assessments can identify bottlenecks that hamper efforts to reduce child mortality, thus guiding private resource allocation.

- Ethiopia's **Emergency Obstetric and Neonatal Care** initiative starts with a needs assessment ranging from human resources to service capacity.<sup>103</sup>
- Botswana's **Accelerated Child Survival and Development Strategic Plan** uses 'bottleneck analysis' to develop strategies for addressing the causes of high infant and child mortality.<sup>104</sup>

Regulation can create the right market conditions for affordable medicines and other services to help tackle child mortality.

- South Africa passed the **Medicines and Related Substances Act**. Somebody who receives a prescription for a brand-name medicine now has the right to ask the pharmacist to substitute a generic equivalent.<sup>105</sup>

Public-private partnerships in health are sometimes limited by a lack of public-sector capacity. Increasing that capacity can make private-sector contributions more effective.

- Argentina's initiative titled **Strengthening the Health Management System of the La Matanza Municipality** worked on regulation, administrative and bureaucratic constraints and human-resource gaps to increase the efficiency of health-input procurement, delivery and service management.<sup>106</sup>



UNDP ARGENTINA



## Research and advocacy

Research provides knowledge on how to address causes of child mortality such as malnutrition and diarrhoea.

- The **Micronutrient Initiative (MI)** works to eliminate vitamin and mineral deficiencies in the world's most vulnerable populations. MI offers its knowledge and technology to the food industry to cost-effectively add nutrients, such as iron and folic acid, to food without affecting its quality or taste—helping to raise the quality of life for women and their families.<sup>107</sup>
- The **International Centre for Diarrhoeal Disease Research** in Bangladesh develops and promotes realistic, cost-effective solutions to the major health, population and nutrition problems facing poor people in Bangladesh and elsewhere.<sup>108</sup>
- **Helen Keller International**, which aims to prevent blindness and reduce malnutrition, is a rich source of research. It also helps to fund programmes by identifying partners in healthcare, schools, informal social systems and local and national food supplies.<sup>109</sup>

Initiatives exist to provide basic information on populations requiring specific services, such as their location—often a prerequisite for allocating scarce resources.

- Malawi's **RapidSMS initiative** developed a mobile-phone-based platform to transmit nutrition data from growth-monitoring clinics to the government's nutritional-surveillance and early-warning system. This helped to combat child mortality by reducing the time between identifying nutritional emergencies and scaling up treatment in affected areas.<sup>110</sup>
- The Gambia's initiative titled **Integration of Birth Registration into Maternal and Child Health Clinics** has worked to decentralize birth-registration services for children under five nation-wide by integrating them into reproductive and child-health services.<sup>111</sup>



## Financing

Because developing countries have limited resources to strengthen government health systems, funds and initiatives that support business in the pharmaceutical, food, sanitation and water sectors can help reduce child mortality.

- The **Acumen Fund**, a non-profit global venture fund, uses entrepreneurial approaches to solve problems of global poverty. Its health and water portfolios include support for initiatives that contribute towards reducing child mortality. One example is Insta Products Limited, a Kenya-based private company manufacturing a protein-rich, vitamin-rich pre-cooked porridge product that supplies the body with all nine essential amino acids. Another is LifeSpring, a network of maternity and child health-care hospitals in South India that provides vital reproductive and pediatric health care to people with low and lower-middle income.<sup>112</sup>
- The **International Finance Corporation (IFC)** offers financial, technical and strategic assistance to health-related projects. One example, the Child and Maternal Health Initiative, exemplifies the larger development role that the private sector needs to play in emerging economies. A partnership between the IFC and Cairn, a large oil company based in the United Kingdom, the initiative has two areas of focus in Rajasthan (where Cairn operates): building health-seeking behaviour and awareness in local women and children, and building the capacity of local government health workers.
- The **Bill and Melinda Gates Foundation**, which maintains a global health program, has announced a new \$1.5 billion commitment to women and children's health—for example, to develop and introduce simplified antibiotics for newborn infections, a post-partum hemorrhage treatment that will be more cost-effective and other interventions that could have major health impacts.<sup>113</sup>

ADAM ROGERS/UNCDF



## Capabilities

A complex problem, child mortality is related to many factors (water, sanitation, HIV/AIDS). To tackle it, collaborations can bring together diverse capabilities from the private sector, the public sector and civil society.

- **UNICEF** works with governments, the World Health Organization (WHO), the United Nations Population Fund (UNFPA) and others to reduce child mortality. With Unilever and Synergos (an NPO) it has formed the **Partnership for Child Nutrition**, which is now working to bring safe drinking water to schools and day-care centres in low-income communities in South India. And with Pampers, UNICEF has striven to eradicate maternal and neo-natal tetanus through its **1 Pack = 1 Life-Saving Vaccine campaign**, generating enough funds to provide more than 260 million vaccines for mothers and their babies.<sup>114</sup>
- **Nutriset** is the French manufacturer of Plumpy'nut—a ready-to-use therapeutic food that, in 2009 alone, was used to treat malnutrition in 258,000 children. Using a technology-sharing approach, Nutriset works through a network of 10 independent manufacturers in developing countries. Of a total of 14,000 tonnes of Plumpy'nut produced world-wide in 2009, around 4,000 tonnes were made in developing countries.<sup>115</sup>
- **Project Healthy Children (PHC)** works with governments and private industry on programmes to improve the health of children and their families around the world with fortified food and supplements. Recently PHC began work with the Entrepreneurial Design for Extreme Affordability class at Stanford University, asking students to re-design the technology of current small-scale fortification projects to make them less expensive and more convenient for rural settings. The result was a device that is mounted to existing mills and adds micro-nutrients to a mixture of cereal and legumes, producing Nourimil (sold by Zanmi Lasante, a sister organization to Partners in Health).<sup>116</sup>
- **Project Laser Beam (PLB)** is a five-year, \$50 million public-private partnership seeking to eradicate child malnutrition. Bringing together the expertise of UN agencies, Fortune 500 companies and others in the private sector to work with local governments and companies, it will focus on areas including the fortification of food with micro-nutrients; the production of child-nutrition supplements and ready-to-use foods (requiring no water or cooking); sanitation and hand-washing; access to clean water; de-worming; immunization; therapeutic feeding for the severely malnourished; education on the benefits of breast-feeding; and nutrition education.<sup>117</sup>



SALMAN SAEED/UNDP

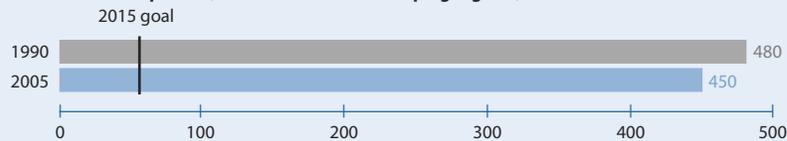


UNICEF/LE MOYNE

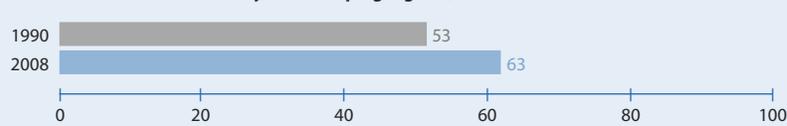
### Target 5a: Reduce by three-quarters, between 1990 and 2015, the maternal mortality rate

The four primary causes of maternal mortality are severe bleeding (mostly post-partum bleeding), infections (also mostly soon after delivery), hypertensive disorders in pregnancy (eclampsia) and obstructed labour.

Maternal deaths per 100,000 live births in developing regions, 1990 and 2005



Percentage of deliveries attended by skilled health personnel, in health-care institutions only, in developing regions, 1990 and 2008



SOURCE: UN (2010).

► The current rate of reduction in maternal mortality falls well short of the 5.5% annual decline needed to meet this target.

► Giving birth is especially risky in Southern Asia and sub-Saharan Africa, where most women deliver without skilled care.

► In all regions, progress is being made in providing pregnant women with ante-natal care.

# IMPROVE MATERNAL HEALTH

## THE PRESENT SITUATION

Business, along with government and civil-society organizations, is often crucial in providing low-cost health-care products and services for family planning, reproductive health and maternal health in developing countries. Through these products and services and the communication around them, but also through internal communication, businesses combat stigma, raise awareness and promote discussion of reproductive health and family planning.

Health insurance can help women manage the costs of reproductive health and hospital deliveries. In 2006 a study by the Microinsurance Centre found that only 38.5 million people in the 100 poorest countries had health insurance, most of them in China and India—even though health insurance consistently appears as a product for which the greatest demand exists.<sup>119</sup>

Because businesses are responsible for health and safety standards in their operations, they influence those standards in their supply chain. And in many sectors in developing countries the supply chain tends to be staffed heavily by women. Businesses with a large female workforce often educate women in family planning and in reproductive and maternal health, or they facilitate access to such education.

## What are the challenges?

- Maternal health requires special attention, and in workplace health programmes women need specific information and health-care services.
- Reproductive health and family planning are often difficult to talk about because of cultural taboos.
- Regulation and red tape in many countries present barriers to businesses that seek to provide health care and health insurance.



ESKENDER DEBEBE/UNDP



## THE PROMISE OF INCLUSIVE BUSINESS MODELS

### MNCs can, for example:

- Promote good practices in health care and education in their own operations and among their supply-chain partners, especially in reproductive health.
- Develop and offer innovative products and services such as tele-medical solutions or health insurance for women from low-income communities.
- Bring global attention to the causes of maternal mortality, and develop effective interventions with multilateral organizations and other global partners.



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### Large domestic companies can, for example:

- Offer health services and information to women in their operations.
- As health-care providers, offer women affordable and high-quality services—in particular around reproductive health and deliveries—and create access to those services through health insurance or through innovative financial solutions.
- Make family-planning and reproductive-health products affordable and accessible, and inform women about their options in a culturally-sensitive manner.
- Advocate with governments for policies that make these services available to all women.



JORGEN SCHYTTE/UNDP

### SMEs can, for example:

- Sell reproductive-health and family-planning goods and services in pharmacies and retail stores.
- Provide health care in private clinics and hospitals.



LIFESPRING

### NPOs can, for example:

- Develop and implement micro-franchise models to provide products and services related to women's and maternal health to women in low-income communities.
- Raise awareness and understanding of reproductive and maternal health and family planning through social-marketing approaches and public advocacy.



ACUMEN FUND

**HERproject** ■ MNC; Egypt, Pakistan and Viet Nam

The Health Enables Returns (HERproject) is a multi-company initiative run by BSR and supported by the Levi Strauss Foundation and the Swedish International Development Cooperation Agency. Company participants include Abercrombie & Fitch, Clarks, Columbia Sportswear, Hewlett Packard, J Crew, Levi Strauss, Marks & Spencer, Nordstrom, Primark, Talbots, and Timberland. HERproject raises awareness of women's health issues, including feminine hygiene, family planning, sexually transmitted infections, and pre- and post-natal care.<sup>120</sup>

In Pakistan, Levi Strauss has supported factory programs and return-on-investment studies to demonstrate the business benefits of factory investments in women's health. In a factory in Karachi, HERproject has reduced absenteeism by 11%, thanks to education about menstrual hygiene and provision of sanitary napkins in the factory clinic at a subsidized cost.<sup>121</sup>

**AAR's Afya Card Microinsurance** ■ Large domestic company, Kenya

AAR is the largest private health-care provider in East Africa, operating 18 health centres in three countries. Close to 100,000 members use AAR's health plans. With micro-finance institution K-REP Bank, AAR has developed the Afya Card, a family-based health plan catering to the basic health-care needs of low-income families. It offers both comprehensive (in-patient and out-patient) and in-patient-only coverage for AAR's facilities. Around 80% of clients use the complementary Afya loan, offered by K-REP Bank and AAR Credit, to finance their premiums.

