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Responsible and sustainable business practices and corporate social responsibility and enterprise development

Note by the UNCTAD secretariat¹

Executive summary

The resolution adopted by the General Assembly on 20 December 2018 on entrepreneurship for sustainable development² reconfirmed the central role of entrepreneurs and businesses in the transition towards sustainable and inclusive development.

This note discusses how the inclusive dimension of enterprise development can be enhanced by promoting responsible business practices and inclusive entrepreneurship. It provides practical examples of inclusive business models and suggests policies on strengthening the role of entrepreneurship for inclusive growth and sustainable development. In particular, it illustrates how the entrepreneurship policy framework of UNCTAD can be adapted and expanded to address the challenges of inclusive growth, including by creating employment opportunities and engendering inclusive outcomes for various disadvantaged groups. The conclusion offers some reflections on the way forward.

¹ Note: Mention of any firm or licenced process does not imply the endorsement of the United Nations.

² A/RES/73/225.

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I. Introduction

1. The resolution adopted by the General Assembly on 20 December 2018 on entrepreneurship for sustainable development reconfirmed for the fourth time the central role of entrepreneurs and businesses in the transition towards sustainable and inclusive development, “reiterating the pledge that no one will be left behind, reaffirming the recognition that the dignity of the human person is fundamental and the wish to see the Sustainable Development Goals and targets met for all nations and peoples and for all segments of society”. The resolution also recognized that entrepreneurship drives economic growth by creating jobs and fostering innovation and further recognized the positive contribution that entrepreneurship can make in promoting social cohesion, reducing inequalities and expanding opportunities for all, including women, young people, persons with disabilities and the most vulnerable people, and reaching the furthest behind first.

2. Entrepreneurship can help improve quality of life for ordinary people, including disadvantaged groups, and help address social and environmental challenges in the context of the 2030 Agenda for Sustainable Development. Inclusiveness and sustainability are crucial considerations in the strategies and operations of companies of all sizes, in particular regarding their contributions to achieving the Goals. Efforts to promote corporate social responsibility over the last decades have led many companies to be responsible not only to shareholders but also to customers, employees and society at large. At present, many multinational companies recognize that contributing to the economic, social and environmental aspects of achieving the Goals provides benefits that go beyond important reputational gains to include, among others, enhanced human resources and productivity, cost reduction through the rational use of natural resources and the reduction of transaction costs through local procurement among small suppliers. In this regard, inclusive business models, which integrate inclusiveness into a company’s core businesses, represent another important step in the evolution of the concept and practices of responsible business.

3. Microenterprises and small and medium-sized enterprises are another part of the equation, as they are both agents for and beneficiaries of inclusive development. In most countries, they are the main drivers of employment and important facilitators of income generation for the majority of the population, poverty eradication and inequality reduction, including for disadvantaged groups. Such enterprises can therefore help promote responsible and inclusive business practices. In addition, such enterprises, in particular those that represent or involve disadvantaged groups, can benefit from the inclusive practices of large companies when they are integrated as suppliers or customers in the inclusive business models of the latter.

4. Entrepreneurs in developing countries and countries with economies in transition, however, face numerous challenges that limit their potential to be engaged in productive activities and contribute to inclusive development. Governments therefore play an important role in creating an enabling environment for entrepreneurship and microenterprise and small and medium-sized enterprise development and in encouraging inclusive growth aligned with the 2030 Agenda. Equally important is the sharing of information on responsible business with a view to identifying good practices in enhancing private sector contributions to sustainable and inclusive growth.

5. This note discusses good practices and policies dealing with enhancing the inclusive dimension of enterprise development, to support discussions at the seventh session of the Multi-year Expert Meeting on Investment, Innovation and Entrepreneurship for Productive Capacity-building and Sustainable Development. Chapter II discusses responsible business practices and the evolution of inclusive business models. Chapter III focuses on inclusive entrepreneurship and illustrates how the entrepreneurship policy framework of UNCTAD can be improved in response to the challenges of inclusive growth. Chapter IV offers some reflections on the way forward and chapter V proposes some issues for discussion at the Multi-year Expert Meeting.

II. Responsible business practices and inclusive business models

6. Inclusive businesses provide goods, services and livelihoods on a commercial basis to people living at the base of the economic pyramid, helping them to overcome limited access to products and facilities. The concept was formalized in a United Nations Development Programme report in 2008.³ Since then, it has evolved to include more aspects of inclusive business, going beyond responsible business practices (normally understood as corporate activities whose main purpose is to benefit individuals, a community or the environment) to involve a more proactive role in achieving the Goals and engaging with disadvantaged groups.⁴

7. An inclusive business model is a commercially viable model that benefits low-income communities by including them in a company's value chain on the demand side as clients and consumers and/or on the supply side as producers, entrepreneurs or employees, in a sustainable manner. Businesses that create and use such innovative models range from multinational corporations to large domestic companies, cooperatives, small and medium-sized enterprises and even not-for-profit organizations that use business principles or social business approaches to achieve their missions.

8. Inclusive business models build bridges between businesses and the poor and disadvantaged for mutual benefits. The benefits for businesses go beyond immediate profits and higher incomes, to include driving innovation, building markets and strengthening value chains. The benefits for the poor and disadvantaged include access to essential goods and services, higher productivity, more sustainable earnings and greater empowerment.

