

# Big business acting to ease poverty

04 Jun 2008 | The Australian Financial Review | Mark Ingram Mark Ingram is executive director of Business for Millennium Development (B4MD).

Australian business probably didn't hear that Prime Minister Kevin Rudd signed Australia up to the MDG Call to Action last month.

The MDG Call to Action is about mobilising the public and private sectors, along with civil society, to accelerate progress towards the United Nations' millennium development goals.

The MDGs are a set of eight targets intended to halve extreme poverty by 2015.

So what does this mean for the private sector? The call to action involves core business initiatives at the base of the pyramid (BoP).

This is about Australian companies doing business with low-income communities in the Asia-Pacific region and beyond.

The International Finance Corporation issued a report last year titled The Next 4 billion, which estimates the BoP market is worth more than \$US5 trillion (\$5.2 trillion) in purchasing power.

The IFC report says: "Asia has by far the largest BoP market: 2.86 billion people with income of \$US3.47 trillion. This BoP market represents 83 per cent of the region's population and 42 per cent of the purchasing power - a significant share of Asia's rapidly growing consumer market."

Doing business at the base of the pyramid involves the procurement or provision of products and services, and/or enhancing the livelihood of low-income communities affected by a company's operations.

For example, United Kingdom retailer ASDA is buying more than £50 million (\$103 million) of fresh produce from rural farmers across Africa for its supermarkets.

Vodafone has successfully tested its M-PESA mobile-phone banking service in Africa and Afghanistan and expects to supply 40 million, low-income Indian customers.

IBM has business in India worth more than \$US1 billion, supplying technologies such as biometric (fingerprint activated) mobile phones for the illiterate, RFID (radio frequency identification) for micro-insurance of livestock, and software for micro-finance applications.

The construction of BHP Billiton's Mozal plant involved almost 10,000 Mozambicans being trained in construction trades, and today more than 90 per cent of the smelter's permanent staff are Mozambican.

At a conference in London last month, more than 50 multinational companies agreed to sign the Business Call to Action. They committed to expand core activities at the base of the pyramid in a way that contributes to the millennium development goals.

The companies included Anglo American, BHP Billiton, Cadbury Schweppes, Citigroup, GE, Microsoft, Pfizer, SABMiller, Sainsbury, Tata, Vodafone and Wal-Mart.

This global movement is not just feel-good marketing. In the words of Arun Sarin, who steps down in July as CEO of Vodafone after leading the company to a record profit: "If we can help improve quality of life for millions of people through our core business, there is no better thing our company can do."