BoP Global Network
2013 Annual Report
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@Copyright Enterprise for a Sustainable World
1. Introduction

By Stuart L. Hart

We have come a long way over the past fifteen years. Since 2000, when I established the original BoP Learning Lab at the University of North Carolina, eighteen (18) new BoP Labs have come into being. And I am proud to say that I have personally played a role in helping to catalyze and launch many of these. When I moved to Cornell in 2003, the BoP Learning Lab activities moved there as well (in 2004), and the new Center for Sustainable Global Enterprise at the Johnson School became a key player in the BoP space. Since then, there has been growing interest in trying to connect this emerging network of BoP Labs together.

Accordingly, in 2007, I (along with my Cornell colleagues) began to spearhead an effort to build an active and vibrant BoP learning community—a BoP Global Network. We convened organizational meetings in the U.S. (2007) and in the Netherlands (2008). Through these efforts, we were able to advance the Network concept by defining what constitutes a “BoP Business” and defining an initial constitution and governance structure for Global Network membership. In 2009, I convened the Cornell Global Forum on Sustainable Enterprise, which brought together BoP entrepreneurs and corporate intrapreneurs from around the world to converge the clean (sustainable) technology and BoP agendas, with a new focus on Green Leap, and trickle up (reverse) innovation.

Unfortunately, in the wake of the financial crisis and recession, this initiative lost momentum. However, as we see growing inequity, social unrest, and environmental degradation around the world, the need for a BoP Global Network has never been greater: We need socially inclusive and environmentally sustainable enterprise creation on a massive scale—and we need it fast—if the global economy is to regain its footing.

To accelerate this process, I formed Enterprise for a Sustainable World (ESW)—a non-profit corporation dedicated to speeding the transformation to global sustainability through bottom-up clean tech innovation and BoP entrepreneurship. To rekindle the energy around the BoP Global Network, I began working with my ESW colleagues Andrea Shpak and Fernando Casado, to build and formalize the BoP Global Network.

Our aim is to collaborate with all the key players in the BoP space who share this vision. To achieve this objective, it is helpful if the BoP Global Network is led by an independent organization allowing all relevant universities (and other organizational partners) to be part of it. It is for this reason that ESW will serve as the organizational “hub” for the Global Network.

A key milestone toward the above goal was the convening of the BoP Global Network Summit and the BoP Learning Labs meeting in Brazil in November 2013. This report presents the concrete results achieved and the strategy to move forward with regard to the BoP Global Network. We would like to thank all the Labs and partners that engaged in making this global network a reality.

Stuart L. Hart is the Samuel C. Johnson Professor Emeritus in Sustainable Global Enterprise at Cornell University’s Johnson School of Management and President of ESW. E-mail: stuart.hart@e4sw.org

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2. Main Objectives of the BoP Global Network

One of the answers to some of the greatest challenges facing humanity can be found through inclusive and sustainable innovation and collaboration. The BoP Global Network was established to bring together global leaders to share knowledge and disseminate information regarding the theory and practice of sustainable business at the Base of the economic Pyramid (BoP). Rather than using traditional aid methodologies to help the poor and improve their quality of life, we have established BoP Learning Labs (or “Innovation Centers”) that promote research and development of entrepreneurial business methods. These Labs make up the BoP Global Network.

The Goal

*To stimulate new enterprises that are economically competitive, environmentally sustainable, and culturally appropriate.*

This innovative idea has caught the attention of numerous academic institutions and other organizations around the world, and today, the BoP Global Network has become a vibrant community of academics and practitioners in eighteen (18) countries that engage in knowledge creation and dissemination about the theory and practice of creating sustainable businesses at the base of the economic pyramid.

In addition, the BoP Global Network seeks to develop and implement win-win solutions that open new opportunities for business value creation while simultaneously expanding the development of the world’s poorest people and communities.

Accordingly, the BoP Global Network, in collaboration with the Global Labs, developed a set of principles and purposes that all members should readily adopt.

The Principles

All members of the BoP Global Network agree to adopt the following set of principles and purposes.

- BoP enterprise development has the potential to create great societal value and should be pursued in a way that enhances community capacity.
- Action research is a key vehicle for stimulating this new field of work.
- Collaboration between companies, NGOs, academics, entrepreneurs and other stakeholders creates beneficial learning for all.
- Innovation is essential for driving economic growth in the BoP.
- Local community members are capable partners and resources for technology and business development.
The Purpose

All BoP Global Network Labs have committed to promote the following three main purposes:

- **Knowledge generation** – Each BoP Learning Lab will identify a specific action research focus that will allow it to make valuable contributions to the concept, theory, and practice of the emerging field of BoP enterprise development.

- **Knowledge dissemination** – Through workshops, seminars, conferences, case studies, publications, multimedia, and other techniques each BoP Learning Lab will develop original materials and programs that will promote the concept, theory, and practice of the emerging field of BoP enterprise development.

- **Incubation of innovative business models** – Each BoP Learning Lab will identify, design, incubate and promote innovation in business processes with companies and other stakeholders in order to achieve sustainable and inclusive business models that improve BoP community lifestyles through the emerging field of BoP enterprise development.

