



# Inclusive Business

**Profitable business for  
successful development**

**SNV**



World Business Council for  
Sustainable Development

**ALLIANCE FOR INCLUSIVE BUSINESS**





**“Business cannot succeed in societies that fail. Likewise, where and whenever business is stifled, societies fail to thrive.”**

Björn Stigson,  
President, WBCSD

**An Inclusive Business is an entrepreneurial initiative seeking to build bridges between business and low-income populations for the benefit of both.**

Today, some two-thirds of the world’s inhabitants live in poverty. Many lack access to basic services. Furthermore, they are often short on opportunities to improve their economic and social prospects.

The business sector is now widely acknowledged as a key actor and provider of solutions in the fight against global poverty. This has led the sector not only to acknowledge the needs of low-income populations, but also to seek to tap into development opportunities which are often obscured by poverty.

**An Inclusive Business therefore is one which seeks to contribute towards poverty alleviation by including lower-income communities within its value chain while not losing sight of the ultimate goal of business, which is to generate profits.**

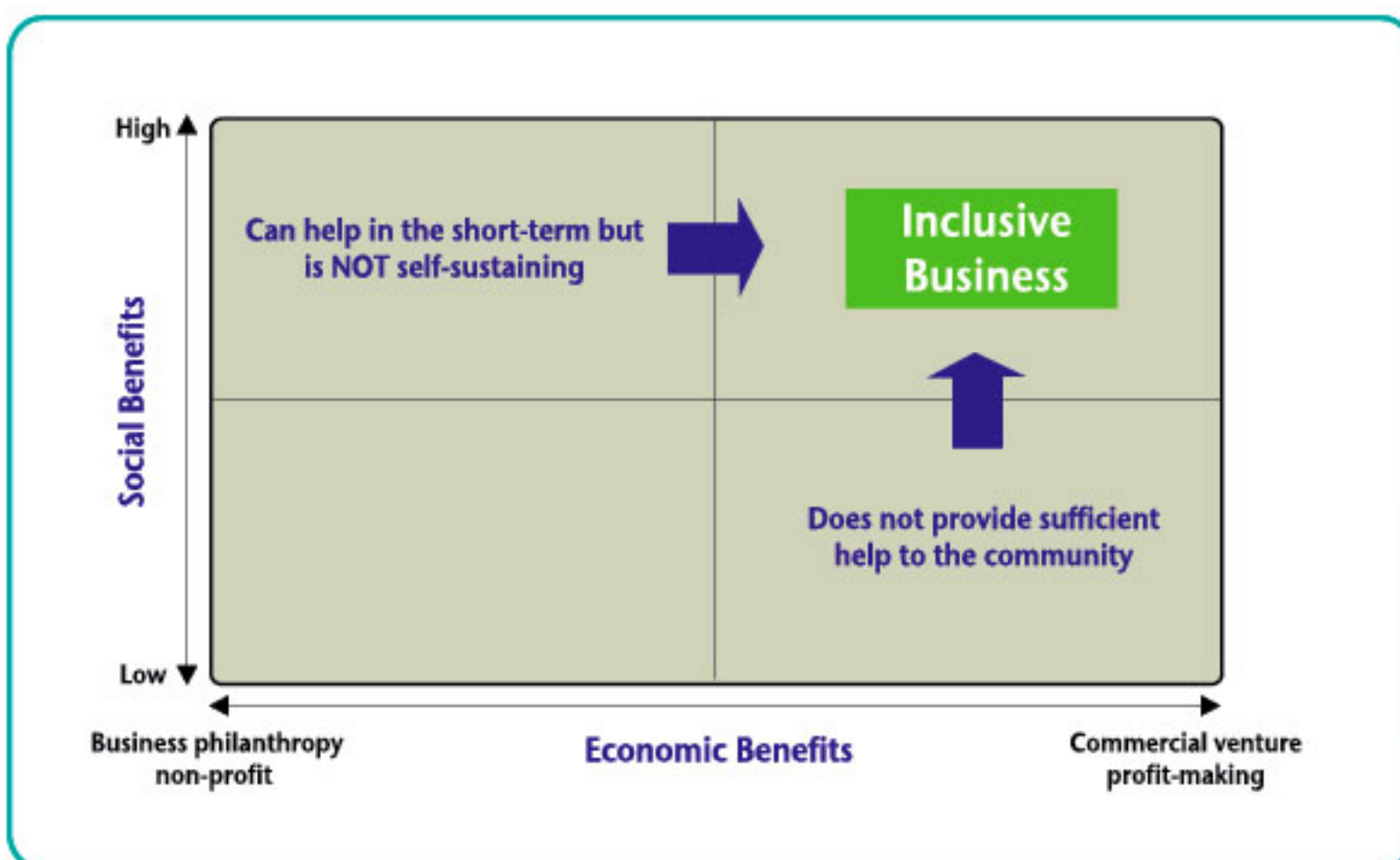
**Dynamic and equitable cooperation**

Inclusive Businesses offer long-term assurances of sustainability (economic, environmental and social). Implementing Inclusive Business requires building a relationship of trust between the parties, based on dynamic and equitable cooperation.

Inclusive Business leads to:

- Increased profitability for the company as a result of lower supply costs, market expansion through the inclusion of low-income sectors, and greater sustainability of the business activity.
- Improved living conditions for poor populations as a result of increased incomes, and/or greater access to goods, services or infrastructure.

