POLITECNICO DI MILANO

FACOLTÀ DI INGEGNERIA DEI SISTEMI

CORSO DI LAUREA IN INGEGNERIA GESTIONALE

Inclusive Business: Taxonomy and evaluation of the Social Impact

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ANNO ACCADEMICO 2011-12

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ABSTRACT

In the last years, aided by the fact that the formal markets has become saturated, the attention of several scholars in the socio-economic fields has been moved to the theme of doing business in the BOP. The researches undertaken initially focused on the definition of the concept of Base of the Pyramid and, consequently, on what doing business in the BOP means, distinguishing different approaches, mainly distinguishable in two categories, consumer-based and supplier-based approaches. Later on, some assessments was undertaken in order to understand which kind of impact the business in the BOP could have on poor communities, focusing on one of the two approaches below mentioned, while there was a lack in transversal evaluations. Another feature of past assessments is their qualitative nature rather than empirical, probably due to the intrinsic difficulty to estimate through a number the social impact of business in the BOP.

This thesis tried to fill these lacks, starting from the adoption of the general definition of inclusive business, where doing business in the BOP means include the poor in any steps of the value chain, up to a quantitative evaluation of the social impact that different value chain configurations had on poor people lives.

The first part (chapter 2) will provide a literature review on what other scholars have said about this topic. In particular, the initial part will describe the concept of social innovation and how business in the BOP can be considered a social innovation. Further the focus will move to the different definitions and configurations that scholars have given to

business in the BOP, trying to identify strengths and weakness each model described.

In the second part we will pass to a deep analysis of a database of 105 case studies of inclusive business: in chapter 3 the database will be described in its entirety, trying to understand which business sectors are the most common, which kind of companies approached business in the BOP and in which countries they are used to operate.

In chapter 4 the focus will move on a selection of 46 case studies: the first objective is try to understand how inclusive business can be structured in term of value chain, i.e. in which part of the business poor people have been included; the second step (chapter 5) of the analysis is the evaluation of the social impact that each case study had on poor communities and if there is a correlation between the social impact and the configuration adopted in the business model.

To conclude, the last part (chapter 6) will provide a short summary of the results reached next to the analysis of the limitations of the framework adopted, specifically regarding the social impact assessment, and to suggestions for further researches aiming at answering the questions that remain still open.

ESTRATTO IN ITALIANO

Il seguente lavoro di tesi affronta il tema dei modelli di business nei paesi in via di sviluppo, partendo da un'ampia analisi della letteratura presente, procedendo con l'identificazione di una tassonomia delle possibili configurazioni della catena logistico-produttiva caratterizzanti tali modelli, per giungere, infine, ad una valutazione comparativa dell'impatto sociale sulle popolazioni povere associato a ciascun tipo di configurazione.

CAPITOLO 1. INTRODUZIONE

All'alba del secondo millennio la povertà nel mondo risulta essere ancora un problema irrisolto. Dando uno sguardo a come è distribuita la ricchezza tra la popolazione mondiale, ciò che ne emerge è una piramide (figura 1), alla cui base (livello 4 e 5) si trovano 4 miliardi di persone costrette a vivere con meno di 4$ al giorno. Secondo i dati forniti dalla World Bank (2005), 3.14 miliardi di persone – che costituiscono il 50% della popolazione mondiale – vivono con meno di 2,5$ al giorno; di questo 50% quasi la metà si trova al di sotto del confine di povertà assoluta, che coincide con un livello di reddito pari a 1,25$ al giorno.

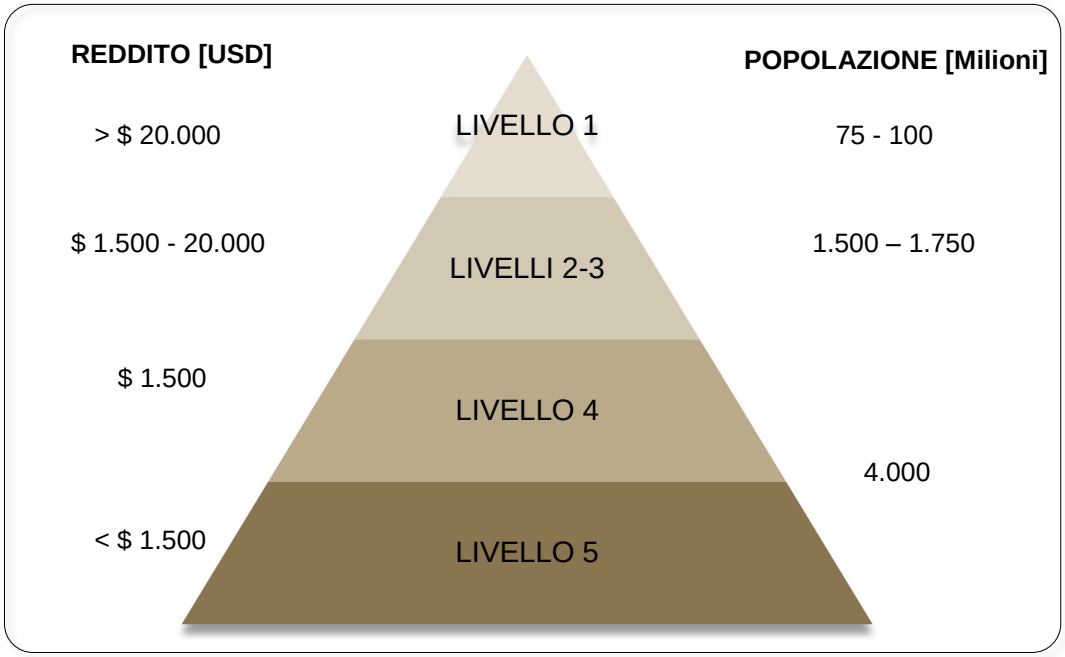


Figura 1 La piramide economica (Prahalad e Hart, 2002).

