Inclusive Business for Private Sector Development
Setting up a policy development programme to enable inclusive business
How to use the Guide

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THIS GUIDE CONSISTS OF TWO PARTS.

Part 1 supports you in scoping inclusive business opportunities in development projects.

Part 2 will explore in more detail, how to integrate an inclusive business approach at policy level.
Acknowledgements

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› Markus Dietrich, Director for Policy, iBAN

› Armin Bauer, Development Economist, Former Coordinator of ADB’s Inclusive Business Initiative

› Christina Tewes-Gradl, Director Endeva

In particular we would like to thank the Inclusive Business Action Network (iBAN), which has developed, piloted and refined the approaches and concepts on which this guide builds.
# Table of Contents

<table>
<thead>
<tr>
<th>Chapter</th>
<th>Title</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Executive Summary</td>
<td>5</td>
</tr>
<tr>
<td></td>
<td>Introduction</td>
<td>9</td>
</tr>
<tr>
<td></td>
<td><strong>Chapter 1</strong> The 11 elements of a conducive inclusive business policy environment</td>
<td>15</td>
</tr>
<tr>
<td></td>
<td><strong>Chapter 2</strong> Prepare for the journey</td>
<td>26</td>
</tr>
<tr>
<td></td>
<td><strong>Chapter 3</strong> Engage inclusive businesses</td>
<td>31</td>
</tr>
<tr>
<td></td>
<td>3.1 Identify companies</td>
<td>33</td>
</tr>
<tr>
<td></td>
<td>3.2 Interview companies</td>
<td>35</td>
</tr>
<tr>
<td></td>
<td>3.3 Rate inclusiveness</td>
<td>37</td>
</tr>
<tr>
<td></td>
<td>3.4 Assess and document</td>
<td>39</td>
</tr>
<tr>
<td></td>
<td><strong>Chapter 4</strong> Engage ecosystem stakeholders</td>
<td>40</td>
</tr>
<tr>
<td></td>
<td>4.1 Identify policy opportunities</td>
<td>42</td>
</tr>
<tr>
<td></td>
<td>4.2 Engage key stakeholders</td>
<td>43</td>
</tr>
<tr>
<td></td>
<td>4.3 Motivate potential champions</td>
<td>47</td>
</tr>
<tr>
<td></td>
<td><strong>Chapter 5</strong> Co-create policy</td>
<td>49</td>
</tr>
<tr>
<td></td>
<td>5.1 Continue the dialogue</td>
<td>50</td>
</tr>
<tr>
<td></td>
<td>5.2 Draft and share strategic recommendations</td>
<td>51</td>
</tr>
<tr>
<td></td>
<td>5.3 Launch landscape report</td>
<td>53</td>
</tr>
<tr>
<td></td>
<td><strong>Chapter 6</strong> Success Factors</td>
<td>54</td>
</tr>
<tr>
<td></td>
<td>Listings</td>
<td>57</td>
</tr>
<tr>
<td></td>
<td>Annex</td>
<td>60</td>
</tr>
</tbody>
</table>
Executive summary

While inclusive business as a concept has existed for almost two decades now, and inclusive businesses have shown that they can transform lives at the Base of the Pyramid and be profitable, it is still not a widely adopted business approach. With its triple-win benefits for low-income people, the government, and companies themselves, it is an approach that has the potential for widespread adoption. However, this adoption can only take place in a conducive enabling environment that helps inclusive businesses to emerge, grow, and scale. Developing a policy programme that helps set up a better enabling environment for inclusive business could be the most transformative way for private sector development (PSD) programmes enhance the impact in the countries where they operate.

This guide is for development professionals working in and designing private sector development programmes with an interest in starting an inclusive business policy development programme to help strengthen the enabling environment for inclusive business. The guide draws on the experience of development professionals and inclusive business experts who have designed and run similar Inclusive Business enabling environment (IBee) programmes. While no IBee programme is the same and the process differs based on the local country context, this guide aims to detail the broad guidelines for setting up and running such a programme. It focuses on the first phase of the programme which involves an in-depth landscaping study and stakeholder engagement process that lays the groundwork for the second phase of the programme which translates the work from the first phase into implementation and action. Links to useful tools and documents are provided throughout the guide to help readers through the process.

From the outset, it is critical to understanding what a conducive enabling environment for inclusive business looks like. A set of key elements have been identified based on IBee programmes conducted in the ASEAN region. This includes elements at three levels:

1. Embedding inclusive business in policy through instruments such as a comprehensive inclusive business strategy and action plan and linking inclusive business to existing development agenda in the country.
2. Targeted promotion of inclusive business that includes specific instruments such as inclusive business coaching and inclusive business accreditation.

3. Awareness and evaluation to further promote inclusive business through awareness raising activities through monitoring, reporting, and evaluating the impact of the programme and businesses.

Each IBee programme is unlikely to incorporate all elements and it will only become clear what is possible once the landscaping process is underway, but these elements provide a strategic framework with which to begin the process.

The actual landscaping process is laid out in detail in the rest of the guide. It involves four key elements, but it is not a linear pathway, it is more of journey.

**FIGURE 1: Phase one of the IBee journey**

(Endeva)
› **Prepare for the journey:** This involves putting together a team of consultants that are prepared for, and committed to, a challenging and complex process. This team will need to be well versed on inclusive business as well as the local socio-economic environment. An important preparatory step involves determining what ‘Base of the Pyramid’ means in the local context.

› **Engage business with inclusive business potential:** One strand of the journey involves identifying, speaking with, and then assessing businesses which are already inclusive or have the potential to be inclusive. This engagement process allows the programme team to understand the needs of such businesses, builds awareness and interest amongst businesses that could become more inclusive and, crucially, helps identify businesses that will benefit from favourable inclusive business policies.

› **Engage ecosystem stakeholders:** At the same time as the business engagement, the programme also engages with key ecosystem players. This involves identifying the right stakeholders to engage with across different types of organisations including government, business associations, business support organisations, investors, and development partners. This engagement will allow the programme to build momentum and buy-in amongst important stakeholders and help find ‘champions’ that will move the process forward.

› **Co-create policy recommendations:** Through the engagement of businesses and stakeholders, the programme will identify where the opportunities for policy intervention lie. It will become clearer which of the strategic elements can be recommended and what those elements could look like. This comes through facilitating dialogue throughout the engagement process. The findings and recommendations from the entire process will be shared at this stage as part of a Landscape Report to set the scene for implementation.

Phase 1 of the IBee ends with the sharing of the findings of the landscape study but it is absolutely crucial that the programme works with the local stakeholders to ensure that the platform laid during landscaping moves forward to implementation and action in Phase 2 of the IBee. Success factors for the implementation phase include proactive leadership from a local champion, strong coordination between all key stakeholders, and development partners who will support elements of the implementation. These will ensure a successful IBee, and all of these factors are influenced by the work done in the initial phase.
INTRODUCTION
Introduction

Inclusive business has the potential to transform lives and contribute to Private Sector Development (PSD). Part 1 of this guide explores in detail the concept and its potential impact in PSD programmes. Over the past decade, the approach has proven its value in many sectors, with thousands of inclusive businesses creating opportunities for low-income populations as consumers, producers, employees, and entrepreneurs. Conducive policies can magnify the impact of inclusive businesses, incentivize their creation, and enable their growth. Better access to finance, information, and capacity, as well as positive incentives for social impact provide conditions under which inclusive business can thrive. Conducive policies also catalyse investments into inclusive businesses, thereby contributing to a growing economy that benefits people and planet. Part 2 of this guide shows how development organisations can support the promotion of a better enabling environment for inclusive business. The guide is based on several years of experience of the GIZ-led Inclusive Business Action Network (iBAN).

Box 1:
What is inclusive business?

The G20 defines inclusive businesses as businesses that provide goods, services, and livelihoods on a commercially viable basis, either at scale or scalable, to people from the base of the economic pyramid (BOP). Exact definitions vary based on the intention and use. Some are more specific and include only commercially viable, scalable business models, sometimes adding innovation or measuring and managing impact, while others take a broader view. Social enterprises or social businesses use a market approach but put the social impact first. They are not always profitable and can be organized as not-for-profit or for-profit companies. In many developing countries, these concepts are rather new and not clearly defined or delineated. This guide includes both commercially viable business models operating at scale as well as social enterprise models that have the potential to scale. (Source: G20 Framework\(^1\), iBAN Inclusive Business Features\(^2\))

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Development programmes, especially in private sector development, can promote the creation and implementation of inclusive business policies. This is usually done as part of SME promotion, value chain, market development and competitiveness programmes. Including an inclusive business approach sets such programmes apart from traditional SME development programmes which focus on the establishment or growth of companies without looking at the social or environmental impact. Inclusive businesses contribute to both the economic as well as social development in a country, in a sustainable and scalable way. They can work with governments and other key stakeholders to promote and implement policy measures that will develop an enabling environment for inclusive businesses in low-income countries. This macro-level approach involves an intensive process of stakeholder engagement, awareness building and co-creation on the ground that takes funding, time, and commitment. The Inclusive Business Action Network (iBAN) has shown through its Inclusive Business enabling environment programme (IBee) that this process can be successful.

