

## IFC and Inclusive Business Models

### *AT A GLANCE*

- Inclusive business is a private sector approach to providing goods, services, and livelihoods to people at the base of the pyramid (BOP). Inclusive businesses are commercially viable and scalable and make the BOP a part of the value chain of the company's core business.
- There are 4 billion people who comprise the BOP, defined by IFC as people who earn less than \$8 per day in purchasing-power parity or who lack access to basic goods and services.
- Inclusive businesses can directly benefit the BOP by providing more affordable and accessible services such as clean water, food, housing, electricity, phone, education and healthcare.
- Inclusive businesses often use capacity building and financing throughout the value chain to engage the BOP as suppliers or as customers.

### *WHAT IFC IS DOING*

- IFC has a unique role in being able to reach the poor directly through market-based solutions.
- IFC's dedicated Inclusive Business Models Group creates the tools, resources, and networks that will enable IFC staff to develop new ways to support clients in scaling up their inclusive-business models to reach more people at the base of the pyramid. The group actively documents and shares knowledge to help others develop inclusive-business models more quickly and more easily.
- IFC has invested over \$7 billion to support more than 300 inclusive-business clients in more than 80 countries since 2005. In fiscal 2012, IFC committed \$1.2 billion to more than 70 inclusive-business projects, including real sector and microfinance projects.
- In 2011, IFC issued a [report](#), *Accelerating Inclusive Business Opportunities: Business Models that Make a Difference*, based on the experience of IFC inclusive-business clients. The report shares IFC's expertise and identifies seven models for inclusive business that can be replicated and scaled.
- In 2012, IFC will release a new report that highlights the personal journeys of inclusive-business leaders. The report will focus on those who are founding entrepreneurs, second-generation innovators, and those who returned to their home country or village to make a difference.
- IFC's experience shows that the leadership of effective inclusive businesses make purposeful and targeted interventions that include one or more of the following actions:
  1. Engagement in capacity building of their suppliers, distributors, retailers, or customers
  2. Engagement in financing of their suppliers, distributors, retailers or customers
  3. Creation (or adaptation) of their product, specifically to the BOP market
  4. Use of distribution approaches geared at reaching BOP customers

### *RESULTS*

- In FY12, IFC's inclusive-business clients reached more than 173 million farmers, students, patients, and utility customers directly and provided more than 13 million microfinance loans. Inclusive-business clients also offered 284,000 jobs.
- IFC's inclusive-business clients have started to benefit from peer-to-peer knowledge-sharing events organized by IFC. This hopefully will encourage greater opportunities for business at the BOP.

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