Fino ad ora si è cercato di arginare questo problema prevalentemente attraverso approcci non orientati al profitto, come azioni umanitarie, raccolte di fondi e beneficienza. Nonostante non venga messa in dubbio la loro utilità, l'impatto in termini di alleviamento della povertà risulta essere alquanto limitato in termini spazio-temporali, come si può evincere dai dati precedentemente riportati.

In parallelo alle iniziative no-profit si sono fatte strada soluzioni alternative, come i modelli di *inclusive business,* in cui i poveri risultano attori rilevanti all'interno della value chain di un'impresa, garantendo una relazione win-win basata sul successo economico all'azienda in questione e sul miglioramento delle condizioni di vita delle persone più povere.

I principali filoni di analisi sul tema Inclusive Business di sono concentrati attorno alla formalizzazione di questo concetto, cercando in prima istanza di formalizzare il ruolo che le popolazioni locali possono ricoprire all'interno di un'impresa (fornitori, produttori, distributori, consumatori o un

loro mix), evidenziando pro e contro delle diverse alternative ma senza giungere ad una definizione univoca e condivisa.

Questa mancanza ha influenzato la prospettiva con cui sono state effettuate le successive ricerche finalizzate alla valutazione dell'impatto sociale di iniziative di inclusive business. Infatti, tali valutazioni si sono sempre focalizzate esclusivamente o su configurazioni definite come *supplier-based* (basate sull'inclusione dei poveri come fornitori) o *consumer-based* (basate sull'inclusione dei poveri come consumatori), senza andare a comparare aziende appartenenti a queste due categorie distinte. Dalle ricerche passate non è stato, quindi, possibile evincere né una più ampia classificazione dei modelli di business effettivamente adottati dalle compagnie che hanno finora approcciato i paesi in via di sviluppo né una valutazione trasversale alle configurazioni dell'impatto sociale. Con questa tesi si è cercato di riempire questo vuoto, partendo dapprima con l'identificazione delle possibili configurazioni della catena logistico-produttiva adottate in ambito di Inclusive Business e, successivamente, con una valutazione di quali configurazione siano in grado di raggiungere migliori performance sociali.

CAPITOLO 2. ANALISI DELLA LETTERATURA

Il concetto di Business nei paesi in via di sviluppo è stato in primo luogo associato al più ampio tema dell'innovazione sociale, definibile come un'innovazione che, a partire dalle inefficienze del mercato, propone una soluzione che determina un cambiamento radicale nelle vite delle persone e che genera valore nell'intera società; al contempo viene identificata come imprescindibile la capacità dell'innovazione sociale di generare opportunità economiche (Khale, 2010).

Molti studiosi si sono focalizzati sulla ricerca di una definizione di cosa voglia dire fare business nei paesi in via di sviluppo e su quali siano le peculiarità, le opportunità e le barriere che caratterizzano i mercati dei paesi del Sud del Mondo, senza tuttavia giungere ad una definizione unica e condivisa. Una prima interpretazione prevede di vendere prodotti e/o servizi specificatamente sviluppati in modo da andare incontro ai bisogni basilari delle persone più povere ad un prezzo accessibile a chi ha un reddito di 1-2,5$ al giorno (Prahalad e Hart, 2002; Prahalad e Hummond, 2002; Karamchandani e altri, 2008; Prahalad, 2011). Un'alternativa opposta considera l'opportunità di includere i più poveri come fornitori di materie prime, con il vantaggio di poter aumentare il loro reddito e, conseguentemente, migliorare le loro condizioni di vita (Karnani, 2007; Ramachandran e altri, 2011). Come guida dell'intera ricerca, tuttavia, è stato accolto e condiviso il concetto più ampio di *Inclusive Business,* secondo cui un'impresa è considerabile inclusiva qualora, mantenendo la sua natura orientata al profitto, contribuisce alla riduzione della povertà tramite l'inserimento dei poveri all'interno della propria catena logistico-produttiva ricorrendo a loro come fornitori di materie prime, assumendoli come lavoratori, fornendo loro beni/servizi di prima necessità o un mix di

queste possibilità (Rangan, 2007; London e altri, 2008; Simanis e Hart, 2008; Inclusive Business Brochure of the WBCSD-SNV Alliance).

CAPITOLO 3. METODOLOGIA E OBIETTIVI

La ricerca si è proposta di raggiungere due obiettivi fondamentali (figura 2):

(1) l'identificazione delle configurazioni della catena logistico-produttiva (configurazioni della value chain) adottate nei modelli di inclusive business, con conseguente realizzazione di una tassonomia riassuntiva;

(2) l'analisi dell'impatto sociale delle diverse configurazioni di value chain.

