



ANNEXES

ANNEX 1. CASE STUDIES BANK

OVERVIEW

COMPANY	LOCATION	TYPE OF COMPANY				SECTOR									PAGE		
		Multinational corporation	Large national company	Local SME ¹	Nonprofit organization	Agriculture and/or food	Housing	Energy	Health	ICT ²	Financial services	Water and sanitation	Textiles	Tourism		Other (waste, transportation)	
A to Z Textiles	Tanzania		✓						✓								107
Amanco	Mexico	✓										✓					107
Amanz' Abantu	South Africa			✓								✓					108
ANZ Bank	Fiji		✓								✓						108
Aspen Pharmacare	South Africa	✓							✓								109
Association of Private Water Operators	Uganda			✓								✓					109
Barclays' Susu Collectors Initiative	Ghana	✓									✓						110
Cashew Production	Guinea			✓		✓											110
Celtel and Celplay	Democratic Republic of Congo			✓						✓	✓						111
Coco Technologies	Philippines			✓		✓											111
Construmex	Mexico	✓					✓										112
Danone	Poland	✓				✓											112
Denmor Garments	Guyana			✓									✓				113
DTC Tyczyn	Poland			✓						✓							113
Edu-Loan	South Africa			✓							✓						114
Fair Trade Cotton	Mali		✓			✓											114
Forus Bank	Russia			✓							✓						115
Huatai	China		✓			✓											115
Integrated Tamale Fruit Company	Ghana			✓		✓											116
Juan Valdez	Colombia		✓			✓											116
K-REP Bank	Kenya			✓							✓						117
Lafarge	Indonesia	✓					✓										117
LYDEC	Morocco	✓						✓				✓					118
Manila Water Company	Philippines		✓									✓					118

1. Small and medium-sized enterprises. 2. Information and communications technology

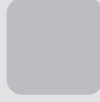
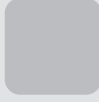
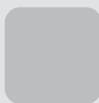
COMPANY	LOCATION	TYPE OF COMPANY				SECTOR										PAGE	
		Multinational corporation	Large national company	Local SME	Nonprofit organization	Agriculture and/or food	Housing	Energy	Health	ICT	Financial services	Water and sanitation	Textiles	Tourism	Other (waste, transportation)		
Mibanco	Peru		✓								✓						119
Money Express	Senegal			✓							✓						119
M-PESA	Kenya	✓								✓	✓						120
Mt. Plaisir Estate Hotel	Trinidad and Tobago			✓										✓			120
Narayana Hrudayalaya	India			✓													121
Natura	Brazil	✓				✓											121
Nedbank and RMB/FirstRand	South Africa	✓									✓						122
NTADCL	India		✓									✓					122
PEC Luban	Poland			✓					✓								123
Pésinet	Mali and Senegal				✓					✓							123
Petstar	Mexico		✓													✓	124
Procter & Gamble	Cross-regions	✓										✓					124
Rajawali	Indonesia			✓												✓	125
RiteMed	Philippines	✓								✓							125
Rural Electrification	Mali			✓					✓								126
Sadia	Brazil	✓				✓											126
Sanofi-aventis	Sub-Saharan Africa	✓								✓							127
SEKEM	Egypt			✓		✓											127
SIWA	Egypt			✓											✓		128
Smart Communications	Philippines	✓								✓	✓						128
Sulabh	India				✓							✓					129
The HealthStore Foundation	Kenya				✓					✓							129
Tiviski Dairy	Mauritania			✓		✓											130
Tsinghua Tongfang (THTF)	China		✓							✓							130
VidaGás	Mozambique			✓					✓								131
Votorantim Celulose e Papel	Brazil	✓				✓											131

Type of company

Local small or medium-sized enterprise

Sector

Health / Textile

Author(s)Winifred Karugu
Triza Mwendwa**Millennium Development Goals addressed**

Malaria, transmitted through mosquito bites, kills a million people worldwide each year. In 2004, A to Z Textile Mills of Tanzania became the sole African producer of long-lasting insecticide treated bed nets, able to kill mosquitoes on contact for five years without retreatment and resistant to tears. The venture's success relies on a broad public-private partnership. Sumitomo, a Japanese company, transfers technology and chemicals to A to Z through a loan from Acumen Fund. Exxon Mobil sells resin for the nets to A to Z and donates funds to UNICEF to buy the treated nets for the most vulnerable children. UNICEF and the Global Fund to Fight AIDS, Tuberculosis and Malaria act as buyers of last resort, guaranteeing to buy all the nets that do not clear normal market channels. A to Z makes nets available through direct and mobile marketing. The government promotes via social marketing through a national voucher scheme that brings subsidized treated nets to pregnant mothers and children under five. In addition to the impact on public health, A to Z employs about 3,400 low-skilled people, 90% of them women.

Type of company

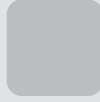
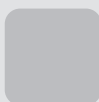
Large national company

Sector

Agriculture

Author(s)

Loretta Serrano

Millennium Development Goals addressed

For decades, small farmers in Latin America have faced a grim outlook: low productivity and inefficiency. That was the background for the decision of Amanco, a subsidiary of the conglomerate GrupoNueva, to develop a hybrid value chain model for serving low-income markets. As part of that plan, the company shifted from selling water conveyance supplies to offering integrated irrigation solutions, priced per hectare of land. The solutions included services to increase farm productivity and to maximize water efficiency. The company partnered with unconventional civil society organizations—closer to low-income clients—and with others providing microcredit and access to alternative channels for commercialization. Better irrigation methods raised productivity for Amanco customers up to 22%, cut labour costs 33% and brought significant water efficiencies.

Type of company

Local small or medium-sized enterprise

Sector

Water / Sanitation

Author(s)

Courtenay Sprague

Millennium Development Goals addressed



Amanz' abantu means 'water for the people' in Xhosa, Ndebele and Zulu. Amanz' Abantu Services, Ltd., established as a private South African company in 1997, aimed to provide water supply and sanitation for peri-urban and rural communities in the Eastern Cape, where a quarter of the population lacked potable water. The company pipes water meeting international quality standards to sites where individuals can access standpipes using smartcard technology. Before the arrival of Amanz' Abantu, villagers—mainly rural women—had to walk up to several hours to obtain water from the nearest river. And they were still vulnerable to waterborne diseases. Bringing a safe water supply within 200 metres of homes transformed the lives of rural residents, equipping villagers with skills in building and construction and making them employable in a country with 25% unemployment. The case details the contentious reception for private-sector involvement in water provision and how the company overcame the obstacles to address a social problem and earn a profit—\$67,000 in 2006.

Type of company

Multinational corporation

Sector

Financial Services

Author(s)

Mahendra Reddy

Millennium Development Goals addressed



In Fiji, close to 340,000 people living in rural villages and settlements do not have access to banking services. UNDP and ANZ Bank partnered to devise viable and innovative commercial banking services, supported by a financial literacy training programme. The investment comprises a fleet of 6 mobile banks that travel on a regular schedule to 150 designated rural villages and settlements. The ability to change the mandated proof of identify required to open a bank account enabled ANZ Bank to offer products such as loans and savings accounts to those communities who lacked official documentation. In the first 5 months of operation, 17,000 women, men and school children are beginning to save regularly and over 1,500 villagers have acquired valuable money management skills. The bank is currently expanding its operations to reach 140,000 clients.

Type of company

Large national company

Sector

Health

Author(s)Courtenay Sprague
Stu Woolman**Millennium Development Goals addressed**

The need for antiretroviral treatment in South Africa is acute. Without significant changes, current projections indicate that 3.5 million South Africans will die of AIDS-related infections by 2010. In 1997, Stephen Saad sold his shares in the Covan Zurich pharmaceutical company and, along with two others, founded Aspen Pharmacare with \$7 million. Its goal: to build a major pharmaceutical manufacturer capable of supplying the South African market with brand name, generic and over-the-counter medicines at affordable prices. Aspen is now the largest producer of tablets and capsules in Africa, recording a net profit of \$75 million in 2005. The case describes how Aspen's business model and innovations have responded to a challenging environment, complicated by humanitarian, governmental and legal demands.

Type of company

Local small or medium-sized enterprises

Sector

Water

Author(s)Winifred N. Karugu
Diane Nduta Kanyagia**Millennium Development Goals addressed**

Of Uganda's 21 million people, more than 2 million live in small towns with poor water supplies. Most people in these towns are low income, and their lack of water aggravates poverty and encourages diseases. Initially, reforms in water and sanitation came through government-sponsored boreholes in villages across the country. In 2003, however, Uganda developed a new model to address the water needs of low-income residents in small towns, based on a private-public partnership among government, development partners, local councils and private water operators. The government finds sites, drills boreholes, facilitates community land purchase and subsidizes installments. The private operator distributes water, checks safety and captures the profits. The community water board owns assets and sets tariffs and policies. The model brought access to water to 490,000 people in 57 small towns through such innovative systems as coin-operated water kiosks. In 2006 there were 18,944 connections, with annual turnover of 2 billion Ugandan shillings (\$1.2 million) a year. The operators also employ more than 800 people.

Type of company

Multinational corporation

Sector

Financial services

Author(s)

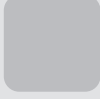
Robert Darko Osei

Millennium Development Goals addressed

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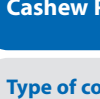
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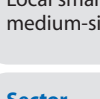
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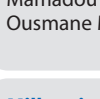
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Susu collection, practiced for more three centuries in Africa, is an informal arrangement for mobilizing savings deposits from clients. Operators collect a predetermined installment of money from their client, daily or weekly. With about 4,000 active Susu collectors in Ghana and each serving 200–850 clients a day, Susu collection has become an established (albeit informal) system that meets an important need.

In November 2005 Barclays Bank Ghana embarked on an initiative at the intersection of traditional banking and modern finance, leveraging Susu collection to extend microfinance to some of Ghana's poorest people—the small trader at the market or the microentrepreneur selling from roadside stalls. The case looks at how the Barclays Ghana initiative augments the Susu collection scheme and the project's impact on advancing Barclay's corporate objectives.

Type of company

Local small or medium-sized enterprise

Sector

Agriculture

Author(s)Mamadou Gaye
Ousmane Moreau**Millennium Development Goals addressed**

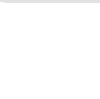
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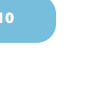
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Guinea grows about 5,000 tons of raw cashew nuts a year. Meanwhile, its much smaller neighbour Guinea-Bissau, with similar soil and climate, produces 80,000 tons. Encouraged by the growing consumer demand for cashews, Guinea has begun to focus on expanding cashew production—a good candidate for expansion, with 80% of Guineans dependent upon subsistence agriculture for their livelihoods. Guinea's climatic conditions, fertile soil and long rainy season are all favourable for growing large, high-quality cashews. International agencies have lent technical and financial support to help Guinean producers enhance their competitiveness in world markets.

