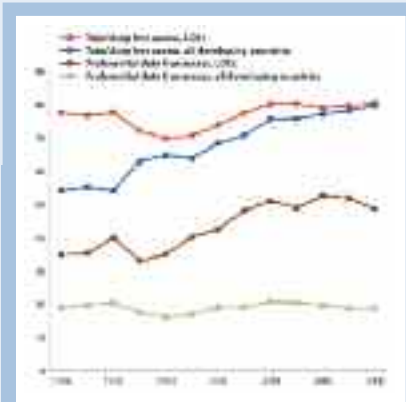




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Target 8a: Develop further an open, rule-based, predictable, non-discriminatory trading and financial system

Percentage of developed-country imports from developing countries and from least developed countries (LDCs) that were admitted duty-free and admitted duty-free with competitor products subject to a tariff under MFN (preferential duty-free access), 1996–2008



▶ Developing countries are gaining reater access to developed-country arkets.

Target 8b: Address the special needs of least developed countries, land-locked countries and small island developing states

- ▶ Only five donor countries have reached the UN target for official aid.
- ▶ Aid continues to rise, despite the financial crisis—yet Africa is short-changed.

Target 8d: Deal comprehensively with developing countries' debt

- ▶ Debt burdens are easing for developing countries and remain well below historical levels.

Target 8e: In co-operation with pharmaceutical companies, provide access to affordable essential drugs in developing countries

- ▶ Median prices of essential medicines in developing countries are on average 2.5 times higher than international reference prices for the public sector, 6.1 times higher for the private sector.

Target 8f: In co-operation with the private sector, make available the benefits of new technologies, especially information and communications technologies

Internet users for each 100 people, 2003 and 2008

Developing regions



Developed regions



World



- ▶ Access to the World Wide Web is still closed to the majority of the world's people.

THE PRESENT SITUATION

Developing a global partnership for development involves reducing the digital divide, improving fair trade and increasing access to affordable essential drugs.

The use of information and communications technology (ICT) continues to grow world-wide. Growth in mobile-telephone use is strongest in the developing world, where by the end of 2009 mobile penetration exceeded 50%. But the cost of Internet access in low-income countries remains prohibitive. Access is further hampered by a lack of electricity in many poor (mainly rural) areas. Access to fixed broad-band services in developing countries, where only one in six people have Internet access,¹⁹⁹ is often geographically limited and very expensive.²⁰⁰

Fairtrade-certified producers benefit from a Fairtrade Premium as well as product price. Members or workers decide collectively how they want to spend the Fairtrade Premium. In 2008 workers of plantations and members of Small Producer Organizations received €42.3 million under the Fairtrade Premium.²⁰¹

What are the challenges?

- The failure of the Doha Development Round shows how market access for developing countries is little improved and that agricultural support in developed countries remains distorted.²⁰²
- Many countries are struggling with capacity issues in creating competitive export strategies that allow businesses to trade globally.²⁰³
- Intellectual property trade regimes limit the development of low-cost generic versions of affordable drugs, and bottlenecks in health-care delivery channels further restrict the poor's access to them.
- Challenges in access to ICT—particularly to the Internet—include the needs for physical infrastructure, regulatory capacity, skilled workers, literacy and education and innovative low-cost products with easy access for remote and poor communities.



GENTIL ADJINAKOU/UNDP



THE PROMISE OF INCLUSIVE BUSINESS MODELS

MNCs can, for example:

- Source from least-developed countries (LDCs) at fair conditions.
- As pharmaceutical companies, make drugs affordable and accessible to the poor—by tiered pricing, voluntary licensing or generics production.
- As ICT companies, make new technologies available to the poor.
- In global forums, advocate for a fair-trade regime and for collaboration in expanding access to pharmaceuticals and new technologies.



NOVARTIS

Large domestic companies can, for example:

- Invest in research to develop lower-cost essential drugs.
- Adopt new technologies in operations, build staff capacity for these technologies.
- Collaborate with local regulators to develop regulatory capacity for new technologies and new industries.



SMART COMMUNICATIONS

SMEs can, for example:

- Work with local and national authorities, certification and trade agencies and others to create access to international markets.
- Deliver new technology and medicine to the poor.



A LITTLE WORLD

NPOs can, for example:

- Establish producer access to world markets through fair-trade systems.
- Draw on new technology in innovative business models through e-learning and e-health or renewable-energy systems.



