



Management Project Proposal:

“Accelerating progress towards the Millennium Development Goals (MDGs) through supporting to develop inclusive business models in developing countries”

I. PROJECT SUMMARY

Achieving the **Millennium Development Goals** is the common commitment made by the world leaders to build a prosperous and secure world in our time. Whilst remarkable progress has been made over the decade, a number of countries are still lagging behind and progress towards the goals is threatened by sluggish economic growth and climate change. Today, more than ever, the commitment to building global partnerships embodied in the Millennium Declaration must guide our collective actions. In this context, the United Nations convened the MDGs Review Summit in September 2010 and called on all stakeholders to enhance their role in national development efforts as well as their contribution to the achievement of the MDGs by 2015.

Amongst the stakeholders, there is growing expectation to the private sector to play the key role in mobilizing a wide range of resources for the MDGs, from both development and commercial viewpoints. The Outcome Document of the MDGs Review Summit resolves “Increasing partnerships with businesses to achieve positive development outcomes by mobilizing private sector resources that contribute to the achievement of the Millennium Development Goals” and “The private sector plays a vital role in development in many countries, including through public-private partnerships and by generating employment and investment, developing new technologies and enabling sustained, inclusive and equitable economic growth. We call upon the private sector to further contribute to poverty eradication, including by adapting its business models to the needs and possibilities of the poor.”

There is also growing attention paid by private business to developing countries. The growing population of developing countries, combined with relatively higher economic growth than developed countries, has generated new markets so-called “**base-of-the pyramid (BOP)**” markets consisting of middle or lower income people. Recognizing the enormous unmet needs in developing countries as well as the increasing commercial need to invest in emerging markets, an increasing number of private companies have started to study and engage in new and innovative types of businesses in developing countries, making commercial success and simultaneously contributing to the achievement of MDGs.

As a trusted partner for development, UNDP has been increasingly engaged with private sector for the MDGs and launched a new and innovative initiative, Growing Sustainable Business¹ (GSB), to work with companies on their core business while promoting development objectives in 2003. Building on the innovative GSB initiative, UNDP is now promoting **inclusive markets** that extend choices and opportunities to the poor (and other excluded groups) as producers, consumers and wage earners. Inclusive markets thus create jobs and affordable goods and services needed by the poor. With inclusive markets approach, private sector can contribute to poverty reduction and achievement of the MDGs while running sustainable businesses. UNDP takes a broader perspective to support specific market sectors to work better for the poor, addressing relevant constraints at various levels in an integrated way, including at micro, meso and macro levels.

The Japanese private sector has been one of the largest in the world, with hundreds of multinational companies doing business around the world. A number of Japanese companies have potentially pro-poor, or appropriate technology that can change the livelihoods of millions of people. Compared with their global presence and reputation, however, the presence of Japanese companies in the developing countries, especially in the BOP markets, remains modest. One of the major challenges is lack information and experience operating in developing countries. Despite their potentials, most of companies are not aware of application of their own resources. Some actions have to be taken to address the challenges the Japanese private sector faces and to unleash the potential of Japanese companies for the achievement of MDGs.

¹ In 2008/2009, UNDP’s Growing Sustainable Business (GSB) portfolio alone comprised projects valued at over \$19 million.

The Project is designed to promote **inclusive markets development (IMD) approach** and mobilize Japanese private sector resources for the achievement of the MDGs. It aims to address lack of information on developing countries and emerging business models that enable private businesses to contribute to poverty reduction while developing sustainable businesses in developing countries. Complementing Japan's bilateral initiatives after the fourth Tokyo International Conference for African Development (TICAD IV), the Project will place the primary focus on Africa and work closely with UNDP's Regional Programme "**Private Sector and Inclusive Market Development for Poverty Reduction in Africa: African Facility for Inclusive Markets**" (AFIM). In view of programmatic synergies, the Project will seek synergies with UNDP's on-going regional and country programmes as well as UNDP's other private sector-related projects such as Public Private Partnerships for Service Delivery in countries in Africa.