9. Inclusive business is not the same as corporate philanthropy or corporate social responsibility, which have inherent limitations of scope, impact and budget. Rather, it is the search for sustainable business models that do well by doing good, and which are part of a company's core business activities. For example, Unilever has depicted the types of value it aims to create through its inclusive business model, including consumer benefits, top and bottom-line growth, improved health and well-being, reduced environmental impacts and enhanced livelihoods, and has developed a reporting framework to monitor the delivery of outcomes.⁵

10. Inclusive businesses aim at economic viability while also making a social impact. Innovative inclusive businesses may be found in both large companies and microenterprises and small and medium-sized enterprises and in many sectors, including agriculture and agribusiness, transport, energy, housing, health care, education, water and sanitation and information and communications technology. Many inclusive businesses are social enterprises that represent a new way of doing business. They prioritize a purpose, embedded in social and environmental objectives, as much as making a profit and, by doing so, become agents of change for the promotion of inclusive growth and the creation of social values, such as democratic governance, profit reinvestment, frugal innovation and beneficial social impacts.

11. Global value chains represent an important opportunity for multinational companies and large domestic companies to engage in inclusive business models and provide benefits for small suppliers and customers (box 1). The integration of microenterprises and small and medium-sized enterprises into global value chains is an important component of employment, social cohesion and more inclusive growth.

³ United Nations Development Programme, 2008, *Creating Value for All: Strategies for Doing Business with the Poor* (United Nations publication, New York).

⁴ Group of 20 Development Working Group, 2015, Group of 20 inclusive business framework, available at <http://g20.org.tr/wp-content/uploads/2015/11/G20-Inclusive-Business-Framework.pdf>.

⁵ Unilever, 2019, How we create value: Our value chain, available at <https://www.unilever.com/sustainable-living/our-strategy/about-our-strategy/>.

Box 1

Local benefits from inclusive business**Microenterprise and small and medium-sized enterprise upgrading through better services and inputs**

Inclusive businesses can increase the productivity of local firms by providing infrastructure (e.g. electricity and health services) and knowledge and market access (e.g. to finance and agricultural inputs) and by reducing transaction costs (e.g. through access to digital services). Digital platforms offer opportunities to address financial exclusion and promote health care, education and last-mile utilities delivery, and have led to significant developments in reaching people living at the base of the economic pyramid. For example, in Kenya, M-Pesa has provided a new and affordable way to transfer money using mobile technology.

Increased employment and income opportunities through start-ups

Local companies offer new products and services to meet development needs. For example, in Ecuador, the beverage business Waykana promotes sustainable growing practices in the rainforest while providing decent employment for small-scale farmers as part of its inclusive business model. Small, innovative entrepreneurs can develop original solutions for sustainable development-related challenges. In addition, there is increased entrepreneurial activity among women, who are often the main drivers of businesses that serve local communities. For example, the lack of quality education in an underserved, impoverished rural region in northern Uganda prompted one entrepreneur to establish a school that provides quality education to disadvantaged children.

Sources: Deutsche Gesellschaft für internationale Zusammenarbeit (GIZ), 2013, Inclusive business models, available at <https://www.giz.de/fachexpertise/downloads/giz2014-ib-models-rz.pdf>; UNCTAD, 2018, Empretec newsletter, issue 35.

12. Some enterprises have started to adopt this more holistic approach to business, shifting from corporate social responsibility to inclusive business (box 2). For many others, corporate social responsibility remains the route through which they can support specific projects that work towards achieving the Goals. In addition, Governments have begun to play an important role. For example, the Government of India has mandated that all companies over a certain size must spend at least 2 per cent of their average net profits on corporate social responsibility activities, and some of the projects this funding supports could help to achieve the Goals.⁶ This type of legislation can leverage substantial investments, and similar policies are being considered in other developing countries, such as Bangladesh and Indonesia.⁷ The challenge is to ensure that this type of corporate social responsibility funding supports initiatives that deliver long-term results.

⁶ United Nations Economic and Social Commission for Asia and the Pacific, 2017, *Innovative Financing for Development in Asia and the Pacific: Government Policies on Impact Investment and Public Finance for Innovation* (United Nations publication, Sales No. E.17.II.F.23, Bangkok).

⁷ Ibid.

Box 2

From corporate social responsibility to inclusive business: IKEA

Two branches of the business illustrate the difference between corporate social responsibility and inclusive business practices. The IKEA Foundation carries out philanthropic activities on behalf of the IKEA Group, which may be defined as corporate social responsibility. The IWAY code of conduct and sustainability practices and policies for ethical and sustainable supply chains may be categorized as parts of an inclusive business model. The requirements of the code of conduct (including the prevention of child labour, and the sustainability direction to have an overall positive impact on people and the environment) create value for the business in terms of quality and for those participating in the supply chain.

Sources: IKEA, 2017, *Inter-IKEA sustainability summary report FY17* (n.p.); IKEA, 2019, IWAY standard, available at https://www.ikea.com/ms/ar_QA/about_ikea/our_responsibility/iway/index.html.

13. Sharing good practices and developing guidance materials are critical to facilitating new initiatives for inclusive business development. One such initiative is the Inclusive Business Action Network (iBAN), which supports the scaling and replication of inclusive business models and manages a global online knowledge platform.⁸ Box 3 details notable initiatives at the national and international levels.

Box 3

United Nations Development Programme-led accelerators for the Goals

The United Nations Development Programme is using a start-up accelerator model to harness private sector-led inclusive solutions for development challenges under the Goals.

In Denmark, the “SDG Accelerator” supports participating small and medium-sized enterprises in developing new products, services and business models. Participating companies receive guidance and a comprehensive method for addressing the challenges embedded in the Goals.

Accelerate 2030 is a programme co-initiated by Impact Hub Geneva and the United Nations Development Programme, with the aim of scaling internationally the impact of entrepreneurs working towards achieving positive social and environmental change, contributing to achieving the Goals. The programme enables entrepreneurs to integrate a sustainable corporate culture through leadership coaching.

