



Regional: Inclusive Business Support

Project Name	Inclusive Business Support																
Project Number	46240-001																
Country	Regional																
Project Status	Active																
Project Type / Modality of Assistance	Technical Assistance																
Source of Funding / Amount	<table><tr><td colspan="2">TA 8550-REG: Inclusive Business Support</td></tr><tr><td>Technical Assistance Special Fund</td><td>US\$ 400,000.00</td></tr><tr><td>A.T.F. - Swedish T.A. Grant</td><td>US\$ 3.10 million</td></tr><tr><td>ADB Co-financed Assistance Fund</td><td>US\$ 100,000.00</td></tr><tr><td colspan="2">TA 8550-REG: Inclusive Business Support (Supplementary)</td></tr><tr><td>Deutsche Gesellschaft fur Internationale Zusammenarbei</td><td>US\$ 160,000.00</td></tr><tr><td colspan="2">TA 8550-REG: Inclusive Business Support</td></tr><tr><td>Deutsche Gesellschaft fur Internationale Zusammenarbei</td><td>US\$ 37,000.00</td></tr></table>	TA 8550-REG: Inclusive Business Support		Technical Assistance Special Fund	US\$ 400,000.00	A.T.F. - Swedish T.A. Grant	US\$ 3.10 million	ADB Co-financed Assistance Fund	US\$ 100,000.00	TA 8550-REG: Inclusive Business Support (Supplementary)		Deutsche Gesellschaft fur Internationale Zusammenarbei	US\$ 160,000.00	TA 8550-REG: Inclusive Business Support		Deutsche Gesellschaft fur Internationale Zusammenarbei	US\$ 37,000.00
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Strategic Agendas	Inclusive economic growth																
Drivers of Change	Partnerships Private sector development																
Sector / Subsector	Agriculture, natural resources and rural development - Agricultural policy, institutional and capacity development Education - Education sector development Energy - Energy efficiency and conservation Finance - Finance sector development - Housing finance Health - Health system development Industry and trade - Industry and trade sector development Water and other urban infrastructure and services - Urban policy, institutional and capacity development																
Gender Equity and Mainstreaming	Effective gender mainstreaming																

Description	<p>The ultimate purpose of the TA is to contribute directly to the reduction of poverty and vulnerability by accelerating private sector development and investments solutions relevant for the poor. The project will also impact on gender equality and environmental sustainability through gender sensitive investment design and impact assessment studies, and through including investment projects that create environmental and climate change relevant impact (e.g. in the area of renewable energy).</p> <p>The final outcome of the project will be increasing the investments in inclusive business by ADB and other investors through (a) strengthening the commercial viability, business model and social impact of proposed IB investments with concrete financing opportunities, and (b) helping governments nurture a positive investment climate and ecosystem for inclusive business, including improvements in regulatory frameworks, target setting in development plans, governance coordination, monitoring and impact reporting, as well as knowledge sharing on the potential of IB in Asia.</p> <p>The project will have 4 components as following: (a) due diligence support for inclusive business projects financed by ADB's private sector operational department; (b) impact assessment work for IB projects of ADB and others; (c) working with selective governments to improve the business environment for IB; and (d) exchange on innovative knowledge regarding IB relevant for Asia.</p> <p>The project will be co-financed by the Swedish International Development Agency (SIDA) and by Credit Suisse. In addition there is parallel financing from KfW for various activities.</p> <p>ADB will be the executing agency for the TA. TA components will be implemented through consultants hired as either individuals or firms. As inputs need to be provided in line with the needs of companies and public-sector partners, sector specific advisory services, legal advice, business development, and impact assessment advice cannot be predetermined and will be developed during the implementation of the project. Given the demand based approach followed with this TA, consultants will be engaged under various standard ADB selection methods, including quality based selection (for complex assignments with high downstream impact), fixed budget selection, and - for small assignments with exceptional experience - through single-source consultant selection.</p>
Project Rationale and Linkage to Country/Regional Strategy	<p>There are practical constraints on government's ability to effectively address the challenges of inclusive growth in Asia, especially in creating employment and providing essential services at affordable prices and conditions for the poor and low income groups. Against this background, the private sector is increasingly recognized as delivering potentially significant contribution by providing jobs and income opportunities, and delivering innovative solutions for the poor's housing, health, education, transportation, finance, information, and energy needs.</p> <p>Commercially sustainable enterprises whose core business models is designed to provide _shared benefits_ (i.e. business and social returns) in scale to address systemic poverty issues of the poor and low income groups (i.e. those below the \$3 poverty line, or 63% of Asia's population) are defined as _inclusive businesses_ (IB). While maximizing profitability and social impact, IB provide poor and low income people with essential goods and services (while addressing issues of access, affordability, quality and choice), as well as improved livelihoods and income-earning and employment opportunities. Inclusive businesses integrate poor people into the mainstream economy as consumers (by providing essential goods and services that meaningfully improve people's lives by addressing issues of access, affordability, quality and choice), as suppliers or/and distributors (by creating income earning opportunities by incorporating the BoP into their value chains), and as employees by creating decent jobs that directly benefit unemployed, underemployed, and low-income workers.</p> <p>Inclusive business ventures differ from corporate social responsibility in scale of investment, profitability, business purpose, and scale of social impact. CSR programs are typically based on a grant model, and often are not integrated into the core business of an enterprise. An inclusive business can also be a social enterprise, but the latter tends to operate on a smaller scale and may not integrate poor people into its business processes. However, an inclusive business can emerge out of a not-for-profit CSR program or a small social enterprise.</p> <p>While there are some examples of private sector investments in Asia that target the poor, the key challenge is to upscale such business models, strengthen their poverty reduction impact, link the investments better with the governments' targets for poverty reduction, and increase the knowledge and relevance of IB investments in the business community, among the government, and in the development community. Market scoping studies in 10 Asian countries done by ADB showed that in Asia the IB sector is still in a very nascent stage of stage. This is also true for ADB, where a recent portfolio analysis showed that only 7% of ADB's private sector investment between 2000 and 2012 can be classified as IB (compared to 12-15% for IFC and IADB). On the other side, the review of Strategy 2020 emphasizes an increased private sector contribution to ADB's overarching goal of poverty reduction. More IB investments by ADB's private sector department, and more public private partnerships through linking public sector investments from ADB's regional department to IB will promote this.</p> <p>This technical assistance (TA) is designed to creating better conditions through which IB Can be identified, funded, implemented, monitored, and systematized with the ultimate aim of contributing to inclusive growth and poverty reduction in target Asian markets. In specific the TA will address the following development challenges:</p> <ul style="list-style-type: none"> - _Accelerating bankable inclusive business investment opportunities for the private sector, - _Leveraging private-sector capital alongside ADB initiatives, - _Setting impact measurement standards - _Promoting an underdeveloped inclusive business ecosystem in the public sector and enhancing partnerships for IB, and - _Reducing information and knowledge asymmetry for more effective (and targeted) private sector support for poverty reduction and inclusive growth in Asia.
Impact	<p>New jobs created, and new essential services delivered by inclusive business ventures that engage the low-income persons (\$3/day) in the business process</p>