Main Action Promoted

As part of the BoP Global Network, a diverse group of corporations, non-profits, and multilateral organizations have:

- Fostered and developed new business enterprises
- Created new markets working with BoP communities
- Redesigned product development and created new products and services for the BoP
- Implemented innovative methodologies for new business development
- Disseminated and created awareness of successful case studies
- Fostered enabling environments for inclusive business among policy makers
- Catalyzed an applied research agenda using inclusive business models that help achieve progress for all
- Developed monitoring and evaluation frameworks that help companies track and quantify the impact of their activities on the triple bottom line, which encompasses the environment, society, and economy.
3. BoP Global Network 2013 Outcomes

3.1. Enhancing Knowledge Transfer: First International BoP Global Network Summit - Sao Paulo, Brazil, November 7-8, 2013

3.1.1 Introduction

The first international BoP Global Network Summit took place at Natura’s Convention Center in Cajamar, São Paulo, Brazil on November 7th and 8th, 2013. Aiming to expand business opportunities in the traditional and increasingly competitive markets through the promotion of social impact, Enterprise for a Sustainable World (ESW) and the BoP Global Network brought together real-life BoP initiatives presented by leaders of sixteen (16) BoP Global Labs, groundbreaking entrepreneurs and corporate leaders and public representatives.
3.1.2. Key participants

Those participating in the conference included the ESW team, BoP Global Lab leaders, FGV graduate students, Brazilian and multinational corporations, NGOs, community representatives and government agencies, and representatives of each of the major BoP Global Network Sponsors, Summit Sponsors and Institutional Partners, as follows:
3.1.3. Summit key highlights

New business models and products, innovation ecosystems, sustainability, financial education, and how to bring new opportunities to the world’s poorest populations were among the main topics of the first international BoP Global Network Summit.

Co-creator of the innovative business concept at the Base of the Pyramid (BoP), Stuart Hart, was one of the leaders of the international Summit. Professor Hart, president of Enterprise for a Sustainable World (ESW) in Ann Arbor, Michigan, and faculty emeritus at Cornell University in Ithaca, New York, pointed out that companies should increase their efforts to incubate and provide protected “white space” for projects that integrate all the community, move the economy forward, and are sustainable. “For those actions to materialize, it will require new technologies, new strategies, and new business models. Everything new!” said Hart.

Key Summit speakers included Brazilian corporate presidents Alessandro Carlucci from Natura, Rodrigo Kede from IBM Brazil, and Paulo Nigro, from Tetra Pak Brazil. In addition, a number of corporate executives, including João Paulo Ferreira, Commercial Vice-President at Natura, Flavio Mendes, Latin America Executive for Social Business and Collaboration at IBM Brazil, John Gardner, Vice President and Chief Sustainability Officer for Novelis, Carmen Correa, Director of AVINA Foundation, Claudia Lorenzo, Business Director from Coca-Cola Brazil, Gisele Gurgel, DiP Director Tetra Pak and Carlos Ximenes, Chairman of the Board of Directors of Microinvest - Itaú-Unibanco, shared their perspectives on the challenges and opportunities in adopting sustainable business practices and BoP into their core business.
In addition, several leaders of BoP initiatives presented cases and responded to questions and suggestions from participants about the projects. Sagun Saxena, Director of CleanStar Ventures, detailed the NDZiLO business model involving innovators in clean cook stoves, cooking fuel production, sustainable farming methods, and agro-forestry co-creating a sustainable and inclusive ecosystem in Maputo, Mozambique. As a result of these innovations, the charcoal value chain was replaced with the use of clean technology, improving the quality of life and generating a new source of income for the local community. The venture is on track to serve 20% of Maputo households by 2014.

For Ted London, one of the biggest obstacles to poverty alleviation on a global level is the current mark of 7 billion people in the world and population growth forecast to reach 9-10 billion by 2050. However, companies that are taking action to develop inclusive initiatives with the BoP play an important role in the solution of these problems. "We are moving slowly. Today, there is awareness that business can be part of the solution," says London, a researcher at the William Davidson Institute and professor at the University of Michigan Ross School of Business, in the United States.

Stuart Hart ended the event emphasizing, along with more than sixteen (16) BoP Lab leaders present at the meeting, representing Denmark, Finland, Japan, China, India, Colombia, Philippines, Italy, Germany, Brazil and South Africa, the need for businesses to always consider their actions in context of the sustainability triple bottom line, which encompasses the environment, society, and economy. The BoP Global Network in collaboration with leaders of sixteen (16) of the eighteen (18) BoP Global Labs created the report "Raising the Base of the Pyramid", available at: http://www.bopglobalnetwork.org/labnetwork_web.pdf

### 3.2 BoP Global Network Lab Retreat at Ilhabela

Following the BoP Global Network Summit, the BoP Global Labs and ESW team gathered together at the Ilhabela Retreat to continue the effort to co-develop the BoP Global Network. Some of the key results of this meeting included an update of the global governance structure and an agreement on outputs and product deliverables, which all Global Network Labs agreed to achieve jointly.
3.2.1. Defining a better governance structure

In order to better define the Network governance structure, the Global Network main Hub and the Global Labs discussed the following three core questions:

- How to engage new Labs?
- How to define the relationship between the Network and National Labs?
- How to improve communication among the Global Labs?

3.2.2. How to engage new Labs

Some of the key issues raised included:

- How new Labs should be engaged? Is there/should there be only one Lab per country? As a new Lab, what are the next steps? What system of mentorship should be established for new Labs?

Major highlights:

1. In terms of engaging new Labs, it was agreed that the draft constitution from 2008 was a good starting point and should be taken into account.

2. Minimum requirements for new Labs:
   - Must have the endorsement of at least one Lab in order to be considered
   - Must be registered entities that work with the BoP in some capacity
   - Must have leadership and demonstrated “championship” in the areas of BoP ventures
   - Must have a self-funded structure
   - Must be willing to adopt the purpose and principles of the BoP Global Network

3. Engagement Process for new Labs to follow:
   - Submit application form with required documents
   - Be endorsed by one or more current Labs
   - Create a strategy/action plan for two years defining goals and specific activities

4. Countries/regions where new Labs are needed
   Unanimous agreement on the need to create new Labs in the following regions:
   - Africa: Senegal, Egypt, Kenya (among others)
   - Latin America: Mexico, Peru, Chile (among others)
   - Asia: Thailand, Vietnam, The Philippines (among others)

5. Defining and engaging strategic partners
   - Strategic partners have a more regional than national scope (although they could also be national partners).
   - They contribute to the Lab by providing funds, giving access to local markets, networks or other type of resources to the Labs.
   - There can be Strategic Partners of the BoP Global Network and of national Labs as well.
3.2.3. How to define the relationship between the Global Network and National Labs

Some of the key issues raised included: Decision making/roles (what sorts of input are enabled); what does it mean to be a Lab? What should be the Labs Mission? How should the relationship management be based?

