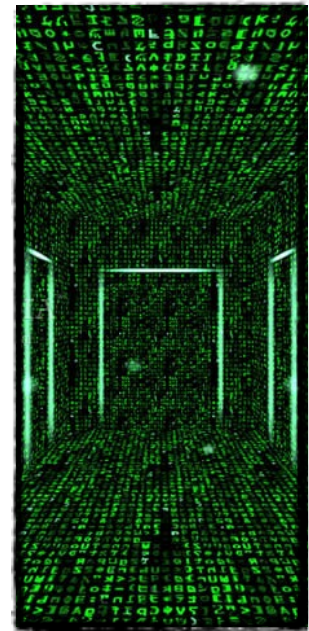


# Building Rural Wealth Through Inclusive Business

A Primer on Private Sector Engagement for  
Community Impact

August 2014



In partnership with



With support from the



© 2014 The Red Mantra Group

All rights reserved. Published 2014.

#### Cataloging-In-Publication Data

The Red Mantra Group.

Building Rural Wealth Through Inclusive Business: A Primer on Private Sector Engagement  
for Community Impact

Washington, DC: The Red Mantra Group, 2014.

1. Inclusive Business.                      2. Rural Wealth Creation.                      3. United States

The views expressed in this publication are those of the authors and do not necessarily reflect the views and policies of the Ford Foundation or the WealthWorks Initiative.

The Ford Foundation and the WealthWorks Initiative does not guarantee the accuracy of the data included in this publication and accept no responsibility for any consequence of their use.

By making any designation of our reference to a particular territory or geographic area, or by using the term “country” in this document, The Red Mantra Group does not intend to make any judgments as to the legal or other status of any territory or area.

The Red Mantra Group encourages printing or copying exclusively for personal and noncommercial use with proper acknowledgement of the Red Mantra Group and the author(s). Users are restricted from reselling, redistributing, or creating derivative works for commercial purposes without the express, written consent of the Red Mantra Group.

Note: In this publication, “\$” refers to US dollars.

The Red Mantra Group

4201 Wilson Boulevard, Suite 110-429

Arlington, VA, 22203

United States

Tel + 1 202 957 2910

[www.red-mantra.com](http://www.red-mantra.com)



Printed on recycled paper.

## Contents

Introduction	5
Background	5
About WealthWorks — the Wealth Creation Approach	7
Types of Inclusive Business Models in the Market	9
Comparing Inclusive Business and WealthWorks	15
Context: Rural Development in Brief	15
What are the Similarities and the Differences?	17
Integrating Inclusive Business into WealthWorks	21
How Inclusive Business and the Forms of Wealth are Complementary	21
How to Integrate IB into WealthWorks Value Chains	22
Inclusive Business and WealthWorks in Practice	23
Potential Actions for the WealthWorks Community	26
Selected Bibliography	28

This report is part of the Wealth Creation in Rural Communities initiative, funded by the Ford Foundation. The aim of the initiative is to help low-wealth rural areas overcome their isolation and integrate into regional economies in ways that increase their ownership and influence over various kinds of wealth. The initiative has produced various other reports, which can be found at <http://www.yellowwood.org/wealthcreation.aspx>. The goal of this report is to advance the initiative's broad aim of creating a comprehensive framework of community investing, ownership, and wealth control models that enhance the social, ecological, and economic well-being of rural areas.



# Introduction

The Ford Foundation engaged The Red Mantra Group to assess if and how inclusive business could contribute to and accelerate the impact of WealthWorks and WealthWorks value chains, specifically in the context of how private sector partnerships might be leveraged to contribute meaningfully and sustainably to the eight forms of wealth. It is based in part on the wider body of practice of inclusive business around the world and also on regional stakeholder interviews and field visits in rural Appalachia and the Deep South, independent research, and related analysis.

The purpose of this primer is to provide inputs to the wealth creation community as to how inclusive business might contribute to enhancing and/or accelerating the ability of wealth creation value chains to deliver impact at scale — in terms of reach (number of beneficiaries) and depth (the quality and diversity of the benefits). It also aims to generate a deeper dialogue among rural development practitioners about what it means to cultivate a relationship with the private sector and how inclusive business strategies can provide a gateway to that and other opportunities. Moreover, it is meant to stimulate a higher level of conversation about social integration more broadly from which new ideas and innovation might come. This primer is not designed to be technical in nature, but rather is a thought piece on emerging approaches that are increasingly necessary to provide real and sustainable solutions commensurate to the burgeoning social, economic and environmental challenges facing our generation today.

## Background

Over the last ten years, the world has experienced a paradigm shift in how the private sector perceives and engages with low-income rural communities across emerging markets, including here at home. Previously considered the remit of corporate social responsibility and corporate philanthropy departments, community development initiatives have begun to shift from fringe activities to core business — contributing to company value in more significant ways. This transformation, the recognition that the regions' poor should no longer be seen as passive recipients of development aid or rural subsidies, but rather economic actors in their own right, has created a new wave of non-traditional, next-generation business models that provide opportunities for those who have been historically excluded from the economic activity happening around them. These “inclusive businesses” (IBs) have the potential to unlock new forms of innovation and entrepreneurial activity critical to accelerating inclusive growth.<sup>1</sup>

In the same vein, new local economic development frameworks rooted in the understanding of the various dimensions of poverty beyond economic exclusion have begun to emerge. One such approach, predicated on the notion that value can be derived from the integration of community assets and a spirit of entrepreneurship, is *WealthWorks* — a socio-economic development framework that offers a systematic approach to identify enterprising opportunities in a region and engages a wide range of partners in turning those opportunities into results that both build and capture wealth. *WealthWorks* understands that value is best created when it is shared, and shared value in its true integrative spirit has a more distinct opportunity to create sustainable and resilient communities over the long term. In recent years, the Ford Foundation has experimented with and leveraged the *WealthWorks* framework as a means of catalyzing localized, scalable solutions in sectoral value chains across the poorest regions of the United States.

---

<sup>1</sup> Inclusive growth focuses on both the pace of and overall trends in growth.

Therefore, this Primer has been structured to answer the following key questions:

- How are inclusive business and WealthWorks defined?
- How do inclusive business and the WealthWorks approaches compare as frameworks for market-based rural development?
- How can inclusive business be effectively integrated into the WealthWorks approach?
- What are the most salient recommendations for moving a hybridized inclusive business and WealthWorks approach forward as a local economic development framework?

This primer was commissioned to provide answers to these questions and provide additional learning as a contribution to the wider community of practice in the Ford Foundation's Wealth Creation in Rural Communities initiative.



## About WealthWorks — the Wealth Creation Approach<sup>2</sup>

As part of its commitment to social justice and poverty alleviation, the Ford Foundation has championed a systems approach to rural development that can “restore, create and maintain wealth in low-wealth rural areas by improving economies, the environment, and social conditions at the same time.” This approach is predicated on enabling strategic cross-sectoral collaboration and partnerships that leverage collective resources rather than the good will of a single institution. Moreover, it promotes strategies that seek to develop multiple forms of wealth simultaneously rather than focusing on one dimension of poverty or social exclusion, and more importantly, it centers on assuring a positive “reciprocal relationship between rural and urban areas.” Ultimately, this concept called WealthWorks seeks to “connect a community’s assets to meet market demand in ways that build livelihoods that last.” The benefits delivered through a value chain are measured in terms of eight forms of wealth, which build on the work of Emery and Flora (2006) as well as Boyd (2004), The World Bank (2006), White (2007), UNU-IHDP and UNEP (2012), and others exploring concepts of wealth in the context of sustainability.<sup>3</sup> The eight forms of wealth are described below:

*Intellectual capital* is the stock of knowledge, innovation, and creativity or imagination in a region. It produces new ideas and ways of thinking about the world.

