

EXECUTIVE SUMMARY

CREATING VALUE FOR ALL: STRATEGIES FOR DOING BUSINESS WITH THE POOR



United Nations Millennium Development Goals



- Goal 1: Eradicate extreme poverty and hunger
- Goal 2: Achieve universal primary education
- Goal 3: Promote gender equality and empower women
- Goal 4: Reduce child mortality
- Goal 5: Improve maternal health
- Goal 6: Combat HIV/AIDS, malaria, and other diseases
- Goal 7: Ensure environmental sustainability
- Goal 8: Global partnership for development

CREATING VALUE FOR ALL: STRATEGIES FOR DOING BUSINESS WITH THE POOR

July 2008

The United Nations Development Programme (UNDP) would like to acknowledge the contributions of partner organizations to "Growing Inclusive Markets". Each partner organization is contributing in different ways and the views and recommendations expressed in this report are not necessarily shared by each of those partner organizations. Further, the views and recommendations expressed in this report do not necessarily represent those of the UN, UNDP or their Member States. The boundaries and names shown and the designations used on the heat maps do not imply official endorsement or acceptance by the United Nations.

Copyright © 2008
United Nations Development Programme
One United Nations Plaza, New York, NY 10017, USA

All rights reserved. No part of this publication may be reproduced, stored in a retrieval system or transmitted, in any form by any means, electronic, mechanical, photocopying or otherwise, without prior permission of UNDP.

Design: Suazion, Inc. (NY, USA)
Production: Scanprint (Denmark)

FOREWORD FROM THE ADMINISTRATOR

The Growing Inclusive Markets Initiative, launched in 2006, embodies UNDP's strong conviction that the private sector is a great untapped resource for investment and innovation to achieve the Millennium Development Goals.

The initiative was inspired by 2004's *Unleashing Entrepreneurship: Making Business Work for the Poor*, a report prepared by the UN Commission on the Private Sector and Development at the request of then-UN Secretary-General Kofi Annan. The Commission suggested that UNDP issue further reports to clarify how businesses are creating value in the difficult market conditions that so often characterize poverty—and how, in the process, they can also create value for the poor.

This report, the first in a series, advances UNDP's efforts to turn the initiative's ideas and analysis into action through a dialogue with the private sector, government and civil society. It is the product of research based on 50 case studies, writing and reviews by a network of developing country academics and a diverse advisory group of institutions with expertise in the private sector's role in development.

Unleashing Entrepreneurship showed that, under the right market conditions, the private sector can alleviate poverty and contribute to human development in many ways. In a market economy, firms and households interact with each other and with the government. Taking risks, they earn profits and incomes that fuel economic growth. The economy's power to generate decent jobs depends largely on the private sector's vitality. And the private sector, by supplying consumer goods and services, brings more choices and opportunities to the poor.

The private sector's effectiveness in fostering development depends, however, on the strength of the state and on the quality of political, social and economic institutions. A strong state with enough human, financial and

institutional resources can ensure that a market economy gives private agents the incentives to expand their productive capacity and to use it well. The State must also be able to ensure fair competition as well as redistribution of income—market outcomes are not always politically or socially acceptable. There is also the critical need for providing social protection, supporting the most vulnerable and strengthening their capacity to sustain productive livelihoods. UNDP's approach is to emphasize developing the private sector while targeting the parts of it that promote pro-poor growth—augmenting the choices of the poor by providing them with goods and services or by offering them income generating opportunities and decent work.

Business and market approaches alone are no panacea for tackling poverty. The many dimensions of poverty require diverse, context-specific solutions. Many poor people can benefit from better access to markets if they have at least a few assets—land, health, education—or a small income to build on. But others, with virtually no assets, are ill-equipped for the marketplace. They need targeted support to help them build sustainable livelihoods and benefit from market interactions.

How does the private sector help markets include the poor? Partly by creating and diffusing innovations. Basic science and major technological enterprises may receive support from governments, but a competitive economy gives entrepreneurs and businesses strong incentives to create and apply innovative technologies and processes. And diffusing new models and business practices is central to productivity growth.

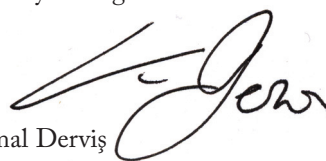
The power of poor people to benefit from market activity lies in their ability to participate in markets and take advantage of market opportunities. What can the state do to increase that ability? It can help poor people develop their human capital (health, education and skills). It can also provide infrastructure and basic utilities and ensure that the poor are legally empowered.

This report focuses on what the private sector can do to include the poor in business as consumers, employees and producers.

Building on UNDP's track record of advocating for change and connecting countries to knowledge, experience and resources to help people build a better life, the report starts with the markets of the poor. It shows the challenges of doing business where markets suffer from a lack of information, infrastructure and institutions. But it also shows how businesses deal with these challenges—by devising inclusive business models that join business and the poor to create value for all.

Much work in this area has so far focused on large multinational firms. This report puts the work of small, medium-sized and large enterprises in developing countries on an equal plane. Certainly multinationals can lead others by example. With their influence, global reach and resources, they can effectively scale up and replicate successful business models. But as *Unleashing Entrepreneurship* showed, smaller businesses also have much to teach us about strategies that work. And they create most of the jobs and wealth required to meet the Millennium Development Goals.

Business cannot stand alone, however. This report suggests that businesses—with governments, civil society and the poor—can build the foundations for new markets. Governments must unleash the power of business by improving market conditions where poor people live and removing barriers to their economic participation. Not-for-profit organizations, public service providers, microfinance institutions and others already working with the poor can collaborate and pool resources with businesses to help seize opportunities. Donors can facilitate dialogues between businesses and governments or other partners. Socially minded investors and philanthropists can supply the funds to make these time-intensive and uncertain ventures possible. Business models that include the poor require broad support, but they offer gains for all.



Kemal Derviş
UNDP Administrator

CONTENTS

ABOUT THE INITIATIVE AND ITS RESEARCH

1

ACKNOWLEDGEMENTS

7

OVERVIEW

13

BOXES

- Box 1 The Growing Inclusive Markets Initiative Advisory Board • 2
- Box 2 Case studies prepared for the Growing Inclusive Markets Initiative • 5
- Box 3 What are inclusive business models? • 14
- Box 4 Inclusive business models and the Millennium Development Goals • 24

FIGURES

- Figure 1 Market heat map for access to credit in Guatemala • 15
- Figure 2 Growing Inclusive Markets strategy matrix • 20
- Figure 3 Growing Inclusive Markets strategy matrix and summary of solutions • 22

ABOUT THE INITIATIVE AND ITS RESEARCH

Cape Verde: Local businesses—from small-scale fishers to large national companies—are the main focus of this initiative.

Photo: UNICEF/JuliePudlowski



The **Growing Inclusive Markets Initiative** responds to a need for better understanding of how the private sector can contribute to human development and to the Millennium Development Goals. Led by UNDP, the initiative was conceived in 2006 after the success of *Unleashing Entrepreneurship: Making Business Work for the Poor*—the 2004 report of the UN Commission on the Private Sector and Development, prepared at the request of then-UN Secretary-General Kofi Annan.

The initiative's broad aims are:

- Raising awareness by demonstrating how doing business with the poor can be good for poor people and good for business.
- Clarifying the ways that businesses, governments and civil society organizations can create value for all.
- Inspiring the private sector to action.

Box 1. The Growing Inclusive Markets Initiative Advisory Board

The Advisory Board has formed the core of the Growing Inclusive Markets Initiative. Its guidance, insights and inputs have been invaluable to the initiative and to this report.