Major highlights

1. Role of the Hub (Global vs. Local)
   - All aspects of the constitution were approved as contributing aspects from Global to Local: Enabling, Sharing, Catalyzing, Fundraising, Brand Building, Governing and Communicating

2. Ensuring transparency
   - The Labs asked the Global Hub to ensure a broader transparency in decisions and processes affecting the BoP Global Network. Holding Regional Meetings and using informal email communication from the Global Hub to the Labs on a regular basis was considered an appropriate mechanism to achieve this goal.

3. Adopting a new governance system
   - It was proposed to create a new governance system between the BoP Global Network and the Labs with the following high-level composition:

<table>
<thead>
<tr>
<th>Executive Council</th>
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</thead>
<tbody>
<tr>
<td><strong>Members:</strong> Three National Labs and three strategic partners</td>
</tr>
<tr>
<td><strong>Rotation:</strong> Rotate every two years and be appointed at the Annual Meeting</td>
</tr>
<tr>
<td><strong>Meetings:</strong> Have a quarterly online meeting and an annual in-person meeting</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Advisory Council</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Members:</strong> Formed by key stakeholders (partners, NGOs, SMEs, Governments)</td>
</tr>
<tr>
<td><strong>Rotation:</strong> Be appointed for a two-year term</td>
</tr>
<tr>
<td><strong>Meetings:</strong> Have a quarterly online communication system and aim to have an annual in-person meeting</td>
</tr>
</tbody>
</table>

*At this point in time, the Executive Council will include three national Labs and the Global Network Hub. Once the Global Network has a minimum of three (3) strategic partners, they will be invited to be engaged.*

3.2.4. How to improve communication among the Labs

The main issues raised regarding improving communication among Global Labs included:

- How to share more learning among them,
Major Highlights

1. Internal Communication
   - Improvement in the communication among Labs is required
   - The Global Network Hub will explore new alternatives with IBM to leverage the existing collaborative Platform (Lotus Connection)
   - Other informal network platforms (such as LinkedIn groups and Google+ will be also considered)
   - E-mails will be sent by the Network informing about news and decisions being made among the Labs

2. External communication
   - Global Hub will lead development of a Quarterly Newsletter
   - Global Hub will produce an Annual Report of the main activities of the BoP Global Network

3. BoP Global Annual Summit 2015
   - It was agreed that Annual Global Summit will be held every two years and, thus, the next meeting would be in 2015
   - It was proposed to organize the next Annual Summit in South Africa to empower the creation of national Labs in Africa
   - It was debated whether to organize a Summit in Africa
   - Another suggestion was in Europe (e.g., Barcelona)

5. Regional Meetings
   - It was proposed for regional meetings to be held annually
   - Multiple regional meetings can be held in a same year
   - A European meeting is proposed to be held in Finland (June 17th - 18th, 2014)
   - A Latin America meeting is proposed to be held in the third quarter of 2014 [date and location TBC]

3.2.5 BoP Global Network product development

The main three action areas identified in order to create new product developments are the following:

   - Learning/training initiatives: creating capacity building
   - Incubation and acceleration processes: making it happen
   - Joint research: knowledge generation and transfer
3.2.5.1. Promoting learning/training Initiatives: creating capacity building

- The online executive BoP training course produced with the World Business Council for Sustainable Development (WBCSD) has proven to be a positive initiative and the Labs agreed it is a model to be upscaled and replicated.
- Some Labs (such as Finland, Brazil, and India) are producing academic content and others have expressed a desire to use materials produced for their courses.
- Video format education capsules are encouraged to promote e-learning (different formats were proposed, such as 45-minute videos and 3- to 10-minute videos).
- Training manuals (such as PDF online versions) were also proposed as e-learning materials.

3.2.5.2. Joint Research: knowledge generation and transfer

- The status of the book was presented and it was agreed to produce a publication independent of traditional publishers.
- It was agreed to jointly apply to the H2020 initiative as a BoP Global Network.

3.2.5.3. Incubation and acceleration processes: making it happen

- The Labs agreed that a more proactive strategy promoting acceleration and incubation of initiatives and inclusive business ventures is needed.
- The possibility of creating an award was discussed to provide incentive for incubation.

Note I: Annex I details the updated Constitution, Governance and Structure approved by the Labs as of January 2014.

Note II: For detail transcript of Summit held on November 7th and 8th 2013 please send request to info@bopglobalnetwork.org
3.3 Promoting Successful Innovations for BoP Practitioners: Publication of the Case Study Report Developed in Collaboration by the BoP Global Labs

During 2013, the BoP Global Network produced the first joint publication with the participation of all BoP Learning Labs and Innovation Centers: Raising the Base of the Pyramid through Enterprise: Innovative Case Studies of BoP Ventures and Initiatives. http://www.bopglobalnetwork.org/labnetwork_web.pdf
The report describes a series of sixteen (16) innovative case studies implemented by BoP Global Network Learning Labs and/or Innovation Centers from around the world.

The case studies have been organized around five specific areas of focus and action:

I - Enhancing Product Design  
II - Value Chain Business Models  
III - Employment Generation  
IV - Improving Distribution Channels for the BoP  
V - Generating Access to Basic Needs (Energy, Health, Housing, Insurance)

The report states how there has been much progress in promoting BoP business and a growing number of ventures and initiatives have come forward that reflect the different phases of the business value chain.