*Social capital* is the stock of trust, relationships, and networks that support civil society. Without social capital, ideas cannot come to fruition.

*Individual capital* is the stock of skills and physical and mental health of people in a region. Skills and health combine to allow people to be productive contributors to society.

*Built capital* is the stock of fully functioning constructed infrastructure including everything from buildings and transport to information technology.

*Natural capital* is the stock of unimpaired environmental assets, including renewable, non-renewable, and ecosystem services in a region. As with any form of wealth, natural capital that has been damaged or polluted is not wealth; it is a depreciated asset that requires restoration through appropriate investment.

*Political capital* is the stock of power and goodwill held by individuals, groups, and organizations that can be held, spent, or shared to influence resource allocation decisions.

*Financial capital* is the stock of unencumbered monetary assets that can be invested in other forms of capital or financial instruments.

*Cultural capital, an eighth form of wealth*, is the stock of practices that reflect a community’s values and identity rooted in place, class, and/or ethnicity. Cultural capital influences the ways in which individuals and groups define and access other forms of capital. It is an entry point for understanding other forms of wealth in place and is measured through its impact on other forms of wealth. Aspects of cultural capital that support or hinder development can be influenced by investments in other forms of wealth.

---

<sup>2</sup> Yellow Wood Associates. Wealth Creation in Rural Communities: A New Approach to Rural Development. 2010.

WealthWorks requires value chains to generate or retain all of the forms of wealth without undermining any single form to build another. Models of ownership and control that can keep wealth local and shared may include, but are not limited to: cooperatives, land trusts, municipal ownership, community benefit agreements, employee ownership, and mission-controlled business architecture. These wealth creation value chains are conceived as a business model based on shared economic, social, and environmental values, in which buyers, processors, producers, and others work together for mutual benefit to create value in response to market demand. Wealth creation value chains are built at a regional level in response to demand not only for basic goods and services, but for goods and services that embody a range of additional values such as transparency, environmental benefit, social justice, consumer safety, and others.

WealthWorks uses a wealth matrix for planning and evaluation that requires practitioners to identify how each intervention to strengthen the value chain will impact each of the seven forms of wealth. It also provides a common language that can be shared among participants in the value chain to define and clarify shared interests and sharpen the focus on desired impacts. The wealth matrix requires value chain intermediaries to think through the impact of every intervention on each form of wealth. By doing so, they begin to view the system holistically and identify new and interesting ways to strengthen multiple forms of wealth at the same time. Every intervention will not necessarily impact each form of wealth, but the suite of interventions taken together is expected to have positive impacts across the board.

## About Inclusive Business

Inclusive businesses are profitable businesses that integrate the low-income segments of society into their mainstream business activity as consumers, producers/suppliers or employees. They are rooted in the principles of pro-poor growth and acknowledge that business can be meaningful in the context of multi-dimensional poverty. Like WealthWorks, inclusive business focuses not only on profitability, but also on the extent to which the low-income segment is able to participate in, contribute to and benefit from the performance of the business, as measured by changes in overall standard of living while having neutral to positive impacts on the environment. Inclusive businesses can be a real driver of wealth creation and multiple forms of wealth, however, the degree to which they can contribute to many or all forms of wealth will depend on selection criteria and the type of business model.

Within the construct of an inclusive business, the low-income segment fills one or more of the following roles:

- Consumers: they can comprise new markets for companies that offer affordable goods and services
- Distributors: they can establish new distribution networks for companies
- Suppliers: they can constitute new sources of goods and services for the company
- Employees: they can offer the company new sources of labor

The inclusive business approach is a mass-market or supply chain strengthening solution that expands access to goods, services, and income and employment opportunities for the poor. Beyond its ability to create shared value and generate direct social benefits, an inclusive business is like any other business. Inclusive businesses are often larger, well-established, viable companies that are motivated by a) seeking to accelerate growth by pursuing new market segments and distribution channels; b) mitigating supply chain, labor and reputational risks; or c) they can be successful social enterprises with a proven business model that are seeking to scale.



In this regard, inclusive businesses integrate the low-income segment into their value chain as a solution to these drivers while maintaining the company's bottom line and providing income and employment opportunities as well as access to goods and services to the low-income segment that improve their standard of living.

Typically, inclusive businesses tend to have the following characteristics that combine both definitional and strategic considerations:

**Are strictly for-profit** — philanthropic and corporate social responsibility efforts of corporate actors are not sustainable by definition and do not create the conditions through which wealth can be created over the long-term.

**Must be strictly core business** — peripheral efforts outside the company's core value proposition are less likely to succeed.

**Must include the low-income segment within their business model** — through one or more of the following ways: as suppliers, consumers, employees, or as distributors.

**Must generate financial returns** — ideally, an inclusive business should generate market returns commensurate with their business model, risk profile and local context.

**Must generate measurable and meaningful social returns** — beneficial social impacts are an intrinsic part of the inclusive business intervention design rather than an incidental effect of business.

**Are designed from the start with scale in mind** — to maximize the creation of company value in the first instance while also maximizing and optimizing their contribution to impact.

**Do not seek trade-offs between financial and social returns** — rather, they continuously seek solutions through which both can be optimized simultaneously.

**Often require blended capital** — priced for their their level of risk and relevant stage of development, therefore, different forms of capital (patient, debt, equity, and others) are often deployed at different stages of an IB's life cycle.

**Actively assess and measure both social and economic performance** — standard business performance parameters are measured in conjunction with standardized as well as customized social measures to determine success of the business model.

**Can also evolve from social enterprises seeking to scale** — their proven social impact business model or from mid- to large-sized established companies seeking to create shared value through supply chain, labor-related and/or product innovation.

## Types of Inclusive Business Models in the Market

While inclusive businesses can include the low-income segment in a variety of ways, the business models developed for each type can traditionally be categorized in the following manner (derived and adapted from the IFC's *Accelerating Inclusive Business Opportunities: Business Models that Make a Difference* reports and Monitor's *Promise and Progress: Market Based Solutions to Poverty in Africa*). Table 1 below is not exhaustive but includes the most common models and how they may relate to the wealth creation approach. These models represent examples of how to sell to and source from low-income families and includes the basic features of each model.

