



May 5th, 2017 Berlin, Germany

Alleviating Poverty through Inclusive Business

G20 GPIB / IBAN POLICY DIALOGUE ON BUILDING AN ENABLING ENVIRONMENT FOR INCLUSIVE BUSINESS THROUGH PUBLIC PRIVATE COLLABORATION

 #IBPolicyDialogue



I. Rationale

Inclusive business can make an important contribution to the 2030 Agenda, by reducing poverty, shrinking inequality and contributing to sustainable economic growth as well as a global sustainable development partnership. Inclusive businesses are proven and growing: The world's multilateral development banks have invested over \$15 billion in inclusive business approaches. Private investors have raised \$6 billion in funds for businesses with not only commercial viability, but also with explicit social objectives.¹

Nevertheless, inclusive businesses often struggle with challenging operating environments and gaps in the institutional, informational and infrastructural conditions. They face external and internal constraints that can prevent them from adopting inclusive business models and reaching more people who live at the base of the pyramid.

Constraints at both the market and company levels have been identified along four broad policy dimensions: information, rules and regulations, financial resources, and capacity. Inclusive businesses require a conducive context to grow and achieve broad-based impact. A variety of stakeholders have a role to play, but the key players are governments and companies. Ecosystem actors - companies, governments, development partners, civil society organizations (CSOs), research institutions and intermediaries – can all contribute to strengthening the enabling environment for inclusive business. Creating the ecosystems that nurture inclusive businesses is a complex task that requires collaboration and cooperation of individual players' actions in a coordinated and coherent manner in order to create the conditions for low-income people to effectively participate in markets and reap the benefits.

¹ European Commission (2014): A map of social enterprises and their ecosystems in Europe

Figure 1: Inclusive Business Ecosystem



The G20

believes that country governments can proactively promote inclusive business policies by engaging the private sector to accelerate the pace of addressing poverty, while creating opportunities to address social and environmental challenges and in the process aligning with the Sustainable Development Goals (SDGs). Government approaches typically focus on:

- Enabling inclusive businesses to enter and operate in low-income markets (i.e. by removing obstructive policies or making information on consumption patterns of the BOP more available)
- Assisting inclusive businesses with the integration of the low-income segment into their value chains (by encouraging companies to source from BOP producers)
- Empowering low-income communities to participate in inclusive business value chains (by building the BOP's capacity and by providing the BOP with access to finance)

II. G 20 and Inclusive Business

The G20 has a long-standing history of support to inclusive business. Starting with the G20 Challenge Competition on Inclusive Business Innovation (2011-2012) that awarded companies with innovative inclusive business models, G20 leaders have increasingly emphasized the important role that inclusive businesses play in the context of sustainable development. This was highlighted most recently during the Chinese Presidency in 2016 in the G20 Leaders' Summit Communiqué as well as the G20 Action Plan on the 2030 Agenda for Sustainable Development.

The G20 Framework on Inclusive Business agreed upon during the Turkish Presidency in 2015, established a common understanding of inclusive business approaches and identified how different actors can support the development of inclusive business. The initiative to set up the Global Platform on Inclusive Business (GPIB) in 2016 went one step further by compiling knowledge and facilitating exchange and collaboration between policymakers based on evidence. The GPIB focuses on policymaking in the areas of finance, capacity building, information, and rules and regulation.

III. GPIB and IBAN

The Inclusive Business Action Network (IBAN) financed by the German Government and the EU Commission is a global network that connects the dots between the different stakeholders from the global inclusive business ecosystem. Its aim is to support the up scaling and replication of inclusive businesses through better access of businesses to support mechanisms as well as to local implementation structures of partners, investors and other initiatives and networks.

Both GPIB and IBAN believe that an effective way to raise awareness and to build capacity on a governmental level is by sharing experiences and information. Policymakers can learn about solutions developed in other countries and adapt them to their own specific situation as relevant. Taking into account the private sector perspective, they may also set out recommendations, develop tools and instruments, and, with a longer term perspective, work on a common agenda in order to foster inclusive businesses worldwide.

IV. Objectives of the Conference

GPIB and IBAN jointly invite policymakers, business representatives and other enablers from G20 and non-G20 countries to build upon previous GPIB workshops held during the G20 Turkish and Chinese Presidencies in order to continue to advance inclusive business policies. The conference will focus on ongoing peer-to-peer learning and knowledge exchange by establishing new alliances with concrete action plans and agreeing on a follow-up agenda.

The one-day conference is pursuing three main objectives:

1. Create alliances between government representatives, businesses and other actors in the ecosystem to discuss the four main policy dimensions (financial resources, capacity, rules and regulation, and information), applying a variety of approaches (sectorial, cross-cutting, and regional).
2. Develop recommendations for the future work of the GPIB
3. Provide participants with information about the link between the SDGs and inclusive business, as well as the importance of the business environment for inclusive business.