Sources: Impact Hub Geneva and United Nations Development Programme, 2019, Accelerate 2030, available at <https://accelerate2030.net>; United Nations Development Programme, 2019, SDG Accelerator, available at www.sdg-accelerator.org/content/sdg-accelerator/en/home/about/.

14. Another important means of raising awareness of inclusive solutions is enterprise reporting. The role of reporting has been facilitated by the Goals monitoring framework, including with regard to indicator 12.6.1 on the number of companies publishing sustainability reports, to support the achievement of Goal 12 on ensuring sustainable consumption and production patterns. The indicator is under the custodianship of two United Nations agencies, UNCTAD and the United Nations Environment Programme, which are developing a methodology for measuring achievements under this indicator, to enable countries to collect data on sustainability reporting by companies. To support this process, UNCTAD has developed guidance on core indicators for entity reporting on the contribution towards the attainment of the Goals, to enhance the usefulness and comparability of Goals-related reporting by companies, including in the areas of gender

⁸ iBAN is funded by the Federal Ministry for Economic Cooperation and Development of Germany and the European Union, and is implemented by GIZ; see <https://www.inclusivebusiness.net/>.

equality, community development and local procurement and workforce diversity, among others.

15. There are many other initiatives that help to raise awareness of responsible business practices through corporate reporting. For example, the multi-year strategy of the United Nations Global Compact is to drive business awareness and action in support of achieving the Goals by 2030. The Global Compact incentivizes companies to provide an annual report on progress, a visible expression of the commitment of a business to sustainability, which details its work in embedding the 10 principles of the Global Compact into their strategies and operations, as well as efforts to support social priorities.

16. In addition, the World Business Council for Sustainable Development has developed an initiative on reporting matters, to improve the effectiveness of sustainability reporting and help businesses realize the value of reporting by showing how companies use the reporting process to drive change inside their businesses while effectively meeting stakeholder needs. The Council has also launched the reporting exchange, a comprehensive global platform for sustainability reporting that brings together corporate sustainability reporting requirements and resources from 60 countries and provides space for business to contribute, share insights and good practices and learn from others.

17. Further, the International Integrated Reporting Council promotes integrated reporting and the concept of a business model defined as “the organization’s chosen system of inputs, business activities, outputs and outcomes that aims to create value over the short, medium and long term”.⁹ The consideration of inputs, outputs and outcomes helps to clarify an organization’s positive and negative impacts on human, intellectual, financial, manufactured, natural, social and relationship capitals and to encourage the organization to take a broader view of the concept of value creation.

III. Promoting inclusive entrepreneurship for sustainable development: The role of policies

18. Inclusive entrepreneurship plays a critical role in the facilitation of inclusive business solutions. It offers an opportunity for people from disadvantaged backgrounds, including women, young people, indigenous people, ethnic minorities, migrants and refugees, as well as persons with disabilities, to participate in the economy and to create value. In this regard, it contributes to the achievement of several of the Goals, including Goal 1 on ending poverty, Goal 5 on achieving gender equality, Goal 8 on promoting decent work and Goal 10 on reducing inequality. By encouraging entrepreneurs from disadvantaged groups to take an inclusive business approach, policymakers have an additional opportunity to address the targets under Goal 9 on building resilient infrastructure, promoting inclusive and sustainable industrialization and fostering innovation and Goal 12. To facilitate awareness of inclusive solutions, new initiatives are being developed by international organizations.

19. Entrepreneurs from disadvantaged groups are less likely to start up a business and, when they do so, are more likely to face additional difficulties and obstacles to success. For example, some reports suggest that women are less likely to become entrepreneurs than men.¹⁰ This is likely a reflection of the wider social constraints and challenges that women face; even if appropriate equality-related legislation is in place, women continue to face practical discrimination and risks due to a lack of political empowerment and enforcement of the applicable laws. Other studies have demonstrated the constraints for businesses operated by youth and immigrants, which face issues related to profitability and scaling up,

⁹ International Integrated Reporting Council, 2013, Business model, available at https://integratedreporting.org/wp-content/uploads/2013/03/Business_Model.pdf.

¹⁰ Global Entrepreneurship Monitor, 2018, *Global Report 2017/2018* (Global Entrepreneurship Research Association, London).

due to different reasons.¹¹ This evidence for underperformance suggests that by promoting inclusive entrepreneurship, countries can not only activate the entrepreneurial skills of a wider group of people, but also ensure that those who are already running their own businesses can better fulfil their potential.

20. Policy interventions can play an important role in supporting people from all backgrounds to consider entrepreneurship as a career choice and making it possible for them to thrive. The following proposed policy interventions are grouped around the six pillars of the entrepreneurship policy framework of UNCTAD, with specific modifications for promoting inclusive entrepreneurship for sustainable development.¹²

A. Developing inclusive entrepreneurship strategies

21. The needs of entrepreneurs from disadvantaged groups can be better addressed if they are considered from the early stages of the development of national entrepreneurship strategies. Stakeholders from disadvantaged groups can be involved in the consultation phase of strategy development and in gathering baseline data on existing ecosystems. By engaging with these groups in a meaningful way from the start of the process, policymakers can challenge assumptions and identify specific barriers.

1. Empowering disadvantaged groups

22. Providing specific support measures for the start-ups of entrepreneurs from disadvantaged groups is an important area. For example, the recently launched inclusive national entrepreneurship strategy of the United Republic of Tanzania shows how this kind of support can be built in from the start, to help achieve economic empowerment and the effective participation of disadvantaged groups. It is an inclusive strategy in two ways. First, it is holistic, in that it integrates five key areas for the realization of entrepreneurship development, namely the regulatory environment, entrepreneurship education and skills, technology exchange and innovation, access to finance and the promotion of awareness and networking. Second, it seeks outcomes for all relevant segments of society, including marginalized groups such as women, youth and persons with disabilities, and innovative, high-technology and high-growth start-ups. To ensure coordination, the strategy will be implemented by all key stakeholders, led by the Prime Minister's Office and the National Economic Empowerment Council.