It also explains how in the past decade, work on inclusive business development has increased significantly and organizations working today on innovative models range from multinational corporations, co-operatives, small and medium-sized enterprises, governments, public institutions and international organizations, and even not-for-profit organizations that use business principles—or social business approaches—to achieve their mission.
However, it reveals how even with this increase of practitioners and projects being implemented, there is still a shortage of case studies documenting BoP projects that have had a positive impact achieving financial results and enabling more inclusive and sustainable markets, while also empowering local communities. Thus, there is a need to identify and document successful cases in order to inspire the growing community of practitioners and make sure successful projects get replicated and maximize potential impact.

The major components of the book chapters and case studies are described as follows:
3.3.1. Enhancing Product Design

A process of creating a new product or adapting a current product for customers in low-income communities. This process relies upon the efficient and effective generation and development of new ideas that lead to new products considering the needs and contributions of low-income communities in a co-creative and innovative way.

<table>
<thead>
<tr>
<th>Initiatives</th>
<th>Description</th>
</tr>
</thead>
</table>
| **Ubora wa Dawa.** Test system for quality of medicine Kenya, Africa  
Authors: BoP Innovation Center, The Netherlands. | Project to promote the development of an innovative medical test kit to improve the quality of medicine for the African market. |
| **Weconomy Start Innovation program**  
India and Sri Lanka  
Authors: Aalto Global Impact, Aalto University. Finland | Weconomy Start is a global innovation program that aims to facilitate interaction and co-creation, which results in new business models, products and services that create value for low-income communities as well as Finnish companies. |

3.3.2. Value Chain business models

Chain of activities that a firm performs in order to deliver a valuable product or service, considering all business processes and providing product excellence, operations excellence, and customer excellence in different relevant operations areas, such as research and development, design of products, services, or processes, production, marketing and sales, distribution or customer service, among others.

<table>
<thead>
<tr>
<th>Initiatives</th>
<th>Description</th>
</tr>
</thead>
</table>
| **Construyá** Medellín, Colombia  
Authors: EAFIT, Colombia | To offer soft loans to BoP consumers who lack access to the banking system and need to improve their housing conditions |
| **Mass cultivation of mung beans in rural areas and areas of high salinity** Bangladesh  
Authors: Yukiguni Maitake Nomura Research Institute. Japan | Yukiguni Maitake has implemented a BoP agricultural business for growing mung beans in Bangladesh in cooperation with Grameen Group. |

3.3.3. Employment Generation

Despite progress in some developing countries, generating employment is still one of the core priorities for poverty eradication. Massive unemployment and underemployment still characterize most low-income countries. Therefore, the need to promote the design of policies and programs for achieving employment-intensive growth is a crucial priority, especially in working with low-income communities at the Base of the Pyramid.
### 3.3.4. Improving distribution channels for the BoP Distribution is the process of making products available to consumers.

Distribution of products takes place by means of channels. Channels are sets of interdependent organizations (called intermediaries) involved in making the product available for consumption. Distribution channels for the BoP represent bigger challenges, as most of the rural markets are inaccessible both from an infrastructure perspective as well as to knowledge about what is available and how to use it.

<table>
<thead>
<tr>
<th>Initiatives</th>
<th>Description</th>
</tr>
</thead>
</table>
| **Projeto Coletivo from Coke** Brazil  
*Authors:* Fundação Getulio Vargas. Brazil  
--- |
| Coletivo’s objective is to provide and contribute to the improvement of life at the base of the pyramid, giving tools to youngsters for income generation and capacity building as part of the company’s marketing strategy. |
| **Grupo Vanguardia**  
San Pedro Sula, Honduras  
*Authors:* Incae Business School, Costa Rica  
--- |
| Understand dynamics of the recycled plastics market in Honduras, identifying factors that lead to success in the industry and promote an inclusive business model with Grupo Vanguardia. |
| **Partnership for inclusive employment in Tunisian Industrial Areas - Tunisia**  
*Authors:* CAD, Center of Partnerships for Development, Barcelona  
--- |
| Create new services that generate employment in industrial areas, especially for young people of low-income communities of peri-urban areas. |
| **Sekulula Spaza Express**  
South Africa  
*Authors:* Reciprocity, Cape Town, South Africa  
--- |
| Promote the development of a simple delivery system in the food delivery sector, linking formal to informal economy, that channels practical knowledge on the needs and expectations of informal traders, as well as the population purchasing from them, fostering good business practices and proposing hygiene solutions. |
| **Hapinoy Botika**  
The Philippines  
*Authors:* Asian Social Enterprise Incubator Inc, The Philippines  
--- |
| To promote the collective ability to offer over-the-counter medicines to end consumers in BoP communities and thereby establish a touch point with customers at the BoP, as well as establish a sustainable shared distribution model with a social enterprise focus. |
| **Addressing the Challenges of Distribution to the Base of the Pyramid - Ghana**  
*Authors:* Inclusive Business Sweden.  
--- |
| Detailed research into distribution models to the BoP sought to answer the following question: How can the challenges of distributing products and services to “Base of the Pyramid” customers be addressed? |
| **Mobility solutions for farmers**  
Mozambique (Southern and Eastern Africa)  
*Authors:* Danish BOP Lab, Denmark  
--- |
| Baisikeli, a Danish company with a strong socioeconomic profile, in parallel to the business activities in Denmark, is developing a bicycle business in Mozambique targeting both rural and urban customers. |
3.3.5. Generating Access to basic needs (energy, health, housing, insurance)

Access to ‘basic needs’ means that the population can obtain water, food, shelter and health services in adequate quantity and quality to ensure survival and satisfy their right to “life with dignity.” In order to achieve these conditions, it is essential to build the physical infrastructure for the provision of services over the long term in a way that sustains livelihoods and increases development and community empowerment in a sustainable and inclusive way.