The Project is also built on the achievements and lessons learnt from the Japan-**Growing Sustainable Business (GSB) project** and pull out emerging partnerships to a practical phase. The Japan-GSB project, a project implemented by UNDP Private Sector Division, has successfully identified several companies that can work with UNDP for pro-poor investments and some are expected to be implemented in conjunction with Country Offices on the ground by February 2011. The GSB project will also map out the potential pro-poor businesses, but lack of information on programme countries and insufficient capacity of host Country Offices remain major challenges. Promoting synergies with on-going initiatives and facilitating targeted interventions, the Project will promote to implement IMD initiatives with the selected companies in conjunction with UNDP Country Offices and local counter-parties on the ground. The lessons learnt from the project will be widely shared with Japanese stakeholders as well as local counter-parties in developing countries, contributing to disseminating IMD concept at large.

Whilst the Project aims to deliver tangible results in programme countries, it will also emphasis on capacity development of Japanese private sector as well as civil society through series of workshops for better and effective development partnerships. At the end of the Project, the Japanese private sector and civil society organizations will have obtained sufficient knowledge and expertise to identify local needs, adopt an IMD approach and mobilize further resources for the MDGs including appropriate technologies. The Project will also introduce Business Call to Action concept to all stakeholders so that it can facilitate networking and work as a sustainable learning platform in the future.

The **UNDP Partnership Fund** is established for the projects and initiatives implemented by the country offices to support the lives of the people on the ground. This proposal is prepared by Tokyo Liaison Office exceptionally in view of its accumulated knowledge and expertise to work with Japanese private sector. This proposal should not be considered as a precedent.

II. NEED AND RATIONALE

Unleashing the potential of the private sector is essential to achieve the MDGs. The UN's report, "Keeping the promise", published towards the MDGs Summit in March 2010, states "Many businesses are already taking specific action in support of the MDGs –assisting in poverty reduction, food security, environmental stewardship, gender equality, health care and education through their core business operations, social investments and advocacy. Beyond responsible practices, business should think of new and creative ways of working with and investing in pro-poor business models, products and services that can bring about thriving markets".

The project is designed to encourage the private sector to develop new, innovative products, services or investments contributing to the achievement of the MDGs, at the same time promoting IMD approaches including pro-poor value chain integration in developing countries in order to ensure the maximum impacts on the lives of people. UNDP has sufficient experiences and comparative advantages to implement the Project.

Firstly, UNDP is one of the largest **global development networks** and has the capacity to respond to the needs of the poor as well as private companies on a range of subjects from job training to instalment of energy efficient technologies in developing countries. For example, UNDP has offices in all 53 African countries and 42 Asia-Pacific countries, enabling it to cover most of developing markets where the private sector has the capacity to support the poor through their core business.

Secondly, UNDP has been implementing partnership projects with private sector for over a decade and has gained **experience and hands-on expertise** that are needed to promote pro-poor, gender sensitive, sustainable businesses in developing countries. In 2007, UNDP has implemented 530 projects with private sector in over 100 countries and the aggregated value of operations reached USD 100 million. The Growing Sustainable Business (GSB) initiative, UNDP's flagship project to facilitate pro-poor investments, has supported over 80 companies from 8 different sectors in more than 20 countries.

Lastly, UNDP is well-positioned to provide timely support to Japanese companies in view of Japanese business culture and practice. UNDP can also bridge Japanese companies with other public programmes including the JICA's new BOP business scheme, having close collaboration based on the signed Memorandum of Understanding with JICA in November 2009. With support of the project, private companies can prepare a well-documented business plan with socio-economic analysis and access to larger funds and/or development financing as necessary.

III. GOALS AND OBJECTIVES

The goal of the Project is **to accelerate progress towards the MDGs by supporting inclusive business models and mobilizing technological and financial resources from the Japanese private sector for programme countries**. Amongst the MDGs, the Project aims to be a leading case for MDG 8. It also aims to contribute to achieving poverty reduction (MDG1) through creating jobs and incomes and offering access to water and sanitation (MDG7). The Project makes the utmost efforts to ensure gender empowerment by facilitating women's participation in economic activities and the use new technologies for better lives (MDG3).