The IBee consists of two phases. Phase 1 lays the critical groundwork for policy promotion and is essentially an inclusive business landscaping study that provides key strategic recommendations. Phase 2 involves the actual formulation of an IBee strategy based on the recommendations from Phase 1, and the creation of an action plan for implementation. Where a full-fledged IBee strategy isn’t a viable option, the development programme could choose to incorporate inclusive business into other sector-specific programmes.

This guide provides an in-depth look into Phase 1, the inclusive business landscaping process so that it can be used and replicated by others. It takes you through what a comprehensive inclusive business landscaping entails, explaining the key processes involved, resources required, and critical lessons learned from implementing past programmes. Phase 2 is directly determined by what transpires during Phase 1 and therefore there is no generic methodology that can be laid out for it. The final chapter of this guide, however, attempts to address some of the factors that can enable and inhibit a smooth transition into Phase 2 of the IBee.

This Guide is for anyone working in the development space who is interested in promoting inclusive business as a key instrument to Private Sector Development. It aims to give you an in-depth overview of what is required to conduct an IBee landscaping process, providing links to useful tools and resources that you will need along the way.
INTRODUCTION

EVOLUTION AND SUCCESS OF THE INCLUSIVE BUSINESS ENABLING ENVIRONMENT PROGRAMME

Various inclusive business policy development programmes have been taking place since the early 2010’s. The Asian Development Bank (ADB) developed several such programmes starting with the first comprehensive inclusive business policy promotion programme in the Philippines in 2014. Many other development cooperation agencies have also supported such an approach. Since 2018, it has been pioneered and further developed by the Inclusive Business Action Network to support policymakers in improving the policy environment for inclusive business in their respective countries. In 2018, iBAN, in partnership with UNESCAP, were requested by national governments of the ASEAN region to support inclusive business policy development in their countries following the adoption of the ASEAN inclusive business Framework (AIBF). The AIBF «institutionalizes and mainstreams inclusive business into the association’s economic community-building efforts» and emphasizes the need for government support in promoting the widespread adoption of inclusive business models. Phase 1 of the IBee was conducted in six ASEAN member countries undertaking a landscaping and stakeholder engagement process that culminated in a set of policy recommendations to help design and implement national strategies to promote inclusive business. The IBee has had varying degrees of success, but in many of the countries it provided impetus to begin a process of national inclusive business strategy development. It has been a particular success in Cambodia where it led to the development of the Inclusive Business Enabling Environment for Cambodia strategy (IBeeC). The work also garnered regional support for inclusive business with learnings from each of the country programmes incorporated in the “Guidelines for the Promotion of Inclusive business in ASEAN” endorsed in 2020 by the ASEAN economic ministers.

The success of the IBee in South East Asia has demonstrated that the programme has a key role to play in galvanizing momentum for inclusive business amongst policymakers. It has also shown that the programme is replicable across countries that have different contexts, challenges, and policy gaps. In fact, following the work in Asia, the Inclusive Business Development Programme has been transferred to Subsaharan Africa and is implemented in Zambia and Nigeria in 2022.

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3 ESCAP, UN (2019). Advancing enabling policy environments for inclusive business in ASEAN.
4 ESCAP, UN (2019). Advancing enabling policy environments for inclusive business in ASEAN.
6 ESCAP, UN (2019). Advancing enabling policy environments for inclusive business in ASEAN.
7 Interview with Armin Bauer, international expert on inclusive business, 2022.
THE IBEE LANDSCAPING JOURNEY

Given the challenges involved in mainstreaming inclusive business, the process to develop and strengthen the policy environment for inclusive business is not a straightforward one. While Phase 1 of the IBee, the inclusive business landscaping process that lays the critical groundwork of the IBee, culminates in the launch of a final report and a national event, the success of the programme lies in what has been achieved along the way and whether the work progresses to the actual strategy development and implementation phase. In fact, the core purpose of the first phase of the IBee is to create lasting change by overcoming three fundamental challenges that often stand in the way of building a robust inclusive business policy environment.

1. A lack of political will and buy-in amongst key policymakers and stakeholders;
2. A paucity of information and awareness about inclusive business and its potential benefits;
3. A lack of capacity to support and develop inclusive business models.

The entire process is built around overcoming these challenges and building momentum and capacity amongst the key stakeholders who will drive the inclusive business policy agenda forward in each respective country.

Phase 1 of the IBee involves the following key inclusive business landscaping elements:

› Clarifying the local country context for inclusive business, including defining the BoP within the country, the challenges faced by the BoP and the potential areas where inclusive business can have an impact.
› Assessing inclusive businesses in the country, including the assessment of potential and existing inclusive business models and social enterprises with the potential to scale. This mapping provides key insight for the development of suitable policies. It also provides an opportunity to start the dialogue on inclusive business and raise awareness amongst the private sector.
› Assessing the enabling environment for inclusive business, including analysis of existing policies, mapping of key stakeholders, and consultations with stakeholders.
› Developing strategic recommendations for promoting inclusive business through a co-creation approach with key stakeholders, particularly local champions who will be at the forefront of implementing the strategy.
The aim throughout the programme is to establish a dialogue between the private and public sector through a participatory approach.

Therefore, while there are four core elements to the process, it is not a linear pathway with separate steps. It is most useful to think of and plan for the programme as more of a journey with multiple interwoven elements along the way. Part 2 of this guide will take you through that journey. It should give you a good understanding of what is required before you embark to support the promotion of inclusive business policy.

Chapter 1 outlines the key strategic priorities that form the basis of a robust inclusive business policy environment. These are the strategies that will help frame the journey. Chapter 2 describes the crucial things to do and look out for right at the beginning of the journey. Chapter 3 explains how to engage inclusive businesses, and Chapter 4 how to engage ecosystem stakeholders. Chapter 5 shows how to co-create strategies and set the stage for implementation. In Chapter 6, The guide concludes with looking at some of the success factors and roadblocks to implementation from past programmes.

**FIGURE 2: Phase one of the IBee journey**

(Source: Endeva)
1. THE 11 ELEMENTS OF A CONDUCIVE INCLUSIVE BUSINESS POLICY ENVIRONMENT
The key elements of a comprehensive inclusive business policy programme

A robust enabling ecosystem develops over time and involves multiple policy interventions. While the concrete design will differ from country to country, the components can be summarized in 11 elements. These elements were published by ASEAN in 2020 to support the wider adoption and mainstreaming of inclusive businesses in the ASEAN and elsewhere. The elements are summarised in figure 2 and elaborated further in this chapter.

FIGURE 3: Blueprint of a conducive inclusive business policy environment

<table>
<thead>
<tr>
<th>EMBEDDING IB AT POLICY LEVEL</th>
<th>REDUCING IMPACT INVESTING RISKS AND SPECIFIC PROMOTION OF IB</th>
<th>AWARENESS &amp; EVALUATION</th>
</tr>
</thead>
<tbody>
<tr>
<td>› Comprehensive inclusive business strategy and action plan</td>
<td>› Inclusive business accreditation</td>
<td>› Awareness raising and advocacy</td>
</tr>
<tr>
<td>› Institutional structure</td>
<td>› Inclusive business coaching for companies</td>
<td>› Monitoring and reporting on inclusive business results</td>
</tr>
<tr>
<td>› Targeting inclusive business in existing programmes</td>
<td>› Inclusive business investment incentives</td>
<td></td>
</tr>
<tr>
<td>› Linking inclusive business to the SE/CSR agenda</td>
<td>› Promoting inclusive business in public procurement</td>
<td></td>
</tr>
<tr>
<td></td>
<td>› Reducing impact investment risks</td>
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(Source: Endeva)

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8 ASEAN (2020). Guidelines for the Promotion of Inclusive Business in ASEAN
An IBee starts with a clear vision and understanding of these elements. The purpose of the first phase of the IBee is to explore where, how and with whom these elements can be realized effectively, and to build momentum behind the agenda. Not all of the elements may be relevant or feasible in the local country context. As you go through the programme, it will become clear which elements need to be prioritized and can get traction. Policy gaps and opportunities will emerge that will provide useful entry points. This chapter provides an overview of the 11 elements along with examples of how they have taken shape through past Policy Development programmes.

