

BUSINESS
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**BUSINESS
CALL TO ACTION**
ANNUAL FORUM 2014

24 September 2014 | New York City

**SUMMARY
REPORT**

Community partner:



Business Call to Action Annual Forum 2014

24 September 2014 | New York City

BCtA Presentation and Announcement of New Member Commitments

SUBATHIRAI SIVAKUMARAN, Team Lead of the Business Call to Action (BCtA), thanked all partners, member companies, United Nations colleagues and other stakeholders for their support of this groundbreaking initiative. This event provided an opportunity for the BCtA to showcase the past five years' accomplishments and present its future directions. Launched in 2008, the BCtA supports member companies in developing innovative business models aimed at achieving both commercial success and development outcomes. More than 100 firms worldwide have made concrete commitments to inclusive business. By providing members with a global leadership platform, research and assistance with impact measurement, and global advocacy, the BCtA is not only a vehicle for reaching consumers at the bottom of the economic pyramid (BOP),¹ but for embedding inclusive business practices in company value chains – engaging those at the BOP as customers, suppliers and employees.



Subathirai Sivakumaran

The result is an increasing number of companies creating innovative business models in green technology, agriculture, financial services, health and sanitation.

There are strict criteria for BCtA membership: companies must demonstrate potential to create financial as well as social returns and show measurable results. This involves setting both quantitative and qualitative targets – with measurable indicators attached. In addition to its over 100 business members, this unique partnership includes national actors such as the Swedish International Development Cooperation Agency (SIDA) and the United States Agency for International Development (USAID), United Nations stakeholders such as the United Nations Development Programme (UNDP) and the UN Global Compact, international organizations such as the International Finance Corporation (IFC) and the World Business Council on Sustainable Development. Together, these partners work at multiple levels with countries and governments, financial institutions and civil society.

Together, the over 100 companies that thus far have joined with concrete business initiatives have set a wide array of goals related to nutrition, agriculture, energy environment and many other areas important for human development. On this day, the BCtA was celebrating the commitments of 22 new member companies, which ranged from local small businesses to global enterprises, and wished to extend a warm welcome to those new members attending the Forum for the first time.

Currently, BCtA member initiatives span 49 countries worldwide. The new report 'Breaking Through: Inclusive Business and the Business Call to Action Today – Mapping Challenges, Progress and the Way Ahead' presented a close examination of what companies face on their journeys to scale. Drawing on the rich data provided by BCtA's membership base, the findings from this research are very promising (a special session on measuring impact would take place that afternoon). The report showed that BCtA initiatives are reaching

40 million households and 200 million people globally, and that many initiatives are earning revenues between \$1 million to \$10 million per year.

Now in its second phase, the outcome goals for the future of the BCtA are to:

- increase the number of companies adopting inclusive business practices;
- increase the scale and effectiveness of inclusive business initiatives; and
- improve the adoption of inclusive business practices among the development community and local governments.

This is an ambitious set of goals for next two years, but given the progress achieved thus far, they are certainly achievable. In closing, Ms. Sivakumaran thanked the attendees and requested that all participants ask themselves, “What can be done to advance this agenda, and how can inclusive business forge business-to-business partnerships that work”?

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PLENARY SESSION I: Commemorating the Milestones of Inclusive Business

Moderator **SAHBA SOBHANI, Acting BCtA Programme Manager of the BCTA**, introduced a panel of experts from member companies and international partners. **MARTHA HERRERA, Corporate Social Responsibility and Community Development Director at the multinational cement manufacturer CEMEX** described her company’s inclusive self-building initiative Patrimonio Hoy. CEMEX joined the Business Call to Action with a commitment to provide low-income families in urban areas with access to affordable housing. Patrimonio Hoy aims to meet this commitment by providing at least 125,000 low-income families (approximately 625,000 people) in Mexico with affordable housing by 2016, and to replicate its model in other developing countries.



Martha Herrera

In examining the needs of the BoP population, CEMEX observed a huge unmet demand in the self-construction market. Mexico faces a growing housing deficit, with the majority of families relying on structures they construct themselves and 34 percent of families living in poor-quality homes. Many of these homes are overcrowded, lack secure land tenure and are susceptible to natural disasters. In addition, communities that live in self-constructed homes tend to lack access to basic services such as clean water as well as employment and other social opportunities.

“We are pleased to see that with a new development agenda on its way and with the end of the Millennium Development Goals in sight, the Business Call to Action is on track to deliver on its poverty-reduction efforts. Today’s new commitments bring the Business Call to Action portfolio up to 104 members, each with inclusive business initiatives that will have a positive impact on the lives of poor people.”

— *Magdy Martínez-Solimán, Assistant Administrator and Director of the Bureau for Policy and Programme Support (BPPS), UN Development Programme (UNDP)*

1 The BoP includes those that live on less than \$8 per day.

The organizational structure of *Patrimonio Hoy* relies on a network of diverse public and private partners, with local offices located in marginalized communities. In addition to providing building materials through local distributors, *Patrimonio Hoy* provides financing (through a partner company) that is affordable for low-income communities, technical assistance for sound construction and capacity building for community living. The initiative has already benefitted 2.6 million people in Latin America, allowing families to self-construct quickly and cost-effectively while conferring additional benefits such as community engagement and women's empowerment.

In addition, CEMEX has been able to target those who lack the incomes needed to obtain financing for building materials: the PiAC programme provides training and materials to manufacture brick blocks that can be used to self-construct homes or improve existing structures. Through these initiatives, CEMEX has not only been able to tap into huge unmet demand at the BoP, but has learned that building strong communities (and markets) requires more than providing access to building materials – and that doing so strengthens value chains.

Next, **DR. GRACE WAIHARO, Head of Operations at Phillips Healthcare Services Limited** presented her com-

pany's groundbreaking initiative in Kenya. Phillips aims to improve the quality of life, productivity and dignity of people at the BoP by forming strategic partnerships to make quality healthcare services available at low cost. By focusing on the most common diseases and health conditions affecting the target population, the company has been able to provide high-quality health services at affordable prices. In this region, the health condition with the most lasting negative impact is micro-nutrient deficiencies. Since nutrient deficiencies in the first years of life can significantly reduce individuals' (and communities') productivity throughout their lives, the most effective means of ensuring good health for life is to provide micro-nutrient supplementation to children under five years.

Through its Micro Nutrient Powder (MNP) Food Fortification Program, Phillips provides MNP to children at the BoP free of charge in partnership with the Kenyan Government and organizations that serve this population. For working poor people, the nutrients can be purchased at low cost from community outlets. One of the most important successes of this initiative has been to improve schoolchildren's performance and concentration. According to one educator, "We introduced MixMe [a MNP for boosting the immune system] into the diets of 25 children and have seen fantastic results. These children have stayed cold and flu free throughout the rainy season and have also been more alert and active".