The strategic objectives of the Project are as follows.

- 1) To create a learning platform where the Japanese private sector and other sectors can learn good practices and cooperate to implement inclusive business initiatives in developing countries.
- 2) To test a IMD approach on the ground and show how it works to Japanese private sector as well as local stakeholders.

Deliverables (summary)

- At least **4 new pilot projects** will be implemented in programme countries with support of the Project. At least 2 projects will be implemented in African countries that are supported by the new Africa regional project.
- At least **2 case studies** will be provided.
- **1 practical report** is provided on the African and Asian markets.
- At least **50 private companies** and **10 CSOs** will participate in the workshops and training sessions organized by UNDP.
- A total of **30 companies** will receive professional consultancy services from UNDP regarding pro-poor business strategies and/or IMD business models.

IV. PROJECT STRATEGY, OUTPUT AND ACTIVITIES

- 1) **Strategies**

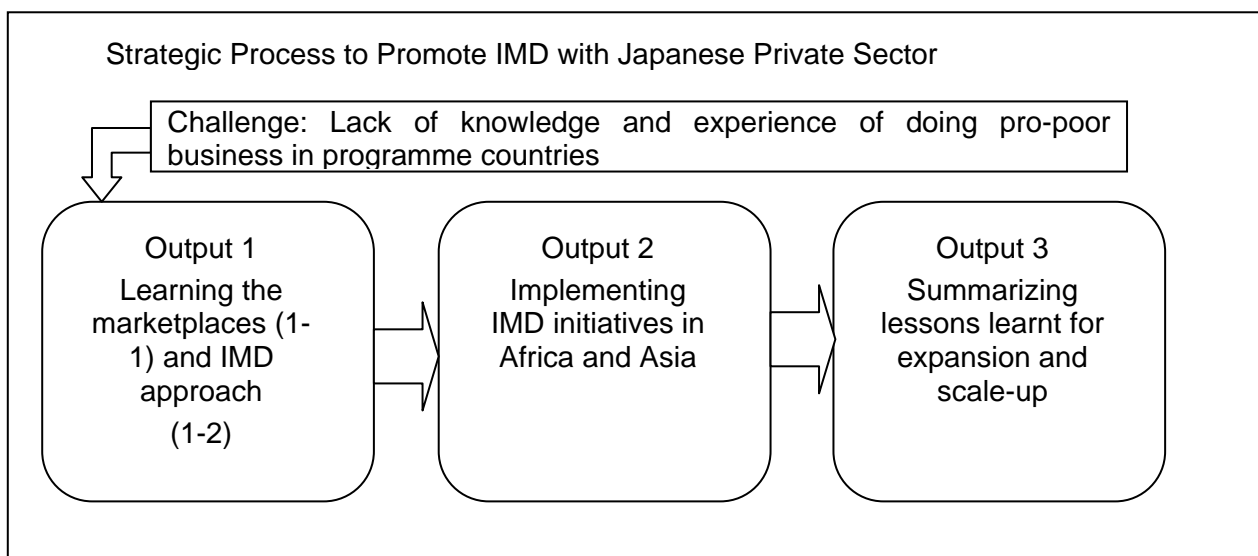
The Project is expected to deliver tangible results on the ground so that it can show model cases for other foreign companies. To this end, the Project will actively seek to link Japanese companies with on-going private sector-related activities and projects supported by UNDP in programme countries so as to minimize business risks and create quick cases on the ground.

The Project will engage Japanese private companies in the countries which have the capacity to utilize foreign companies' investments for local private sector development. For this purpose, the Project will place a particular focus on Africa and provide support for a new UNDP regional programme, "African Facility for Inclusive Markets (AFIM)". Key elements for selection criteria will be developed in consultation with Private Sector Division.

The Project will make its best efforts to engage the Japanese companies and relevant other partners on the ground and contribute to a wider and more systemic market sector or value chain development. In the selection of business sectors, the Project will support feasibility studies, organization of multi stakeholder consultation meetings and dialogues and subsequent engagement of companies that are operating in or will contribute to larger cross-border market development or value chain initiatives.