1 — COMPREHENSIVE INCLUSIVE BUSINESS STRATEGY AND ACTION PLAN

The development of an overarching national inclusive business strategy lays the foundation for a robust enabling environment for inclusive business in any country. This instrument can shape the strategic path towards promoting inclusive business. However, it should be noted that it is not always necessary to go down the path of a full-fledged strategy. It could be identified during the landscaping that developing an inclusive business approach as part of an existing government strategy may work better.

The action plan outlines the objectives and targeted results of the strategy as well as the budget, timeframe and actors and their roles. Developing a comprehensive inclusive business strategy requires the commitment of a strong champion within the government as well as buy-in from several other key stakeholders. It is critical to the success of an IBee and should be one of the main priorities of the programme team. It is most likely that you will be able to lay the seeds for an overall strategy during the programme by getting the right stakeholders involved, but the actual launch and implementation will take place during Phase 2.

Following the implementation of the IBee in Cambodia in 2019, the Inclusive Business enabling environment for Cambodia (IBeeC) Strategy was brought to life to guide the promotion activities for inclusive business in the country. The strategic framework was developed by the former Ministry of Industry and Handcraft (MoIH), rebranded in 2020 as Ministry of Industry, Science, Technology, and Innovation (MISTI), which is the dedicated champion for inclusive business in Cambodia. Inputs on the strategy were gathered during the programme, from a total of six government agencies, five business associations, more than 40 IBs, nine impact investors, 17 development partners and other actors. These stakeholders also support the implementation of the strategy which is built around a set of strategic actions including awareness raising
activities, coordination, incentives as well as technical and financial assistance for inclusive businesses in the country.\(^9\)

2 – INSTITUTIONAL STRUCTURE

As you go through the IBee journey, being on the look-out for the key champions who will helm the promotion of inclusive business in the country is crucial. These champions won’t necessarily be obvious, and it will be part of the programme team’s job to inspire and convince certain stakeholders to take the lead. Institutionalizing inclusive business promotion refers to having dedicated implementing and coordinating bodies for the implementation and promotion of the national inclusive business strategy and action plan. This may take the form of having a central inclusive business coordinating unit under the identified champion, nominating concrete inclusive business focal points as contacts for inclusive business-related topics in selected government agencies and business associations, and/or setting up a broader inclusive business steering group to monitor and ensure implementation of the strategic action plan. The inclusive business steering group would comprise the inclusive business focal points as well as other important stakeholders in promoting inclusive business such as impact investors, business facilitators and development partners. Structures would need to be established that allow for the group to meet and exchange on a regular basis.\(^10\)

In the case of Cambodia, IBeeC promotion is institutionalized through an inclusive business unit within the Ministry of Industry, Science, Technology, and Innovation (MISTI) which coordinates the implementation of the IBeeC strategy. Several official focal points were nominated, five people in various government agencies and four people in business associations. An inclusive business steering committee with the MISTI as chair and business associations as co-chair was set up convening twice a year. All meetings by the steering committee are confidential but key results are being published. Lastly MISTI organizes inclusive business champions meetings bringing together various stakeholders and promoting exchange among parties.\(^11\)

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10 ASEAN (2020). Guidelines for the Promotion of Inclusive Business in ASEAN.

3 – TARGETING INCLUSIVE BUSINESS IN EXISTING PROGRAMMES

Most countries already have existing and often well-funded private sector or development programmes that can be leveraged for promoting inclusive businesses. Rather than setting up such programmes from scratch which can take many years, it is wise to reach out to different government bodies and identify synergies. Adding an inclusive business approach can make these existing programmes more meaningful in terms of poverty reduction. Examples for such programmes can be national SME/MSME development programmes or poverty reduction programmes. While objectives for inclusive business promotion usually go beyond the objectives of such existing programmes, they are a great way to get an entry point for discussion around inclusive business.12

In China, IBee promotion was linked to an Asian Development Bank loan for agrobusiness. The loan was connected to the poverty reduction agenda of the Shangxi province, and the ADB team was able to convince the local government that it was better to support inclusive agro-businesses as part of the loan. An inclusive business accreditation scheme was introduced, and the 12 companies accredited as inclusive businesses got special investment terms. Taking this approach of using an existing programme to support inclusive business was much more attractive proposition to local stakeholders than starting a whole new programme exclusively for inclusive business. The programme was very well received both at the ADB as well as in China and the Shangxi province.13

4 – LINKING INCLUSIVE BUSINESS TO THE SOCIAL ENTERPRISE/CORPORATE SOCIAL RESPONSIBILITY AGENDA

It can be beneficial to link inclusive business to related terms and agendas that may already be better known and set up in a country, such as social enterprise or corporate social responsibility agendas, to attract a wider audience more quickly. This includes exploring synergies and leveraging existing channels

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12 ESCAP, UN (2019). Advancing enabling policy environments for inclusive business in ASEAN.
13 Interview with Armin Bauer, international expert on inclusive business, 2022.
to create awareness and scale up impact. For instance, legislation that requires firms of a certain size to develop CSR provides an obligation for firms to invest in social outcomes and could be an opportunity to invest in the development of inclusive business models.

Vietnam has a strong focus on sustainability. Following the inclusive business landscaping there, policymakers have include inclusive business in the “2022–2025 Program On Support For Private Enterprises in Sustainable Business.

5 – INCLUSIVE BUSINESS ACCREDITATION

To allow for governments to specifically target support at inclusive businesses, they need a good rationale and mechanisms of formal recognition in place. Establishing an inclusive business accreditation system is a way to recognize inclusive businesses and provide them with benefits to help them grow. Experience on past IBes has shown that this is an instrument that can be introduced at the landscaping stage and is one of the ‘low hanging fruit’ to aim for during the programme (see Chapter 3.1). Accreditation systems assess businesses based on a set of transparent criteria such as performance, size, or impact that are weighted and determine a business’ inclusive business potential. Usually, businesses apply voluntarily to receive accreditation status. Having a credible accreditation system in place sets up a cooperation mechanism between government, inclusive businesses, and other actors. It allows impactful businesses to receive focused support such as tax incentives and preferential public procurement terms. It also increases their visibility and makes them more attractive to potential investors and partners. Given that inclusive business in many countries remains a relatively new concept, it can be wise to check for existing social enterprise accreditation systems that could be enhanced or linked to an inclusive business accreditation.

Cambodia introduced an inclusive business accreditation system in 2021 following a successful first round of accreditation during the landscaping conducted there. The...
accreditation follows defined principles and criteria (e.g., voluntary participation, commercial viability, social impact, innovation, strategic intent) and is done in two steps: an independent consulting company does a preliminary company assessment and rating which is then discussed by a formal inclusive business accreditation team consisting of representatives from the government and business associations. Accredited companies enjoy certain government incentives and are publicly awarded. The first 18 accredited companies created a revenue of US$ 100.8 million in 2019 and are projected to grow to $269.6 million by 2025. The companies directly served 0.6 million poor and low-income people by 2019, 1.7 million by 2021 and will reach 3.5 million by 2025. The second round of accreditation under the scheme was still underway at the time this guide was developed.

6 – INCLUSIVE BUSINESS COACHING FOR COMPANIES

Technical assistance is an important driver of mainstreaming inclusive business models. Technical assistance is best provided through direct coaching to companies. Traditional business coaching is not appropriate for inclusive business as it is mainly focused on the commercial aspects of a business, not social impact. Inclusive business coaching can help traditional businesses understand the potential for growth and social impact through inclusive business and guide them in their transition into inclusive business. It can also help existing inclusive businesses with various aspect of their business model in order to deepen their social impact. Governments and other stakeholders such as donor programmes can play a catalytic role by setting up and financing inclusive business coaching facilities. Impact investors can support business coaching through matchmaking activities. Furthermore, more targeted coaching sessions, such as on business processes and supply chains within specific sectors could be offered, involving sector experts. Stakeholder engagement during the landscaping will help identify the right institutions that could support the provision of inclusive business coaching.

18 ASEAN (2020). Guidelines for the Promotion of Inclusive Business in ASEAN.
Following the recommendation of the IBee programmes, Cambodia and Viet Nam are currently working on the plans for a technical assistance facility to provide business coaching and impact assessment of companies that wish to engage in creating new inclusive business lines, growing their inclusive business lines, or restructuring their business to be more inclusive business relevant.\textsuperscript{19}

7 – INCLUSIVE BUSINESS INVESTMENT INCENTIVES

Governments, together with the private sector can design suitable incentive systems to stimulate growth of existing inclusive business models as well as transitioning of mainstream businesses into inclusive businesses. Such incentives comprise tax incentives, import and export incentives or other sector specific incentives.\textsuperscript{20} The incentives need to be linked to an accreditation scheme so that it is clear which companies will receive the benefits. Which incentives make sense will highly depend on the country context. As you assess the companies as well as the local enabling environment during this first phase of the IBee, you should be able to identify where the business challenges and the policy opportunities lie for possible incentives.