2. Engaging entrepreneurs from all parts of society in ongoing policy dialogues with Governments

23. As well as engaging entrepreneurs from disadvantaged groups in strategy development, it is helpful to offer an ongoing platform for debate and discussion with Governments on policy and implementation. Drawing on the *Policy Guide on Youth Entrepreneurship* of UNCTAD and dialogue with stakeholders, the Commonwealth has identified the need to design an integrated national policy framework for youth entrepreneurship in the green and blue economies, and states that youth entrepreneurship strategies should contain a chapter dedicated to green and blue growth.¹³

B. Establishing conducive rules and regulations

24. Governments can enhance the institutional environment for all businesses by reviewing the regulatory framework with the aim of removing barriers and creating

¹¹ Organization for Economic Cooperation and Development and European Union, 2017, *The Missing Entrepreneurs 2017: Policies for Inclusive Entrepreneurship* (Organization for Economic Cooperation and Development Publishing, Paris).

¹² UNCTAD, 2012, *Entrepreneurship Policy Framework and Implementation Guidance* (United Nations publication, New York and Geneva).

¹³ Commonwealth Secretariat, 2018, *Youth Entrepreneurship for the Green and Blue Economy: Policy Toolkit* (London).

favourable conditions for sustainable, inclusive entrepreneurial activity by different target groups. For example, the Government of the Philippines has developed tax incentives and a supportive policy framework, to foster inclusive businesses. The simplification and streamlining of rules and regulations is key to providing a fertile ecosystem for entrepreneurs of all backgrounds. However, people from disadvantaged groups may face additional regulatory barriers, for example, in countries where there may be barriers to decision-making or ownership of property by women. An important approach to developing entrepreneurship policies is one focused on specific target groups (box 4).

Box 4

Policy Guide on Entrepreneurship for Migrants and Refugees

In 2018, UNCTAD, the International Organization for Migration and the Office of the United Nations High Commissioner for Refugees jointly published a policy guide demonstrating how entrepreneurship can be a way for migrants and refugees to integrate and contribute to economic growth.

The guide is a practical tool aimed at strengthening the humanitarian-development nexus, as encouraged by the New York Declaration for Refugees and Migrants in the resolution adopted by the General Assembly in 2016. It is an important effort to acknowledge the role of migrants and refugees as an integral part of a globalized world and to enhance their contribution to inclusive and sustainable development, thereby helping to achieve Goal 10, in particular target 10.7 on facilitating orderly, safe, regular and responsible migration and mobility of people. This joint work has created important synergies among United Nations agencies that have complementary fields of expertise. It confirms that promoting entrepreneurship is an effective approach to overcoming some of the challenges of economic and social inclusion for migrants and refugees.

The case studies presented in the guide clearly show that efforts to support entrepreneurial activity by and for refugees and migrants are making meaningful contributions to the economic well-being of these populations, both directly to individuals and to the communities in which they reside or originate from, with broader positive social impacts. The guide emphasizes the importance of evolving entrepreneurship ecosystems that are inclusive of migrants and refugees rather than creating separate or parallel programmes tailored to these groups. It does not advocate preferential support for entrepreneurs from among migrants and refugees, and instead focuses on how policymakers can create a more level playing field through inclusive policies and equal opportunities.

Sources: A/RES/71/1; UNCTAD, International Organization for Migration and Office of the United Nations High Commissioner for Refugees, 2018, Policy Guide on Entrepreneurship for Migrants and Refugees (United Nations publication, New York and Geneva).

1. Enhancing the adoption of standards for agricultural products and in other key sectors

25. To secure a quality assurance system, Governments may wish to foster the adoption of standards. For example, in Uganda, new standards favour organic farming systems that can provide farmers with an important source of export earnings. In some instances, for example in South-Eastern Europe, funding programmes have been introduced to help microenterprises and small and medium-sized enterprises adapt their products and processes to meet international sustainability standards. For many such enterprises in developing countries, compliance with new social and environmental codes can create a new set of barriers to entering global value chains. Governments can work with business to simplify reporting standards and assist microenterprises and small and medium-sized enterprises with operational guidance. Governments can also convene stakeholders to encourage harmonization.

2. Supporting inclusive entrepreneurship through government contracts and engagement with large corporations

26. Governments and multinational enterprises can review their procurement processes and identify opportunities for the engagement of entrepreneurs from disadvantaged groups.

3. Reviewing the structure of specific economic sectors relevant for inclusive business and their openness to private investment and competition

27. State-owned monopolies and government involvement represent particularly common binding constraints for inclusive business in sectors such as agriculture, health and energy. There may also be specific registration, licencing or other binding constraints for individual inclusive businesses, even if a sector offers opportunities for private investment.

4. Working with inclusive businesses to identify regulatory requirements for scaling up

28. The growth and sustainability of inclusive market entrants often requires new regulations for competition and consumer protection.