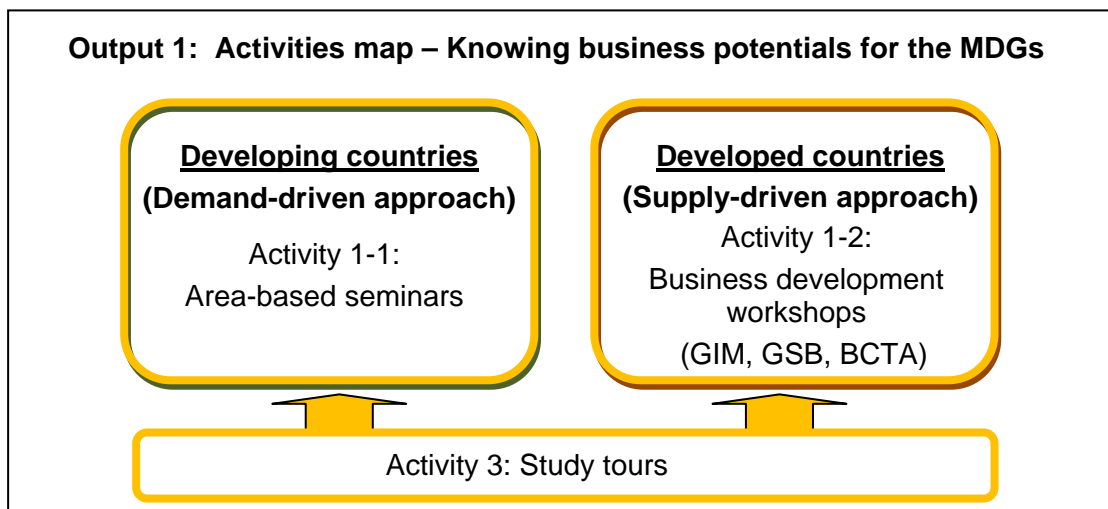
To implement the strategies, the project will take a strategy to implement two separate but inter-linked approaches; development of Learning Platform and implementation of pilot initiatives on the grounds. The primary target is the private sector, but it is also aims to enhance capacity of civil society and public organizations so that all available resources of Japanese players can be combined and fully utilized for the MDGs. Through enhancing knowledge and expertise of private companies to take inclusive business approaches in programme countries as well as providing hands-on, practical business models that can be easily replicated, the project is expected to contribute to creating sustainable, BCtA learning Platforms in developing countries as well as in Japan.

Lastly, the Project will also promote collaboration with JICA and other partners and the Embassy of Japan on Activities 1-1, 1-3, 2-2, and 3-1. The Project will make efforts to ensure **the visibility of UNDP-Japanese development cooperation**. The Project will contact the Embassy of Japan in a developing country where the Project supports Japanese companies under the Project so that the Embassy can incorporate such a case into the Japanese development assistance plan to the country.



2) Outputs and activities

Output 1: A Learning Platform established through enhanced knowledge and capacity of private sector and civil society to pursue inclusive business models.



Activity 1-1: Learning demand-driven approach

Activity 1-1a: Organize seminars on two regions, Africa and Asia, to share practical knowledge on the needs and potential opportunities for private sector in Japan, followed by a workshop on business seminar (Activity 1-2). The seminar, primarily targeting private companies, aims to develop a good understanding of the marketplaces or demand-side situations and provide practical knowledge to start up new business development projects in programme countries. The seminars will provide unique opportunities for the private sector in that UNDP's private sector focal points and/or Growing Sustainable Business (GSB) brokers, who have been working with private companies in programme countries, are invited to deliver practical, hands-on knowledge of doing business for the poor.

Outline of Area-based Seminars

- Period: February 2011 – June 2011
- Place: Tokyo, Osaka
- Number of times: 2 times
- Resource persons: UNDP experts/practitioners from programme countries
- Target audience: Japanese private companies, CSOs, media

Activity 1-1b: Organize practical seminars inviting 3-10 companies. The seminars will be organized on the selected subjects that Japanese companies deem to have good potential to make a difference for the MDGs and promotion of gender equality, inspiring their product designs/business plan by showing the "global picture" of people's demands.