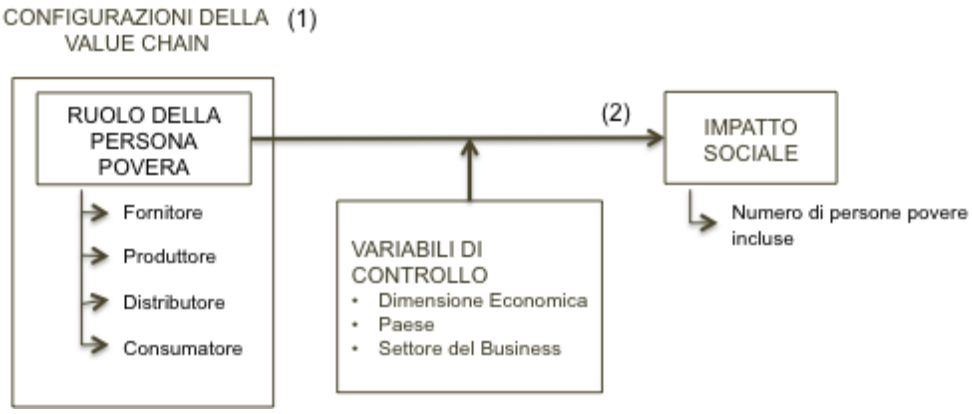


Figura 2 Modello concettuale.

Per rispondere a queste domande di ricerca è stato adottato un approccio basato sull'analisi di casi studio, partendo da un database realizzato da Growing Inclusive Business iniziative (GIM), un'organizzazione appartenente a UNDP (United Nation Development Program) che si propone di "*comprendere, facilitare ed incoraggiare allo sviluppo di modelli di business inclusivi nel Mondo*" (www.growinginclusiveinitiative.org). Nel database GIM sono stati raccolte, ricorrendo principalmente ad interviste, informazioni sufficienti per descrivere una serie di casi studio di aziende

che sono riuscite a coniugare al meglio successo economico ed impatto sociale, senza focalizzarsi in particolari segmenti di business o in organizzazioni più o meno strutturate. La scelta di questo database come punto di partenza delle analisi, dunque, è stata dettata dall'elevata coerenza con il tema trattato nella ricerca, oltre che all'accuratezza con cui lo stesso database è stato redatto. La prima domanda di ricerca è stata approcciata attraverso una riclassificazione e una mappatura dei casi disponibili tramite due strumenti: (1) una scheda informativa, in cui sono state riportate informazioni quali anno di fondazione della società in questione, settore economico, attività di business intrapresa, tipo di inclusione della persona povera, dimensione economica dell'iniziativa ed, infine, impatto sociale; (2) una raffigurazione schematica della value chain. In quest'ultima sono stati tenuti in considerazione e mappati diversi aspetti. Il primo riguarda la relazione che intercorre tra azienda e attore: l'arancione è stato utilizzato per identificare la presenza di inclusive business - l'attore è una persona povera che è stata inclusa nel business stabilendo una relazione win-win - mentre l'indaco è stato utilizzato negli altri casi. Il secondo aspetto considerato è stata la localizzazione in un paese in via di sviluppo o meno di ciascuna fase della value chain, ricorrendo al posizionamento dell'attore nella parte superiore (Nord del Mondo) o inferiore (Sud del Mondo) del foglio; infine, tramite una linea continua sono stati delimitati gli attori assunti regolarmente dall'azienda. Nella figura 3 è fornito un esempio del modello architetturale per la configurazione "Distributore" che è quindi rappresentato in arancione.

Il colore arancione è applicato solo al distributore (omino in bicicletta) data la configurazione scelta come esempio, mentre in indaco si ritrovano la sede centrale dell'impresa (edificio), il fornitore di materie prime (trattore), il produttore (omino con la chiave inglese) e il consumatore (casa).