**LifeSpring Hospitals** ■ SME, India

LifeSpring Hospitals, which specialise in both normal and caesarean deliveries, offer reasonable prices to poor urban families earning \$2–\$5 per day. By improving patient outreach and health-care quality, LifeSpring has increased hospital-supervised deliveries and reduced maternal and child mortality and morbidity rates; over 70,000 patients had been treated and 5,000 surgeries conducted by the first quarter of 2010. In addition, communities are invited to monthly health camps held at the hospitals. Pregnant women are given free medical consultations and vitamins, while children receive vaccinations and free pediatric consultations. LifeSpring has benefited from funding by the Acumen Fund.<sup>122</sup>

**The HealthStore Foundation** ■ NPO, Kenya

The HealthStore Foundation's CFW model is a franchise network of micro-pharmacies and micro-clinics that provide access to essential medicines for low-income communities in Kenya. The network operates two types of outlets: basic drug shops owned and operated by community health workers, and clinics owned and operated by nurses providing more essential medicines as well as basic primary care. CFW outlets are located at market centres in agricultural areas of about 5,000 people.

Since 2000 the CFW network has more than quadrupled to 65 locations, comprising 17 drug outlets and 48 basic medical clinics. The network treats an average of 40,000 customers and patients each month. In 2007 it served over 500,000 customers, most of them lower-income or middle-income women and children subsisting on agriculture. Women gain easier access to advice, primary care and personal and health-care products, including during pregnancy.<sup>123</sup>



## THE SUPPORTING ROLES OF INSTITUTIONS

### Policy

Public campaigns to raise awareness and incentives to use existing services can enable women to adjust behaviour and seek help when needed.

- Nepal's **Reproductive Health for Married Adolescent Couples** established a peer-educator network to disseminate reproductive-health information to married adolescents, both door-to-door and through other methods (such as street theatre). By the end of the initiative the proportion of women attending ante-natal care at least once during their latest pregnancy had risen from 79% to 98%.<sup>124</sup>
- Cambodia's **Fast Track Initiative for Achievement of MDG 5** provides incentives—including funds for service fees, transport and food—to encourage more frequent use of maternal health services. As a result, skilled birth attendants were present for 52% of deliveries in 2008, up from 36% just two years earlier. Every pregnant woman made at least one ante-natal care visit during her pregnancy, compared with only 77% in 2006.<sup>125</sup>

Policy can use financial tools to encourage the private sector to provide comprehensive care; can discourage segmentation by subsidizing community insurance for the poor; and can provide direct transfers to the poor to increase their capacity to pay.

- Rwanda's **Community Health Insurance Scheme** introduced community-based health insurance called *mutuelles*. Enrolment increased from 7% in 2003 to 74% in 2007. Under-five mortality and maternal mortality have declined, and assisted deliveries increased from 34% in 2003 to 42% in 2006.<sup>126</sup>

Policy programmes that provide a framework for the training of health-care professionals can ensure availability of skilled staff, often a bottleneck for business.

- Haiti's **Nurse-Midwives Programme** aims to increase the number of midwives by improving curricula, by supporting the certification and accreditation process and by addressing regulatory-policy gaps governing the functions of midwives. Nurse-midwife interns have managed a monthly average of 200 childbirths, with no maternal deaths.<sup>127</sup>
- In Egypt the **Takamol (Integration) project of Pathfinder International**, a global NPO, emphasizes community mobilization and involvement in local primary health-care and hospital facilities as driving forces for change. It supports the health ministry in training and building the capacity of its health-system managers, service providers and staff; scales up global and Egyptian best practices to ensure that high-quality integrated services are available at the community level; and encourages the committed involvement of male and female religious leaders, corporations, local businesses and civil society in taking ownership of community health.<sup>128</sup>



CHARLOTTE WATSON/UNDP



## Research and advocacy

Data about maternal health and maternal mortality is crucial for business to plan their engagement.

- The **World Health Organization (WHO)** provides data on maternal mortality and ante-natal care.<sup>129</sup>

Business needs to base its practices on the latest information on effective family planning and maternal health care. Many initiatives with extensive specialized experience work in this space.

- **Family Care International (FCI)**—a global health NGO focussing on improving maternal health—builds the capacity of partners in Africa, Latin America and the Caribbean to design, implement and evaluate model programmes. It also produces advocacy and education materials to support these efforts.<sup>130</sup>

- **ACCESS Health International** researches high-quality, affordable health services in low-income, middle-income and high-income countries. The think-tank identifies and documents models and policies for high-quality, affordable health care, transfers knowledge on best practices and facilitates their implementation.<sup>131</sup>

Some reproductive health issues require collaboration and advocacy to be tackled effectively:

- **The Campaign to End Fistula** was launched in 2003 by the United Nations Population Fund (UNFPA) and partners to eliminate obstetric fistula by 2015. An estimated 2 million women are living with fistula in developing countries, and there are 50,000 to 100,000 new cases each year. Though preventable and treatable, obstetric fistula often leads to the death of both baby and mother. Business partners of the campaign are Johnson & Johnson, Elle, Virgin and RCKR/Y&R.<sup>132</sup>



ADAM ROGERS/UNCDF



## Financing

Health-care providers in developing countries need to invest in opening a clinic or hospital and to keep medical equipment up to date. Funding can come from local banks, and social investors can facilitate growth through larger investments and management support.

- **Acumen Fund**, in a joint venture with Hindustan Latex Limited, includes LifeSpring Hospitals (India) in its health portfolio. With an initial investment of \$1.9 million, it has helped LifeSpring provide affordable health services to low-income mothers and their children.<sup>133</sup>
- **Leapfrog Investment** is a new fund that invests specifically in micro-insurance.<sup>134</sup>

Donors with public-private partnership programmes, including DFID, USAID and GTZ, also co-finance projects related to maternal health.

- Through its **develoPPP** programme, the German Federal Ministry for Economic Cooperation and Development (BMZ) and the German development

agency GTZ partnered with medical technology producer KARL STORZ to build six training centres in India and to train gynaecologists in endoscopic diagnosis and treatment.<sup>135</sup>

Micro-franchise approaches work with micro-entrepreneurs to expand health services. Along with the business model, franchisees also receive funding to establish their own businesses.

- In the Philippines **Banking on Health** is working with **Well Family Partnership Foundation, Inc. (WPF)**, which is pioneering the development of midwife-owned private practices. By franchising midwife clinics, WPF expands access to reproductive-health and family-planning services at affordable prices. Banking on Health works with the midwives to improve their ability to identify bankable projects, apply for loans and manage credit. They also work with local banks to promote lending to midwife clinics and to private health-care providers in general.<sup>136</sup>

## Capabilities

Businesses often work with partners from the public and civil sector to implement maternal-health programmes. These partners frequently build capacity for networking, education and awareness-raising and outreach and implementation. Their voices as advocates can also add legitimacy in dialogues with policymakers.

- The **Private Sector Project for Women's Health (PSP)** is an initiative funded by USAID to improve family planning and women's health. In Jordan 60% of family planning services are provided by the private sector, including private doctors, pharmacies and NGOs. PSP partners with pharmaceutical firms to promote appropriate family-planning methods and to inform doctors and pharmacists about the methods. Among other things, the project has established a network of

80 private women doctors across Jordan to receive referrals from the outreach program.<sup>137</sup>

Micro-insurance providers often rely on the distribution networks of partners, such as micro-credit banks or health-care providers, to reach out to their clients.

- In India, **Care International** has supported global insurer Allianz SE in developing and implementing an innovative health-insurance scheme. Care International organizes local communities into mutual health-insurance schemes. Most claims are handled by these schemes. In cases of hospitalization, Allianz steps in to settle more expensive claims.<sup>138</sup>



JORGEN SCHYTTE/UNDP



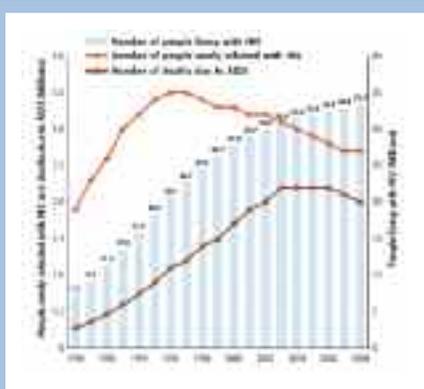


UN PHOTO/KRYZANOWSKI

### Target 6a: Halt and begin to reverse the spread of HIV/AIDS by 2015

**Number of people living with HIV, number of people newly infected with HIV and number of AIDS deaths world-wide, 1990 and 2008 (millions)**

► The spread of HIV appears to have stabilized in most regions, and more people are surviving longer.



### Target 6c: Halt and begin to reverse the incidence of malaria and other major diseases by 2015

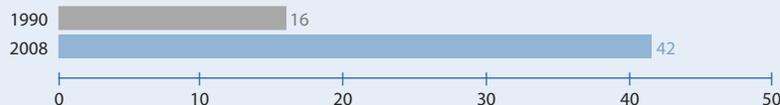
Half the world's population is at risk of malaria; an estimated 243 million cases led to nearly 863,000 deaths in 2008, 89% of them in Africa.

Production of insecticide-treated bed nets has soared across Africa, and expanded use of them is protecting communities from malaria.

Tuberculosis is falling in most regions, yet it remains the second leading killer after HIV. In 2008 tuberculosis prevalence was estimated at 11 million and obstructed labour.

### Target 6b: Achieve, by 2010, universal access to HIV/AIDS treatment

**Percentage of deliveries attended by skilled health personnel, in health-care institutions only, in developing regions, 1990 and 2008**



► The rate of new HIV infections continues to outstrip the expansion of treatment.

SOURCE: UN (2010).

## THE PRESENT SITUATION

By 2007 over 4 million people in developing countries were receiving anti-retroviral (ARV) therapy—a 47% increase from 2006. Brazil has a highly successful national AIDS programme that provides the therapy for free. One innovative aspect of the programme has been the production of ARVs by local companies. Since 2001 the pharmaceutical companies Roche, Gilead, Merck, Abbott and Bristol-Myers Squibb have introduced tiered pricing for ARVs in many developing countries.<sup>139</sup>

By 2007 the Global Fund to Fight AIDS, Tuberculosis and Malaria accounted for 18% of international financing for HIV/AIDS programming. Through a public-private partnership, businesses have contributed funds, skills, capabilities, expertise, resources and networks.<sup>140</sup>

Insecticide-treated bed nets and essential drugs are effective in controlling malaria. The share of children protected by such nets in sub-Saharan Africa rose from 2% in 2000 to 22% in 2008. In Tanzania A to Z Textiles manufactures 20 million long-lasting anti-malarial bed nets to the poor annually.<sup>141</sup>

Businesses, especially those in sub-Saharan Africa, have workplace programmes focused on education, prevention, treatment and care around HIV/AIDS and other communicable diseases.