The emphasis of an Inclusive Business remains profitability. Low-income populations are integrated within the business as suppliers, distributors and/or consumers of goods and services.



**Maximizing the social and economic value**





# Inclusive Business

“Through Inclusive Business, poor communities can be involved in business, not only as consumers, but also as employees, suppliers and small investors. Inclusive Business can strengthen their capacity to look after their own economic interests. This concept works.”

Dirk Elsen,  
Director, SNV

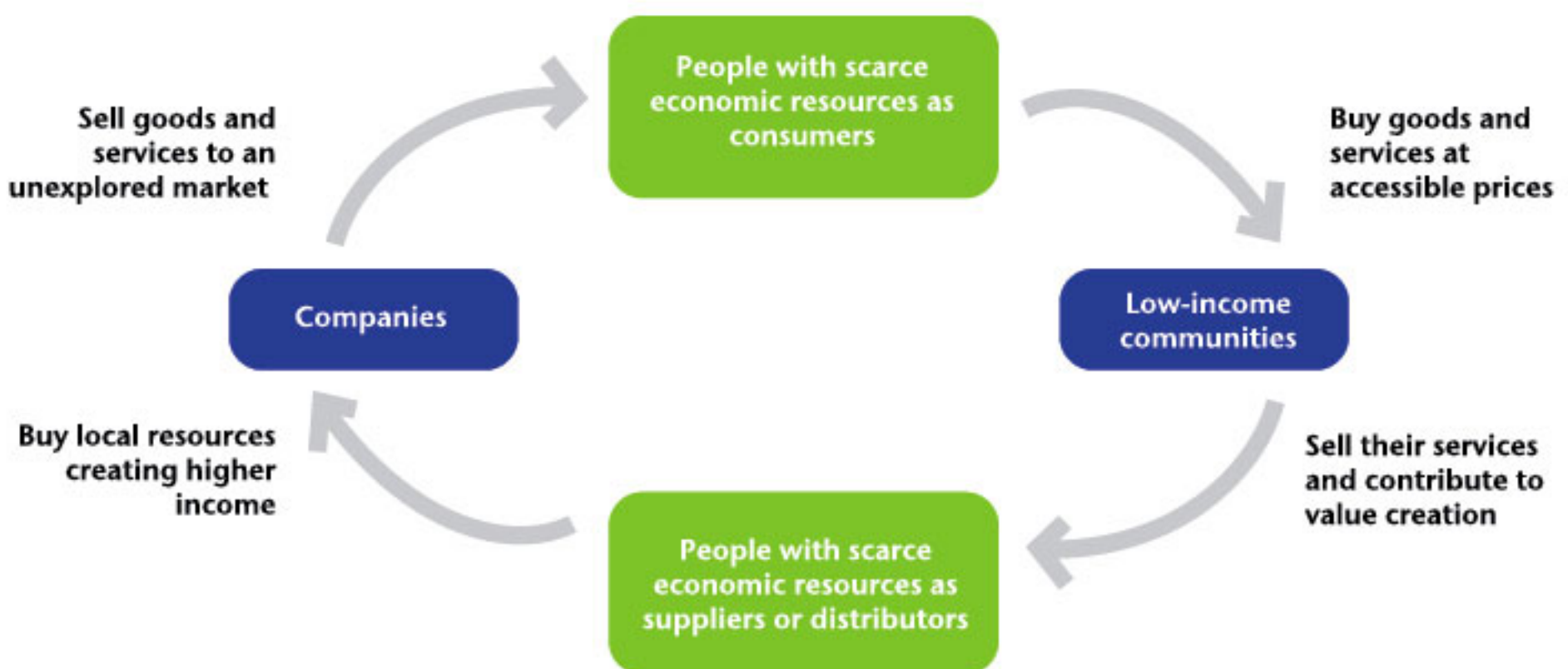
## Going beyond business as usual

The term Inclusive Business covers a multitude of activities. Companies establish business relationships with low-income communities with a view to integrating them within the value chain. Such relationships generally fall within one of two broad categories:

- **Low-income people as consumers:** companies make available quality goods and services which low-income populations need and want at prices they can afford.
- **Low-income people as suppliers or distributors:** low-income populations are business partners, suppliers and/or distributors. By including small local entrepreneurs in their value chain, companies create jobs and speed up the transfer of skills.

Doing business with low-income populations and opening up new markets requires recognizing the potential contained within a large, unexplored market, usually ignored in favor of a smaller group of wealthier customers. As a business concept, Inclusive Business offers companies the opportunity to contribute towards poverty alleviation while increasing prosperity and creating opportunities across the board.

The originality of Inclusive Business lies in the fact that it is based on a vision of alleviating poverty which does not contradict the fundamental role of business: to generate profits. Its success lies in considering the actual needs, abilities and conditions of low-income populations.







# Economic and social benefits

“Business is the most important engine of economic change. It brings employment, goods, revenues, knowledge and skills development. (...) We must also recognize that the most important role is probably not that played by the multinationals, but by the small and medium enterprise sector, the SMEs. We as global companies can provide the catalyst to partner with SMEs to mutual benefit. We can access their local expertise and markets; they can access our technologies and business skills for local momentum.”

