



Inclusive Business

International Labour Organization

Issue Note prepared for the G20 Development Working Group

WHAT DO WE MEAN BY INCLUSIVE BUSINESS?

Inclusive business, first recognized by the G20 in 2011, *“is a private sector approach to providing goods, services, and livelihoods on a commercially viable basis, either at scale or scalable, to people at the base of the pyramid by making them part of the value chain of companies’ core business as suppliers, distributors, retailers, or customers.”* The G20 Inclusive Business focus provides a vehicle to emphasize the role of the private market in achieving global development goals.

The meaning of Inclusive Business has broadened in recent years to emphasize the needs of those who live in poverty and those among them who are most vulnerable. Developing business models that empower poor communities, those who work in the rural sector, and women are critically important to the discussion. In addition to value chains, these models include different types of enterprises, including those such as cooperatives in the social and solidarity economy.

WHY IS ACTION NEEDED?

Four and a half billion people live at the base of the economic pyramid. These people, concentrated in the developing and emerging economies, including several within the G20 itself, live on less than 8 dollars per day in purchasing power parity terms. A sound policy framework on Inclusive Business that promotes sustainable economic development in these countries has the potential to make a significant contribution to raising the living standards of this global population, thus helping to achieve the United Nations’ Sustainable Development Goals, which aim to end poverty everywhere. A strong global economy makes the private sector strong.

HOW CAN THE G20 DWG CONTRIBUTE?

Brief history of Inclusive Business within the G20

Successive presidencies have devoted attention to Inclusive Business, primarily through the Development Working Group. The Mexican presidency in 2012 included a G20 challenge on Inclusive Business Innovation, and an initial policy note on Inclusive Business was drafted under the Russian Presidency in 2013. Under the Turkish presidency in 2015 the Development Working Group developed the G20 Inclusive Business Framework. The Antalya Communiqué stated that “[t]hrough our G20 Call on Inclusive Business we stress the need of all stakeholders to work together in order to promote opportunities for low income people and communities to participate in markets as buyers, suppliers and consumers. Following upon the Turkish presidency initiative, the Chinese presidency launched the Global Platform on Inclusive Business in 2016. The Platform serves as a forum for policymakers to access research and ideas for improving the enabling environment for inclusive business, and that connects business with policymakers for this purpose. The Hamburg Summit under the German presidency in 2017 placed strong importance generally on “promoting inclusive growth”.

The Argentinian presidency has an opportunity to frame the discussion on Inclusive Business within the context of the developing world. By emphasizing the needs of those who work in poverty and informality, including those in the rural economy, the debate within the G20 can focus on labour market strategies that promote sustainable and inclusive development. This focus would strengthen the gender, social and community dimensions of the G20 policy framework, notably by integrating key aspects of the social economy, and also provide a vehicle for reiterating commitments to decent work and the elimination of child labour and forced labour. A more concrete action plan could emerge, and this could be reflected in an active exchange of policy and information on the Platform.

Possible actions under the Argentinian presidency

First, the Argentinian presidency could **build on the existing agenda**, making it more concrete and robust, by conducting a quick audit and follow-up of previously adopted activities. Particular attention could be paid to the enabling environment for Inclusive Business, which the German presidency emphasized. The audit could make a significant contribution by including specific recommendations, drawn from best practices that emerge from the audit. The presidency could also make a contribution to the global dialogue on Inclusive Business by developing the Global Platform on Inclusive Business into a much broader partnership, including research and educational institutions.

Second, Argentina may wish to contribute to the debate on Inclusive Business by focusing on the **social and solidarity economy (SSE)**. The SSE (in micro finance or micro insurance, for instance) holds tremendous potential for people at the bottom of the pyramid: those who live and work in rural areas, in services sectors, and in conditions of informality. It provides a pathway for community development and empowerment and tackling social deficits, in addition to its importance for market inclusion.

Thus, the social and solidarity economy offers a promising model for inclusive business, which the Argentinian presidency could address in a systematic way, including through the Platform. Given the low profile to date of the social and solidarity economy, the mainstreaming of policies in this area could represent an important contribution to the overall debate.

In addition, the social and solidarity economy is well positioned to tap into the potential of youth and women in the labour market, as well as of indigenous communities. This would entail closer links with educational institutions, which could also relate to the Argentinian presidency's desire to integrate various work streams within the G20.

Third, the Argentinian presidency's focus on Inclusive Business could also consider **environmental sustainability**. The inclusion of this issue could develop a more robust concept of Inclusive Business. This emphasis could help many governments better grasp this challenge at the national level, notwithstanding the obvious link with inclusive business.

HOW DOES IT CONTRIBUTE TO SUSTAINABLE DEVELOPMENT?

Inclusive Business has the potential to contribute to all of the Sustainable Development Goals. Goals that have the closest relationship with an Inclusive Business agenda include Goals 1, 8, 9, 10, and 12. Goal 17 – Partnerships for the Goals -- deserves special emphasis, because the policy framework for Inclusive Business should have a strong basis in partnerships between the public and private sectors.

KEY QUESTIONS

Key questions are the following:

- How can the existing momentum for Inclusive Business initiatives continue?
- What additional initiatives should be considered that can be added without jeopardising the existing momentum?
- How can an enabling environment for inclusive business contribute to the fight against poverty? What is the business case on this issue?
- What is the case in the G20 developed countries for a more development-centered Inclusive Business agenda?
- How can different international instruments on corporate behaviour and/or Inclusive Business work together to better serve the Agenda 2030?

- How can governments and the private sector contribute jointly to the development of the social and solidarity economy?
- How can Inclusive Business, including the social and solidarity economy, empower women at work and in society and remove child and forced labour?
- Is there support for integration of environmental sustainability in the activities implementing the Inclusive Business agenda?
- How can we create a collaborative space in which all relevant stakeholders develop a strategy for inclusive business, reflecting their respective circumstances?