5. Simplifying the start-up process for entrepreneurs from disadvantaged groups

29. The regulatory system can provide the social security safety net that people from disadvantaged groups need in order to be able to take on the risks related to starting a business.¹⁴ By putting in place simple social protection policies, Governments can ensure that self-employed entrepreneurs and those that own or are employed in microenterprises have access to the security they need.¹⁵

C. Strengthening the entrepreneurship capacity of target groups

30. For entrepreneurship to foster social inclusion, disadvantaged groups need access to education and skills development that will enable them to become employed or start a business. As recognized by the General Assembly in its resolution adopted on 20 December 2018, programmes that increase entrepreneurial skills and knowledge can increase entrepreneurial activity in general and engage underrepresented groups. It is also important to enhance entrepreneurship training programmes with components that instil an understanding of the important role that entrepreneurship plays in achieving sustainable and inclusive growth and the Goals (box 5).¹⁶

Box 5

Empretec Foundation in Argentina Communities with Value programme

Communities with Value was designed by the Empretec Foundation in Argentina to facilitate an inclusive approach to identifying and generating business opportunities. The learning process to which selected entrepreneurs have access includes topics related to entrepreneurial behaviours, skills, management tools, finance, business planning and environmental protection. The programme integrates the facilitation of entrepreneurship skills based on the Empretec behavioural methodology with specific modules on the Goals, to enhance understanding of the social value of entrepreneurship and its contribution to sustainable and inclusive growth. The programme works with municipalities and economic and social actors, generating dialogue among local governments in the areas of production, employment and education; 70 per cent of the enterprises that have participated in the programme had not previously received institutional support and had their first experience with the relevant tools and financing mechanisms through the programme. In 2018,

¹⁴ International Monetary Fund, 2018, Shifting tides: Dramatic social changes mean the welfare state is more necessary than ever, *Finance and Development*, 55(4).

¹⁵ International Labour Organization, 2018, Innovative approaches for ensuring universal social protection for the future of work, Future of Work Research Paper Series.

¹⁶ UNCTAD, 2018, *The Least Developed Countries Report 2018: Entrepreneurship for Structural Transformation – Beyond Business as Usual* (United Nations publication, Sales No. E.18.II.D.6, New York and Geneva).

98 per cent of the entrepreneurs who participated in the programme stated that they would create new jobs. Since its creation in 2016, the Communities with Value programme has trained more than 300 entrepreneurs in 10 different provinces in Argentina; 78 per cent of these entrepreneurs successfully completed a business plan, an important incentive for them to establish themselves in their places of residence and not migrate to urban centres in search of job opportunities.

Source: Empretec Foundation in Argentina, 2018, Communities with value, available at <https://www.empretec.org.ar/eng/programas.php?pag=Comunidades%20con%20Valor>.

31. Other ways to facilitate inclusive entrepreneurship policies and practices are discussed in this section.

1. Providing technical advice on inclusive business models

32. Specific upskilling can be provided either directly, as part of application-based facilities or value chain development programmes, or through a service offering linkages with advisory service providers, such as iBAN; the Inclusive Business Accelerator, which is supported by the Ministry of Foreign Affairs of the Netherlands; the Business Innovation Facility of the Department for International Development of the United Kingdom;¹⁷ and the Growing Inclusive Markets initiative of the United Nations Development Programme.

2. Targeting training to the needs of specific groups

33. Different training programmes may be developed to address the specific needs of targeted groups. For example, the International Labour Organization, as part of its Women's Entrepreneurship Development programme, developed the Gender and Entrepreneurship Together training programme to respond in particular to the needs of low-income women, and more than 2 million women have benefited from this training.¹⁸ Similarly, Empretec has subprogrammes for entrepreneurs with low levels of literacy and some Empretec centres, such as in Colombia and South Africa, have developed specific programmes for persons with disabilities. An example of how entrepreneurship skills development programmes can be adapted to meet the needs of migrant entrepreneurs is provided in box 6.

Box 6

Refugee training experiences: Jordan

As part of its ongoing Empretec programme activities, the Business Development Centre in Mafraq, Jordan facilitates skills exchanges between Jordanians and refugees from the Syrian Arab Republic, providing technical and vocational training to target groups. The project seeks to address the needs of disadvantaged communities and refugees at the same time. The Centre worked with 650 refugees from the Syrian Arab Republic, created 300 short-term employment opportunities, generated around 100 highly skilled vocational trainers from the Syrian Arab Republic and equipped 100 other trainees with skills and entrepreneurial knowledge to enable them to start small businesses and to strengthen social cohesion. By providing hands-on vocational and technical curricula for skills exchange programmes and skills matching, the Centre can enhance local economic development.

Source: UNCTAD, International Organization for Migration and Office of the United Nations High Commissioner for Refugees, 2018.

¹⁷ See <https://www.gov.uk/international-development-funding/business-innovation-facility>.

¹⁸ International Labour Organization, 2019, GET [Gender and Entrepreneurship Together] Ahead brochure, available at https://www.ilo.org/empent/areas/womens-entrepreneurship-development-wed/WCMS_661944/lang--en/index.htm.

D. Facilitating technology exchange and innovation

34. Entrepreneurs from all backgrounds need access to technology, both to improve the way they do business and to enable them to identify and exploit the potential for innovation. Possible policy interventions to maximize the opportunities that technology can offer are discussed in this section.

1. Using technology and innovation to solve social and environmental challenges

35. Governments may seek solutions to specific social and environmental challenges, bringing together research firms, social enterprises, civil society organizations, investors, users and public organizations. They may use funding models to incentivize collaboration. For example, in 2017, the Government of Malaysia created the Social Outcome Fund to direct public funding towards social enterprises or social purpose organizations in marginalized communities.¹⁹

2. Supporting disadvantaged groups in taking up technology and accessing innovation

36. By engaging disadvantaged groups in the use of information and communications technology, countries can widen the pool of innovators, bringing new perspectives to social and environmental problems. However, access to essential information and communications technology and the ability to use it effectively is often lower among disadvantaged groups than among the general public. Entrepreneurs from disadvantaged groups need basic training and business development services, including incubation and acceleration. Interventions such as the co-creation initiative Inclusive Innovation 2030, the Meet and Multiply replication format and the support programme Make-IT in Africa can help drive innovation-based sustainable development (box 7). Policy activities in this area can also include practical support to develop and provide accessible, low-cost information and communications technology that can support the entrepreneurial activities of people from disadvantaged groups. At the same time, upskilling programmes and strategies to change perceptions of and among disadvantaged groups can enable the greater take up of such technology.