8 – PROMOTING INCLUSIVE BUSINESS IN PUBLIC PROCUREMENT

Governments can explore the option of creating specific policies that favour inclusive businesses in public procurement. Including inclusive businesses in public procurement and embedding pro-poor targets into government contracts is an efficient way to support inclusive businesses in a country. Such prioritization of inclusive businesses in public procurement strengthens the demand for inclusive business products and services and makes them more resilient. Special focus can be placed on those inclusive businesses that have obtained accreditation.\textsuperscript{21}

In Cambodia, the IBee suggested the inclusion of public procurement guidelines for inclusive business under the »Green Procurement« section of the new Procurement Law that is being drafted. The suggestion was to change

\textsuperscript{19} ESCAP, UN (2019). Advancing enabling policy environments for inclusive business in ASEAN.
\textsuperscript{20} ASEAN (2020). Guidelines for the Promotion of Inclusive Business in ASEAN.
\textsuperscript{21} ESCAP, UN (2019). Advancing enabling policy environments for inclusive business in ASEAN.
the title to ‘Green and Inclusive Procurement’ and to outline how accredited companies could receive special benefits such as always being included in long lists and short lists where possible and being specifically asked to bid for projects.

9 — REDUCING IMPACT INVESTMENT RISKS

There are two ways in which policymakers can provide financial support for inclusive businesses. One is to set up a fund that directly invests in inclusive businesses. This fund would provide financial assistance to promising inclusive businesses and work with inclusive business coaching facilities to provide technical assistance. Two is to put de-risk mechanisms in place to encourage impact investors to invest in inclusive businesses. Previous landscape studies have found that the second is a more feasible, long-term solution as it doesn’t require a large amount of capital or the support of a development programme to set up. Also, when it comes to investing in inclusive businesses, a key barrier is often not the lack of impact investors in a country, but the risk they perceive when investing in inclusive business. In order to bridge this gap, de-risk mechanisms can be put in place that lower the perceived risk for impact investors. One instrument is the development of a risk reduction facility or fund. In such a fund, the government would co-invest a certain percentage of the total investment value in an inclusive business. This would reduce the investment risk of the impact investor. The government investment would be in the form of a quasi-loan where if the agreed financial return doesn’t take place, then it will be converted into a grant. If it does take place, then the loan will be paid back, without interest, on an agreed schedule. This sort of fund encourages impact investors to close deals that they may not have done if they had to invest 100% of the investment value.

In Cambodia, the landscape study identified the perceived commercial and social risks of investments as a major challenge. This indicated that rather than setting up new inclusive business funds, risk reduction mechanisms were needed to unleash investment in inclusive business which otherwise would not mature. As a response, the country established a new SME Bank with

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the aim of adding a risk reduction facility for pre-identified inclusive business investors that invest 80–90% of the capital and the bank adding the rest as a convertible debt fund.23 24

10 – AWARENESS RAISING AND ADVOCACY

Raising awareness and sharing knowledge on inclusive business among different ecosystem partners, including policymakers and businesses, is essential to advance the inclusive business agenda.25 This is also one of the core objectives of the first phase of the IBee. In fact, the process and publishing of the landscape study during the IBee helps to raise the profile of the inclusive business agenda. Beyond the programme, other stakeholders should be encouraged to start their own knowledge sharing and advocacy activities such as the preparation and dissemination of information material through various channels, such as country-wide inclusive business websites, media, films, and radio. They can also organize workshops and seminars about inclusive businesses and showcase good examples.

Awareness raising and advocacy activities are typically led by a country’s business associations. However, governments and donors can support such activities through financing and resources.26

In Cambodia, business associations have picked up the baton for raising awareness around inclusive business. The Cambodia Women’s Entrepreneurs Association conducted 2 workshops with their members and the Young Businessmen Association (YEAC) developed a potential inclusive business readiness award. In Oct 2022 YEAC and other ASEAN young business associations have planned to do an ASEAN young entrepreneurs award.

24 ESCAP, UN (2019). Advancing enabling policy environments for inclusive business in ASEAN.
25+26 ASEAN (2020). Guidelines for the Promotion of Inclusive Business in ASEAN.
11 – MONITORING AND REPORTING ON INCLUSIVE BUSINESS RESULTS

To showcase impact, and advance awareness of the relevance and potential of IBs, it is essential to have a strong monitoring system in place which captures the contributions of inclusive businesses to the local development agenda. One of the key challenges with inclusive business is the lack of reporting on systemic results and actual impacts that goes beyond case studies. Equally important are regular reporting mechanisms that disseminate such information to the wider public and raise awareness. This particular instrument hasn’t yet been implemented effectively on the ground as part of a policy programme.

Together, these 11 instruments provide a solid framework for inclusive business promotion. The task of the landscape study is to explore how these instruments fit into a national context, and to build support and momentum for their implementation with key stakeholders.
2.
PREPARE FOR THE JOURNEY
Prepare for the journey

To start the landscaping journey, you want to have a good plan in place. You will, of course, need to be pragmatic and flexible in your planning to ensure that the approach can adapt as you go through the process. But to lay the groundwork for the IBee journey, you need to get a few important things right at the very beginning:

- Identify a local government champion
- Understand programme objectives
- Be aware of the local context
- Hire the right consultant team for the programme
- Create a flexible workplan

LOCAL GOVERNMENT CHAMPION

It is essential to have a local government champion on board who will support the programme at the outset. This provides legitimacy to the work and will open doors to the right stakeholders. For example, in Cambodia, the Ministry of Industry, Science, Technology and Innovation (MISTI) requested iBAN and UNESCAP to conduct the programme. They provided support to the team throughout the programme and introduced them to useful stakeholders. At the end of the programme, the Ministry committed to leading the implementation of the strategic recommendations of the programme through the Inclusive Business enabling environment for Cambodia (IBeeC) strategy.27

The programme team will need to be in regular contact with the champion, particularly at the start of the programme. It’s important that a workshop is conducted with the agency to familiarize them with inclusive business, its benefits, the possible policy tools and what the programme plans to do.

COMMITTED, RESOURCEFUL TEAM

Given the complex nature of the programme, you want to have a capable team from the outset. Experience from other programmes suggests that the entire journey can take up to two years so you will need to secure long-term commitment from the people involved in delivering the work. Ideally, an international consultant who has extensive knowledge of inclusive business should lead the team, supported by two local consultants who are well-versed in the country context. One local consultant will lead the company assessment element of the programme while the other will lead the assessment of the enabling environment, with the international consultant overseeing the whole journey. So, the first step will be to prepare and circulate the Terms of Reference for the team of consultants. A sample ToR (add link) that has been used in previous such Programmes can be tailored to the needs of your Programme. This will give you a good idea of the qualifications required and the tasks they will need to undertake.

What the ToRs won’t tell you is that, beyond the qualifications, the right consultants for the programme will also need to have a good amount of patience, willpower, and ambition to be successful. As already described above, this is far from a straightforward consulting job. The right individuals for the job will be those who are proactive and take the initiative to find people and information that isn’t always easily available. They will need to be persistent and patient as they identify and engage with stakeholders who won’t necessarily be completely open to the process.

Being thorough with writing up meeting notes, workshop agendas etc. and sharing them with the stakeholders involved is important as it builds trust and buy-in. Documenting results is not only perceived as a service by your stakeholders, but also gives you an opportunity to carve out the critical action points. Once minutes are agreed, this provides a basis for purposeful follow up to drive the agenda forward. The consultant team will have to be determined and creative in developing momentum and getting the programme elements in place.

The individuals that have developed and implemented the programme in other countries have been extremely passionate and driven in their pursuit of attempting to mainstream inclusive business. The success of the programme is a testament to their perseverance, and it is only replicable if others have the same attitude.

UNDERSTANDING OF OBJECTIVES

The programme team needs to have a good understanding of inclusive business and how it differs from the more well-known business concepts such as social enterprise, CSR, and green
business. They will need to be well versed in the benefits of inclusive business for all stakeholders from the businesses themselves to government, investors, and other private sector players. The strategic priorities described in chapter 1 as well as the overall programme objectives should also be clear in the minds of the programme team. Such a solid conceptual foundation will enable team members to respond effectively to opportunities on the ground, and to take stakeholders on board for the journey.

The international consultant leading the process should conduct a briefing workshop with the local consultants to ensure that they are clear on all aspects of inclusive business as well as the programme objectives and plan. The workshop will help clarify any doubts that the team may have and help shape the workplan. An example of a workshop presentation is available here.

