

Growing Inclusive Markets

**UNDP's Private Sector Work –
Synergies with the Global Compact**

Session overview

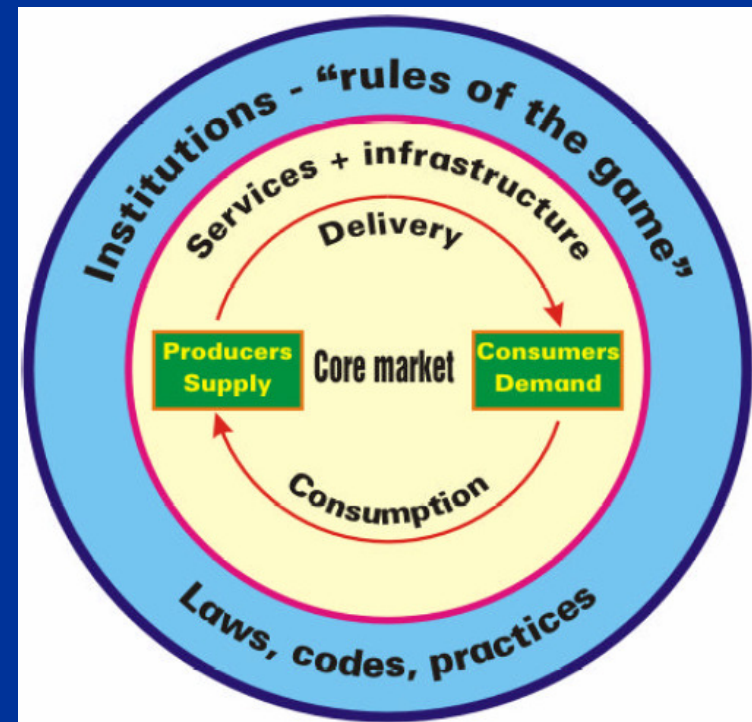
- Update on UNDP and the Global Compact – synergies and areas for expanded collaboration
 - Discussion
- Presentation and discussion of the Growing Inclusive Markets report:
 - Country level press launches July 2008
 - Basis for further substantive discussions with LN participants

UNDP's Private Sector Strategy: Inclusive Market Development

What it is:

- Focuses on *developing markets* that work for the poor
- *Addresses obstacles* that prevent poor people's access to markets
- *Comprehensive approach* to private sector development
- Recognizes importance of the state in making markets work

Illustration: Components of a functioning market



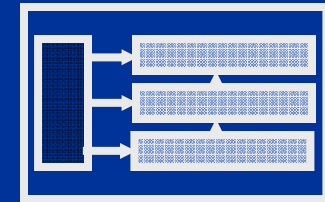
Five Priority Areas

Inclusive Market Development

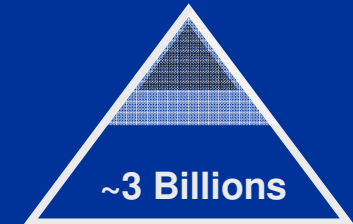
Priority 1 – Establishing the Policy and Institutional Infrastructure



Priority 2 - Facilitating Pro-Poor Value Chain Integration



Priority 3 - Facilitating Investments in Pro-Poor Goods and Services



Priority 4 - Fostering Inclusive Entrepreneurship



Priority 5 - Promoting Corporate Social Responsibility in support of the MDGs and Inclusive Markets



UNDP & the Global Compact

Global Compact

Offers a value based platform for responsible business engagement

Offers an open multistakeholder forum for engagement at the local as well as the global level

Offers a wide global network of committed companies and other stakeholders

GC local networks as entry point for “channeling” private sector interest to take action in partnership with UNDP and the wider UN Country Teams.

UNDP

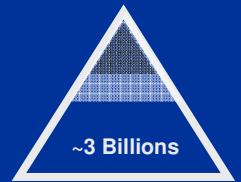
Offers development platform with operational capability to engage in concrete projects

Expertise in working with the private sector on partnerships and inclusive market development

Technical expertise in other development issues of interest to business, e.g. environment & climate change, governance etc.

Ability to link private sector related initiatives with broader national / local development processes convening power

The Growing Inclusive Markets Initiative



- Conceived in **2006** following the success of *Unleashing Entrepreneurship: Making Business Work for the Poor*
- Offers a **platform for collaboration** and already gathers over 20 key stakeholders including business associations, academic institutions and development agencies
- Seeks to **gather information** on low-income markets, **disseminate knowledge** and **inspire action**
- Focuses on **core business** activities, **Southern** perspective and country-level **replication**