These positive impacts on nutrition are expected to create stronger, more productive communities as the children who received the early intervention grow into adulthood. And by enhancing caregivers' awareness of the long-term benefits of food fortification through children's' lives, the initiative also increases market demand for MNP. The next step is to establish a local packaging plant to further reduce the price of the MNP and cover anticipated increased demand.

The following presentation was by **ERIKO ISHIKAWA, Global Program Manager, Inclusive Business Models at the International Finance Corporation (IFC)**. IFC is the world's largest investor in inclusive business, with over US\$11 billion committed to more than 440 companies in 90 countries since 2005). It invests in a range of sectors including micro-finance, telecom, agri-business, financial markets, education and infrastructure, and conducts assessments on what the 4.5 billion people at the BoP spend their money on. Ms. Ishikawa explained that – no matter what their income levels – all markets spend



Dr. Grace Waiharo

money on food, shelter and clothing. IFC has found that the 4.5 people at the BoP spend PPP² \$5 trillion every year – 46 percent on food and beverages. Markets are strong, even at the BoP: in many countries, poor people pay more for electricity and water than people in rich countries. The challenge is getting through the ‘last mile’ of distribution. This means that local companies have to be involved.

Explaining how companies look at the BoP as customers, Ms. Ishikawa presented the case of a distribution company in Brazil that does not discriminate against small shop owners, who often require financing and technical assistance to be successful. This distributor offered training in such business skills as how to offer credit. In local communities, the credit repayment rate is high because people have little access to shops outside their locality. The extension of credit strengthens communities by cementing local businesses relationships with customers. As the businesses grow, they in turn buy more from the distributors.

In the agribusiness sector, the majority of smallholder farmers do not have reliable access to markets and need training and support to improve product quality and obtain better prices. The cases of Ecom and Jain Irrigation in India were presented as examples of companies reaching farmers at the BoP as suppliers. Some companies – such as Jain Irrigation – even look at the BoP as both customers and suppliers.

The IFC is encouraged to see many successful models replicated in other countries and contexts. Kenya’s M-PESA, which uses mobile phone to provide payment services, is now being replicated in Afghanistan. It is encouraging that this can be achieved in a challenging and conflict situation without functioning banks. Mexico’s Sala Uno – based on Aravind Eye Care in India – is providing eye care efficiently in impoverished communities at a dramatically reduced cost.

In many cases, it is necessary to subsidize the free services provided to poor communities with charged services in higher-income communities. Therefore, inclusive business models need to be flexible and adaptable to each country and regulatory environment. The private sector has a major role in improving poor people’s lives, and there is a real market with enormous needs at the BoP. However to be sustainable, BoP business models not



only need to be inclusive, but must be sustainable. The IFC stands ready to provide the necessary support.

LENA INGELSTAM, Director of Partnerships and Innovations at the Swedish International Development Cooperation Agency (Sida), then discussed the ways her agency has been positioning Sweden as a leader of inclusive business. Sida’s aim is to ensure that businesses have the support they need to achieve overlapping goals of business and development goals. A government agency, Sida works with the private sector, where there is a huge potential in terms of mobilizing resources and adding value. In Ethiopia for example, Sida supports mechanic schools in partnership with Volvo – addressing a shortage of skilled technicians. This training not only impacts Volvo’s business, but the entire economy by creating a skilled workforce (trainee graduates are not obliged to work for Volvo). Sida also supports public-private partnerships, and it is hoped that Ethiopian authorities can work with the agency to support this country’s mechanical schools.

In its private-sector cooperation, Sida not only works with Swedish companies, but businesses all over the world to produce outcomes that would not otherwise occur. Sida shares costs that serve both business and development goals, but according to Ms. Ingelstam, “Equally important is sharing knowhow and access to actors in developing

² The BoP includes those that live on less than \$8 per day.



Lena Ingelstam



Lara Birkes and Sahba Sobhani

countries”. Linking local communities with large businesses creates inclusive business opportunities that tap into entrepreneurial capacity at the BoP. This potential can be harnessed to eradicate poverty.

There has been growing interest in inclusive business from the Swedish private sector. A new initiative, Swedish Leadership for Development, has engaged 25 companies, including Volvo, H&M, Ericsson and Unilever at the CEO level in sustainable business, poverty reduction and environmental sustainability. The aim is to partner in concrete actions: one example is a collaboration between

Sida and H&M in Cambodia to improve investor relations throughout the garment value chain and eliminate unfair labor practices. Sida is proud to be a partner in the BCtA since 2011; there have been so many positive results and much promise for future success.

LARA BIRKES, Director of Global Policy at the World Business Council for Sustainable Development (WBCSD), next presented this organization’s Action 2020: Platform for engagement with inclusive business. WBCSD comprises approximately 180 multinationals from all over the world, which collaborate across many business models and share a focus on scaling up across three areas:

- **Action** – “Think global, act local” by catalyzing action on the ground;
- **Awareness** – Illustrate best practices, lessons learned, success factors and solutions to overcome barriers; and
- **Skills** – Training programmes, webinars, etc.

Collaborative actions include promoting SMEs, measuring impact, ICT for inclusive business, financing and enabling energy access. Areas for growth include building bridges between the United States and European Commission, and between Asia and Africa; supporting supply

“There is a clear benefit to instituting multi-stakeholder initiatives like the Business Call to Action that challenges the private sector to transform their core business to impact the poor, while providing the knowledge, measurement capabilities and advocacy to others to understand the value of inclusive business.”

— *Lena Ingelstam, Director of Partnerships and Innovations, Swedish International Development Cooperation Agency (SIDA)*

chains; and sparking innovation. Partners include the IFC, the Asian Development Bank, the Inter-American Development Bank and the BCtA.

Panel Discussion and Q & A Session

Moderator **SAHBA SOBHANI, Acting Programme Manager at the BCtA Secretariat**, began the Q&A session by asking Ms. Herrera what CEMEX has learned in trying to scale up activities in different countries. She explained that the most important lesson has been learned from communities, whose unique challenges necessitate increasingly innovative solutions. In addition, partnerships with local and federal governments are very important for creating positive outcomes. NGOs are also important partners, but their lack of capacity can be challenging. The most important lesson for achieving sustainability has been the need to scale up through others. CEMEX is now looking for social investors and micro-credit agencies, and is seeking to attract more funds to build solid communities through its work in the housing sector. As she put it, “We use the house as an excuse to be part of the community”. Promising areas include health and education, but first CEMEX has to make itself more attractive to investors in the areas where it works.