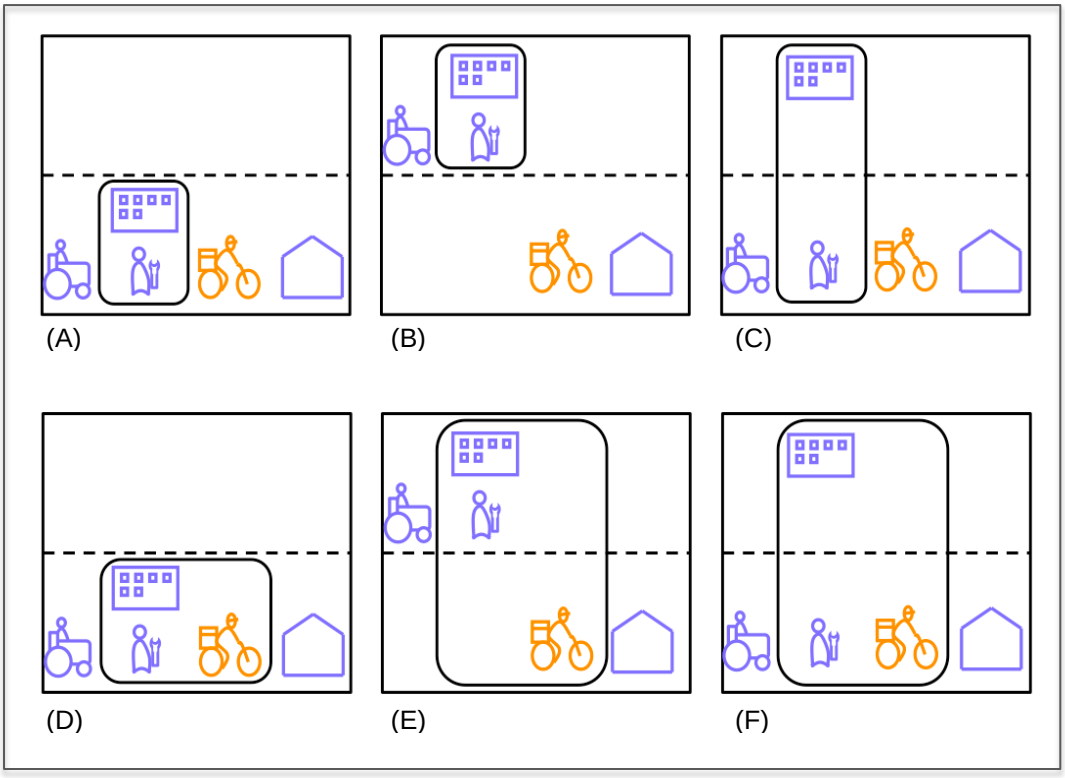


Figura 3 Esempio di modello architetturale (configurazione "Solo Distributore").

A livello teorico si possono presentare i seguenti casi:

(A) gli attori della value chain sono localizzati tutti in un paese in via di sviluppo (parte inferiore del foglio) e il produttore è regolarmente assunto dall'impresa (nell'immagine risulta contornato dalla linea continua);

(B) la parte a monte della value chain (sede, fornitore e produttore) si trova in un paese sviluppato (parte superiore del foglio), mentre la

parte a valle della catena (distributore e consumatore) operano in un paese in via di sviluppo; il produttore è l'unico attore assunto;

(C) la sede centrale si trova in un paese sviluppato, mentre il resto della value chain è localizzata in un paese in via di sviluppo, con solo il produttore assunto;

(D) tutta la value chain opera in un paese in via di sviluppo, questa volta con produttore e distributore regolarmente assunti;

(E) . la parte a monte della value chain (sede, fornitore e produttore) è localizzata in un paese sviluppato, mentre la parte a valle della catena (distributore e consumatore) operano in un paese in via di sviluppo; il produttore e il distributore sono entrambi assunti;

(F) la sede centrale si trova in un paese sviluppato, mentre il resto della value chain è localizzata in un paese in via di sviluppo, con produttore e distributore assunti.

L'obiettivo di questa valutazione qualitativa è identificare quale delle 15 configurazioni ($2^n - 1$, dove n=numero di attori che possono essere combinabili, cioè fornitore, produttore, distributore e consumatore) sono più frequenti.

Il secondo obiettivo della ricerca, ovvero la valutazione dell'impatto sociale, è stato perseguito adottando un approccio più quantitativo. Nella letteratura sono presenti diversi metodi di assessment delle performance sociali; la Banca Mondiale, ad esempio, ha messo a disposizione una serie di strumenti che spaziano da metodi basati su interviste e workshop fino a tool analitici, come SIA (Social Impact Assessment); un altro punto di partenza è stato il protocollo di indicatori sviluppato da GRI (Global Reporting Initiative), generalmente utilizzato come linea guida per le attività di CSR aziendali. Da questa analisi sono stati selezionati una serie di indicatori che potessero essere utilizzati per la valutazione dell'impatto

sociale; data l'elevata eterogeneità del sample frame in termini di ruolo della persona povera e di settori di business è stato fondamentale riuscire ad identificare un indicatore che potesse essere utilizzato indipendentemente da questi fattori. Queste considerazioni hanno portato alla scelta dell'indicatore "Numero di persone povere incluse nel Business"; il principale ostacolo durante la fase di assessment è stata la scarsità di dati numerici disponibili per ciascun caso studio, che ha limitato il numero di casi valutabili ad un sample di 46 casi su un totale di 105 casi costituenti il sample frame di partenza.

Un punto chiave è stato verificare che il sample rappresentasse al meglio le dinamiche presenti nel sample frame, così da garantire la significatività dei risultati della ricerca. Per giungere a questo risultato sono state analizzate le distribuzioni delle variabili di controllo "Paese" e "Settore di Business" in cui le imprese operano all'interno dei due samples. La scelta di tali variabili discende direttamente dalla classificazione adottata nel database GIM di partenza, la quale è stata rielaborata così da evidenziare quali dimensioni di classificazione potessero rivelarsi utili per gli studi oggetto della ricerca e quali meno (come Lingua, Millennium Development Goal, Tematica, Startegie, Barriere). Questa prima analisi descrittiva ha messo in luce una sostanziale omogeneità in termini di distribuzione delle variabili di controllo e, in tale maniera, ha reso possibile considerare il sample di 46 casi ben rappresentativo del sample frame di 105 casi.