### What are the challenges?

- The policy framework in the health sector is often inadequate for effective business. Gaps exist in the regulatory framework, in data availability and in coordination capacity.
- Creating awareness among populations at risk is challenging. Cultural taboos make it difficult for people to talk about infections, particularly about sexually transmitted diseases.
- There is a lack of skilled health-service providers. Training frameworks and facilities are inadequate to meet the demand.



UNDP IRAN



## THE PROMISE OF INCLUSIVE BUSINESS MODELS

### MNCs can, for example:

- In their own operations, implement workplace programmes including education, prevention, treatment and care around HIV/AIDS and other communicable diseases; support their suppliers in creating similar programmes.
- As pharmaceutical companies, partner with local governments and international organizations to reduce prices to patients for essential drugs to treat AIDS, malaria, tuberculosis and other major diseases (see also MDG 8).
- Combine their corporate marketing expertise and products with global public-health campaigns.



ANGLOAMERICAN

### Large domestic companies can, for example:

- Develop affordable, high-quality products and services for the care and prevention of communicable diseases.
- As part of marketing efforts, raise awareness about the diseases and educate people about prevention.
- In the workplace, create education, prevention, treatment and care programmes for HIV/AIDS and other communicable diseases.
- Discuss with the national government effective measures to combat communicable diseases.



### SMEs can, for example:

- Distribute bed nets, condoms and medicine to low-income communities through pharmacies and retail outlets.
- Provide affordable health care in clinics and hospitals.
- Educate staff about preventing communicable diseases, and support them in case of illness.



ACUMEN FUND

### NPOs can, for example:

- Design and implement innovative business models around the provision of medical care and prevention—models that can also create opportunities for entrepreneurship.
- Teach other businesses how to implement effective prevention programmes for their staff, and provide implementation support.



VILLAGEREACH

**Anglo American ■ MNC, South Africa**

Mining company Anglo American, the largest private-sector employer in South Africa, now has a successful HIV/AIDS programme. The company estimates that 12,000 of its 71,000 workers are HIV-positive. It used to train two people to do each job—in case one of them died. In 2002 Anglo American decided to make ARVs free to all staff. But it found that the greatest obstacles to progress were stigma, fear and distrust. Anglo American told staff that if they were HIV-positive their jobs were still safe. Such job security, combined with effective treatment, made the disease less financially devastating than it once had been. The programme was transformational for the employees and for the company, which worked in partnership with donors, local and national government, civil society, trade unions, other businesses and public and private health-care providers.<sup>142</sup>

**Aspen ■ Large domestic company, South Africa**

Aspen, a pharmaceutical manufacturer in South Africa, offers affordable ARVs through collaboration with the South African Department of Trade and Industry. The department introduced a Strategic Investment Program (SIP) to encourage Aspen to invest the equivalent of \$28.5 million in a manufacturing facility capable of producing—among other medicines—large amounts of generic ARVs. On the back of that investment, along with other incentives including government tax relief, Aspen secured voluntary licences from multi-national patent holders to produce and distribute ARVs at significantly-reduced prices.<sup>143</sup>

**A to Z Textile Mills ■ SME, Tanzania**

In Tanzania A to Z Textiles manufactures 20 million long-lasting anti-malarial beds annually. Bed nets impregnated with a long-lasting insecticide are effective for up to five years (instead of the usual six months), with no need for re-treatment.

The venture's success relies on a broad public-private partnership. Sumitomo, a Japanese chemical company, transfers technology and chemicals to A to Z through a loan from Acumen Fund. Exxon Mobil sells resin for the nets to A to Z and donates funds to UNICEF to buy the treated nets for the most vulnerable children. UNICEF and the Global Fund to Fight AIDS, Tuberculosis and Malaria act as buyers of last resort, purchasing all the nets that are not bought through normal market channels. The government promotes bed nets through a national voucher scheme that brings subsidized treated nets to pregnant mothers and to children under five.<sup>144</sup> Production of these nets has risen to 20 million per year while costs continue to fall, and A to Z is now one of Africa's largest employers.<sup>145</sup>

**VidaGas ■ NPO, Mozambique**

Refrigerators, lamps and stoves enable vital health services including vaccinations—and they need fuel to operate. Rural health centres operated by the Mozambique Ministry of Health have relied in the past on dangerous, out-dated and inefficient kerosene. In 2002 Seattle-based VillageReach and its local partner, Mozambique Foundation for Community Development (FDC), established VidaGas to provide the rural health centres with safer propane services. A pilot has provided the fuel to 88 centres serving 1.5 million people in the northern province of Cabo Delgado. To ensure affordability a micro-lending scheme was developed. In 2009 Luxembourg-based Oasis Capital Fund invested \$1.4 million in VidaGas, which now supplies more than 260 remote health centres supporting a population of roughly 5 million.<sup>146</sup>



## THE SUPPORTING ROLES OF INSTITUTIONS

### Policy

Public-private partnership programmes can draw on the resources of private sector partners to improve disease prevention and treatment.

- The Philippines' **Bolstering and Sustaining Proven and Innovative Malaria Control through Corporate-Public Partnership** mobilizes resources from business partners for local malaria-control programmes, including money, health equipment, energy for remote village health centres, and training for community health workers.<sup>147</sup>

Policymakers can recognize the private sector's prevention and health-care efforts and integrate these into their planning.

- Company clinics partnered with the **Joint United Nations Programme on HIV/AIDS (UNAIDS)** to roll out HIV treatment. Many—such as **Unilever** in Tanzania and Kenya or the cement-producing **Hima Cement** in Uganda—are part of country proposals to the Global Fund and have been accredited by their countries' health ministries as care and treatment centres, making them part of the national treatment policy.<sup>148</sup>



ADAM ROGERS / UNCDF

GIACOMO PIROZZI/UNDP



## Research and advocacy

Research-based guidance can help companies design effective programmes to combat HIV/AIDS, malaria and other diseases in the workplace and elsewhere.

- **Family Health International (FHI)** is a global health and development organization using a science-based approach to design health interventions.<sup>149</sup> **FHI, USAID and Impact** published *Workplace HIV/AIDS Programs: An Action Guide for Managers*, which teaches how to develop and implement workplace prevention and care programmes.<sup>150</sup>
- The **Global Business Coalition on HIV/AIDS, Tuberculosis and Malaria (GBC)** comprises nearly 200 companies. It supports companies in designing effective action against the three diseases, through both partnerships and joint advocacy. For example, with IFC it published *Taking Action Now: Workplace Programs as Vehicles to Tackle HIV/AIDS, TB and Malaria*.<sup>151</sup>

Research to find more effective and affordable medicine is also being done, sometimes through joint research platforms.

- The **Medicine for Malaria Venture (MMV)** enables product-development partnerships around anti-malarial drugs.<sup>152</sup>
- The **Pool for Open Innovation against Neglected Tropical Diseases**, established in February 2009 by GlaxoSmithKline (GSK) and Alnylam Pharmaceuticals, has since been joined by MIT. It seeks to stimulate innovative and efficient drug discovery and development by providing public access to intellectual property and scientific know-how for neglected tropical disease research.<sup>153</sup>

Advocacy platforms exist for all three major diseases under MDG 8. These platforms enable members to collaborate and be more effective—both operationally and politically—than they would through individual action. All platforms comprise members from the public, civil society, the private sector and multi-lateral institutions.

- The **Stop TB Partnership** was established in 2001 by WHO and comprises hundreds of partners, many of them from the private sector.<sup>154</sup>
- The **Roll Back Malaria (RBM) Partnership** is made up of more than 500 partners.<sup>155</sup>
- The **Global Alliance for Vaccines and Immunization (GAVI)**, launched in 2000, also comprises hundreds of partners.<sup>156</sup>
- **UNAIDS**—the joint UN programme that coordinates the HIV/AIDS responses of 10 UN agencies and the World Bank—in 2004 launched the Global Coalition on Women and AIDS, committed to strengthening AIDS treatment programmes for women and girls.<sup>157</sup>



## Financing

Special funds are available to finance businesses' health interventions on communicable diseases.

- The **Global Fund to Fight AIDS, Tuberculosis and Malaria**, an international financing institution, has so far committed \$19.3 billion to support large-scale prevention, treatment and care programmes against the three diseases in 144 countries.<sup>158</sup> Providing a quarter of all international financing for AIDS, two-thirds for tuberculosis and three-quarters for malaria, the Fund represents a global public-private partnership between governments, civil society, the private sector and affected communities.
- The **Acumen Fund** is a non-profit global venture fund using entrepreneurial approaches to reduce global poverty. As part of its health and water portfolios it supports initiatives to fight the major diseases affecting the most vulnerable populations, such as A to Z Textile Mills (see case example in this chapter).

Medical research has huge costs, and private medical research is guided by return expectations. New financing systems are being developed to create incentives to study diseases often neglected by research.

- An **Advance Market Commitment (AMC)** is a contract guaranteeing a viable market should a vaccine or other medicine for neglected diseases be successfully developed. Under the commitment the market for the vaccine or medicine would be comparable in size and certainty to the market for medicine in rich countries. In 2007 five countries (Canada, Italy, Norway, Russia, the United Kingdom) and the Bill and Melinda Gates Foundation

ARNE OVE BERGO/DAGSAVISEN/UNDP



committed \$1.5 billion to launch the first AMC. It targets pneumococcal disease, a major cause of pneumonia and meningitis that kills 1.6 million people annually.<sup>159</sup>

- The **Medicines Patent Pool Initiative**, established by UNITAID, aims to reduce the price of existing ARVs and stimulate the production of newer first- and second-line ARVs by increasing the number of generic producers. The pool will also help fill the gap for 'missing essential ARVs', such as fixed-dose combinations of newer products and special formulations for children.<sup>160</sup>



## Capabilities

The complexity and inter-relation of global health issues require contributions from many partners with health-care delivery capabilities.

- **Population Services International (PSI)**—a leading global health organization with programmes targeting malaria, child survival, HIV/AIDS and reproductive health—often works with private companies. For instance, PSI collaborates with the Female Health Company, which produces and distributes the female condom to increase access to it in developing countries.<sup>161</sup>
- **FHI**, with funding from **GSK's African Malaria Partnership Program**, is implementing a programme to build the capacity of community health workers, improve knowledge and awareness of malaria and encourage preventive and health-seeking behaviour. FHI's local partners are the community-based Mission of Hope for Society Foundation and Search for Rural Development.
- **UNAIDS and the Mexican hotel industry** partner to promote the development of sustainable long-term HIV workplace policies and programmes in hotels. Aimed at both guests and staff, the initiative will raise awareness of HIV prevention and discourage discrimination against people living with HIV. UNAIDS partner IMPULSO—a network of experts—provided capacity building.
- The **World Food Program (WFP)** partnered with **TNT** to improve the health and well-being of transport workers, establishing wellness centres for truck drivers. Outreach workers and clinicians offer health services including condoms, HIV prevention information and malaria treatment. The North Star Alliance continues this program, with additional partners.