Dr. Waiharo was asked to discuss lessons learned from its MNP initiative in Kenya. To scale up, Phillips Healthcare also needed to work with other organizations on issues related to marketing, advocacy, financing and nutrition. In addition, a policy framework did not exist in Kenya on nutrition in education, so Phillips needed to engage policy makers in developing a supportive framework. One challenge related to government-run nutrition programmes: once Phillips sold its products to the Government, a community of on-the-ground workers was needed to distribute them before they expired. But because of bureaucracy, the product often expired before reaching beneficiaries. Dr. Waiharo explained that these important lessons learned in Kenya can be applied to other markets to facilitate scale-up, since the same obstacles are encountered in many countries.

Ms. Ishikawa was questioned about corporate leaders’ perceptions of difficult markets, and what can IFC do about this. She affirmed that while the biggest impacts in inclusive business come from global companies, there is a need to build BoP markets and induce global partners based on long-term partnerships with long-term goals. This can be

challenging if companies only look at their bottom lines. As demonstrated by CEMEX and Phillips, inclusive business can bring many benefits, but no single company do it alone – many areas of knowledge are needed.

The current lack of infrastructure and last-mile distribution necessitate finding local companies to work with. However, inclusive startups need a much longer time to establish themselves than in developed countries. However, an increasing number of companies from developed countries are interested in entering emerging markets and building an infrastructure.

Ms. Ingelstam was asked for insights about working with governments, and highlighted the different roles governments, private businesses and international organizations play. It is crucial to take time to understand all actors’ goals and where they overlap. Public development agencies’ main goal is to eradicate poverty, but they need both public and private partnerships to achieve this goal. Transparency and trust are paramount for all partners. When partnering with a public entity, Ms. Ingelstam also advised patience: it often takes time to reach a decision.

Participants requested more information about shared value; one remarked that “Big NGO, big corporation and government almost never result in a sustainable model”. Some questioned how companies can be motivated to shift investments from unsustainable to sustainable models. Panelists explained that the business case is not the same for all companies. When dealing with missing markets, the right partners must be brought to the table. To ensure access, it may be necessary to reach small shops that sell a range of products. In other cases, a large commercial venture may be the best partner, but might not be interested. Because of the huge initial investment required to build BoP communities, there is a need to find partners who share a passion for alleviating poverty. Companies that have reaching BoP at the core of their business are the best partners. They understand that if they are first in reaching the BoP, these communities will remember their brand as they reach the middle class.

When global corporations enter emerging markets, they have to look at the size of local markets versus actual demand. Distribution challenges can be addressed with education and training along with greater awareness of markets. While this requires additional resources, organizations like IFC can provide critical data on consumption to a global audience. In addition, donor-country develop-

ment partners may delegate responsibilities to the country level – these constitute valuable resources for businesses and make public-private partnerships more efficient.

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PLENARY SESSION II: Inclusive Business, Climate Change And Green Leap

The Presenter and Moderator for this session was **DR. STUART HART, Grossman Endowed Chair in Sustainable Business at the University of Vermont Business School and the S. C. Johnson Chair Emeritus at Cornell University's Johnson School of Management**. His presentation examined the context of inclusive business, poverty and climate, and how they fit together. It is clear that the next 20 years will not look like the last 20 years, and the era of Millennium Development Goals (MDGs) will not repeat itself. In the Sustainable Development Goal era, sustainability must go beyond incrementally reducing negative impact and working within existing supply chains to creating new markets, engaging new partners and tapping into stakeholders and entrepreneurs that were previously excluded. This will spawn new industries that do not currently exist.

While it makes good business sense to focus business on the wealthy, this market is becoming saturated and is not growing fast enough to satisfy companies' growth goals. Close to 2 billion people have joined the middle class in the past 40 years, and models aimed at the top of the pyramid are being adjusted to middle-class local and cultural tastes. However, the point has now been reached where this is no longer viable because of cost and environmental barriers, and continuing market saturation.

In order to reach the 4.5 billion people at the BoP, fundamentally different technologies, strategies, business models and products are needed. Some of these innovations have the possibility of 'trickling up' to the top of the pyramid, such as low-cost vacuum tube solar energy technology developed in China. In the new era, it will be impossible to generate livelihoods as a primary aim and relegate environmental sustainability as secondary. With every form of natural capital now under assault, the envi-

ronmental and social challenges (e.g. growing inequality) have become too great to sideline. Increased regulation is not the answer; these efforts have been largely disappointing. Development aid and philanthropy have not provided sustainable solutions either. There is a real need to find a way through this bottleneck – to make the so-called 'green leap'.

Clean technology is one encouraging avenue for addressing these needs, but it has not yet yielded concrete outputs. Regardless, it is exciting to see this new entrepreneurial approach to solving environmental and social as well as economic challenges, which goes beyond the since regulatory approach. In the past, environment was seen as a 'rich person's problem', but environmental challenges most heavily affect the BoP, so they must be tackled with the BoP in mind. The burgeoning lexicon of sustainable livelihoods, social investments and inclusive business is heralding a novel business-driven approach, which is encouraging. But any approach to solving problems creates new ones: clean technology and BoP are currently separate movements that offer little hope for collaboration. This must change in the coming years: a 'green leap' must bring these communities together. The BoP Global Network is putting this into action, and the new Sustainable Entrepreneurship program at the University of Vermont is re-creating the MBA for the 21st century.

Following his presentation, Dr. Hart welcomed the perspectives of three social entrepreneurs and that of the United Kingdom Department for International Development (DFID).

The first speaker, **GENICHIRO SHIMADA, General Manager of International Relations Group at Japan's Panasonic Corporation**, spoke about how his company's novel solar lantern technology fits both within Panasonic's founding principles of contributing to social progress and the goals of the BcTA. This clean and sustainable technology is being marketed in areas without access to electricity as a safe and low-cost alternative to kerosene lamps. Panasonic aims to reduce 30,000 lbs of CO2 emissions by selling 1 million lanterns over five years. While the lamps offer great possibilities for children to do homework at night and for fishermen to improve their livelihoods, Panasonic is facing many challenges in delivering them to those who need them. Traditional sales channels do not work well with these products and people do not yet have confidence in them. In refugee



Genichiro Shimada

communities, demand is especially high, but private companies cannot enter conflict zones to deliver the product. Reaching these consumers requires specially tailored business models and new business partners such as NGOs and social entrepreneurs.

Mr. Shimada explained that the key to inclusive business is finding the right sales channels as soon as possible, but since each region differs, new sales channels must be discovered one by one. There is also a need to coordinate with governments and international organizations (for example, IOM and UNHCR). To effectively reach the BoP and scale up requires a large number of partners across many disciplines. For example, Panasonic could partner with healthcare companies in order to provide lighting for medical clinics. The company's aim is to take advantage of the sales channels it establishes for its solar lanterns in order to develop and distribute new products; many partners will be needed to role this forward.