Michael Pragnell,  
CEO, Syngenta

By 2050, 85% of the world’s population, a predicted nine billion people, will live in developing nations. If these people are not successfully integrated into the market, the companies of the future will not prosper and the promised benefits of globalization will not materialize. There is clear case to be made for today’s societies to embark on a more sustainable path. At the same time, public expectations of large corporations are growing.

Small and medium-sized companies are the driving force behind innovation, production and employment. In low-income countries, the need to achieve a healthy blend of large, medium-sized and small companies, to bolster and expand the economy, is particularly important.

A careful reading of history shows that it is the private business sector and not the government that is the driving force behind economic development. Governments set the conditions that

encourage or restrict this development, but it is the private sector that produces goods, creates jobs and generates wealth.

In today’s complex, volatile, globalized world, those companies that are capable of going beyond conventional thinking and seeking out productive alternatives will be able to develop new and larger markets for their business. An innovative approach, farsighted management, and the search for productive alternatives which allow the participation of sectors traditionally excluded from the value chain, will also provide an unprecedented opportunity to forge a less risky world outlook, both for business and the broader public.

In this context, in 2006 the Netherlands Development Organisation (SNV) and the World Business Council for Sustainable Development (WBCSD) decided to establish the Alliance for Inclusive Business.

Low-income communities as suppliers or distributors	
Business Benefits	Community Benefits
<ul style="list-style-type: none"> <li>• Security of supply</li> <li>• Traceability and quality control of raw material</li> <li>• Lower transaction costs</li> <li>• Shared risks</li> <li>• Access to knowledge and local networks</li> <li>• Better relations with the government</li> <li>• Positioning in fair trade</li> </ul>	<ul style="list-style-type: none"> <li>• Fair prices and benefits</li> <li>• Guaranteed market</li> <li>• Creation or expansion of jobs</li> <li>• Training and technical assistance</li> <li>• Knowledge and technology transfer</li> <li>• Access to financing</li> <li>• Business environment and investment climate</li> </ul>

Low-income communities as consumers	
Business Benefits	Community Benefits
<ul style="list-style-type: none"> <li>• Access to new markets</li> <li>• Increased earnings</li> <li>• Increased brand value and positioning to catch future market growth</li> <li>• Transfer of innovative products to current markets</li> </ul>	<ul style="list-style-type: none"> <li>• Greater access to quality products and services</li> <li>• Lower, accessible prices</li> <li>• Better quality of life</li> <li>• Increased productivity</li> </ul>

