

Inclusive business featured at B4E Global Summit 2012 in Berlin

Last week's Business for the Environment (B4E) Global Summit in Berlin (22-23 May) gathered some 250 senior leaders from business as well as experts from NGOs, universities and industry associations under the theme of "Collaborate, Innovate, Act – Delivering the Green Economy". The overall focus of the sessions (see agenda) lay on defining the role of business as innovator and implementer of solutions for a sustainable world, and discussing how policies can help to accelerate sustainable development.

On behalf of the World Business Council for Sustainable Development (WBCSD), one of the partners of the B4E Summit, Filippo Veglio, had the pleasure of moderating (see the introductory slides [here](#)) a 3-hour seminar focused on Inclusive Business for Development. The session included roundtable discussions aimed at synthesizing recommendations for framework conditions that support the development and scaling up of inclusive business ventures. Find below a summary of the session, including links to relevant pieces of information presented during the seminar.

Highlights of the panelists' presentations

- Thomas Nagy, Executive Vice President & Chief of Staff at Novozymes, world leader in bioinnovation, shared the story of how the company and environmental venture group CleanStar Ventures have jointly established an integrated food-energy business in Mozambique that will replace thousands of charcoal-burning cookstoves with cleaner ethanol stoves. In addition to safeguarding lives from dangerous charcoal smoke, the business is intended to increase farmers' incomes, save thousands of acres of forest every year, and dramatically reduce greenhouse gas emissions. Interested readers are welcome to read this comprehensive WBCSD case study detailing the business model of CleanStar Mozambique.
- Robin Bidwell, Senior Adviser at ERM, a leading global provider of environmental, health, safety, risk, and social consulting services, spoke about ERM's Low-Carbon Enterprise Fund. The latter provides capacity development and investment support to low-carbon entrepreneurs in the developing world. The fund supports clean energy businesses such as solar and biomass as these distributed small-scale energy sources are important for catalyzing rural development as well as reducing carbon emissions and minimizing health risks from cooking smoke, for example. For more information, I refer you to the WBCSD case study describing ERM's work in this domain.
- Andreas Bluethner, Global Coordinator, Food Fortification, at BASF, the world's leading chemical company and one of the main vitamin producers, with a competence focus on vitamin A. He presented BASF's work to address micronutrient malnutrition, which, according to the Copenhagen Consensus Center, is the most cost effective investment into human development. BASF most notably works in alliance with the Deutsche Gesellschaft für internationale Zusammenarbeit (GIZ) GmbH to combat vitamin A deficiency. BASF and GIZ, which is responsible for implementing the partnership on behalf of the Federal Ministry for Economic Cooperation and Development (BMZ), recently announced that they had achieved their target of enabling 100 million malnourished people in developing countries to use cooking oil fortified with vitamin A. BASF experts help producers in developing countries to fortify cooking oil or other local staples with vital nutrients. In parallel,

GIZ supports governments in introducing fortification standards and laws and in establishing quality control systems.

- Susanne Dorasil, Head of Division, Economic Policy; Financial Sector at BMZ, shared information on the German International Cooperation's work toward promoting inclusive business models. The 5 pillars of work are: strengthening framework conditions; fostering dialogue; funding development; empowering stakeholders; and setting the international agenda. Ms. Dorasil also highlighted an upcoming study providing policy recommendations to the G20 in terms of priority areas for strengthening the enabling environment. She also spoke about the G20 Challenge on Inclusive Business Innovation, an online competition whose winners will be announced at the upcoming G20 Summit in Mexico. You can access Ms. Dorasil's presentation in Berlin [here](#).
- Stefan Crets, Executive Director of CSR Europe, a network regrouping some 71 member companies and 33 national partner organizations, spoke about CSR Europe's collaborative project on inclusive business, which was kicked off in 2012. This collaborative project, co-led by GDF Suez and IMS Entreprendre pour la Cité, follows 3 main objectives: serving as a platform for European knowledge exchange and networking between business and stakeholders involved in inclusive business models across sectors; strengthening the dialogue at EU level between public (development) policy and the role that business can play; accelerating progress towards more inclusive business models and better knowledge about the "base of the pyramid".

Highlights of the roundtable discussions

The starting point for the discussions in the second part of the Berlin session was that despite promising approaches and scaled up activities, business cannot go it alone: support of governments and sound framework conditions are required to further develop and scale these type of ventures.

The term "framework conditions" refers to the set of institutional factors (legal system, governance, corruption), physical conditions (infrastructure, health services, communications, supply chain, skilled labor), and governmental policies (taxation, regulations, etc.) that define the environment in which business operates or the investment climate of a given country.

The discussions, facilitated by Aline Kraemer, Managing Director, endeva; Huw Maggs, Senior Manager, SustainAbility; and Mizue Unno, Founder & Managing Director of So-Tech Consulting Inc., resulted in the following policy recommendations:

At the level of the general **environment for doing business**, entrepreneurs face multiple roadblocks in developing countries. Often business infrastructures are deficient and bureaucratic structures are complex, significantly increasing the time and cost of doing business. Roundtable recommendations included:

- Simplifying and streamlining regulatory processes (incl. by moving them online) can eliminate opportunities for corruption and foster an environment conducive for business.
- Better leveraging of entities (organizations or individuals) with local knowledge, which can guide and inform businesses.
- Building the capacity of local businesses and government agencies through a coordinated approach between public and private sectors for education and vocational training.

Local market data is oftentimes either difficult to access or unavailable. Roundtable recommendations included:

- Working with academia to fill the research gap.
- Developing databases at the international level that can ultimately become “one-stop shops” providing immediate information about local markets, incl. about the local culture of doing business.
- Leveraging NGOs as sources of local knowledge and market facilitators.

Although access to venture capital and commercial funding has expanded in the developing world in the past decade, **funding challenges for start-up companies** remain, with hurdles for clearing the due diligence process being regularly heightened.

Roundtable recommendations included:

- Enabling collaboration of upstream and downstream actors to remove obstacles for seed or angel investment funding for inclusive business opportunities.
- Partnering of large institutions with investors to provide more funding and share risks.

New business ventures can face powerful asymmetries created by **harmful domestic subsidies and import duties**, which may also encourage obsolete rather than innovative practices. Roundtable recommendations included:

- Reforming VAT on beneficial products or services would level the playing field, incl. where informal markets prevail.
- Providing incentives through price signals.
- Ensuring that the efforts of businesses and NGOs are not at cross-purposes, for instance in terms of creating demand for a given product or service.

Looking ahead to Rio+20

The topic of poverty eradication through green and inclusive growth is prominently on the agenda for the Rio+20 conference in June 2012, and will be discussed in a number of panel sessions, roundtables, and workshops – including on the Business Day on June 19, organized by Business Action for Sustainable Development 2012, a coalition of leading international business groups committed to sustainable development with the overall objective to enhance the conference contribution to sustainable and inclusive markets.

For more information, please follow the link: <http://www.inclusive-business.org/2012/05/b4e-berlin.html>

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