INCLUSIVE BUSINESS IN THE PHILIPPINES

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The Philippine Economy

- Fastest average GDP growth in the last five years with Investment Grade Ratings (6.2%)
- Lowest unemployment rate on record (5.7%)
- Lowest poverty incidence in the last few years (25%)
"IB is a private sector approach to providing goods, services and livelihoods on a commercially viable basis, either a scale or scalable, to people at the base of the pyramid by making them part of the value chain of companies’ core business as suppliers, distributors, retailers or customers."

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<tr>
<th>BOP’s Relationship to Business</th>
<th>INCLUSIVE BUSINESS MODELS</th>
<th>INCLUSIVE BUSINESS ACTIVITIES</th>
<th>SOCIAL ENTERPRISE INITIATIVES</th>
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<td>Core Value Chain</td>
<td>Ancillary</td>
<td>Ancillary or Core Value Chain</td>
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<th>Financial Return Expectations</th>
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<tr>
<td>Market Returns</td>
<td>Market Returns or Below Market Returns</td>
<td>Not Profit Maximizing</td>
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<tr>
<td>Commercial</td>
<td>Commercial</td>
<td>Mixed</td>
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[G20 Framework on IB 2015]
Case Studies in the Philippines

- **Fast Food Giant** sourcing 25% of onions from local farmers
- **High-Quality Cacao producer and marketer** engaging local coconut farmers
- **Multinational Company** sourcing 30% of Robusta coffee beans from local farmers

WORKED WITH PARTNERS FOR TECHNICAL, CAPITAL AND FINANCIAL ASSISTANCE FOR SMALL HOLDER FARMERS
How IB fits in

IB aligns with the Philippine Development Plan for robust and inclusive growth

IB is a viable solution to systemic problems of the poor in the Philippines

IB serves as an accelerator for achieving the country’s Sustainable Development Goals
The PH IB Initiative

2013-2014 Exploring the Potentials of IB
- Studied initial IB Models in the PH and made policy recommendations to support IB
- Pilot Sectors: Agri, Housing, Tourism; Technical assistance from ADB

2015 Introducing and Advocating IB
- Introduced IB as a means of achieving inclusive growth
- APEC 2015 IEG, WEF, HLD Fora; IB APEC knowledge hub

2016 Mainstreaming IB in policy
- Discussions on how the PH government can promote the widespread adoption of IB
- Gov’t Consultations, APEC, G20; IB Awards (Recognition of 18 models); PH Business+ Study with UNDP

2017-2018 Operationalizing IB Policies
- Pilot support programs and policies for IB
- IPP 2017-2019; IB Accreditation Unit; IB integration in industry roadmaps
Challenges Encountered

1. Building the business case for IB and changing mindsets from philanthropy to viable IB models

2. Questions on specific policy instruments

3. Inclusivity of IB towards MSMEs
Recommendations for Governments

1. Identify and empower a champion in the government who will drive the agenda

2. Leverage an inter-agency coordinated and integrated approach in the IB ecosystem

3. Make the private sector part of the system and understand their needs and solutions