



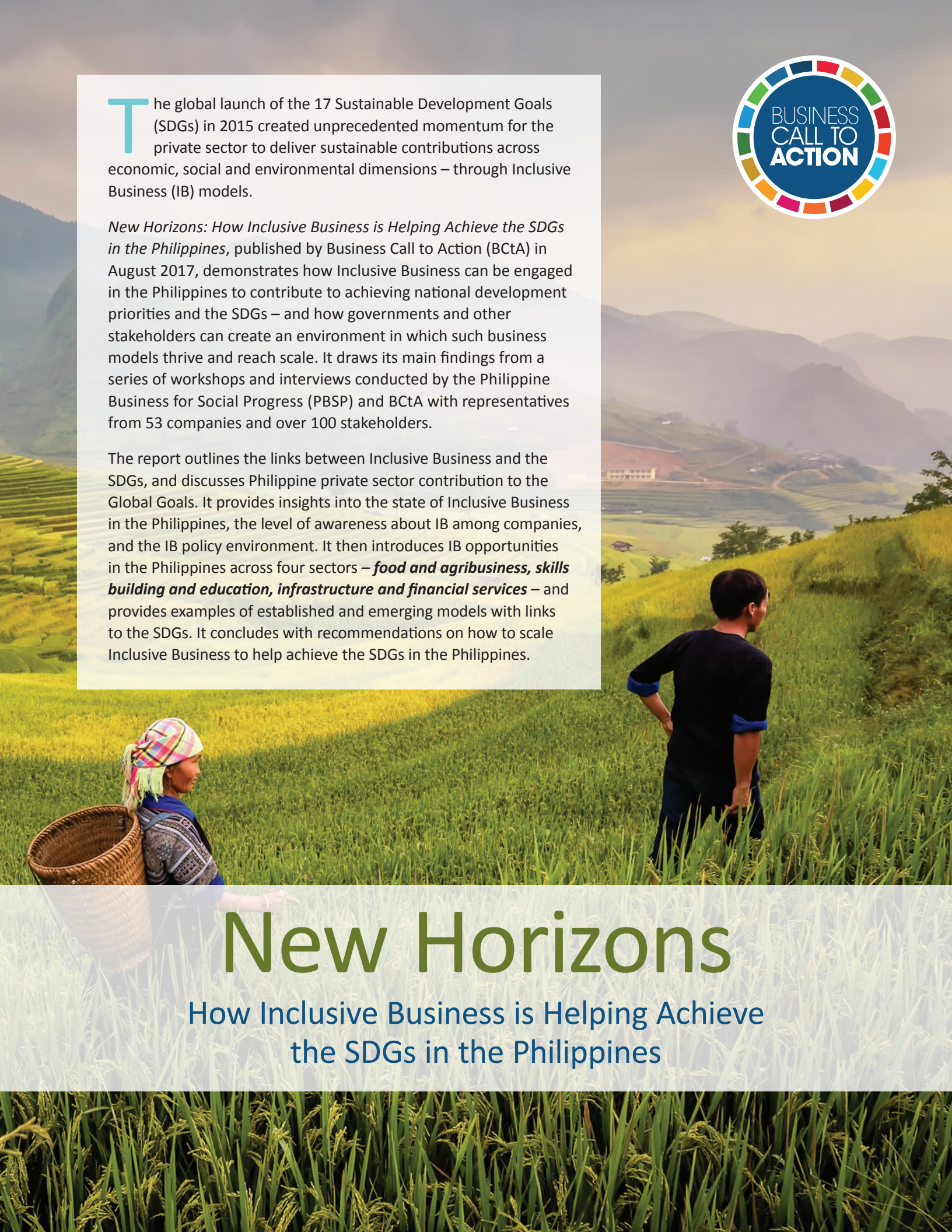
The global launch of the 17 Sustainable Development Goals (SDGs) in 2015 created unprecedented momentum for the private sector to deliver sustainable contributions across economic, social and environmental dimensions – through Inclusive Business (IB) models.

New Horizons: How Inclusive Business is Helping Achieve the SDGs in the Philippines, published by Business Call to Action (BCTA) in August 2017, demonstrates how Inclusive Business can be engaged in the Philippines to contribute to achieving national development priorities and the SDGs – and how governments and other stakeholders can create an environment in which such business models thrive and reach scale. It draws its main findings from a series of workshops and interviews conducted by the Philippine Business for Social Progress (PBSP) and BCTA with representatives from 53 companies and over 100 stakeholders.

The report outlines the links between Inclusive Business and the SDGs, and discusses Philippine private sector contribution to the Global Goals. It provides insights into the state of Inclusive Business in the Philippines, the level of awareness about IB among companies, and the IB policy environment. It then introduces IB opportunities in the Philippines across four sectors – **food and agribusiness, skills building and education, infrastructure and financial services** – and provides examples of established and emerging models with links to the SDGs. It concludes with recommendations on how to scale Inclusive Business to help achieve the SDGs in the Philippines.