CAPITOLO 4. PRIMO RISULTATO: Tassonomia

Dall'analisi qualitativa è emerso che, delle 15 configurazioni teoriche, 9 sono state adottate nella realtà, come schematizzato nella figura 4.

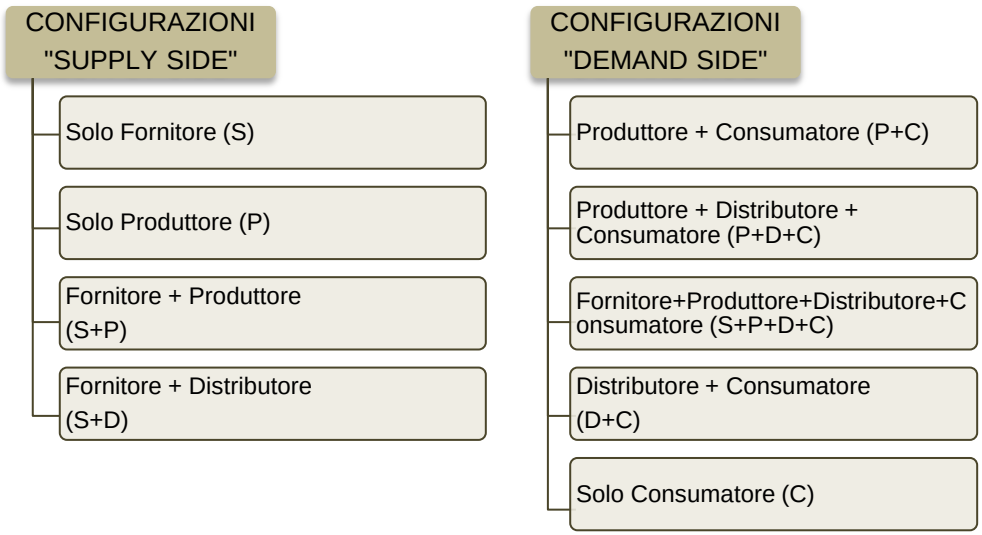


Figura 4 Risultato della prima parte delle analisi: tassonomia delle possibili configurazioni di value chain adottate dai business inclusivi.

In termini di distribuzione (figura 5) è stato possibile notare che le configurazioni che prevedono l'inclusione della persona povera in un singolo step della value chain sono più diffuse delle configurazioni miste, ad eccezione della configurazione Distributore che è assente; in aggiunta, il numero di configurazioni che presentano un povero incluso anche come distributore sono meno comuni di quelle che non lo prevedono: il valore aggregato delle configurazioni "Fornitore + Distributore", "Produttore+ Distributore + Consumatore", "Distributore + Consumatore" e "Fornitore + Produttore + Distributore + Consumatore" è pari al 13%, valore che risulta essere inferiore rispetto a molte altre configurazioni.

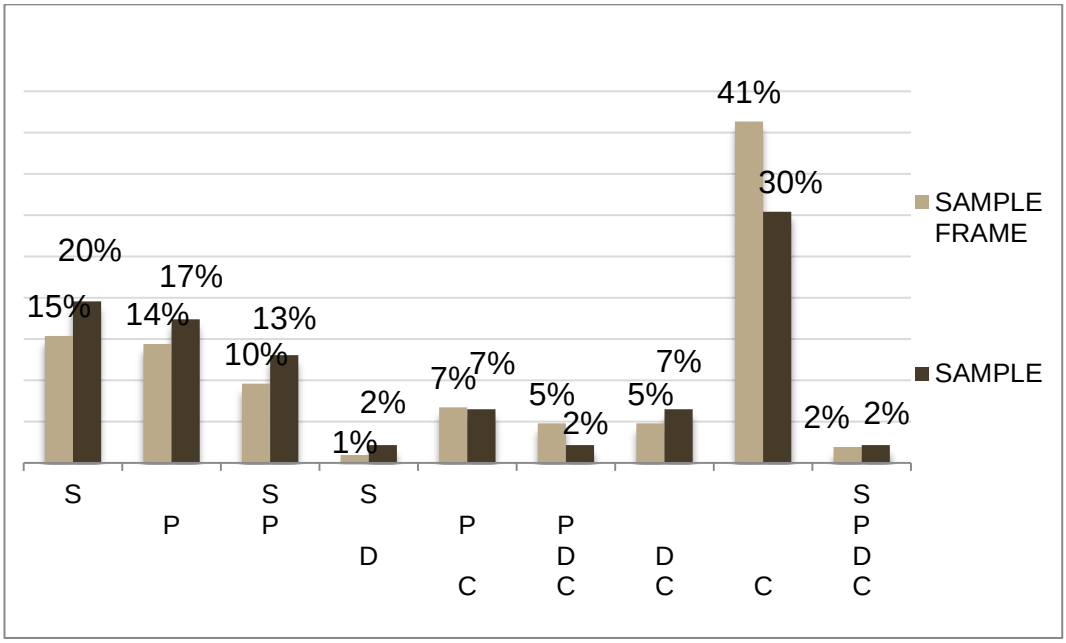


Figura 5 Nel grafico è raffigurata la distribuzione delle configurazioni di value chain nel Sample Frame di 105 casi e nel sample di 46 casi. In termini di percentuale, la configurazione più diffusa è “Solo Consumatore”, seguita da “Solo Fornitore” e “Solo Produttore”.