- Agence Française de Développement
- Business for Social Responsibility
- Dalhousie University, Faculty of Management
- ESSEC Business School, Institute for Research and Education on Negotiation in Europe
- European Foundation for Management Development
- Global Development Alliance, United States Agency for International Development
- Harvard Business School, Social Enterprise Initiative
- Harvard Kennedy School, Corporate Social Responsibility Initiative
- Institute of Business, University of West Indies, Trinidad and Tobago
- International Business Leaders Forum
- International Chamber of Commerce
- International Finance Corporation
- Johnson Graduate School of Management, Center for Sustainable Global Enterprise, Cornell University
- Overseas Development Institute, Programme on Business and Development Performance
- Special Unit for South-South Cooperation, United Nations Development Programme.
- United Nations Foundation
- United Nations Global Compact
- University of Michigan, Ross School of Business, William Davidson Institute
- World Business Council for Sustainable Development
- World Economic Forum
- World Resources Institute

UNDP resolved from the outset to create a multistakeholder, open process, involving as wide as possible a range of partners, which could constantly evolve with

the needs and interests of those partners. Thus, the 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.

By disseminating its research findings and analytical tools, the initiative helps business leaders, policymakers and other development practitioners—especially in developing countries—support business models that include the poor.

Five principles guide the initiative's work:

- **Core business emphasis.** The initiative promotes business models that create value by providing products and services to or sourcing from the poor, including the earned income strategies of non-governmental organizations. It does not consider activities that are purely philanthropic or that cannot prove to be or become commercially sustainable, even though they have their own business rationales and are important for development.
- **Developing world focus.** The initiative is particularly interested in developing country businesses as central actors in providing goods, services and job opportunities to the poor. To sharpen this focus, the Growing Inclusive Markets Initiative commissioned 50 case studies of companies from researchers and academics in countries from Peru to Kenya to the Philippines. This bottom-up process, anchored in local knowledge, is producing an ever-growing network of development practitioners, policymakers, business people and civil society actors.
- **Human development framework, guided by the Millennium Development Goals.** Human development expands people's choices to lead lives that they value. This understanding of poverty

guides the work of UNDP, which has explored and applied the concept of human development since 1990 in its annual *Human Development Report*. The initiative also applies a human development framework to doing business with the poor, concentrating on meeting basic needs and providing access to the goods, services and earning opportunities that foster economic empowerment. It shows how the private sector can contribute to achieving the Millennium Development Goals.

- **Local agenda.** The initiative is explicitly modeled on UNDP's success in localizing its *Human Development Reports* to shape national agendas and promote policy changes in countries around the world.

UNDP's Egypt Country Office has already published a national report on 'Business Solutions to Human Development' and fostered a multi-stakeholder dialogue at the local level.

- **Partnership and multistakeholder approach.** The initiative has a multi-sector, networked approach and a commitment to involve many partners from different backgrounds—from the academic world to the development community to business associations—who are leaders in business and development thought. In this spirit, the information, analysis and tools generated by the initiative will all be published online, to be discussed and supplemented by interested parties. 🌐

RESEARCH TOOLS

Among the immediate objectives of the Growing Inclusive Markets Initiative is to create an initial set of data, information and analytical products that will increase understanding of the markets for the poor, including existing opportunities and challenges.

- Market 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—data permitting, the maps are supported by information on the structure of those markets, such as the various kinds of providers.
- The Growing Inclusive Markets strategy matrix is an analytical framework that helps to identify market constraints and think through strategies for addressing them. It links five broad constraints in the markets of the poor with five strategies that can yield solutions.



Poland: PEC Luban uses straw as a renewable resource for heat generation. Photo: PEC Luban

- The case studies bank helps to find solutions by learning from the experiences of others. Fifty case studies, written for this report, describe successful business models that include the poor. The full cases are available online at www.growinginclusivemarkets.org. More cases will be added from the initiative and other sources to make the bank a rich repository of ideas. 🌐

APPROACH


This research was strictly based on an empirical approach—to see and measure poor people’s access to markets, and to learn how businesses work successfully with the poor.

The case study research followed an inductive principle. The cases identify

common patterns among the business models described and do not confirm a preformed hypothesis about what patterns might exist.

With help from the institutions involved in the advisory group, 50 case studies were selected from 400 possible cases. The selected cases had to describe business models that included the poor in ways that could be profitable and that clearly promoted human development. In addition, they had to represent a broad range of countries, industries and business types.

Eighteen case study authors then described the selected cases based on a common protocol, focusing on the opportunities, constraints and solutions in each case. The protocol made it possible to analyse the case studies systematically and look for patterns. The result was the Growing Inclusive Markets strategy matrix, which summarizes the dominant constraints and the strategies used to address them.

The market heat maps were generated by experts from Latin America and southern Africa. Household and individual surveys measured access to markets that are particularly important for the poor, such as water, electricity, credit and telecommunications, and revealed the structure of those markets (expressed, for example, by source or provider type). Some of the data were transformed into spatial maps, creating a tool that can be used intuitively. 



Bangladesh: Microcredit loans provided by UNDP allow villagers of Kishoreganj District to start family businesses.

Photo: Shamsuz Zaman/UNDP

Box 2. Case studies prepared for the Growing Inclusive Markets Initiative

Case	Description
A to Z Textiles (Tanzania)	Production of long-lasting insecticide-treated bed nets
Amanco (Mexico)	Integrated irrigation solutions for small-scale farmers
Amanz'abantu (South Africa)	Supplying water through smart card technology
ANZ Bank (Fiji)	Mobile financial products and services
Aspen Pharmacare (South Africa)	Manufacturing affordable generic antiretroviral drugs
Association of Private Water Operators (Uganda)	Public-private partnership to provide water in small towns
Barclays' Susu Collectors Initiative (Ghana)	Providing microfinance services through traditional Susu collection
Cashew Production (Guinea)	Partnership aimed at reviving the cashew industry
Celtel (Dem. Rep. Congo)	Mobile communication and mobile banking in a postwar economy
Coco Technologies (Philippines)	Production of geotextiles from coconut husk waste
Construmex (Mexico / United States)	Cash-to-asset remittance transfer services
Danone (Poland)	Affordable and highly nutritious milk porridge for malnourished children
Denmor Garments (Guyana)	Production of high quality garments for export
DTC Tyczyn (Poland)	District telephone cooperative
Edu-Loan (South Africa)	Loans for financing superior studies
Fair Trade Cotton (Mali)	Collaborative platform for sourcing fair trade cotton
Forus Bank (Russia)	Financial services for low-income entrepreneurs
Huatai (China)	Wood-pulp production for paper industry
Integrated Tamale Food Company (Ghana)	Outgrower scheme for sourcing organic mangoes
Juan Valdez (Colombia)	Coffee fair trade chain directly linking producers, businesses and consumers
K-Rep Bank (Kenya)	Microfinance products and services
Lafarge (Indonesia)	Rebuilding cement-based houses and businesses in post-tsunami areas
LYDEC (Morocco)	Supplying water and electricity to shanty towns
Manila Water Company (Philippines)	Connecting low-income households to the piped water system
Mibanco (Peru)	Microfinance products and services
Money Express (Senegal)	Remittance transfer services
M-PESA (Kenya)	Mobile banking services
Mt Plaisir Estate Hotel (Trinidad and Tobago)	Ecotourism-based self-sustaining community
Narayana Hrudayalaya (India)	Affordable cardiac health care
Natura (Brazil)	Production of perfume essences from local vegetal biodiversity
Nedbank and RMB/FirstRand (South Africa)	Financial products targeted at the low-income housing market
New Tirupur Area Development Corp. Ltd. (India)	Water supply to industries, households and slums
PEC Luban (Poland)	Straw-based heat generation
Pésinet (Mali / Senegal)	Early warning method for monitoring children's health
Petstar (Mexico)	Waste management services in poor rural communities
Procter & Gamble (Cross-regions)	Affordable purifier of water sachets
Rajawali (Indonesia)	Business partnership between taxi company and poor drivers
RiteMed (Philippines)	Generic drugs production and distribution
Rural Electrification (Mali)	Rural companies installing and managing electricity generating systems
Sadia (Brazil)	Sustainable swine production through biodigester technology
Sanofi-aventis (Sub-Saharan Africa)	Providing drugs in partnership to fight sleeping sickness
SEKEM (Egypt)	Organic agriculture production coupled with social and cultural activities
SIWA (Egypt)	Ecotourism business based on local community specificities
Smart (Philippines)	Mobile telecom products and services for low-income and overseas communities
Sulabh (India)	Low-cost, clean and innovative sanitation systems
The HealthStore Foundation (Kenya)	Health microfranchises
Tiviski Dairy (Mauritania)	Camel dairy sourcing from nomadic herders
Tsinghua Tongfang (THTF) (China)	Affordable computers for rural users
VidaGás (Mozambique)	Supply of liquefied petroleum gas
Votorantim Celulose e Papel (Brazil)	Eucalyptus plantation for pulp and paper industry