<table>
<thead>
<tr>
<th>Initiatives</th>
<th>Description</th>
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<tbody>
<tr>
<td><strong>Solar Kiosk GmbH</strong>- Ethiopia, Kenya, with expansion plans for SSA</td>
<td>Provide access to clean energy for people living far away from the grid in Sub-Saharan Africa.</td>
</tr>
<tr>
<td><strong>Authors:</strong> Endeva, Germany</td>
<td></td>
</tr>
<tr>
<td><strong>Tsinghua Solar - To Exploit the BoP Market with Clean Technology</strong> - China</td>
<td>In order to expand their business, Tsinghua Solar switched their target market from cities to rural areas. With the combination of clean technology and the BoP market, the company seeks to increase its market share, as well as revenue, in the solar water heater market.</td>
</tr>
<tr>
<td><strong>Authors:</strong> School of Economics and Management, Tsinghua University, China</td>
<td></td>
</tr>
<tr>
<td><strong>WorldHaus: Addressing the Global Low Cost Housing Crisis</strong> India</td>
<td>WorldHaus, along with investors like Papillon Capital and partners like Emergent Institute, is tackling India’s housing crisis with affordable and quality construction technologies, housing standards, and an Affordable House Cluster Network in India.</td>
</tr>
<tr>
<td><strong>Authors:</strong> Emergent Institute, India</td>
<td></td>
</tr>
<tr>
<td><strong>Insurance for Jua -Kali,</strong> Kenya</td>
<td>Exploring an initiative that provides a model for introducing financial services to marginalized rural smallholder farmers.</td>
</tr>
<tr>
<td><strong>Authors:</strong> GIBS Inclusive Markets Programme, South Africa</td>
<td></td>
</tr>
<tr>
<td><strong>FTP Social Housing Brazil without Favelas: Fez Ta Pronto,</strong> Brazil</td>
<td>Understanding how to promote innovative business solutions engaging BoP communities in the absence of an institutional supporting environment.</td>
</tr>
<tr>
<td><strong>Authors:</strong> DeLab, Italy</td>
<td></td>
</tr>
</tbody>
</table>

3.4 Enhancing Capacity Building for BoP Practitioners: European BoP Lab Executive Course in Partnership with WBCSD
3.4.1. Introduction to the course

The European BoP Learning Labs and the World Business Council for Sustainable Development (WBCSD) have partnered to offer an executive education course that helped design and implement inclusive business models in order to succeed in the unique and challenging conditions of low-income markets in developing countries.

Inclusive business refers to sustainable, profitable business solutions that expand access to goods, services, and livelihood opportunities for low-income communities. These ventures deliver high socio-economic value while at the same time being good for business. A variety of commercial returns—market entry, market share, secure supply chains, product line innovation, and competitive advantage—all help to build market value.

Inclusive business is challenging because the conditions in low-income markets are very different from mainstream markets. Market transactions are largely informal and made in cash, transport and other infrastructure are lacking, people are often illiterate and ill-informed, and little data is available to design a business case. This course shows how to overcome these challenges and succeed at the BoP.

3.4.2. Benefits of the course

The dynamic, web-based course had been built around six (6) sessions held weekly under the leadership of inclusive business experts from across Europe. These sessions focused on the critical challenges of developing and implementing inclusive businesses, including open innovation approaches, gaining market understanding, building a last-mile distribution system, being profitable and attracting funding, partnering with non-traditional organizations and measuring and managing rests. On each of these themes, participants learned the following:

- Practical advice on developing inclusive business based on cutting-edge research
- Overview of state-of-the-art literature and experts
- Real-life insights from leading companies
- Peer-to-peer networking
- Feedback on own case

3.4.3. Action item

If you want to engage in 2014 edition of the BoP Lab Executive Course with WBCSD, you can apply online now at the following website:

http://www.inclusivebusinessmgmt.com/application-form

or contact Endeva for further information: Alyssa Rivera at a.rivera@endeva.org
3.5 Generating Knowledge for BoP practitioners: Publication of the Book “Innovation Strategies to Promote Inclusive Business Models at the BoP”

3.5.1. Background

During 2013, the BoP Global Network has been working intensively in publishing what will become the first joint publication of the Network: “Innovation Strategies to Promote Inclusive Business Models at the BoP”.

The main objective is to describe the state of the art of BoP inclusive business in the world based on the experience of the BoP Global Network, with the following specific objectives:

- Description of the evolution of BoP strategies and state of the art from a global perspective by regions.
- Description of the most relevant innovations, tools and methodologies being used from a value chain perspective, considering framing the vision, the design process of business models, how market insights are done, business management structures with low-income communities, access to traditional and non-traditional financial mechanisms, as well as systems to create enabling environments and new types of partnerships that encourage the success of such initiatives.
- Description of the main challenges and opportunities promoting inclusive business and recommendations addressed to practitioners, corporate leaders and entrepreneurs on how to excel such business models.

The book will generate a unique added value due to the global leadership of Stuart Hart as one of the founders and initial promoters of the BoP concept and approach, and the distinguished participation of national BoP Labs that have proven expertise promoting applied research in the field, guaranteeing a solid academic background with direct practical experience with companies, and governments leading the sustainable transition in all the regions of the world.

The main authors participating in this publication are the following:

<table>
<thead>
<tr>
<th>Edgard Barki</th>
<th>Christina Gradl</th>
<th>Aline Kraemer</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fernando Casado</td>
<td>Stuart Hart</td>
<td>Nicolas Pascarela</td>
</tr>
<tr>
<td>Nicolas Chevrollier</td>
<td>Minna Helme</td>
<td>Jacob Ravn</td>
</tr>
<tr>
<td>Myrtille Danse</td>
<td>Tokutaro Hiramoto</td>
<td>Vijay Sathe</td>
</tr>
<tr>
<td>Priya Dasgupta</td>
<td>Tashmia Ismail</td>
<td>Andrea Shpak</td>
</tr>
<tr>
<td>Markus Dietrich</td>
<td>Urs Jager</td>
<td>Jun Tibi</td>
</tr>
</tbody>
</table>
3.5.2. Detailed Table of Contents

The book is proposed with the following table of contents:

3.5.2.1. Introduction

Introductory analysis on the following subjects

- Transition towards sustainability
- The new role of knowledge generation and innovation through global networks
- A new approach to partnership building creating enabling environments for the BoP

3.5.2.2. Part One: State of the art of the new generation of inclusive business models

Regional status of knowledge generation towards the BoP. Experiences and description of most relevant initiatives (by companies and governments) promoting the transition towards sustainable development and creating an enabling environment. Main regions addressed will be the following: Europe, Africa, Asia, Latin America, US and Canada, Oceania, Australia.