UNDP BURKINA FASO

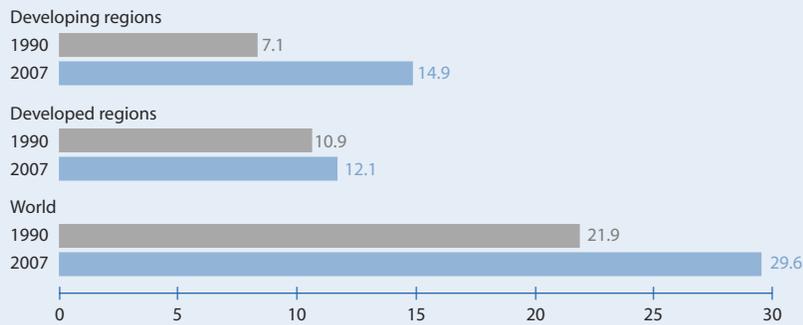




EVAN SCHNEIDER/UNDP

**Target 7a: Integrate the principles of sustainable development into country policies and programmes and reverse the loss of environmental resources**

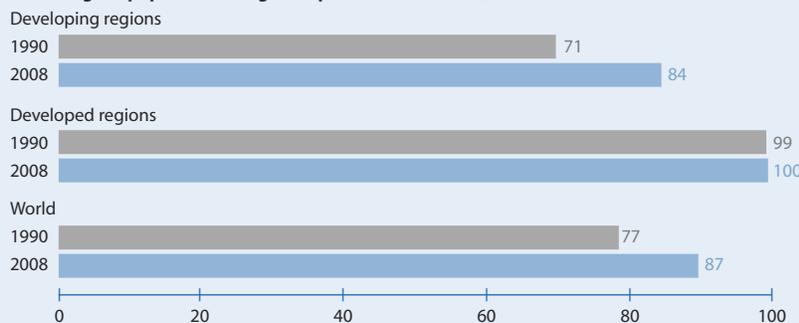
**Emissions of carbon dioxide, 1990 and 2007 (billions of metric tonnes)**



- ▶ A decisive response to climate change is urgently needed.
- ▶ The rate of deforestation shows signs of decreasing, but it is still alarmingly high.

**Target 7c: By 2015, halve the proportion of the population without sustainable access to safe drinking water and basic sanitation**

**Percentage of population using an improved water source, 1990 and 2008**



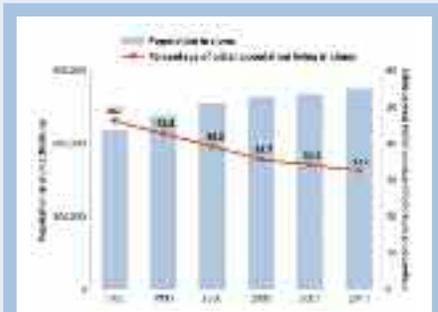
- ▶ The world is on track to meet the drinking water target, though much remains to be done in some regions.
- ▶ With half the population of developing regions without sanitation, the 2015 target appears to be out of reach.

**Target 7d: By 2020, significantly improve the lives of at least 100 million slum dwellers**

- ▶ The world has missed the 2010 target for biodiversity conservation, with potentially grave consequences.
- ▶ The number of species facing extinction is growing daily, especially in developing countries.
- ▶ Over-exploitation of global fisheries has stabilized, but steep challenges remain to ensure their sustainability.

**Target 7d: By 2020, significantly improve the lives of at least 100 million slum dwellers**

**Population living in urban slums and proportion of urban population living in slums, developing regions, 1998-2010**



- ▶ Slum improvements, though considerable, are failing to keep pace with the growing ranks of the urban poor.

SOURCE: UN (2010).

## THE PRESENT SITUATION

Private water utilities have improved operational efficiency and service quality in many places. Many of the private operators succeeded in reducing water losses, notably in Brazil, Colombia, Eastern Manila, Morocco and Western Africa. The water public-private partnerships have often helped to substantially improve service quality, especially by reducing water rationing. The population served by private water operators in developing and emerging countries has increased steadily—from 96 million in 2000 to some 160 million in 2007—and more than 24 million have gained access to piped water through private operators.<sup>162</sup>

Markets for sustainably and ethically-sourced and produced food, materials and other products are rapidly growing.<sup>163</sup> The global market for organic food products reached a value of \$60 billion in 2009.<sup>164</sup> The natural-personal-care market exceeded \$6.5 billion in 2007.<sup>165</sup>

Investment in green technologies and innovation is taking pace. For example, Deloitte's 2009 survey on Global Trends in Venture Capital reports that 63% of surveyed venture capitalists anticipate an increase in their investment in clean technologies over the next three years, the highest percentage among all considered sectors.<sup>166</sup> In 2008 a total of \$155 billion was invested in companies and projects globally in the sustainable-energy market—a more than four-fold increase since 2004.<sup>167</sup>

Besides emission reductions required by law in the Kyoto Protocol and other regimes, companies are also cutting and off-setting emissions on a voluntary basis. The voluntary market for carbon savings is growing. In 2009 the global carbon market grew 6% to \$144 billion, with 8.7 billion tonnes of carbon-dioxide equivalent traded. The voluntary market accounted for \$338 million<sup>168</sup>

### What are the challenges?

- Managing environmental resources efficiently and avoiding pollution often are costly—at least initially, when upgrades in facilities have to be made. Where the regulatory framework does not enforce these measures for all or does not subsidize them, businesses may find it difficult to afford the extra cost.
- Regulatory frameworks to enable businesses to provide water and sanitation services to poor people often are lacking—or are not adequately designed and enforced to enable equitable water provision.
- Many people living in slums have no official title to their property. Because their houses can be cleared any day, investing in upgrades is risky. And utilities find it difficult to serve them, a difficulty that is compounded when people lack bank accounts.
- Investments in the carbon market suffer from insecurity about the follow-up to the Kyoto Protocol. Other global environmental goods, such as bio-diversity, lack market systems or other effective protection systems.



WHO/SYED HAIDER



## THE PROMISE OF INCLUSIVE BUSINESS MODELS

### MNCs can, for example:

- Implement management systems and technologies to save natural resources and avoid pollution in their operations, and support suppliers in doing likewise.
- Advocate at the global level for the implementation of effective governance schemes to protect global public goods, such as climate, global fisheries and bio-diversity.



EDF

### Large domestic companies can, for example:

- Provide energy, water and sanitation services to low-income populations in slums and rural areas at low cost and in an environmentally-friendly way.
- Work with national policymakers to develop regulatory frameworks that enable private provision of these services in the interest of customers—and that also ensure environmental protection.
- Implement management systems and technologies to reduce environmental impact.



### SMEs can, for example:

- Sell household-based or community-based solutions for energy, water and sanitation to people living in slums and rural areas, using environmentally-friendly technologies.
- Provide housing, financing, construction and home improvement services to people living in slums.
- Build business models around the conservation of bio-diversity and mitigation of climate change—for example, by working with forest communities.



ACUMEN FUND

### NPOs can, for example:

- Create micro-franchising models around the provision of water, energy and sanitation services that also create entrepreneurial opportunities.
- Offer education and training services, as well as technical services, to slum dwellers to upgrade facilities—and to low-income areas to adapt to climate change.
- Establish business models that enable low-income populations to benefit from the global carbon market and help mitigate climate change.



ADAPT

**Rural Energy Services Companies ■ MNC, Mali**

Only 10% of Mali's 12 million people have access to electricity—a figure that falls to 2%–3% in rural areas, where car batteries and kerosene lamps power appliances and light is supplied by candles. Koraye Kurumba and Yeelen Kura are Rural Energy Services Companies (RESCOs) created in two rural areas by France's EDF electricity company, in partnership with the Dutch energy company NUON and the French TOTAL and with the support of the French Agency for the Environment and Energy Efficiency. These RESCOs provide electricity at low cost, based on solar home systems or small low-voltage village micro-networks supplied by diesel generators. By 2007 RESCOs in Mali were serving 24 villages and 40,000 people.

When the RESCOs were created there was no regulation of energy provision in Mali. Their success, together with the support of the World Bank, convinced the government to set up a new legal framework in 2006. The government signed 50 contracts with small operators, of which 2 or 3 are already operating.<sup>169</sup>

**Huatai ■ Large domestic company, China**

In 2000 Huatai Paper Company, Ltd., the biggest newsprint manufacturer in China, launched a new strategy to substitute wood pulp for straw pulp. The key was mobilizing local farmers to plant fast-growing trees. Farmers get support from Huatai and the local government through technology, education and irrigation. About 6,000 households have participated, planting 40,000 hectares of fast-growing trees and generating a significant new source of income. The trees were planted on salinated land, helping to combat further desertification and contributing to carbon-dioxide absorption. Meanwhile, Huatai has grown its newsprint business while reducing its environmental impact and minimizing the risk from volatile import prices for pulp.<sup>170</sup>

**Ecotact ■ SME, Kenya**

Under the Ikotoilet project, Ecotact builds and operates high-quality, public, pay-per-use toilet and shower facilities on public land in urban centres in Kenya, with particular emphasis on the poorest areas (such as urban slums). Ecotact enters into long-term contracts with municipalities to secure use of public lands.

Ecotact has received funding from Acumen Fund, the World Bank and the European Union. To date there are 45 Ikotoilet toilet malls. Several more are in the pipeline, with the goal of reaching 100 facilities by the end of 2010. New facilities will soon be established in neighbouring Uganda and Tanzania.<sup>171</sup>

**ADAPT ■ NPO, Egypt**

ADAPT is a local architecture consultancy firm specializing in building, upgrading and renewing urban real estate in Egypt's informal economy. ADAPT develops low-cost, environmentally-sustainable housing. The company uses local building ingredients (clay, stone) along with treated waste products (rice straw and cement dust, for example) to produce environmentally-friendly building materials that are high-quality (certified by the Egyptian government) and low-cost (30% less expensive than standard alternatives). The firm collaborates with builders in the informal sector: builders' knowledge of local architectural heritage is combined with new technical know-how. Training is offered to young people to build ecological and inexpensive homes in their communities.

ADAPT measures its success by the number of units built by communities copying its model. In Algeria, for example, ADAPT has built 1,280 units, while communities using ADAPT's mechanism have built more than 20,000 units. In Egypt more than 100,000 people have been trained and aided.<sup>172</sup>



## THE SUPPORTING ROLES OF INSTITUTIONS

### Policy

Policy must provide the frameworks and institutional structures to address environmental issues—through regulation, co-regulation mechanisms or voluntary codes and standards.

- The **UN Framework Convention on Climate Change (UNFCCC)** sets an overall framework for global efforts to tackle challenges from climate change, especially around reducing emissions. With the Clean Development Mechanism (CDM) the UNFCCC has created the opportunity for countries and companies to buy certificates for emissions reductions in developing countries, enabling technology transfer.

Policies can also create incentives for business to invest in water and sanitation and to upgrade slums.

- **Feed-in tariffs** support the development of new renewable-power generation. They impose an obligation on electric-grid utilities to buy electricity generated from renewable sources from all eligible participants. As of 2009 feed-in tariff policies have been enacted in 63 jurisdictions around the world, including in Brazil, China and South Africa.<sup>173</sup>

- **Costa Rica's Forestry Law 7575** provides the legal and regulatory basis to contract with landowners for the environmental services supplied by their land. As a result, the law provides financial incentives for private land-owners to conserve environmental resources that deliver a public benefit. The programme has reduced deforestation, particularly in areas where bio-diversity is a priority.<sup>174</sup>
- The **Professionalizing the Manual Drilling Sector programme**, implemented by 14 African countries, created a step-by-step methodology to promote a local professional manual-drilling sector—providing a sustainable, cost-effective option for supplying water to rural communities. UNICEF, Practica, and Enterprise Works / VITA have developed a tool-kit to build the capacity of local service providers.<sup>175</sup>



UN PHOTO/MARK GARTEN



## Research and advocacy

Networking platforms help to bring together partners from different sectors to collaborate for a common agenda.