New Horizons

How Inclusive Business is Helping Achieve
the SDGs in the Philippines



Scaling Inclusive Business in the Philippines: Key Findings

- **Inclusive Business demonstrates strong potential for contributing to the SDGs**, as companies adopting Inclusive Business models are providing sustainable income opportunities as well as more affordable goods and services for people at the BoP. However, Philippine businesses still have low levels of awareness of – and engagement in – Inclusive Business. Many in the private sector see the relevance and potential of Inclusive Business for their industries, and consider Inclusive Business models effective in helping to reach both business and social goals.
- A combination of strong government support for Inclusive Business in the **food and agribusiness sector**, as well as the prevalence of Inclusive Business models, makes this sector the most promising for Inclusive Business.
- **Building effective and meaningful partnerships across sectors is a key success factor** in scaling Inclusive Business. Workshop participants stressed the essential role of partnerships with national agencies and local government units (LGUs), particularly around product development, marketing and access to research and technology. Engagement of other stakeholders such as private sector, financial institutions and regulators, technical experts and international developmental organizations were also cited as essential for Inclusive Business success.
- **Building the capacity of the BoP** to become part of the value chain and providing access to financing remain the most common challenges faced by Inclusive Business practitioners.
- **Inclusive Business is an effective way to achieve SDGs.** Workshop participants identified 14 SDGs to which their Inclusive Business initiatives were contributing. They include:



Recommendations for advancing Inclusive Business in the Philippines

1. **Increase awareness and ensure greater engagement of Inclusive Business practitioners in policy and programme development.**
 - Carry out a targeted communications and advocacy campaign to raise awareness about Inclusive Business and related support mechanisms such as tax holidays and enabling policies, including within different government departments and private sector actors.
 - Consolidate a localized knowledge platform as a repository for information on Inclusive Business.
 - Include the private sector and BoP in policy planning and development of Inclusive Business-related initiatives, particularly the development of capacity building activities and design of curricula.
2. **Private sector leadership on convergence initiatives to achieve the SDGs**
 - Because of their unique nature, Inclusive Business models require more diverse and creative types of partnerships than business as usual. Alliances that transcend a specific industry and enable collaboration between local, regional and global partners around the SDGs are the natural next step for Inclusive Business to scale.
3. **Build private sector capacity and incentives to measure and report on the SDGs**
 - The Government, business associations and international organizations should develop strong initiatives that improve the measurement and reporting capacity of Philippine companies, and provide incentives to increase private-sector disclosure of SDG-related data. To this end, stock exchanges could be effective partners for collaboration since they play an increasing role in encouraging companies to report on environmental, social and governance information.
 - The private sector should invest in measuring operational and social performance, and reporting on the SDGs through country-wide platforms and as part of companies' sustainability report.

Key Government Initiatives that Support Inclusive Business in the Philippines

The report outlines a range of government initiatives supporting IB, including the following. A complete list of government incentives is available in the full report.

- 2017-2019 Investment Priorities Plan introduces 2-year income tax holidays, income tax deductions, tax credits and special exemptions for companies with Inclusive Business models in agribusiness and tourism.
- 2017 Sagip Saka Bill provides tax incentives to private companies that buy agricultural produce directly from smallholder farmers and fishers.
- 2017 P3 Financing Programme gives MSMEs better access to financing and reduces the cost of borrowing.
- 2017 Central Bank's Credit Surety Fund Law facilitates MSMEs' access to credit.
- Shared Service Facilities project by the DTI provides equipment, skills and knowledge to MSMEs.
- 'Go Local!' initiative supports products produced by the country's MSMEs through incubation, marketing and branding.

Business Opportunities for Inclusive Business Across Sectors

Full details on the sectoral context, business opportunities, SDGs contribution and recommendations are highlighted in Chapter 3 of the report.

The following opportunities exist for private sector to engage in four key sectors:

Food and agribusiness

- Models that source produce directly from local farmers
- Crop diversification, particularly focusing on environmentally-sustainable cultivation of high-value crops
- Innovative collaboration mechanisms between agriculture MSMEs and large companies

Case studies: Mt. Kitanglad Agri-Ventures Inc. (MKAVI), Coffee for Peace, Lao Intergrated Farms

Infrastructure

- Construction of socialized housing units
- Mini- and micro-grid renewable energy products
- PPP for water, sanitation and renewable energy services

Case studies: Hybrid Social Solutions, Davao Light and Power, PHINMA Property Holdings Corporation

Skills building and education

- Skills programmes for information technology and business process outsourcing (BPO) industries
- Mobile education programmes through partnerships with mobile operators
- On-the-job training as part of high-school curricula

Case studies: Accenture Philippines, Wellmade Motors and Development Corporation, Messy Bessy

Financial services

- Affordable microinsurance products for the BoP across sectors
- Digital financial products for the BoP
- Collaboration between MFIs and commercial banks

Case studies: Cebuana Lhuillier Insurance Solutions, Taytay Sa Kauswaan, Tapp Commerce, Ayannah

Commercial Drivers of Inclusive Business:

- Sustainability and security in the supply chain (supplier-focused Inclusive Business models);
- Competitive differentiation and profitability (consumer-focused Inclusive Business models);
- First mover advantage in low-income markets and market expansion; and
- Access to new markets and customer groups.

SDG contributions

Food and agribusiness:



Infrastructure:



Skills building and education:



Financial services:



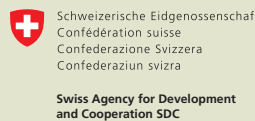
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