

INCLUSIVE BUSINESS

KNOWLEDGE SHARING TEMPLATE

The aim of this template is to collect experiences, projects, policies or initiatives at local, country and regional level related to the promotion of Inclusive Business.

1. General Information
1.1. G20 Country
Germany
1.2. Project / Initiative / Policy name/title:
Improving Framework Conditions for a Competitive Private and Financial Sector in Mozambique
1.3. General objective
MSMEs use better framework conditions for growth that benefit all sections of the population. Through inclusive growth, driven by the private sector, employment in Mozambique rises, incomes increase and poverty declines.
1.4. Expected results <i>(output-level: number of BoP engaged, jobs created, services delivered, etc.)</i>
The national strategy to improve the business environment (EMAN III) is designed, including an action plan, and local and national institutions are implementing selected reforms. At least ten private companies in rural areas are implementing inclusive business models, providing services to the micro and small enterprises involved. Successful inclusive businesses are scaled up through access to finance and replication in other areas and value chains. The central bank improves framework conditions for MSMEs access to financial services, and at least 230 banking agents offer financial services in the focal provinces of German Development Cooperation.
1.5. Intended impact <i>(outcome-level: income generated or increased, health/education/housing improved, etc.)</i>
Revenue of municipalities rises by 10% thanks to new, simplified business and construction licenses. At least 1,000 micro enterprises and 30 SMEs, of whom 20% are led by women, are contractually integrated into supply chains of lead companies. Across the inclusive business models supported, at least eight lead firms improve competitiveness, based on three of the following criteria: (1) increase in turnover, (2) increase in productivity, (3) reduction of unit costs, (4) extension of product lines and (5) access to new markets. 90,000 MSMEs, of whom 50% are led by women, use formal financial services.
2. Legal framework
2.1. Does the Project / Initiative / Policy have an associated regulatory or legal framework?
Yes, the national strategy to improve the business climate (EMAN III).
3. Implementation

3.1. Implementation level	3.2. Implementing agency (including link)
<input type="checkbox"/> Domestic <input checked="" type="checkbox"/> Support of developing and low-income countries (international cooperation)	<p>The Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH is implementing this project on behalf of the German Federal Ministry for Economic Cooperation and Development (BMZ). https://www.giz.de/en/html/index.html</p>
3.3. Direct target group (MNCs, medium or large international or domestic company, SMEs, women, youth, rural/urban communities etc.)	
<p>Micro, small and medium-sized enterprises (MSMEs) in Mozambique, including smallholder farmers, in rural areas of Mozambique</p>	
3.4. Indirect target group (SMEs, women, youth, rural/urban communities, etc.)	
<p>The poor population, in general , in rural areas of Mozambique</p>	
3.5. Nº of countries involved (if project is Regional/Global)	
<p>3.5.1. City, Country, Region 1: 3.5.2. City, Country, Region 2: 3.5.3. City, Country, Region 3: 3.5.4. City, Country, Region 4: 3.5.5. City, Country, Region 5:</p>	
3.6. Project status	3.7. Duration (mm/yyyy – mm/yyyy)
<input type="checkbox"/> Under design <input checked="" type="checkbox"/> In progress <input type="checkbox"/> Completed	<p>01/2017 – 06/2020</p>
3.8. Brief description of the link with the BoP <i>How does the project / initiative / policy include the BoP? How does it benefit the BoP? How does it define the BoP and its role?</i>	3.9. Role of the BoP
<p>The project is developing partnerships with private SMEs, especially in the agricultural sector, to integrate microenterprises and smallholder farmers in their business activities, thus improving the supply of quality products. By providing access to services and markets, both productivity and income of the rural BoP involved improve. The project also improves access to financial services of MSMEs in rural areas, of whom a considerable proportion is owned by people considered as BoP.</p>	<input checked="" type="checkbox"/> BoP as customer <input type="checkbox"/> BoP as distributor <input type="checkbox"/> BoP as retailer <input checked="" type="checkbox"/> BoP as supplier

3.10. Sector *(more than one answer possible)*

- | | |
|--|---|
| <input checked="" type="checkbox"/> Agriculture or Food
<input type="checkbox"/> Energy
<input type="checkbox"/> Health
<input type="checkbox"/> Education
<input type="checkbox"/> Water, Sanitation
<input type="checkbox"/> Waste Management
<input type="checkbox"/> Housing or Construction | <input type="checkbox"/> Retail, Manufacturing or Consumer Goods
<input type="checkbox"/> Information Communications Technology (ICT)
<input checked="" type="checkbox"/> Financial Services
<input type="checkbox"/> Tourism
<input checked="" type="checkbox"/> Cross-sectoral
<input type="checkbox"/> Other: _____ |
|--|---|

3.11. Topic *(more than one answer possible)*

(*) See Annex for definitions

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|--|---|
| <input checked="" type="checkbox"/> Inclusive business models and strategy
<input checked="" type="checkbox"/> Scale
<input type="checkbox"/> Policy and government
<input checked="" type="checkbox"/> Finance for inclusive business
<input checked="" type="checkbox"/> Corporates in inclusive business
<input checked="" type="checkbox"/> Partnerships
<input type="checkbox"/> Environmental impact
<input checked="" type="checkbox"/> Gender | <input checked="" type="checkbox"/> Results measurement and impact
<input type="checkbox"/> "What is IB?"
<input checked="" type="checkbox"/> Innovation
<input checked="" type="checkbox"/> Digitalization
<input checked="" type="checkbox"/> Capacity building
<input type="checkbox"/> Data
<input checked="" type="checkbox"/> Impact investing
<input type="checkbox"/> Other: _____ |
|--|---|