In response to questions from the other panelists, Mr. Shimada explained that Panasonic launched its solar lanterns in Asia and Africa, where there are many NGOs and micro-finance institutions to partner with. Its success in partnering has depended on the geographic area: in Kenya, for example, there were logistics challenges and a



Dr. Raman Ramachandran

reluctance to bring in new products. In some areas, the customers were donor agencies, which required a completely different sales strategy. In areas where the lamps can be sold commercially, there is a need to expand Panasonic's offerings to more than just a single product in order to gain a foothold in the market. As a result of these lessons learned, Panasonic is working to refine its business model to be more adaptable and sustainable.

Some panelists noted that other companies also make solar lamps, and there is a possibility for Panasonic – a large corporation – to purchase smaller companies that offer similar products. Mr. Shimada responded that this is not in Panasonic's best interest as an innovator of new technology: simply buying smaller companies compromises its edge in innovation. In addition to quality, sales channels and networks are the keys to reaching the BoP market.

DR. RAMAN RAMACHANDRAN, Chairman and Managing Director, BASF Companies in India next spoke about countering the conventional wisdom of many multinationals in emerging markets – to ignore the large subsistence-based population. BASF has instead put its resources into finding opportunities within this market sector by employing high-end technology to address BoP

challenges. The company pinpointed the critical areas of housing, health and hygiene, and food, and looked at how existing high-end technology could be employed to address them. Its Samruddhi programme addresses India's biggest barrier – reliable information about how to grow better crops. The programme employs over 1,000 agronomists to educate farmers across India on better farming practices and economics to maximize the productivity of BASF's inputs, resulting in better quality products that obtain higher prices. By partnering with PriceWaterhouseCoopers to measure impact, it was able to achieve a substantial increase in net profits per hectare. This assessment also demonstrated that farmers used their additional earnings on better education for their children, better seeds, better infrastructure and increasing savings.

An important lesson was the need to identify simple areas for making changes. For example, simply making soil testing and data available led to better yields. However, educators should not try to supplant farmers' own local knowledge: training and technical support need to be matched with farmers' traditional wisdom.

When questioned by the panel about the keys to success, Dr. Ramachandran observed that a huge investment was needed for this initiative to train and deploy its agronomists. As a global company with a strong and diverse business model, BASF was able to make this investment, but the company is also strongly invested in farmers' prosperity and in enabling the country's economy to grow. By expanding its value proposition to changing farmers' lives, BASF went beyond its core business of selling inputs: through the We Change Lives program, agronomist educators sent in stories from the field. The top stories were selected for dissemination, which motivated the agronomists as well.

BART HARTMAN, Founder and Chief Entrepreneur at NOTS Impact Enterprises next presented his company's 'blue charcoal' technology, which aims to make a positive impact on society while realizing positive economic returns. Charcoal is used by 80 percent of people in sub-Saharan Africa for cooking. However, its production degrades forests, is inefficient (7 kg of wood are needed for each kg of charcoal), is time consuming and emits 240 million tons of CO₂ equivalent per year. 'Blue' charcoal, however, can be produced efficiently, (requiring only 3 kg of wood), takes less time to produce and can be produced from fast-growing trees that may also be used as feedstock. In addition, food crops can be planted in between the trees, enriching the soil and providing additional revenues and dietary diversity. The distribution and marketing of blue charcoal is also more efficient and creates stronger value chains.

While the methodology has already been tested, there is a need for greater government awareness of the continuing importance of charcoal at the BoP, as well as funding for inputs and production support. Mr. Hartman invited potential partners to join NOTS: governments in Africa should adapt their regulations to support this transition and United Nations and other organizations can help to raise government awareness, provide capital and use their infrastructure for implementation. Finally, investors are needed to provide the remaining funds, which are expected to generate healthy financial returns.

Asked about the possibility of starting small, Mr. Hartman affirmed that blue charcoal is already being implemented in Mali and Rwanda, but the technology must be scaled up in order to make it sustainable. This means approaching charcoal-producing communities, many



Bart Hartman

of whom have already requested blue charcoal ovens. Growing new trees is more challenging: a model and proper incentives are required for their care, along with penalties for mismanagement. Responding to a query about the need for government involvement, Mr. Hartman stated the established systems for charcoal production in sub-Saharan Africa are not only inefficient but hinder sustainable production. This is why government awareness needs to be raised and a supportive policy environment created.

A government donor perspective was provided by **LIZ DITCHBURN, Policy Director at DFID**. Ms. Ditchburn spoke about how DFID has detected a shift in thinking about development that incorporates dialogue on climate change. There is also a new emphasis on the importance of inclusive global partnerships to deliver results: “No one should be left out”. Scientists have an important role along with businesses and the public sector in tackling these challenges, which ultimately threaten the stability of our world.

According to Ms. Ditchburn, “Growth is a means to eliminate inequality, but the quality of that growth matters”. Inclusive growth comprises girls and women as well as strategies for ‘green’ growth. Whereas in the past, development practitioners’ interactions with business were with corporate social responsibility departments – on the margins of business – recent conversations have centered on core business models and CEOs. This is a step in the right direction, since each actor has unique insights on development and how to tackle global challenges.

The risks that businesses must manage for success can also be seen opportunities for making a positive difference. Governments need to recognize the private sector’s role in development, and invest in areas that matter to both business and society – such as human capital, infrastructure and better governance. This can entail co-investing with businesses and sharing risks. By underwriting some of the risk of entering new markets, governments can support businesses in innovation that leads to development outcomes. To do this, government agencies should focus on becoming more flexible and dynamic – letting go of the ‘logframe’ approach and acknowledging that development carries uncertainty. In closing, Ms. Ditchburn challenged businesses to ask themselves what kind of business they want to be in: whether they are motivated by the intrinsic value of



inclusion or managing long-term risk, they have a vital role in development.

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PLENARY SESSION III: Catalyzing Public-Private Partnerships for Inclusive Business at the Country Level

This session focused on inclusive business at the country level, detailing experiences in the Philippines and how the inclusive business ecosystem works in that country. **RICARDO MICHEL, Director of the Center for Transformational Partnerships at the United States Agency for International Development (USAID)** opened the session by commending the BCTA for its work, especially in emerging-market countries. In order to bring inclusive businesses to scale, they have to be embraced both in developed markets and developing countries. While people at the BoP face significant challenges, there are also tremendous possibilities. The United States global devel-



Ricardo Michel



Rapa Lopa

opment laboratory is a great example of collaboration for inclusive growth.