- The **United Nations Environment Programme (UNEP)** has several business-oriented programmes focusing on specific topics. Its **Division of Technology, Industry and Economics** creates and disseminates knowledge on how to make business cleaner and safer and make efficient use of natural resources.<sup>176</sup> The **Finance Initiative (UNEP-FI)** works with more than 180 institutions, including banks, insurers and fund managers, to understand the impacts of environmental and social considerations on financial performance.<sup>177</sup>
- **World Resources Institute's New Ventures initiative**, a global network of enterprise acceleration centres, facilitates networking to support start-ups related to environmental and inclusive business in developing countries.<sup>178</sup>
- The **Global Water Challenge (GWC)** is a coalition of 24 partners from the public, not-for-profit and private sector. It aims to accelerate access to safe drinking water and sanitation for the most vulnerable communities.<sup>179</sup>

Many initiatives create and disseminate knowledge on how to change business practices to more resource-efficient, environmentally-friendly standards.

- The **Natural Value Initiative** developed the Ecosystem Services Benchmark, a tool enabling institutional investors to better understand the risks and opportunities arising from bio-diversity and ecosystem impacts associated with their investments. The investors involved have assets under management of about €400 billion.<sup>180</sup>
- The **CEO Water Mandate**, by the UN Global Compact, helps companies to develop, implement and disclose water-sustainability policies and practices.<sup>181</sup>
- **Caring for Climate**, an action platform for UN Global Compact, provides a framework for business leaders to advance practical solutions and help shape public policy as well as public attitudes.<sup>182</sup>

Operational and reporting standards provide guidance for companies.

- The **Greenhouse Gas Protocol** develops accounting and reporting standards on greenhouse gas emissions as well as practical guidelines to help companies manage emissions.<sup>183</sup>
- The **Life Cycle Initiative**, launched by UNEP and the SETAC, delivers training modules and manuals on life-cycle assessment for SMEs in developing countries.<sup>184</sup>



ESKENDER DEBEBE / UNDP



## Financing

Businesses that help to avoid carbon emissions can sell these savings on the carbon market. Certified emissions reductions (CERs) from the CDM are sold under the rules of the Kyoto regime.<sup>185</sup> In addition, there is a voluntary market where verified emissions reductions (VERs) are traded.

- The **Gold Standard** requires social and environmental benefits of its carbon offset projects and has an extensive stakeholder process. It works for CER and for VER.<sup>186</sup>

Building environmental criteria into project finance and providing preferential conditions in funding for environmental projects are powerful ways to create incentives for sustainability.<sup>187</sup>

- The **Equator Principles** integrate environmental and social criteria into project finance in developing countries. By mid-2008 they were supported by more than 60 financial institutions, representing more than 70% of total project financing in excess of \$10 million in these countries.<sup>188</sup>
- The **Finance Alliance for Sustainable Trade** brings together lenders and producers in 26 countries to increase the number of developing-country producers that can successfully access quality trade finance as they enter sustainable markets (economical and environmentally-sustainable production).<sup>189</sup>

SMEs and social enterprises in the field of clean technology and environmental protection in developing countries can receive funding from specialized investors.

- The **International Finance Corporation (IFC)** has an Environmental Business Finance Programme with \$20 million in funds from the Global Environment Facility.<sup>190</sup> EcoEnterprises Fund is a similar fund by the **Nature Conservancy**, supported by the Inter-American Development Bank. **Conservation International** invests in SMEs through Verde Ventures.<sup>191</sup>
- The **UNEP Rural Energy Enterprise Development (REED) Initiative** provides financing for clean-energy entrepreneurs in five countries.<sup>192</sup>
- **Root Capital** provides capital, financial education and market connections to SMEs that build sustainable livelihoods in poor and environmentally vulnerable places.<sup>193</sup>



## Capabilities

Businesses often require technical support in implementing new environmentally friendly practices.

- The United Nations Industrial Development Organization (UNIDO) and UNEP jointly established **National Cleaner Production Centres (NCPCs)** in 47 developing and transition countries. NCPCs assist businesses and other stakeholders with the implementation of cleaner production methods, practices, policies and technologies.<sup>194</sup>

Several initiatives build the capacity of local entrepreneurs and SMEs to provide environmentally-friendly products and services.

- In Pakistan, **Building and Construction Improvement** builds the capacity of local craftsmen to manufacture energy-efficient products, linking entrepreneurs and households with micro-finance providers to fund the production and purchase of the technologies.<sup>195</sup>
- In Nepal's **School-Led Total Sanitation**, schools and local communities developed a range of latrine designs based on the local environment, affordability and sustainability.<sup>196</sup>

Certification services provide guidance on good practices and help companies reap the benefits of responsible management in the market through labelling and raising awareness.

- The **Marine Stewardship Council** works with partners to promote sustainable fishing practices and markets, providing a standard and certification mechanism for sustainable fishing and seafood traceability.<sup>197</sup>
- The **Forest Stewardship Council** provides standard-setting, trademark-assurance and accreditation services. The FSC label provides a credible link between responsible production and consumption of forest products, enabling consumers and business to make purchasing decisions that benefit people and the environment.<sup>198</sup>



DEVIN BUBRISKI/UNDP

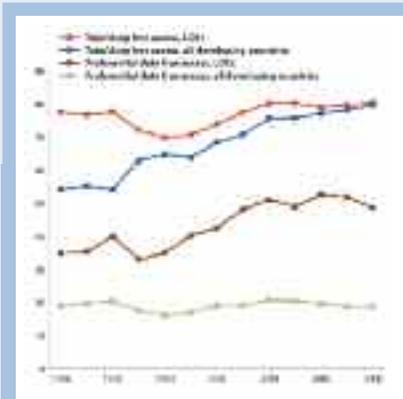




IDRC/DJIBRIL SY

**Target 8a: Develop further an open, rule-based, predictable, non-discriminatory trading and financial system**

Percentage of developed-country imports from developing countries and from least developed countries (LDCs) that were admitted duty-free and admitted duty-free with competitor products subject to a tariff under MFN (preferential duty-free access), 1996–2008



▶ Developing countries are gaining reater access to developed-country arkets.

**Target 8b: Address the special needs of least developed countries, land-locked countries and small island developing states**

- ▶ Only five donor countries have reached the UN target for official aid.
- ▶ Aid continues to rise, despite the financial crisis—yet Africa is short-changed.

**Target 8d: Deal comprehensively with developing countries' debt**

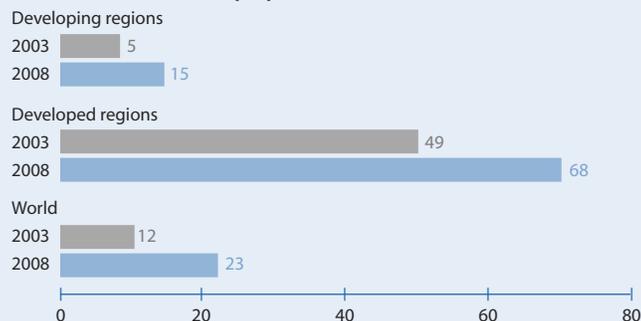
- ▶ Debt burdens are easing for developing countries and remain well below historical levels.

**Target 8e: In co-operation with pharmaceutical companies, provide access to affordable essential drugs in developing countries**

- ▶ Median prices of essential medicines in developing countries are on average 2.5 times higher than international reference prices for the public sector, 6.1 times higher for the private sector.

**Target 8f: In co-operation with the private sector, make available the benefits of new technologies, especially information and communications technologies**

Internet users for each 100 people, 2003 and 2008



- ▶ Access to the World Wide Web is still closed to the majority of the world's people.

## THE PRESENT SITUATION

Developing a global partnership for development involves reducing the digital divide, improving fair trade and increasing access to affordable essential drugs.

The use of information and communications technology (ICT) continues to grow world-wide. Growth in mobile-telephone use is strongest in the developing world, where by the end of 2009 mobile penetration exceeded 50%. But the cost of Internet access in low-income countries remains prohibitive. Access is further hampered by a lack of electricity in many poor (mainly rural) areas. Access to fixed broad-band services in developing countries, where only one in six people have Internet access,<sup>199</sup> is often geographically limited and very expensive.<sup>200</sup>

Fairtrade-certified producers benefit from a Fairtrade Premium as well as product price. Members or workers decide collectively how they want to spend the Fairtrade Premium. In 2008 workers of plantations and members of Small Producer Organizations received €42.3 million under the Fairtrade Premium.<sup>201</sup>

### What are the challenges?

- The failure of the Doha Development Round shows how market access for developing countries is little improved and that agricultural support in developed countries remains distorted.<sup>202</sup>
- Many countries are struggling with capacity issues in creating competitive export strategies that allow businesses to trade globally.<sup>203</sup>
- Intellectual property trade regimes limit the development of low-cost generic versions of affordable drugs, and bottlenecks in health-care delivery channels further restrict the poor's access to them.
- Challenges in access to ICT—particularly to the Internet—include the needs for physical infrastructure, regulatory capacity, skilled workers, literacy and education and innovative low-cost products with easy access for remote and poor communities.



GENTIL ADJINAKOU/UNDP



# THE PROMISE OF INCLUSIVE BUSINESS MODELS

## MNCs can, for example:

- Source from least-developed countries (LDCs) at fair conditions.
- As pharmaceutical companies, make drugs affordable and accessible to the poor—by tiered pricing, voluntary licensing or generics production.
- As ICT companies, make new technologies available to the poor.
- In global forums, advocate for a fair-trade regime and for collaboration in expanding access to pharmaceuticals and new technologies.



NOVARTIS

## Large domestic companies can, for example:

- Invest in research to develop lower-cost essential drugs.
- Adopt new technologies in operations, build staff capacity for these technologies.
- Collaborate with local regulators to develop regulatory capacity for new technologies and new industries.



SMART COMMUNICATIONS

## SMEs can, for example:

- Work with local and national authorities, certification and trade agencies and others to create access to international markets.
- Deliver new technology and medicine to the poor.



A LITTLE WORLD

## NPOs can, for example:

- Establish producer access to world markets through fair-trade systems.
- Draw on new technology in innovative business models through e-learning and e-health or renewable-energy systems.



ARMOR-LUX

**Novartis and Medicines for Malaria ■ MNC, Africa**

Since 2001 Novartis has supplied 215 million treatments of Coartem—an artemisinin-based combination therapy (ACT) for malaria—for public-sector use in Africa, saving an estimated 630,000 lives. It has done so without profit, using grants from the Global Fund and other donors.<sup>204</sup>

Novartis has lowered the price of Coartem by 50% since 2001. It scaled up manufacturing from 4 million treatments in 2004 to 62 million in 2006, due to an increased supply of artemisinin. In April 2008 it further reduced the public-sector price of Coartem by approximately 20%, to an average of \$0.80 (or \$0.37 for a child's treatment pack).<sup>205</sup>

**Smart Communications ■ Large domestic company, The Philippines**

Smart Communications, a wireless-telephone services provider, introduced a mobile-remittance service in 1999. At least eight million Filipinos, or about a quarter of the domestic labour force, work and live abroad. Because of SMS technology such workers can now send money cheaper, faster and more conveniently: standard bank rates for money transfers have fallen from 10%–35% to 1%–8%. By serving low-income Filipinos, Smart grew rapidly—from 191,000 subscribers in 1999, to more than 2.6 million in 2000, to more than 24 million in 2006.<sup>206</sup>

**A Little World ■ SME, India**

A Little World (ALW) offers a secure, low-cost platform for financial services through special mobile phones. The phone stores and manages customer bank account data, authenticates account holders through photographic and biometric identification and allows access to the accounts at Point of Service terminals.

