Many businesses are including poor people. That is good news for all.

It is good news for the poor because, with poverty still intractable and widespread, large-scale solutions are needed. Of the world’s 6.4 billion people, 2.6 billion live on less than $2 a day.\(^1\) Billions lack access to even the most basic provisions of a good life. More than a billion lack clean water,\(^2\) and 2.6 billion lack adequate sanitation.\(^3\) Too many people remain stuck in fragmented, inefficient markets that limit opportunities to use resources productively. With appropriate frameworks and support from governments, the private sector is well-positioned to provide these opportunities on the required scale.

That businesses can include the poor is also good news for business. Successful inclusive business models show that growth and innovation opportunities are emerging on both the demand and supply sides and that business can do much to capture—even create—those opportunities. By providing access to critical goods, services, jobs and incomes, businesses can help the poor become better
off; foster motivation and productivity among producers and employees; and build a base of loyal customers who move up the income ladder. Businesses that include the poor can both produce and reap the benefits of human development.

That inclusive business models can create value for business and the poor reflects the truth that the poor are not simply shut out of commerce and markets. The private sector is central to the lives of the poor because all poor people are consumers, and because most earn income in the private sector, whether by working for a business or by running one.4

The private sector is already meeting poor people’s needs in many places, including areas governments do not reach. In some poor urban and periurban areas of India and Sub-Saharan Africa, most schoolchildren use private schools; in rural India half of children do. In the poor urban and periurban areas of Lagos State, Nigeria, 75% of schoolchildren are in private schools, in the periurban district of Ga, Ghana, 64% and in the slums of Hyderabad, India, 65%. These low-budget private schools are usually run by local entrepreneurs, employing local teachers.5 Similarly, the private sector is sometimes the only option for health care in rural regions and poor urban slums. Studies consistently show that the private sector provides health care for people from a wide distribution of incomes, including poor and rural populations. In Ethiopia, Kenya, Nigeria and Uganda more than 40% of people in the lowest economic quintile receive health care from private for-profit providers.6

Most poor people work and earn income in the private sector, which generates more employment than the public sector. In Turkey, the private sector generated 1.5 million jobs from 1987 to 1992—16 times more than the public sector. In Mexico, it generated 12.5 million jobs from 1989 to 1998—87 times more than the public sector.7 Moreover, many poor people operate their own businesses. In Peru, 69% of urban households that live on less than $2 a day per person operate a nonagricultural business. In Indonesia, Pakistan and Nicaragua, that figure is around 50%. In rural areas, many poor people operate a farm. In Pakistan, 75% of rural households were self-employed in agriculture, in Peru, 69% and in Indonesia, 55%.8

There is room for much more, and much better, inclusion of poor people in markets. Their use of markets can be very limited, with little competition and low efficiency and productivity. Businesses that open the markets of the poor with innovative models can realize pioneer benefits.

Building inclusive business models requires entrepreneurship. Entrepreneurs perceive opportunity and take advantage of it. They come from all different backgrounds. Some start companies; others push for change and innovation in existing organizations. And many companies have business development processes or other special systems to capture opportunities.

The entrepreneurs in the case studies presented here include developing and developed country multinational corporations and large national companies that venture into the markets of the poor. In Ghana, Barclays Bank worked with local money collectors to reach the poor who were not in the formal financial sector. And Brazilian food giant Sadia transformed the lives of its small swine suppliers by monetizing carbon emissions from swine. All these entrepreneurs also include small and medium-sized local companies and cooperatives, such as DTC Tyczyn, a cooperative offering telecommunications services in the poorest, most remote
areas of Poland; Tiviski Dairy, Africa’s first camel dairy company in Mauritania; and Denmor, a textiles company employing 1,000 people in Guyana. They even include nonprofit organizations, such as the HealthStore Foundation, a microfranchise network of pharmacies in Kenya, and Pésinet, a child health delivery service in Mali. All these entrepreneurs pursue profit and social impact to varying degrees, but they also seek innovative solutions for financial sustainability and scale.