Over the last three years, the Global Development Alliance Partnership, encompassing several Guinean cashew cooperatives, the government, the US Agency for International Development and Kraft Foods, has helped Guinean farmers produce and sell cashews. The goal is to reduce poverty and secure a better economic future for the country. The partners have collaborated to provide technical support to community-based organizations. The case describes the ambitious plans: 1,600 hectares of old cashew plantations rehabilitated, 12,000 hectares of new plantations made ready, improved seeds supplied and 1,600 farmers' associations trained.

Type of company
Multinational corporation

Sector
Information and communications technology / Financial services

Author(s)
Juana de Catheu

Millennium Development Goals addressed



Celtel International—the leading pan-African mobile communications group, with operations in 15 countries—entered the Democratic Republic of Congo in 2000, when the civil war was still raging. It faced a market with widespread insecurity, poverty, depleted human capacity and political and regulatory uncertainty. There was little or no infrastructure and no banking network. The potential customer base seemed very small, with few ways to reach out to them. Despite those obstacles, Celtel has gained more than 2 million customers in the country, allowing communities previously isolated by war and poor infrastructure to exchange information. Celtel also established Celpay—previously part of Celtel and now owned by FirstRand Banking Group—as a mobile banking system to compensate for the lack of a national banking network. The case outlines each obstacle and details how the company addressed them.

Type of company
Local small or medium-sized enterprise

Sector
Agriculture

Author(s)
Elvie Grace Gancho
Perla Manapol

Millennium Development Goals addressed



In the Philippines, the coconut tree is called the tree of life because of its wide-ranging uses. The traditional focus on dried coconut flesh and oil, however, makes farmers vulnerable to market fluctuations. This has made them disproportionately poor: coconut farmers make up 4% of the Philippines' 89 million people but 20% of its poor.

Coco Technologies (CocoTech), a privately held enterprise, has pioneered bio-engineering applications of cocofibre nets made from waste coconut husks since 1993. Today, its collaborative business model involves more than 6,000 families in weaving and manufacturing nets for slope stabilization and erosion control. CocoTech provides supplementary income to coconut farmers, livelihood opportunities for traditionally nonproductive family members and a low-cost, environment-friendly solution to its clients.

Type of company
Developing country
multinational corporation

Sector
Construction / Housing

Author(s)
Loretta Serrano

Millennium Development Goals addressed



1



8

Construmex, an initiative of Mexican construction and building giant CEMEX, was launched after the company's success with Patrimonio Hoy, a socially minded business initiative targeted at low-income consumers. Since its inception in 2001, Construmex has helped more than 14,000 Mexican migrants in the United States build, buy or improve a house in Mexico—for themselves or their families. By becoming an intermediary between Mexican migrants in the United States and their designated contacts or beneficiaries in Mexico, Construmex increases the efficiency and effectiveness of housing investments.

The case examines Construmex's challenges serving low-income markets and the innovations required to solve them, including the variety of partnerships necessary for executing a commercial transaction initiated in one country and closed in another. From 2002 to 2006, Construmex generated \$12.2 million from construction material sales. Since late 2005, 200 houses have been sold, and 23% of Construmex clients are women.

Type of company
Multinational corporation

Sector
Agriculture / Food

Author(s)
Boleslaw Rok

Millennium Development Goals addressed



4



8

Three years ago Danone Poland—established in 1992, part of Groupe Danone, a leader in the global food industry—developed a breakfast product that has high nutritional value for children and is affordable for low-income consumers. A milk porridge product based on semolina and milk, Milk Start is enriched with vitamins and minerals. To make the initiative financially sustainable, Danone knew that the products had to be profitable, or at least cover the costs of product development, manufacturing and distribution. The project team established partnerships with a state child health and nutrition organization, Poland's largest manufacturer of instant products and the country's largest food retailer. The partners committed to offering the lowest price possible with the highest nutritional quality. The collaboration brought many innovations, including economical packaging for single-serve sachets to drive down production costs and increase accessibility. Milk Start launched in September 2006 and reached sales of more than 1.5 million sachets by the end of 2006, including about 33,000 households with children under the age of 15.

Type of company

Local small or medium-sized enterprise

Sector

Textile

Author(s)

Melanie Richards

Millennium Development Goals addressed

Since July 1997, Denmor Garments, Inc.—a privately owned garment manufacturer in Coldingen, Guyana—has grown from 250 employees to more than 1,000, 98% of them women from poor rural communities. Aside from employment, Denmor also provides training and empowerment to lift the women out of poverty. With innovative solutions, Denmor has overcome many challenges to employing women from poor rural Guyanese communities, especially illiteracy and transportation difficulties. Today, the organization manufactures garments for top global brand names and has won a prestigious industry-wide award for quality standards. The case details the company history, interwoven with the inspirational personal story of its founder, Dennis Morgan.

Type of company

Local small or medium-sized enterprise

Sector

Information and communications technology

Author(s)

Boleslaw Rok

Millennium Development Goals addressed

Well-developed telecommunications infrastructure is critical for local economic development. In a rural valley region close to the Ukrainian border, District Telephone Cooperative Tyczyn began by uniting village telephone committees and local governments. One of the first independent operators in Poland, Tyczyn broke the state monopoly on providing telecommunications services. The enterprise is a cooperative that offers a variety of services—better and cheaper than those of competitors—to its mostly village-based clients. The case shows the challenges Tyczyn overcame in helping establish a more inclusive society in one of Central and Eastern Europe's poorest regions. Information and communications technology became a vehicle for changing living conditions for the poor and establishing new social infrastructure.

Type of company

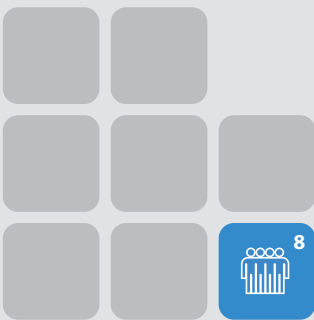
Local small or medium-sized enterprise

Sector

Financial services

Author(s)

Farid Baddache

Millennium Development Goals addressed

For decades during apartheid, South Africa's public authorities neglected the education of the vast majority of the country's people—now referred to as the historically disadvantaged. In the new South African economy, there are big needs for skilled and educated workers to sustain development. But post-secondary education is not free, and most historically disadvantaged people do not have money to pay. Nor do they qualify for traditional modes of financing.

Edu-Loan, a for-profit company focused exclusively on loans for post-secondary education, offers simple repayment options—at affordable rates—to historically disadvantaged applicants interested in advancing their skills. Since its inception in 1996, Edu-Loan has financed close to 400,000 students with loans totalling more than \$140 million. Edu-Loan's commercial success mirrors its social impact: the company offers shareholders a return on capital employed of 30%. The case examines how two social entrepreneurs saw an opportunity for a profitable business venture in a niche market that would also have an impact on human development.

Type of company

Local small or medium-sized enterprise

Sector

Agriculture

Author(s)

Mamadou Gaye

Millennium Development Goals addressed

Cotton is one of the world's oldest commercial crops, harvested in Africa for more than 5,000 years. Today, it is the main source of income for 20 million people and accounts for up to 60% of national export earnings in West and Central Africa. Since 1999, however, African producers have suffered from successive price falls—with no guarantee for farmers that the selling price will allow them to earn a return on investment and recoup the production costs. African producers are disproportionately vulnerable, often working with old-fashioned tools on family plots but competing with highly subsidized producers from rich countries. African cotton farmers thus often see no benefits from international trade.

This case discusses fair-trade cotton initiatives that help poor Malian farmers sustain their production and earn meaningful revenues. The work of the Fair-trade Labeling Organization (an international fair-trade organization), its French member Max Havelaar France, and European clothing retailers such as France's Armor-Lux highlights the value of fair trade for both producers and end-consumers. Thanks to a guaranteed minimum price implemented as part of the fair-trade process, Mali's producers increased their income by 70% during the 2005/06 harvest.

Type of company

Local small or medium-sized enterprise

Sector

Financial services

Author(s)

Boleslaw Rok

Millennium Development Goals addressed



1



3



8

The Fund for Support of Microentrepreneurship (FORA), created in 2000 by the microfinance-support organization Opportunity International, sought to eliminate poverty in the Russian Federation by giving economically active people access to small loans to support their businesses. Providing financial services to people excluded from commercial banks, FORA created opportunities for the poor, especially women, to become active in the economy through entrepreneurship, income generation and social empowerment. As businesses grew, FORA, together with Opportunity International and other partners, established FORUS Bank in 2005 to access commercial capital and reach more clients. The case shows the challenges in transitioning from a not-for-profit organization to a commercial microfinance bank—some specific to Russia, others with worldwide relevance.

Type of company

Large national company

Sector

Other

Author(s)

Donghui Shi

Millennium Development Goals addressed



7



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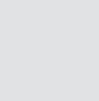
In 2000, Huatai Paper Company, Ltd., the biggest newsprint manufacturer in China, launched a new strategy to substitute wood pulp for straw pulp. The key was mobilizing local farmers to plant fast-growing trees. Farmers get support from Huatai and the local government through technology, education and irrigation. About 6,000 households have participated, planting 40,000 hectares of fast-growing trees and generating a significant new source of income. Meanwhile, Huatai has grown its newsprint business while decreasing its environmental impact and minimizing the risk from volatile import prices for pulp.

Type of company
Local small or medium-sized enterprise

Sector
Agriculture

Author(s)
Robert Darko Osei

Millennium Development Goals addressed



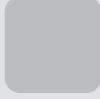
The Integrated Tamale Fruit Company—operating in the Savelugu-Nanton District in Ghana’s Northern Region, an area of widespread poverty—cultivates certified organic mangoes for local and export markets. To boost its power in the export market with higher production volumes, the company established a scalable business model that includes local farmers. Instead of acquiring a very large piece of land—physically and financially impractical—the company produces high volumes through an outgrower scheme, which started in 2001 and today includes 1,300 outgrower farmers. Each has a farm of about an acre, with 100 mango trees that supplement the nucleus farm of 160 acres. The company provides an interest-free loan to the outgrowers through farm inputs and technical services, and farmers start paying for the loan from selling mangos only after the trees yield fruit. This arrangement allows the company to reliably source a large volume of quality organic mangoes, and the farmers can enter mango production with long-term income prospects. The nucleus farm’s profits are on track to reach \$1 million a year by 2010. The case examines the key challenges of the outgrower scheme and its implications for the company’s business.