USAID has seen a shift in the private-sector's involvement in global development. At no other time in history has aid from the United States government comprised such a small percentage of global capital flows. In the future, it will be necessary to leverage both traditional and non-traditional partners. The Center for Transformational Partnerships aims to increase the scope USAID's of strategic partnerships. This includes building networks at the country level to support research and capacity building. The Center is interested in building international businesses in emerging markets, and especially in engaging local busi-

nesses to fuel economic growth and create jobs. Many businesses are seeing a competitive advantage in contributing to social and economic outcomes, which also helps them to manage risk.

Mr. Michel went on to state that he is extremely proud of the Center's partnerships in the Philippines. A three-year project with the Philippine Science and Technology Foundation has included enhancing university curriculum, economic reforms that remove investment barriers and policy reforms that improve the investment climate. These are just some examples of USAID's enterprise work in the Philippines. In order to empower people to help themselves, USAID aims to assist in finding local solutions to tackle development challenges.

"It's vital to see how building an inclusive growth strategy can fortify progress for low-income communities and make a meaningful, sustainable impact -- building real markets and providing benefits that go beyond job creation to lasting social change."

— Ricardo Michel, Director, Center for Transformational Partnerships, US Agency for International Development (USAID)

Following the opening remarks, **RAPA LOPA, Executive Director of Philippine Business for Social Progress (PBSP)**, spoke about catalyzing public-private partnerships for inclusive business at the country level. Mr. Lopa expressed his appreciation for the invitation to attend the BCtA Annual Forum, and for the opportunity to expand Philippine business. He was conscious that more challenges lie ahead, and therefore looked forward to the conversations and insights this gathering would trigger.

PBSP's partnership with BCtA was critical in shaping an enabling environment for businesses wishing to focus on inclusive growth. The Philippine Government

is pursuing a more inclusive growth agenda, and as a response, the Inclusive Business Imperative is assisting companies with establishing inclusive business models. The Government mandated the establishment of this joint enabling secretariat whose goal, according to President Benigno S. Aquino III, is to “Create a regime of opportunities where no Filipino is left behind”. Through a partnership with Asian Development Bank, new investment modalities for inclusive business have been made available. At the local level, PBSP has created a dynamic policy and advocacy organization that draws important stakeholders.

WILLIE J. UY, President and Chief Executive Officer of Phinma Property Holdings Corp then spoke about how businesses can be inclusive and solve problems while still turning a profit. In assessing how to make his business more inclusive, Mr. Uy found that the overlooked market of informal housing provides significant opportunities. While many informal settlers flock to cities for work, many end up without steady jobs or stable homes. They end up living in deplorable and often hazardous conditions, sometimes on other people’s property. In response, Phinma developed an economical socialized housing project that allows informal settler families to become co-owners, skilled workers and eventually to break the shackles of poverty through decent housing.

Stakeholder collaboration was at the heart of this sustainable business model: while partnerships in many sectors were required to succeed, getting these partners to work together was difficult; in addition, profit margins were low and costs high. To solve these problems, Phinma entered into a public-private partnership with the Quezon City government, from which it procured land. A partnership with the Social Housing Finance Corporation enabled it to provide 30-year financing at prices lower than previously possible. The company also began providing other services such as estate management, livelihood training and community development assistance to build lives as well as housing.

Currently, all housing units have been filled any many families have pursued new livelihoods, which has enabled the government to collect taxes from these communities. As families have risen out of poverty, they have become a new market for Phinma, and homeowners are increasingly engaged in society. The initiative is now being replicated in other cities, underscoring the impor-

“In launching the Inclusive Business Imperative campaign, we strive to establish public and private partnerships that can help companies harness the power of their core businesses to address the nagging problem of poverty in our country in a more sustainable way. Today local and national government agencies work with companies like Phinma Properties and Hapinoy to develop business models that address the last-mile challenges for products and services to meet the needs of BoP communities.”

— *Rapa Lopa, Executive Director, Philippine Business for Social Progress (PBSP)*

tance of building public-private partnerships and ensuring effective collaboration. This includes NGOs and other stakeholders focused on community development and livelihoods. It is in governments’ best interest to support similar projects – such as through tax incentives – and it is beneficial to simplify bureaucratic processes and provide incentives to donors and stakeholders.



Willie J. Uy



Mark Joaquin Ruiz

Mr. Uy finished by highlighting that the BoP market is attractive because there is relatively low market risk. Making this market stronger makes it more productive, allowing formerly neglected people to contribute to society and strengthen their purchasing power. Shelter is a particularly overlooked area that deserves greater attention, since informal housing renders families vulnerable to natural disasters like typhoons.

In a presentation on financial inclusion at the ‘last mile’, **MARK JOAQUIN RUIZ, Co-founder and Managing Director of Hapinoy**, described his company’s efforts to provide financial services in remote areas. While only one in four households in rural areas have deposit accounts (and traveling to access financial services is very expensive), small shop owners can now use smartphones to provide mobile financial services to communities and grow their businesses. Mr. Ruiz characterized the 1 million local ‘sari-sari’ shops in the Philippines as a “sleeping giant we have awakened to encourage inclusive development”. Companies like Coca-Cola have long ago reached rural populations through these stores. Now Hapinoy is training women shopkeepers to provide Android smartphone-based financial services from their shops. Even though many women shopkeepers have had little access to education, they are able to access new business opportunities using mobile technologies that provide remittance, micro-finance and bill-payment services to communities.

As a social enterprise providing financial services, Hapinoy needed to work with other private businesses such as Mastercard, Qualcomm, and Smart (the Philippines’ largest telecom) as well as the Philippines Central Bank and charitable organizations such as the Grameen Foundation. The Central Bank was very supportive of this initiative and amended its regulations to allow private companies to innovate. According to Mr Ruiz, Hapinoy’s success would not have been possible without the support of its partners. But, “the center of gravity is the humble sari-sari store.”

Panel Discussion and Q & A Session

Following these presentations, Moderator **PETER TROILO, Director of Global Advisory and Analysis at DEVEX**, initiated a discussion about how social entrepreneurs can tap into the funding needed to spark innovation.

Mr. Ruiz explained that while there are active impact investors in United States and Europe, this funding is not accessible to start-up enterprises. In the early days of a business, entrepreneurs need access to seed funding; impact investors only show interest once the business has been brought to scale. Mr. Michel added that USAID offers tools to assist development and innovation partners in mitigating risks. Within the Center for Transformational Partnerships, USAID is exploring models based on innovation, and how to bring them to scale. There are now multilateral platforms to bring in global donors and flexible financing through the Global Innovation Fund. In promoting the growth of inclusive business, it is necessary to examine the entire ecosystem – all the services that social investors need to be successful.

The panel discussion and Q&A focused on how inclusive business is being discussed in boardrooms and how the public sector is catalyzing inclusive growth. Panelists noted that inclusive business is very different from corporate social responsibility: it describes an enterprise’s core operating model. While large companies such as Smart telecom may not think of themselves as engaging in ‘inclusive business’, their partnership with Hapinoy is inclusive by definition since it benefits poor communities. Getting into new markets sparks innovation; the challenge is in enabling innovation, which makes products affordable to those at the BoP, and in measuring how inclusive businesses actually are.