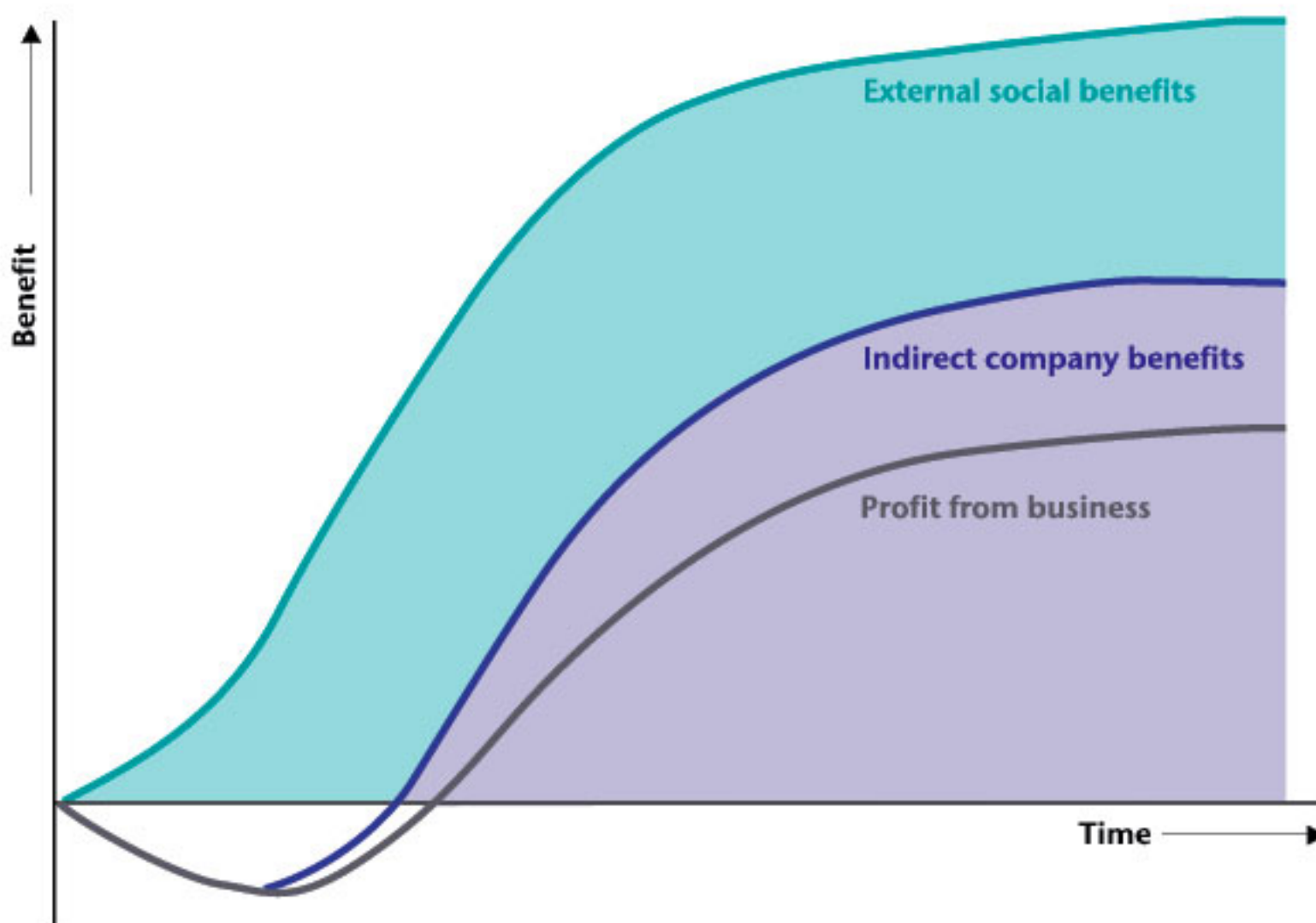


The WBCSD brings together some 200 large corporations drawn from over 35 countries and 20 major industrial sectors, with a shared conviction that business cannot be truly successful in societies that fail. The WBCSD believes that the leading companies of the future will be those which, by doing business in an open and transparent manner, contribute to solving global challenges, such as poverty, inequality, climate change, pollution, natural resource depletion, globalization and demographic change.

Experience gathered by various companies over the past few years has demonstrated that Inclusive Business has the potential to generate excellent benefits. However, a lot of effort is required to overcome old ideas and prejudices. SNV and the WBCSD consider that the best way to overcome these barriers rests in presenting tangible results from the field and building bridges between anchor companies and different organizations. The initial results will then be replicated and scaled up by other companies and organizations.

## A new way of assessing profit

The chart below illustrates a typical profit path for a new product or business (grey curve). It also demonstrates how an Inclusive Business can yield indirect benefits (blue curve) and external social benefits (green curve) which supplement direct profits. Taking these factors into account can significantly enhance the total value created by a business. This additional value-creation makes the business proposal a lot more attractive to external sources of funding, particularly those organizations that seek to finance companies which generate social benefits. Similarly, for an investor, evaluating the profitability of an Inclusive Business demands a long-term perspective in order to adequately gauge the value of the indirect benefits of the company. When these additional factors are taken into consideration, Inclusive Business opportunities can become financially more attractive for investors.



- Profit from business: Traditional profit that can be directly attributed to the Inclusive Business.
- Indirect company benefits: Impacts of the Inclusive Business which generate financial benefits for the company as a whole (e.g., brand positioning, customer loyalty, employee motivation and new opportunities for profitable business in the future).
- External social benefits: Impacts of the Inclusive Business whose value is not captured by the company but by the communities involved (e.g., jobs and wages for the community, knowledge transfer, reduced pollution, improved health).





## The SNV-WBCSD Alliance for Inclusive Business: how does it work?

**T**he Alliance between the Netherlands Development Organisation (SNV) and the World Business Council for Sustainable Development (WBCSD) is a strategic association aimed at facilitating the development of specific Inclusive Business opportunities, which are not only attractive investment options but also benefit low-income communities. The objectives of the Alliance are:

- Raising awareness of Inclusive Business models
- Brokering new business opportunities that benefit low-income communities in the target countries
- Advocacy to improve framework conditions for this type of Inclusive Business

The Alliance's field of action spans eight countries in Latin America where the WBCSD has local representatives, namely: Bolivia, Colombia, Ecuador, El Salvador, Guatemala, Honduras, Nicaragua and Peru. SNV and WBCSD Regional Network partners in these countries have multidisciplinary teams with sound knowledge of business and of the opportunities available to populations with scarce resources.

## Results

From the time of its inception in 2006 to 2008, the Alliance has contacted over 300 potentially interested companies in the above-mentioned countries. This has generated about 80 Inclusive Business ideas, of which some 35 have been implemented. This innovative process has attracted the attention of a number of other organizations, including the Inter-American Development Bank (IDB), keen to promote and fund these initiatives. In addition, the Alliance has helped the Ecuadorian government to design and implement a policy of social and economic inclusion. Thanks to the efforts of Minister Nathalie Cely, the Ecuadorian government has begun to promote and foster Inclusive Business, and has signed agreements with several large, local companies.

**“Industry, government, and non-governmental organizations need to work together, leveraging the competencies each brings to the table. Most importantly, this should include local production, local talent development and local entrepreneurship.”**

Gerard Kleisterlee,  
President and CEO, Royal Philips Electronics



## The World Business Council for Sustainable Development

The World Business Council for Sustainable Development brings together some 200 international companies in a shared commitment to sustainable development through economic growth, ecological balance and social progress. Its members are drawn from more than 35 countries and 20 major industrial sectors. It also benefits from a global network of about 60 national and regional business councils and partner organizations.

Its mission is to provide business leadership as a catalyst for change toward sustainable development, and to support the business license to operate, innovate and grow in a world increasingly shaped by sustainable development issues.

Its objectives include:

- **Business Leadership** – to be a leading business advocate on sustainable development;
- **Policy Development** – to help develop policies that create framework conditions for the business contribution to sustainable development;
- **The Business Case** – to develop and promote the business case for sustainable development;
- **Best Practice** – to demonstrate the business contribution to sustainable development and share best practices among members;
- **Global Outreach** – to contribute to a sustainable future for developing nations and nations in transition.