Type of company
Large national company

Sector
Agriculture

Author(s)
Luis Felipe Avella Villegas
Loretta Serrano

Millennium Development Goals addressed



Coffee is a way of life for the more than 566,000 Colombian farmers associated with the National Federation of Coffee Growers of Colombia (NFC). About 95% of NFC coffee growers are small-scale, with coffee plantations of less than 5 hectares. An estimated 2 million Colombians depend directly on coffee production. For decades the coffee market has confronted crises from international price instability, with significant repercussions on the quality of life for small producers and their families. The Juan Valdez character—created in 1959 to position Colombian coffee globally, particularly in the United States—was relaunched in 2002 with the inauguration of the Juan Valdez Coffee Shops, part of an NFC initiative to increase coffee producers’ profits by incorporating direct sales into its commercial model. In 2006, the company operated 57 coffee shops in Colombia, the United States and Spain, with sales reaching \$20 million.

The case explores Juan Valdez Coffee Shops’ inclusive and sustainable business model—a fair trade value chain linking communities of producers, businesses, consumers and catalyst organizations. It analyses the main challenges, innovations and results, along with the potential adaptations required to scale up and consolidate the business.

Type of company

Local small or medium-sized enterprise

Sector

Financial services

Author(s)Winifred N. Karugu
Diane Nduta Kanyagia**Millennium Development Goals addressed**

K-REP Bank, which started operations in 1999, is among the more successful microfinance institutions. It offers diverse products and services, including microcredit facilities to low-income people, individual loans, wholesale loans to microfinance providers, deposit facilities, letters of credit and bank guarantees. The microcredit loans, based on the Grameen Bank's group-lending model, fall into three categories. A group progresses through the categories, towards readiness for commercial bank loans. K-REP disbursed 69,000 loans in 2005, reporting healthy financial performance and a return on equity between 4% and 12%. The case highlights the challenges of this model and K-REP Bank's innovations to respond. It also spotlights some typical K-REP customers.

Type of company

Multinational corporation

Sector

Construction / Housing

Author(s)

Farid Baddache

Millennium Development Goals addressed

Lafarge, a world leader in building and construction materials, employs 80,000 people in 76 countries and posted sales of over \$18 billion in 2005. Lafarge has long been present in Indonesia. But the December 2004 tsunami devastated the Banda Aceh region, where Lafarge operates a cement plant. Cement, a low value-added commodity, is profitable only if sold close to where it is extracted—and thus inseparable from local socioeconomic realities. When 12,000 people were killed in the community around Lafarge's plant, the company lost 193 of 635 employees. The plant appeared ruined. This case analyses the innovations needed for the firm to restructure operations while helping rebuild the community. It is a story about pursuing short- and long-term strategic business interests.

Type of company
Multinational corporation

Sector
Energy, water and sanitation

Author(s)
Tarek Hatem

Millennium Development Goals addressed



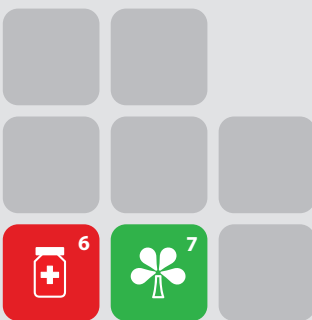
In 1997, the Moroccan authorities picked LYDEC, a private-sector consortium managed as a subsidiary of SUEZ Environment, to manage Casablanca’s electricity, water and sewage networks under the National Initiative for Human Development. The goal of the 30-year management contract was to provide access to essential services—electricity, water and sanitation—to the residents of Casablanca, including the poor living in shantytowns or illegal settlements. LYDEC has significantly increased the number of people with access to electricity and water services by partnering with the government and working closely with local users through a network of street representatives.

Type of company
Developing country multinational corporation

Sector
Water / Sanitation

Author(s)
Jane Comeault

Millennium Development Goals addressed



Since beginning operations in 1997, Manila Water Company Incorporated—a water and wastewater concessionaire in the east service zone of Metro Manila—has connected more than 140,000 low-income households to the piped water system and provided access to clean water to more than 860,000 low-income individuals. Meanwhile, Manila Water has improved water and wastewater services throughout its service area, boosting coverage, reliability, customer service and water quality. The case examines the special challenges and opportunities of delivering water and wastewater services to the urban poor and Manila Water’s innovative approaches to expanding coverage.

Type of company

Local small or medium-sized enterprise

Sector

Financial services

Author(s)

Pedro Franco

Millennium Development Goals addressed

Mibanco, a microfinance institution with 74 offices nationwide, was the first commercial bank in Peru and the second in Latin America focused on providing financial services to lower-income households and their micro and small enterprises. Since launching operations in 1998, Mibanco has loaned more than \$1.6 billion, in amounts ranging from \$100 to \$1,500. Starting from a base in Lima, Mibanco spread nationwide, including to rural areas. Responding to growing competition in the lower-income market, Mibanco continues to offer new credit products. The company reports a healthy bottom line, with a 23.2% return on equity and earnings of more than \$5 million in 2002. The case examines the challenges Mibanco faced in offering credit to people who had never had access to the formal banking system—and the innovations contributing to success.

Type of company

Local small or medium-sized enterprise

Sector

Financial services

Author(s)Mamadou Gaye
Ousmane Moreau**Millennium Development Goals addressed**

The Chaka Group, created in 1994 by the Senegalese entrepreneur Meissa Deguene Ngom, is comprised of three units: Chaka Computer, Call Me and Money Express. The case focuses on Money Express and its benefits for the poor. From the outset, Money Express's goal was to be the market leader in transfer and remittance services for West African immigrants in Europe and the United States. To send money from abroad, Money Express clients need only a Senegalese or West African passport. The company, spread through rural and urban areas, works in partnership with networks of smaller banks in West African villages. Money Express helps recipients get their money, with agents sometimes going door-to-door to give remittances to elderly people who cannot easily leave their houses. For the many clients who lack the identification necessary for formal banks, this is a worthy value proposition. Many banks also lack the infrastructure to deliver funds in rural areas. The case describes how Money Express rapidly expanded across West Africa because of its low-cost business model, knowledge of the African market and emphasis on customer service and on developing and training employees.

Type of company

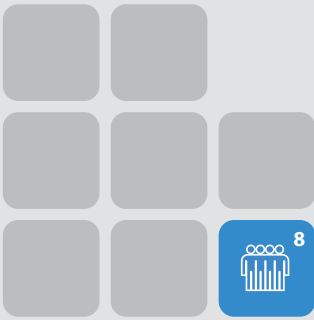
Developing country
multinational corporation

Sector

Financial services / Information
and communications technology

Author(s)

Winifred N. Karugu
Triza Mwendwa

Millennium Development Goals addressed

Kenya has fewer than 2 million bank accounts serving 32 million people. To bridge the gap, Safaricom Kenya, one of two mobile service providers in Kenya, developed a technological solution in partnership with Vodafone. The result was M-PESA, an electronic money transfer product to make financial transactions faster, cheaper and more secure. M-PESA allows individuals and businesses to transfer money through the mobile phone's short message service. Cash withdrawal and deposit are available at registered retail outlets to pay for goods and services. After the successful launch in 2005, Safaricom plans to recruit more financial institutions and retail outlets into the system and to expand it to other developing countries.

Type of company

Local small or
medium-sized enterprise

Sector

Ecotourism

Author(s)

Melanie Richards

Millennium Development Goals addressed

Mt. Plaisir Estate Hotel is an idyllic retreat for the eco-tourist, the first of its kind in Grand Rivière on Trinidad's North Coast. In its 14 years of operation, the hotel has helped transform a poor rural village into a vibrant, self-sustaining community. Meanwhile, the hotel enjoyed steadily increasing revenues from 1995–2001, earning \$238,000 by 2001. The case outlines the background of the organization and the challenges and opportunities it faced in building a viable business while developing, empowering and training a community to become self-sufficient and sustainable. It also highlights the inspiring human narrative of the founder, Piero Guerrini.

Type of company

Local small or medium-sized enterprise

Sector

Health

Author(s)Prabakar Kothandaraman
Sunita Mookerjee**Millennium Development Goals addressed**

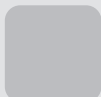
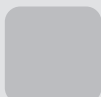
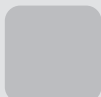
Large sections of Indian society, unable to pay health care costs, are denied even the most basic health care services. Health insurance, especially for the poor, is virtually nonexistent. In 2001, Devi Shetty founded Narayana Hrudayalaya, a cardiac hospital on the outskirts of Bengaluru. Its mission, driven by Shetty's belief that a country's poor people need to become healthy if the country is to become wealthy, is to deliver state-of-the-art cardiac care to poor people—leveraging technology, streamlining caregiving and extending innovative health insurance to the poor. The hospital never denies patients unable to pay. Even so, its profits are an impressive 20% before interest depreciation and tax, higher than the leading comparable traditional hospital.

Type of company

Large national company

Sector

Agriculture

Author(s)Cláudio Boechat
Roberta Mokrejs Paro**Millennium Development Goals addressed**

In 2000 Natura, a Brazilian cosmetics company, launched a strategy to use raw material extracted from nature as a platform for its products. To scale local production and guarantee sustainable extraction, the company built a new business model, involving small communities, nongovernmental organizations and governments in promoting sustainable local development. All the parties agreed, transparently, on a reasonable profit margin: 15%–30%. Natura leveraged the programme to differentiate its brand in the marketplace.

Natura's philosophy is to maximize the benefits simultaneously for nature, for communities and for the company. As a part of Natura's commitment to social responsibility, it established supplier relationships with rural communities that extract raw material from Brazilian vegetal biodiversity. In Pará, it contacted three communities—Campo Limpo, Boa Vista and Cotijuba—in 2003 to produce priprioica, a grass whose roots yield a rare, delicate fragrance. Business has grown so much that in 2006 Natura built a new industrial plant to produce soap in the region.