Outline of Subject-based Seminars

- Period: January 2011 – June 2011
- Place: Tokyo
- Number of times: 2 times
- Resource persons: UNDP Tokyo, Japanese CSOs, JICA, Academia
- Target audience: Japanese private companies

Activity 1-1c: Conduct periodic mapping of UNDP country offices demand, capabilities and potential requests and matching that with the interested Japanese company initiatives.

Activity 1-2: Learning supply-driven approach

Activity 1-2a: Organize a seminar on IMD and case studies. To more the seminars relevant to business needs, it is planned to arrange them by industry (i.e. agriculture/food, manufacturing/electronics, daily products, tourism). The workshops will be follow-up of the IMD workshop that are planned to be organized in December 2010.

Outline of Business Development Workshops

- Period: February 2011 – July 2011
- Place: Tokyo
- Number of times: 1 time
- Resource persons: UNDP Tokyo, Japanese CSOs
- Target audience: Japanese private companies

Activity 1-2b: Organize a seminar on Business Call to Action (BCtA). Provide practical training to Japanese companies to learn BCtA concept, latest case studies and practical training to develop project proposals using IMD approach.

Outline of Business Development Workshops

- Period: February 2011 – July 2011
- Place: Tokyo
- Number of times: 1 time
- Resource persons: UNDP HQs, Japanese CSOs
- Target audience: Japanese private companies

Activity 1-3: Arrange at least one study tour to UNDP country offices in Africa and Asia where global and local companies have successfully implemented inclusive businesses. The objective is to provide opportunities for Japanese companies to try lessons learnt from the above mentioned seminars and workshops on the ground. The costs of study tours should be covered by participating companies, whereas the Project will cover logistics costs in the host country(ies).

Output 2: Pilot at least 4 initiatives implemented in programme countries, mostly in Africa, consolidating financial, technical and human resources of Japanese private companies with support of the Project.

Activity 2-1: [Market research/ prefeasibility study]

Activity 2-1a. Collect information on the needs of development and identify specific needs that can be met by Japanese private sector. In view some programmes and initiatives have conducted market researches and prefeasibility studies including AFIM and GSB, the World Bank and other donors' programmes, the Project will be focused on using these results rather than starting new researches to avoid duplication.

Activity 2-1b. Develop concept ideas and invite applications where appropriate. Once business opportunities are identified in a given country, a concept idea will be developed in consultation with UNDP country office and/or on-going programmes. The concept note will be utilized to invite applications from private sector.

Activity 2-2: [Consultation] Provide advisory services to private companies to developing and/or implementing pro-poor businesses in programme country. The main part of regular advisory service can be provided by the consultant who will be hired for the project. In principle, every company will be welcome to discuss with the Project consultant for advisory services.

Activity 2-3: [Selection] Select at least 4 private companies that will implement feasibility studies and/or related activities that will be supported by the Project. At least 2 projects will be selected for African countries. To ensure continued alignment with overall UNDP objectives and approaches for engaging companies around the inclusive

markets concept, the entire selection will be implemented in close consultation with Private Sector Division.

The selection criteria will be prepared in close consultation with Private Sector Division and made public in advance of inviting project proposals. The key elements of selection criteria are listed in Appendix A.

The call for proposals will be made **twice** during the Project period. The first selection is expected to be taken place within the first 6th month since the Project begins, and the second selection will be organized in the 12th month.

The selection should be processed in a fair, transparent and competitive manner. Each time **1-3 companies** will be selected. The selection process will follow the four steps as follows. For evaluation of project proposals, an independent evaluation panel is established comprising of the Project consultant, Tokyo LO and Private Sector Division and concerned country offices.

1. Public announcement
2. Briefing sessions for interested companies
3. Bidding
4. Evaluation of proposals

Activity 2-4: [Implementation]

Activity 2-4a: Develop a pilot project with a partnering company and a country office in the concerned country. The activities may vary depending on the company's business and host country, but a typical pilot initiative will implement the following actions.

