

The poor can be a business opportunity, new UNDP regional report finds

Istanbul, 11 March 2011 — A first of its kind regional report by the United Nations Development Programme (UNDP) shows that companies who make use of inclusive business models in Emerging Europe and Central Asia (ECA) can achieve gains both for the poor and for their bottom line.

The report, [*Business Solutions to Poverty – How inclusive business models create opportunities for all in Emerging Europe and Central Asia*](#), was [officially launched on March 11](#), 2011 by the UNDP Administrator, Ms. Helen Clark, and by Assistant Secretary General and Director of UNDP's Regional Bureau for Europe & the CIS, Ms. Kori Udovički in Istanbul Turkey. The report features for the first time case studies from 19 countries in the region, and provides practical recommendations for how to develop inclusive business models.

Take **Vitmark** in Ukraine. Several years ago, people with low incomes in Ukraine had rarely purchased fresh, high-quality juices, because they were too expensive. Then Vitmark opened up juice factories in three Ukrainian cities and started selling more affordable juices. The company employs and trains local people and procures fruit from local farmers. Salaries offered are one third higher than the regional average. And farmers receive regular training to improve the quality of their produce. At the same time, Vitmark brought the cost of juice down through efficient product packaging and marketing that targeted low-income consumers. The company's market share increased from 7 percent in 1999 to over 22 percent in 2008.

Kori Udovički, Assistant Administrator and Regional Director of UNDP's Bureau for Eastern Europe and the Commonwealth of Independent States (CIS), describes the objectives of the report: "There is growing evidence that businesses who engage the poor on the demand side as clients and consumers and/or on the supply side as producers, employees and business owners, can boost their bottom line while creating value for the poor. The report is designed to show that inclusive business is possible, and that successful models have been tested in the ECA region."

More and more companies around the globe are recognizing that people with low incomes are potential markets and opportunities. Few examples have been available from the region – until now. Researchers – covering every country of the ECA region – were asked to capture examples of successful inclusive business models. Agriculture, financial services, ICT, tourism and waste management are some of the featured sectors.

The report also provides market data and concrete recommendations for how to support inclusive business in the region. The need – and the opportunity – for developing these business models is significant, as the report shows. Some 130 million people in the region live on \$4.30 a day or less. 11 million people in the ECA region are unemployed and 140 million work in the informal economy. Almost 19 million people lack access to clean water and almost 40 million lack access to an improved sanitation facility. Health services are often expensive and of poor quality. These needs can be met by using business approaches. Likewise, access to goods and services can increase productivity. Over 5 million people in the region do not have access to electricity and more than 150 million do not have access to financial services. Internet access can also be improved. Over 8.5 million micro and small enterprises (and more if counting the informal ones) and millions of small farms can offer services as suppliers of goods and services.

The UNDP Growing Inclusive Markets in ECA project supports the development of inclusive business models in the region. With a team at the UNDP Regional Center in Bratislava and focal points in 5 ECA countries, it provides brokerage and advisory services for companies and consults government on creating a conducive environment for more inclusive markets.

Contact Information

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Growing Inclusive Markets
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The Growing Inclusive Markets Initiative, led by the United Nations Development Programme (UNDP), is a platform to facilitate the engagement of all actors for more inclusive business models so that the pursuits of wealth creation and human progress can work to mutual advantage. It gathers relevant information, highlights good examples, develops practical operational strategies and creates space for dialogue. For more information:

www.growinginclusivemarkets.org

UNDP is the UN's global development network, advocating for change and connecting countries to knowledge, experience and resources to help people build a better life. We are on the ground in 166 countries, working with them on their own solutions to global and national development challenges. As they develop local capacity, they draw on the people of UNDP and our wide range of partners.