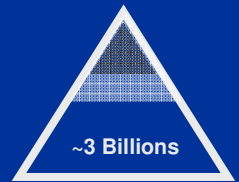
Core Messages

- Market inclusion can lead to **poverty alleviation**
- Including the poor as consumers or producers can be a **profitable business strategy**
- There is a significant **unmet demand** for goods & services as well as income opportunities
- There are key structural **constraints** in the market systems of the poor that prevent their inclusion in broader markets
- These constraints can be overcome through basic **solution** approaches

Products

- A web-based storehouse of **data and information** on low-income markets:
 - Market Heat Maps
 - Case Studies Bank
 - Innovations Bank
- A series of **global, regional and national reports** that examine the inclusiveness of markets
 - First Global Report to be launched in 2008
- **Implementation** in business-in-development 'hot spots' around the world

GIM Initiative: Tools Overview



Case Studies

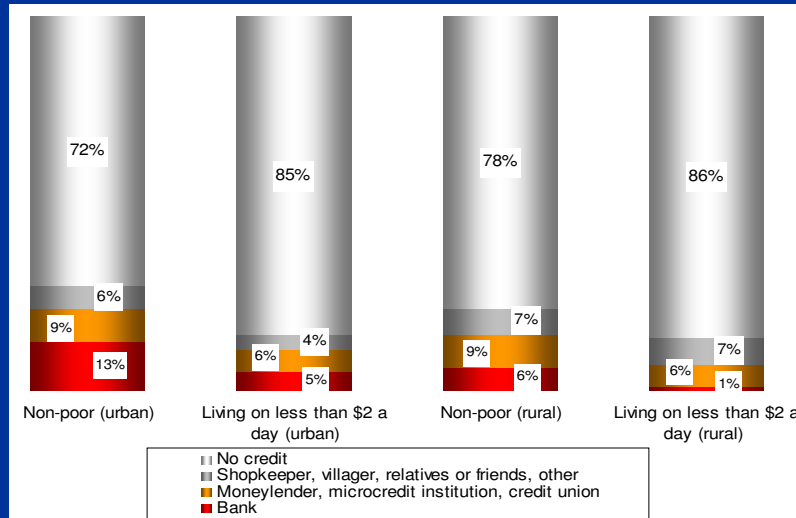


Innovations Bank

Solutions Approaches Constraints areas	Solutions Approaches				
	Adapt product	Invest in market conditions	Collabo- rate	Engage communi- ties	Contribute to policy change
Market info					
Info, skills, trust					
Regulatory environmt					
Access to finance					
Physical infrastruct.					

Sourced from 100 cases

Market Heat Maps



Dominican Republic: Access to Credit (2004)



Core Business & Development: A Mutual Value

Inclusive Business

Profitability

Businesses benefit from including the poor:

- **on the supply side:** finding new customers, creating long-term customer loyalty, developing transferable innovations
- **on the demand side:** improving production capacity, getting access to high-quality inputs, expanding customer reach

Participation of the Poor

The poor benefit from participating in markets:

- access to goods and services
- access to income opportunities as suppliers, employees, distributors and entrepreneurs
- increased choice and power

Human Development Impact

The goods & services provided have a human development impact:

- water & sanitation, energy
- financial services, ICTs
- housing, education, nutrition

Sustainability

Inclusive businesses contribute to social & environmental sustainability

- clean energy, protection against natural disasters
- fight against rural exodus and hyper-urbanization
etc...

Many examples show that providing basic goods & services as well as income opportunities to the poor can be a sustainable and profitable business strategy and contribute to human development.

GIM Report

Strategies for doing business with the poor

Opportunities for the poor / development

Meeting basic needs

Increase incomes

Enabling the poor to be more
productive

Empowerment

Opportunities for business

Generate profits

Develop new markets

Create innovation

Expand the labor pool

Strengthen value chains

GIM Report

Strategies for doing business with the poor

Strategies concerning	Adapt products and processes	Invest in removing constraints	Leverage the strengths of the poor	Combine re- sources and capabilities	Engage in policy dialogue with gov't
Market information					
Regulatory environment					
Physical infrastructure					
Knowledge and skills					
Access to financial services					

GIM Report

Select case studies

Danone (Poland): Affordable milk porridge for low-income families

FORUS Bank (Russia): Financial services for the poor

VidaGas (Mozambique): Expanding access to LP Gas

Rural Energy Services Companies (Mali) – Improving energy access

Integrated Tamale Fruit Company (Ghana): Organic Mangos

Vodafone and Safaricom (Kenya): Financial services to the poor

Denmor Garments (Guyana): Employment for women from poor communities

GIM Report Launch July 2008

Launches (tentative)

Paris, France
Washington DC, USA
Nordic capitals
Brussels
London
Ghana
Nigeria
Senegal
Angola
Mozambique
India
Philippines
Etc.

Launch Kit:

- PPT with messaging of GIM
- Global press release
- Skeleton press release
- PSD Private Sector Fast Facts
- Fast Facts on GIM initiative
- 2-3 final case studies
- Q&A press briefings