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Inclusive Business Ecosystem Initiative (IBEI)

What is IBEI?

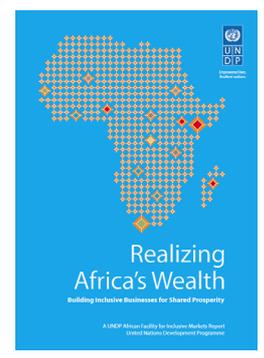
The Inclusive Business Ecosystem Initiative (IBEI) is a 5-step collective action approach to strengthen inclusive business ecosystems in emerging markets. IBEI provides tools to identify factors preventing inclusive businesses - businesses that benefit low-income communities by integrating them into their value chains - from growing and reaching scale as well as processes to convene cross-sector actors (e.g. government, impact investors, banks and civil society actors) to effectively drive the development of inclusive businesses, as a contribution to the achievement of the Sustainable Development Goals (SDGs). IBEIs have been implemented by the United Nations Development Programme (UNDP) in Lesotho, Senegal and Uganda as part of its agenda of leaving no one behind.

The IBEI approach is a systemic and integrated approach that combines policy, programming and partnership levels. It builds on UNDP's strong track record and expertise in ecosystem building, multi-stakeholder collaboration and inclusive business over the last decades as well as on insights from the collective impact community. The concept of collective impact is based on the idea that social problems are a result of multiple and complex actions

and can be solved by coordinated efforts (*The Ecosystem of Shared Value, Harvard Business Review, 2016*). Collective impact has emerged as a powerful and innovative approach to solving problems and is a paradigm shift for how to create social change. Complex social problems are affected by large and interdependent systems that no single organisation can change alone. As such, the UNDP Regional Service Centre for Africa (RSCA) has supported the establishment of Inclusive Business Ecosystems in three Sub-Saharan African countries and provided catalytic funding to 21 inclusive businesses through Innovation Challenge Awards.

UNDP's primary role in an IBEI is to initiate, convene and connect stakeholders as well as to catalyse action. IBEI is not a traditional donor programme where UNDP leads and funds large parts of the initiative. In contrast, most of the funding for an IBEI comes from the private sector and national governments. Local ownership of the initiative is a condition for its success.

UNDP's flagship report "Realizing Africa's Wealth" introduced the concept of Inclusive Business Ecosystems.



Why is IBEI Relevant to Achieve the SDGs?

In many emerging markets inclusive businesses struggle to scale because they lack critical support functions in their business ecosystem. To be successful, all businesses require access to at least four support pillars: information, financial investment, conducive rules and policy incentives and implementation support - or the "4 Is". Inclusive businesses operate in low-income or remote rural areas in emerging markets, where these support functions are often not readily available, making it especially difficult to successfully run a business. Their business ecosystem is weak because the actors that would be responsible to provide these support functions are missing or lack the required capacity and resources.

IBEI is relevant because it builds the local support ecosystem and enables inclusive businesses to grow and scale impact towards innovations, transformative partnerships and the reduction of SDG investment and intervention risks. It brings capacities and resources together to solve a common problem for a common goal. IBEI provides a systemic approach that addresses root causes and not just symptoms. If implemented successfully, IBEI can transform sectors and make them more socially inclusive and environmentally sustainable. This will help UNDP in its mission to achieve broad-based and disaster-resilient inclusive economic growth and reach impact at scale.

IBEI Methodology

UNDP developed a set of guidelines, frameworks and tools to effectively implement IBEIs through its Country Offices. IBEI is structured along five consecutive steps or phases, as pictured below. The intervention starts by assessing the scope and feasibility of the initiative. This is done through a mapping of critical gaps in the Inclusive Business Ecosystem and the stakeholders that are relevant to address those gaps. UNDP developed an ecosystem mapping methodology for that purpose that builds on the "4 Is" mentioned above. The second IBEI phase is about engaging relevant ecosystem stakeholders in dialogue to specify the support needs, build



local ownership and identify champions for the initiative. In the third phase, stakeholders get organized around a platform to align strategies and cultivate a shared vision for change. The design and agreement on a collaborative action plan in the next phase defines the way forward and keeps the initiative results-oriented. In the last phase of an IBEI, stakeholders implement the activities, report on progress and continuously improve collaboration.

The timeframe to implement an IBEI can vary significantly. UNDP's initial experience in supporting IBEIs in low-income and emerging economies in Africa suggest that it takes 6-12 months to design and set up an IBEI and at least 3 years to achieve sectoral transformation through focused and dedicated participation of the platform stakeholders.

A backbone organization is critical for collective impact initiatives. The backbone organization is an entity that coordinates the action, keeps all parties together and structures the platform activities that are paramount for successful implementation. The backbone organization requires a dedicated staff to facilitate the initiative.

UNDP can contribute to the implementation of an IBEI by providing technical support services and facilitating dialogue among key stakeholders for concerted, mutually reinforcing and measurable action. UNDP can also provide **catalytic funding** through Innovation Challenge Awards for innovative inclusive businesses that show potential to scale and improve collaboration.