- Research the marketplace/joint feasibility study. The feasibility studies will be carried out by local consultants who are hired by UNDP country offices where possible so that the project can also enhance capacity of local consultants who may support Japanese private companies who will invest in the concerned country in the future.
- Organization of multi stakeholder consultations and policy dialogues
- Examine the company's product or service in a developing country
- Monitoring and evaluation of the pilot initiative.

Activity 2-4b: Support the partnering company and country office to implement the pilot project in programme countries. The Project and the partnering company will implement the activities on a cost-sharing basis. The Project will share the costs for the following items.

- Personnel costs for consultants
- Training for local people
- Organization of multi stakeholder consultation meetings and policy dialogues
- Field trips for project staff and local stakeholders
- Logistics and communications

Output 3: All the project activities, and pilot initiatives successfully implemented and the results widely shared with local and global stakeholders through reports, case studies and documentaries incorporating gender dimensions.

Activity 3-1: Manage and supervise all the project activities and pilot initiatives in conjunction with UNDP country offices and other relevant implementing partners. Since formulating and managing pilot projects is highly professional and labour-intensive, ensure sufficient time and quality, to hire a consultant who is fully devoted to the project.

Activity 3-2: Provide reports, case studies and short documentaries on the project in a timely manner and disseminate them to wider stakeholders in and outside Japan. Summarizing lessons learnt and sharing knowledge from pilot projects is an essential part of the project and requires much work and expertise to complete. It is planned to assign a consultant who is committed to the project activity.

V. RESULTS AND RESOURCES FRAMEWORK /ANNUAL WORK PLAN

Overall Objective:

To accelerate progress towards the MDGs by supporting Japanese companies to develop inclusive business models that offer the potential for development impact along with commercial success.

Outcome indicators as stated in the business plan:

Partnership Strategy: With the assistance from the UNDP country office, the project will devise appropriate partnership strategies to engage with the local stakeholders, the local private companies, civil society organizations including other bilateral and multilateral development agencies, for the successful implementation in programme countries. However, the project will make concerted effort to work with the Embassy of Japan and JICA to maximize the synergy of Japanese assistance in the country or in the region.

Project title and ID (ATLAS Award ID):

EXPECTED OUTPUTS <i>And baseline, indicators including annual targets</i>	PLANNED ACTIVITIES <i>List activity results and associated actions</i>	TIMEFRAME		Inputs	PLANNED BUDGET		
		2011	2012		Funding Source*	Budget Description	Amount
Output 1: - Learning Platform created through enhanced knowledge and capacity of private companies to pursue inclusive business models. Indicators: ■ # of participants: at least 50 private companies and 10 CSOs.	1-1. Learning demand-driven approaches (marketplaces): Organize seminars on two regions, Africa and Asia, to share practical knowledge on development needs and potentials for business, inviting UNDP's private sector focal points from country offices. Periodic mapping of UNDP country offices demand, capabilities and potential requests and matching that with the interested Japanese company initiatives.	x		Travel & DSAs: \$25,000 Venue & logistics: \$5,000	UNDP-JPF (32045)	Non-core	\$30,000
	1-2. Learning supply-driven approaches (businesses): Organize practical workshops train Japanese companies to plan, develop and implement inclusive business models/ initiatives. Explore and initiate secondment opportunities between the Japanese private sector companies and relevant Japanese development cooperation agencies and vice versa to promote collaboration, learning and enhanced understanding of each other's needs to facilitate investments and development of inclusive business models in Asia and Africa.	x		Travel & DSAs: \$15,000 Venue: \$5,000	UNDP-JPF (32045)	Non-core	\$20,000