Type of company

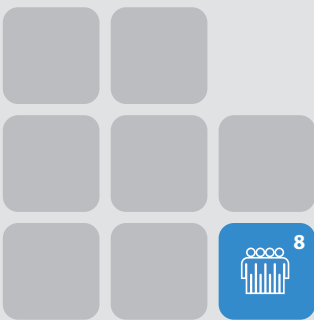
Large national company

Sector

Financial services

Author(s)

Farid Baddache

Millennium Development Goals addressed

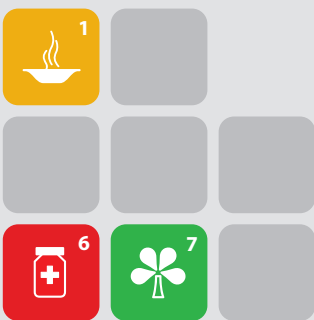
After decades of violence, segregation and inequality during apartheid, South Africa has made significant efforts to bring equality and stability through structural shifts in its economy. Two South African banks, Rand Merchant Bank and Nedbank, are developing innovative financial products targeted at South Africa's low-income housing market. Both projects, planned for public rollout in 2007, are in line with the Voluntary Financial Services Charter, a black economic empowerment strategy designed by the private sector with government support. Rand Merchant Bank finances affordable housing programmes that favour social diversity in township areas. Nedbank makes mortgages available to low-income people. They are pursuing a market previously left out— people too poor to qualify for traditional housing loans but above the government's qualification for receiving public housing support. The case examines the development of the two financial products, including the barriers encountered and the innovations to overcome them, along with the expected outcomes, the lessons learned and future opportunities for growth in the low-income housing market.

Type of company

Large national company

Sector

Water / Sanitation

Author(s)Prabakar Kothandaraman
K. Kumar**Millennium Development Goals addressed**

In Tirupur, a small town in southwestern Tamil Nadu, effluent discharge from the textile industry has polluted the ground water. Water is now scarce for both industry and local inhabitants. Realizing the old state-funded water schemes were not enough to meet burgeoning demand, the government of Tamil Nadu looked for private partnerships to help meet the investment, engineering and operational challenges. With the support of experienced financing, engineering, procurement and construction companies, the government formed a special purpose vehicle, The New Tirupur Area Development Corporation, Ltd. The new company then signed a 30-year concession agreement with the government, with an expected return on investment of 20%. The case highlights the company's sophisticated multistakeholder deal structure and details its innovative tariff layering, using industrial revenues to cross-subsidize costs for low-income domestic consumers.

Type of company

Local small or medium-sized enterprise

Sector

Energy

Author(s)

Boleslaw Rok

Millennium Development Goals addressed



PEC Luban, a company providing district heating in Luban, Poland, began using straw for heat generation in the late 1990s. This brought significant reductions in harmful emissions from burning traditional fuels, mostly coal. Using straw—a locally produced, renewable source of biomass energy—also spurred demand from local farmers. Biomass energy, relatively labour intensive, generates at least 20 times more local employment than any other form of energy. The competitive results are also encouraging: in 2004/05 the price of heat for PEC Luban consumers was around 5% less than the average at other district heating companies using only coal. The case details the changes in management and cost-analysis methods needed as a company transitions to more sustainable and inclusive operations, offering an example of overcoming technical challenges to meet energy needs sustainably while supporting the local community.

Type of company

Nonprofit organization

Sector

Health / Information and communications technology

Author(s)

Mamadou Gaye

Millennium Development Goals addressed



Pésinet, devised in 2002 by Brussels-based Afrique Initiatives, is an early warning method for monitoring the health conditions of children from low-income families. Its concept is simple: mothers subscribe to Pésinet’s services for a nominal fee, and in return a local Pésinet representative weighs her children twice a week. Results are communicated through information and communications technologies to a local doctor, who reviews the weight chart and requests that the mother and child visit if the weight readings are anomalously low and medical treatment might be required. Originally implemented in Saint Louis, Senegal, the project failed to achieve the financial sustainability needed. But the lessons learned and its innovative solutions—including strategic partnerships and technical and financial improvements—helped Pésinet successfully relaunch in Mali in 2007, benefiting hundreds of children.

Type of company
Large national company

Sector
Waste

Author(s)
Luis Enrique Portales Derbez

Millennium Development Goals addressed



In Toluca, Mexico, Mexican environmental services firm Promotora Ambiental's Petstar unit will construct and operate a bottle-to-bottle plastic recycling facility that will convert post-consumer polyethylene terephthalate (PET) bottles into food-grade using a technology so far mainly used in developed countries. The discarded PET bottles that the plant recycles will reduce the volume of municipal solid waste generated in Mexico and the output will reduce the consumption of virgin PET by bottle manufacturers. The plant is expected to increase Petstar's sales by 50%, generate 63 local direct jobs and provide an income to about 25,000 people along the supply chain. At waste disposal sites, where individual garbage sorting and recycling workers labour in poor working conditions, Petstar is developing a programmatic social engagement plan directly targeted at addressing this systemic issue, thereby reducing the incidence of harmful informal child labour within its supply chain. By converting waste drinking bottles into a usable, valuable manufacturing input, the project will support improved waste management in Mexico.

Type of company
Multinational corporation

Sector
Water

Author(s)
Farid Baddache

Millennium Development Goals addressed



According to the World Health Organization, safe drinking water is one of the world's greatest needs. More than 1 billion people lack safe water, and an estimated 1.8 million children die every year because of diarrhoeal diseases linked to contaminated water. Procter & Gamble Health Sciences Institute, in collaboration with the US Centers for Disease Control and Prevention, developed an affordable, easy-to-use home water purification product, Purifier of Water (PUR). Launched in 2000, this innovative powder, sold in individual sachets, reduces pathogenic bacteria. The result: drinking water that meets World Health Organization standards.

After vain efforts to turn this innovation into a for-profit venture in various developing countries, P&G is now promoting it as a corporate social responsibility initiative. By 2007 it had sold, at cost, 57 million sachets to humanitarian organizations, with local entrepreneurs distributing them for profit. The initiative also brings P&G a strong public profile and experience that will help it sell products for profit in high-income markets.

Type of company

Local small or medium-sized enterprise

Sector

Transportation

Author(s)Elvie Grace A. Gancho
Chrysanti Hasibuan-Sedyono**Millennium Development Goals addressed**

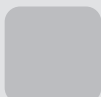
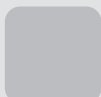
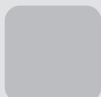
The 1997 Asian financial crisis created a job vacuum in Indonesia, with companies forced to lay off 1.4 million workers. A decade later, unemployment rates continue to rise and poverty defines the context for Indonesia's economy, social relations and security. Express Taxi, a subsidiary of the diversified conglomerate Rajawali and the second-largest taxi operator in Indonesia, launched a new Taxicab Ownership Scheme where drivers lease their taxis and build toward ownership. Express Taxi uses the company reputation and assets to back the loans. The drivers gain by earning more take-home income. The company profits from drivers who treat vehicles responsibly and bring more stable cash flows. The community benefits from drivers who drive more safely with their own cars, with added support from company-provided safety courses. The case highlights how a company can help fight poverty by forging a mutually beneficial partnership with employees from poor urban and rural communities.

Type of company

Developing country multinational corporation

Sector

Health

Author(s)Elvie Grace A. Gancho
Cristina V. Pavia**Millennium Development Goals addressed**

The market price of medicines in the Philippines is among the highest in the world—40%–70% more than in neighbouring countries, according to the Philippine Department of Health. Some drugs cost 10 times more in the Philippines than in neighbouring countries. In business since 1945, United Laboratories, Inc., (UniLab) is the oldest pharmaceutical company in the Philippines and still one of the largest. Seizing an opportunity to support the government's campaign to make lower price drugs available, UniLab set up RiteMed in 2002, a subsidiary with the mission of marketing and distributing quality, generic medicines to the poor. The company sells generic products for 20%–75% less than their branded counterparts cost, meeting revenue targets of \$20 million within five years—profitably. The case explores the social, legal and strategic tensions that accompanied the initiative and solutions that address them.

Type of company

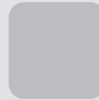
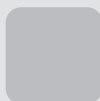
Local small or medium-sized enterprise

Sector

Energy

Author(s)

Mamadou Gaye

Millennium Development Goals addressed

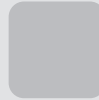
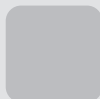
In Mali, only 10% of the country's 12 million inhabitants have access to electricity. Access is even lower—just 2%–3%—in rural areas, where appliances are powered with car batteries and kerosene lamps. Candles are used for daily lighting. Koraye Kurumba and Yeelen Kura are two rural energy services companies operated in rural Mali by Électricité de France—in partnership with the Dutch energy company NUON and the French TOTAL, with support from the French Agency for the Environment and Energy Efficiency. Their low-cost electricity, based on solar home systems or small low-voltage village micronetworks supplied by diesel generators, made big development impacts. They enhanced standards of living. They also developed new income-generating activities. And they improved the quality of health care and education. Backed by a new institutional framework and international donors, the model—designed to ensure profitability, sustainability, scalability and local ownership—is to be expanded beyond the 24 villages and 40,000 people it serves today.

Type of company

Developing country multinational corporation

Sector

Agriculture

Author(s)Cláudio Boechat
Nísia Werneck
Letícia Miraglia**Millennium Development Goals addressed**

Sadia, one of the world's leading producers of chilled and frozen foods, is a market leader in Brazil, with more than 600 products in meat, pasta, margarine and dessert segments. It is also the country's main exporter of meat products. The Program for Sustainable Swine Production was designed to reduce greenhouse gas emissions from the more than 3,500 swine producers in Sadia's supply chain and to qualify the reductions as a Kyoto Protocol Clean Development Mechanism project in order to sell carbon credits. The programme seeks to bring sustainability to the company's supply chain by providing supplementary revenue from carbon credits and better working conditions for swine producers. The case details the innovative use of technology and forward-thinking project structure to capitalize on trading credits in new market exchanges.

Type of company

Multinational corporation

Sector

Health

Author(s)

Robert Darko Osei

Millennium Development Goals addressed

Sanofi-aventis, the largest pharmaceutical company in Europe and the fourth-largest in the world, began a partnership with the World Health Organization in 2001 to fight sleeping sickness and other neglected diseases affecting the world's poorest people. Initial discussions with the World Health Organization showed that a simple drug donation was not enough. Only combined action—drug donation, subsidies to fund distribution programmes and new research and development to improve treatments and diagnostics—could create a reasonable chance to bring sleeping sickness back under control. Over the first five years, 36 African countries benefited from the partnership. Nearly 110,000 lives have been saved. The case examines the special challenges and opportunities facing the partnership and the innovative ways that it has remained viable. Above all, it demonstrates the unique leadership role that a private firm like Sanofi-aventis can play by applying its talents and resources.

