Inclusive businesses provide livelihood opportunities and help close key developmental gaps, such as access to water, for the poor and the underserved—people often referred to as being at the base of the economic pyramid. The companies achieve both commercial viability and development impact by focusing on people across their value chain, as suppliers, employees, distributors, retailers, or customers.

The strategies for inclusive business are relevant across various sectors, including efforts to source from smallholder farmers; upskill low-income workers; provide financial services to the unbanked; treat low-income patients; teach low-income students, and extend power and mobile phone services to last-mile customers.

Inclusive businesses play a fundamental role in achieving the World Bank Group’s goals of reducing poverty and increasing shared prosperity, especially for those at the base of the pyramid. These companies seek to address development gaps such as lack of access to basic sanitation for 2.4 billion people, simple bank accounts for 2 billion people, reliable electricity for 1.2 billion people, and schooling for 121 million children. COVID-19 is deepening these gaps and pushing millions more into poverty, highlighting the need for inclusive businesses to play a bigger role.

IFC is the world’s largest international finance institution investing in inclusive businesses. Since 2005, IFC has committed over $23 billion in inclusive businesses across the world and in a wide range of industries. IFC also provides advisory services to help inclusive business clients succeed.

The base of the pyramid represents a $5 trillion consumer market.

Source: The Next 4 Billion

The Business Case

By tapping into the underserved base of the pyramid customer segment, inclusive businesses can expand their market share and gain an edge over competitors. On the sourcing side, inclusive businesses create stronger, more stable supply chains, and minimize the risk of disruptions.
Creating Solutions for Clients

IFC works with clients to develop tailored operational solutions that support client performance and expand a project’s inclusion impact. It also conducts research and explores new financing structures that generate positive impact for people at the base of the pyramid.

Developing and Applying Inclusive Strategies

IFC advances inclusive business frameworks to foster inclusiveness in its investments. It has developed sector-based tools to assess the inclusive business elements in its investments and systematically reviews all projects through IFC’s Anticipated Impact Measurement and Monitoring (AIMM) to identify, classify, and increase inclusive business across sectors. IFC also uses its inclusive business framework to identify projects eligible for its Social Bond Program.

Delivering Thought Leadership

To inform IFC operations and shape the inclusive business field, IFC documents and disseminates knowledge about effective inclusive business models and practices. This includes nearly 50 inclusive business case studies from across IFC’s portfolio and a note on how inclusive businesses adapted during COVID-19 to address the needs of base of the pyramid stakeholders. IFC spearheaded the G20’s adoption of the G20 Inclusive Business Framework and leverages strategic partnerships to accelerate and deepen its impact.

Inclusive Business Strategies

Often when low-income, underserved individuals try to access goods and services or integrate into supply chains as entrepreneurs, they are confronted with challenges relating to affordability, accessibility, and capacity. Inclusive businesses address these constraints in a variety of ways.

Increasing Affordability

Low-income consumers have limited individual purchasing power and often deal with uneven cashflows. Inclusive businesses may respond by offering lower-priced product varieties in smaller unit sizes or facilitating relevant and affordable financing options.

Expanding Accessibility

People at the base of the pyramid often cannot access relevant products and services and may face distance constraints, particularly if they live in remote settings. Inclusive businesses establish last-mile sales and distribution channels to reach these customers, sometimes by engaging microentrepreneurs or by adopting a hub-and-spoke approach. Companies will also adapt their product or service, so that it is relevant and functions in low-access communities.

Building Capacity

Microentrepreneurs often face technical or business management constraints that inhibit their ability to participate in value chains. Consumers, too, may have limited knowledge about the availability of certain products and services and how to use them. To address such capacity constraints, inclusive businesses will often conduct campaigns to raise awareness and change behaviors, along with community-level training or technical training for entrepreneurs.

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