ACKNOWLEDGEMENTS



Vietnam

Photo: Jim Holmes/UNCDF

ADVISORY BOARD MEMBERS

The very essence of the Growing Inclusive Markets initiative rests on its multi-stakeholder approach, illustrated by the number and diversity of its Advisory Board members. Their guidance, insights and inputs have been invaluable to the initiative and to this report. The Advisory Board comprised:

- Eduardo Aninat, Former Minister of Finance, Chile, and CEO, Anisal International Consultants Ltd.
- Rolph Balgobin, Director Institute of Business, University of West Indies
- Kathryn Bushkin Calvin, Executive Vice President and Chief Operating Officer, United Nations Foundation
- Jean-Marc Châtaigner, Director, Strategic Planning Department, Agence Française de Développement (through June 2007)

- Eric Cornuel, Director, European Foundation for Management Development
- Aron Cramer, Chief Executive Officer, Business for Social Responsibility
- Lisa Dreier, Associate Director, Global Institute for Partnership and Governance, World Economic Forum
- Shona Grant, Director, Development Focus Area, Sustainable Livelihoods Project, World Business Council for Sustainable Development
- Stuart Hart, Professor of Management, Samuel C. Johnson Chair in Sustainable Global Enterprise, Johnson School, Cornell University
- Adrian Hodges, Managing Director, International Business Leaders Forum
- Bruce Jenks, Assistant Secretary-General and Director, Partnerships Bureau, United Nations Development Programme
- Louise Kantrow, Permanent Representative to the United Nations, International Chamber of Commerce
- Georg Kell, Director, United Nations Global Compact
- William Kramer, Deputy Director (through August 2007), World Resources Institute
- Rachel Kyte, Director, Environment and Social Development Department, International Finance Corporation
- Alain Lempereur, Director, Institute for Research and Education on Negotiation in Europe, ESSEC
- Ted London, Senior Research Fellow and Director, Base of the Pyramid Initiative, William Davidson Institute, University of Michigan
- Jane Nelson, Senior Fellow and Director of Corporate Social Responsibility Initiative, Harvard Kennedy School, and Director of Strategy, International Business Leaders Forum
- Daniel Runde, Director (through May 2007), and Jerry O'Brien, Deputy Director, Global Development Alliance, U.S. Agency for International Development
- Kasturi Rangan, Malcolm P. McNair Professor of Marketing and Co-Chair of Social Enterprise Initiative, Harvard Business School
- Harold Rosen, Director, Grassroots Business Initiative, International Finance Corporation
- Michael Warner, Director, Programme on Business and Development Performance, Overseas Development Institute (through March 2008)
- David Wheeler, Dean of Management, Faculty of Management, Dalhousie University
- Yiping Zhou, Director, Special Unit for South-South Cooperation, United Nations Development Programme

We would like to pay tribute to Robert Davies, the CEO of the International Business Leaders Forum, and a member of the Growing Inclusive Markets Initiative Advisory Board, who passed away on August 18, 2007. Robert had been a valuable friend and champion of the UNDP's engagement with the private sector, and the initiative benefited greatly from his wisdom, support and collaboration.

The UNDP is also thankful to Chad Bolick (BSR), Sara Carrer (EFMD), Konrad Eckenschwiller (GC France), Amanda Gardiner (IBLF), Sasha Hurrell (IBLF), Robert Katz (WRI), Michael Kelly (LPG Foundation), Emmanuelle Lachaussée (AFD), Mark Milstein (Cornell University), Soren Petersen (GC), Melissa Powell (GC), Tara Rangarajan (BSR), Francisco Simplicio (SU/SSC), Ross Tennyson (IBLF), Fillipo Veglio (WBCSD) and Jack Whelan (IBLF) for their active support.

Following the March 2006 meeting, members of the Advisory Board divided into three work streams:


Working Group on Case Studies

- Co-chairs: Professor David Wheeler, Dean of Faculty of Management, Dalhousie University of Halifax, and Professor Alain Lempereur, Director of the Institute for Research and Education on Negotiation in Europe, ESSEC.
- Supported by the UNDP Private Sector Division.

Working Group on Data and Statistics

- Co-chairs: Professor V. Kasturi Rangan, Malcolm P. McNair Professor of Marketing, Harvard Business School, and Eduardo Aninat, Anisal International Consultants Ltd.
- Supported by the UNDP Office of Development Studies.

Working Group on Communications and Outreach

- Co-chairs: Jane Nelson, Director of Corporate Social Responsibility Initiative, John F. Kennedy School of Government, Harvard University, and Eric Cornuel, Director General and Chief Executive Officer, European Foundation for Management Development.
- Supported by the UNDP Office of Communications. 

CASE STUDY AUTHORS

This report would not exist without the precious contributions of the case study authors:

- Farid Baddache, Ecole Supérieure des Sciences Economiques et Commerciales (ESSEC), Institute for Research and Education on Negotiation in Europe (France)
- Claudio Boechat, Dom Cabral Foundation (Brazil)
- Juana de Catheu, École Supérieure des Sciences Economiques et Commerciales (ESSEC), Institute for Research and Education on Negotiation in Europe (France)
- Pedro Franco, Universidad del Pacífico (Peru)
- Elvie Grace Gancho (Philippines)
- Mamadou Gaye, African Institute of Management (Senegal)
- Dr. Tarek Hatem, American University in Cairo (Egypt)
- Dr. Prabakar Kothandaraman, Harvard Business School's Indian Research Center (India)
- Winifred Karugu, Institute for Human Resources Development (Kenya)
- Professor Li Ronglin, Peterson Institute of International Economics and Center for World Trade Organization Studies (China)
- Robert Osei, Institute of Statistical Social and Economic Research (Ghana)
- Melanie Richards, Arthur Lock Graduate School of Business (Trinidad & Tobago)
- Boleslaw Rok, Kozminski Academy of Entrepreneurship and Management (Poland)
- Loretta Serrano, Tecnológico de Monterrey Social Enterprise Knowledge Network (Mexico)
- Dr. Shi Donghui, Shanghai University (China)
- Courtenay Sprague, University of the Witwatersrand's Graduate School of Business Administration (South Africa) 

FINANCIAL CONTRIBUTORS

Without the financial support of the Agence Française de Développement, the Japanese government and the U.S. Agency for International Development, this report would not have been possible. In this respect, the support of Jean-Marc Châtaigner and Dan Runde who committed themselves to this initiative from the beginning deserves special mention. 🕒



REPORT DEVELOPMENT

The initiative owes a particular debt, gratitude, to the *Unleashing Entrepreneurship* report under the leadership of Paul Martin and Ernesto Zedillo with the strong support of Mark Malloch Brown. This report encouraged UNDP to undertake this work. The initiative benefited from the leadership of Kemal Derviş, Administrator of UNDP, whose support for the initiative over the last 3 years has been essential. Bruce Jenks, Assistant Secretary-General and Director of the Partnerships Bureau, UNDP, chaired the Advisory Board and has provided overall leadership of this initiative from its inception.