Type of company

Local small or medium-sized enterprise

Sector

Agriculture

Author(s)

Tarek Hatem

Millennium Development Goals addressed

After living in Austria for 21 years, Ibrahim Abouleish returned home to Egypt to do something about the difficulties he observed during visits. In 1977, he founded the Sekem initiative to promote social and environmental development through economic and cultural activities. Sekem's group includes eight companies: Libra for farming, Mizan for organic seedlings, Hator for fresh fruits and vegetables, Lotus for herbs and spices, Isis for organic foods and beverages (bread, dairy products, oils, spices and tea), Conytex for organic cotton and textile fabrics, Atos for pharmaceuticals and Ecoprofit (still under establishment) for sustainable management. Sekem's efforts have contributed to the Egyptian community—economically, socially and culturally. With 2,000 employees and 850 small-scale farmers to source product, Sekem organically cultivated 3,500 hectares in 2005, directly benefiting 25,000 people. The case outlines each operating unit and its impact, in the context of the initiative's overarching philosophy.

Type of company

Local small or medium-sized enterprise

Sector

Ecotourism

Author(s)

Tarek Hatem

Millennium Development Goals addressed

In 1998, the Cairo-based environmental consulting firm EQI began investing in the Egyptian oasis of Siwa through a series of community-based initiatives. The Siwa Sustainable Development Initiative, led by the private sector, emphasizes employing local workers, applying traditional systems of building and environmental management and using local materials. In Siwa, EQI's portfolio of enterprises includes three lodges, a female artisanship initiative, organic farming and production and community art projects. Today, 75 Siwans are employed full-time in EQI enterprises in Siwa, and there are typically 310 income-generating opportunities each month. The case highlights the challenges and opportunities from various programmes to alleviate poverty, improve living conditions and advance the Millennium Development Goals.

Type of company

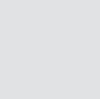
Developing country multinational corporation

Sector

Information and communications technology / Financial services

Author(s)

Elvie Grace Gancho

Millennium Development Goals addressed

A leading wireless telephone services provider in the Philippines, Smart Communications, Inc. recognized that at least 8 million Filipinos work and live abroad—about a quarter of the domestic labour force. In 2005, Filipino workers overseas sent \$10.7 billion in remittances, with at least as much sent through informal channels, according to estimates. In response, Smart pioneered a cheaper, faster and more convenient way to send remittances using short messaging service technology. This and other innovations allow Smart to serve poor overseas workers and their families, lowering the cost of money transfers to 1%–8%, compared with 10%–35% for standard bank rates. Overseas workers get more net income, maximizing the value of their hard-earned income to feed, clothe, educate and provide shelter for millions of families in the Philippines. For Smart, the \$6 million in revenue in 2006 has spurred a broader strategy of serving low-income populations, fuelling its remarkable growth from 191,000 subscribers in 1999 to more than 2.6 million in 2000 to about 24.2 million by the end of 2006.

Type of company

Nonprofit organization

Sector

Water / Sanitation

Author(s)Prabakar Kothandaraman
Vidya Vishwanathan**Millennium Development Goals addressed**

1



3



6



8

Most toilets built in 20th century India were dry latrines with a water-fed flushing system, due to the expense of pour-flush systems and the scarcity of water. In addition, many did not have formal sanitation. In 2003, the Indian Ministry for Social Justice and Empowerment recorded 676,000 scavengers in the country—people, mainly women, who lift human excreta for a living.

Since 1970, Bindheshwar Pathak's Sulabh International has worked to liberate India's scavengers by employing low-cost, safe sanitation technology. Over the course of three decades Sulabh has built a commercially viable business model—with a significant development impact. Sulabh has developed 26 toilet designs for varying budgets and locations, training 19,000 masons to build low-cost twin-pit toilets using locally available material. It has also installed more than 1.4 million household toilets, and it maintains more than 6,500 public pay-per-use facilities. Its technology has freed 60,000 people from life as a scavenger, offering programmes to reintegrate them into society.

Type of company

Nonprofit organization

Sector

Health

Author(s)

Winifred Karugu

Millennium Development Goals addressed

1



3



4



6

To prevent needless deaths and illnesses such as malaria and diarrhoea by sustainably improving access to essential medicines, an American lawyer and a Kenyan pharmacist founded The HealthStore Foundation, a franchiser of for-profit child and family wellness (CFW) microdrugstores and clinics located in underserved rural areas and urban slums in Kenya. The Foundation operates similarly to a typical franchisor, selecting franchise owners (nurses and community health workers), providing a common brand and logistics network, offering professional development and training and enforcing compliance with rules and regulations through regular monitoring. CFW shops and clinics provide access to much needed and affordable health care, while generating enough revenue to pay their nurse-owners and staff competitive annual salaries.

Tiviski Dairy

Sub-Saharan Africa > Mauritania

Type of company

Local small or medium-sized enterprise

Sector

Agriculture / Food

Author(s)

Mamadou Gaye

Millennium Development Goals addressed



Tiviski is Africa's first camel milk dairy, founded by Nancy Abeiderrahmane in 1987 in Mauritania—an arid desert nation, where most of the 3 million inhabitants live as nomadic livestock herders, keeping camels, sheep, goats and cows. It now also processes cow and goat milk for domestic consumption. Tiviski sources all of its milk from semi-nomadic subsistence herders, enabling them to earn incomes while still maintaining a traditional lifestyle. Fresh camel milk and other milk products have replaced dairy products imported from Europe, bolstering the Mauritania's economy. Indeed, recent successes have brought an unexpected challenge: lobbying Europe to import Tiviski's camel products. The case spotlights the inspiring story of a female entrepreneur who overcame logistical and cultural obstacles to establish an innovative value chain that supports a viable enterprise.

Tsinghua Tongfang (THTF)

Asia and the Pacific > China

Type of company

Large national company

Sector

Information and communications technology

Author(s)

Ronglin Li
Tracy Zhou

Millennium Development Goals addressed



China has the largest agricultural population in the world—900 million people. But rural Chinese have far less access to and knowledge of computers than do their urban counterparts. This digital divide inhibits human development in rural areas, impeding the country's economic development. Tsinghua Tongfang, a high-technology computer company based in Beijing, partnered in 2005 with Beijing's municipal government to develop the Changfeng computer, designed for rural users. Key features made these systems more accessible to rural people than standard personal computers: a low-cost operating system, customized software and hardware based on thorough research on rural users' needs and innovative rural training centres for farmers. That software includes agricultural software to provide farmers business guidance and specialized knowledge. The case examines how the private sector and the public partnered for mutual benefit: Tsinghua Tongfang entered the untapped rural computer market and the government promoted its rural digital development goals.

Type of company

Local small or medium-sized enterprise

Sector

Health

Author(s)

Courtenay Sprague

Millennium Development Goals addressed

In a country with 500 doctors for almost 20 million people, initiatives that can expand the reach of health services to rural people are in critical demand but in short supply. In northern Mozambique, the big challenge for health clinics is the lack of reliable fuel to light medical operations and to guarantee regular refrigeration for vaccines. And with less than 2% of households connected to electricity, many depend on wood or charcoal for cooking. This increases respiratory infections, pregnancy complications and forest degradation.

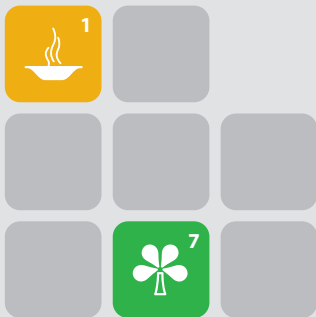
In this context, partners gathered in 2002 to launch a pilot project to bring fuel services to northern Mozambique. These included a former minister of education dedicated to children's health, a Seattle-based non-governmental organization delivering health supplies, philanthropists willing to back the startup financially, Mozambique's Ministry of Health, the governor of the pilot province and Fundação para o Desenvolvimento da Comunidade (FDC), a community foundation intimately familiar with Mozambicans' complex development needs. As a result of the partnership, VillageReach and FDC introduced an improved cold chain and replaced decrepit kerosene refrigerators in remote health facilities with liquefied petroleum gas-powered refrigerators. The case focuses on the supply of liquefied petroleum gas to businesses and households by VidaGás, a for-profit company owned and controlled by the two nongovernmental organizations, now trying to develop a viable business model.

Type of company

Large national company

Sector

Agriculture

Author(s)Cláudio Boechat
Roberta Mokrejs Paro**Millennium Development Goals addressed**

Brazil suffers from high income inequality and widespread poverty, especially in rural areas. Despite recent policies to support rural settlements through land reform, a mismatch remains between the rural population's social demands and the state's capacity to respond. Votorantim Celulose e Papel (VCP), a major pulp and paper company embarking on a large forestry expansion in Rio Grande do Sul, devised a business model that included the local community as partners in eucalyptus production. Through VCP's Forest Savings Account programme, ABN AMRO Real provided farmers the financial resources (backed by a guarantee of purchase of timber by VCP) to plant eucalyptus. VCP provided seedlings and technical assistance, committing to buy the timber after seven years, at a fair price. The case looks at VCP's business model—to achieve aggressive growth targets to triple revenues while contributing to the socioeconomic inclusion of a poor rural community.

ANNEX 2. CASE STUDY RESEARCH METHODOLOGY

This report is based on the analysis of 50 case studies. The development of the analytical framework and messages of the report followed an inductive approach. The guiding question for the report was how to make business work with the poor and for the benefit of business and the poor alike. To identify business strategies that work, the approach was to learn from businesses that already include the poor successfully. The goal was to identify patterns and insights beyond the individual case study without relying on any preconceived hypotheses.

The research methodology can be described as a multiple case study research design, following the four stages as defined by Yin (1994):

- Design the case studies.
- Conduct the case studies.
- Analyse the evidence.
- Interpret findings to develop conclusions, recommendations and implications.

The research was guided by the overall principles of the Growing Inclusive Markets Initiative: a developing country focus, a core business emphasis, a human development approach guided by the Millennium Development Goals and a partnership/multistakeholder approach. The research also adopted a private sector perspective, by looking at opportunities, challenges and solutions for doing business with the poor from the perspective of small, medium-sized and large companies operating locally, nationally and internationally. Although microenterprises are not a primary focus, many of the business models showcased in this report include the poor as microentrepreneurs. Civil society and governments have important roles to play—but they are featured here only as they affect the private sector.

Designing the case studies. The research was designed as a broad-based multiple case study. The study protocol was developed in a collaborative process with the research team and the case study

authors. All but 3 of the 18 case study authors are from the country or region of the case they studied, thus maintaining a developing country perspective. The research group as a whole defined the research questions and the case studies.