FLEXIBLE WORKPLAN

A well-thought work plan including clear milestones is useful. The programme can be structured around two parallel workstreams: the company engagement and the engagement of stakeholders in the policy domain. Those workstreams will run in parallel, each being led by one local consultant. The team should plan for regular (weekly) check-ins to keep each other up to date, adjust the planning based on emerging priorities and process the input together into ideas for how to materialize the elements of the conducive policy environment in the given context. This is an example of a workplan from a past programme.

SOLID UNDERSTANDING OF THE LOCAL CONTEXT

A critical element upfront is to understand the local country context for inclusive business. This will inform the rest of the programme. It is also an important section of the final report. The key thing to establish is what makes up the Base of the Pyramid (BoP) in the country. The term Base of the pyramid (BoP) refers to the 4.5 billion individuals at the bottom of the economic income pyramid. It describes men and women from the low-income segment that lack access to basic goods and services as well as employment opportunities. The most used definition for the BoP is the global income threshold of $US 8.44 per capita and per day (PPP 2012). However, this doesn’t take local economic conditions into account. Poverty thresholds vary for different countries and regions and need to be calculated accordingly. On past programmes, it has been useful to determine four income group – very poor, poor, low-income, and better off. For the programme, it is important to get this threshold right.
as it determines the segment of the population that inclusive businesses should be serving. The following methods have proven useful to determine the poverty threshold:

- Start with the country’s own poverty line and then international comparative poverty data at the World Bank’s PovcalNet\(^\text{30}\): this provides PPP data for most countries.
- Check the country’s income and expenditure surveys as well as living standard data
- This data needs to be assessed and transformed into income data at a household level, and ranges determined for rural and urban areas
- Confirm the benchmarks with local government agencies and businesses

The benchmarking process is crucial for the engagement with companies and helps determine the social reach of companies. This is a key part of the accreditation process.

As part of the wider landscaping study, the poverty analysis helps you understand the characteristics of poverty in the country. What are the challenges of low-income people, in the urban and in the rural context? Where can they rely on existing public social service programmes, e.g., for education, health, food and nutrition, agriculture, or finance? How do they generate their income today? What are the major risks and opportunities? This picture will then surface sectors and business models that are especially relevant for inclusive business.

As part of this contextual research, it is also important to look into the recent history and economic trajectory of the country. What are the most important and growing economic sectors and how pro-poor are they? Where is the public sector opening up to private sector involvement, e.g., for social service delivery? This context provides relevant framing for the most crucial element of the programme – engaging with the key stakeholders.

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3. ENGAGE INCLUSIVE BUSINESSES
3 Engage inclusive businesses

Inclusive business is a relatively new concept. In many countries, it is not widely used. As a result, companies do not necessarily identify themselves as inclusive businesses, even if they have all the features. In order to establish the notion of inclusive business, its benefits and potential in a country, the first step is to identify local businesses that comply with the definition. Showcasing these local pioneers and champions is an important part of convincing policymakers of the potential of conducive policies. Inclusive businesses themselves are also the most important source of information of what can help them to grow and flourish, and where there may be opportunity for policy action.

Assessing the companies that are potentially inclusive businesses involves the following components:
› Identifying the companies to engage with
› Interviewing the companies
› Rating their inclusive business potential
› Analysing and documenting the findings

The main objective of assessing the companies is to identify examples of actual and potential inclusive businesses, what their challenges are and what policy interventions would be most effective to help them grow.

Please note: if you have already conducted the scoping process as described in Part 1 of the Guide, the first two steps of this engagement process will feel familiar. The work done during the scoping will provide a good basis to start from but the landscape study requires a deeper and more comprehensive engagement.
3.1 Identify companies

To begin with, you will need to develop a long list of potential companies to engage with. Since the concept of inclusive business isn’t commonly known, a simple internet search for »inclusive businesses« is unlikely to give you many useful results. Most companies will not know they are »inclusive« even if they are. Your research on country context will help you to build hypotheses that can guide your search. For example, if the country’s agricultural system is dominated by smallholder farming, you will likely find companies that integrate smallholders in the value chain. If education and health are to a big extent privately organized, there will be some businesses that cater to low-income populations. Business associations and similar ecosystem actors will be a good source of information on companies, so it is important to coordinate with the stakeholder engagement workstream to plug into the interaction with those players. If you have done the scoping exercise (as outlined in part 1 of this guide), the company information gathered there will provide a good starting point. The long list will have all possible businesses that you can find that are working in some way to engage with people at the BoP. This list could go into the hundreds. At this stage, you won’t have enough information to determine whether these can actually be classified as inclusive businesses.

In order to identify which companies to interview, you will need to whittle down this list to a shortlist of companies that more closely fit into the criteria of an »inclusive business«. Generic selection criteria have been developed to be used for this shortlist. These need to be adjusted to suit the local context.

The key questions to consider while identifying companies for the shortlist are:

› Is it a commercially viable business?
› Does it deliberately create social impact at the BoP and what is the scale of impact?
› How is it innovative for the BoP?
To answer these questions for the companies on your long list, additional research will be required. Once you have the answers, you should have a good shortlist of possible inclusive businesses to contact for interviews. The exact number will depend on how many businesses there are locally, but you should aim to have around 60–70 companies on the shortlist. In order to get the full picture, you should attempt to get a good mix across sectors, regions, and company sizes. In some countries, of course, where certain sectors are dominant, this may not be possible. For example, of the 43 companies interviewed for the study in Vietnam, 32 of those were in agribusiness.\(^{31}\)

\(^{31}\) ESCAP, UN & iBAN (2021). Landscape study of inclusive business in Viet Nam.
3.2 Interview companies

Once you have your shortlist, you can start contacting the companies for interviews. These are semi-structured interviews that should follow a predetermined interview guide. The interview guide used on other programmes is available here. This guide will need to be adapted and adjusted based on the interviewee as well as the local context. If you have completed the scoping exercise already, you can build on the existing interviews.

The interviews are primarily to understand the business model of the companies, their commercial viability and social impact, as well as the challenges and opportunities they face. Company interviewees are often reluctant to share financial data, so it is important to reassure them of confidentiality. Explaining the benefits of the interview for the company up front (see part 1) can also help interviewees open up more easily. Experience from past programmes has shown that most companies do not understand key inclusive business concepts. Many companies think of BoP engagement from a social enterprise or CSR perspective. It is, therefore, important to clarify what you mean by »inclusive« in the context of the programme. Explain the concept of double/triple wins and the key pillars of commercial viability, social impact, and innovation. Often, companies assume they are having impact on the BoP simply by using the »trickle-down« logic but they have no evidence of this. Be cognizant of these challenges and flexible in terms of what data is acceptable – as most companies will not be tracking their social impact. The information on social impact (especially on social depth and systemic impact) is often anecdotal.
»INCLUSIVE BUSINESS CANNOT BE FOUND BUT NEEDS TO BE MADE« – ENCOURAGE BUSINESSES TO TRANSITION

A critical point to remember during the interviews is that this is not just an exercise in gathering information but also providing information to, and inspiring, the companies. Use the interviews as an opportunity to engage with the interviewees on a deep level about their business model and the possible impact it could have. Many companies only understand their social impact or potential for social impact on a very superficial level. During the interview, you can inspire them to think more about this aspect of their business and encourage them to transition to being more »inclusive«. You can provide initial advice as to how this can be done. Make sure you note the interviewees that show an interest in becoming more inclusive and follow up with them to see what support they need. These are the companies that would benefit from an inclusive business coaching facility.
3.3 Rate inclusiveness

When you have completed an interview, you should have all the information you need about the company to make an assessment of whether it is truly an inclusive business or not. The iBAN team has developed a composite inclusive business rating tool that will help you do this. The rating tool is used to assess whether the company is a »real inclusive business«, »a potential inclusive business« or »not an inclusive business«. It assesses a company against 30 criteria along three categories: commercial performance, social impact, and innovation for addressing the needs of the BoP. Each criterion is rated from 1 to 6 (based on pre-established guidance with different targets depending on sector and size of the company) and allocated a weight to provide an overall score.

Example of the results from the company assessment in Cambodia

For the company assessment in Cambodia, a longlist of 119 potential inclusive business companies was established, 71 firms were shortlisted, 34 were interviewed and 37 assessed using a composite rating tool. Out of the 119 firms screened, the assessment identified 19 companies with inclusive business lines, 13 real and six potential. Those 19 represent various sectors, mostly agrobusiness and a few in health, education, housing, and water services.