3.5.2.3. Part Two: Innovating strategies through the value chain towards the BoP

This second part will highlight the most relevant innovations structured according to the life cycle of business models, providing a coherent reading sequencing from defining vision and designing the business model to creating enabling environments that enhance their success. Each subsection will be written by an expert BoP lab leader and the main subsections addressed will be the following:

- Vision, needs identification and business model design
- Enhancing the supply chain and distribution channels
- BoP Business model management
- Monitoring and evaluation schemes for BoP business models
- Creating enabling environment and inclusive ecosystems for innovative business models at the BoP

3.5.2.4. Part Three: The leading path towards the sustainable transition

Chapter identifying the key challenges in terms of policy framework, investments and partnership building toward creating an enabling environment for BoP inclusive business models, with a series of conclusions and recommendations in the form of a reflective addressed to CEOs, governments and international organizations on how jointly we can create an enabling environment for BoP inclusive business models.
3.5.3. Distribution and description of the intended readership

The book targets main practitioners working one way or the other in the promotion of inclusive business, including leaders of corporations, government policymaker officials, international organizations promoting sustainable and inclusive development, civil society organizations related with guaranteeing values and rights in the business model processes, as well as academic analysts and Master and Ph.D. students interested in these fields. The book will be of special interest to two types of practitioners:

- Organization leaders who could develop inclusive business but are not doing so because of a lack of awareness on how or why to do it;
- Organization leaders who are interested in developing inclusive business with BoP communities but are facing challenges when putting them into practice.

Furthermore, the book will be marketed through the following distribution strategies:

3.5.3.1. Global road map presentation launch

With the support and participation of the eighteen (18) BoP Global Network Labs, it is intended to organize a book presentation launch in each one of the countries represented:

<table>
<thead>
<tr>
<th>United States (NY &amp; Washington DC)</th>
<th>Spain (Barcelona and Madrid)</th>
<th>Germany (Berlin)</th>
</tr>
</thead>
<tbody>
<tr>
<td>France (Paris)</td>
<td>Italy (Milan)</td>
<td>Holland (Amsterdam)</td>
</tr>
<tr>
<td>Denmark (Copenhagen)</td>
<td>Finland (Helsinki)</td>
<td>Sweden (Stockholm)</td>
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<tr>
<td>South Africa (Johannesburg)</td>
<td>India (Bangalore, Delhi &amp; Mumbai)</td>
<td>The Philippines (Manila)</td>
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<tr>
<td>Colombia (Medellin &amp; Bogota)</td>
<td>Brasil (Sao Paulo)</td>
<td>Costa Rica (San José)</td>
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<tr>
<td>Mexico (Mexico City)</td>
<td>China (Beijing)</td>
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</tbody>
</table>

Each presentation will provide the opportunity to buy the book. Local media will be invited to participate and the publisher will have a visible logo, not only during the presentation, but also during the media campaign and “call” to invite participants.

3.5.3.2. Presentation at global conferences

The book will be launched at different regional conferences by the national Labs, through an active strategy in order to present the book during 2014 in all major meetings that gather the BoP practitioners.
3.5.3.3. Write blogs and articles to promote social media distribution

Authors will also be requested to write blogs and op-eds about the book’s major conclusions, in order to help distribute among specialized online social media networks. Several authors are frequent contributors to the major media blogs of the sector and have an inspiring influence on the major decision makers.

3.5.3.4. Work with strategic universities to incorporate the book in related courses

Authors are also engaged actively with national universities. Part of the distribution strategy will be to promote the book as reading material for course curriculum, so generating demand from universities will be one of the distribution’s priorities.

3.5.3.5. Library and support to distribution in selling points

Furthermore, authors will work jointly with publishers and become available to support sales strategies at strategic libraries. This can imply participating at book presentations, open dialogue debates and signing books, complementing the library and publisher distribution agenda.

3.5.3.6. Media strategy

Finally, a media strategy will be developed, in order to participate in radio shows, media paper news and national TV debates to promote the book’s content and its recommendations.

3.5.4. Unique value of the proposed book

• Presents the state of the art of innovation promoting inclusive business from authors representing more than eighteen (18) countries and all regions of the world
• Addresses innovation strategies of inclusive business from a value chain perspective, considering the framing of the vision, the design, the management of business models, access to finance, monitoring and evaluation frameworks, enabling environments and partnerships from first-hand experts with proven references from an academic and practical expertise.
• Engages leading companies promoting the transition towards a more sustainable and inclusive development, showcasing the case studies and initiatives that have inspired change and are generating new trends
• Develops conclusions and recommendations to global leaders and practitioners on how to address change and promote better, more inclusive and sustainable business models.

3.5.5. Action item

If you are interested in participating in the publication and its distribution strategy, please contact: Andrea Shpak: andrea@bopglobalnetwork.org
4. Achievements and Future Goals

We would like to thank our BoP Global Network Sponsors, Natura and IBM, who believed in the BoP Global Network's principles and vision and became the first strategic partners to support the development of the Network. The BoP Global Network Sponsors support was critical to securing the resources required to launch the Network's mission to disseminate and develop knowledge in this new field. The past year (2013) was a turning point for the BoP Global Network on many fronts. The Network experienced significant growth, in the following areas:

- Number of Labs engaged
- Amount of aggregate funds raised
- Number of joint activities among the Labs and the Global Network Hub
- Engagement with corporate partners
- Total number of initiatives developed

We were also able to begin developing a structured platform to compile the knowledge generated and promote collaboration among the BoP Global Learning Labs. In addition to compiling the learning and experiences of the Labs, which can be found at the BoP Global Network webpage, we also delivered the first BoP Regional Meeting in Sao Paulo, and both the first International BoP Global Network Summit in Sao Paulo and the first Lab Leaders Retreat in Ilhabela, SP - Brazil.