**Generating profits and financial self-sustainability.** Business with the poor can be profitable, sometimes even more profitable than business with the rich. The Narayana Hrudayalaya hospital group, a cardiac health care provider to the poor in India, earned a 20% profit in 2004—almost 4 percentage points more than the country’s largest private hospital—thanks to high patient volume and an innovative payment and financing scheme. Sulabh, a low-cost sanitation provider in India, posted a $5 million surplus in 2005 from its earned income strategy of building and operating public toilets and installing private toilets; its facilities were used by an estimated 10 million people in India. Smart Communications in the Philippines, a mobile phone banking company enabling overseas remittances and other services, became that country’s leading telecommunications provider with a business model based on the mission ‘to make mobile phones as affordable and accessible to as many Filipinos as possible.’ Of Smart’s revenues, 99% came from prepaid cards in 2006. In 2003, with a net income of about $288 million, Smart was the year’s most profitable of the 5,000 largest corporations in the Philippines. And microfinance institutions have already proved their high potential for above-market profitability, in some cases earning more than a 23% return on equity.

At other times, profitability is a means rather than the primary objective. Many inclusive business models, such as those formed by civil society organizations and social entrepreneurs, are designed primarily to address social problems. Yet financial self-sustainability—achieved through entrepreneurial and earned-income strategies—allows them to increase their reach and impact. Take the HealthStore Foundation, an international nongovernmental organization, which has quickly expanded by establishing a microfranchising distribution business model. Its CFW shops combine established microenterprise principles with proven franchise business practices to provide essential drugs and basic health services to communities. Through its 66 outlets across Kenya, the HealthStore Foundation serves some 400,000 patients each year.

**Driving innovation.** The motive for doing business with the poor is not always immediate profitability. Sometimes it is longer-term growth and competitiveness. That is particularly true for large firms, including foreign multinationals, for which doing business with the poor can foster innovation—a must for companies to compete and grow.
For large firms entering the unfamiliar markets of the poor—and sometimes engaging local actors—can spur innovation in two ways. First, to increase affordability and fit poor people’s preferences and needs, firms must develop new combinations of price and performance. Second, the deep and pervasive constraints that firms meet when doing business with the poor—from transportation difficulties to an inability to enforce contracts—require inventive responses. The products, services and business models that result can be successfully transferred to developed markets, attracting consumers there. For example, fingerprint-enabled automated teller machines developed for illiterate banking customers in India are being introduced in the United States, where they increase security and convenience.

Developing new markets. Pioneering work on the ‘bottom of the pyramid,’ by C.K. Prahalad and others, has shown that the poor can be a significant market for certain goods and services in many countries. The distribution of global income is heavily weighted towards low-income segments. What is often termed an income ‘pyramid’ actually looks more like an antenna with an overly broad base (figure 1.1). Within that base 4 billion people, roughly two-thirds of the world’s population, live on less than $8 a day. Although their incomes are small, many small incomes together equal a large sum: about $5 trillion, nearly the gross national income of Japan, the world’s second largest economy.

Expanding into poor markets allows firms to capture market share in a growing economy. And it allows them to build brand recognition and loyalty with a growing customer base. Engaging poor markets can also provide a ‘license to operate’ from the local community or the country at large, and...
engaging with local stakeholders can contribute to the long-term political and economic stability of the business environment.

Base-of-the-pyramid markets vary significantly across locations and sectors. *The Next 4 Billion*, a groundbreaking publication by the World Resources Institute and the International Finance Corporation, details the size of these markets across sectors (figure 1.2), regions and countries. However, all base-of-pyramid markets suffer from unmet needs for goods and services. Rich people have countless ways to spend their money, poor people very few; yet the poor are able and willing to pay for basic goods and services, often at a higher price. 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, health care and electricity supply.