The first report of the Growing Inclusive Market Initiative has involved different divisions within UNDP under the overall management of UNDP's Private Sector Division of the Partnerships Bureau and represents an important component of the new Private Sector Strategy. 🕒

UNDP SENIOR MANAGEMENT GROUP

The Senior Management Group of the Growing Inclusive Markets Initiative, which provided overall guidance, comprised Bruce Jenks, Christian Thommessen, Pedro Conceição, David Morrison, Sahba Sobhani and Afke Bootsman. Christian Thommessen, Director of the Private Sector Division, supervised the work of the Growing Inclusive Markets Secretariat, established to lead the programme management and implementation of the initiative and manage the case study work stream. Pedro Conceição, Director of the Office of Development Studies, managed the work stream on Data and Statistics. David Morrison, Director of the Office of Communications, was responsible for the Communications and Outreach work stream.

The initiative also benefited from a partnership with the Special Unit for South-South Cooperation, an autonomous UN unit housed within UNDP, which provided financial support to the initiative under the leadership of its director, Yiping Zhou. 🕒

GROWING INCLUSIVE MARKETS TEAM

This report was carried out by a dedicated core team from UNDP, including members of the Private Sector Division, the Office of Development Studies and the Office of Communications.

Private Sector Division

Sahba Sobhani, Programme Manager and Lead Author of the report, managed the Growing Inclusive Markets Initiative Team, housed in the UNDP's Private Sector Division and comprising the following team members:

Growing Inclusive Markets Secretariat

- Afke Bootsman, Deputy Programme Manager and Case Studies Coordinator
- Austine Gasnier, Research Associate
- Jan Krutzinna, Knowledge Management Consultant
- Patricia Maw, Administrative Associate
- Tracy Zhou, Consultant seconded from Special Unit for South-South Cooperation

Principal Report Co-Authors

- Christina Gradl, Martin Luther University Halle-Wittenberg
- Beth Jenkins, Director of Policy Studies, Harvard Kennedy School

Case Studies Reviewers

- Jane Comeault, Visiting Research Fellow, Dalhousie University
- Kevin McKague, Senior Research Fellow, York Institute for Research and Innovation in Sustainability

Principal research assistance at various stages was provided by Semira Ahdiyyih, Prerna Kapur,

Taimur Khilji, Sana Mostaghim and Suba Sivakumaran. Interns included Alison Laichter, Alia Mahmoud and Li Yang.

Office of Development Studies

The work of the Data and Statistics work stream was led by Ronald Mendoza, Project Manager, and included Namsuk Kim, Economist, and Nina Thelen, Research Associate.

Office of Communications

Colleagues from the Office of Communications contributing to the website development, report production, and communications activities of the initiative included Benjamin Craft, Writer; Nicholas Douillet, Web Content Manager; Françoise Gerber, External Communications Team Coordinator; Carmen Higa, Executive Assistant; Rajeswary Iruthayanathan, Chief, Communication Services; Maureen Lynch, Communication Products Manager; Boaz Paldi, TV Broadcast Specialist; Nicole Pierron, Communications Assistant; Rositsa Todorova, Special Assistant to the Director; and Cassandra Waldon, Chief of External Communications.

Partnerships Bureau Operations Team

The Partnerships Bureau, under the guidance of Romesh Muttukumar, Deputy Assistant Administrator and Deputy Director, Partnerships Bureau, and the management of Yves Sassenrath, Operations Manager, provided tireless support to the project, and included Isabel Chang, Constancia Gratil, Margaret Heymann, Elfrida Hoxholli, Sunda May, Isabel Relevo, Ben Ombrete and Ricky Wong.

Editors

Bruce Ross-Larson and Nick Moschovakis 

OVERVIEW

BUSINESS WITH THE POOR—CREATING VALUE FOR ALL

Mali: Poor cotton farmers involved in Fair Trade are earning higher incomes and the companies sourcing from them are earning a competitive advantage, while protecting the environment.

Photo: Armor-Lux



The extreme prevalence of poverty in today's world calls us urgently to action. Of the world's 6.4 billion people, about 2.6 billion live on less than US\$2 a day.¹ More than a billion lack clean water, 1.6 billion lack electricity,² and 5.4 billion lack access to the Internet.³ Yet the poor harbour a potential for consumption, production, innovation and entrepreneurial activity that is largely untapped. This report shows how entrepreneurs can serve the poor as clients and customers and can also include the poor as producers, employees and business owners. It gives many examples of firms that—by doing business with the poor—are generating profits, creating new growth potential and improving poor people's lives. The report's main message: Business with the poor can create value for all.

The opportunities are vast, and so are the obstacles. Rural villages and urban slums are challenging environments for doing business. Systems rarely exist for collecting and delivering goods and providing services. Essential market infrastructure is limited or nonexistent. Without working financial systems, the

Box 3. What are 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 Sustainable Development and others with an interest in inclusive business.

poor inhabit a cash economy. Without reliable police and legal systems, all market actors can find it difficult or impossible to enforce contracts. For most firms, business with the poor will not be business as usual.

Perhaps the greatest obstacle is the lack of information about the poor. What goods and services do they need? How much can they pay? What goods could they produce and what services could they provide? The aim of this report is to help entrepreneurs and companies begin to answer such questions.

The report draws on 50 specially commissioned case studies of businesses that have successfully included the poor, despite the constraints, and created value for all. The cases afford a wealth of ideas for inclusive business models (box 3). ☉

OPPORTUNITIES TO CREATE VALUE FOR ALL

Doing business with poor people brings them into the marketplace—a critical step on the path out of poverty—and for entrepreneurs and firms it drives innovation, builds markets and creates new spaces for growth. Inclusive business models both produce and reap the benefits of human development.

The poor participate in the private sector. All are consumers. Most are employees or self-employed. Yet fragmented and informal markets prevent too many of them from obtaining the resources they need, and from using their resources productively. Among the poor, much business is informal. Friends and family often provide credit. Small and unregulated businesses often deliver bottled water in trucks. As a consequence, competition is stunted and goods and services can be expensive.

Market heat maps reveal the fragmentation of these markets. They show how widely access to goods, services or infrastructure can vary in a country. For example, in Guatemala's western regions more than 13% of people living on less than \$2 a day have access to credit, but in its eastern regions fewer than 8% do (figure 1). That contrast reflects other differences between market conditions in the two areas, such as differences in road access. (In poor markets such constraints often overlap, compounding the challenges for business.) ☉