The entrepreneurs agreed that the Philippines is unique: its founders were nation builders from the beginning, and had a vested interest in serving the BoP. This outlook confers distinct advantages by directly addressing problems local governments face and using personal relationships to cut through red tape. On the policy side, the current “Poverty reduction through social enterprises” bill aims to create an enabling environment for social enterprises to thrive. In addition to policy guidelines, there are shared services programmes that encourage small stakeholders to participate in value chains (for example, helping small farmers to establish market relationships with large buyers). Small and microenterprises are being encouraged to participate in these programmes.

One participant questioned whether inclusive business is limited to certain sectors. Mr. Lopa responded that it is more appropriate to look at each business’s possibilities. This also means working on a precise definition of what business practices are ‘inclusive’. The PBSB reviews the business models of many companies to assess their inclusive business capacity – whether in the supply chain, service delivery or development of new products. It is through these conversations that companies begin to see the possibilities. For example, after talking with pharmaceutical companies, two entrepreneurs created a pharmacy brand that only sells generic drugs in small pharmacies to low-income communities.

Innovation leads to growth: providing financial services through sari-sari shops could lead entrepreneurs to develop a range of local solutions to challenges such as lacking healthcare and access to drinking water. In time, this can lead to the development of a circular local economy where producers can directly access the market. Once the interests of the business and development communities are brought closer through dialogue, there are openings for local value chain participants as well. Organizations such as the USAID Center for Transformational Partnerships play a role in convening national and international stakeholders, and reconciling philosophical differences. Foreign investment will only come when there are concrete strategies for managing risk, but foreign investors and local actors have a lot to learn from each other.

Mr. Uy addressed the issue of working with civil society, noting that it is critical to involve the communities where businesses are working. Providing added-value services like skills training through partners is not only cost effective, but leads consumers to become more financially

secure. Other skills like those related to community living might be best conferred by faith-based organizations. In addition, the physical and emotional well-being of workers is a critical component of inclusive business. The PBSB is working with the human resources departments of large companies to provide training on maintaining healthy lifestyles, and encouraging companies to adopt supporting policies. For example, companies are encouraged to create programmes on tuberculosis in the work place and incorporate it into medical tests. Non-communicable diseases may be part of post-2015 agenda, which means more resources in this area could become available.

In closing, Marcos Neto, Cluster Leader, Innovations and Development Alliances at UNDP (which hosts the BCTA secretariat) stated that through engaging with Philippine partners across a range of sectors – from agri-business to financial services – he notes that conversations with investors are happening. UNDP’s focus is on continuing these conversations in the future. The era of Sustainable Development Goals presents opportunities to give depth and breadth to this work, but time is running out. Taking innovations to scale requires an enabling environment, which provides incentives to invest in inclusive business; this in turn requires raising government awareness. Replicating the successes in the Philippines and countries around the world means engaging governments to formulate smart policies and incentives. In this way, the majority of businesses can become inclusive.

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BREAKOUT SESSION I: Fostering High-Level Business-to-Business Collaboration and Partnership

This breakout session highlighted how businesses can connect with other businesses to better reach BoP markets in developing countries. **SUNEET SINGH TULI, CEO of DataWind Ltd**, began by offering his perspectives on India’s education puzzle. Mr. Tuil explained that he moved from India at a young age, and his return as an adult underscored how differences in quality of education can lead to very different economic outcomes. India suffers from complacency with regard to education: with-

out adequate skillsets, its large young population cannot find remunerative work. Quality of education in India is related to proximity to large cities.

Mr. Tuli wanted to broaden access to education by creating affordable computing devices. In the United States, consumer spending on computers is limited to 1 week's salary. In India, the average weekly salary is \$35, so DataWind created a well-functioning tablet computer for \$35. An additional challenge was connectivity however, with more than 80 percent of mobile networks unable to provide web access. By entering into a partnership with a wireless network operator, DataWind was able to both reduce the time and provide web connectivity free of charge over existing networks.

Business-to-business partnership was key to DataWind's success: by convincing the network operator that it was excluding 1 billion consumers from its market, DataWind enabled free Internet access at a good profit margin. As a result, the company has successfully lobbied a number of governments to broaden Internet access options. By focusing on bridging digital divide to eliminate illiteracy, DataWind's sales volume in some quarters exceeds that of Samsung. To raise additional funds, it has recently launched an IPO on the Toronto stock exchange.

The biggest hurdle met along the way was disrupting the established business community, and demonstrating consumer demand. There were also challenges with

logistics, particularly getting products through customs. In addition, costing in BoP markets is difficult because the average per-subscriber per-month charge is only 20 cents. Even when DataWind showed significant profit potential because of sheer market size, this was a "scary proposition for investors".

DAVID AUERBACH, Co-Founder of Sanergy, a company that provides sustainable sanitation in informal settlements, explained that in Kenya's slums, 8 million people lack access to sanitary facilities. In these areas, waste is often dumped into waterways and public areas; traveling to public toilets raises the risk of sexual assault. Sanergy has taken a systems-based approach to solving these problems, building clean facilities and franchising them to local entrepreneurs, while providing them with support and business analytics. The waste is then collected, processed and sold as agricultural fertilizer, which ensures sustainability. In this system, waste collectors who previously worked only informally receive inoculations and health insurance.

Sanergy helps entrepreneurs to access financing through a partnership with the Kiva micro-lending programme. By charging a nominal use fee, entrepreneurs can generate profits well above the country's average income. By focusing in small but densely populated areas, Sanergy can provide sanitation, formal employment and safely remove waste for processing to produce a nutrient-rich organic fertilizer, leading to 20 percent increase in farm yields.



From left: Adrian Hodges , Suneet Singh Tuli, David Auerbach and Márcio Campos

For Sanergy, the biggest challenge has been meeting demand. The company is now working on new service-delivery models, such as partnering with landlords to provide sanitation through an economic incentive (by providing hygienic sanitation close to home, they can increase rents by 25 percent). Another challenge was providing micro-financing. Large microfinance banks were not supportive and could not provide loans quickly. The Kiva micro-lending programme was a better fit for Sanergy and its entrepreneurs.

MÁRCIO CAMPOS, CEO of PagPop, which promotes financial inclusion in Brazil, talked about how his business has enabled small businesses far from urban centers to use mobile phones for sales. Most of Brazil's 20 million independent entrepreneurs only accept cash and checks. This prevents them from offering installment plans, which allow people to buy larger-ticket items. With checks, there is also a high rate of default. PagPop's technology allows small entrepreneurs to use apps or a voice-response system to accept credit cards. In addition, PagPop provides working capital for entrepreneurs, which they cannot get from banks. PagPop's original BCtA commitment was to reach 300,000 clients (90,000 by the end of 2014); it has already served 110,000 clients and is growing fast.