Project Outcome

Description of Outcome	More investment in inclusive business in ADB DMCs
Progress Toward Outcome	In 2016, ADB's private sector department endorsed eight IB projects. The accumulated number of IB deals supported by ADB between 2014 and 2016 is now 21.
Implementation Progress	
Description of Project Outputs	Feasibility studies (pre and post-investment support) provided to inclusive business companies Impact assessments provided to inclusive business companies Increased awareness of inclusive business and its enabling environment by government and business associations in selected countries and sectors Increased knowledge exchange among the inclusive business investment community and development partners in Asia and the Pacific
Status of Implementation Progress (Outputs, Activities, and Issues)	Between 2014 and 2016, ADB's private sector department made 21 IB investments. Public sector support for IB include, among others accreditation and policy alignment (especially in the Philippines, People's Republic of China, and Pakistan), sector and country workshops (India, Indonesia, Myanmar, and Philippines), and market scoping studies (Tajikistan and People's Republic of China). Knowledge work includes, among others, the 2nd IB Asia Forum held on 15-19 February 2016 in Manila, in partnership with the International Finance Corporation (IFC), Inter-American Development Bank (IADB), United Nations Development Programme - Business Call to Action (UNDP-BCTA), World Business Council for Sustainable Development (WBCSD), the Inclusive Business Action Network (IBAN), and the CSR Asia.
Geographical Location	

Summary of Environmental and Social Aspects

Environmental Aspects	
Involuntary Resettlement	
Indigenous Peoples	
Stakeholder Communication, Participation, and Consultation	
During Project Design	The proposed RETA will build on the collective knowledge, lessons learned, and results generated through the soon-to-be-completed RETA 6518 (Promoting Inclusive Growth through Business Development at the Base of the Pyramid). Stakeholder inputs and participation came from the market scoping studies, forums, and other knowledge exchange which were organized as part of RETA 6518.
During Project Implementation	Stakeholder participation is built-into the design and various activities of the proposed RETA -- feasibility studies, impact assessments, special studies, and other knowledge events.

Responsible Staff

Responsible ADB Officer	Ito, Yukiko
Responsible ADB Department	SDTC
Responsible ADB Division	SDTC-SOC
Executing Agencies	<i>Asian Development Bank 6 ADB Avenue, Mandaluyong City 1550, Philippines</i>

Timetable

Concept Clearance	21 Oct 2013
Fact Finding	-
MRM	-
Approval	10 Dec 2013
Last Review Mission	-
Last PDS Update	07 Apr 2017

TA 8550-REG

Milestones

Approval	Signing Date	Effectivity Date	Closing		
			Original	Revised	Actual
10 Dec 2013	-	10 Dec 2013	31 Dec 2017	31 May 2018	-

Financing Plan/TA Utilization							Cumulative Disbursements	
ADB	Cofinancing	Counterpart				Total	Date	Amount
		Gov	Beneficiaries	Project Sponsor	Others			
437,000.00	3,360,000.00	0.00	0.00	0.00	0.00	3,797,000.00	10 Dec 2013	1,805,001.64

Project Page	https://www.adb.org/projects/46240-001/main
Request for Information	http://www.adb.org/forms/request-information-form?subject=46240-001
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