Some inclusive business models serve longer-term strategic interests in generating demand and building new markets. Tsinghua Tongfang, a Chinese computer company expanding the rural computer market, is developing software and hardware solutions for 900 million Chinese farmers, offering targeted benefits such as information on weather and productive yield methods for farmers. Jun Li, vice-general manager of the computer department, explains: ‘From our market research, we believe that what farmers really need is not simply a cheap computer, but a set of solutions to problems that farmers face in their daily work and life. We really need to think how our computers can make their life easier, rather than simply trying to make them buy our computers.’

**Enlarging the labour pool.** Manufacturing companies are moving or outsourcing production to take advantage of lower labour costs in poor countries. China and other Asian countries have become the assembly lines of the world. With training, moreover, poor people can deliver high-quality products. Denmor Garment Manufacturers in Guyana employs mostly women from poor backgrounds. Thoroughly training them led the company to a niche in high-quality, highly flexible production chains. Industries such as food, fashion and tourism can also draw on the cultural skills of the poor as employees, developing products with unique value propositions for higher-income consumers—both in home markets and through export channels abroad. And for businesses targeting poor consumers it can be smart to employ poor people as sales, maintenance or collection personnel—allowing the businesses to leverage their local knowledge and connections.

**Strengthening supply chains.** Many firms now buy significant shares of their inputs of both goods and services from other firms. Incorporating the poor into business value chains as agricultural producers or as goods and services suppliers widens the scope for firms in developing countries to reduce costs and improve flexibility through local procurement. And that scope widens as local businesses upgrade to more specialized or higher-skill activities, such as component production or business services.

With most of the world’s poor working in agriculture, businesses are exploring how to reduce the cost and increase the quality, diversity and consistency of agricultural product supplies by working with

![Figure 1.2. How poor consumers spend their money](image-url)
Doing business with the poor improves their lives. Poverty is best understood not simply as a lack of income, but more fundamentally as a lack of meaningful choices. Mahubul Haq, founder of UNDP’s Human Development Report, a series issued annually since 1990, explains: ‘The basic purpose of development is to enlarge people’s choices. In principle, these choices can be infinite and can change over time. People often value achievements that do not show up at all, or not immediately, in income or growth figures: greater access to knowledge, better nutrition and health services, more secure livelihoods, security against crime and physical violence, satisfying leisure hours, political and cultural freedoms and sense of participation in community activities. The objective of development is to create an enabling environment for people to enjoy long, healthy and creative lives.’

The poor are not a homogeneous group. They live different lives in different places, with different goals and needs. The case studies show this diversity: the people living in the slums of Manila who get their water from leaking pipelines far away from their homes, the coffee growers in Colombia who must fear the volatility of world market prices, the young people in South Africa who cannot afford continued education to improve their job market positions, the people in India who have no access to sanitation and thus suffer from diarrhoea and other preventable illnesses, the women in Guyana who cannot read and write and are unable to find formal employment. All these people are poor.

Poverty is multidimensional. At its core is the lack of opportunity—or, in the words of Indian economist Amartya Sen, the inability to choose a life ‘one has reason to value’. Causing this lack of opportunity are not only a lack of money or resources, but also a lack of the ability to use resources. Bad health, lack of knowledge and skills, social discrimination, exclusion and limited access to infrastructure can hinder people from converting resources into opportunities. Improving these can bolster both access to resources and the ability to transform resources into opportunities. Indeed, the case studies show that doing business with poor people can make them better off beyond merely generating added income.

To be sure, market-based approaches cannot help all poor people escape poverty. To transact in the marketplace, people need some resources and the ability to use them. The destitute need targeted support to help themselves through the market. Bangladesh’s BRAC has long realized the difficulties in addressing the needs of the extreme poor using conventional microfinance. To give poor people the necessary security and ability to take advantage of loans, BRAC provides...
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.

