



CREATING VALUE FOR ALL REPORT

GLOBAL FACT SHEET

From Mexico to Mauritania, from Poland to the Philippines, in the race to advance human development, the greatest untapped resource is the enormous capacity of the private sector. More than a billion people lack access to clean water, 1.6 billion lack electricity and 5.4 billion lack access to the Internet. Yet the poor have a largely untapped potential for consumption, production, innovation and entrepreneurial activity. *Creating Value for All: Strategies for Doing Business with the Poor* demonstrates the effectiveness—both for progress and for wealth creation—of more inclusive business models.



FAIR TRADE COTTON FARMERS IN MALI

CREDIT: ARMOR-LUX

• Inclusive Business Models

Inclusive business models include the poor on the demand side as clients and customers, and on the supply side as employees, producers and business owners at various points in the value chain. They build bridges between business and the poor for mutual benefit. 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. This report's conception of inclusive business models builds on and reinforces the work of the World Business Council for

- **Africa's mobile phone market** increased from 2001-2006 by an average of 50 percent annually. It is expected to climb to 250 million subscribers by 2010.
- **Fair trade sector** grew 42 percent from 2005 to 2006.
- The total number of **microfinance** clients grew by almost 500 percent from 1997 to 2003.
- In Latin America, the return on equity for microfinance was 31.2 percent, compared with conventional banking's 16.5.

Sustainable Development and others with an interest in inclusive business.

Opportunities for business: Doing business with the poor generates profits, develops new markets, drives innovation, expands labour pools and strengthens value chains by incorporating the poor as producers, suppliers, distributors, retailers and franchisees.

Opportunities for the Poor: Inclusive business models improve the lives of the poor and help their countries achieve the Millennium Development Goals by meeting basic needs, enabling the poor to become more productive, increasing incomes and empowering the poor to gain more control over their lives.

Constraints: Market conditions surrounding the poor and their markets can make doing business difficult, risky and expensive. This report identifies five broad constraints: limited market information, ineffective regulatory environments, inadequate physical infrastructure, missing knowledge and skills, and restricted access to financial products and services.

Effective Strategies: A number of businesses are operating successfully in poor markets, as a result of creatively overcoming obstacles. The case studies in the report reveal five common strategies: adapt products and processes, invest to remove market constraints, leverage the strengths of the poor, combine resources and capabilities with other organizations, and engage in policy dialogue with government.

Tools

- **Strategy Matrix** helps to identify market constraints and think through strategies to address them. It links five broad constraints in the markets of the poor with five strategies that can yield solutions.
- **Heat Maps** identify opportunities by depicting access to water, credit, electricity or telephone service. Offering a visual overview of the landscape—and a first look at possible markets, the maps are supported by information on the structure of those markets, such as the various kinds of providers.
- **Case Studies** help readers find solutions by drawing from the experiences of others and describing successful business models that include the poor.

Examples of inclusive business models helping countries meet MDGs:

- In **Colombia**, the Juan Valdez company is offering higher, more stable incomes to over 500,000 small-scale coffee growers.
- In **China**, Tsinghua Tongfang markets computers loaded with distance education software to the rural population both for primary and middle school education and for minority language education.
- In the **Russia Federation**, over 80 percent of Forus Bank's clients are women, most of them in retail businesses; in 2006 the bank helped create 4,250 direct and 19,950 indirect jobs.
- In **Senegal**, healthcare organization Pésinet provided an early warning method for monitoring the health conditions of children under age five from low-income families—the infant mortality rate fell by more than 90 percent between 2002 and 2005—from 120 per 1,000 live births to 8.
- In Cabo Delgado, **Mozambique**, the liquefied petroleum gas supplied by VidaGas improves the sterility of medical instruments used to deliver babies.
- In **Tanzania**, A to Z Textile Mills provides affordable, long-lasting insecticide-treated bed nets that prevent

mosquitoes from spreading malaria, reducing deaths by 50 percent.

- In the shanty towns of Casablanca, **Morocco**, Lydec has dramatically increased the percentage of people with access to water and electricity.
- In the **Philippines**, Smart, whose network covers over 99 percent of the population, offers low-cost, prepaid mobile phone airtime cards and eases financial transactions through the option to send remittances using short messaging service (SMS) technology.

Advisory Board

The GIM Initiative's advisory group comprises diverse institutions with an interest in the private sector's development role—including leading international development agencies, global business organizations representing hundreds of companies and experts from well-known research institutions operating at the interface of business and development.

*The **Growing Inclusive Markets Initiative** • The Growing Inclusive Markets Initiative, led by the United Nations Development Programme (UNDP), is a platform to facilitate the engagement of all actors for more inclusive business models so that the pursuits of profit and human progress can work to mutual advantage. It gathers relevant information, highlights good examples, develops practical operational strategies and creates space for dialogue.*

For more information:

www.growinginclusivemarkets.org.

For more information, visit:

www.undp.org or www.growinginclusivemarkets.org

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