

Inclusive markets: creating value for all

By DAVID WHEELER

AS THE WORLD becomes more inter-dependent financially, socially and environmentally, finding a way to reduce global poverty and spur economic growth becomes vital to global sustainability. Through our research over the past two years, we have seen first-hand the transformative power of "inclusive markets" – markets as diverse as a local camel dairy in Mauritania and a major construction company in Mexico.

Over one billion people do not have access to safe drinking water. Some 1.6 billion lack access to electricity, and 5.4 billion have no access to the Internet. The poor may have only limited access to most formal markets, but what they do have are resilience, ideas and energy. They have a largely untapped potential as primary producers, employed workers, innovators, traders and entrepreneurs – and consumers. Inclusive business models engage the poor on the demand side as clients and customers, and on the supply side as producers, employees and business owners.

Last month, more than 200 academics and business practitioners from Africa, Asia, Eastern Europe and Latin America – as well as North America and Europe – came together at the Growing Inclusive Markets Forum at Dalhousie University. Participants from more than 40 countries gathered to share research and offer practical suggestions in support of enterprise that advances human development as well as economic goals. It was the first time such a large group of developing country academics had gathered to discuss the potentially symbiotic relationship between the private sector and the poor.

Halifax was an ideal location to host such an event. Not only is Canada a leading donor and a major source of private investment in developing countries, but Canadian academics and political figures have a keen understanding of the important role entrepreneurship plays in development. In 2004, at the request of then-UN secretary general Kofi Annan, a commission headed by former Canadian prime minister Paul Martin and former Mexican president Ernesto Zedillo produced a groundbreaking report, *Unleashing Entrepreneurship*. That report provided compelling arguments in favour of more private sector involvement in alleviating poverty, many of which were echoed by Mr. Martin in his keynote address to the Halifax conference. But that was only the beginning.

As Peter MacKay, minister of national defence and a keynote speaker at the conference, pointed out, Canada has helped unleash the conditions for pro-poor private enterprise in many countries, not least Afghanistan with over \$1.9 billion US spent and pledged for reconstruction. By developing inclusive markets through local and international entrepreneurs – even in zones of conflict – the evidence suggests that enterprise-led economic growth will provide a more secure future where men and women have decent

work and children can obtain a good education.

This month, the United Nations Development Program (UNDP) launches its follow-up report, *Creating Value for All: Strategies for Doing Business with the Poor*, which showcases myriad examples of inclusive businesses from around the world. The report features practical tools to identify market needs and 50 commissioned case studies by authors predominantly from the developing world, many of whom presented their work at the Halifax conference. Based on these cases, the report identifies five key constraints to doing business with the poor, such as limited market information and ineffective regulatory environments, and five effective strategies for overcoming these constraints, such as building on the strengths of the poor to increase the labour pool and expand local knowledge.

Yet private sector organizations alone – small or large – cannot meet the needs of, or overcome all the obstacles to doing business with, the poor. Businesses, governments, communities, non-governmental organizations, donors and international organizations must all be engaged.

UN Secretary General Ban Ki-moon recently issued a call to action on the Millennium Development Goals, urging an international effort to accelerate progress and to make 2008 a turning point in the fight against poverty. On Sept. 25, the secretary general will reaffirm this call at the UN General Assembly. By then, we expect over 50 countries will have launched the GIM Initiative.

It is shocking to note that more than 50 countries were poorer in 2000 than they were in 1990. We hope that by the end of this decade, that trend will have reversed in part by creating new opportunities for the poor through private enterprise.

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