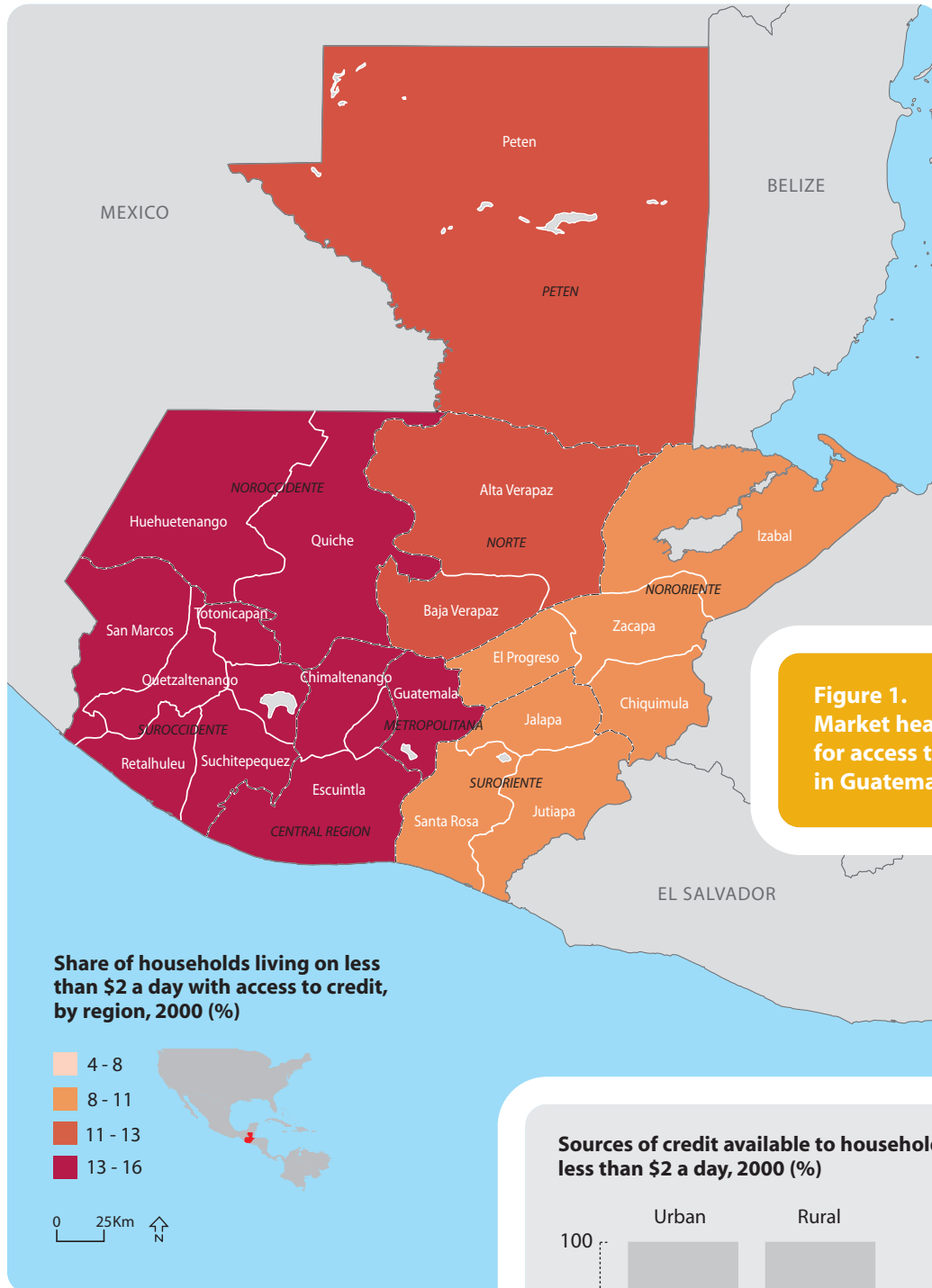
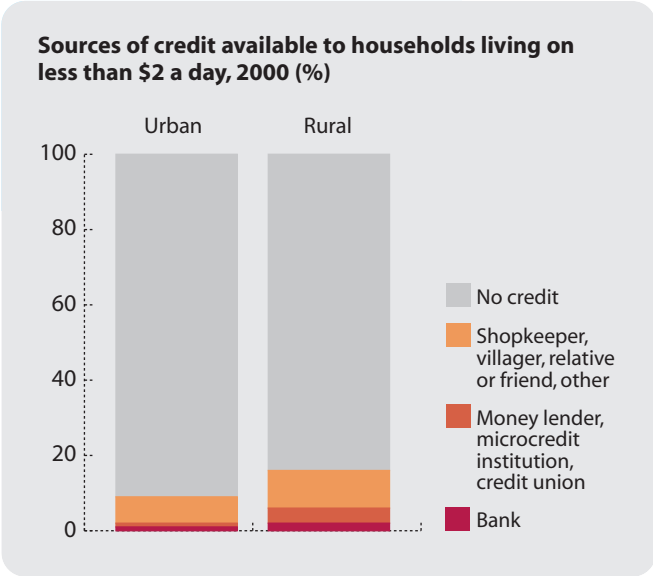


Figure 1.
Market heat map
for access to credit
in Guatemala



OPPORTUNITIES FOR BUSINESS: PROFITS AND GROWTH

Business with the poor can be profitable. It can also lay the foundations for long-term growth by developing new markets, driving innovation, expanding the labour pool and strengthening value chains.

Generating profits. Business with the poor can sometimes yield higher rates of return than ventures in developed markets. Some microcredit institutions have earned more than a 23% return on equity.⁴ Smart Communications, a company providing prepaid phone services mainly to low-income consumers in the Philippines, became the most profitable of the country's 5,000 largest corporations. Sulabh, a low-cost sanitation facilities provider in India, had a \$5 million economic surplus in 2005.

Developing new markets. The 4 billion people at the bottom of the income pyramid (defined as people living on less than \$8 a day) have a combined income of about \$5 trillion, similar to the gross national income of Japan.⁵ They are willing and able to pay for goods and services, but too often they suffer from a 'poverty penalty'. Sometimes they pay more than rich consumers for essential products and services. People in the slums of Jakarta, Manila and Nairobi pay 5–10 times more for water than people in high-income areas of those cities—and more than consumers in London or New York. The 'poverty penalty' is similar in credit, electricity and health care.⁶ Business models that offer better value for money—or entirely new products and

services to improve the lives of the poor—can reap pioneer profits in return.

Driving innovation. The challenge of developing inclusive business models can lead to innovations that contribute to a company's competitiveness. For example, to meet the poor's preferences and needs, firms must offer new combinations of price and performance. And the pervasive constraints that businesses encounter when doing business with the poor—from transportation difficulties to the inability to enforce contracts—require creative responses. These forces drive the development of new products, services and business models that can catch on in other markets, giving innovative companies a competitive advantage in poor markets.

Expanding the labour pool. The poor are a large source of labour. The advantages of hiring them as employees go beyond cost savings. With adequate training and well-targeted marketing, the poor can deliver high-quality products and services. Or their local knowledge and connections may place them well to serve other poor consumers in their communities.

Strengthening value chains. For firms that procure locally, incorporating the poor in business value chains—as producers, suppliers, distributors, retailers and franchisees—can expand supply and lower risk. That allows them to reduce costs and increase flexibility, especially as the local businesses move into more specialized or higher-skill activities such as component production and business services. ☉

OPPORTUNITIES FOR THE POOR: ADVANCING HUMAN DEVELOPMENT

Businesses can also improve the lives of poor people, contributing broadly to what the UN terms 'human development'—expanding people's opportunities to lead lives they value.

Meeting basic needs. Food, clean water, sanitation, electricity and health-related services all meet people's basic needs. In the Philippines, RiteMed sells generic drugs to more than 20 million low-income clients at prices 20%–75% less than leading brands.

Guinea: Improving transportation infrastructure will enable the poor to become more productive. Photo: Adam Rogers/UNCDF



In South Africa Amanz'abantu provides clean water and sanitation to periurban and rural populations in the Eastern Cape, where a quarter of people lack potable water.

Enabling the poor to become more productive. Access to products and services—from electricity to mobile telephony, from agricultural equipment to credit and insurance—improves people's productivity. In Mexico, Amanco provides small-scale lemon farmers with water-efficient drip irrigation systems that allow for continuous production 8–10 months a year. The systems are expected to increase the farmers' annual yields from 9 to 25 tons a hectare. In Morocco, Lydec provides water and electricity to Casablanca's shantytowns, increasing the share of people with electricity and water services by 20%.

Increasing incomes. Including poor people in value chains as customers, employees, producers and small-business owners can increase their incomes. In the Amanco case in Mexico, productivity increases are expected to nearly triple the farm incomes. In China, Huatai provides alternative income sources for local tree farmers and significantly adds to the incomes of about 6,000 rural households. In Tanzania, A to Z Textiles employs 3,200

people (90% of them women) producing insecticide-treated bednets and pays them 20%–30% more than competitors.

Empowering the poor. All these contributions support the empowerment of poor people, individually and communally, to gain more control over their lives. By raising awareness, by providing information and training, by including marginalized groups, by offering new opportunities and by conferring hope and pride, inclusive business models can give people confidence and new sources of strength to escape poverty using their own means. ☺

CONSTRAINTS STANDING IN THE WAY

With the opportunities so great, why haven't more businesses taken advantage of them? Simply put, market conditions surrounding the poor can make doing business difficult, risky and expensive. Where poverty prevails, the foundations for functional markets are often lacking, excluding the poor from meaningful participation and deterring companies from doing business with them.