While the study identified only a few inclusive businesses, these few had a large social impact. In 2018, eight of the companies assessed created well-paid income opportunities for 155,000 people, and the other 11 companies provided valuable services to about 680,000 people. Two companies provided social insurance for 530,000 people; two housing companies served about 6,600 people; two water and sanitation companies provided services to about 44,000 people, and five energy companies served about 100,000 people with lighting and cooking energy. In total, these 19 companies benefitted more than 800,000 people. More importantly,
based on the projections shared by the business managers, these inclusive businesses were expected to double their impact and benefit about 1.7 million poor and low-income people and to increase their revenue from $74 million in 2018 to $152 million by 2023.

The criteria and benchmarks used for the rating tool will need to be adjusted to the country context. The requirement scores to qualify and the weight of each criterion may change to reflect local priorities and conditions. For example, smaller businesses with good social impact and acceptable commercial performance could be eligible if the targets and weight of the commercial rating were reduced. The criteria and rating mechanism should be discussed with the local champion and other relevant stakeholders to generate alignment and buy-in. This discussion can build momentum for the ratings as well as a possible accreditation scheme (see box below).

»Inclusive Business Rating is a Hit« – From Rating to Accreditation

The only way for a government to provide targeted support to inclusive businesses is to find a transparent way of distinguishing them from other companies. This is what the inclusive business rating process was developed for. It is an easy-to-replicate methodology that allows local stakeholders to identify the right companies to support and to promote inclusive business with clear incentives. The rating process during the programme lays the groundwork for an official accreditation scheme. The official scheme would recognise inclusive businesses and potential inclusive businesses and accordingly provide incentives. To ensure transparency and legitimacy, it should be implemented as a public-private partnership with the government and business associations both involved in the accreditation process.

To create the foundations for an accreditation scheme, the rating exercise should not happen in isolation but with the support of other stakeholders. Inviting possible champions identified during the enabling environment assessment will generate buy-in for a more formal rating process and possibly an accreditation scheme. Running workshops on the rating process as well as the benefits of accreditation helps solidify the interest amongst possible champions. For example, in Cambodia, 18 companies were rated during the company assessment with various stakeholders joining in the rating sessions. This convinced the Ministry that an accreditation scheme should be a core element of the IBeeC strategy. They institutionalised this by setting up an accreditation committee including government representatives and business associations.
3.4 Assess and document

Following the interviews and ratings of the companies, you should do a write-up of each company assessment to share back with the companies for feedback and comments. These write-ups will be included in the final report, so it is important to get sign-off from the interviewees.

You will also then need to do a detailed analysis of all the companies. An analysis sheet, adapted to the country, can be used to compile all the data looking at key parameters such as revenue, reach, inclusive business rating etc. An example of a completed analysis sheet is available here. This analysis should provide a snapshot of the state of inclusive business in the country, showing the number of “real” and “potential” inclusive businesses as well as their commercial and social reach, and the sectors in which they operate.

During the Cambodia company assessment, it became clear that business coaching could help companies grow and become more profitable, have a deeper social impact, and introduce innovations that are relevant for the BoP. However, traditional training or business coaching would not be sufficient to strengthen the social impact and innovativeness of these companies. For this reason, a technical assistance facility to provide systematic inclusive business coaching was proposed during the study.

In addition, the interviews will have yielded a good understanding of the current challenges in the enabling environment and opportunities for policy interventions as perceived by companies. These findings should be linked along the journey with the emerging findings from the ecosystem stakeholder engagement. This discourse will build an ever-clearer picture and momentum for possible policy interventions, and how they may be designed, tested, and implemented.

The findings from the company assessment will form part of the final report that is launched at the end of the landscaping phase of the programme.
4. ENGAGE ECOSYSTEM STAKEHOLDERS
Engage ecosystem stakeholders

Inclusive business policies are informed and implemented by many different stakeholders. In government, the approach touches on the agendas of a range of departments and related agencies, including industry, economy, SMEs, finance, but also agriculture, health, education, energy, and others. Business associations are a vital interface between the private and the public sector. Business support organisations and investors have a good view of the business landscape, challenges and needs. In addition, bilateral and philanthropic donors, as well as NGOs, often already work to support inclusive business approaches. This chapter describes how to involve this diversity of stakeholders to identify, build momentum for and design relevant policy interventions.

Alongside the company assessment, the programme team will need to conduct an assessment of the enabling ecosystem for inclusive business in the country. The enabling environment for inclusive business is often nascent or even «practically non-existent», as was the case in Cambodia before the landscaping was undertaken there. Therefore, the assessment also serves to build momentum for a supportive enabling environment. It involves the following elements:

- Identify policy opportunities
- Engage key stakeholders
- Motivate potential champions

If a scoping study has been completed, the information gathered is a useful starting point and partially covers some of the steps prescribed here. However, the assessment for the IBee goes deeper, so additional research will still be required.

ESCAP, UN & iBAN (2020). Landscape study of inclusive business in Cambodia.
4.1 Identify policy opportunities

The most effective route to getting the attention of local policymakers is by finding a way to weave the benefits of inclusive business into the existing policy agenda. Convincing policymakers to adapt existing legislation or to include a new component within legislation that is under consideration is much easier than to get them to create completely new legislation. Therefore, it is important to identify where the opportunities lie within existing policy-making processes. A useful place to start is the country’s development agenda. Review the country’s major development policies and strategy documents. There are likely to be key policies where you can demonstrate the benefits of including an inclusive business component. These could be programmes and policies that focus on areas such as SME development, poverty reduction, private sector investment and the like. This will also give you an understanding of the key ministries and other government agencies that you should start engaging with. It is likely that you will find multiple possibilities where inclusive business could be included in current policy, but the opportunities will only start becoming clear when you speak to the policymakers in charge. In fact, you may only discover some opportunities when you start engaging and building trust with the policy makers. Entry points could emerge during discussions that you wouldn’t get from just reviewing policy documents. Therefore, the effective and persistent engagement with ecosystem, stakeholders is so crucial to the IBee journey.

Examples of policy opportunities identified on other programmes include the SME strategy in Cambodia, the 5-year development plan in Malaysia and the Green Economy strategy in Zambia.
Engaging stakeholders works via a similar prioritisation exercise as the company engagement. First, you create a long list of relevant ecosystem actors. From this list, you short-list the most important ones. The following five categories of stakeholders are considered to play a central role in building a strong enabling environment for inclusive business. These are the categories you should aim to focus on for your long list.

1 — GOVERNMENT AGENCIES

The government ministries and bodies implementing relevant policy programmes are essential stakeholders as they will be the ultimate decision-makers on policy. As described above, identifying the policy opportunities will help determine the key agencies that could have an interest in inclusive business.

The Ministry of Industry, Science, Technology and Innovation is championing inclusive business in Cambodia. In addition, the Ministry of Agriculture Fisheries and Forestry, the Cambodian Investment Board, under the Council for the Development of Cambodia, the Ministry of Economy and Finance, and the Ministry of Commerce agreed to actively promote inclusive business and establish focal points to support inclusive business accreditation and be part of the inclusive business Steering Committee.

2 – BUSINESS ASSOCIATIONS

Typically, many associations exist representing different interests of businesses, e.g., as employers, importers, and exporters, as well as sector interests. Business associations play a vital role in the enabling environment for inclusive business as they have links with the companies as well as the government. Therefore, building relationships and trust with these associations and bringing them along on the IBee journey can be fundamental to the success of the programme. If you can convince business associations of the benefits of inclusive business, they will be able to open doors for you with government agencies as well as encourage companies to take up inclusive business. In Vietnam, for example, four of the business associations that were engaged expressed interest in promoting the inclusive business agenda and even in allocating some of their own funds to promote inclusive business. These are often associations that will also be able to help provide information and guidance on who to contact during the programme for both the company assessments as well as the ecosystem engagement.

Among business associations, the Cambodia Chamber of Commerce, Young Entrepreneurs Association of Cambodia (YEAC), the Federation of Associations for Small and Medium Enterprise of Cambodia, and the Cambodia Women Entrepreneurs Association agreed to establish inclusive business focal points, be part of the inclusive business Steering Committee, be engaged in inclusive business accreditation, and support inclusive business awareness activities. The European Chamber of Commerce was also supportive. The YEAC was the association most involved in inclusive business and already had several members with inclusive business models.

3 — BUSINESS SUPPORT ORGANISATIONS

This group includes business support organisations such as incubators, accelerators and other initiatives that provide capacity support to businesses. These organisations usually work with mainstream businesses and start-ups. They will, however, be embedded in the local business climate and will have the pulse of businesses on the ground. It will be useful to get their perspective on the challenges and opportunities that there may be to promote inclusive business. They will also be good allies to have in the long run to help facilitate accreditation schemes, inclusive business coaching or technical assistance policy initiatives.