IBEI Implementation Countries

Since 2016, UNDP has implemented three IBEIs in Sub-Saharan Africa: **Lesotho, Senegal and Uganda**. Each initiative has created an institutional structure called an IBEI Platform that helps stakeholders meet on a regular basis to align strategies and coordinate activities. Independent IBEI

Platform Facilitators structure the process of the initiative, organize meetings and document results. In addition to technical support, through catalytic funding UNDP provided a maximum of 40,000 USD to 21 inclusive businesses across the three IBEIs.



Lesotho

The IBEI on mobile money in Lesotho (<http://www.lsimm.org.ls>) aims at transforming Lesotho into the first African nation with a fully digital payment system where mobile money is a key tool for financial inclusion of low-income populations. The **Lesotho Scaling Inclusion through Mobile Money (SIMM) Platform** was launched in May 2017 with 16 key stakeholders. As a result, a mobile financial services action plan was created with four key work streams: product development and mobile money applications; policy, legal frameworks and incentives; financial education; and capacity development of agents and merchants.

- Increased awareness, adoption and usage of mobile money as a secure means of financial transactions through a **nation-wide advocacy campaign** via video and television channels.
- A hackathon generated **new mobile based payment solutions** focusing on reducing costs, improving verification of transactions and extending access to low-income populations that are semi-literate, aged and visually impaired.
- The findings of a mobile money cost-benefit study **improved efficiency of government revenue collection**.



Senegal

The IBEI in Senegal (<http://www.i2eies.org>) aims at improving access to solar energy services for low-income populations through the creation of a supportive ecosystem for inclusive businesses in the solar energy sector. The **Senegal Initiative Écosystème des Entreprises Inclusives de l'Énergie Solaire (IEEIES)** launched in June 2016 with over 20 members. The ecosystem initiative is geared towards improving access and distribution of solar products; developing financing mechanisms; reviewing tax laws; improving public knowledge; establishing norms and quality standards; and training to develop capacity and skills.

- A sensitization event led to a **new feed-in tariff** for households and individuals that generate excess electricity into the public electricity grid.
- The platform members validated **quality standards for off-grid solar products** that were adopted by the Government of Senegal.
- **25 new standards** were introduced for solar products and equipment with the goal of improving the quality in the solar energy sector.
- **Youth entrepreneurs** improved their knowledge of energy audits, identification and selection of solar products through training.



Uganda

The IBEI in Uganda aims at transforming the tourism sector by increasing competitiveness, catalysing inclusive growth and realizing benefits for all. The **Uganda Tourism Ecosystem Platform (UTEP)** was officially launched in April 2017 with 14 key stakeholders and started operations in February 2018. The UTEP stakeholders organized themselves to collectively address tourism ecosystem gaps related to four intervention areas that were highlighted as critical to the sectors' development: policy and incentives; product development; marketing and promotion; and capacity building and market linkages.

- The platform members assessed the policy and the regulatory framework and informed the revision of the **2008 Uganda Tourism Act** as the lead framework for tourism development in the country to improve opportunities for inclusive businesses.
- **10 new high demand inclusive tourism products** were identified in key Tourism Development Areas outlined by Uganda's Tourism Development Master Plan.
- Increased visibility of Ugandan tourism by **creating and promoting www.visituganda.com** through a nationwide marketing campaign.



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Learnings from the Implementation Countries

The application of the IBEL methodology in the three IBEL countries resulted in the following key lessons learnt:

- **Adherence to the timeline** is evidently critical for effective implementation of platform activities and to ensure long-term stakeholder support and engagement.
- A **facilitator** with coordinating, technical knowledge of the sector and communication skills leads to effective and efficient implementation of the activities agreed upon in the collaborative action plans.
- To ensure sustainability of an IBEL platform, the backbone organization requires **time and capacity** to coordinate activities and to structure the process that leads to effective decision making.
- The involvement of **impact investors and mobilization of providers of private and concessional finance** looking for deal pipeline and investment support makes IBEL most valuable and leads to increased demand.
- From its beginning, **integration of IBEL into core UNDP country programming** secures strong support.

Pursuing an IBEL is not without its challenges but the field successes in the three countries have proven the suitability of

the methodology as an **innovative approach to harness the power of inclusive businesses**. IBEL can now be replicated and scaled up across Africa and beyond.

Key Success Factors

- Engaging stakeholders starting from the design phase
- Creating specific, measurable, attainable, realistic and timely (SMART) collaborative action plans
- Clear commitment from all participating stakeholders
- Clear resources mobilization strategies and a sustainability plan for the IBEL Platform
- Strong and knowledgeable Platform Facilitator
- Identification of strong and committed backbone support organization

“The challenges the world is facing are too big to be solved by some players only. The value of IBEL for Bonergie is the promotion of collaboration over competition.”

Gabriele Schwarz, Founder & Managing Director, Bonergie
Social business providing solar energy solutions to low-income populations in Senegal

Contact Details & More Information

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