Table 1: Examples of Inclusive Business Models

IB Model	Description
PAY-PER-USE	An approach in which consumers pay lower costs for a single use product of a community level facility, or individual product, or service, sometimes on a rental basis. This delivers better value than buying a household asset like a lantern or filtration device, and matches cash flows. In a wealth creation context, it can lower the transaction costs of <b>built capital</b> .
NO FRILLS	A pared-down service that meets the basic needs of the poor at ultra-low prices and still generates positive cash flow and profits through high volume, high asset utilization, and service specialization. By assuring a functioning model, <b>built capital</b> is being enhanced, <b>financial capital</b> is being conserved, and <b>individual and intellectual capital</b> are being honed.
PARA-SKILLING	Combines no-frills services with a re-engineering of complex services and processes into a set of disaggregated simple standardized tasks that can be undertaken by workers without specialized qualification. Para-skilling is an innovative way through which <b>individual, social and intellectual capital</b> can be developed within a wealth works value chain.
SHARED CHANNELS	Distribution networks that reach into remote markets via shared channels, piggybacking products and services through existing customer sales and distribution platforms, this enables poor people to afford and gain access to socially beneficial goods. Through shared channels, <b>financial capital</b> can be leveraged, <b>social capital</b> can be strengthened, <b>built capital</b> can be enhanced through assuring multi-purpose use, and <b>natural capital</b> might be strengthened by mitigating the need to develop additional facilities and distribution fleets.
OUT-GROWER SCHEMES	A system of production based on a set agreement between a buyer and smallholder producers. The buyer organizes the supply chain from the top, provides critical inputs, specifications, training, and credit to its suppliers, and the supplier provides assured quantities of produce at fair and guaranteed prices. These agreements can contribute to the creation of <b>social capital</b> through the relationship between the buyer and supplier, the <b>individual and intellectual capital</b> required to deliver, and even <b>financial capital</b> if necessary. In developing countries successful grower agreements have benefited smallholder farmers primarily through the formalization of buyer-supplier relationships that mitigate risks for both parties and avoid the exploitation associated with non-binding informal agreements that leave suppliers little to no options for protecting their interests.
DEEP PROCUREMENT	A variety of direct procurement setups that bypass traditional middlemen and reach into the base of the economic pyramid, enabling direct purchases from large networks of low-income producers and farmers in rural markets and often providing training for quality and other specifications. This model assures the development of <b>social capital, individual and intellectual capital</b> given the capabilities required to meet expectations, and <b>cultural capital</b> if traditional means of production are involved.
DEMAND-LED TRAINING	Demand-led training that applies a formal-sector “temp agency” model to down market opportunities, with enterprises paying a third-party to identify, train, and place employees for job openings at the edges of the formal and informal sectors. Demand-led training creates opportunities for <b>intellectual, individual and social capital</b> .
MOBILE MONEY	Models that enable the poor to access and transfer cash outside of traditional financial services channels, often via mobile devices or alternatives to bank branch infrastructure. Mobile money strengthens the possibilities for <b>social and financial capital</b> to develop and grow.

IB Model	Description
<b>MICROCREDIT AND EXPERIENCE BASED CONSUMER CREDIT</b>	Extension of small amounts of credit, often via group lending, to the poor who are typically unable to access larger loans from formal banks due to a lack of collateral and formal credit histories. Experience based customer credit generates additional revenue in the form of interest income through lending to customers a company knows are credit-worthy through experience doing business with them in the past -- rather than formal credit histories. This model is generally employed by companies outside the financial sector, though some may have credit arms or subsidiaries, and contributes to the development of <b>financial and social capital</b> .
<b>MICRO-SAVINGS</b>	Small deposit account offered to low income individuals with low or no minimum balance requirements and service fees, and the ability to save small amounts of money. This model provides increased <b>financial capital</b> .
<b>MICRO-INSURANCE</b>	Small size insurance products offered along the lines of microcredit, designed to meet the needs and cash flows of those excluded from formal insurance networks. Typically sold via bundles or other non-agent based models. This model contributes to <b>financial capital</b> .
<b>AGRICULTURE: Smallholder Farmer Aggregators</b>	Aggregators (aka food hubs) collecting cash crops and staples from smallholder farmers to supply large, top-of-the supply chain buyers. To help guarantee stable supply, many aggregators provide the farmers with services such as credit, storage, and transport, as well as low-cost seeds, fertilizer and training to improve their yield (especially with these include value added production such as organic or other speciality crops). Smallholder aggregators contribute to the development of <b>social capital, financial capital, and intellectual capital</b> .
<b>RETAIL: Distribution and Sales through Improved Informal Shops</b>	Efforts by enterprises to develop a route to market that leverages (and upgrades) existing informal distribution and sales channels to sell socially beneficial products through multiple fragmented or unorganized shops. Informal shops strengthen <b>social capital</b> due to the relationships they foster, <b>cultural capital</b> if and when they are attached to a specific place, and <b>built capital</b> .
<b>EDUCATION: Private Vocational Training</b>	Vocational colleges that offer a highly standardized and limited set of typically service-industry qualifications to low-income school leavers or job seekers, leveraging para-skilled teachers. The offer is sometimes complemented by job placements services. Vocational training contributes to <b>intellectual, individual, and social capital</b> .
<b>INFRASTRUCTURE: "Last-mile" rural micro-grid electricity generation and urban water kiosks</b>	Community-level "last-mile" infrastructure directly addresses the infrastructure provision shortfall by providing end-users with access to a fixed utility asset. In the case of energy, low-income households in rural areas directly connect to a standalone mini-grid powered by an independently generated power source. In the case of water, kiosks established in slum and peri-urban "off-grid" areas provide poor customers with water from the mains at lower cost than alternatives such as sachets or tanker supplies. Also can include assets like pay toilets. Last-mile solutions lead to <b>built capital</b> and <b>social capital</b> developed through the local kiosks.
<b>ICT: Mobile-enabled non-financial services</b>	Mobile-enabled business models are those that aim to leverage low-income ownership or use of mobile devices to provide essential information or transactions to low-income customers in a range of sectors including agriculture, health, or even livelihoods. Mobile enabled devices and services can contribute to <b>built capital, social capital and individual capital</b> achieved through increased connectivity and access to opportunities for skills development among others.
<b>DISTRIBUTION CAPILLARITY: Distribution through dedicated sales force</b>	Dedicated direct sales force models recruit and train local agents to reach deep into communities to sell and distribute (socially beneficial) goods, bypassing shops and other channels, to make it easy for the (often rural) poor to have access they may not otherwise get. This form of distribution allows for the development of <b>social capital and intellectual capital</b> .

IB Model	Description
<b>HOUSING: Value for money housing</b>	Makes home ownership possible for lower-income buyers through a combination of high value for money and facilitated access to mortgage financing. A home is the biggest investment most people ever make and they have to be convinced it is worth the commitment, which can feel risky. Value for money housing balances aspiration (with a focus on quality, special features, and the community environment) and affordability (with home sizes and layouts in different price ranges, and features that reduce the ongoing cost of ownership). Because the model hinges upon access to financing, it often involves helping homebuyers -- often the first in their families -- navigate the application process. This model primarily provides opportunities to develop <b>financial capital, built capital</b> in a wealth works context.

These models take into consideration the known characteristics of the low-income segment (contrary to traditional stereotypes and mindsets that constrain the ability to see opportunities instead of limitations). This requires companies and investors alike to reframe these limitations found in BoP markets and convert them into market opportunities. This entails a perspective re-focused on the poor's abilities and what they can do (available skills, patterns of employment and income generation, household structure and management, consumption patterns and habits) instead of the traditional mindset that targets what they lack. These models focus on the the following aspects:

*Understanding how to leverage and monetize hidden assets:* An LPG gas company in Colombia discovered that it had accumulated the credit history of hundreds of thousands of unbanked, low-income families who were offered financing to reduce the burden of up front costs required for a new gas connection. Over time, the company realized it could leverage that credit history — a hidden asset — to develop a tailor-made financial product that would enable more than 600,000 families to access \$146 million worth of credit and become part of the formal banking system while assuring the company more than \$22 million in net revenue.

*Developing models that deliver affordable and collective access rather than individual ownership:* For example, the poor spend \$37 billion on poor quality energy solutions to meet their lighting and cooking needs. Community-owned “mini utilities” can offer energy solutions for both household and productive use at a lower cost (through “radical affordability”) than what households traditionally spend on energy. This normally occurs through hydro or diesel generators but increasingly using biomass, solar and wind energy. In Brazil for example, Creluz, which started originally in 1966, is a cooperative that procures power from the grid but complements this with 4MW of run-of-river hydropower to the local network, and now manages 3,000 miles of power lines supplying power to more than 80,000 customers in 36 municipalities and rural communities (and even managed a turn-over of almost \$13 million in 2009).