[www.wbcasd.org](http://www.wbcasd.org)  
[www.snvworld.org](http://www.snvworld.org)

## SNV

The Netherlands Development Organisation (SNV) helps people overcome poverty in developing countries worldwide. With more than 900 technical advisors in 90 offices in 33 developing countries, SNV provides strategic advisory, knowledge and advocacy support services to more than 1,800 public, private and social sector organizations in Africa, Asia, the Balkans and Latin America to accelerate and sustain their fight against poverty. SNV is committed to catalyzing development impact through enhancing production, generating employment, increasing income, as well as improving access to basic services in health, education, water and sanitation, and renewable energy for these underserved communities.



### What share of the world economy do members of the WBCSD represent?

- Income generated by member companies: US\$ 5.5 trillion
- Half of members belong to Fortune 500
- Employees worldwide: 13 million
- WBCSD member companies touch 3 billion consumers every day through their products or services



# Examples of Inclusive Business in Latin America



## Development of small coffee producers

*“The opportunity to work with small producers to generate mutually beneficial results through both profit and cost-cutting is a model that we hope to continue to explore in the future.”*

**Ricardo Huancaruna,**  
Managing Director, PERHUSA

Over the last decade, Peru has increased its share of world coffee exports. In 2006, it ranked seventh with exports of 500,000 tons. This production represents the collective effort of about 150,000 families or, at an average of seven members per family, just over one million people. Of these, 90% are poor farmers with farms ranging in size from 0.5 to 5 hectares.

Only 24% of the farmers have direct access to export markets, mainly through cooperatives and other associations supported by funds from international donors. The remaining 76%, or some 112,000 families, have difficulty accessing these markets, leaving them dependent on local intermediaries who offer much lower prices.

## The opportunity

The global coffee market is coming under increasing pressure to improve quality and traceability. This is encouraging large export companies to engage directly with small producers. This cooperation gives the small producers access to markets, technical assistance and credit.

In mid-2006, the SNV-WBCSD Alliance identified Perales Huancaruna SA, the country’s largest coffee exporter, as a good candidate for an Inclusive Business venture with local coffee producers. Following initial discussions, PERHUSA and the SNV-WBCSD Alliance signed an agreement aimed at strengthening the ties between the company and small producers. This relationship yields more than purely commercial benefits.

This cooperation will result in increased income for the producers – driven by a higher price and quality of the produce – greater technical assistance and other direct benefits for 3,000 coffee-producing families in the regions of the Amazon, Cajamarca and San Martín.



**I**ndustrias Lácteas Toni SA is a major dairy company based in Ecuador. Founded in 1978, it is a subsidiary of the Swiss dairy group, Toni. Over the last seven years its demand for milk has grown at approximately 15% per annum. Its collection center has also expanded to cover an increasingly large part of the Ecuadorian coast.

## The opportunity

In 2007, to ensure the long-term quality and availability of milk, Toni began to cooperate with small and medium-sized producers. Consequently, Toni opened up more collection centers in the provinces of Manabí and Guayas.

This venture, established through the advisory services of the SNV-WBCSD Alliance, is a Supplier Development Program. It aims to build the capacity of local suppliers through collaboration to improve their marketing, technological innovation, financing and internal management skills. For small producers, the benefits will include higher income, better marketing channels and increased productivity.

The implementation of this initiative requires the establishment of a baseline. This was established through a survey of producers in the Balzar region in the province of Guayas. The objective of this survey, conducted in 2007, was to determine the local conditions, enable the identification of producers for inclusion in the program and lay the foundations of a formal marketing agreement between the small producers and Toni.

Toni acknowledges that the initiative has been a useful learning experience for the company. It has helped the company develop a new business model, identify and appoint a project leader, define a strategy, set guidelines and identify objectives. Ultimately, the business is expected to benefit some 320 small producers and a total of 1,600 individuals over a 2-year period.



### Development of small and medium-sized milk producers

*"At first I wasn't convinced that the idea of Inclusive Business was a good way to work. However, after further consideration, buying milk from small farmers wasn't such a bad idea. If I buy milk from one or two major producers, the profit generated goes back to just one or two sources, but if, on the other hand, I buy milk from hundreds of small producers, the profit goes directly to the base of the economy. In addition, these people may buy a lot more of my product. If I sell to just one person, he may buy a liter of yoghurt from me; if I sell to a thousand people, they may buy a thousand liters of yoghurt."*

**Edward McIntosh,**  
General Manager, Toni





## Development of public transport and fishing microentrepreneurs

*"For Aguaytia Energy, trust between the company and the community has been achieved through a philosophy of live and let live. This has been achieved through the establishment of self-sustaining projects, such as the social use of LPG (liquefied petroleum gas). Money is saved, pollution is reduced and, above all, the quality of the peoples' lives has improved."*

**Dante LaGatta,**  
General Manager, Aguaytia Energy

**S**et up in 1998, Aguaytia Energy del Perú is part of a US\$ 300 million project for producing and selling natural gas, liquefied petroleum gas (LPG) and natural gasoline. It is situated in Block 31-C, west of Pucallpa (central Peruvian rainforest). It has reserves of some 440 billion cubic feet of natural gas and 20 million barrels of liquid gas.