The case studies in this report identify five broad constraints:

Limited market information.

Businesses know too little about the poor—what poor consumers prefer, what they can afford and what products and capabilities they have to offer as employees, producers and business owners. This was a significant constraint when Barclays Bank started to offer financial products to the poor in Ghana.

Ineffective regulatory environments.

The markets of the poor lack regulatory frameworks that allow business to work. Rules and contracts are not enforced. People and enterprises lack access to the opportunities and protections afforded by a functioning legal system. For example, Sadia, a food processing company, faced undeveloped domestic carbon credit regulations when it began using improved environmental methods to dispose of pig waste.

Inadequate physical infrastructure.

Transportation is constrained by the lack of roads and supporting infrastructure. Water, electricity, sanitation and telecommunications

networks are lacking. For example, Tsinghua Tongfang, a computer manufacturer seeking to distribute its products in rural China, had to overcome the lack of telecommunications infrastructure and internet service providers in those areas.

Missing knowledge and skills.

Poor consumers may not know the use and benefits of particular products, or may lack the skills to use them effectively. Poor suppliers, distributors and retailers may lack the knowledge and skills to deliver quality products and services consistently, on time and at a set cost. For example, because rural farmers in Brazil did not know how to grow *priprioca*—a plant used for perfume essence—Natura had to train them.

Restricted access to financial products and services.

Lacking credit, poor producers and consumers cannot finance investments or large purchases. Lacking insurance, they cannot protect their meagre assets and income against shocks such as illness, drought or theft. And in the absence of transactional banking services, their financing is insecure and expensive. ☉

FIVE STRATEGIES AT WORK

Despite these challenges, a growing number of businesses are operating successfully in poor markets. The examples in this report span a wide range of countries and industries. Each featured business developed a specialized solution set, allowing it to succeed in its local context according to its unique objectives. Yet the case studies reveal common patterns. Entrepreneurs respond to constraints by working around them or by removing them. To do that, they use five core strategies: adapting products and processes, investing to remove market constraints, leveraging the strengths of the poor, combining resources and capabilities with other organizations and engaging in policy dialogue with government.

These strategies are consistent with the local context and objectives of each

business. The critical added ingredient: the entrepreneur's ingenuity. The report presents tools and examples to stimulate and guide that ingenuity, highlighting constraints, strategies and specific solutions for developing inclusive business models.

The Growing Inclusive Markets strategy matrix relates the five broad constraints to the five core strategies (figure 2), showing how these strategies are most often applied: strategies highlighted in dark blue are used most often, those in light blue only rarely.

The strategy matrix can help entrepreneurs and analysts scan possible solutions to the constraints they face. It is crucial to note that successful inclusive business models typically combine several strategies to address several constraints. To get from broad strategies to

focused solutions, one must not only identify each local constraint, but also understand its dynamics in the market—information that allows a business model to build on a market’s specific strengths.

Adapt products and processes.

Many entrepreneurs work around market constraints by adapting business products and processes. Information and communications technologies have created the possibility for many such adaptations, including mobile banking (m-banking), smart cards (such as those used in Africa to buy water) and telemedicine, which brings quality health care to remote areas. M-banking has freed banking processes from relying on brick-and-mortar branches and automated teller machines, infrastructure that rarely exists where poor people live. Customers can now wire money, receive remittances, pay for purchases and service their credit, all through their mobile phones. But businesses are also using other technologies for water purification and off-grid electricity production, to address constraints in industries that meet basic needs. In addition, some innovative technological approaches are reducing the use of resources—tying the goal of human development to that of environmental sustainability.

Restructuring business processes can be as important as using new technologies. For example, the global spread of telephony is driven by wireless technology. But bringing mobile telephone service to poor people has depended partly on a change in the business process—the move to selling air time on prepaid cards. With ‘smart’ payment and pricing methods, an inclusive business model can accommodate the cash flow of its customers and suppliers, who are constrained by low and unreliable incomes and a lack of access to financial services. Similarly, providing infrastructure to a group saves individual household connection costs. And simplifying the requirements—by making products and services easier to use, or by asking for less documentation—responds to the lack of knowledge and skills among the poor and to their exclusion from formal registration.

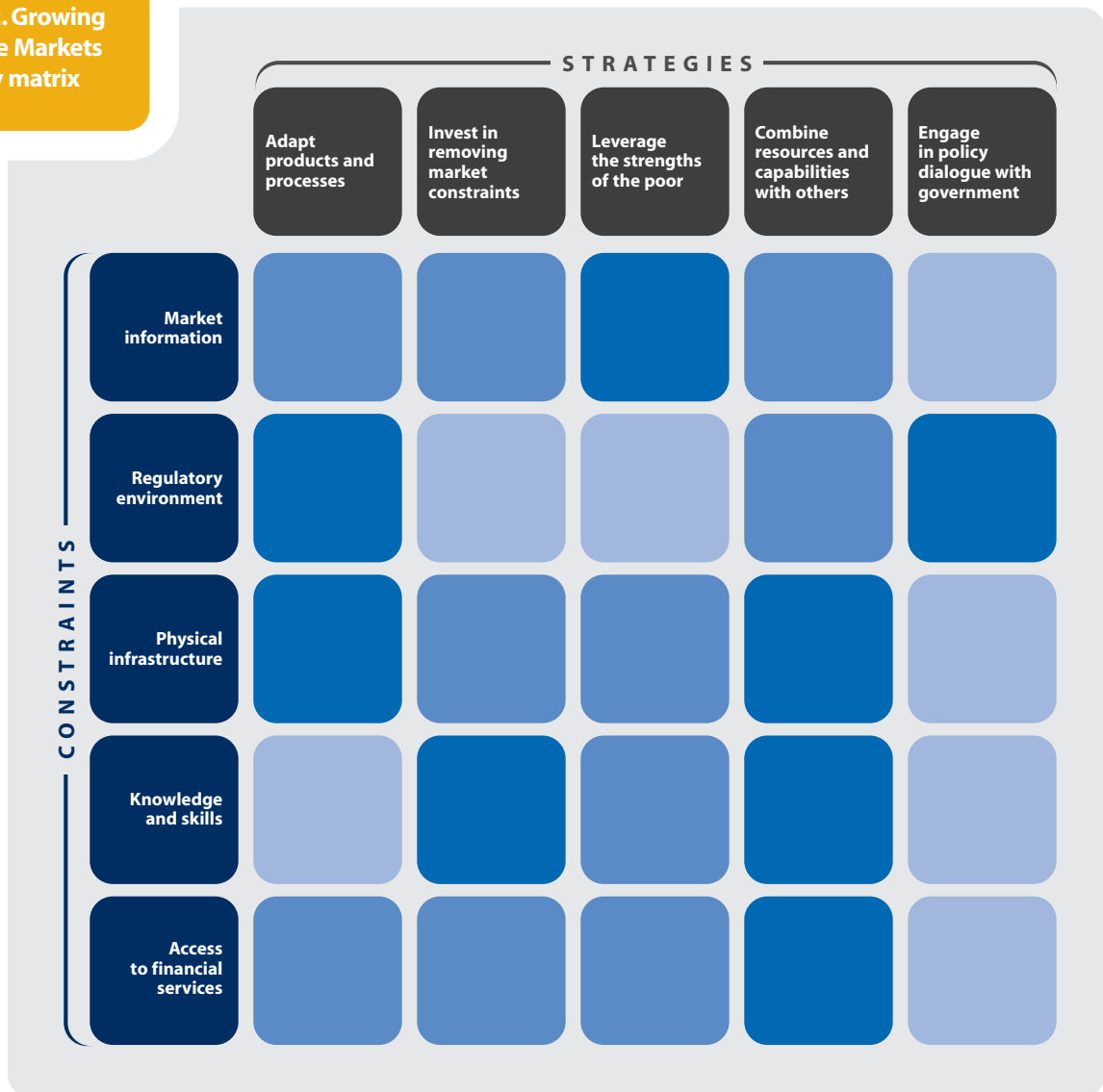
Invest to remove market constraints.