*Going the last mile through private enterprise when public goods do not go far enough:* Private enterprise can use cross-subsidized and other models to provide hard and soft infrastructure that for a number of reasons cannot be provided through public means from water and sanitation to affordable healthcare and housing. Manila Water in the Philippines is a water and wastewater concessionaire that connected over 140,000 low income households to the piped water system and provided access to clean water to over 860,000 low-income individuals through a commercial, cross—subsidized pricing model while improving service coverage, reliability, customer service and water quality.

*Designing from the low-income segment up rather than from rightsizing from the top down:* Understanding the localized needs of the low-income consumer segment (as one would for any other customer segment) allows for the development of products and services suited to their consumption patterns and to their spending capacity. This contemplates not only critical elements like quality and affordability but also how and by whom purchasing decisions are made to tailor goods and services appropriate to the needs of the poor. For example, Lifespring Maternity Hospitals in India has become the largest chain of maternity hospitals in India (treating more than 70,000 patients) by developing an inclusive business model whose pricepoint is less than one-third of the private cost. Profitability is attained by a blend of public-private partnerships, creative leasing and land agreements, and the efficient use of para-skilled labor, (as described on page 10). The model operates more than 25 hospitals and is seeking to continue to expand. In short, by focusing on a business model that was low-income centric, Lifespring was able to provide affordable health care in a commercially viable way.

*Looking for scale through localization rather than centralization:* Developing localized production and distribution systems that leverage local entrepreneurship, innovation and low-income community structures. This allows for effective cost controls while developing opportunities for new skills development, formal and informal employment opportunities and peripheral cottage industries that can provide alternative income streams for the BoP, and products and services developed through local assets. For example, in the year 2000, Brazilian cosmetics firm Natura launched the EKOS product line which touts local biodiversity as a business and innovation platform. Given that this was a core part of their brand identity, Natura localized its value chain by partnering with communities that supply the raw materials such as Brazil nuts, pitanga, copuassu and guarana for their products, including developing ethical sourcing practices. Ekos now represents 10% of total product sales for Natura and the company has more than 56 commercial agreements with local suppliers throughout Brazil and Latin America.



# Comparing Inclusive Business and WealthWorks

Inclusive business and WealthWorks address multi-dimensional poverty in unique ways. Inclusive business relies on **private enterprise as the main catalyst of local economic development**. WealthWorks promotes inclusive growth by empowering local places to connect their assets to larger markets. These can be viewed as two sides of the same coin; one originating with external private enterprise reaching into poor places and the other originating in poor places reaching out to markets. Both approaches recognize the need to address domestic rural poverty with creativity, innovation and perseverance. There are no quick fixes to the greater challenges facing rural America.

## Context: Rural Development in Brief

The domestic rural development context is important to understand as a means to validate the need for innovative economic frameworks such as WealthWorks and inclusive business. Some of the key themes are as follows:

- Our wider economic context has changed in such a way that it **threatens the competitive and relative advantage of most rural areas**, leaving them to fend for themselves and to explore alternative economic opportunities.
- Rural development policy is generally nostalgic — it tries neither to infuse disruptive innovation nor bring in the kinds of ideas that would play a transformative role in rural economies. **Rural development policy is often backward looking** and lacks the vision to drive effective strategies.
- Urbanization and the misperceptions about the rural context by urban dwellers means that state level **resources allocation are often made based on an urban rather than rural perspective**.
- While rural outmigration has slowed in recent years due to a far more fragile economy, this has contributed to **rural unemployment** and increasing reticence for immigrants or others to move into rural areas.
- **Producers in rural areas are finding it increasingly difficult to compete** given the added expense of generating products in under-resourced remote locations and logistics for product distribution.
- Rural entrepreneurs often face the same standards as their urban counterparts when it comes to securing finance; however, the **rural cost structure of taking a product to market may be higher**. As such, banks are increasingly unwilling to lend in rural areas because the urban investments are perceived to be more secure.

In general, rural entrepreneurs are facing increased competition, less resources and investment, higher costs, and an increasing shortage of labor. Without interventionist strategies like inclusive business and WealthWorks, rural areas could otherwise remain trapped in a vicious cycle of irrelevance and economic recession. Table II on the next page explains this more visibly — the way a rural value chain context used to be and how it might look now if it could integrate WealthWorks or inclusive business as a viable intervention strategy. In the second column, a number of assumptions were made as to the integration of WealthWorks and inclusive business principles that yielded the hypothetical positive outcomes. These were included for contrasting effect and are intentionally illustrative.

### The Old Rural Value Chain

### A wealth works value chain with IB

External markets are important.	External and local markets are important.
Natural resource based industries are the focus of government development policy for rural areas.	A diverse portfolio of industries that leverage new skills and resources (i.e. sustainable agriculture, renewable energy, community based tourism, etc) are the focus of government development policy for rural areas.
Place-specific natural resource endowments are important in the local and global economy and dictate economic function - arable land, mineral deposits, etc.	Place-specific natural resource endowments are not the most important, knowledge and skills are the main determinants of success in a local and regional economy.
Individual rural places are somewhat specialized, but many rural places are similar in function and character.	Individual rural places become more specialized and diversified as inclusive industries that create local wealth develop.
Rural residents have lower levels of formal education and more limited employment opportunities than urban residents.	Rural residents have increased levels of vocational education and create specialized employment opportunities comparable to urban residents.
Urban labor markets can readily absorb surplus low-skill rural labor.	Urban labor markets and rural labor markets grow as a result of increased productive activities and inclusive value chain development.
Transport costs are high, decreasing the size of markets and limiting trade.	Transport costs are lower, allowing a single plant to serve local and regional markets and expanding trade.
Capital markets are segmented making rural places reliant upon their internal pool of capital.	Capital markets are considerably less segmented, so rural areas have to compete within a global pool of capital, making capital more affordable.
Communication is expensive and relatively slow, limiting coordination.	Communication is cheap and fast, making coordination easy
The product/service cycle starts in urban centers and diffuses to rural locations in the same nation.	The product/service cycle starts can start rural locations and expand to peri-urban and urban centers.
Rural areas within a nation compete amongst each other.	Rural areas develop competitive advantages and complementarity — reducing competition and increasing value creation.



## What are the Similarities and the Differences?

Inclusive business and the Wealth Creation approach have a number of similarities but also important differences that could enable or hinder the conditions under which they could be bundled together as complementary strategies. Inclusive business was conceived as a development catalyst to leverage larger anchor firms to generate aggregated investment as well as leverage existing capabilities, resources, infrastructure and expertise. The premise was to demonstrate proof of concept rapidly, show results and success, replicate, grow the business, and systematize the model so others could follow and subsequently scale themselves. The main similarities and differences are as follows:

**They both leverage the value chain approach, but in different ways.** Both inclusive businesses and the WealthWorks framework leverage value chain development processes, but in different ways. Both approaches need the value chain development process to identify critical stakeholders and stakeholder dynamics; they can use the approach to understand the different elements of the production and distribution processes, degrees and forms of intermediation, and any critical barriers/risks to the value chain. However, while the WealthWorks approach uses the value chain process as a way of building an ecosystem of shared value among key actors and for identifying a market, inclusive business looks at finer scale value chains to identify and better understand the pain-points of its target market, which are generally larger, commercial companies. Because inclusive business pre-selects target companies in a value chain based on specific criteria that evaluates their potential for inclusion (size, absorption capacity, scale, impact, leverage, track record, relationships, etc.) and then leverages the company networks and experience, inclusive business temporarily bypasses the consensus building process throughout the ecosystem and instead focuses its efforts first on cultivating the inclusiveness potential of the company. Once clarity on how company needs and pain-points are solved through integration of products, services and labor from the low-income segment, the various actors throughout the value chain are engaged and shared value is created around the central idea of inclusion. But fundamentally, this is only done once there is proof of concept and a functioning, profitable business model.