Box 7

Interventions for entrepreneurs: Make-IT in Africa initiative

Noting that technological entrepreneurship is a key driver of the digital revolution in Africa, this initiative of the Federal Ministry for Economic Cooperation and Development of Germany aims to create supportive business ecosystems in sub-Saharan Africa, and has been piloted to date in Kenya and Nigeria to support start-ups in developing into scalable, investment-ready businesses. The initiative provides a combination of training, ecosystem development, networking support and mentoring, and focuses in particular on innovative products that can make effective contributions to achieving the economic, social and environmental objectives of sustainable development.

Source: GIZ, 2019, Make-IT in Africa, available at <https://www.giz.de/en/worldwide/57293.html>.

E. Enhancing access to finance

37. Access to finance is a perennial problem for entrepreneurs from all backgrounds in all countries. For people from disadvantaged groups in developing countries, these challenges can be exacerbated, and possible policy interventions in this regard are discussed in this section.

¹⁹ British Council, 2019, *The State of Social Enterprise in Malaysia 2018* (n.p.).

1. Enhancing access to financial resources by entrepreneurs from different backgrounds

38. Providing reliable, reasonably priced access to finance and financial products such as savings accounts has proven effective in improving the performance of women and young entrepreneurs.²⁰ Groups that are not well served by the traditional financial sector, such as those in rural areas, can benefit from interventions to improve access to banking. In such instances, the establishment of targeted investment funds can help certain target populations gain improved access to finance (box 8). Microfinance and insurance institutions are also important elements of inclusive financial systems. Providing financial incentives, ensuring access to innovative financing and supporting the development of the necessary infrastructure, such as incubators and accelerators, can also help catalyse the development and scaling up of sustainable business models. Mobile banking and other forms of financial technology that help increase the reach of financial services in poor communities are also an essential part of inclusive financial sectors.

Box 8

World Bank Women Entrepreneurs Finance Initiative

This initiative aims to help women in developing countries gain increased access to the finance, markets and networks necessary to start and grow a business. Recognizing that limited access to finance disproportionately prevents women from succeeding, the World Bank and its partners set up the initiative as start-up investors. With over \$350 million in funding from 14 Governments, in its first round of funding allocations, the initiative was able to provide \$120 million in investment and is expected to mobilize a further \$1.6 billion in investment from the private sector, donors, governments and other partners.

Source: World Bank, 2019, Women Entrepreneurs Finance Initiative, available at <https://we-fi.org/>.

2. Enhancing access to financial literacy by entrepreneurs from different backgrounds

39. The skills, knowledge, information and behaviours required to be financially independent can be promoted through financial literacy programmes. Being able to make informed financial decisions is an essential skill for entrepreneurs in running small businesses and basic knowledge of the working of financial systems can help entrepreneurs gain increased access to finance. Targeted financial literacy programmes, in particular for rural women and youth, are crucial to promoting access to financial services by poor rural households.

3. Promoting alternative sources of finance

40. Alternative sources of finance include sustainable venture capital, patient capital and impact investment.²¹ Early-stage and later-stage venture capital funds are considered the financial instruments most appropriate for funding start-ups, and sustainable venture capital is emerging as an important financing vehicle.²² Venture capital funds to finance social enterprises have been established in Argentina, Mexico, the Netherlands, Peru, Spain and the United Kingdom of Great Britain and Northern Ireland. The Government of India has set up the Inclusive Innovation Fund to catalyse the creation of innovation solutions for the

²⁰ F Campos and M Gassier, 2017, Gender and enterprise development in sub-Saharan Africa: A review of constraints and effective interventions, Policy Research Working Paper No. 8239, World Bank.

²¹ The latter is defined by the Global Impact Investing Network as “investments made with the intention to generate positive, measurable social and environmental impact alongside a financial return” (see <https://thegiin.org/impact-investing/need-to-know/>).

²² See E Antarciuc, Q Zhu, J Almarri, S Zhao, Y Feng and M Agyemang, 2018, Sustainable venture capital investments: An enabler investigation, *Sustainability*, 10(4): 1–22; N Bocken, 2015, Sustainable venture capital: Catalyst for sustainable start-up success? *Journal of Cleaner Production*, 108(A):647–658; and Organization for Economic Cooperation and Development, 2017, *Entrepreneurship at a Glance 2017* (Paris).

poor.²³ Regulatory frameworks for sustainable venture capital and impact investment are often restrictive or inadequate in developing countries. Such forms of finance can be promoted by raising awareness among Governments and banks and by upgrading reporting requirements to increase transparency.

F. Providing information, raising awareness and promoting networking

41. Various policy reviews have highlighted the need for central and local governments to proactively raise awareness of entrepreneurial opportunities, stimulate networking and make support services available for different target groups, and are discussed in this section.²⁴

1. Providing market information to entrepreneurs from disadvantaged groups

42. Policymakers can develop and share market information about sectors with inclusive growth potential. In order to do this, they may collaborate with investment agencies, to research different sectors and likely sources of investment. They can review the experiences of existing enterprises in disadvantaged communities, conduct low-income market surveys and set out how to integrate local suppliers from disadvantaged communities into value chains. Potential entrepreneurs can benefit from guidance on localized models for inclusive business. In addition, policymakers have a role to play in providing information in a user-friendly manner with regard to language and accessibility.