**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.

**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.

**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.

**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.

**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.

**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.

**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.

**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.
the poorest with food support and skill development training for a fixed period. With an average subsidy of $135 per woman, three-quarters of programme participants became regular clients of BRAC’s microfinance programme, graduating into a situation where they can benefit from formal financial markets.27

Still, even the extremely poor can benefit from significant spillovers as market functioning improves. Take the study by Professor Robert Jensen from the University of Texas, looking at Kerala, India, where fishers can purchase mobile phones and benefit from real-time information on supply, demand and pricing. The phones improve their profits by about 8% and reduce prices by 4%, benefiting poor consumers. Even smaller-scale fishers who cannot afford the phones benefit indirectly, as Jensen explains: “Rather than simply excluding the poor or less educated, the “digital provide” appears to be shared more widely throughout society.”28

The businesses described in the case studies contribute to human development in four ways: by meeting poor people’s basic needs, by helping them become more productive, by increasing their incomes and by empowering them.

Meeting basic needs. Some of the case studies here address basic needs, such as food, health care, water, sanitation and housing. In the Philippines, RiteMed, the newly formed generics division of pharmaceutical provider Unilab, reached more than 20 million low-income clients in 2006 with 35 generic drugs, selling them at prices 20%–75% lower than those of name brands. Construmex, a housing and finance provider, has helped more than 14,000 Mexican immigrants to the United States improve, build or buy houses for themselves or their families in Mexico, where an estimated 25 million people have inadequate shelter. And in Mali, rural energy companies set up by Électricité de France and its partners provide electricity to rural areas with diesel generators and solar home systems—eliminating kerosene lamps, improving indoor air and reducing respiratory disease.

Increasing productivity. Inclusive business models can increase the productivity of the poor through sales of production equipment, financial services and information and communications technology. Capacity building among employees, producers and small business owners also boosts their productivity. And improvements in the business environment, such as a better regulations and infrastructure, lift all boats. In Mexico, Amanco sells small-scale lemon farmers water-efficient drip irrigation systems that offer higher absorption and allow continuous production for 8–10 months a year. The company aims to raise farmers’ annual yields from 9 tons per hectare to 25. Through social entrepreneurs and farmer cooperatives, Amanco also builds capacity through training and facilitating access to financing.
Increasing incomes. Doing business with poor people can allow them to increase their income—both through higher productivity and through new economic opportunities as employees, suppliers, distributors and the like. With Amanco, these productivity increases are expected to nearly triple farmer incomes. In China, Huatai provides alternative sources of income for local tree farmers and significantly increases the incomes of about 6,000 rural households.

Poor people's higher incomes can set off economic multipliers within the local community, indirectly increasing the incomes of many others. In Poland, apart from the jobs and information and communications technology services provided directly by DTC Tyczyn, the community benefited indirectly from economic spinoffs that established new businesses and boosted land values five-fold.

Contributing to human development implies that the poor and, for that matter, society at large are not harmed by a business model. Unfortunately, some business models deplete a community's natural resources while meeting the needs of immediate beneficiaries. But business with the poor need not come at the environment's expense. The case studies, as well as the work of the United Nations Environment Programme and others in sustainable consumption and production, show how business models can promote environmental sustainability and human development simultaneously.29

- In Mali, the solar home systems used by the rural energy services companies (set up by Electricité de France and its partners) emit 95% less carbon dioxide emissions than traditional energy sources do, while their diesel generators emit about 85% less.
- In Trinidad and Tobago, Mt. Plaisir Estate Hotel is transforming a poor, rural village into a vibrant self-sustaining community while protecting the environment and natural biodiversity (including the endangered leatherback turtle, a main local attraction). The hotel collects biodegradable kitchen waste for use on the hotel's farm, which yields fruits, vegetables and livestock for the resort.
- In Brazil, where food giant Sadia has provided biodigesters to its swine producers, pork breeding waste is transformed into a resource—producing biofertilizers and food for fish, providing a renewable source of energy and creating additional revenue for farmers from the sale of carbon credits. Environmental sustainability and poverty alleviation can go hand-in-hand.
- Cocotech, the Filipino company, transforms coconut husk waste into cocofibre nets that prevent soil erosion. Cocotech's suppliers (coconut farmers), processors, twiners and weavers (women in villages) and decorticator operators (men in villages) are overwhelmingly from the rural poor. Cocotech grew from its start-up in 1993 to a medium-sized enterprise with revenues greater than $300,000 in 2006.