Zero Microfinance and Savings Support Foundation (ZMF) is ALW's sister entity. Present in 22 states and serving more than 16,000 villages, ZMF has served more than four million people. Government transfers through pension schemes and the *National Rural Employment Guarantee Act* account for more than three million customers. ALW's technology also enables corruption-free distribution of government funds.<sup>207</sup>

**Fair Trade Cotton ■ NPO, Mali**

In West and Central Africa cotton is the main source of income for 20 million people, accounting for up to 60% of national export earnings. But since 1999 African producers have suffered from successive price falls, with no guarantee that the price of cotton will afford farmers a return on investment and allow them to recoup production costs. The work of the Fairtrade Labelling Organization, its French member Max Havelaar and European clothing retailers such as France's Armor-Lux highlights the value of fair trade for both producers and consumers. Thanks to a guaranteed minimum price as part of fair trade, Mali producers increased their income by 70% during the 2005–06 harvest.<sup>208</sup>

# THE SUPPORTING ROLES OF INSTITUTIONS

## Policy

Policies to facilitate business in its efforts to trade with LDCs, landlocked and small island states—and to facilitate access for SMEs and the like from such countries—are essential to increasing the countries' market access.

- **Aid for Trade** aims to help developing countries, particularly LDCs, cultivate the skills and infrastructure needed to expand their trade. Aid for Trade initiatives involve partnering with companies and assisting developing-country private sectors in specific value chains.
- One Aid for Trade initiative is the **Integrated Framework (IF) for Trade-Related Technical Assistance**, an inter-agency UN programme supporting LDCs in making trade capacity integral to national poverty reduction and development plans.<sup>209</sup>

Trade regimes exist that improve access to drugs for the poorest countries without destroying the basis on patents, enabling businesses to sell drugs at differential prices.

- The **Agreement on Trade-related Aspects of Intellectual Property Rights (TRIPS)**, an international agreement administered by the World Trade Organization (WTO), has established minimum standards for many forms of intellectual property. The past decade has seen a strong policy emphasis on public health and access to medicines in the WTO, focusing on how flexibilities under TRIPS should be interpreted and implemented.<sup>210</sup>

Clear frameworks and processes for ICT development give legal basis and direction to business initiatives.

- The **Jordan Education Initiative (JEI)** aims to use ICT to improve education and build local ICT industry capacity. Since its launch in 2003 the JEI has



BILL LYONS/UNDP

engaged over 30 active partners from the public and private sectors, developed a math e-curriculum, introduced in-classroom technology and trained 50 Discovery Schools, transferring roughly \$3.7 million to local companies.<sup>211</sup>

- The **New Partnership for Africa's Development's (NEPAD) East Africa Commission** is responsible for developing policies, strategies and projects to manage the development of the ICT sector.<sup>212</sup>

## Research and advocacy

Information on export markets is key to enabling international trade. Many organizations provide this information commercially. But some provide it for free to help SMEs and businesses from LDCs.

- **Market Access Map**, an interactive application, tracks the market access conditions applied at the bilateral level by 182 importing countries to products exported by more than 200 countries and territories. Developed by the International Trade Centre and others, Market Access Map aims to enhance market transparency and promote international trade<sup>213</sup>.

Fair-trade initiatives provide knowledge and networks to give poor producers access to international markets.

- **Cotton Made in Africa**, a joint initiative of German textile buyers, ensures that cotton producers in Africa deliver the required quality and are fairly compensated.<sup>214</sup>

- **The Fairtrade Labelling Organizations (FLO) International**, established in 1997, is an association of 3 producer networks and 21 national labelling initiatives that promote and market Fairtrade certification in their countries. In 2008 Fairtrade-certified sales amounted to roughly \$4 billion world-wide, a 22% year-to-year increase. By December 2007 the certification had been granted to 746 producer organizations in 58 developing countries.<sup>215</sup>

Providing access to ICT usually requires networks to facilitate co-operation of various players, to provide not only access but also relevant content.

- **The Global Alliance for ICT and Development**—established by the UN Secretary General in 2006—includes representatives from member states, the private sector, the non-profit sector and UN bodies. It provides an open, inclusive platform for broadening dialogue on using ICT for development<sup>216</sup>.

Advocacy platforms exist to make essential drugs affordable for treating all major diseases in the developing world. Examples include:

- **Roll Back Malaria.**
- **The Stop TB Partnership.**
- **The Global Business Coalition on HIV/AIDS, TB and Malaria.**

(See chapter 6.)



ADAM ROGERS / UNCDF



## Financing

Public-private donor partnership programmes help reduce and manage the risks—or perceived risks—of building business in developing countries, in particular LDCs. For example, the German Federal Ministry for Economic Cooperation and Development (BMZ) offers **develoPPP**, USAID the **Global Development Alliance** and DFID the **Challenge Funds**.<sup>217</sup>

Innovative financing mechanisms help create market demand for essential medicines.

- **UNITAID** uses the proceeds of a solidarity tax on airline tickets to purchase drugs and diagnostics for HIV/AIDS, malaria and tuberculosis.<sup>218</sup> The solidarity tax made up 72% of UNITAID's financial base by the end of 2008.<sup>219</sup> In three years UNITAID raised more than \$1 billion and funded treatment of more than 21 million people in 94 countries.<sup>220</sup>
- **The Clinton Health Access Initiative (CHAI)** applies a business-oriented approach to changing the market for medicines and diagnostics and to supporting developing countries to scale up HIV/AIDS, tuberculosis and malaria care and treatment programmes. Negotiating reduced prices with pharmaceutical companies, based on pooling market demand, is important. Two million people—nearly half of all people living with HIV and on treatment in developing countries—are benefiting from medicines purchased under CHAI agreements. Seventy countries, with more than 92% of all people living with HIV globally, have access to CHAI's negotiated prices for anti-retroviral (ARV) drugs and diagnostics<sup>221</sup>.

Targeted funding is also available to support the introduction of new technologies through business.

- The **Liquid Petroleum Gas Rural Energy Challenge**, launched in six pilot countries as a partnership between UNDP and the World LP Gas Association (WLPGA), provides access to clean energy through micro-finance funds and the use of LP Gas.<sup>222</sup>
- After the 2010 earthquake in Haiti, **USAID** and the **Bill and Melinda Gates Foundation** launched a \$10 million fund designed to encourage companies to “create applications and services that allow users to deposit and withdraw money through their cell phones.”<sup>223</sup>



ADAM ROGERS/UNCDF



UNDP

## Capabilities

For ICT, access is not enough. People must be able to use it. Training programmes thus support the expansion of ICT services.

- In 2002, with support from the Government of Japan, **infoDev** launched its **Incubator Initiative** to foster ICT-enabled entrepreneurship and private sector development in developing countries. By 2005 infoDev supported 43 incubators in developing countries with financial and technical assistance through the initiative.<sup>224</sup>
- In May 2001 the International Telecommunication Union (ITU) launched the **Internet Training Centers Initiative for Developing Countries (ITCI-DC)** to

provide students and professionals in developing countries access to affordable, relevant technology training. As part of the initiative Cisco Systems has offered the Cisco Networking Academy at all Internet Training Centers.<sup>225</sup>

Trade with developing countries, in particular LDCs, can be uncertain. Development organizations can act as expert partners for businesses in developing new markets.

- Both **UNDP's Inclusive Markets Development (IMD) Initiative** and **DFID's Business Innovation Facility** support companies in developing countries through brokerage and advice.





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Recognizing the impact that the private sector can have on development, UNDP is committed to working with business towards meeting the MDGs. In the 10 years since UNDP started such collaboration it has made great progress in developing partnerships with business. Business is viewed no longer as a source of funding, but as an equal partner in development.

# HOW UNDP COLLABORATES WITH THE PRIVATE SECTOR

This chapter will give examples of how UNDP works as a policy advisor to national governments to shape policies resulting from national consultations with many partners, including inputs from the private sector; how it complements private-sector work with its research, knowledge networks and advocacy potential; how it co-funds partnership projects that involve the private sector; and, last but not least, how it develops the capacities of partners in these efforts.

To develop inclusive markets, UNDP generally collaborates with businesses and other partners in the following priority areas:

- Creating a legal environment for rule-based, non-discriminatory and transparent market institutions.
- Integrating poor producers into value chains, specifically in sectors that offer the prospect of growth and transition to more-highly-value-added, better-remunerated forms of employment—especially in highly labour-intensive commodity markets.
- Brokering goods and services for the poor; promoting entrepreneurship, especially among the poor and in marginalized groups (women, youth, indigenous communities), with interventions that support the growth of the indigenous private sector. This is done by setting up business-support institutions, business incubators and vocational trainings and by opening access to micro-finance.
- Promoting corporate social responsibility—on the one hand by encouraging responsible corporate behaviour through advocating for the UN Global Compact, on the other by guiding social and long-term investments from the private sector towards development activities that benefit communities while winning social licence for businesses to operate.

UNDP typically works in multi-stakeholder settings, bringing together various partners—governments, NGOs, communities, associations, lead firms, think tanks, academia and so forth—in support of common objectives. Often UNDP is a broker of these complex, multi-player ventures, a partner in them—or both.

Drawing on its credibility as a trusted and neutral development partner, UNDP can act as a broker for private-sector investments that meet development needs. UNDP

can convene multi-stakeholder forums or facilitate partnerships between the public sector, private organizations and civil society. Specific activities may include researching context and feasibility, building the capacity of participating organizations, acting as a promoter to ensure overall progress for an initiative and monitoring the implementation of new partnerships.

Alternatively, drawing on its experience in designing and implementing development projects, UNDP can act as a partner—a provider of technical assistance, policy advisory or financial support. In this role UNDP engages its development expertise to alleviate capacity, policy and other technical barriers to developing pro-poor products, services or value chains.

## UNDP AS A SUPPORTING ACTOR IN INCLUSIVE BUSINESS: FOUR ROLES, ONE INSTITUTION

The rest of this chapter demonstrates how UNDP comes together with businesses and other relevant partners to facilitate the development of inclusive markets. Highlighting achievements and good practices, the chapter shows the varied roles that UNDP plays in such collaborations, including to promote inclusive business models.

Examples under four heads, corresponding to the four types of support distinguished in the overview to this book—policy, research and advocacy, financing and complementary capacities—show how UNDP works with both large and small businesses at the global, regional and country levels through its network of 135 country offices around the world. The areas of expertise informing this work include poverty reduction, women's empowerment, environmental sustainability and green energy, democratic governance, HIV/AIDS, business roles in post-conflict environments and the development of national partners' capacities.

The present UNDP private-sector portfolio consists of more than 200 projects, in more than 90 country offices, with an annual value of more than \$200 million.