2. Stimulating private sector-led initiatives and strengthening networks among entrepreneurs

43. The lack of strong entrepreneurial networks among people from disadvantaged groups affects their propensity to establish a business. People from such groups, who are less likely to engage in entrepreneurial activity, not only have a greater need for access to strong networks, but also tend to have much weaker networks.²⁵ The most effective networks are usually those that are led by the private sector and peers, but policymakers have a role to play in supporting entrepreneurs from disadvantaged groups in making the links they need and in providing the infrastructure they need to continue collaborating (box 9).

Box 9

Creating trading networks to link women smallholders to tourist hotels: United Republic of Tanzania

The United Nations Inter-Agency Cluster on Trade and Productive Capacity project on market value chains relating to horticultural products for responsible tourism market access, funded by the State Secretariat for Economic Affairs of Switzerland, has helped 18 women farmers in the United Republic of Tanzania to form a cooperative in order to integrate into the value chain of tourist hotels as suppliers of horticulture goods. In addition, two women farmers have been elected to supervise and control the supply from farmers to local markets. By using marketing skills obtained through Empretec and farming as a business courses, the women farmers have been able to sell their produce in local markets, and many have succeeded in increasing their incomes.

Source: UNCTAD.

²³ National Innovation Council, 2010, India Inclusive Innovation Fund, available at http://innovationcouncilarchive.nic.in/index.php?option=com_content&view=article&id=52&Itemid=34.

²⁴ See Endeava, 2013, *Inclusive Business Policies* (Berlin).

²⁵ Organization for Economic Cooperation and Development, 2015, Expanding networks for inclusive entrepreneurship, Entrepreneurial Activities in Europe policy briefs.

3. Providing access to value chains

44. Policymakers can strengthen local networks and raise awareness of opportunities by introducing collaborative schemes to provide access to multinational enterprise value chains to microenterprises and small and medium-sized enterprises as suppliers or distributors. Collaboration with small-scale, innovative entrepreneurs has the potential to provide transformative solutions for multinational enterprises. By taking a collaborative entrepreneurship approach, they can enable entrepreneurs and start-ups to scale their services while at the same time catalysing innovation and creating business opportunities.²⁶

4. Developing specific networks for inclusive business

45. New national networks for inclusive businesses can help to address their specific needs, as well as concerns within or across sectors. Successful examples of industry-led advocacy alliances show that such networks can be useful in removing constraints at the sectoral level. For example, the Clean Cooking Alliance is a public–private alliance created with the specific objective of promoting the global use of clean and efficient household cooking solutions, and has influenced the creation of global standards for cookstove safety, efficiency and cleanliness. The Alliance works with Governments in eight focus countries to develop and shape government strategies for further progress, and provides access to market information, such as country-specific market and consumer research and information about national standards.²⁷

5. Using existing networks to promote inclusive, sustainable business

46. For example, the Family Business Network has recognized the potential of using its supply chains and business practices to improve conditions for microenterprises and small and medium-sized enterprises and employees. The network brings together over 3,600 business-owning families, namely 16,000 individual members, including 6,400 next-generation members. Given the scale and reach of family businesses, they have the potential to drive innovation and positive social and environmental change worldwide.²⁸ Their engagement is founded on the recognition that long-term business success relies on sustainable development worldwide.

6. Raising awareness of entrepreneurship within target groups

47. Policymakers have an important role to play in raising awareness, as government departments and programmes are more likely to have regular interactions with aspiring entrepreneurs and can establish and foster exchanges between programmes. Social media use and community leader engagement are effective means of disseminating information and building networks. Pitching and mentoring events, trade fairs, award ceremonies and dialogues between private sector leaders can help disadvantaged groups to join networks. For example, a new online competition, co-sponsored by the United Nations Development Programme, the World Bank Group, the United Nations Entity for Gender Equality and the Empowerment of Women and the Wharton School, enables women entrepreneurs to showcase how they are supporting the achievement of the Goals through their businesses.²⁹ UNCTAD promotes women entrepreneurs through the Empretec women in business awards (box 10).

Box 10
Empretec women in business awards

²⁶ Wamda, 2016, Corporate toolkit for collaborative entrepreneurship: A guide for corporations in MENA [the Middle East and North Africa] to build and accelerate start-up engagement programmes, available at <https://www.wamda.com/research/corporate-toolkit-collaborative-entrepreneurship>.

²⁷ Donor Committee for Enterprise Development, 2016, *How to Create an Enabling Environment for Inclusive Business* (Cambridge, United Kingdom).

²⁸ Family Business Network, 2017, *Polaris: Family Business as a Force for Good* (Lausanne, Switzerland).

²⁹ See <https://www.worldbank.org/en/programs/sdgs-2030-agenda/brief/sdgs-and-her>.

In 2008, UNCTAD created the Empretec women in business awards to raise awareness of women's entrepreneurship and celebrate businesswomen who have benefited from Empretec training and become role models due to their achievements. More than 500 nominations have been submitted by Empretec centres from 30 countries. Finalists are selected based on the innovation, leadership and impact on their communities that they demonstrate, as well as links to the Goals. The award helps improve access by finalists to education and resources and boost their motivation. Each ceremony is an opportunity to highlight successes and to break the glass ceiling, which continues to impede women's full economic empowerment.

The sponsors enable the winner and two runners-up to attend executive courses, study tours and global events. For example, an entrepreneur from Argentina with a recycling technology business was awarded in 2018, after which she travelled to Kenya to forge new connections, integrated her company into the She Trades platform of the International Trade Centre and attended the She Trades Global forum in 2018, providing exposure to the company's products and services for export.