**The notion of Shared Value is intrinsic to both frameworks but achieved through different means.** Both WealthWorks and inclusive business **are focused on leveraging market-based solutions to create shared value.** In the context of WealthWorks, shared value is calibrated to the needs of an economic sector, with the expectation that, over time, the WealthWorks value chain will support market integration — however the market is defined — and collectively contributes to each form of wealth in a meaningful manner. Because inclusive business starts with companies as the primary market, shared value is calibrated to the specific needs of the company's value chain that can be met through inclusion strategies, with the goal of realizing social and economic benefits that address the low-income segment's needs and aspirations through mainstream integration. Specifically, by seeking to understand the company needs from the start, the agenda for shared value creation is not overt — the conversation is centered on addressing the business problem through a solution that just so happens to benefit other stakeholders. Because inclusive business is a mainstream business approach, there is a relentless focus on the value proposition for the company. Were the focus to be on anything else, it is likely to lead to discussions with the corporate foundation or corporate responsibility department.

**Both approaches require an ecosystem perspective, but engage the ecosystem differently.** The WealthWorks framework views the ecosystem from a broader, sectoral standpoint, from which the market is defined, which may or may not include larger-scale commercial companies. Through shared value, market demand and the ecosystem would then cumulatively support the integration of products, services and labor from low-income communities. The inclusive business approach has a honed view of the ecosystem using the company value chain as its locus. The multi-stakeholder process of engagement is conducted only after integration has been completed, a viable business is in place and there is clear proof that a specific low-income segment value proposition has succeeded in the market on a purely commercial basis. Engaging with the broader ecosystem is generally for the purposes of crowding in investors, leveraging inclusion strategies to other companies, and to help the working inclusive business model scale in terms of both creating an inclusive industry and an inclusive enterprise. This is also true for scaling inclusive businesses in other parts of the broader value chain.

**Both approaches are focused on metrics, but given different objectives, tackle accountability in different ways.** WealthWorks is keen to demonstrate that value chains are advancing local livelihoods with all forms of wealth simultaneously without depleting any one form of wealth in the process. Practitioners measure indicators and benchmarks within each of the seven forms of wealth over time to determine the overall success of strategies. Inclusive business, on the other hand, has a more pragmatic stance and does not follow a particular typology that determines wealth. Beyond standardized measures of poverty reduction, inclusive business also places attention on the business model through proof of concept that achieving positive social impacts does not have to be at the cost of profitability. Understanding the business model is critical to determining if and how the particular business can grow and scale and to further expand inclusive strategies. While both business and impact metrics are fundamental to inclusive business development and to subsequently making a business case for scale, inclusive businesses are more likely to adopt pragmatic and specific metrics frameworks critical to that end.

**WealthWorks and inclusive business have nuanced perspectives on demand orientation.** Inclusive business is focused primarily on solving a systemic poverty issue by addressing a specific core business challenge of an anchor company within a value chain. In this regard, demand is identified within the highly specific confines of the anchor company that, by definition, constitutes the (inclusive) business target market. From this standpoint, demand in the inclusive business sense is established by the company's needs, pain-points to address challenges such as production, growth, new market entry and diversification or new opportunities for company growth through new market (and new market segment) entry. Inclusive business strategies are then oriented towards seeking ways for this demand to be met by products, services, employees, distributors or consumers from the low-income segment. The WealthWorks approach identifies demand from a broader sectoral point of view that includes a far greater range of market possibilities of which commercial companies are only one. Building shared value within these sectoral value chains then becomes the process through which the low-income segment's response to demand is developed. Where demand orientation makes a significant difference is with respect to market readiness. Orientation toward a company's pain-point necessitates a high degree of product, service delivery or labor readiness because they are being integrated into an existing framework that is already functioning and where standards of quality or productivity are requisite. In many cases, companies themselves are willing to invest in building the capacities of low-income communities to suit the needs of mainstream integration, because it is in their business interest to do so. For larger and longer-term investments, companies and communities may form a partnership with local financial institutions or receive philanthropic support through intermediary interventions.

Orientation toward a broader market demand, as with the WealthWorks approach, provides a higher degree of flexibility and potentially less risk because the low-income segment can align their products, services and labor capacities toward the market for which they are best suited. It is also assumed that through the creation of shared value all along the value chain, actors will directly or indirectly support community efforts at readiness to ensure successful entry into the chosen market.

**Lastly, inclusive business also considers the development of goods and services designed to address some fundamental needs of low-income communities.** Inclusive business also addresses the integration of the poor into mainstream business models as consumers of a company's goods and services. This is based on the fact that low-income communities already purchase basic necessities and often do so at a higher price because mainstream products and services do not consider the particular consumption patterns of the poor. In response to this poverty penalty phenomenon, a growing number of companies are generating offerings tailored specifically to the uses and monetary capacities of the poor, thereby providing greater economical access to products and services they need. Although the WealthWorks approach is largely focused on generating wealth through market integration of low-income communities as producers, suppliers or employees, the housing and inclusive finance value chains in the WealthWorks portfolio are good examples of developing products and services that address a systemic issue of low-income families — funding deserts and opportunities to obtain affordable, collateral free financing and affordable energy programs that do not compel families to have to choose between heating and eating. In both cases, WealthWorks and inclusive business would naturally seek to develop these products and services in such a way that they could be developed and/or delivered through local resources so as to improve skills and create employment opportunities for the low-income segment.



# Integrating Inclusive Business into WealthWorks

As much as wealth creation is a different way to think about value and relationships in the context of rural development, inclusive business is a different way to think about how market based solutions and traditional business models can be reengineered to deepen its development impact while contributing to greater profitability and company growth. In this context, complementarity can be found in two distinct ways — in how inclusive business can contribute to wealth creation through the eight forms of wealth and how inclusive business can be integrated within the framework for developing WealthWorks value chains.

## How Inclusive Business and the Forms of Wealth are Complementary

Inclusive business can contribute to the eight forms of wealth in the following ways:

**Intellectual Capital.** One of the fundamental principles of inclusive business is to leverage and build on the stock of knowledge, innovation and creativity that exists among the local stakeholders AND the companies involved in an inclusive business. Irrespective of the inclusive business model type, intellectual capital will be created given the importance of social empowerment inherent in the inclusive business model and the bi-directional focus on transfer of technology and intellectual capital between stakeholders. Inclusive business is also predicated in part on disruptive innovation and the concept of leveraging hidden assets. The latter is focused on reframing the assets you currently have for alternative productive uses. Earlier in this paper, we mentioned the case of an LPG gas company that leveraged its knowledge base of low-income segment credit history to create a new lending product that served to grow its business in new ways while offering low income consumers alternative forms of finance. It need not rely solely on corporate assets — hidden assets could be an excess supply of labor that can be retrained/and or oriented to alternative productive opportunities. Innovations in packaging and leveraging cultural traditions and practices to create a new community-based inclusive tourism opportunities is another example of how intellectual capital creation is a core element of the inclusive business approach.