ARMOR-LUX

Novartis and Medicines for Malaria ■ MNC, Africa

Since 2001 Novartis has supplied 215 million treatments of Coartem—an artemisinin-based combination therapy (ACT) for malaria—for public-sector use in Africa, saving an estimated 630,000 lives. It has done so without profit, using grants from the Global Fund and other donors.²⁰⁴

Novartis has lowered the price of Coartem by 50% since 2001. It scaled up manufacturing from 4 million treatments in 2004 to 62 million in 2006, due to an increased supply of artemisinin. In April 2008 it further reduced the public-sector price of Coartem by approximately 20%, to an average of \$0.80 (or \$0.37 for a child's treatment pack).²⁰⁵

Smart Communications ■ Large domestic company, The Philippines

Smart Communications, a wireless-telephone services provider, introduced a mobile-remittance service in 1999. At least eight million Filipinos, or about a quarter of the domestic labour force, work and live abroad. Because of SMS technology such workers can now send money cheaper, faster and more conveniently: standard bank rates for money transfers have fallen from 10%–35% to 1%–8%. By serving low-income Filipinos, Smart grew rapidly—from 191,000 subscribers in 1999, to more than 2.6 million in 2000, to more than 24 million in 2006.²⁰⁶

A Little World ■ SME, India

A Little World (ALW) offers a secure, low-cost platform for financial services through special mobile phones. The phone stores and manages customer bank account data, authenticates account holders through photographic and biometric identification and allows access to the accounts at Point of Service terminals.

Zero Microfinance and Savings Support Foundation (ZMF) is ALW's sister entity. Present in 22 states and serving more than 16,000 villages, ZMF has served more than four million people. Government transfers through pension schemes and the *National Rural Employment Guarantee Act* account for more than three million customers. ALW's technology also enables corruption-free distribution of government funds.²⁰⁷

**Fair Trade Cotton ■ NPO, Mali**

In West and Central Africa cotton is the main source of income for 20 million people, accounting for up to 60% of national export earnings. But since 1999 African producers have suffered from successive price falls, with no guarantee that the price of cotton will afford farmers a return on investment and allow them to recoup production costs. The work of the Fairtrade Labelling Organization, its French member Max Havelaar and European clothing retailers such as France's Armor-Lux highlights the value of fair trade for both producers and consumers. Thanks to a guaranteed minimum price as part of fair trade, Mali producers increased their income by 70% during the 2005–06 harvest.²⁰⁸

THE SUPPORTING ROLES OF INSTITUTIONS

Policy

Policies to facilitate business in its efforts to trade with LDCs, landlocked and small island states—and to facilitate access for SMEs and the like from such countries—are essential to increasing the countries' market access.

- **Aid for Trade** aims to help developing countries, particularly LDCs, cultivate the skills and infrastructure needed to expand their trade. Aid for Trade initiatives involve partnering with companies and assisting developing-country private sectors in specific value chains.
- One Aid for Trade initiative is the **Integrated Framework (IF) for Trade-Related Technical Assistance**, an inter-agency UN programme supporting LDCs in making trade capacity integral to national poverty reduction and development plans.²⁰⁹

Trade regimes exist that improve access to drugs for the poorest countries without destroying the basis on patents, enabling businesses to sell drugs at differential prices.

- The **Agreement on Trade-related Aspects of Intellectual Property Rights (TRIPS)**, an international agreement administered by the World Trade Organization (WTO), has established minimum standards for many forms of intellectual property. The past decade has seen a strong policy emphasis on public health and access to medicines in the WTO, focusing on how flexibilities under TRIPS should be interpreted and implemented.²¹⁰

Clear frameworks and processes for ICT development give legal basis and direction to business initiatives.

- The **Jordan Education Initiative (JEI)** aims to use ICT to improve education and build local ICT industry capacity. Since its launch in 2003 the JEI has



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engaged over 30 active partners from the public and private sectors, developed a math e-curriculum, introduced in-classroom technology and trained 50 Discovery Schools, transferring roughly \$3.7 million to local companies.²¹¹

- The **New Partnership for Africa's Development's (NEPAD) East Africa Commission** is responsible for developing policies, strategies and projects to manage the development of the ICT sector.²¹²

Research and advocacy

Information on export markets is key to enabling international trade. Many organizations provide this information commercially. But some provide it for free to help SMEs and businesses from LDCs.