In Cambodia, business facilitators, including Swiss-Contact (under its RISE programme), Oxfam (under its rural income generation programme), the Cambodian Partnership for Sustainable Agriculture (under the Grow Asia initiative), and the Phnom Penh Impact Hub, were supportive of the promotion of inclusive business in the country. 37

4 — INVESTORS

Since traditional investors such as banks are often cautious to lend to inclusive businesses, it’s the less conventional investing community that you should target for engagement. It would be useful to get a sense of who are the main players within this community who would be most interested in investing in inclusive business. Impact investors exist in many countries, although not all invest in businesses that work at the BoP. Angel investors or venture capital firms may also consider the social dimension of their impact. Access to capital is often a challenge for inclusive businesses, and so investors are an important part of the picture. Understanding the motivations and pain points of this group will help shape possible policy instruments such as a de-risk mechanism.

The programme in Cambodia did not find many investors focusing on inclusive business in Cambodia. Development Finance Institutions have invested in larger inclusive business models in agro-business and microfinance, but the number of inclusive business investments is limited and small. Speaking to the local impact investors helped the programme identify the main challenge – a lack of good investees. Some investors also shy away from the perceived risks of working at the BoP. For these reasons, the investors welcomed an inclusive business coaching facility and a risk reduction fund that would de-risk possible investments.

37 ESCAP, UN & iBAN (2020). Landscape study of inclusive business in Cambodia.
5 — DEVELOPMENT PARTNERS

Bilateral, philanthropic, and civil society development partners often have existing programmes relevant to inclusive business. They can provide a perspective on working with the local government that will be useful and will possibly be able to make introductions to key decision-makers. More importantly, they can be potential long-term champions and facilitators for inclusive business promotion, or even leverage funding. Learn about what development agencies are working on locally and find linkages with inclusive business. For example, many agencies run programmes that offer technical assistance to companies, particularly SMEs and Start-Ups. These programmes could include an inclusive business component in their work and help companies transition to inclusive business.

The number of possible interviewees on your shortlist will vary depending on the types of organisations in the ecosystem. You should aim to be as thorough as possible. In Cambodia, more than 200 people were interviewed from 50 ecosystem stakeholders. Once you’ve identified the organisations you need to engage, you will need to find the right contacts within those organisations. It’s critical to interview senior leaders or decision-makers within the organisations. They are the ones who will be able to influence the political agenda. You will need to be persistent in making the right contacts and, at times, you’ll find unconventional routes to do so. Speaking to one influential interviewee could open doors to another that you hadn’t necessarily even discovered so far.

In Cambodia, various development partners including Agence Française de Dévelopement (AfD), the Department of Foreign Affairs and Trade, Australia (DFAT), the European Commission (EC) and Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) showed interest in linking their SME promotion and other economic and poverty reduction programmes to the inclusive business agenda. Some were also interested in co-financing the proposed technical assistance facility.38

In your dialogue with stakeholders, you will uncover opportunities to build out elements of the inclusive business enabling environment. You will also learn what is important to locally adapt these elements, and who needs to be involved to get them implemented and make them effective. These interviews need to be subject-specific and tailored to the specific conversation you want to have, so the guide just provides a general direction that needs to be adjusted.

38 ESCAP, UN & iBAN (2020). Landscape study of inclusive business in Cambodia.
4.3 Motivate potential champions

Building an inclusive business enabling environment requires many champions. The sponsor of the programme is the starting point, but one actor is not enough to drive effective change. Different inputs are needed, and a shared perspective on the benefits of and need for inclusive business in the country needs to emerge to back any tangible policy intervention. Engaging stakeholders is essentially a process to find, motivate and involve these champions.

The interviews will provide you with the opportunity to make the case for inclusive business and convince key decision makers of the benefits. Those who can be convinced or already have an interest in inclusive business can become the champions that you need for the programme to be a success (see box). Developing an inclusive business enabling environment requires a multi-faceted approach with commitment and initiative from organisations across the stakeholder groups. These champions will help drive the inclusive business agenda locally and will be involved in designing the policy instruments as well as implementing them. It is critical to have a champion in government but also useful to find them in the other stakeholder groups that will support the programme. The champion at government level could very well be the agency that is the political partner of the programme, but this will not always be the case. Go into each interview with some key messages on what you can get out of it for the overall programme. Lead the discussion strategically to explore these opportunities, while at the same time staying in listening mode to hear the needs and interests of stakeholders. Where you find potential for collaboration, ongoing dialogue, and potential first co-creation projects will emerge to build the agenda further.
»CHAMPIONS NEED TO BE MOTIVATED«

While you can have some ideas of who your champions could be, it will only become clear after the first interview whether particular stakeholders can be champions or not. Even then, it will take multiple conversations and consultations with the same stakeholders before they will become champions. Building a relationship and a level of trust with these stakeholders is key. You should aim to involve your potential champions in other consultations and get their advice on what direction to move in. This will help build ownership and inspire them to get involved. For example, involving government agencies and business associations early on in the inclusive business rating exercise allows them to understand the merits of the process and builds momentum for a longer-term accreditation scheme. Those who participate at this stage could become the implementing agencies of the scheme.

Sometimes you will have to try several entry points before finding the right champions. And even then, you will need to be prepared to change direction when a possible champion doesn’t show the interest that you hoped they would, or of personnel and/or agendas change within champions. Flexibility and perseverance during this process is key. At the government level, if conversations don’t go well with one ministry you had targeted, you will need to find a way to make it relevant for another ministry. Alternatively, if a particular ministry is not perceptive at first, speaking to a business association that has links with that ministry could help to push the case. It could be worth having joint meetings with multiple stakeholders that have links with each other to get them on board. Sometimes it is better to not go directly to the government but go through local institutions that show interest and commitment.
5. CO-CREATE POLICY RECOMMENDATIONS
5 Co-create policy recommendations

Over the course of the process, and with the core elements of an enabling environment as your guide, opportunities for policy intervention will emerge. Realizing these opportunities relies on deliberate co-creation along the way. Your role is to facilitate a dialogue that leads to clearly specified policy actions. This may require different events and workshops, research pieces, or pragmatic trials. Especially during the final stages of the landscaping process, stakeholders need to be involved in developing strategic recommendations and planning for implementation.

5.1 Continue the dialogue

While the programme team will have the expertise on the policy instruments that can be introduced, the specifics of how they should be designed and implemented will be provided by the stakeholders on the ground. The stakeholders will offer critical input on the details of each strategy and their feedback should ensure that the strategies are designed in a way that they are conducive to the local ecosystem.

Consistent engagement with interested stakeholders is a key factor to the success of the IBee. Once you have gauged initial interest and determined who potential champions could be for different strategies, you will then need to work closely with those stakeholders to build awareness, ownership, and buy-in. Conducting workshops and seminars on relevant topics is a good way to raise awareness around particular strategies and get inputs from stakeholders. While these stakeholders may not know much about inclusive business, they will be very knowledgeable about the local context and the business environment. Being part in developing ideas, these stakeholders will also be more likely to take ownership and push for implementation.
For example, in Zambia, the programme team developed several strategy papers for the local ministries on how inclusive business could be integrated into various policy priorities such as SME and the Green Economy strategy. This enabled them to get involved in formulating strategies from an inclusive business perspective. In another instance, the team identified taxation as a critical barrier for inclusive businesses. A tax audit firm in Zambia took an interest in the subject and agreed to jointly release a paper arguing for tax incentives for accredited inclusive businesses. The programme followed up and drafted the paper to ensure that the momentum was maintained.

5.2 Draft and share strategic recommendations

Following the extensive assessment of the companies and the enabling environment, you should have a comprehensive picture of the current state of inclusive business, the policy gaps and opportunities and the key actors that can support the promotion of inclusive business moving forward. Based on these insights, you will need to draft the strategic recommendations that will detail how the enabling environment for inclusive business in the country can be strengthened. These recommendations should specify the policy instruments that can be introduced in each area, and how they can be designed and implemented by the local ecosystem. Providing as much detail as possible in the recommendations will help set the stage for implementation. For example, the landscape report in Cambodia provided a detailed cost estimate for the implementation of the IBeeC strategy for three years with a breakdown of how much money would be required for each strategic action and the amount each stakeholder group could contribute. The box below provides an example of a specific strategic recommendation from the Cambodia programme.
RECOMMENDATIONS SHOULD PROVIDE AS MUCH DETAIL AS POSSIBLE

The Cambodia landscape study goes into the specifics of each strategic action. For the recommendation to create an inclusive business Steering Committee, the composition of the 15-member Committee is outlined:

A. the focal points of government and business association (one person per organisation), plus

B. two representatives elected annually on a rotating basis from each of the following groups:

- impact investors (including multilateral and bilateral development banks, and selected commercial banks),
- inclusive business accelerator(s), and
- development partners engaged in inclusive business discussions.
- the inclusive business steering committee will also comprise one official representative from the implementing agency of the technical assistance facility, which serves as secretariat to the steering group.
- the Ministry of Industry, Science, Technology, and Innovation will be the chair of the steering committee, and a business association (selected by the steering committee on an annual rotating basis) will be the co-chair. Meetings of the steering group will be confidential, but the results will be made public. The inclusive business steering group will meet at least two times a year to guide the implementation of the IBeeC Strategy.