By focusing on its integrated and collaborative approach, the BoP Global Network was also able to complete the following activities:

- First Case Study Report developed in collaboration with the BoP Global Labs, compiling sixteen (16) initiatives implemented by the Labs around the globe. Learn more...
- Online executive training course with WBCSD. This online course is targeted to company managers working on building business in BoP markets. The course is focused on providing the tools and essential management know-how specific to building BoP inclusive business. Learn more...
- Co-creation of the first joint publication with insights and lessons learned from all Labs. A book on innovations towards inclusive business, focused on the value chain of business development and that highlights innovations through the different processes of the value chain and business cycles. More detail in section 3.5

The BoP Global Network’s focus for 2014 will be on knowledge generation to be developed in collaboration with the BoP Learning Labs and partners. In order to achieve this goal, the BoP Global Network and the Labs will work together on new activities, including two regional meetings, projects, courses, webinars, and publications.
Annex I - Constitution: Governance and Structure

Preamble

The BoP Lab, previously called BoP Learning Lab began in the US as a consortium of companies, NGOs, entrepreneurs, multilateral organizations, and academics working to discover and implement mutually beneficial business solutions to global poverty. Established in 2000, it grew out of the research and writings of Dr. Stuart Hart in the late 1990s. His pivotal article, “The Fortune at the Bottom of the Pyramid,” co-authored with C.K. Prahalad, provided the intellectual foundation for a business agenda that focused on improving the lives of the approximately 4 billion people in the world who live on less than $2 US per day.

Over the past few years, BoP Labs have been established at other institutions in both the industrialized and developing world under the guidance of Dr. Stuart Hart at the Center for Sustainable Global Enterprise at Cornell University (for a listing of current and emerging BoP Labs visit http://www.bopglobalnetwork.org/bop-labs). Until recently, each BoP Lab partner has worked autonomously with assistance from the Cornell BoP Lab. Over the past two years, however, there has been an effort to build a more active and vibrant learning community—a BoP Global Network.

This document articulates the BoP Global Network members’ shared view of what constitutes a “BoP Business” and sets forth a preliminary constitution and governance structure for BoP Global Network membership.

BoP Global Network Domain Definition

In recent years, use of the term Base of the Pyramid (or“BoP”) has proliferated. However, interpretation of the term’s meaning remains inconsistent. Technically, BoP is a socio-economic designation for the four billion people whose annual income is less than $1500, $4/day (purchasing power parity) or, more broadly, the impoverished communities in which those people live. Increasingly, low-income or underserved communities are labelled as “BoP markets,” recognizing that there are business opportunities embedded in them. Unfortunately, when organizations tout “BoP work,” or use the terms “BoP business” or “BoP enterprise,” it remains unclear exactly what that means and how differs from other business activity in low-income communities.

To provide greater clarity and focus, the members identified four critical factors which must be present to qualify as a “BoP business” within the context of the BoP Global Network.

First, our focus with regard to BoP enterprises is on private-sector business models. While social enterprise and non-profit models are important, the focus of the BoP Global Network partners is on commercially-viable business models for serving the poor.
Second, the BoP Global Network is focused on businesses that are transformational in quality, meaning that they have a profoundly positive effect on the communities they serve. Beyond simply "selling a product," a BoP business builds local capacity and generates local livelihoods. Implicit in this is the expectation that the business will engage members of the local community as partners to achieve the greatest success.

Third, the BoP Global Network partners believe that consideration of environmental, social, and cultural impacts must be embedded in BoP business strategies. There must be motivation to improve the quality of life for the community; simply creating economic activity without regard for the local environment, community, or cultural impact is not consistent with BoP enterprise development as defined by the BoP Lab.

Fourth, and finally, there must be the aspiration and potential to scale and propagate the business beyond the initial community or region within which it is launched. While local innovation and non-profit experiments are important, only by growing and expanding sustainable enterprises in BoP communities globally will we make more rapid progress toward a sustainable world.

BoP Global Network Principles, Purposes and Governance

The BoP Global Network is a learning community of academics and practitioners that engages in knowledge creation and dissemination about the theory and practice of creating sustainable businesses at the base of the economic pyramid. In addition, the BoP Global Network seeks to develop and implement win-win solutions that open new opportunities for business value creation while simultaneously expanding the development horizon of the world’s poorest people and communities. Accordingly, the partners developed a set of principles and purposes that all members of the BoP Global Network should adopt.

Principles: Members of the BoP Global Network believe that:

- BoP enterprise development has the potential to create great societal value and should be pursued in a way that enhances community capacity;

- Action research is a key vehicle for stimulating this new field of work;

- Collaboration between companies, NGOs, academics, entrepreneurs and other stakeholders creates beneficial learning for all;

- Innovation is essential for driving economic growth in the BoP; and

- Local community members are capable partners and resources for technology and business development.
Purposes: The primary purpose of the BoP Global Network is:

- To incubate innovative business models by identifying, designing, incubating and promoting innovation in business processes with companies, entrepreneurs and other stakeholders, aiming to achieve sustainable and inclusive business models that improve BoP lifestyles;
- To generate knowledge by developing an action research focus that will allow each lab to make valuable and unique contributions to the Network and the World;
- To disseminate knowledge by sharing learnings and “next practices” through workshops, seminars, webinars, conferences, case studies, blogs, publications, multimedia, among others.