Una spiegazione a tali risultati può collegarsi alla criticità che caratterizza tale parte della value chain: spesso i distributori risultano essere dei veri e propri imprenditori, ovvero persone che non vengono assunte dalla società in questione e che si assumono parte del rischio legato al successo o meno della vendita di un bene/servizio; se si considerano, inoltre, le soft e hard skills richieste per esercitare al meglio il mestiere di rivenditori, risulta abbastanza ragionevole la difficoltà insita nell’inclusione di persone povere come distributori.

Un’ulteriore considerazione riguarda il fatto che, con l’unica eccezione della configurazione Fornitore+Distributore, l’inclusione di persone povere come distributori avviene esclusivamente quando sono inclusi anche consumatori poveri. Ciò può essere giustificato dal fatto che il ricorso ad un distributore povero può essere una risorsa fondamentale per arrivare a

consumatori in aree remote, come villaggi rurali, che non sarebbero facilmente raggiungibili attraverso i classici canali distributivi.

CAPITOLO 5. SECONDO RISULTATO: Impatto delle Diverse Configurazioni

Dopo aver quantificato l'impatto sociale di ogni compagnia costituente il sample tramite l'indicatore "Numero di persone povere incluse", si è proceduto con l'analisi comparativa. Un primo risultato riguarda la differenza sostanziale in termini di dimensioni di impatto sociale che emerge tra configurazioni Supply Side (dove la persona povera non compare mai come consumatore) e Demand Side, caratterizzate da un valore medio di Impatto Sociale di 0,03 milioni di persone povere incluse per le Supply Side contro i 5,48 milioni delle Demand Side (figura 6).

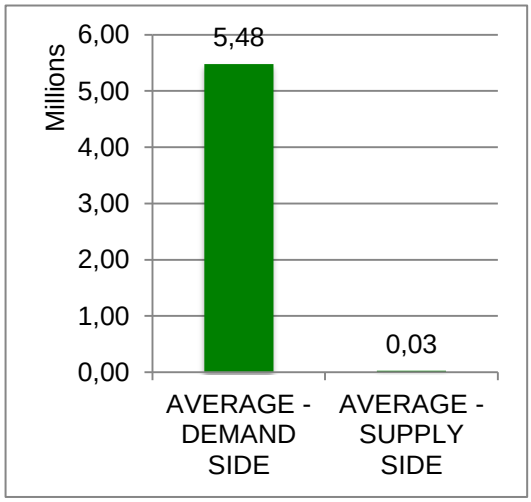


Figura 6 Differenza in termini di valor medio dell'impatto sociale delle due classi Demand Side e Supply Side.

Ciò può essere motivato dalla maggiore facilità con cui si riesce ad includere in un business un consumatore rispetto ad un fornitore/ produttore/distributor: nel primo caso, infatti, la difficoltà principale risiede nel riuscire a cogliere i bisogni, inespressi o meno, di una persona povera e riuscire a colmarli con prodotti e/o servizi accessibili; al contrario,

l’inclusione a monte della value chain richiede una maggiore attenzione alla fase di ricerca degli attori da coinvolgere e/o assumere, e, modo spesso, una loro formazione specifica così da permettergli di aumentare la qualità del prodotto fornito o del servizio erogato.

Data questa prima considerazione, si è deciso di condurre le successive analisi sull’impatto sociale separatamente per Supply Side e Demand Side; queste sono state strutturate considerando dapprima il legame tra la variabile indipendente Configurazione della Value Chain e le variabili di controllo (Dimensione Economica, Paese, Settore di Business) e successivamente si è valutato come la variabile dipendente Impatto Sociale fosse influenzata dalle variabili indipendente e di controllo precedentemente citate.

I risultati delle analisi possono essere sintetizzati come segue:

(1) Le configurazioni che permettono di raggiungere migliori performance sociali sono “Solo Fornitore” per la classe Supply Side e “Solo Consumatore” per la classe Demand Side; in aggiunta, per entrambe le classi, il maggiore impatto sociale non risulta essere necessariamente collegato ad imprese più grandi. La figura 6 mette in luce questi due aspetti in relazione alla classe Demand Side: le bolle con un valore di ordinata maggiore rappresentano le imprese con maggiore impatto sociale ed appartengono alla configurazione “Solo Fornitore”. Inoltre il loro diametro e il loro colore identificano la Dimensione Economica dell’iniziativa: le imprese più grandi (viola) non necessariamente sono quelle con un performance sociali migliori, ma viceversa.

