

 **The Jakarta Post**

Published on The Jakarta Post (<http://www.thejakartapost.com>)

Private sector urged to engage poor

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The private sector should include the poor in its business strategies so the pursuits of wealth and human development can gain mutual advantages, a meeting concluded here Monday.

"In Indonesia, there are huge numbers of people who live on less than US\$2 a day, and that is a big market and capacity that can be tapped for the benefit of the poor, the private sector and the whole society," Coordinating Minister for People's Welfare Aburizal Bakrie said at the launch of the United Nations Development Program's (UNDP) report, "Creating Value for All: Strategies for Doing Business with the Poor".

The report cites 50 companies worldwide, including two from Indonesia, considered to have contributed to human development and to the achievement of Millennium Development Goals (MDG).

"There are two examples from Indonesia in the report. It shows the private sector in Indonesia has a high awareness in helping human development and supporting the achievement of MDGs," Bakrie said.

El-Mostafa Benlamlih, the UN's resident coordinator in Indonesia, said the groundbreaking report offered the private sector suggestions and models that showed how businesspeople could find financial gain while furthering human development by including the poor in their business strategies.

"The report is a UNDP-led platform to facilitate the engagement of all actors for more inclusive business models so the pursuits of wealth creation and human progress can work for mutual advantage," he said.

The underlying message of the report focused on the poor as a largely untapped potential for consumption, production, innovation and entrepreneurial activity, Benlamlih added.

He said currently there were nearly three billion people living on less than \$2 a day worldwide, including around 100 million in Indonesia.

"The report confirms the important role the private sector can play in achieving the MDGs," he said.

Y.W. Junardy, president of the United Nations Global Compact Network Indonesia, said there were many companies in the country involving the poor in their corporate social responsibility (CSR) programs.

"But it needs more than just philanthropic or charitable activities to be able to eliminate poverty," he said.

He added running businesses with the poor could actually benefit companies and at the same time help the government increase the living standards of low-income residents.

He cited the example of Rajawali Express Taxi, a company included in the report.

"The company has a taxicab ownership scheme where drivers can buy their taxis and use the company's reputation and assets to back the loans," he said.

He said such a scheme allowed the company to gain profits from drivers who treated their vehicles responsibly and brought in more stable cash flows.

The community also profited from drivers who drove their cars more safely, Junardy added.

The second company in Indonesia mentioned in the report was French cement company Lafarge, operating in Aceh province.

The firm was singled out for successfully restructuring its operations as well as helping rebuild the community, following the devastating 2004 tsunami.

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