To achieve the objectives, the conference is divided into two sessions:

- Morning session – The road so far: Provide participants with an update on the work done by GPIB, IBAN, and other inclusive business stakeholders
- Afternoon session - Taking action: Share information and define concrete actions for coalitions on specific issues

V. The breakout sessions

The suggested topics for the breakout sessions in the afternoon are as follows:

1. The sectoral approach: Scaling up policy links to accelerate commercially viable inclusive businesses in the energy sector

Inclusive business models do not follow one pattern but depend to a high degree on the actors and market mechanisms of a specific sector. For example, the energy sector is seeing a growing number of inclusive business models emerge as 1.2 billion² people live in off-grid areas. While few hydro, wind and bioenergy businesses exist due to high upfront costs, there are multiple solar energy businesses providing low-cost solutions to low-income people. The unserved market of the poor is one reason for increasing market potential of inclusive businesses in energy. Other reasons are the interest in promoting renewable and decentralized energy solutions as part of development agendas, and the potential of using waste for energy, thereby creating income opportunities for the poor as providers or collectors of waste and bio-produce. Hence, IB solutions in energy are not only consumer models (such as the sale of solar lamps) but often also supplier models that create jobs and income³. The big range of opportunities the energy sector offers for IB models might be an interesting field of discussion for policy makers, companies and supporters of IB.

2. The cross-cutting approach: Access to financing for inclusive businesses

Limited access to the right kind of finance is a common challenge for businesses working at the Base of the Pyramid. Thus, an increase in the flow of capital is fundamental for the growth of inclusive businesses and for the maturing of the sector. Governments can provide a range of policies that stimulate the funding of IB models and make it easier for companies to get access to the multiple resources available. The exchange of information and enabling instruments as well as advocacy for financing of IB models might become the key activity of this breakout session.

3. The regional approach: Building the enabling environment for inclusive business in the ASEAN/APEC region

Governments in Asia are increasingly interested in developing their own policies. The most active proponent of IB in Asia is currently the government of the Philippines who is establishing an IB and Social Enterprises (SE) accreditation system through a Board of Investment under the Department of Trade and Industries. Indonesia is developing instruments for IB accreditation and policy alignment. Singapore is the host of various impact investors and banks, as well as networks and IB promotion platforms. For Asian and non-Asian governments it might be interesting to explore more in detail the solutions

² World Energy Outlook 2016 published by the International Energy Agency.

³ <http://www.inclusivebusinesshub.org/micro-site/inclusive-business-in-asia/sectors/#1468390419444-35a49636-8308>

ASEAN/APEC member states are currently developing, discuss the key success factors for creating an enabling environment for IB and explore which ones are transferable to other regions and countries with different socio-economic and cultural backgrounds.

VI. Expected Participants

The expected participants who will attend the conference are interested policy makers and G20 members, donor representatives, inclusive businesses, international organizations, development banks, foundations and academia.

VII. Date & Location

- Date: 05.05.2017, 9:00 – 19:00 (CEST)
- Venue: Hotel Courtyard by Marriott Berlin City Center
Axel-Springer-Straße 55
10117 Berlin
Germany

VIII. Registration Information

Participation is by invitation only. If you are interested in participating and for further questions please send an email to 'G20GPIB@ib-an.net'.

IX. Agenda:

9 am	– 9.15 am	Welcome
9.15	– 9.30	Keynote by Gunther Beger, Director General, Federal Ministry for Economic Cooperation and Development (BMZ): “Partnering with the private sector to realize the agenda 2030”
9.30	– 9.45	Keynote by Dr. Amy Jadesimi, Commissioner, Business and Sustainable Development Commission: “Private Sector contributions to SDGs: Roles and business models”
9.45	– 10.30	High level panel discussion: “The contribution of IB to the Agenda 2030” with <ul style="list-style-type: none">• Felicitas Agoncillo-Reyes, Assistant Secretary at the Board of Investments, Department of Trade and Industry, Republic of the Philippines• Filippo Veglio, Managing Director, Social Capital, World Business Council For Sustainable Development (WBCSD)• Prof. Bhaskar Chakravorti, Senior Associate Dean of International Business & Finance, Fletcher School• Gail Klintworth, Business Transformation Lead, Business and Sustainable Development Commission (BSDC)• Zissimos Vergos, Team Leader, Private Sector Development, Directorate-General for International Cooperation and Development, European Commission
10.30	– 11	Coffee Break
11	– 12	Presentation of the discussion paper on Business Environment Reform and Inclusive Business by Melina Heinrich-Fernandes, Senior PSD Specialist, Donor Committee for Enterprise Development (DCED), with comments from Prof. Ted London, Vice President, William Davidson Institute
12am	– 1 pm	Lunch
1	– 2	GPIB presentation: The road so far by <ul style="list-style-type: none">• Eriko Ishikawa, Global Head, Inclusive Business, International Finance Corporation (IFC), The World Bank Group• Marcos Neto, Director, Istanbul International Center for Private Sector in Development, United Nations Development Programme (UNDP)• Christian Jahn, Executive Director, Inclusive Business Action Network (IBAN)
2	– 4.30	Parallel breakout sessions: 1: Scaling up policy links to accelerate commercially viable inclusive businesses in the energy sector 2: Access to finance for inclusive business 3: Building the enabling environment for inclusive business in the ASEAN/APEC Region Coffee break during the breakout session
4.30	– 5.30	Presentation of results of the breakout sessions in plenum and discussion
5.30	– 6	Wrap up and next steps
6 pm	– 8 pm	Evening reception