The research questions were defined based on the guiding principles and drawing on input from all participants of the research project (box A2.1).

The 50 case studies were selected from 400 possible cases. The selected cases had to describe business models that included the poor in ways that could be profitable and that clearly promoted human development. In addition, they had to represent a broad range of countries, industries and business types. The selected cases represent more than 9 industries and 13 countries from Africa, Asia and the Pacific, Eastern Europe and the CIS as well as Latin America and the Caribbean (figure A2.1).

Conducting the case studies. Case study authors conducted their research based on the common protocol. For almost all the cases, the authors carried out primary research including fieldwork. Triangulation was achieved through interviews with a variety of stakeholders and use of quantitative data. The case studies went through an iterative review process with a team of research coordinators to ensure consistent structure and quality across all 50 studies.

Analysing the evidence. The common protocol made it possible to analyse the case studies systematically and look for patterns. Each case study was carefully analysed, noting information on the benefits for business and human development as well as the constraints and solutions in the business model. Findings were inventoried in a database by means of short descriptions.

Based on these descriptions, common categories were developed. Constraints and solutions were clustered according to common themes. Since the focus of the research was to

Box A2.1. Case study research questions

Type 1. Innovations, challenges and opportunities

- Question 1. What were the most important innovations (private or public sector) that allowed for a 'win-win' scenario between the enterprise model and the interests of the poor? (These innovations could be social, financial, technological, legal, regulatory and the like.)
- Question 2. What were the challenges that needed to be overcome in order to achieve this 'win-win' scenario? (These challenges could be social, financial, technological, legal or regulatory, or cultural or psychological factors such as mindsets, beliefs and the like.)
- Question 3. Thinking about the impact of the innovation, how were the development outcomes for the poor and the gains for the business optimized? (The innovation may be related to an enterprise or a phenomenon outside the business such as a supply chain.)
- Question 4. What opportunities are the entrepreneur, the enterprise and its stakeholders pursuing? (The motivations of the entrepreneur may be social, psychological, financial and the like.)

Type 2. Innovations, adaptation and scaling

- Question 5. What were or could be the most important innovations (private or public sector) that allowed or would allow for scaling up of the enterprise model to produce significant 'win-win' benefits to the poor and the enterprise? (These innovations could be social, financial, technological, legal or regulatory, or cultural or psychological factors such as mindsets, beliefs and the like.)
- Question 6. What were or are the adaptations, replications or scaling options tried or available to this enterprise model? (These could be social, financial, technological, legal or regulatory, or cultural or psychological factors such as mindsets, beliefs and the like.)

Type 3. Business and development model

- Question 7. What business model is employed in this case? (The description of the business model should include value propositions for all stakeholders, including customers, workers, investors and poor people, whatever role they play.)
- Question 8. What is the development model? (This should address how the poor are involved in the enterprise—as employees, entrepreneurs, consumers and the like—and how the impacts are focused—on unmet needs, economic empowerment or enablement or as part of business to consumer or business-to-business marketplaces, with links to the Millennium Development Goals where relevant.)
- Question 9. Were partnerships or networks an important element in bridging the business and development models? (These may include formal or informal associations of the poor, local communities and the like, bilateral or multilateral development agencies, national and local governments, nongovernmental organizations, small and medium-sized enterprises, customers, academic institutions and so on.)
- Question 10. What are the direct impacts of the business operation on the poor and on the achievement of the Millennium Development Goals? (We need quantitative and qualitative data where possible but also qualitative descriptions of intangibles such as empowerment, equity, self-reliance and the like. List direct benefits for the poor, such as jobs, income, investment, increased access, availability and affordability. Note any wider development impacts such as gender impact, environmental sustainability and relevance to specific Millennium Development Goals.)

identify ways of doing business with the poor, only those constraints that are particular to the context of poverty were considered. Those are referred to as 'structural constraints', because they arise from the particular structural conditions of rural villages and urban slums where the poor live. Typical business constraints, such as those involved in targeting a new group of consumers or in starting up a business in a competitive environment, were filtered out. (The 50 case

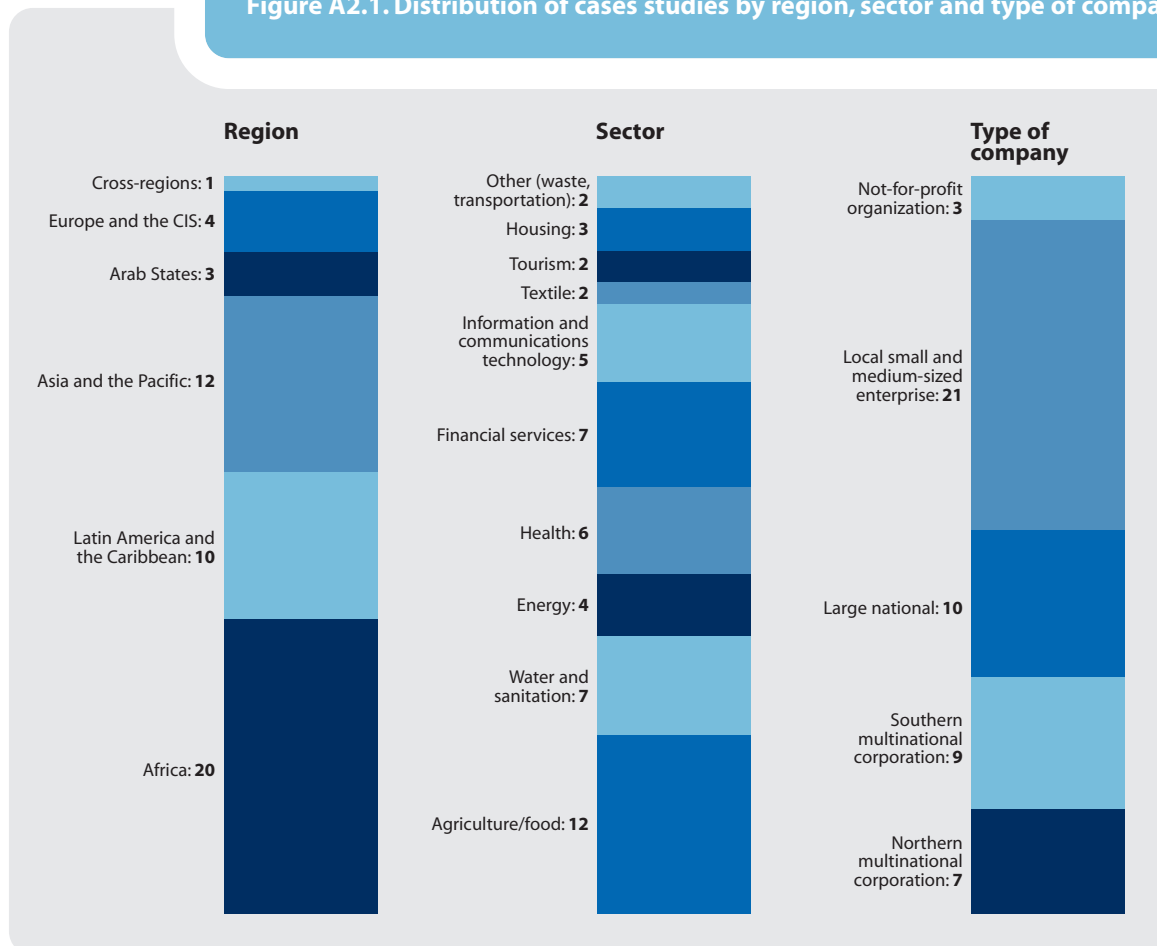
studies present a valuable source of information on typical business constraints in doing business with the poor; the cases are all available online for further analysis.) In this way, a pattern emerged where all the observed structural challenges could be subsumed under five areas of constraints and all the innovations could be subsumed under five solution strategies. Furthermore, the case inventory includes examples for each combination of one of the five areas of constraints with one of the five

solution strategies. These relationships can be illustrated in a matrix of constraints and strategies. This matrix is the analytical framework of the report.

Interpreting findings to develop conclusions, recommendations and implications. For the interpretation of the findings, the case studies were considered in a broader context of development theory and business strategy with a focus on poor consumers and producers. Reviews of the research on the interrelation between markets and poverty (key words are ‘pro-poor growth’, ‘pro-poor markets’ and ‘making markets work for the poor’) supported

the identified areas of constraints as important barriers to making markets more inclusive for the poor. A review of current writings and news articles on business strategies and activities to include the poor showed a tendency to take market imperfections into account to understand and develop inclusive business models. The analysis ties together two streams of research by highlighting the importance of enabling market conditions and describing strategies businesses can apply to deal with them. In that sense, the analysis presented here both builds on and feeds into ongoing research on how to include more people into the global marketplace and, thus, contribute to human development and economic growth. ⦿


Figure A2.1. Distribution of cases studies by region, sector and type of company



ANNEX 3. ABOUT MARKET HEAT MAPS

Market heat maps are simple illustrations of the extent to which the poor engage with markets or how inclusive of the poor the markets are.

Heat maps provide graphic representations of poor people's access to goods and services in selected sectors—education, water, microfinance and the like—together with information on how these goods and services are being provided. In each heat map, a greater share of poor consumers being served produces more 'heat' (more colour in the figure); less heat (lack of colour) shows that greater shares of the poor are excluded from the market.

When focused on demand, market heat maps show the nature and extent of consumer access to goods and services that are key to human development across spatial dimensions in a particular country, as well as the presence (or lack thereof) of various actors on the supply side. When focused on production, market heat maps also illustrate how inclusive markets are for the poor as producers (entrepreneurs or providers of labour inputs).¹ 

WHAT DO MARKET HEAT MAPS ADD?

Geographic poverty mapping has been used mostly by actors from the public and not-for-profit spheres to:


- Highlight geographic variations in poverty.
- Design and target interventions.
- Pinpoint and coordinate priority areas for operational programmes and activities.
- Determine where to best allocate resources.
- Monitor and evaluate operations.
- Increase transparency and social accountability.

The tool is applied for poverty reduction operations, for infrastructure provision and for coordination in humanitarian crises (box A3.1).

The Growing Inclusive Markets Initiative is providing its market heat maps as a tool to complement geographic poverty mapping.

Researchers constructing the heat maps use the same databases on which poverty maps are based (surveys of households, the labour force and so forth).