Although removing market constraints might ordinarily be thought the province of government, companies with inclusive business models often must take on this task themselves. Investing to remove constraints is cost-effective for business when it creates—or can be made to create—private value that is tangible and capturable, ensuring sufficient benefits to the company.

Denmor produces textiles in Guyana, mainly for export to the United States. Its key value proposition is flexibility: it can produce high-quality garments in small batches and deliver them fast. The company employs 1,000 people, virtually all of them women from poor rural communities. Many cannot read or write when they start working with the company. Denmor teaches them at least enough to write their names, count and read labels and garment specifications. All employees are cross-trained, so that each can perform every step in production and all can respond better to rushed orders and tight deadlines. Denmor also trains the women in health and hygiene and for personal empowerment. Beyond tangible and immediate value, removing constraints—in knowledge, skills, infrastructure or access to financial products and services—can create intangible and longer term value through building brand image, employee morale, corporate reputation and the power to develop new capabilities and strengthen competitiveness. Such investments can thus be cost-effective.

Investing to remove market constraints can create public as well as private value. For example, when a firm educates and trains its employees it creates a more skilled workforce—a shared resource as workers move on to other jobs and companies. This added social value opens up doors for cost-sharing with socially minded funding sources. Such sources—which can include international donors, individual philanthropists, nonprofit social investment funds and governments—enable the private sector to share the cost of creating social value in three ways: through grants and through reduced-cost and ‘patient capital’.⁷

Figure 2. Growing Inclusive Markets strategy matrix



Note: **Dark blue** indicates constraint-strategy combinations found in more than one in four cases where the constraint appears. **Medium blue** indicates combinations found in less than one in four, but more than 1 in 10 cases where the constraint appears. **Light blue** indicates combinations found in less than 1 in 10 cases where the constraint appears.

Source: Authors' analysis of data as described in text.

Leverage the strengths of the poor.

The poor are often an inclusive business model's most important partners. By engaging the poor as intermediaries and building on their social networks, a company can increase access, trust and accountability. Those qualities in turn help businesses to nurture their markets and expand participation in their value chains. One model for engaging the poor into one's sales operations is microfranchising; an example is CFW, a microfranchise system of drug shops and clinics in Kenya. Its franchisees are typically nurses or other health workers from the communities that the franchises serve. The franchise provider, HealthStore

Foundation, supports the franchisees with quality drug supplies, start-up financing, ongoing professional development and other central services, while franchisees operate the shops on their own account.

Firms can leverage local knowledge and trust—two key assets for doing business in poor communities—by employing the poor to gather market information, to deliver, collect and service products and to train others. Furthermore, poor people often have the best ideas for creating new products and services that meet other poor consumers' needs. Generally, when the poor take over some tasks in a business model, the transaction

costs for the business fall—while the poor benefit from rising income, knowledge and skills and social standing.

Central to leveraging the strengths of the poor is building on their social networks. A community is more than the sum of its parts. Where poverty prevails, formal laws and regulations are often less effective than the informal rules that communities set and enforce. Such informal rules can make inclusive business models viable. And a community can help its members to help each other—for example, by sharing resources, by co-operating to provide common goods (such as wells, mills or schools) and by supplying an infrastructure for savings, credit or insurance mechanisms. Businesses can count on these communal processes to fill gaps in the markets of the poor.

Combine resources and capabilities with others. Like many business models, inclusive business models often succeed by engaging other businesses in mutually beneficial partnerships and collaborations. They also make use of collaborations with nontraditional partners, such as nongovernmental organizations and public service providers. Through such collaborations, businesses can gain access to complementary capabilities and pool resources to work around or remove constraints in the market environment.

By combining complementary capabilities with other organizations, inclusive business models can capture capabilities and resources that a business could not provide alone. Brazil's Votorantim Celulose e Papel (VCP), a pulp and paper company, wanted to provide its small-scale eucalyptus growers with access to credit under repayment terms that would match their cash flows (eucalyptus is harvested only after seven years). Since credit was not available on such terms, and since VCP had no interest in offering in-house credit services, the company established a partnership with a bank, ABN AMRO Real. The bank now provides credit to the growers, with the loan secured by a guarantee from VCP to buy the timber. The growers pay the loans back as the timber is harvested. In other examples,

partner organizations fulfill all kinds of functions along the value chain, from market research to providing services.

Collaboration can also mean pooling resources to achieve a common objective. In India, access to credit for small and medium-sized enterprises was complicated by the fact-finding process: each bank had to assess the risk of lending on its own. The high cost of assessing applicants meant that banks had no interest in dealing with loans below a certain size or interest rate. Then several banks, among them ICICI Bank and Standard Chartered, joined to create the Small and Medium Enterprises Rating Agency, which rates the creditworthiness of such enterprises and provides the information to all participating banks. By reducing the cost of due diligence to any one bank, the service makes it profitable for banks to lend to smaller businesses and at lower interest rates—increasing access to credit while expanding the market for credit providers.

Engage in policy dialogue with governments. Engaging in policy dialogue is an important part of doing business with the poor, where companies are typically first movers and much of the environment for doing business has yet to be built. All five market constraints identified in this report are more or less in the domain of public policy. In many of the case studies, businesses have found creative ways to work around or remove the constraints—say, by adapting products to run on solar power, by investing in education and training to increase skills among the workforce, by leveraging social networks to enforce contracts or by joining with other companies in self-regulation. For other businesses, though, it proves less feasible to work around or remove constraints through private initiatives. Their usual strategy is to engage in policy dialogue. Policymaking is complex and continual, and businesses can provide good information about the problems and their possible solutions.

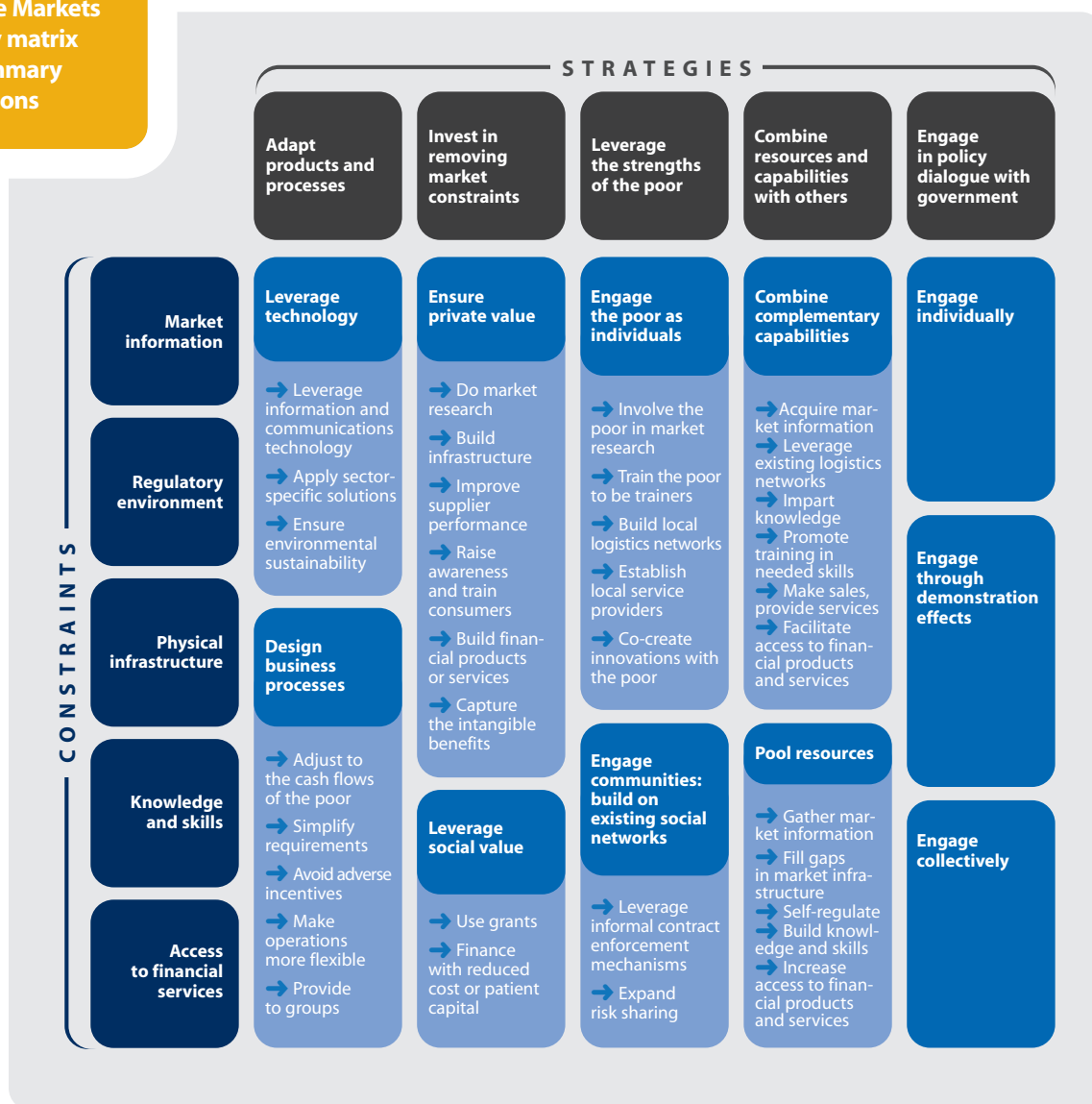
Inclusive businesses often have fairly limited goals, such as encouraging government to provide the public goods or services they