**Social Capital.** Without the creation and development of trust, networks and relationships, inclusive business would simply not function. Successful inclusive business initiatives are built upon cross-sectoral networks where trust is essential. Traditionally, especially in rural contexts and given the preponderance of high volume, low margin business models (i.e. agribusiness and food), there is an existing culture of mistrust between the private sector and other related stakeholders. Social capital is the fabric that weaves stakeholder partnerships together, enabling inclusive businesses to form, grow and scale. These networks and trust are also necessary to crowd-in early stage investors whose capital is often used to “de-risk” a particular inclusive business so that commercial investors and the companies themselves are willing to develop an inclusive business. Without social capital, inclusive businesses are unlikely to be formed, are unlikely to be designed to create shared value, and will definitely not go to scale.

**Individual Capital.** Inclusive business creates individual capital in a number of ways. Most business models associated with inclusive business require the development of new capabilities (toward new productive activities) or the application of existing capabilities in new ways. Many inclusive agribusiness models require the introduction of extension services to improve the productivity, quality and traceability. Extension efforts focus on the transfer of knowledge, skills and technology in such a way that low-income farmers can become more productive and improve their livelihoods. Better crop yields, increased income and more efficient productivity can also imply better health outcomes through improved nutrition, better time management, and disposable

capital that can be used for reinvestment into family livelihoods. In this way, skills and health are combined to allow people to be more productive contributors to society. Conversely, inclusive business models that introduce new products and services to the low income segment often require the development of new sales and distribution channels that are dependent on training and subsequently leveraging the capabilities of local people. Through these efforts, it is understood that irrespective of the inclusive business dynamic (sourcing from or selling to the low income segment), the creation of individual capital is the de facto outcome.

**Built Capital.** Because inclusive business generally seeks to leverage existing corporate assets and infrastructure, and, when necessary, obtain additional financing (leveraging the company's assets) in order to deliver, the approach naturally contributes to strengthening the the stock of fully functioning constructed infrastructure including everything from buildings to information technology. Furthermore, because many business models that deal in a rural context require technology to deal with logistical complexities, to increase productivity and crop yields (when thinking about agricultural production), and/or to deliver content for training, etc, inclusive business helps accelerate the development of built capital.

**Natural Capital.** Inclusive businesses are designed in principle to do no harm and where possible are also designed to contribute positively to the natural capital stock. Notwithstanding, as through every business development process, inclusive business through WealthWorks has a point of view that in order to deliver a viable proof of concept and generate impact in the short term, the delivery of different forms of capital will be structured to be sequential in order not to encumber the business development process before it is able to succeed. That does not mean that full compliance will not be attained.

**Political Capital.** Political capital is critical to the inclusive business development process as it is the key to achieving social inclusion at scale. Beyond available opportunities and company innovations in developing inclusive business practices, governmental policies and regulations remain the most powerful incentives to create a tipping point in leveraging businesses to pursue inclusive business interventions.

**Financial Capital.** Inclusive business is designed not only to improve income opportunities for the low-income segment but to also increase the profitability of companies by either increasing revenue opportunities or by reducing costs — namely through localizing supply chains and developing alternative distribution channels to reach new customers.

## How to Integrate IB into WealthWorks Value Chains

As noted in this report, IB can be one of several useful approaches to strengthen the role of the private sector as a force for development and wealth creation. The aforementioned chapter has explained the many ways in which inclusive business can be complementary and integrative to the wealth creation approach and areas through which inclusive business has to set its own course in order to assure it can meet its market-based objectives. At its core, inclusive business in a WealthWorks context should ensure that:

- It remains market based and core business focused;
- It delivers customer and community value;
- It addresses risks and builds capacity where needed to enhance the value creation process;
- It is relentless in its pursuit of viability because in viability it can generate the political capital required to being in other investors and companies and expand the potential for impact at scale;
- It measures both company and stakeholder outcomes AND impacts.

What follows is an effort to demonstrate how the WealthWorks development process would evolve were it to integrate an inclusive business perspective from the start.

## Inclusive Business and WealthWorks in Practice

### ***Understand wealth building through Inclusive Business***

WealthWorks including inclusive business starts with the anchor company, its problems and opportunities and then once this has been clearly established, seeks to solve these challenges and opportunities with the local people, assets and businesses that can be leveraged to execute the business model. While many rural areas have underutilized assets, any inclusive business must assure that all engaged stakeholders in the value chain either have or obtain the skills necessary to execute the content of the business model. In many instances, the company is willing to invest in the necessary training for critical stakeholders (direct employees, suppliers or other outsourced agent) to meet company standards as part of the business development process. The company brings together relevant stakeholders critical to the business development process. With WealthWorks in an inclusive business context, the point is not “Are we ready to do something?” Instead, it is “What are we ready to do to support the anchor company in its business development effort that, in so doing, will also help us and the community?”

While the wealth triangle is important in ensuring none of the capitals are depleted, inclusive business contends that first phase business implementation should be focused on assuring the business meets its objectives and demonstrates viability in low-income context. As the business matures, it can be graduated to start to contribute explicitly to the different forms of wealth in a strategic and sequential manner.

### ***Identify an inclusive business value chain opportunity***

In order to effectively demonstrate how inclusive business can be integrated into WealthWorks, the value chain development framework associated with WealthWorks has been modified to reflect the differences with an inclusive business approach. Before investing time, effort or money in any new economic development enterprise, inclusive business “piggy backs” on existing business activity and seeks to understand what are a) the opportunities and risks associated with a company’s supply chain, strategy for growth, and/or prospects for new market entry. The question is “what is already being made in our region” or “what are key market opportunities for new products and services” that existing companies are providing or could provide (in the context of sourcing from or selling to low income populations).

While seeking to develop an entirely new product and/or service can have merit, the degree of risk associated with developing a product or service in a disenfranchised region may be too significant to a) attract capital; b) have a sufficient market; and c) create sufficient value for either the business or the community. For example, a regional supermarket chain (ABC Grocer) may be looking to source organic fruits and vegetables as part of a rebranded value proposition through which it intends to compete more directly with a Whole Foods. ABC has a clear business need/problem — it needs to source fresh organic fruits and vegetables but the only suppliers of the products they need are more than 500 miles away. There are many local farmers producing fruits and vegetables locally, some may even be organic, but they traditionally sell their produce to food hubs and local farmers markets at a significant discount. An inclusive business approach would suggest understanding the *specific* business need first (the demand) and then understanding if and how you might be able to meet that demand by aligning interests. ABC needs local fresh fruits and vegetables, local producers need a stable and secure market willing to offer them a higher price.

Inclusive business focuses on the needs of larger companies (specifically to build a groundswell of evidence that inclusive business in a specific context can work and generate shared value), while WealthWorks looks at broader market opportunities. The key questions to ask at this stage would therefore be the same for both in general, but who you are asking will be different depending on which avenue is being pursued, inclusive business or WealthWorks:

- Who are the most relevant companies in your value chain and what are their biggest impediments for growth? Is it a supply chain issue? Is it competition? Is it logistics and associated costs? Or, are there specific goods and services that I need to enhance my livelihood (low-income housing, affordable energy products, etc)
- What products or services do we, or could we produce in those sectors that would either address the company's need or provide a necessary good or service critical to improving local livelihoods?
- What are the barriers to entry and the inhibitors for growth? If aligned action were achieved across all relevant stakeholders, are there other barriers that need to be addressed to achieve impacts at scale?

