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**Public Private Dialogue on Inclusive Business
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**Public-Private Dialogue for Inclusive Business On the sides of the APEC 2015 Third Senior Officials' Meeting (SOM3) and Related Meetings
27 August 2015; Cebu City**

One month from now, UN member states will convene at the 68th session of the General Assembly in New York and adopt the Sustainable Development Goals.

This will be the new agenda for global development. In the words of Secretary General Ban Ki-Moon the SDGs represent a “universal, transformative and integrated agenda that heralds a historic turning point for our world.”

17 Goals and 169 targets can in one sense be seen as an immense agenda. But these are the essential component parts to shift the world to a path of sustainable development - to deliver on economic development, social inclusion and environmental sustainability.

It is a holistic agenda, to tackle key systemic barriers such as inequality, unsustainable consumption and production patterns, inadequate infrastructure and lack of decent jobs.

Achieving these goals will not be simple or cheap. According to best estimates, for developing countries, between \$3.3 trillion and \$4.5 trillion a year in state spending, investment and aid will be needed to meet these goals.

All sources of finance, public and private, domestic and international, will have a central role to play.

It is however not just about finances but also the promotion of new technologies, business models, institutional mechanisms, legislation, regulation and policies that can dramatically accelerate progress towards sustainable development.

This will require a partnership comprised of all stakeholders – governments, the private sector, development partners, multilateral banks, research institutions and advocacy organizations.

The private sector has a privileged position in this partnership.

Whether through trade, manufacturing, investment or innovation, companies that employ market-based solutions to global challenges can – and in fact are - providing opportunities for millions of people to lift themselves out of poverty, while at the same time investing in core business operations.

This is where a platform like the Business Call to Action which is a public private - partnership, can play a critical role.

For those not familiar with BCtA, it is a 'call' for action to the private sector to undertake inclusive, pro-poor transformations.

BCtA is entering its second phase now, an ambitious programme of work has been designed to advocate, challenge, measure and influence the way inclusive business practices are implemented.

108 leading companies spanning the globe across every sector have already committed concrete initiatives to the BCtA and many more are needed to join the initiative.

BCtA is not about philanthropic giving, corporate social responsibility or even the adoption of voluntary principles around responsible investing.

BCtA is much more – it is about challenging companies to develop innovative business models that offer potential for both commercial success and development impact.

There is huge potential in aligning core business activities with the new development agenda.

Businesses are best placed to connect poor people to markets. To make the poor part of the value chain of companies' core business as suppliers, distributors, retailers, or customers.

Businesses can also create demand for goods and services by people living at the bottom of the economic pyramid, whose collective purchasing power exceeds US\$5 trillion.

BCtA aims include access to banking services for more than 40 million people, improved nutrition for 8 million children and energy access for around 30 million low-income households.

These are certainly not inconsequential contributions to global sustainable development.

One billion people live in the rural areas of Asia-Pacific Economic Cooperation (APEC)'s developing economies.

If we are able to harness the potential of these low-income communities and match them with commercially viable business ventures, then we will be successful in improving the lives of millions of people.

Let me give you some examples of the important role BCtA members have played in the energy sector.

More than 1.4 billion people, 18 per cent of the global population, continue to live without access to electricity; and nearly 3 billion – 40% of the global population – rely on biomass for their cooking needs.

Access to modern energy services is a vast unmet need that underpins many development challenges. It also provides a huge business opportunity.

Through a diverse distribution strategy including global importers and micro franchise, the company Barefoot Power has impacted the lives of 2 million people in over 20 countries by supplying solar powered lights, home lighting systems and phone charging solutions to people in the most remote communities.

One of Barefoot's products, the 1W rechargeable desk lamp, saves consumers about \$5 per month or \$60 per year on kerosene, money that can be used for other necessities.

The company estimates that its product has resulted in total savings for consumers of \$600 million in five years.

Ilumexico, one of BCtA's newest members, has committed to bring their solar home systems (SHS) to 50,000 off-the-grid rural homes within the country, approximately 300,000 people, by 2020.

Its commitment includes the creation of 180 new jobs, 90 of which will be designated for women and 70 of which to be based in rural communities.

New BCtA member ONergy will scale up its operations, deploying a range of innovative, customized solar solutions including for irrigation, cold storage and computers for education, to communities in East India, among the country's poorest and least developed.

This expansion is projected to impact 1 million lives while reducing CO2 emissions by 100,000 tonnes by 2017.

Other companies are also exploring new models that incorporate their core business objectives into diverse investment and local activities.

The Japanese lifestyle retailer Company MUJI, joined BCtA in 2013 with a commitment to expand training and sourcing from low-income artisans in transitional and post-conflict regions in Cambodia, Kenya and Kyrgyzstan.