## The opportunity

In the early days of its existence, Aguaytia often found itself in conflict with the local population. Although this was problematic, it nonetheless allowed the company to gain an understanding of the needs of the local community. Based on these needs, in 2002, Aguaytia decided to adopt a new approach to its work in the community. The objectives of this approach were two-fold: to improve relations with the local population on the one hand and, on the other hand, to foster eco-efficiency by positively influencing energy consumption patterns. Designed for two-tiered implementation, the project includes a program to convert petrol-run vehicles and engines to LPG. It also includes a program involving the donation of LPG cookers to housewives, and the donation of industrial cookers to popular local restaurants as well as to a social project, the Vaso de Leche, which provides milk and cereals to low-income groups.

To date, the company has invested some US\$ 2.4 million to convert 5,000 motorized rickshaws and *peke pekes* (a type of canoe used for carrying passengers and cargo by river) to LPG. It has also donated over 50,000 cookers to homes and local community projects, thereby directly benefiting thousands of families. Aguaytia is also encouraging the use of gas freezers among the artisanal fisherman who work in the Peruvian Amazon and lack adequate refrigeration chains to keep the fish fresh.

These projects offer microentrepreneurs in transport and artisanal fisheries a number of additional benefits. These include resource savings as a result of fuel conversion (savings of over 50%), reduced wear and tear on equipment, reduction of harmful emissions (roughly 53%), and the development of a financial services market specifically designed and tailored to the local community. In addition to the social, economic and productive reinvestment, there have been other tangible benefits, including improved family relations and a drop in the level of domestic violence.

The SNV-WBCSD Alliance will not only help to improve the sustainability and impact of these projects in the Loreto region but also replicate them in other areas of the Peruvian Amazon for the benefit of a larger portion of the low-income population.



**W**ith over 420 supermarkets and more than 23,000 employees in Guatemala, Honduras, El Salvador, Nicaragua and Costa Rica, Wal-Mart Central America is the leading retailer in the region. Wal-Mart and its local affiliate, Hortifruti, have set up the Tierra Fértil (Fertile Land) program through which small producers supply fresh fruit, vegetables and cereals to the La Union and PALI supermarkets.

## The opportunity

Through the Tierra Fértil initiative, Hortifruti aims to replace imported fruit and vegetables with increased local production, become one of the region's top exporters, and become the main supplier of vegetables to the Wal-Mart chain.

The Tierra Fértil program provides technical assistance and support to over 2,000 small fruit and vegetable producers in Central America to bolster their productivity and help them become more competitive. Moreover, it helps them to become suppliers and to sell their products through the Group's supermarket chains. This initiative enables small producers to grow in a steady, stable manner into small or medium-sized entrepreneurs.

Over the last eight years, thanks to the Tierra Fértil program, Nicaraguan imports from Central America, the USA and Canada have fallen from 50% to 10% (from US\$ 40 million to US\$ 6 million) and have been replaced by local produce; and the country is now exporting paraffin-dipped yucca, cucumbers and bananas to Costa Rica, Honduras and El Salvador.

Thanks to Hortifruti, Wal-Mart Nicaragua has been able to contribute to the country's economic development, expand its supplier base and create profitable operations in a fragmented market. Hortifruti has helped improve producer security, access to technical assistance, financing, market knowledge, prompt payment in fair conditions, export capacity, and development of entrepreneurship. It has contributed towards enhancing local livelihoods.



**Development of small producers of fresh fruit, vegetables and cereals**

*"Our business set-up, which is unheard of, is extremely innovative as it allows the small producers to grow soundly and steadily, enabling them to progress from being simple farmers to forming small, medium-sized, and even large, companies."*

**Alberto Pereira,  
General Manager, Hortifruti**





## Support for local suppliers of wood products and furniture

*“Inclusive Businesses offer a chance for established companies to grow and for new ones to be set up. They provide committed people who display initiative with opportunities to combine social and economic aspects.”*

**Ing. Roberto Maldonado,**  
President of the Corporate Group  
Colineal

**T**he Ecuadorian furniture industry ranges from cottage industries to large factories. There are an estimated 50,000 small woodworkers in the country, approximately 60% of whom are based in the provinces of Azuay and Imbabura.

## The opportunity

The informal nature of the local industry – especially local workshops and even some small and medium-sized firms – has resulted in a precarious industry characterized by low profitability and obsolete or home-made machinery. The inability to invest in modern technology, design or training has led to poor-quality products and low output.

With sales accounting for almost 40% of the national market, Colineal is the leading household furniture manufacturing company in Ecuador. Established in 1976, Colineal also sells home decoration accessories and takes part in housing programs and hotel projects. Between Ecuador and its overseas operations it has an annual turnover of nearly US\$ 18 million.

The company’s president, Roberto Maldonado, has implemented an Inclusive Business model involving small and medium-sized enterprises from the artisanal sector in Azuay and San Antonio de Ibarra. The aim of the venture is to outsource the manufacture of wood products and unfinished furniture. Drawing on the advisory services of the SNV-WBCSD Alliance, the program seeks to facilitate coordination between Colineal and small woodworkers working in their own workshops or in facilities made available to them by the company. The woodworkers receive technical assistance which helps improve the quality and reduce manufacturing costs.

For the small producers, the benefits ensuing include secure markets, better prices, and access to knowledge and innovation in line with clearly defined quality standards. Their products find their way to market through the 17 megastores and Express shops owned by Colineal in the country’s main cities, as well as through exports to countries in North, Central and South America and Europe.