Source: UNCTAD, 2018, Empretec Women in Business Awards, available at http://empretec.unctad.org/?page_id=43.

7. Strengthening national and global advocacy for inclusive business

48. Policymakers can foster dialogues and knowledge sharing about the value of inclusive business in general. The Growing Inclusive Markets initiative and the African Facility for Inclusive Markets of the United Nations Development Programme are examples of global initiatives to help achieve this. Similarly, UNCTAD promotes youth entrepreneurship through its engagement activities (box 11).

Box 11

United Nations support for youth entrepreneurship

Efforts by the United Nations to ensure that young people have greater access to decent jobs are ongoing, through the Global Initiative on Decent Jobs for Youth and its contribution to Youth 2030, the United Nations strategy on youth.

The UNCTAD Youth Network enables the voices of young people to be heard in achieving the Goals, under the theme of "shaping the world we want". UNCTAD has created a platform for youth to think globally and act locally and to increase, among others, the visibility of young people's business issues and to showcase the potential for inclusive business at biennial youth forums. For example, UNCTAD recently engaged the founder and executive chair of Alibaba Group as a special adviser for young entrepreneurs and small businesses. This collaboration has supported events to promote technological entrepreneurship in Africa providing opportunities for young digital entrepreneurs from developing countries to participate in training at the Alibaba Business School in China.

Other United Nations initiatives also help young people to understand the importance of entrepreneurial skills for employability. For example, the Inter-Agency Network on Youth Development aims to strengthen collaboration and exchange between all relevant United Nations entities. An important activity of the Network has been to develop a United Nations system-wide action plan on youth, which provides guidance to the system and serves as a road map for youth development, to ensure greater opportunities for youth to secure decent work and incomes.

Affirming that generating sufficient decent jobs for youth is of the highest priority in West Africa, the multi-stakeholder participants at the first Youth Entrepreneurship and Self-Employment Forum, organized by partners of the Global Initiative on Decent Jobs for Youth and held in Dakar in November 2018, resolved to scale up action and impact on youth entrepreneurship and self-employment in West Africa.

Sources: See <https://www.ilo.org/global/topics/youth-employment/databases-platforms/global-initiative-decent-jobs/lang--en/index.htm>; <http://social.un.org/youthyear/uniany.html>;

and <https://unctad.org/en/Pages/Youth-Network.aspx>.

IV. Conclusion

49. Efforts by both Governments and companies, at local, national and international levels, are needed to enhance the inclusive dimension of enterprise development. The enabling environment for responsible businesses and inclusive entrepreneurship is a complex topic that cannot be easily addressed through general policy recommendations and checklists. The entrepreneurship policy framework of UNCTAD is a useful framework likely to benefit inclusive businesses and entrepreneurs, yet their market entry and scaling up will often require additional, tailored government responses, based on a needs assessment of each target sector.

50. The Goals present new opportunities for and challenges in promoting inclusive business and entrepreneurship. In this regard, the collaboration of Governments with various stakeholders, including academia, civil society and the private sector, is critical in setting up a responsive and relevant policy framework to guide entrepreneurship promotion efforts and integrate the economic, social and environmental objectives of the 2030 Agenda. Such efforts may address the needs of all social groups, but special attention needs to be paid to women, youth, indigenous people, ethnic minorities, migrants and refugees, as well as persons with disabilities. Specific industries, such as agriculture, agribusiness, tourism and energy, may present good opportunities for this type of activity.

51. Further work is needed to obtain additional evidence of the effectiveness of some of the targeted government policies suggested for promoting inclusive business and entrepreneurship, yet there are lessons learned and effective alternatives emerging from their implementation at the national level, including the following:

- Introduce measures to assess the current status of entrepreneurship and progress in its promotion. Inclusive entrepreneurship may be held back by different factors. It is important to map the current status of entrepreneurship in a country and identify the main challenges and opportunities. Constraints may vary fundamentally, even in countries in the same region. Benchmarking against the best regional or international practices may help pinpoint the strengths and weaknesses of a country's entrepreneurship development. Work at the sectoral level or with individual businesses will often be required to identify such constraints.
- Stimulate a multi-stakeholder dialogue. In raising awareness of inclusive business practices and developing inclusive entrepreneurship policies, it is important to engage in multi-stakeholder dialogues involving the public and private sectors, academia and relevant local, national and regional institutions. Public-private dialogues to advocate inclusive development can be highly beneficial, in particular if inclusive business depends on substantial reform in government-controlled sectors or there is a need to raise government awareness of specific constraints. Events such as entrepreneurship forums and round tables provide platforms for consensus-building and the incorporation of feedback. At the same time, such dialogues also help develop the capacity and knowledge of government officials and other stakeholders with regard to inclusive entrepreneurship.
- Implement regular review mechanisms to assess the contribution of entrepreneurship towards the achievement of the Goals. Regular review mechanisms can strengthen the capacity of policymakers and government officials to keep abreast of trends and realities and to improve their capacity to develop and implement inclusive entrepreneurship policies that are aligned with the Goals.

V. Topics for discussion

52. Delegates at the seventh session of the Multi-year Expert Meeting on Investment, Innovation and Entrepreneurship for Productive Capacity-building and Sustainable Development may wish to consider the following issues:

- What concrete policy initiatives have proven effective in your country in breaking new ground and creating a more conducive environment for inclusive business and entrepreneurship? What are the key lessons learned in this regard?
 - What are good practices that could be considered for the further promotion of responsible and inclusive businesses at all levels?
 - How can the entrepreneurship policy framework of UNCTAD be adapted to meet the needs of underrepresented entrepreneurial groups?
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