



**SNV** is a Dutch social enterprise committed to eliminating poverty and inequality in emerging markets. We work as a foundation, a management consultancy, a think tank, and a social investment fund. Our blended model allows us to leverage our local operations in more than 100 offices in 32 countries in Africa, Asia, the Balkans, and Latin America while maintaining a strategic global outlook critical to building synergies and catalysing knowledge across regions.

SNV provides strategic advisory services to public and private actors to develop innovative and profitable solutions that create wealth and improve the living conditions of the low-income segment. From the local to global level, SNV is a key catalyst for sustainable and scalable development solutions that ensure the poor can determine its own future.

## HOW THE PRIVATE FIRM CREATES AND DISTRIBUTES WEALTH: INCLUSIVE BUSINESS

In the global fight against poverty, the private sector is a key actor; in addition to expanding the economic base of a society by creating employment and generating wealth, it can improve the distribution of generated wealth. Taking into account the opportunity that the private sector offers in including the low-income segment in its value chain, SNV, through a strategic alliance with the World Business Council for Sustainable Development, has been developing approximately 70 Inclusive Businesses (IB) in Latin America. An Inclusive Business is a business initiative that incorporates low-income communities in a firm's value chain, promoting poverty reduction, and thus creating a win-win situation in which both the firm as well as the communities are mutually benefited.

In collaboration with the Opportunities for the Majority Initiative of the Inter-American Development Bank (IDB), SNV carried out the Private Sector Mapping Project (PSM) in 13 countries in the region. This project collected information from 521 top management executives, and identified the main trends among firms that incorporate the low-income segment in their value chains. One of the relevant findings is that the main incentive for companies to work with this segment is economic. However, firms have expressed the need to increase their knowledge about this segment, strengthen their business models to increase impact, and access financing to develop IB models.

In December 2008, in order to respond to these business demands, SNV began the second phase of the PSM Project in Bolivia, Chile, Colombia, Ecuador, El Salvador, Guatemala, Honduras, Nicaragua, Panama, and Peru. This project provides firms with the opportunity to design, implement, and expand their business models in order to become more inclusive and profitable. Supported by its knowledge of the low-income segment in the region, SNV provides strategic advisory services to firms in order to develop IB models, connecting them with optimum sources of financing for the various components of their projects.

In this sense, SNV cultivates strategic alliances with various economic agents. SNV and the IDB's Multilateral Investment Fund are working with firms to facilitate technical assistance and training that allows for the inclusion of the low-income segment in their value chains. These projects represent USD 7.5 million in contributions from the firms, the IDB, and SNV. Likewise, SNV and Innovest Strategic Value Advisors have formed an alliance to construct an IB Index that would promote IB practice and mobilise investment capital towards leading IB companies in Latin America.

These initiatives prove that real opportunities exist for the private sector to play a decisive role in contributing to wealth creation in an inclusive manner, one which transforms the low-income segment into a main actor in shaping its own future and well-being.