Once you have narrowed your list of business opportunities, inclusive business helps sift further by analyzing which of these opportunities offer the most potential for impact (wealth building success can come later). It is important here to demonstrate proof of concept and then assure that the business model or business models specifically contribute to all forms wealth:

- What are the risks the anchor company faces? How do we assure effective implementation?
- Are there resource constraints and externalities that might derail the business opportunity? How do we address these?
- What are the elements of wealth creation that might not be addressed in the first phase of business implementation and what needs to happen so that these can be addressed through this effort or through subsequent activities?
- Who are the beneficiaries of this inclusive business? Do we have baselines of company and beneficiary performance from which to measure progress and outcomes/impacts over time? Given the business opportunity, what is or what are the most likely business models associated with it? What risks associated with that business model do we have to address?<sup>3</sup>

---

<sup>3</sup> This paper specifically examines four traditional dimension of inclusive business: as consumer, suppliers, distributors and employees. There is a fifth dimension - as shareholder (which speaks to the notion of local ownership in WealthWorks). One example is Juan Valdez – a coffee cooperative comprised of thousands of small coffee producers who on average own less than 1 hectare of land in Colombia. Through their cooperative and underpinned by national policy (for which they advocated), the vast majority of coffee in Colombia is exported under othis brand. The small producers are shareholders in the company which control from the plantation to the storefront and share in the risks and the profits.



### ***Construct a WealthWorks Inclusive Business value chain***

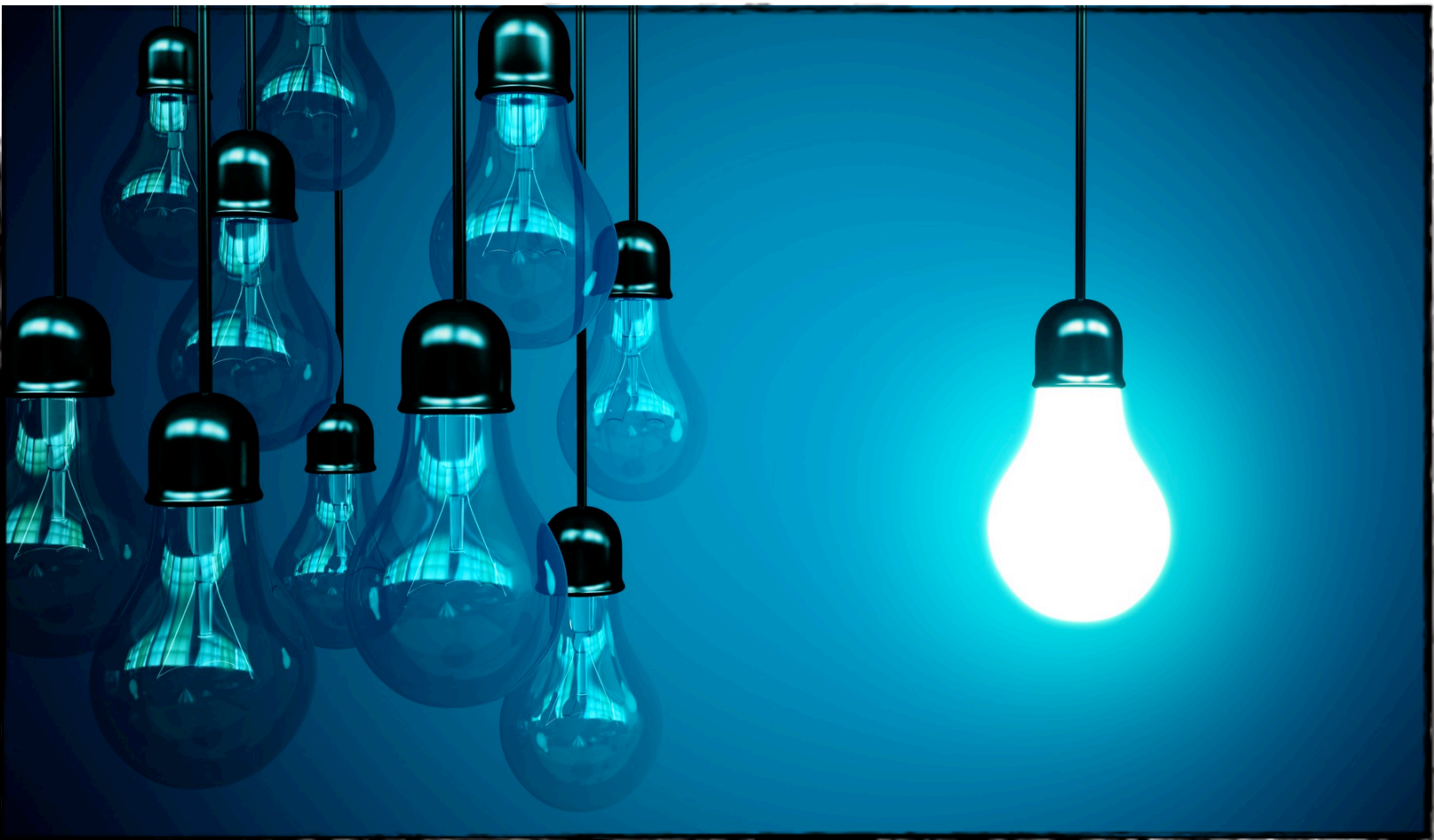
WealthWorks networks only the relevant people, businesses, institutions and *organizations* into a value chain that advances the collective interest of the business model in order to generate greater wealth and improve livelihoods within the region. Constructing your value chain involves acting on each of these questions:

- Who are the critical stakeholders that will be essential for the business model — i.e. suppliers, distributors, financing agencies, logistics providers, etc?
- How will profits/revenues be generated across the business model/value chain in the specific context of the business?
- How do we assure the design of the business model as such maximizes the potential for company value AND smallholder/low-income segment impact/value?
- How can we fill any gaps in the value chain using qualified local resources or entrepreneurship? If there aren't any qualified local resources, how can we develop vocational education efforts to assure standards are met?

### ***Test impact on local wealth and livelihoods***

WealthWorks tracks results. WealthWorks keeps a sharp focus on what it is accomplishing. That means regularly tracking the impact of that value chain on these critical bottom lines:

- Is the inclusive business achieving its intended outcomes and impacts?
- What have been the livelihood impacts on the target beneficiaries — what has been the “depth” of beneficiary impact?



## Potential Actions for the WealthWorks Community

WealthWorks is a valuable approach through which to understand how to address multidimensional poverty in a rural context in a systemic way. It also provides insights into the opportunities and challenges of creating “wealth that sticks.” At the same time, when enabled with the appropriate capabilities and provided with the right incentives, the private sector can bring new, sustainable business models and innovations, technology, cutting-edge expertise and scale in ways that can address some of the poor’s most intractable and systemic challenges while generating new opportunities for company growth and profitability. The following are the five key potential actions that the WealthWorks community could follow as a result of this partial assessment:

**Enhance shared value opportunities through strategic corporate engagement.** Inclusive business offers the opportunity to generate quick wins critical to crowding in investment and leveraging the engagement of other private sector stakeholders across WealthWorks value chains. By identifying and prioritizing private sector needs and how to serve them, WealthWorks stakeholders and intermediaries may be better positioned to create viable commercial opportunities. In parallel, the inclusive business lens can also identify private sector product development opportunities that incentivize the creation of new products and services, which address a specific low-income community need in an affordable way.