need to operate in a particular location. In such cases, engaging with governments individually can be effective. Sometimes the individual efforts of entrepreneurs and companies can have larger implications, such as changing market structures or even opening new markets. Tiviski, a camel dairy in Mauritania, is an example: through the individual efforts of Tiviski’s founder, the European Union is creating a market for camel dairy imports where none existed before.

Businesses can also rely on demonstration effects to promote the strengthening of regulations in developing countries that lack them, or where they are not effective. When the Rural Energy Services Companies started up in Mali, the country did not yet have a regulatory framework to cover private electricity provision. Through the companies’ actions—and with additional support from the World Bank—the Malian government established the required rules and procedures.

Collective engagement by businesses is another way to inform public policy. Since business engagement in policymaking can be controversial, companies and

Figure 3. Growing Inclusive Markets strategy matrix and summary of solutions



policymakers need a space to engage in frank yet transparent dialogue about how to improve the business environment. Collaborative efforts can open such a space. Companies operating in the same industry or region often share policy interests. And if they are doing business in ways that contribute to economic opportunity and human development, organizations outside the private sector may have complementary policy interests. Where business models are inclusive, collective action can give businesses a strong and legitimate voice in policymaking. ☉

TAKING ACTION

How can a business leader develop an inclusive business model? In a few words: by responding to local conditions. The entrepreneurs behind the case studies featured in this report acted in this spirit. They identified opportunities, understood the contexts and found solutions with open minds and much experimentation.

The report encourages people in the private sector to be the main agents of change for human development. But the private sector cannot succeed alone. As important as the entrepreneurial spirit is to business leaders, it is also important for donors, policymakers, philanthropists and leaders of public service and not-for-profit organizations. They can partner with the private sector to fund investments in better market conditions, to collaborate in operating

business models and to facilitate and lead dialogues for policy change.

Building business in the markets of the poor works best when all stakeholders contribute their strengths. When this happens, inclusive business models will proliferate and grow. Markets will include more poor people. And value will be created for all—through profits, through increased incomes and through concrete progress in human development.

The Growing Inclusive Markets strategy matrix and summary of solutions (figure 3) lists ways to apply the five over-arching strategies for mitigating the constraints faced by inclusive business models. More than one solution—and more than one strategy—are often used simultaneously to overcome a constraint. ☉

1 World Bank 2007d. 2.6 billion is the figure for 2004 and less than \$2 a day is in 1993 purchasing power parity dollars.

2 OECD and IEA 2006.

3 ITU World Telecommunication/ICT Indicators Database. Available at: <http://www.itu.int/ITU-D/ict/statistics/ict/>

4 Chu 2007.

5 World Development Indicators Database. April 2007.

6 See Mendoza, forthcoming.

7 'Patient capital' is a term used to describe an emerging set of investments that do not look for immediate financial return, but rather expect both financial and social returns over time.

Box 4. Inclusive business models and the Millennium Development Goals

The Millennium Development Goals, which translate the concept of human development as a multidimensional challenge into actionable objectives, give all UN agencies an overarching framework to measure progress in reducing global poverty. The Growing Inclusive Markets case studies show how inclusive business models are promoting progress towards the goals.



1

Millennium Development Goal 1: Eradicate extreme poverty and hunger

In Colombia, the Juan Valdez company is offering higher, more stable incomes to over 500,000 small-scale coffee growers. In the Philippines, where coconut farmers are among the poorest people, CocoTech involves more than 6,000 families in cocofibre net production.



2

Millennium Development Goal 2: Achieve universal primary education

Tsinghua Tongfang (THTF) markets computers to China's rural population that include distance education software, both for primary and middle school education and for minority language education. The minority language programme's online video classes, recorded in quality middle schools with minority students, allow THTF's rural customers to learn in their own language.



3

Millennium Development Goal 3: Promote gender equality and empower women

Financial institutions can promote gender equality and women's empowerment by increasing access to finance—an important need for the many women microentrepreneurs in developing countries. In Russia over 80% 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 the Democratic Republic of Congo, many women have gained financial autonomy by reselling Celtel mobile phone airtime.



4

Millennium Development Goal 4: Reduce child mortality

In Mali, where in 2000 more than 22% of infants died before their first birthday, Pésinet is making a difference in the communities where it operates by providing an early warning method for monitoring the health conditions of children under age five from low-income families. In Saint Louis, Senegal, where Pésinet started, the infant mortality rate fell by more than 90% between 2002 and 2005—from 120 per 1,000 live births to 8.



5

Millennium Development Goal 5: Improve maternal health

In Cabo Delgado, Mozambique, the liquefied petroleum gas provided by VidaGas improves the sterility of medical instruments used to deliver babies. Where most public clinics were once short of essential drugs, and most maternal deaths resulted from infection and haemorrhage caused by complications in pregnancy, today's reliable fuel supply, cold chain for medicines and better distribution of medicines all improve maternal health.



6

Millennium Development Goal 6: Combat HIV/AIDS, malaria and other diseases

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%. In Kenya, in 2006, the 66 CFW Shops (drug shops and clinics) facilitated treatment of about 400,000 patients in rural areas and urban slums suffering from malaria and other diseases.



7

Millennium Development Goal 7: Ensure environmental sustainability

In 57 small towns across Uganda, the Association of Private Water Operators provides over 490,000 people with water and sewage services. In the shanty towns of Casablanca, Morocco, Lydec has dramatically increased the percentage of people with access to water and electricity.



8

Millennium Development Goal 8: Develop a global partnership for development

In the Philippines, Smart is reducing the 'digital divide' by providing low-cost, prepaid mobile phone airtime cards and is easing financial transactions through the option to send remittances using short messaging service (SMS) technology. With a network covering over 99% of the population, Smart's focus on the low-income market enables it to serve 24.2 million people.



Growing Inclusive Markets

Business Works for Development • Development Works for Business

www.growinginclusivemarkets.org



United Nations Development Programme

One United Nations Plaza
New York, NY 10017, USA
www.undp.org