## UNDP as policy adviser

Through its close links with national governments UNDP organises public-private policy dialogues, to gather inputs from partners and to influence policy change. The aim may be to create enabling legal and institutional frameworks for private sector growth; to promote private-sector investment as part of cooperation among developing countries; or both.

### CASE STUDY

## China-Africa Business Council (CABC)

**Description.** CABC was established as a joint initiative between UNDP, the Chinese Ministry of Commerce and the China Society of Promotion of the Guangcai Programme, which counts over 16,500 Chinese private companies. The project aims to provide a practical business tool to facilitate economic links focusing on trade and investment between China and a group of African countries (Angola, Cameroon, DRC, Ethiopia, Ghana, Kenya, Liberia, Mozambique, Nigeria and Tanzania).

**UNDP role.** Through partnering with the Guangcai Programme—a governmental agency that addresses poverty alleviation—and through sharing CABC’s experience as the first private-public partnership project within the ‘South-South’ cooperation framework, UNDP encourages the Chinese government to further such cooperation among developing countries. UNDP serves as a broker between the different parties and co-sponsors project activities, including the organization of annual China-Africa Business Forums.

**Results.** The CABC is believed to be the first public-private partnership between China and Africa under the ‘South-South’ cooperation framework. Since 2005 CABC has been spearheading Chinese private-sector investments in Africa, promoting good business practices and experience-sharing, to ensure that China-Africa business activities are socially and environmentally sustainable and contribute towards poverty reduction in both China and Africa. CABC has achieved significant progress in strategic partnerships, the promotion of bilateral economic cooperation and the facilitation of investment, and it has provided training programmes on responsible corporate governance encouraging entrepreneurs to embed corporate social responsibility into their business operations.

**Company involved**  
China-Africa Business Council (CABC)

**Countries**  
Angola, Cameroon, China, Democratic Republic of the Congo (DRC), Ethiopia, Ghana, Kenya, Liberia, Mozambique, Nigeria, Tanzania

**Time-frame:** 2005–11

**MDGs addressed**



UNDP KENYA

## Supporting micro-enterprises in Nepal

**Description.** UNDP Nepal, the government and local partners—with financial contributions from donors AusAid and NZAID—are addressing rural poverty by engaging the population in entrepreneurial activities, particularly in agriculture, forest industry and tourism.

**UNDP role.** UNDP has co-defined and co-financed the project, monitors progress and works with the government on policy changes to scale up the approach in other parts of the country. As a result of the interventions, the government recognized the word *micro-enterprise*, and UNDP provided feedback to government policy based on project experiences.<sup>226</sup>

**Results.** The programme has contributed to the growth of more than 46,000 micro-enterprises, 68% of them owned by women and 66% by young people, while 35% are within indigenous communities. The programme has created more than 55,400 jobs, and the entrepreneurs' income has risen by 297% on average. Micro-enterprises, as project beneficiaries, receive advice on environmentally-sustainable solutions. Recognizing micro-enterprise development as a viable strategy to enhance poor people's livelihoods and generate self-employment, the government has made it a priority for 2011–13 and plans to expand the programme in all 75 districts.

**Partners involved**  
Nepalese Chamber of Commerce and Industries, Nepal Young Entrepreneurs Forum, micro-finance institutions, other local NGOs

**Country**  
Nepal

**Time-frame:** 1998–2010

**MDGs addressed**



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## UNDP as researcher and advocate

With its large outreach capacity at the national, regional and global levels, and with its development expertise, UNDP can complement private-sector activities as a platform for research and for raising awareness. For example, it can promote institutional solutions that harness or enable the private sector's contribution to development through core business operations.

### CASE STUDY

## S&P-EGX ESG

**Description.** In March 2010 Egypt launched a new index—Standard and Poor's/Egypt Stock Exchange Economic Social and Governance Index (S&P-EGX ESG)—designed to track the performance of the top 100 listed companies on the Egypt Stock Exchange on a number of variables covering environmental, social and corporate governance (ESG) issues. Developed by the Egyptian Corporate Responsibility Center (ECRC), the index is a joint project between UNDP and the Egyptian Institute of Directors (EIoD) affiliated to the Ministry of Investment in collaboration with the Cairo-Alexandria Stock Exchange. It uses Standard and Poor's (S&P) methodology to link ESG to share-price performance, enabling investors to take a leading role in driving firms to enhance transparency and disclosure and ultimately to improve reporting standards.

**UNDP role.** UNDP co-designed the project, building on its extensive corporate-social-responsibility expertise. It shared international experiences. And it contributed financially. Finally, it was involved in disseminating information on the index to the business community.

**Company involved**  
S&P-EGX ESG

**Countries**  
Egypt

**Time-frame:** 2008–10

**MDGs addressed**



UNDP EGYPT

## Bionexx

**Description.** Recognizing the need to develop the cultivation in Africa of Artemisia Annua—a plant recommended by the World Health Organization and UNICEF as an effective treatment for malaria, a disease that infects 350 million and kills 1 million people every year—UNDP partnered with Bionexx, the sole producer of Artemisia in Madagascar, to expand production. Artemisinin, which is extracted and purified from Artemisia Annua leaf material, is the major component in the latest generation of Artemisinin Combined Treatments (ACTs).

**Company involved**  
Bionexx

**Countries**  
Madagascar

**Time-frame:** 2007–10

**MDGs addressed**



**UNDP role.** UNDP invested in a feasibility study aimed at improving production techniques for captive production sites and at analysing programme opportunities for Madagascar’s small farming community. UNDP also convened a partnership with key national and international partners to ensure that the project could be implemented successfully—for example, organizing a donor round-table in 2006 that raised funds for project technical assistance and equipment. UNDP has also co-financed the involvement

of an international NGO to help Bionexx with its first harvest.

**Results.** The initiative benefited 4,500 growers in 2010, with a target of 7,300 in 2011. So far in 2010 Bionexx produced 550 tons of Artemisia Annua leaf, which helped in 4.5 million ACT treatments, and planned production in 2011 will reach the equivalent for 12 million ACT treatments. Bionexx and its partner Innovexx have invested nearly \$7 million in farming and industrial equipment for this initiative, which has strengthened the value chain by assuring production, transport and information exchange while it has also increased market and economic opportunities for previously-isolated rural communities. The leaf increases the revenue of the growers and ameliorates the productivity of the land through alternance, while the system motivates growers to increase yields and seek high leaf quality. The final, crystal form of artemisinin is sold to large pharmaceutical companies involved in manufacturing ACTs.

## The World Business and Development Awards

The biennial World Business and Development Awards—organized by UNDP, the International Chamber of Commerce and the International Business Leaders Forum—acknowledge the contribution of the private sector towards meeting the Millennium Development Goals (MDGs) through core business operations. Since 2000 the awards have been given to 62 companies, located (as of 2008) in 33 countries. For the 2010 awards more than 171 applications were received from over 41 countries, with winners to receive their awards at a high-level ceremony during the UN MDGs Summit in September. (See further <http://www.iccwbo.org/awards>)



UNDP



## UNDP as funder

In some cases UNDP may share the costs of a particular project with participating companies and other partners, including donors and governments. UNDP's financial contribution must be necessary for the implementation of the project and must not take the place of private-sector activities, while private-sector partners must be selected in a transparent way.<sup>227</sup> Such UNDP co-financing must explicitly contribute to public goods.

### CASE STUDY

## Pacific Financial Inclusion Programme

**Description.** The Pacific Financial Inclusion Programme (PFIP), a partnership of UNDP, UNCDF, the European Union and AusAid, aims to expand access to financial services to the 80% of the region's people who are excluded—mostly rural and low-income women and micro-entrepreneurs. The programme will create knowledge and disseminate it to policymakers, regulators, banks, non-bank financial institutions, telecommunications operators and other players to overcome challenges in financial-service delivery to these vulnerable groups.

**UNDP role.** PFIP can act as both broker and partner, with these roles varying during the process of engagement with a particular company. UNDP's engagement includes technical assistance (providing a consultant from MPesa to Vodafone Fiji, organizing training-of-trainers on financial literacy); policy dialogue (formation of the National Financial Inclusion Task Force, organization of the Microfinance Pacific Week that brought service providers, micro-finance institutions, regulators and donors to chart actions on micro-insurance and financial education); awareness and knowledge (information exchanges in five countries on m-banking and micro-insurance; financial literacy and gender impact assessment; cash-point research; a DVD on micro-insurance; national financial-services-sector assessments); and grants to five companies on a cost-sharing basis.

**Results.** Collectively the five companies will have contributed to reaching 150,000 clients—at least 30% of them women—by the end of 2010; 113 trainers will have been trained; and 48,000 people (mainly rural) will have received financial-literacy training from 36 national organizations. In addition, Pacific ministers of finance and central bank governors have adopted a set of common goals on financial education and access to financial services. At the same time new business models (m-banking products and services) are being developed and rolled out by the partner companies.

#### Companies involved

National Bank of Vanuatu, Vodafone, FlexPacific, DataNets Ltd, Nationwide MicroBank

#### Countries

Papua New Guinea, Fiji, Solomon Islands, Vanuatu and Samoa

**Time-frame:** 2008–11

#### MDGs addressed



## Supporting small dairy farmers in Armenia

**Description.** Ashtarak-Kat, a leading dairy producer in Armenia, launched this initiative with the Centre for Agribusiness and Rural Development (CARD) with the aim of building sustainable milk collection centres for small-holder farmers in the rural Tavush region. Tavush has a need for investment in modern milk cooling and storage infrastructure, essential to building a modern dairy market. The initiative aims to enliven the region's milk sector and to help its inhabitants—of whom 60% depend on agriculture for their livelihoods—by renovating premises, by purchasing equipment, by developing farmers' cooperatives and linking them to milk buyers and by assisting the farmers in organizing, collecting and selling.

**UNDP role.** UNDP brokered the relationship between the private sector, CARD and the farmer associations. It also helped renovating the collection centres and contributed to purchasing two milk trucks.

**Results.** Two co-operatives have been registered and three sustainable milk collection centres have opened, maintaining a 1,600-litre daily capacity that caters to 1,000 small-holder farmers and benefits 3,000 households from 10 villages. The household incomes of beneficiaries have increased by approximately 20–25%. The quality of milk has risen, creating a healthy competition among farmers and creating new incentives for improving production. Today farmers sell milk to a variety of buyers and the centres have become fully self-sustaining businesses with appointed managers.

**Partners involved**  
Ashtarak-Kat

**Country**  
Armenia

**Time-frame:** 2007–2008

**MDGs addressed**



UNDP ARMENIA



## UNDP as technical advisor and capacity developer

UNDP has a wide network of local and regional offices, a recognized convening power and a strong expertise in designing and implementing development activities from which companies can benefit—for example, to translate corporate-social-responsibility policies into long-term business goals aligned with core business operations.

### CASE STUDY

## Equity Bank

**Description.** This joint project between UNDP, Equity Bank, UNIDO, the International Labour Organization and the Kenya Ministry of Trade aims to reduce poverty in local regions by giving women access to credit for economic activities. Specific goals include increasing the number of women in decision making positions, building awareness of women's roles in business at the local, regional and government levels and enhancing women's capacity and motivation through entrepreneurial-skills training.

**UNDP role.** UNDP provides capacity development to women in business and investment, while Equity Bank and other participating institutions provide financial intermediation. UNDP facilitated the establishment of ICT networks and the online promotion of women-targeted SME products, and it designed and rolled out a flagship development programme for women entrepreneurs.