3.12. Main area of intervention / Type of support provided *(What is the project's/initiative's/policy's focus regarding the main challenges faced by inclusive businesses -more than one answer is possible-)*

- Financial resources
- Rules and regulations
- Information
- Capacity

4. Funding

4.1. Origin *(more than one answer possible)*

- Government / State-owned enterprise
- Multilateral Development Banks (MDBs) or Development Financial Institutions (DFI)
- International Organisations (IOs)
- NGO / Foundation
- Private sector *(impact investment fund, private equity fund, venture capital fund, commercial bank, corporation, etc.)*
- Other: _____

<p>4.2. Brief description of funding / contributions (e.g. name of funding institution, type of financing instrument, etc.)</p> <p>The Federal Ministry for Economic Cooperation and Development (BMZ) provides funds to GIZ for project implementation. Private companies contribute through development partnerships with the private sector (at least 50% contribution from the private company).</p>
<p>4.3. Available funds (optional)</p>
<p>4.4. Value of project</p> <p>About EUR 11.9 million for the overall project. The support to Inclusive Business Models is one of three different components of the project with a budget allocation of around EUR 3.5 million.</p>
<p>4.5. Description of financing/procurement process</p> <p>GIZ applies to Federal Ministry for Economic Cooperation and Development for the general project funds.</p> <p>As part of the project GIZ has set up development partnerships with the private sector (DPP). These partnership projects are planned in cooperation with the private company. Common objectives, results and indicators are planned, as well as activities and necessary resources. Costs are shared, with the private partner covering at least 50% of total costs.</p>

5. Monitoring and Evaluation	
<p>5.1.1. Does the project / initiative / policy involve a monitoring process?</p> <p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p>	<p>5.2.1. Does the project / initiative / policy involve an evaluation process?</p> <p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p>
<p>5.1.2. Brief description</p> <p>Outputs (expected results) and outcomes (intended impact) are monitored against predefined indicators that are based on publically available data, surveys conducted, and business statements. Also, the achievement of results in partnership projects with private companies are systematically monitored during their implementation.</p>	<p>5.2.2. Brief description (specify type of evaluation - process, outcome, impact – and methodology)</p> <p>Every GIZ project is evaluated at project end based on predefined data and methodology. Also, results of partnership projects with private companies are assessed once finalized. The assessment includes impacts on the side of smallholder farmers and MSMEs (income, working conditions, etc.) and on the side of the lead company the development of its competitiveness based on 5 criteria is analysed.</p>
<p>5.1.3. Lessons learned and results (if applicable)</p> <p>- Proactive networking is needed to identify suitable lead companies, followed by a rigorous business partner screening</p>	<p>5.2.3. Lessons learned and results (if applicable)</p> <p>- Despite good results on the business side and the MSMEs (more MSMEs reached than expected), upscaling is a challenge</p>

<ul style="list-style-type: none"> - Process management and continuous communication to follow up on the state of implementation - Tailor-made services starting small and adapting to the developments 	<ul style="list-style-type: none"> - The business environment in Mozambique is not very conducive to inclusive business models (hardly any offer of services, extremely high interest rates)
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6. Contact Information

6.1. Contact Information *(if there is a website of the project/policy/initiative, please include it)*

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7. Supporting material

Please provide links to or upload any further supporting materials, including: newspaper articles, case studies, toolkits, photographs, and any other relevant materials to help illustrate the project

Factsheet of this project : <https://www.giz.de/en/worldwide/20434.html>

Description of a development partnership with the private sector implemented in this project:
<https://mia.giz.de/qlink/ID=243434000> (page 36-39)

ANNEX

BoP as customer: business models that reach low-income consumers (products, services that target low-income consumers).

BoP as distributor: business models that reach low-income distributors (distribution, awareness, market building).

BoP as supplier: business models that engage source products from low-income workers and suppliers

BoP as retailer: business models that sell goods to the consumer, e.g. at the BoP

Capacity building: Lessons learned from capacity building programmes.

Corporates in inclusive business: corporate business models that engage the BoP.

Digitalisation: impact of digitalisation on business and society.

Data: Data and inclusive business. Data and the BoP.

Environmental impact: inclusive business models that mitigate or adapt to climate change.

Finance for inclusive business: finance for inclusive business, e.g. impact investing, accessing funding.

Gender: economic empowerment of women, gender issues.

Impact investing: publications from impact investors and about impact investing in general.

Inclusive business: Inclusive businesses provide goods, services, and livelihoods on a commercially viable basis, either at scale or scalable, to people living at the base of the economic pyramid (BOP) making them part of the value chain of companies' core business as suppliers, distributors, retailers, or customers. In addition to these commercially inclusive activities, businesses may also pursue broader socially inclusive goals. Inclusive business should promote sustainable development in all its dimensions – economic, social and environmental.

Inclusive business models and strategy: business-planning tools, assessment of models.

Innovation: Innovative business models, importance of innovation and how to be innovative.

Partnerships: business-to-business, business to government, or business to NGO partnerships within inclusive business models.

Policy and government: policy issues and ecosystem for IB; resources from or for donors and policymakers; policy recommendations.

Results measurement and impact: approaches to measurement of results, findings on results of inclusive businesses.

Scale: strategies for scale.

“What is IB?” : introductory literature on IB, discourse papers that define IB.