Mr. Campos explained that because banks carry the risk related to PagPop's transactions, its own risk is minimal.



Mert Basar and Eduardo Puig de la Bellacasa

In addition, a new regulation was passed on mobile payments last year and Brazil's Central Bank is helping to promote further regulatory changes that benefit the company. The value of individual transactions is increasing fast and competitors have begun to develop similar solutions focusing on bank accounts. PagPop's new goal is to focus on 500,000 clients and reach \$723 million in transactions in 2017. In addition to its business-to-micro-business model, PagPop has relationships with large companies like MaryKay through its online features. The company has learned that "it is important to take care of the brands" and have respect for all partners.

MERT BASAR, Chief Marketing Officer at TTNET, Turkey's largest telecom, next presented his company's inclusive initiative in Turkey, where less than half of households have Internet access. TTNET surveyed customers about why they do not use internet: 45 percent responded that it is either "expensive" or "not worth it". The company responded by dropping prices, but many customers still believed that Internet access was not a priority. In order to create more reasons for households to prioritize the Internet, TTNET partnered with its sister company Sebit, which provides educational products.

In Turkey, parents highly value their children's education. TTNET and Sebit developed the educational platform Vitamin to add value to formal schooling, and launched special internet packages that include Vitamin. To address a lack of Internet literacy, TTNET launched an Internet-literacy initiative in 20 cities that targeted women. In addition, TTNET provided financing in installments that enabled customers to buy PCs or tablets. This initiative involved a large capital investment and risk, but as a conglomerate with significant reach with experience in marketing and financing, TTNET surpassed its initial target of reaching 140,000 households and has now reached 250,000.

In addition to individual households, TTNET has joined with: the Ministry of Education to improve Internet connectivity in schools; MasterCard to enable small entrepreneurs to use the Internet for business; and other partners throughout Turkey to push digitalization of the economy, including through business incubation centers.

EDUARDO PUIG DE LA BELLACASA, Corporate Director of Sustainability at TELEFÓNICA, a large Latin American telecom, spoke about the M-inclusion project, which aims to create an ecosystem among companies, governments and end-users that promotes social innovation. (The proj-

ect is supported through EU 7th framework programme.) It aims to identify affordable mobile solutions that enable the social integration of those at risk of societal exclusion, including disabled people. To overcome the technological and socio-economic barriers facing vulnerable communities, the project seeks to link stakeholders in the European Union and Latin America in order to: (i) introduce innovative applications; (ii) disseminate them widely; and (iii) stimulate research and development.

The M-inclusion Roadmap was developed as a guide for social inclusion in Latin America, where mobile penetration is already very high. Introducing innovative applications is one way to use the mobile ecosystem to encourage the growth of socially excluded people. To do this, M-inclusion looked at trends across sectors, drivers and inhibitors to vulnerable people's access. The project also established the Market Place, a portal that encourages open innovation (sharing ideas and finding funding) to bring novel products into the market. The 'Best Practices' section provides opportunities to browse successful practices and the processes required (such as business plans and legal frameworks) for inclusive business. The platform actively puts innovators in contact with investors, partners, end-users and other stakeholders involved in developing or introducing products into other countries.

Participants questioned whether developing business ecosystems entails a space for dialogue with government and civil society, and if there is a way to create such an enabling environment. Mr. Auerbach responded that inclusive business ventures that create jobs naturally receive government support, but when they touch upon many areas, every ministry wants to "give its blessing – and it is a very clunky journey working with all those players". Social enterprises may not have the capacity to engage with governments in this way. Mr. Tuli added that his initiative's 'adoption' by a senior government official was initially an asset, but the opposition candidate then felt a need to obstruct it.

The session moderator, **ADRIAN HODGES, Director of ADRIAN HODGES ADVISORY LTD**, suggested that to avoid missed opportunities, each business should catalogue its needs in terms of skills, capital, risk, cost sharing and ideas; the M-inclusion platform goes a long way towards achieving this. A lot of companies are making bold sustainability commitments (i.e. Unilever, Walmart),

which may create opportunities for smaller operators to work with them on business and social goals. Indeed Mr. Auerbach affirmed that Sanergy has begun working with Dow chemical, which sells organic fertilizer in Kenya. This is beneficial to the upstart company because Dow has an established supply chain and distribution networks. The partnership has developed gradually, with the recognition that mutual trust is built over time. In India, the Government has stipulated that large companies must spend 2 percent of their profits on corporate social responsibility; a large proportion of that is spent on education, and DataWind has sought to tap into that.

SAHBA SOBHANI, Acting Programme Manager at the BCTA closed the session by observing that building a business model across subsidiaries of the same company – as in the case of TTNET and Sebit – can be just as challenging as partnering with another company. Mr. Basar of TTNET agreed that while partnerships among sister companies can be difficult to establish, these partnerships can also be especially fruitful since they share the same market. In the case of Vitamin, it was Sebit that saw the need in the education market. Since many people in rural Turkey could not find reasons to use Internet, it was a perfect fit. Despite the challenges of this partnership, if there is a need in society and it can be addressed while building a good business case, partners who see the need will come together to look for solutions.

Mr. Hodges added that even when skillsets and capabilities are complementary, business-to-business relationships are still seen as a transactional. Companies often have diverse and hierarchical branding strategies: in marketing, "there is no template for an equal partnership". The panelists summarized their biggest barriers to effectively partnering with other businesses, including 'last mile' distribution, the difficulty of scaling up in rural areas and enabling the large market of people with disabilities to access inclusive business services. All agreed that these challenges must be surmounted for inclusive business to be successful. Through business-to-business partnerships, it is possible to reach scale, which is a precondition for sustainability.

On behalf of the BCTA Secretariat, Mr. Sobhani thanked the panel for its important insights and looked forward to future discussions and collaborations for inclusive business innovation.

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From left: Caroline Ashley, Shaffi Mather and Parag Gupta

BREAKOUT SESSION II: Creating Value Through Measuring Impact

SUBATHIRAI SIVAKUMARAN, Team Lead, BCtA and **CAROLINE ASHLEY**, Editor of the Practitioner Hub on Inclusive Business and Results Director of DFID'S Impact Programme provided an overview of the report 'Breaking Through: Inclusive Business and the Business Call to Action Today – Mapping Challenges, Progress and the Way Ahead', which measured the outcomes of 49 inclusive business initiatives. Session participants then discussed key findings, including successes, challenges and drivers of growth.