**Results.** 20,000 women have registered for training courses in managing small business loans. A dedicated "Women Empretec Center" was established to provide entrepreneurship training, mentoring and support, resulting in the expansion of local markets. Equity Bank has seen extremely rapid growth, with 3 new branches already built in Nairobi.

**Company involved**  
Equity Bank

**Country**  
Kenya

**Time-frame:** 2008–12

**MDGs addressed**



UNDP

## Get Airports Ready for Disaster

**Description.** DHL and UNDP launched the Get Airports Ready for Disaster (GARD) programme to prepare airports and people for disaster situations and to make aid delivery more efficient. Using DHL's extensive logistics experience, Disaster Response Teams help local authorities in reviewing airport capabilities and capacities, understanding coordination requirements, training local trainers, and formulating a contingency plan and coordination structure. GARD helps airports to better handle the overwhelming international support that arrives after a disaster.

**UNDP role.** UNDP is involved in GARD—and many other projects—under the area of Crisis Prevention and Recovery. Operating in some 100 countries, UNDP identifies the needs of people suffering from crises and responds by fostering partnerships for innovative approaches to crisis prevention. It also works to ensure that long-term development policies and programmes incorporate opportunities for disaster reduction and conflict resolution. UNDP brokered the relationship with DHL and invited its expertise into a larger, national disaster-risk reduction programme in Indonesia, co-financed by the Government of Indonesia and UK DFID (Safer Communities through Disaster Risk Reduction in Development).

**Results.** In Indonesia DHL and UNDP trained local appointees to understand disaster relief surge requirements, to properly lead a GARD team and to learn the proper use of contingency planning in times of disaster. The programme developed airports and local relief agencies by determining and building surge capacity. During 2010 UNDP and DHL are introducing this project in four airports in Nepal, with plans to expand to other key locations in Asia and the Americas in 2011.

**Partners involved**  
Deutsche Post DHL

**Country**  
Indonesia, Nepal

**Time-frame:** 2009–2011

**MDGs addressed**



DHL



## GLOBAL INITIATIVES OF UNDP

On-going international flagship initiatives show how the private sector can engage with UNDP, both globally and in specific countries. They also illustrate UNDP's role in building 'eco-systems' of partners to support inclusive business.

### The Growing Inclusive Markets Initiative (GIM)

A UNDP-led global multi-stakeholder research and advocacy initiative, GIM seeks to understand, enable and inspire the development of inclusive business models that will help create new opportunities and better lives for poor people.

For businesses, GIM offers global, regional and national reports on inclusive markets; action-oriented research tools (market heat maps, a strategy matrix); an on-line database containing 120 case studies of inclusive business models across sectors, regions, themes and types of companies; and network building at the local level.<sup>228</sup>

**EXAMPLE:** In Colombia UNDP—collaborating with government entities, business associations, academia and civil-society organizations—has produced a national GIM report, based on 13 national case studies spread across sectors and regions; these include conflict-affected areas where companies are contributing to peace efforts through entrepreneurial activities.



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### Business Call to Action (BCtA)

The initiative challenges companies to develop inclusive business models that offer a potential for development impact along with commercial success. Some 25 multinational and national companies have already joined BCtA and launched new initiatives around the globe.

For businesses, BCtA offers an opportunity to showcase results at high-visibility events around the globe, a knowledge-sharing platform and support for business-model development and monitoring.

**EXAMPLE:** Diageo, the world's largest premium drinks brand, joined BCtA in 2008 by committing to develop the sorghum agricultural value chain in Cameroon while providing a sustainable source of local grains for use in its products. Diageo is working with farmers to develop skills and agronomic practices, establish collectives and provide farmers with access to credit. The company plans to replace as much as 16,000 tonnes of imported grains with locally produced sorghum, benefiting about 10,000 people.

### The Enhanced Integrated Framework for LDCs (EIF): trade for human development

Development of trade capacity can be instrumental to creating jobs and to enhancing growth, human development and MDG achievement. UNDP is actively engaged in the aid-for-trade agenda through the EIF, working with partner and donor countries, multilateral agencies and the UN system to help developing countries do three things: expand their trade capacity, integrate trade into national poverty reduction or development plans and coordinate trade-related technical assistance on the ground. Typical UNDP interventions include conducting human-centred trade diagnostics (trade needs assessments, impact assessments of trade policies on human development) as well as implementing the recommendations of these studies (for example, supporting the export capacities of a country's private sector). Least-developed countries can benefit under the EIF from trade-related technical assistance that is needed to enhance their trade performance, and thus to become better integrated in international markets.

For businesses, EIF offers an opportunity to join policy dialogues and to provide technical input into national discussions on how to make the local private sector internationally-competitive (through pro-poor trade development measures and a better understanding of trade agreements).



UNDP

**EXAMPLE:** UNDP in Mali has enabled Mali's mango exports to rise sharply—from 2,915 tonnes in 2005 to 12,676 tonnes in 2008, more than fourfold—generating \$30 million for the Malian economy. The initiative works to alleviate poverty, especially by teaching women farmers useful skills in mango production and processing and by facilitating access to credit for mango exporters. Phyto-sanitary treatment of 5,000 hectares of orchards in 2008 helped to pave the way for European certification standards, known as EurepGAP (including social and environmental standards). Through this program, which also improved testing facilities and increased cold-storage facilities, rural women who sell mangoes at a premium price are able to significantly increase their incomes while improving their status in their homes and communities.

**EXAMPLE:** The first commodity exchange in Ethiopia—a least developed country where only one-third of agricultural products ever reach the market—was established in April 2008 to provide security and visibility for commodity traders. Since December 2008 the exchange has handled transactions worth \$240 million, amounting to more than 160,000 tonnes of coffee beans. An estimated 850,000 small-holding farmers are now involved in the system. Co-financed by the government of Ethiopia, the programme was made possible by a consortium of supporting partners including UNDP, the World Bank, USAID, the Canadian International Development Agency (CIDA) and the WFP. UNDP's support included initial project start-up, capacity building and technical-advisory services over four years.

## The UNDP Green Commodities Facility

Launched in 2009 with the objective of connecting global markets to national governments and farmers, the Green Commodities Facility manages a global portfolio of national-level commodity-focused programmes and platforms that remove barriers and institutionalize systemic approaches for scaling up the production of sustainable commodities. This includes addressing environmental externalities within the supply chain, strengthening financial sustainability for technical assistance and reforming policy.

For businesses, the facility affords an opportunity for partner companies to participate in the long-term institution, scaling up and integration of sustainable commodity practices into traditional supply-chain structures. Once programmes are successfully implemented, green commodities will be available for sale and participating companies will be well-placed to purchase them.

**EXAMPLE:** A platform for the responsible production and trade of pineapples is being established in Costa Rica, with support from the CR-USA Foundation and the Dutch inter-church organization for development cooperation ICCO. The platform will articulate joint action by the state, companies and communities to accomplish the development-wide interventions needed to produce this commodity without causing the chemical run-off, the labour-regulation violations and the high ecological impact of conventional production practices. International companies, traders and



retailers buying pineapples from Costa Rica will be actively engaged so that changes in their purchasing policies promote more sustainable production.

## The UN Global Compact

UNDP is one of several UN agencies supporting the UN Global Compact in developing countries. The largest corporate responsibility initiative in the world, it targets businesses that are committed to aligning their operations and strategies with 10 universally-accepted principles on human rights, on labour, on the environment and on anti-corruption efforts. By making this commitment businesses can help markets, commerce, technology and finance to advance in ways that will benefit economies and societies everywhere. Today the UN Global Compact counts more than 7,700 corporate participants and stakeholders from more than 130 countries.

For businesses, the compact offers a strategic policy-framework platform as well as learning on development issues relevant to business, implementation and the disclosure of sustainability principles and practices (including a wide spectrum of specialized workstreams, management tools and resources).

UNDP is now engaged in setting up and developing local business-led UN Global Compact networks in 31 countries—to promote higher social, environmental and governance standards among local companies and to catalyse business action in support of national-development priorities.

**EXAMPLE:** In Syria UNDP provides the secretariat for the local Global Compact, which brings together the 38 largest Syrian companies. The companies are actively involved in social-investment projects in Syria, including in health, youth employment and tourism rehabilitation. UNDP provides technical advice on these projects.





## The Global Environment Facility (GEF)

Established in 1991 as an independent financial organization, the GEF is the largest funder of projects to improve the global environment. Providing grants to developing countries and transition economies for projects related to biodiversity, climate change, international waters, land degradation, the ozone layer and persistent organic pollutants, the GEF constitutes the financial mechanism for international environmental conventions (CBD, UNFCCC, POPs, UNCCD, Montreal Protocol). It has allocated \$8.8 billion, supplemented by more than \$38.7 billion in co-financing, for more than 2,400 projects in more than 165 countries.<sup>229</sup> In the GEF partnership are 10 agencies: the UNDP, the UNEP, the World Bank, the UN FAO, the UNIDO, the African Development Bank, the Asian Development Bank, the European Bank for Reconstruction and Development, the Inter-American Development Bank and the International Fund for Agricultural Development.

A data analysis of all GEF projects with private co-financing, conducted in early 2010, showed that of the GEF's current portfolio of 2,403 projects, about 18% are private-sector projects. This includes \$5.97 billion of identified co-financing for private projects, compared with \$38.74 billion of total identified co-financing—resulting in private projects with a co-financing ratio somewhat better than that for the overall portfolio (4.8x, compared with 4.44x). For private-sector engagement, projects related to climate change account for 73%, while those related to bio-diversity account for 17% (smaller categories include international waters at 7%, POPs at 3% and land degradation at less than 1%)<sup>230</sup>.

**EXAMPLE:** A project was launched in collaboration with Tchibo, Kraft Foods, Caribou Coffee Company, McDonald's Europe and others to help increase market demand for coffee produced under bio-diversity-friendly, sustainable production practices in Brazil, Colombia, El Salvador, Guatemala, Honduras and Peru. Providing market incentives through certification (87,000 metric tonnes sold in the 2009 calendar year, and estimated sales of around 100,000 metric tonnes by June 2010), the project will transform the coffee sector by ensuring that it valuably complements conservation efforts in protected areas. Of the 350,000 hectares of coffee farms certified globally on 30 June 2010, about half was in production and about 70% was held by small-holders. More than 35,000 farms are currently certified world-wide, the majority in the project countries. While most growers get significant premiums for their certified coffee, the project team considers the greatest benefits to be the changes on certified farms from implementing better practices, including efficiencies and product-quality improvement with increased yields. Livelihoods improve for the farm workers, who receive at least minimum wage and have dignified living conditions with potable water, sanitary conditions, health care and schooling for children. Large co-financing contributions are coming from companies that invest tens of millions of dollars in campaigns to raise public awareness. UNDP provides oversight and engages in policy dialogues with national policymakers and regional organizations such as the European Parliament. UNDP additionally provides technical assistance to dozens of companies—including instruction manuals in several languages—to increase compliance. Finally, UNDP has helped raise consumer awareness on sustainability. A global roll-out of major certified tea brands will develop awareness in North America, where companies are airing television advertisements.

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# THE MDGs: EVERYONE'S BUSINESS

How inclusive business models contribute to development and who supports them



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