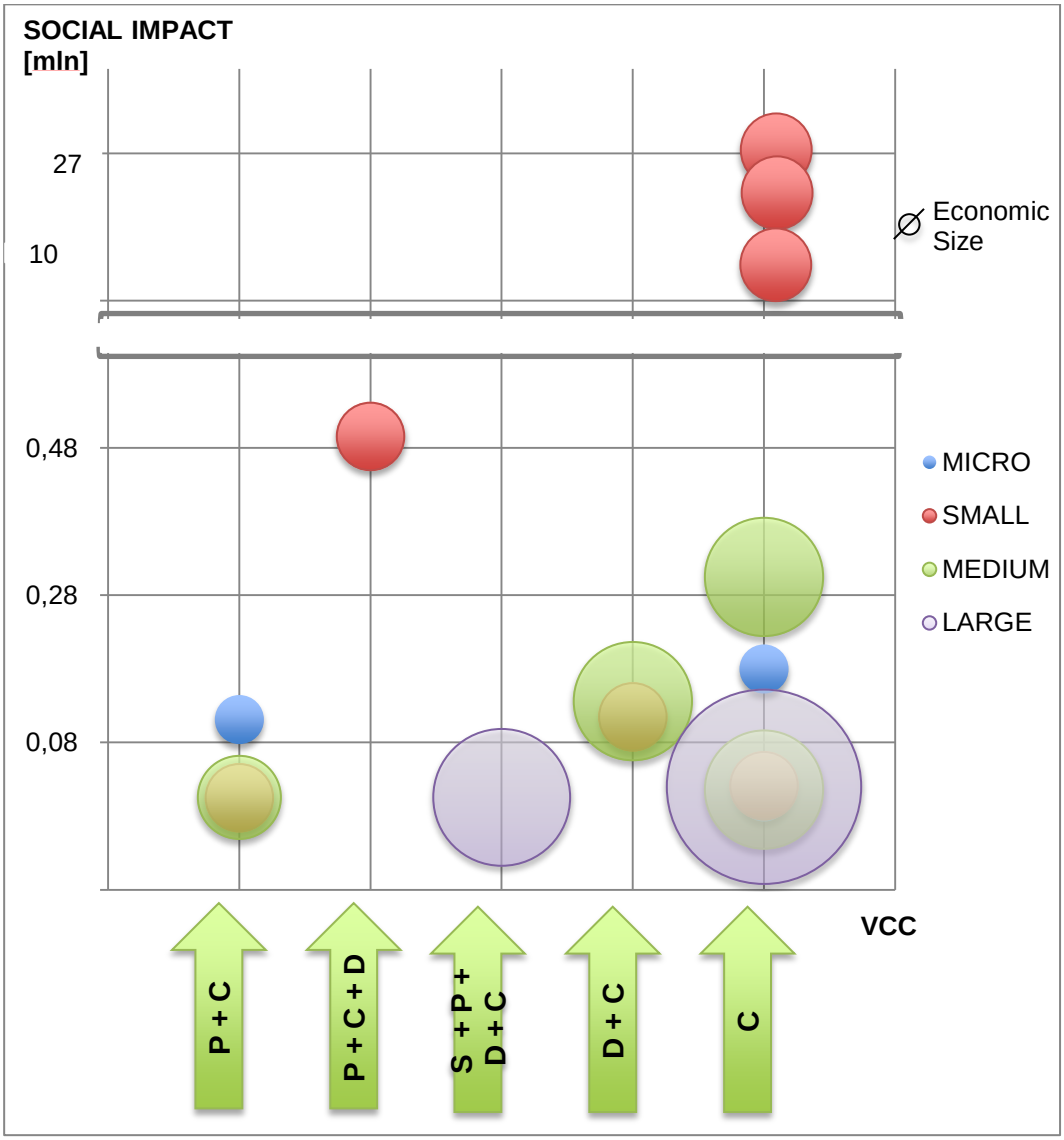


Figura 7 Legame tra Configurazioni della Value Chain (VCC), impatto Sociale e Dimensione Economica rispetto alla classe Demand Side.

(2) Man mano che la dimensione economica di un'impresa cresce, le configurazioni della value chain tendono essere sempre più configurazioni Supply Side.

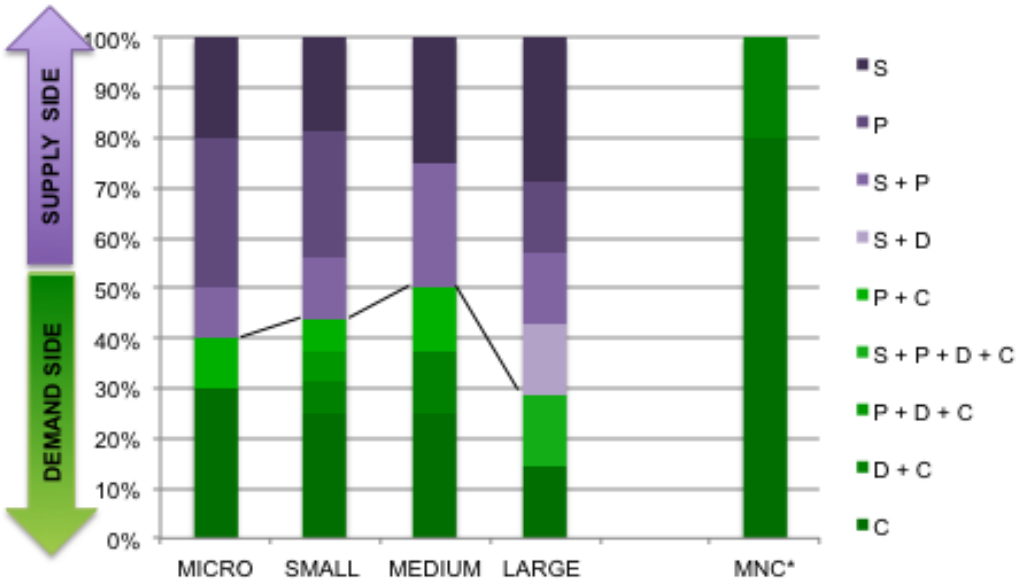


Figura 8 Distribuzione percentuale delle configurazioni rispetto alle classi di dimensione economica. In verde sono rappresentate configurazioni appartenenti alla macro categoria Demand Side, mentre in viola quelle Supply Side, dove la persona povera non è mai incluso come consumatore.