	1-3. On-site learning: Arrange study tours to UNDP country offices in Africa and Asia where global and local companies have successfully implemented inclusive businesses.	x		Consultants ² (local): \$10,000 Logistics: \$10,000	UNDP- JPF (32045)	Non-core	\$20,000
Output 2: Practical business models and approaches developed through pilot initiatives in programme countries, consolidating technical and human resources of Japanese private companies and other sectors ("Japan Models"). Indicators: ■ # of private companies receiving consultancy services: 30 ■ # of pilot initiatives: at 4 pilot initiatives implemented in programme countries.	2-1. Market research: Announce the list of pilot projects opportunities, conduct prefeasibility studies, develop the concept idea and invite applications from companies to support the business ideas.	x	x		UNDP- JPF (32045)	Non-core	\$0
	2-2. Consultation: Based on the periodic demand mapping exercise (as mentioned in 2-1) initiate consultations with the private companies committed to contributing to development through their business and help identify potential business models.	x	x	Consultant (Japan): \$60,000 ³ (12 months)	UNDP- JPF (32045)	Non-core	\$0
	2-3. Selection of pilot projects/partnering companies: Select 4 companies to be partnered with and jointly develop pilot projects in conjunction with country offices.	x	x		UNDP- JPF (32045)	Non-core	\$0
	2-4. Implementation of pilot projects: Together with UNDP country offices (with particular focus on Africa) and other relevant partners, assess, identify, plan, implement at least 4 joint feasibility studies and/or related activities with private companies, contributing to development solutions and promotion of gender equality through their core business activities.			Consultants (local): \$37,500/each case ⁴	UNDP- JPF (32045)	Non-core	\$150,000

² The local consultants will be hired by UNDP country offices to help arrange the study tours.

³ The consultant will be hired by and work for the UNDP Tokyo office.

⁴ See the text for the costs included in each case

Output 3 All the project activities, and pilot initiatives successfully implemented and the results widely shared with local and global stakeholders through reports and case studies. Indicators: ■ # of case studies: at least 4 cases, incl. gender dimensions, provided	3-1. Management: Manage and supervise all the project activities and pilot initiatives in conjunction with UNDP country offices and relevant implementing partners on the ground.	x	x	Consultant (Japan): \$60,000 ⁵ (12 months)			\$60,000
	3-2. Reporting and case studies: Provide reports, case studies and short documentaries in a timely manner and disseminate them to wider stakeholders in and outside Japan.		x				
SUB TOTAL							\$280,000
GMS (7%)							\$19,600
TOTAL							\$299,600

⁵ The consultant will be hired by and work for the UNDP Tokyo office.

VI. IMPLEMENTATION PLAN

For the management of the Project, a project board will be established, comprising of the Deputy Director of UNDP Tokyo (Chair), Programme Officer and other stakeholder(s) from UN agencies, NGOs and the government.

UNDP Tokyo Office will be primarily responsible for managing the implementation of the project in close consultation with the Partnership Bureau's Private Sector Division,. Overall guidance to the project will be provided by the Director of UNDP Tokyo Office, under the supervision of Deputy Director and day-to-day supervision of Public Affairs Officer, the project activities will be undertaken.

In view of its substance and strategic linkages with other on-going private sector development initiatives, the Project will hold regular meetings with the Private Sector Division on a monthly basis to discuss project advisory and operation issues. Besides regular meetings and consultations, the Project will also invite the Private Sector Division to the Evaluation Panel for the selection of partnering companies.

VII. MONITORING AND EVALUATION

In accordance with the procedural guidelines of Japan-UNDP Partnership Fund, UNDP Tokyo Office will monitor the project activities and report the progress of the project to the Partnership Bureau (PB) in New York on a regular basis. Upon completion of the project, UNDP Tokyo Office will submit the final report of the project and submit it to PB.

VIII. ISSUES AND RISKS

1. Changes in the political administration;
2. Difficulties in coordinating different partners.

Appendix)

- A. Key elements of selection criteria

Key elements of selection criteria for pilot projects/partnering countries

(Draft)

- Have good potentials to meet the needs of a developing country that are identified by relevant programmes and initiatives.
- Have defined priority sectors or value chains that the UNDP CO supports and private companies could become part of.
- Have developed capacities for IMD with support of UNDP-PSD.
- Have established platforms that UNDP and private companies can work together for the achievement of the MDGs.
- Belonged to a group of Japanese companies that would undertake their proposed projects in the same country.
- Country office in the concerned county committed to working with the partnering company.
- Will contribute to gender empowerment.