(Source: ESCAP, UN and iBAN (2020): Landscape study of inclusive business in Cambodia)

It is important to remember that even though you will be drafting these recommendations towards the end of the programme, a lot of the groundwork for some of the recommendations will have been done through the engagement stage – e.g., drafting strategies to include in policy, identifying who the inclusive business focal points will be, developing the accreditation criteria for an accreditation scheme etc.

A draft of the recommendations should be shared with all the key stakeholders involved to get their final input and feedback before they are included in the final report.
5.3 Launch landscape report

At this stage, you should have all the material for the landscape report that pulls together all the findings from Phase 1 of the IBee and serves as the main output of the programme. The possible structure and the key sections that the report needs to cover are provided in annex. Reviewing previously published reports also provides a good frame of reference for how the report can be structured. The Cambodia and Vietnam landscape studies are particularly useful in this regard.

Once the full report has been drafted, the draft findings should be presented at a stakeholder event held with the champions who have contributed to the report. This provides further opportunity for feedback but also builds awareness around what has been achieved so far and what the plan is moving forward. In Cambodia, the Ministry that championed the programme as well as the programme team held a joint »Inclusive Business Forum«.

The preliminary findings from the Cambodia landscape study conducted by the programme team were presented at the first Inclusive Business Forum in Phnom Penh in August 2019. Several panel discussions were conducted addressing successful inclusive business models in Cambodia, policy support for inclusive business, and the promotion of investments in inclusive firms, especially through impact investment. The forum was attended by 100 participants, including high-level government officials, executive managers from inclusive businesses, intermediary and international organisations, and other public and private stakeholders.

With final inputs from key stakeholders, the report can then be finalized and launched. This should be done in a timely manner to ensure momentum built up during the landscaping process is not lost. The publication of the report marks the end of the first phase of the IBee, but it is just the beginning for the country’s strategic inclusive business agenda and implementation of IBee strategy.
6.
SUCCESS FACTORS
6 Success factors

The aim of the first phase of the IBee is to provide a detailed set of recommendations for promoting inclusive business in the country and, crucially, build interest and ownership amongst the key stakeholders who will drive the second phase of strategy development and implementation. If the programme team has been able to set the right foundation in place during phase 1, then there should be enough momentum for the local champions to push to implement some, if not all, of the strategic recommendations in the report. Depending on priorities and resources, the goal would be for the same programme that undertook the first phase, to support the second phase of the IBee to ensure success.

The experience of previous programmes has shown that if certain factors are in place towards the end of the programme, then there is more likelihood of success:

› Pro-active leadership from the main champion – In Cambodia, MISTI took full ownership of the strategic actions. The IBeeC strategy was endorsed internally by the Ministry even before the Landscape Study was published in 2021 and several the actions already being prepared and implemented. Crucially, it has been institutionalised with official focal points in various government agencies and business associations identified and a steering committee set up to guide the implementation. 39

› Strong coordination between all the key stakeholders – Continuing the momentum that was set in motion during the first phase of the IBee programme in Cambodia, the important stakeholders particularly the government agencies and business associations have been actively engaged in bringing the strategy to life. MISTI organised the first IB Champions meeting in February 2021 and the aim is to conduct one every year to ensure »lively exchange« between the key players. 40 iBAN has also continued to engage with and support

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Phase 2 of the IBee in Cambodia, providing inputs on the action plan and helping to find appropriate funding partners.

› Involvement of development partners who can finance and drive some of the recommended instruments – While the funding for setting up the institutional structure and driving the strategy definitely needs to come from the local government, additional financial support from development partners is crucial to realize the more resource intensive components of such a strategy. For example, the official accreditation process requires sponsorship considering the expense of consultants leading the process.

› The inclusive business landscape study can be a catalyst for transformative change around company-oriented impact policies. Greater awareness, better funding and more technical support can propel inclusive business solutions in the country you are working in. This, in turn, can mean positive changes in terms of income and access to goods and services for thousands of low-income people. Business can be a driver for positive change – much more so if government enables the private sector to do so.

Conversely, certain factors can lead to progress being derailed at the implementation phase:

› Institutional limitations: It could be that despite obvious appetite for an IBee strategy in the country, the local institutions lack the resources to be able to put the recommendations from the landscaping process into action. It is also a process that takes time and political priorities can change direction over this period, particularly if leadership changes hands and key individuals that championed the first phase of the IBee are no longer in government.

› Inability to find supportive development partners – It’s crucial that the development agency driving phase 1 of the IBee follows through on supporting phase 2 as well. Without continued support from the programme team, the implementation is unlikely to happen.
Listings

List of Figures

Figure 1: Phase one of the IBee journey 7
Figure 2: Phase one of the IBee journey 14
Figure 3: Blueprint of a conducive inclusive business policy environment 16

List of Abbreviations

<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Full Form</th>
</tr>
</thead>
<tbody>
<tr>
<td>ADB</td>
<td>Asian Development Bank</td>
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<tr>
<td>AfD</td>
<td>Agence Française de Dévelopement</td>
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<td>AIBF</td>
<td>ASEAN Inclusive Business Framework</td>
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<td>ASEAN</td>
<td>Association of Southeast Asian Nations</td>
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<td>BoP</td>
<td>Base of the Pyramid</td>
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<tr>
<td>CSR</td>
<td>Corporate Social Responsibility</td>
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<td>Acronym</td>
<td>Full Form</td>
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<tr>
<td>DFAT</td>
<td>Department of Foreign Affairs and Trade (of Australia)</td>
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<td>EC</td>
<td>European Commission</td>
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<td>GIZ</td>
<td>Deutsche Gesellschaft für Internationale Zusammenarbeit</td>
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<td>IB</td>
<td>Inclusive Business</td>
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<td>iBAN</td>
<td>Inclusive Business Action Network</td>
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<td>iBee</td>
<td>Inclusive Business enabling environment</td>
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<td>MISTI</td>
<td>Ministry of Industry, Science, Technology, and Innovation (of Cambodia)</td>
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<td>MoIH</td>
<td>Ministry of Industry and Handycraft (of Cambodia)</td>
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<td>NGO</td>
<td>Non-Governmental Organisation</td>
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<td>PPP</td>
<td>Public private partnership</td>
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<td>PSD</td>
<td>Private Sector Development</td>
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<td>SE</td>
<td>Social Entrepreneurship</td>
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<td>Small and Medium Enterprises</td>
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<td>ToR</td>
<td>Terms of Reference</td>
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<td>UNESCAP</td>
<td>UN Economic &amp; Social Commission for Asia &amp; Pacific</td>
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<tr>
<td>YEAC</td>
<td>Young Businessmen Association (of Cambodia)</td>
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</tbody>
</table>
Annex

DRAFT OUTLINE OF A LANDSCAPE REPORT

Acknowledgement
Preface (Government)
Executive summary
Table of contents
Abbreviations and Acronyms
List of Tables and graphs in the report

I – Rationale and Objective of Inclusive Business (IB) promotion

II – What is Inclusive Business?
A. IB Relevance for Country name: The business environment for private sector engagement in Country name
B. How IB fit in the government’s strategic programme
C. IB and SME development
D. Poverty and unmet social needs the private sector can target
E. Market opportunities and transition to companies with IB business lines by sector
F. The potential of IB to transform the economy and social development

III – IB business lines in Country name – findings from the company assessments
A. The study methodology: finding, accrediting, and promoting IB
B. Results from the company assessment (company type, assessment, sector and geographical focus, results, and impact)
C. IB in Foreign Direct Investments
D. Implications for policy support from the private sector perspective

IV – The actors that can promote IB development in Country name
A. Champions in the government
B. Supporters among the business associations
C. The IB relevant impact investing industry
D. IB facilitators
E. The role of development partners

V – Recommendations to promote Inclusive Business in Country name
A. Strategic policy commitment to promote IB
B. Targeting IB in existing SME and other development promotion programmes
C. Promoting IB in priority sectors
D. Promoting IB orientation of Foreign Direct Investments
E. Dedicated programme recommendations for specific IB support
F. Implementation arrangements
G. Development results

VI – Summary and conclusion
VII – Appendices

Appendix 1:
Methodology for Inclusive Business accreditation

Appendix 2:
Cost estimates for implementing IB support

Appendix 3:
Examples of companies with IB business lines

Appendix 4:
Selected literature list and references