**C**orporación Dinant is a leading agribusiness company in Central America. Its activities include the production, industrialization and export of fruit and vegetables, oils and other foodstuffs.

## The opportunity

With an eye on the future, Corporación Dinant has started to produce biodiesel from African palm and is gearing up to produce it from *jatropha curcas*. This energy crop has low water requirements and grows in low-fertility soils. This produce requires intensive manpower, providing excellent opportunities for job creation in rural areas. Since its oil is toxic, it does not compete with food production.

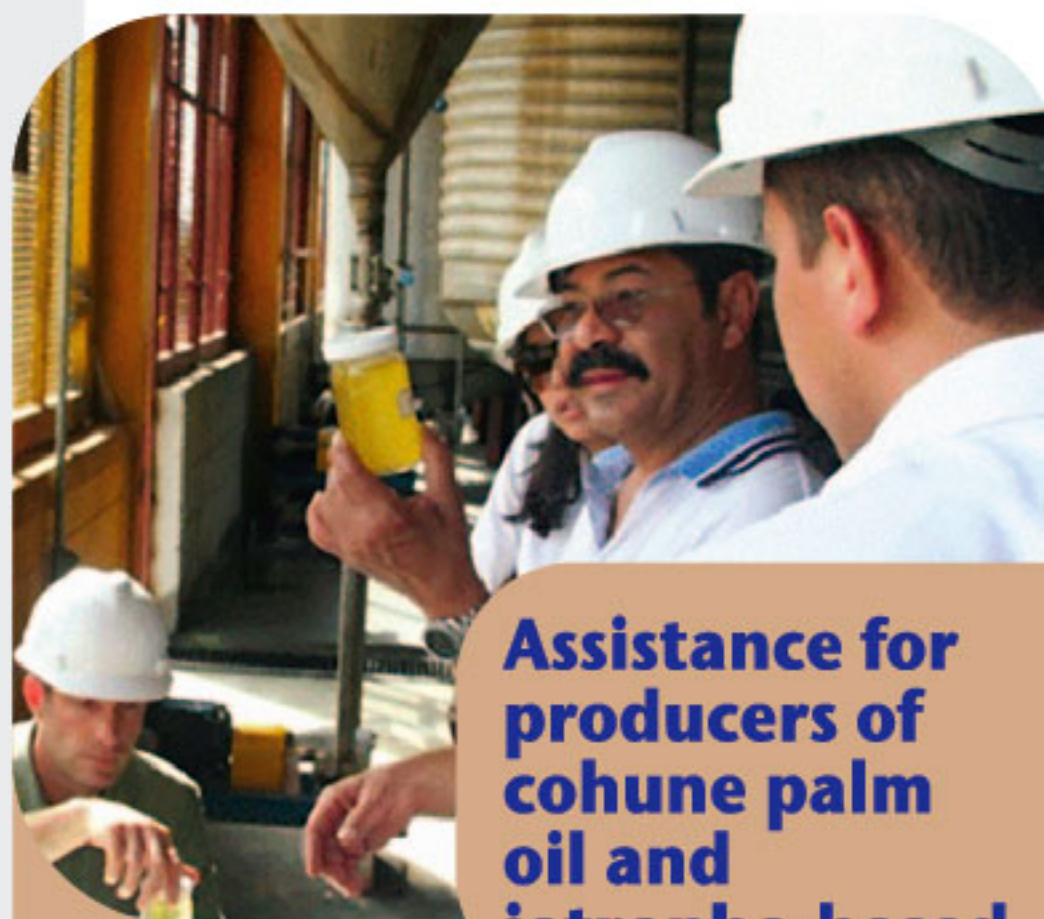
The SNV-WBCSD Alliance, in collaboration with the Honduran Business Council for Sustainable Development (Consejo Empresarial Hondureño para el Desarrollo Sostenible - CEHDES), is working with Dinant to set up an Inclusive Business which will involve 2,000 small producers from the Comayagua region in the production and commercialization of the *jatropha* seed. SNV and CEHDES are working together to identify suppliers, manage information on production technology and channel funds to assist small producers. The costs of this work are being shared by Corporación Dinant and the Alliance.

Corporación Dinant and the SNV-WBCSD Alliance are also jointly investing to set up a fruit collection and cohune-nut extraction business. Initially, this will benefit 950 rural families, mainly from the Pech and Garifunas ethnic groups. Cohune is an oleaginous plant which grows wild along the entire length of the Atlantic coast of Honduras and produces very high quality oil which is used by the food, cosmetics and pharmaceutical industries.

In an effort to encourage new private and public decisions, the SNV-WBCSD Alliance is currently carrying out a regional study of biodiesel markets. The study will enable scenarios to be established for the sustainable growth of biodiesel production in Central America.



CORPORACION  
**DINANT**



**Assistance for producers of cohune palm oil and *jatropha*-based biodiesel**

*"Biofuels offer a potential source of renewable energy and could create new markets for agricultural producers."*

World Bank Development Report  
2008





**SÍNTESIS**  
TRANSACCIONES EN LINEA



## Technology to facilitate access by low-income populations to micro-transaction financial services

*“The technology gap does not necessarily have to match the income gap. Throughout history, technology has been a powerful instrument in human development and poverty reduction.”*

UNDP Human Development Report 2001

**T**he success of microcredit in Bolivia speaks for itself. There are dozens of institutions currently offering financial services to hundreds of thousands of micro-borrowers drawn from the country’s poorest sectors. However, unlike traditional banking, these entities are not connected through Information Technology (IT) networks which would allow small transactions to be made using a bank card.