This creative use of poverty mapping tools should interest private, for-profit actors, because the heat maps can offer useful insights into the economic activities of the poor—especially those living in remote areas where information is often not available. In particular, the heat maps can add value for businesses in four ways:

- By assessing market inclusiveness.
- By clarifying supply structures.
- By revealing unmet demand for the poor as consumers.
- By revealing unrealized opportunities to include the poor as producers. 

Box A3.1. Examples of geographic poverty mapping initiatives

WaterAid's water supply and sanitation mapping initiative

The UK-based international charity WaterAid uses geographic mapping to illustrate the spatial dimension of water supply and sanitation. The maps present information on the availability and quality of water resources, as well as access to, demand for and use of water and sanitation services. While helping to increase public accountability for basic service delivery, the maps can also facilitate the local implementation of aid instruments. WaterAid has used several forms of water supply and sanitation mapping in Asia and sub-Saharan Africa (ODI 2007 and www.wateraid.org).

Peace and Equity Foundation's poverty mapping exercise

The Peace and Equity Foundation in the Philippines uses poverty-scanning exercises to pinpoint priority areas for its poverty reduction programme. A 2003 exercise—based on data on development indicators such as income, health and education—helped identify 28 priority provinces in the Philippines. In some cases the foundation also conducts city poverty mapping exercises to further specify the geographic as well as the thematic focus of its operations (www.peacefdn.org/poverty.php).

The outreach programme of Google Earth and the Office of the United Nations High Commissioner for Refugees (UNHCR)

The Office of the United Nations High Commissioner for Refugees (UNHCR) uses Google Earth's virtual mapping to illuminate some of the world's major displacement crises and to illustrate the agency's humanitarian work helping refugees. The outreach programme takes Internet users on a virtual reality journey in remote areas of Chad, Colombia, Iraq and the Darfur region of Sudan. Satellite maps, photos and videos inform users about the daily life of refugees and displaced people in those areas, the impact of the crises on neighbouring countries and UNHCR's operations. The programme might also serve as a logistical planning tool for UNHCR to better coordinate operations on the ground (Batty 2008 and www.unhcr.org/events/47f48dc92.html).

HOW ARE MARKET HEAT MAPS CONSTRUCTED?

There are three key steps in constructing a market heat map: measuring the total number of possible poor consumers, measuring the total number of poor consumers with access to a good or service and identifying and measuring the contributions of different actors on the supply side.

- **Step 1. Measure possible demand for a good or service within a market.** There are a number of ways to approach this, since different metrics are appropriate depending on the market examined. As a starting point to reflect demand by the poor, one takes the total number of potential poor consumers in the market.
- **Step 2. Measure how much access possible poor consumers have to the good or service.** Access can be interpreted in several different ways with reference to different issues (such as affordability or geographic proximity). For the heat maps, the measure of access used is the number of poor individuals or households now consuming or using a good or service.
- **Step 3. Provide additional information.** This last step disaggregates the information in step 2. It provides additional information on the relative shares of the different agents that together constitute total current supply.

Market heat maps could be further specified along exact population groups and along particular markets. Several measurements of the size of a poor population could be used, depending on what expenditure threshold is used to define that population. For the Growing Inclusive Markets Initiative heat maps, 'poor people' are defined as people earning less than \$2 a day in purchasing power parity terms (a widely used international poverty line).

From a human development perspective, it is important to focus in particular on two types of markets:

- Markets for goods and services that could be considered to help satisfy basic human needs, thereby directly improving poor people's welfare and underpinning their broader human capabilities (for example, water, housing or health care).
- Markets for goods and services that could be crucial to opening opportunities for the poor

to enhance their standard of living, increase their income and further expand their choices (for example, labour markets, credit markets, insurance markets or markets for information and communication technologies applications).

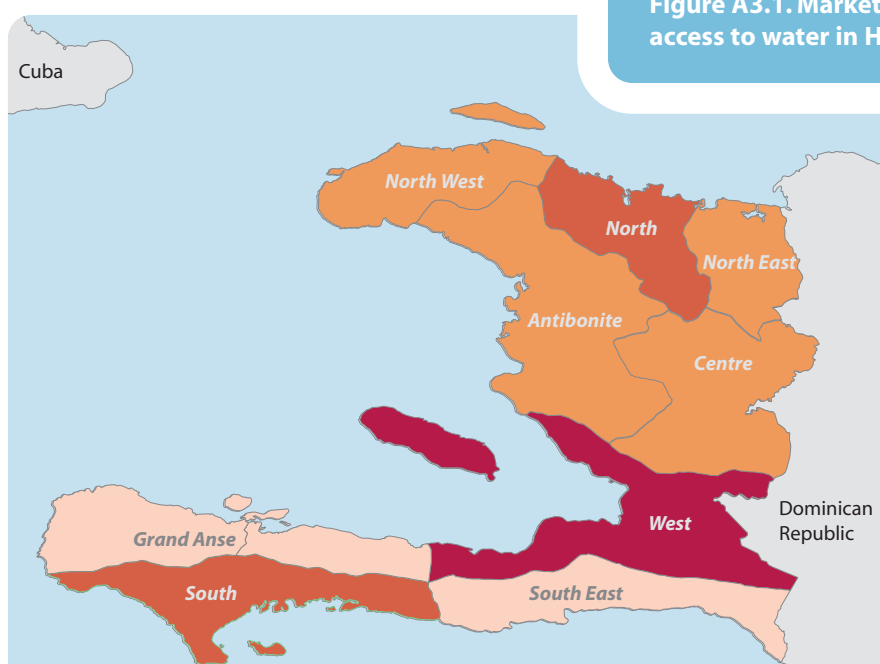
Improving access to safe drinking water in Haiti

Access to safe drinking water in some countries is highly unevenly distributed. That unevenness partly reflects stark inequalities in access between the poor and the nonpoor. But it also reflects other factors. For example, rural areas tend to

lag behind urban areas in water access. Two years ago, a study reported that in developing countries 8% of the urban population and 30% of the rural population lacked access to improved drinking water sources.²

A market heat map (figure A3.1) illustrates data on access to water among Haiti's poor population in different regions of the country. Access to water here includes access to private piped water (inside and outside the house and wells inside the house) and public piped water. Darker shades represent greater access.

Figure A3.1. Market heat map for access to water in Haiti in 2001



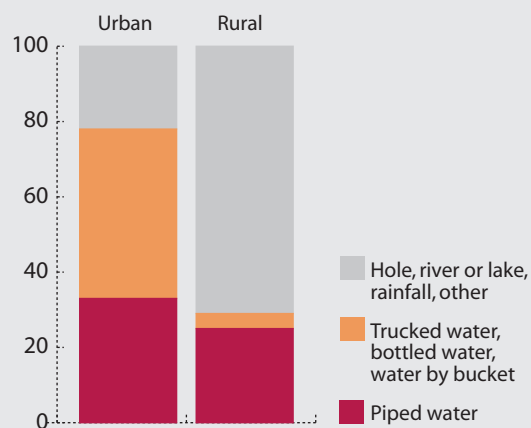
Market heat map: Access to water in Haiti (%)

Households with a per capita income of less than \$2 a day, 2001

- 1 - 5
- 6 - 10
- 11 - 15
- 16 - 20

Note: Access to water includes access both to private piped water (inside and outside the house, including from wells inside the house) and to public piped water. Darker shades represent greater access. Source: Based on Institut Haïtien de Statistique et d'Informatique 2001. Map produced by OCHA ReliefWeb.

Sources of water available to households living on less than \$2 a day, 2001 (%)



Presenting data on the providers of water services, the market heat map also reveals some insights into the provision of drinking water in Haiti. It shows that access to piped water networks in Haiti is generally very limited: about a third of the urban poor, and less than a third of the rural poor, have access to such networks.

Interestingly, the heat map suggests that there may be a business opportunity in the water market even in Haiti's richest region, the West, home to its capital city Port-au-Prince. Recent estimates concerning Haiti's regional poverty patterns reveal that poverty rates are lowest in the West (60.8%) and highest in the Northeast (94.2%). Nevertheless, even in the less poor West, poverty is high by international standards. The less than \$2 a day poverty rate for the West exceeds that of any country in Latin America and the Caribbean.³ In addition, estimates of the distribution of the poor population within Haiti reveal that it is mostly concentrated in the West: almost 30% of the national poor live there. (By contrast, although the Northeast is Haiti's poorest region, it is home to just 4.7% of the national poor.)

In the West of Haiti, where nearly one third of the country's total poor population lives (and piped water access rates are higher than in other regions), only 18% of the poor have access to piped water.

However, the market heat map also shows that 45% of people in Haiti's urban areas have access to water from trucks, bottled water and water by bucket. In other words, 45% of the country's total urban population is willing to pay for safe water. Might a business capture part of that existing market by introducing more efficient, less costly water delivery services? Other opportunities might exist in other regions of Haiti with even lower access rates, especially rural areas.

The market heat map illustrates an interesting aspect of Haiti's water market: despite the lack of adequate public water provision and the lack of large private investment, small water providers have stepped in to fill the gap and have been doing a thriving business. Some consumers have invested in their own water sources—for example, by drawing water from wells in association with community-based organizations.⁴ But small-scale private service providers also play a major role in extending access to water, mostly in peri-urban

areas, where they deliver water on trucks (in bottles or by the bucket). Critical services are thus provided to the poor, in urban areas particularly.

Where country capacity is very weak, and where large investors may be reluctant to engage for a variety of reasons—as in Haiti—tapping this 'other' private sector could be a pragmatic way of increasing access to safe drinking water. Market heat maps can help to reveal such opportunities.

Banking on mobile phones in South Africa

Mobile phones can improve access to information and communication technology services in developing countries. According to recent estimates, the number of mobile phone subscribers in low- and middle-income countries is already far higher than in high-income countries.