A participant from the IFC noted that some sectors such as housing require some form of government support. As an investor, IFC has access to financial, environmental and social reports from companies over long periods of time. In its own portfolio, IFC has found that a number of inclusive businesses have become profitable, although some smaller start-ups are taking longer than initially expected to achieve scale. Another participant questioned how social enterprise start-ups are succeeding and asked for examples of the different drivers of success for both start-ups and established corporations launching inclusive business initiatives. Often, the start-ups have a better-quality product that succeeds quickly and corporations often take longer time to achieve scale.

Ms. Ashley agreed that it takes a long time for many companies to become successful – critical success factors include forming effective partnerships for scale-up and securing financing. Participants from the health and energy sectors have reported that they are progressing slowly, but they seem to be at the 'tipping point' and have the framework in place for achieving scale. Two companies included in the report failed without resurrecting themselves, but two resurrected themselves with different models. Some companies also changed their business models during the period studied, which indicates that commercial drivers also change over time. In general, the impetus to grow appears stronger for smaller companies.

The education sector saw the fewest inclusive initiatives of any sector studied. Major education initiatives included PUPA, which trains low-income caregivers to teach preschool children, DataWind, which provides low-cost tablet computers in India and TTNET, which provides Internet access and online education in Turkey. Initiatives in the health and nutrition sector were progressing slowly, but making a huge impact on millions on beneficiaries. According to Ms. Ashley, health is one of the most active sectors for inclusive business, with a large number of companies working in diverse ways. They range from primary care services to specific medical practices (such as eye care). Those health initiatives that were reaching scale involved the use of ICTs.

Many of the companies studied faced bottlenecks related to public procurement and the need for regulatory



change. Working with governments to broaden regulatory space raises the risk of market distortions. BCTa would like feedback on how to assist members in navigating the many regulatory challenges they face.

The panel presentation was initiated by **PARAG GUPTA, CEO of Waste Capital Partners**. In urban India, where the amount of waste produced each week weighs as twice as much as the Empire State building, Waste Capital Partners provides a cyclical solution. In smaller cities 60 percent of waste is normally collected, processed and recycled by waste pickers. At the same time, soil fatigue is becoming a problem in areas around those smaller cities. Waste Capital Partners is now working with local governments to collect and process waste, and produce organic compost for farmers.

The company is not dependent on payments from the municipalities. Instead, it covers its own costs and earns revenue from the sale of recycled compost to farmers. Its integrated model is focused on overcoming environmental, financial and social challenges, and its performance measurement is oriented towards overcoming these three challenges as well. The approach is to focus on data that really matters to the company's operation.

Field operators collect data using a simple front-end tool that runs on mobile devices and is field ready. The data is then sent on to the company's back-end system for real-time analysis. By analysing this data, the company seeks, for example, to understand the effects of its compost on farmers (such as increasing their yields). While methods for tracking longer-term impacts are still needed, the company's learning lab is useful in this regard.

Mr. Gupta went on to explain that his company has a mission to "create the field" as well: a sister non-profit organization is generating competitors for Waste Capital Partners. The company wants more players in the field to ensure transparency, and aims to achieve this by setting industry standards and being transparent about its own data.

Next, **SHAFFI MATHER, Co-Founder of Ziqitza Healthcare Limited (ZHL) and Founder of MUrgency Ziqitza Health Care** presented his company's model for inclusive healthcare. Founded in 2005 as an ambulance service called Dial 1298, the company was piloted with 10 ambulances in Mumbai and 50 employees. ZHL operates under a cross-subsidy model – patients going to private hospitals are charged at a higher rate than those going

to public hospitals. The revenues from the private-hospital patients are used to cover the costs of transporting those who go to public hospitals.

Key milestones included investments of \$1.5 million from the New York-based fund Acumen and \$2 million from the world's largest ambulance company EMSC. The company now operates 1,200 ambulances and has over 5000 employees; it has served over 3.5 million patients. In addition to ambulances, it has expanded to operate mobile medical units in remote areas, health help lines and staffed medical rooms.

ZHL's impact measurement focuses on such issues as dispatch times, response times and patient satisfaction; however, with support from Grameen Foundation and Acumen, it recently measured which segments of the population are receiving the service. Using ZHL's call center for the study, it was possible to track the percentage of people that fell below poverty line (BPL). In one rural region, ZHL found that a relatively low percentage of the BPL population was being served. Additional research was conducted to understand the reasons: many in the area's tribal population reported that the ambulances were "not for them".

While the BPL population had not previously been tracked in impact measurement, ZHL now understands the usefulness of this data. The company is now developing new methods of measuring its impact on this population segment and undertaking a campaign to promote the inclusion of tribal communities and other BLP populations. With the insights gained from this research, systems are being put in place to ensure the inclusion of those who may have previously been missing out on ZHL's services.

The discussion portion of this session focused on the time and resources required for setting up impact measurement. ZHL's Grameen and Acumen-supported study took 90 days to complete; however, once the company learned to integrate the tracking of BPL populations into its measurement tool (which only involved adding one additional question), it was simple thereafter. Waste Capital Partners uses the Taroworks and Salesforce tools, but their customization has been challenging. The company began by tracking key operational metrics and then added others, but it remains focused on metrics that are strictly relevant to business operations and is not currently concerned with looking retrospectively at data.

In response to a question about how to use data for scaling up operations, Mr. Mather explained that ZHL analyzes the percentage of populations that can pay versus those that cannot in order to keep its operations sustainable. For Waste Capital Partners, the decision to scale up is more intuitive. This company works closely with government, which provides guidance on where to expand waste operations, but data also assist the company's management in making better decisions. In particular, impact data enable an understanding of what parts of an operation are meeting government targets.

When questioned about challenges in implementing measurement, Mr. Mather mentioned that although impact measurement is important, it also carries risks. While both companies share their data with the public and investors, the entrepreneurs agreed that the results can be taken out of context by governments and used to restrict or politicize companies' operations. Mr. Mather also stressed that companies should only begin measuring impact once they have reached the appropriate stage. ZHL could not have implemented its current efforts at measuring impact earlier since it first had to ensure that its business model was right. For this company, achieving cash-flow stability was a prerequisite for impact measurement.

By contrast, since Waste Capital Partners established a non-profit organization focused on building the entire sector, it was involved in impact measurement from the beginning. The company plans to further focus its reporting on operational metrics as long as it can demonstrate that its business creates some social benefit. Impact investors' thresholds are related to achieving social benefits, and few are interested in measuring gradations of impact.

MS. SIVAKUMARAN closed the session by introducing BCtA's new impact measurement programme, which will be rolled out across 23 member companies over the next three years. This programme will incorporate many of the lessons learned by Waste Capital Partners, ZHL and others. These lessons include: the need to tie impact measurement to operational metrics; and the necessity for impact measurement to be defined by the company and not by an external agency.

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