BoP Global Network three year Strategy

Proposal for creating a more inclusive and sustainable society through a shared commitment to specific outputs and impact results

• WHY: It’s the right time to create synergies, integrate lessons learned, develop joint initiatives and multiply impact on green leap and inclusive business development.
• WHO: Current BoP Labs with a long-term strategy of integrating new Labs in unrepresented parts of the world
• WHAT: To create a joint platform geared to achieve specific results and concrete outputs in the next three years
• HOW: Following specific actions:
  • To disseminate and share BoP tools, educational resources and learnings across the network.
  • To catalyze more than 100 new BoP business models and innovations.
  • To hold a minimum 20 online BoP seminars.
  • To create one website that unites all BoP Labs.
  • To produce an annual report on joint progress
• WHEN: A three-year timeframe: 2013-2015

BoP Global Network Roles and Responsibilities

The Hub Office will work to create a vibrant, financially viable Global Network of BoP Labs by providing a platform that legitimizes and empowers the leadership of the respective BoP Labs through the following activities:
• **Communicating:** Act as the primary voice for the BoP Global Network. Produce and manage a communications platform that effectively uses print as well as multi-media tools to effectively publicize the results and outcomes of the BoP Labs. Increase global awareness of network activities and accomplishments.

• **Enabling:** Provide program and educational support to individual BoP Labs, particularly during the start-up phase.

• **Sharing:** Promote research and information sharing among the BoP Labs and external audiences. Encourage the dissemination of innovative ideas and enable co-creation within the network.

• **Catalyzing:** Lead a network-level research agenda that spurs innovative activities across the Labs, enabling greater impact than any single BoP Lab could achieve on its own.

• **Fund-raising:** Cultivate relationships with MNCs, foundations, NGOs, and other agencies to support cross-member action research. Identify and seek funding opportunities for network-based initiatives.

• **Governing:** Ensure that local BoP Labs meet the minimum expectations for membership eligibility and abide by the BoP Global Network Constitution.

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**Eligibility Criteria**

The BoP Global Network members agreed that each BoP Lab must:

- Must be registered entities that work with the BoP in some capacity
- Must have leadership and demonstrated “championship” in the areas of BoP ventures
- Must have a self-funded structure
- Must be willing to adopt purpose and principles of the BoP Global Network

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**Process for Membership**

The members agreed that gaining and retaining membership in the BoP Global Network should proceed as follows:

- New lab must complete the Application Form and submit required documentation;
- The application will be reviewed by the BoP Global Network Hub Office to ensure it fulfills all requirements;
- BoP Global Network Executive Council will evaluate and vote for a final decision;
- Once approved, the applicant will be an interim BoP Lab for one year. If the interim BoP Lab meets all eligibility criteria they will become a formal member of the BoP Global Network.
- If a BoP Lab fails to meet the eligibility criteria at any time, their membership in the BoP Global Network will be reviewed and revoked if deemed appropriate.
Responsibilities and Obligations

The partners agreed to the following responsibilities and obligations for BoP Global Network membership.

- Next 3 years focused on creating a model with clear mutual benefits.
- No fees for new Labs for the next three years but commitment to the mission and metrics.
- Commitment = executing and being measured.
- Over the next three years, agree to the co-creation of a long-term model for the Global Network

Information Sharing:

To effectively share learnings among the Labs and to ensure a continued commitment to the Principles and Purposes of the BoP Global Network, each BoP Lab is expected to:

- Submit annually a two to three page summary of their activities and research;
- Ensure respective Lab information on the BoP Global Network website is current;
- Share links or attachments to publications and reports produced by their respective BoP Labs to post on the BoP Global Network website (in English);
- Share links with local or regional media of their respective Lab activities or other appropriate BoP-related news;
- Have one representative attend events organized by the BoP Global Network (at least one per year).

BoP Global Network three years Activities Plan

Overall objective is to deliver 30 publications and articles, 20 webinars and videos and 100 initiatives (among all Labs during the three-year period).

<table>
<thead>
<tr>
<th>BoP Global Network 3 years Activities Plan</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Publications and Articles</td>
<td>10</td>
<td>10</td>
<td>10</td>
<td>30</td>
</tr>
<tr>
<td>2 20 Webinars &amp; Videos</td>
<td>4</td>
<td>7</td>
<td>9</td>
<td>20</td>
</tr>
<tr>
<td>3 100 Initiatives</td>
<td>20</td>
<td>35</td>
<td>45</td>
<td>100</td>
</tr>
</tbody>
</table>

Labs should contribute according to their own process flow, estimating that each of them should create 3 to 4 articles or publications, 1 or 2 webinars and engage in 5 to 7 initiatives (during the period of three years).

Note: The concept of innovation/initiative is broad and should be left open to allow Labs to propose suggestions according to their specific circumstances. From a traditional definition, the initiative should be ideally a project or product that achieved successful results (from a social, environmental and economic perspective), replicable at an economical cost, responding to a specific need. This includes: i) deliberating application of information, ii) applying imagination to derive greater or different values from resources, iii) and would include all processes by which new ideas are generated and converted into useful products or services.
Annex II - ESW Team

**ESW Team**

<table>
<thead>
<tr>
<th>Dr. Stuart L. Hart</th>
<th>Andréa Shpak</th>
<th>Fernando Casado Cañeque</th>
<th>Priya Dasgupta</th>
<th>Heather Todorov</th>
</tr>
</thead>
<tbody>
<tr>
<td>is President and Founder of Enterprise for a Sustainable World (ESW)</td>
<td>is Executive Director of the BoP Global Network and consultant at ESW</td>
<td>is Associate Director of the BoP Global Network and consultant at ESW</td>
<td>is Director of Strategic Initiatives at Emergent Institute and Consultant at ESW</td>
<td>is Director of Administration and New Program Development at ESW</td>
</tr>
</tbody>
</table>

*For full bios please visit [www.e4sw.org](http://www.e4sw.org)*

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