Empowering the poor. Doing business with poor people empowers them demonstrably, both as individuals and as communities. By raising awareness, by providing basic education, by including groups that have been discriminated against and by conferring new hope and pride, inclusive business models can give people the confidence and strength to escape poverty using their own means. In Kenya, the loans provided by K-REP Bank, a commercial microfinance provider, are not only sources of investment or working capital, but also of self-confidence and independence.

Some inclusive business models contribute to human development in all four ways. Amanz’abantu, a water and sanitation provider, is meeting basic needs in South Africa by providing clean water and sanitation to the rural poor. Becoming healthier helps the poor become more productive. Because women no longer spend hours fetching water from the river and can instead spend their time in productive activities, they are more able to increase their income. Amanz’abantu further contributes to empowerment through its ownership structure, with historically disadvantaged companies holding a significant portion of its shares.
Consumer needs and business opportunities can be identified both nationally and locally. Access to credit in Guatemala tends to be highest in the southwest, nearest the Pacific coast and the country's political and economic centre, including Guatemala City [1]. Banks play a fairly minor role in providing credit to Guatemalans, whatever their income [2]. Most borrowers in all income groups obtain credit through informal sources such as friends, relatives and neighbours.

Box 1.2. Access to credit in Guatemala

[1] Market heat map: Households living on more than $2 a day
Share of households with access to credit, by region, 2000 (%)

[2] Sources of credit: Households living on more than $2 a day
Share of households, 2000 (%)

[3] Market heat map: Households living on less than $2 a day
Share of households with access to credit, by region, 2000 (%)

[4] Sources of credit: Households living on less than $2 a day
Share of households, 2000 (%)
Two well-known examples of ‘cracking the code’ to do business with the poor are microfinance and mobile telephony. Both show how inclusive business models can set off a virtuous circle, improving people’s lives and incomes and benefiting from the growth that results. Both sectors, moreover, can still expand greatly by reaching out more broadly within countries and more deeply into low-income populations.
More borrowers waiting for microcredit. Microcredit was probably the first model to show that business with the poor can be profitable on a global scale. Not long ago, commercial banks considered lending to the poor unthinkable. Muhammad Yunus, the founder of Grameen Bank, recalls his first negotiations with banks in the early 1970s, ‘First thing I did was to try to connect the poor people with the bank located in the campus. It did not work. The bank said that the poor are not creditworthy.’30 What began with Grameen Bank and others as a socially minded nonprofit business has grown into an attractive commercial business. Grameen Bank now has 2,499 branches and serves 7.45 million borrowers in more than 80,000 villages (more than 97% of all villages in Bangladesh).31

Providing microfinance services to the poor is increasingly seen as an opportunity for growth and profitability. In Latin America in 2004, the financial returns of microfinance were substantially higher than for conventional banking; microfinance’s return on equity was 31.2%, that of conventional banking 16.5%.32 And the poor benefit: one in five borrowers from Grameen Bank moved out of poverty within about four years.33

Despite this progress, most poor people still lack access to credit. The growth of the microcredit industry was anything but slow—from 1997 to 2003 the total number of clients grew almost 500%—but even the industry’s new target for 2015, 175 million households,35 is only a small fraction of the population of developing countries.36

Mobile telephony can reach further. Mobile phone service is expanding with breathtaking speed in developing countries (figure 1.3), where the industry is adding subscribers at twice the rate seen in developed countries.37 Africa’s market increased most rapidly over 2001–06, averaging about 50% annual growth. The continent had 198 million subscribers by 2006,38 by 2010 that number is expected to climb to 250 million.39