MUJI's initiative targeted an 8% increase in production and 1.3 million dollars of revenue from eco-friendly job opportunities, sustainable livelihoods and local sourcing from small-scale farmers.

Leading Japanese insurance company [Sompo Japan Nipponkoa Group](#) joined BCtA with a commitment to enhance the resilience of 30,000 small-scale farmers in Southeast Asia by 2025 through its weather index insurance.

The first major insurance company to join the BCtA, the Group developed this innovative initiative to mitigate the adverse impacts of climate change by offering financial services to low-income farmers.

In 2010, its first year, Sompo Japan Nipponkoa Thailand, provided insurance to more than 1,000 rice farmers in a single province.

By 2014, the program had expanded to cover 4,300 rice farmers in 17 provinces.

By 2020, Sompo Japan Nipponkoa Group plans to insure 10,000 rice farmers in 20 provinces of Thailand, and by 2025, it aims to serve 30,000 small-scale farmers throughout Southeast Asia.

BCtA is not just about what Businesses can do for development but it is also about what BCtA can do to develop the impact of Businesses.

BCtA has started a new service offering to measure the operational performance and social impact of inclusive businesses through mobile based surveys.

The BCtA Impact Measurement Services envisions to achieve two goals:

First is to support our member companies' effort to access critical data on their customers and market environment to further innovate and grow their businesses.

Second is to build an evidence base of the contribution that inclusive businesses are making toward the SDGs to support the development of this field.

In Mexico, BCtA is working with [Echale a Tu Casa](#) to measure the social impact of its low-income housing business by going beyond the traditional metric of reporting the number of homes it has helped build for its customers.

Through BCtA's support, the company will try to understand potential education and health impact that its business is providing to its clients by helping them build improved homes.

There are many benefits from being a part of BCtA as you can see and I would like to invite you to join this initiative

Let me conclude by making a few points in the context of APEC.

I want to underline the importance of creating a Community of Practice that enables a sharing of knowledge, best practice and lessons on market-based approaches to development.

This need not be just limited to the BCtA initiative but rather a broader APEC Community of Practice involving both business and government.

A Community of Practice that can formulate an Inclusive Business Framework for APEC.

I say this because BCtA and its member companies cannot advance inclusive business alone, they need support from government and an enabling environment that is both country specific and regional in nature.

If indeed information is power, key players in economic development including the government must work together to support companies with the tools, knowledge, technology and training required to operate in low-income markets.

This includes market research on opportunities within specific sectors.

Governments can also support small and medium enterprises to develop capabilities in logistics, transactions, marketing and communications; to help inclusive businesses grow in challenging environments.

Technical support can also be provided in the form of small-business incubators, shared platforms, dissemination of best practices, the devising of industry standards.

Investment and financial support cannot be ignored.

If companies are to succeed in these new markets, they must have greater access to financing. And while Bottom of the Pyramid markets can provide solid returns, it is unlikely that all levels of business will be comfortable exploring this new customer base.

Financial guarantees are often required to help businesses see the value of entering low-income markets. Challenge funds and matching grants have also emerged as possible financing mechanisms to catalyze pro-poor innovation and investment.

Government programs can also help low-income people acquire the knowledge and skills required to participate in value chains productively, and access financial services.

And of course Governments have a critical role in identifying Regulatory enablers and barriers and providing the requisite physical infrastructure for inclusive business opportunities.

When enabling conditions are absent or fall short, transaction costs rise, as businesses have to fill the gaps themselves. Despite the enormous potential awaiting inclusive business endeavours, the obstacles are often daunting.

We cannot ignore the need to build transformative partnerships to build trust and accountability between the public and private stakeholders

In essence, an APEC Framework should help build an ecosystem for inclusive business.

The efforts of APEC Economies, the UNDP, the Business Call to Action and others, in partnership with the private sector and government, can galvanize the power of inclusive business to advance the SDG agenda.

Ladies and Gentlemen.

The job is unfinished for millions of people—we need to go the last mile on ending hunger, achieving full gender equality, reducing maternal and child mortality, reducing HIV infection, getting and keeping every child into school, and protecting the environment.

The SDGs must finish the job that the MDGs started, and leave no one behind.

In 2002, Mark Malloch Brown, former UNDP Administrator, said that supporting the MDGs is good for business – because providing health services, nutrition, education, water, sanitation and so on will unleash poor people’s energies and encourage stronger societies and economies that can actively participate in the global economy.

These words ring true 13 years later.

The MDGs proved that global goals helped to galvanize a global effort in which the private sector was a critical player. The private sector can play a similar and stronger role in delivering against the SDGs.

Thank You.