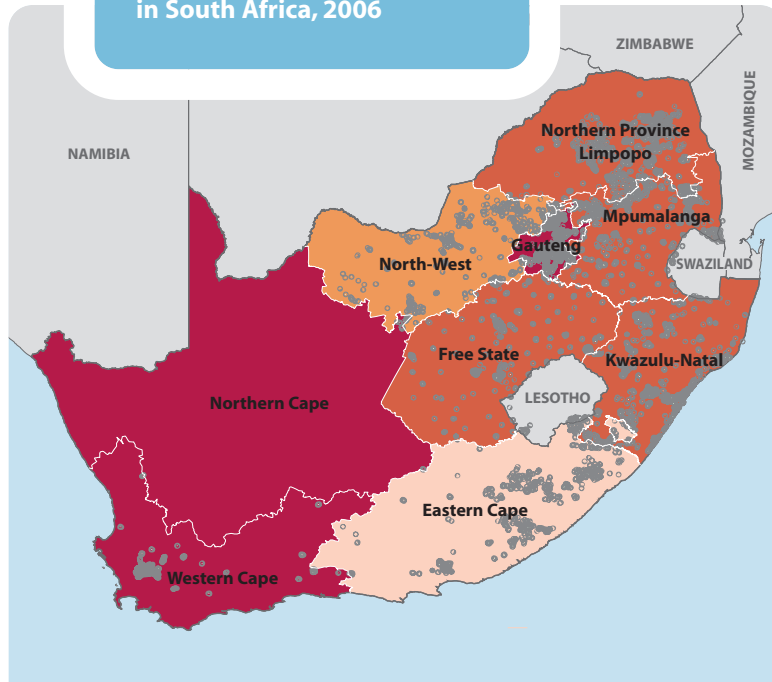
Mobile phone access could help to reduce poverty and inequality by helping poor users to engage more effectively in market exchanges. For example, farmers, fishers and other rural entrepreneurs with mobile phones could increase their access to market information, earning the best possible price for their goods—while also saving the higher costs that they would incur acquiring such information without mobile telephony.

The development of mobile banking (m-banking), which involves the use of a mobile phone or another mobile device to undertake financial transactions linked to a client's account, appears promising here. The widespread, growing use of mobile phones in developing countries—and the power of the various actors involved in providing financial services through this channel, mainly network operators and banks—could help to 'bank' the 'unbanked'.

Market heat maps shed further light on access to mobile phones among the poor. For South Africa, figures A3.2 and A3.3 illustrate the access to mobile phones among the nonpoor and poor in rural and urban areas and in different provinces. Darker shades indicate higher access rates within the specified income group.

As the market heat map shows, mobile phone access rates are higher for both the poor and the nonpoor in South Africa's west (Northern Cape, Western Cape) and east (Northern Province, Limpopo, Mpumalanga and Kwazulu Natal)—ranging from 41% to 80% for nearly all provinces in those regions.

Figure A3.2. Market heat map for access to mobile phones in South Africa, 2006



Source: Based on FinScope 2006. Estimates for mobile phone access are taken from the survey category 'personally make use of...prepaid cell phone'. In South Africa, as in many African countries, prepaid is often the only or most-used option. Map produced by OCHA ReliefWeb.

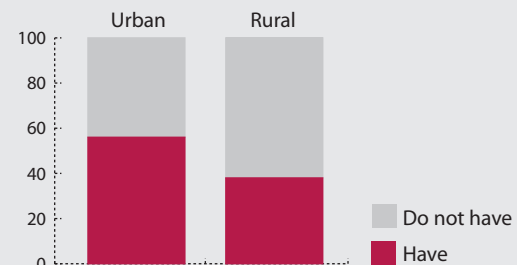
Market heat map: Households living on more than \$2 a day

Share of households with access to cell phone, by region, 2006 (%)



Access to a mobile phone in South Africa: Households living on more than \$2 a day

Share of adults, 2006 (%)



By contrast, mobile phone access in the Eastern Cape—a province with a fairly high poverty rate⁵—is low for both the nonpoor and the poor, ranging from 0% to 20%. Yet the higher density of population centres and built-up areas in the provinces with lower mobile phone access rates for both the poor and the nonpoor (Eastern Cape, Free State and North-West) could point to a business opportunity for mobile phone service providers.

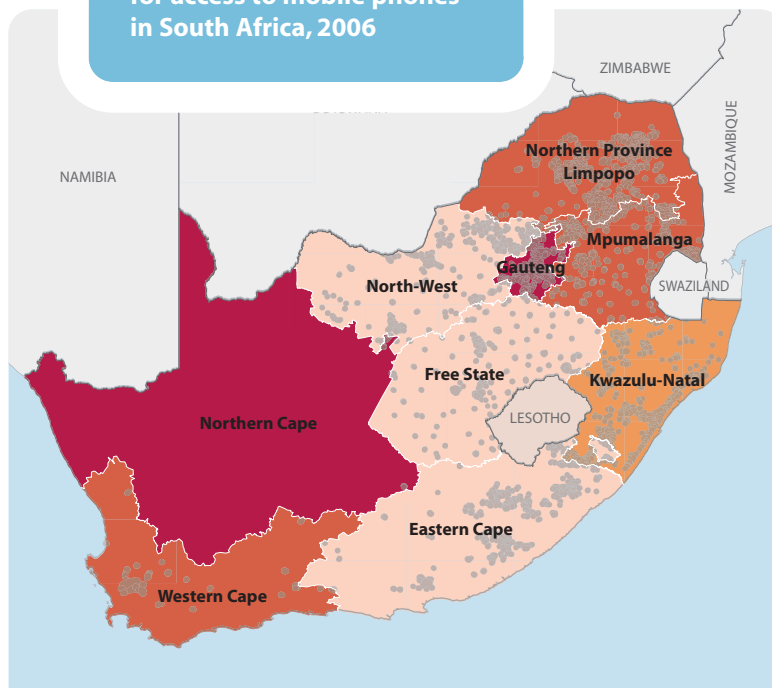
For financial services providers, too, the market heat maps could offer valuable information about key business opportunities. The heat maps reveal potential overlaps between people with mobile phone access, but without banking services. Such overlaps in turn may indicate opportunities for leveraging mobile phones to provide mobile banking services.

Estimates indicate that in South Africa more

urban and rural poor people have mobile phones than have access to banking services. In urban areas 43% of the poor adult population has access to a mobile phone (see figure A2.2), but only 32% has access to banking services. In rural areas 31% of the poor have a mobile phone, but only 19% have access to banking services.

Those differences suggest a possible opportunity to provide banking services cost-effectively to South African mobile phone users. They show, too, that such an opportunity might be greater for the poorer part of the market. By using poverty mapping data to calculate the total size of the of the South African poor population that has mobile phones, but not bank accounts, a business

Figure A3.3. Market heat map for access to mobile phones in South Africa, 2006



Source: Based on FinScope 2006. Estimates for mobile phone access are taken from the survey category 'personally make use of...prepaid cell phone'. In South Africa, as in many African countries, prepaid is often the only or most-used option. Map produced by OCHA ReliefWeb.

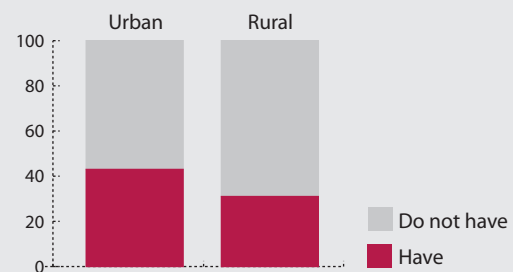
Market heat map: Households living on less than \$2 a day

Share of households with access to cell phone, by region, 2006 (%)



Access to a mobile phone in South Africa: Households living on less than \$2 a day

Share of adults, 2006 (%)



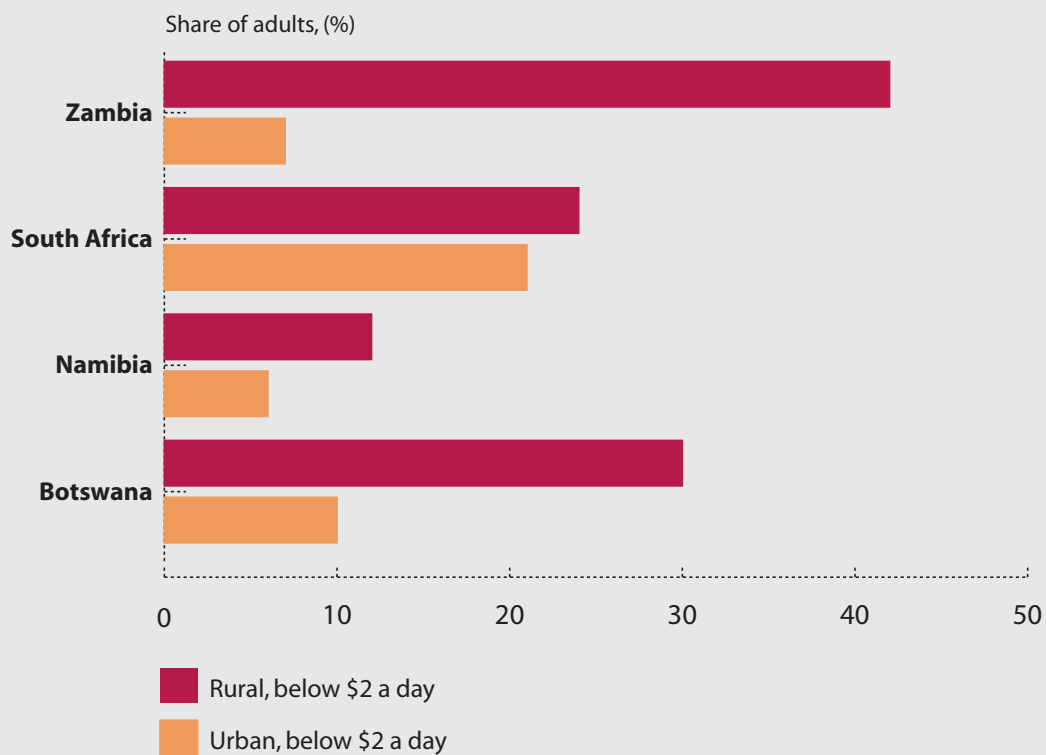
can estimate the size of the opportunity to leverage mobile phone access for banking the unbanked in South Africa: about 24% of the urban poor and 21% of the rural poor.

Estimates of this precise intersection in Botswana, Namibia and Zambia reveal that this market could be large in those countries as well (see figure A3.4).

Mobile banking services are already being introduced in several countries, including South Africa. Furthermore, with the expected increase

in mobile phone penetration rates, as prices of handsets and services decline further and as secondary markets for handsets develop (as they have in countries with high mobile phone penetration rates, such as the Philippines), opportunities for the poor to access banking services through mobile phones could emerge in even more countries. ☺

Figure A3.4. Intersection of poor people with mobile phones who lack access to a bank, selected countries



Source: Based on FinScope 2004a, 2004b, 2005, 2006.

- 1 The analysis here draws on Acosta and others 2008 as well as UNDP's Market Heat Map Database [www.growinginclusivemarkets.org].
- 2 UNICEF 2006, p. 32.
- 3 CEDLAS and World Bank 2008.
- 4 IDB 2005.
- 5 Schwabe 2004.