- **Market Access Map**, an interactive application, tracks the market access conditions applied at the bilateral level by 182 importing countries to products exported by more than 200 countries and territories. Developed by the International Trade Centre and others, Market Access Map aims to enhance market transparency and promote international trade²¹³.

Fair-trade initiatives provide knowledge and networks to give poor producers access to international markets.

- **Cotton Made in Africa**, a joint initiative of German textile buyers, ensures that cotton producers in Africa deliver the required quality and are fairly compensated.²¹⁴

- **The Fairtrade Labelling Organizations (FLO) International**, established in 1997, is an association of 3 producer networks and 21 national labelling initiatives that promote and market Fairtrade certification in their countries. In 2008 Fairtrade-certified sales amounted to roughly \$4 billion world-wide, a 22% year-to-year increase. By December 2007 the certification had been granted to 746 producer organizations in 58 developing countries.²¹⁵

Providing access to ICT usually requires networks to facilitate co-operation of various players, to provide not only access but also relevant content.

- **The Global Alliance for ICT and Development**—established by the UN Secretary General in 2006—includes representatives from member states, the private sector, the non-profit sector and UN bodies. It provides an open, inclusive platform for broadening dialogue on using ICT for development²¹⁶.

Advocacy platforms exist to make essential drugs affordable for treating all major diseases in the developing world. Examples include:

- **Roll Back Malaria.**
- **The Stop TB Partnership.**
- **The Global Business Coalition on HIV/AIDS, TB and Malaria.**

(See chapter 6.)



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Financing

Public-private donor partnership programmes help reduce and manage the risks—or perceived risks—of building business in developing countries, in particular LDCs. For example, the German Federal Ministry for Economic Cooperation and Development (BMZ) offers **develoPPP**, USAID the **Global Development Alliance** and DFID the **Challenge Funds**.²¹⁷

Innovative financing mechanisms help create market demand for essential medicines.

- **UNITAID** uses the proceeds of a solidarity tax on airline tickets to purchase drugs and diagnostics for HIV/AIDS, malaria and tuberculosis.²¹⁸ The solidarity tax made up 72% of UNITAID’s financial base by the end of 2008.²¹⁹ In three years UNITAID raised more than \$1 billion and funded treatment of more than 21 million people in 94 countries.²²⁰
- **The Clinton Health Access Initiative (CHAI)** applies a business-oriented approach to changing the market for medicines and diagnostics and to supporting developing countries to scale up HIV/AIDS, tuberculosis and malaria care and treatment programmes. Negotiating reduced prices with pharmaceutical companies, based on pooling market demand, is important. Two million people—nearly half of all people living with HIV and on treatment in developing countries—are benefiting from medicines purchased under CHAI agreements. Seventy countries, with more than 92% of all people living with HIV globally, have access to CHAI’s negotiated prices for anti-retroviral (ARV) drugs and diagnostics²²¹.

Targeted funding is also available to support the introduction of new technologies through business.

- The **Liquid Petroleum Gas Rural Energy Challenge**, launched in six pilot countries as a partnership between UNDP and the World LP Gas Association (WLPGA), provides access to clean energy through micro-finance funds and the use of LP Gas.²²²
- After the 2010 earthquake in Haiti, **USAID** and the **Bill and Melinda Gates Foundation** launched a \$10 million fund designed to encourage companies to “create applications and services that allow users to deposit and withdraw money through their cell phones.”²²³



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Capabilities

For ICT, access is not enough. People must be able to use it. Training programmes thus support the expansion of ICT services.

- In 2002, with support from the Government of Japan, **infoDev** launched its **Incubator Initiative** to foster ICT-enabled entrepreneurship and private sector development in developing countries. By 2005 infoDev supported 43 incubators in developing countries with financial and technical assistance through the initiative.²²⁴
- In May 2001 the International Telecommunication Union (ITU) launched the **Internet Training Centers Initiative for Developing Countries (ITCI-DC)** to

provide students and professionals in developing countries access to affordable, relevant technology training. As part of the initiative Cisco Systems has offered the Cisco Networking Academy at all Internet Training Centers.²²⁵

Trade with developing countries, in particular LDCs, can be uncertain. Development organizations can act as expert partners for businesses in developing new markets.

- Both **UNDP's Inclusive Markets Development (IMD) Initiative** and **DFID's Business Innovation Facility** support companies in developing countries through brokerage and advice.