Despite the recent massive growth in mobile phone penetration, subscriber rates in Africa remain low. In 2006 there were 21.6 subscribers per 100 people, far fewer than the 41 per 100 people globally (box 1.3). In Eritrea and Ethiopia fewer than 10 people per 1,000 subscribed to mobile phone service in 2005.30

Figure 1.3. Mobile phone subscribers per 100 inhabitants, 2006

<table>
<thead>
<tr>
<th>Continent</th>
<th>Subscribers per 100 Inhabitants</th>
</tr>
</thead>
<tbody>
<tr>
<td>Africa</td>
<td>20</td>
</tr>
<tr>
<td>Asia</td>
<td>40</td>
</tr>
<tr>
<td>World</td>
<td>60</td>
</tr>
<tr>
<td>Americas</td>
<td>80</td>
</tr>
<tr>
<td>Oceania</td>
<td>90</td>
</tr>
<tr>
<td>Europe</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: ITU 2006
Again, looking closely at the country level can reveal business opportunities. Even though South Africa has a fairly advanced mobile phone sector, large portions of the country’s poor population lack access (see [1] and [3]). In urban areas, 43% of households living on less than $2 a day have access to a mobile phone, but in rural areas, only 31% do. Households living on more than $2 a day are only slightly better off: in urban areas 56% have phone access, in rural areas 38%. And access varies widely across regions. Cell phone penetration is generally strongest in the west and weakest in the central part of the country. Free State has the greatest disparities: at least 40% of people earning more than $2 have mobile phone access, but fewer than 20% of those earning less than $2 a day do. Studying why access varies so much among regions and among income groups could yield new opportunities to close access gaps.

Box 1.3. The booming market for mobile telephony in South Africa

Source: Based on FinScope 2006. Estimates for mobile phone access are taken from the survey category ‘personally make use of...prepaid cell phone’. In South Africa as in many African countries, prepaid is often the only or most-used option. Maps produced by OCHA ReliefWeb.
1. World Bank 2007d. 6.4 billion people is the figure for 2005, 2.6 billion the figure for 2004, and less than $2 a day is in 1993 purchasing power parity dollars.
3. World Bank’s World Development Indicators database.
4. See, for example, Banerjee and Duflo 2007.
9. Profit in this example is noted as earnings before interest, depreciation and taxes.
10. See Ganchero, Elvie Grace. 2007. Smart Communications: Lowcost Money Transfers for Overseas Filipino Workers. UNDP
17. The distribution of wealth and the capacity to generate incomes in the world can be captured in the form of an economic pyramid. At the top of the pyramid are the wealthy, with numerous opportunities for generating high levels of income, and at the bottom people living on less than $2 a day (Prahalad 2004).
21. Much work has been done—and is being done—on direct employment by businesses in developing countries. The literature covers public sector strategies for incentivising investment and job creation, short- and long-term approaches to building the labour force’s capacity to fill those jobs, the need for mechanisms to help workers move up the ladder into more skilled, better-paid jobs and the debate over fair wages and labour standards. While this report does not attempt an exhaustive treatment of this broad area, several of the case studies address these issues.
29. UNEP 2001. See also initiatives such as SEED (www.seedinit.org) or AREED (www.areed.org).
34. Australian Bureau of Statistics n.d.
35. Associated Press 2006. See also The Microcredit Summit Campaign Phase II Goals (www.microcreditsummit.org).
36. The sector is severely constrained by a lack of capital. As some microcredit organizations evolve from nonprofit organizations into commercial banks, their access to capital markets and complex financing instruments grows. Commercial investors in search of market-equivalent returns may initially adversely affect financial inclusiveness through high interest rates, but the increased investment capital allows an expansion of essential infrastructure and increases access. Additionally, the prospects of competition in these markets may also drive interest rates down for the poor eventually.
37. Ivatury and Pickens 2006.
38. ITU statistics n.d.