*Potential Benefit:* Low-income value chain stakeholders can obtain a secure market for their goods and services (secure market for agricultural production) and/or be provided with an alternative and affordable product or service that addresses a meaningful need (i.e. access to affordable housing).

**Strategically use inclusive business to crowd in investment and other private sector stakeholders.** Because inclusive business leverages existing private sector infrastructure and assets up front, the route to forward results and impact is generally faster than engaging in buyer prospecting without the benefit of understanding terms, conditions, and expectations up front. Developing an inclusive business opportunity within a WealthWorks value chain helps demonstrate proof of concept, provides a quick win, and can be leveraged to attract additional investment based on a functional outcome or draw other private sector actors into the value chain who would have otherwise been unable or unwilling to engage.

*Potential Benefit:* Low income value chain stakeholders may benefit from access to credit, and the company’s involvement leverages additional investments in the community. Furthermore, the company’s proof of concept drawn in other investors and companies who now see the opportunity as partially or totally “derisked.”

**Consider the opportunity presented through Inclusive Business for Consumers in a WealthWorks Value Chain.** While a great deal of emphasis was placed on developing opportunities for supply chain integration, there are also important opportunities to consider in working with companies to develop products and services targeted to these disenfranchised communities. Significant demand exists for different business models that can create more affordable access to inputs, financial services (including collateral free lending and partial credit guarantees), introduction of new technologies that can accelerate productivity (i.e. no frills drip irrigation kits for example), and new products (affordable housing, renewable energy) that can lower costs for low-income families. In this context, the demand to be assessed is the demand for specific goods and services that can be provided by the private sector and the terms and conditional under which these could be introduced. Products and services in this context would be specifically designed to address a specific systemic poverty-related issue (lack of nutrition, lack of health care, rising energy costs, etc). Most of these goods and services would also be consistent with WealthWoks goals and objectives.

*Potential Benefit:* Access to affordable goods and services that make a meaningful contribution to your livelihood while addressing a critical systemic poverty-related issue, such as access to finance, affordable housing, access to insurance, access to healthcare, etc.

**Wealth creation and inclusive business are a means to an end, not an end in themselves. Focus on outcomes and impact instead.** There is no prescription or hidden formula for solving rural poverty. While frameworks and approaches such as WealthWorks and Inclusive business offer a specific point of view as to how to achieve certain objectives within a value chain, the outcome that is achieved is what will be remembered. The frameworks are useful however in that they help change mindsets and perceptions. Specifically, they can help explain that there are real opportunities to do business in low income rural areas.

*Potential Benefit:* Recalibrate focus on process with focus on outcomes and impact and ascertain what adaptive management strategies would get the value chains to impact measurably faster.

**Focus on enabling (and conversely addressing disabling) conditions such as local capabilities and technical assistance, infrastructure (where relevant) and logistics.** Within the WealthWorks value chain framework, develop strategies and dedicate resources through which you would be able to address enabling conditions that currently constrain the ability to reach impact at scale. For example, in the context of unlocking the potential for (impact) investment, especially in some of the rural areas in the Deep South or Western Appalachia, while finding finance was and remains possible, there is a significant gap in assuring there are quality deals to match to the increased investment pool.

*Potential Benefit:* Reduce barriers to entry and unlock potential for investment.

## Selected Bibliography

Bridges Ventures and the Parthenon Group. Investing for Impact: Case Studies Across Asset Classes, 2010.

Dalsace, Frédéric, Charles-Edouard Vincent, Jacques Berger and François Dalens, « The Poverty Penalty in France: How the Market Makes Low-Income Populations Poorer », Field Actions Science Reports [Online], Special Issue 4 | 2012, Online since 10 June 2012, connection on 06 February 2014. URL : <http://factsreports.revues.org/1537>

de Jongh, W. Robert, Javier Ayala, Daniel Oporto, Sarah Howe, Manuel Fernandini, Maya P. Gorrez and Noah Beckwith. Establishing an Inclusive Business Private Equity Fund In Vietnam: A Market Scoping Study, Asian Development Bank and SNV, April 2012.

de Jongh, W. Robert. Working Together in Pursuit of Inclusive Business: Sharing the Latin American and Caribbean Experience with Asia and the Pacific: A Retrospective. Asian Development Bank, November 2013.

Gradl, Christina and Claudia Knobloch. Inclusive Business Guide: How to Develop Business and Fight Poverty, Endeava, 2010.

GTZ, Value Links Manual: The Methodology of Value Chain Promotion, Deutsche Gesellschaft für Technische Zusammenarbeit (GTZ), 2007, [www.value-links.de/manual/distributor.html](http://www.value-links.de/manual/distributor.html)

International Business Leaders Forum. Inclusive Business Sourcebook, 2011.

Jenkins, B., Ishikawa, E., 2010, Scaling up inclusive Business, IFC, Harvard Kennedy School

J.P Morgan. (2010). Impact Investments: An emerging asset class. [www.morganmarkets.com](http://www.morganmarkets.com)

Karamchandani, Ashish, Michael Kubzansky, Paul Frandano. Emerging Markets, Emerging Models: Market Based Solutions to the Challenges of Global Poverty, the Monitor Group, March 2009.

Seville, D., Buxton, A., Vorley, B., 2010, Under what conditions are value chains effective tools for pro-poor development, Sustainable Foodlab, IIED

Jenkins, Beth. 2007. Expanding Economic Opportunity: The Role of Large Firms. Corporate Social Responsibility Initiative Report No. 17. Cambridge, MA: Kennedy School of Government, Harvard University.

Kelly, Marjorie and Jessica Norwood. Impact Investing for Rural Wealth Creation: Investing for Financial Returns and Community Impact, Wealth Creation in Rural Communities of the Ford Foundation, 2010.

Lundy, M. et al, Increasing the Competitiveness of Market Chains for Smallholder Producers, International Centre for Tropical Agriculture, 2004, [www.ciat.cgiar.org/agroempresas/pdf/market\\_chain\\_manual\\_v2.pdf](http://www.ciat.cgiar.org/agroempresas/pdf/market_chain_manual_v2.pdf)

Onumah, G.E. et al., Empowering Smallholder Farmers in Markets: Changing Agricultural Marketing Systems and Innovative Responses by Producer Organizations – Working Paper 2, 2007, [www.esfim.org](http://www.esfim.org)

Reardon, T. and Berdegue, J.A., The Retail-led Transformation of Agrifood Systems and its Implications for Development Policies, 2006.

Ruben, R. et al, Agro-Food Chains and Networks for Development, Wageningen UR Frontis Series, no. 14, Frontis – Wageningen International Nucleus for Strategic Expertise, Wageningen University and Research Centre, Wageningen, 2006.

SNV and the World Business Council for Sustainable Development (2011). Inclusive Business: Creating Value in Latin America. May 2011.

SNV, CICDA and Intercooperation, Guía Metodologica para el Analisis de Cadenas Productivas, 2004, [www.sdc-valuechains.ch/resources/resource\\_en\\_39.pdf](http://www.sdc-valuechains.ch/resources/resource_en_39.pdf)

Springer-Heinze, A., The 'Value Links' Concept: Structure and Instruments, Deutsche Gesellschaft für Technische Zusammenarbeit (GTZ), Vienna, 2006.

Vorley, B. Linking Worlds: New Business Models for Sustainable Trading Relations between smallholders and Formalized Markets, 2009.

Vorley, B., (IIED), Lundy, M., (CIAT), MacGregor, J., Business models that are inclusive of small farmers. World Bank, 2012, Agricultural innovation Systems - An investment Sourcebook, IIED, 2008