## The opportunity

Over 3 million people in Bolivia (roughly 65% of the economically active population) are excluded from micro-financial services because of high transaction costs, the absence of non-credit financial micro-services, and other socio-cultural barriers.

In March 2007, the SNV-WBCSD Alliance began to collaborate with Síntesis (an IT company specializing in online transactions) to set up an Inclusive Business aimed at offering the lowest income segments of society a low-cost IT infrastructure with wide coverage and adapted to very small financial transactions. Síntesis was responsible for computerizing the Bolivian government’s subsidy and grant program. As a result it has experience in providing banking services for low-income segments, making it an ideal partner for this type of project.

The SNV-WBCSD Alliance and Síntesis are currently involved in designing a pilot project with the participation of microfinance institutions FIE (Private Financial Fund for the Promotion of Economic Initiatives), FADES (Foundation for Development Alternatives) and EcoFuturo. As a starting point, the partners will assess the banking habits of some 100 users over a three-month period. The project will monitor some 10,000 transactions made through portable point-of-sale devices, in four cities (two major and two medium-sized) and a remote rural area.

The devices will be installed in gas stations, mini-markets, hardware stores, retail shops, etc., all venues that are frequented by people from low-income sectors.



**M**aize production in Ecuador is both fragmented and inefficient. It only meets about 50% of local industry needs. A large portion of the output is from small producers with farms of under 20 hectares.

Founded 50 years ago, Procesadora Nacional de Alimentos CA (Pronaca) is now one of Ecuador's largest food companies. Its main activity is the production and sale of animal proteins, especially poultry and pork. The company is the eighth largest in the country by volume of sales. It provides direct employment for 6,500 people.

## The opportunity

For the last 15 years, Pronaca has had agreements with medium-sized and large farmers for the supply of corn for production of its animal feed. The agreements currently account for 20% of the company's domestic purchases. Pronaca plans to increase this figure to 90% over the next five years, through programs aimed at improving agricultural development in Ecuador and by assuring the timely and competitive supply of local raw material.

At the beginning of 2007, the SNV-WBCSD Alliance made a proposal to Pronaca for the design of a Supplier Development Program. This proposal involved combining the company's strategy to expand its network of local producers with the needs and opportunities presented by Ecuador's huge base of small farmers.

The program began at the end of 2007 with a pilot project in the canton of Balzar. It involves 110 farmers and spans three production cycles. The farmers attended a training program aiming to increase their productivity by 100% and their income by at least US\$2 per capita per day.



### Assistance to small corn-growing farmers

*"A lot of small but good corn growing farmers, with a high output per hectare ... that is what we need in Ecuador."*

**André Frey,**  
Manager of the Agriculture  
Division, Pronaca





## A favorable environment for Inclusive Business

**T**he environment where business activities take place is decided by policy makers. As a result, governments and international organizations play a pivotal role in the success of Inclusive Business.

For development-oriented business to be successful, support from political leaders and the establishment of optimum framework conditions are crucial. The fight against poverty therefore requires bold, innovative strategies from the state.

SNV and the WBCSD have identified three broad priorities:

- **The creation of an effective regulatory and legal framework to foster and uphold the rule of law.** Secure land tenure and property rights are critical, especially for low-income populations who are most likely to suffer in the absence of these conditions. Governments should enforce the law equitably, protect property rights, act transparently, enhance governance, provide assurance of a fair, independent judicial system and insist upon compliance with contracts.
- **Support for small and medium-sized enterprises.** Programs aimed at developing the capacity of local suppliers through training and technical assistance are essential to enable small and medium-sized companies to develop their full potential.
- **Investment in basic infrastructure.** Governments need to provide leadership and supervise projects throughout their lifecycle. They need to ensure that existing infrastructure is maintained and that all new projects benefit all sectors of the population, including those with limited economic resources.

The WBCSD and SNV acknowledge that framework conditions vary from one country to another and that policies must be adapted to each country's priorities. However, action in these three priority areas is necessary for the creation of a sound economy. Furthermore, competent management will enable a multiplying effect to be set in motion thereby enhancing development.

*The SNV-WBCSD Alliance has provided assistance and information about economic inclusion to the Ministry of Coordination and Social Development in Ecuador. Commenting on this, Minister Nathalie Cely has noted, "SNV has contributed refreshing ideas on the subject of economic inclusion, which is a basic aim for both organizations. At the same time, it has enabled us to swiftly coordinate public and private work in this area. SNV has brought us innovative methodologies and concepts which can be jointly validated and applied to other actors."*





**“Poverty is unnecessary.  
People are able to get  
themselves out of poverty.  
All they need is opportunity.  
They are not expecting charity  
or instructions. Charity is good,  
but it is not enough.  
If you turn it into a business  
proposal, then it is very  
powerful as it can work by  
itself.”**

**Muhammad Yunus,  
Founder of Grameen Bank and Nobel Peace Laureate**









## Additional reading

“There are many positive ways for business to make a difference in the lives of the poor – not through philanthropy but through initiatives that, over time, will help build new markets.”

Kofi Annan,  
Former United Nations Secretary General

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