Inoltre, considerando una classe di 5 multinazionali (MNC* nella figura 8) che hanno intrapreso progetti sociali specifici in parallelo al loro core business è emerso che tutte hanno adottato configurazioni Demand Side.

(3) I settori di business che permettono di includere un maggior numero di persone povere sono ICT & Telecomunicazioni, Consumer Products e Cibo & Acqua. Inoltre è emersa una differenza in termini di adottabilità o meno di determinate configurazioni della value chain a seconda del settore. All'interno della classe Supply Side (figura 9), ad esempio, non compaiono casi di aziende che operano nei settori Finanza e ICT probabilmente per l'elevata formazione necessaria per svolgere il ruolo di fornitore o di produttore di tali prodotti/servizi.

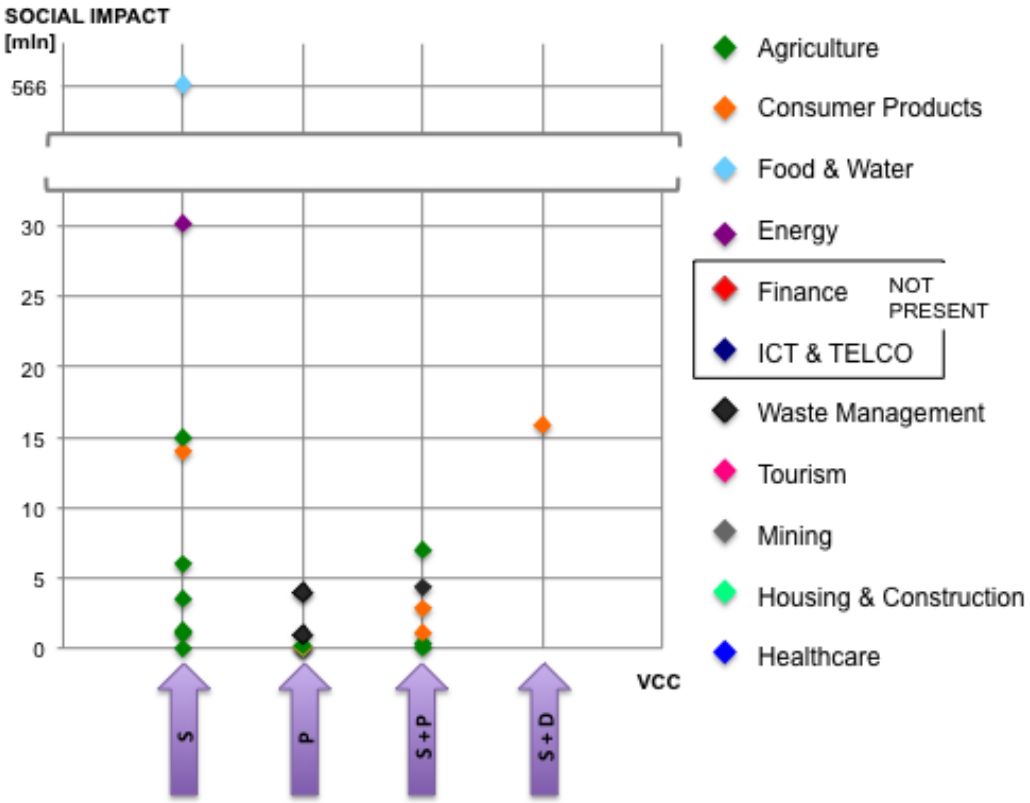


Figura 8 Legame tra Configurazione della Value Chain (VCC), Impatto sociale e variabile di controllo Settore Di Business rispetto alla classe Supply Side.

1. INTRODUCTION

At the beginning of the second decade of new millennium the problem of poverty in the world is still without a concrete and sustainable solution. Through this research, the intent is to analyse a new approach to reduce this scourge: fighting poverty in a profitably way, through new business models that aim at including poor, rather than more common systems such as donations, fundraising and, in general, no-profit strategies, which unfortunately had a limited impact.
Before going into deep in this analysis, it could be useful to understand the entity world population that lives in deprived conditions.

1.1 The Poverty In Number

The world's population recently reached the level of 7 billion; but how many people can be considered poor? And how the richness is distributed among the population?

The first step is to understand what poverty means. According to Oxford's definition, poverty is "*the state of being extremely poor*", but still the concept of "extremely poor" is undefined. Several organizations have provided an interpretation of the notion of "extremely poor"; for instance the United Nations has defined poverty as "*a denial of choices and opportunities, a violation of human dignity. It means lack of basic capacity to participate effectively in society. It means not having enough to feed and clothe a family, not having a school or clinic to go to, not having the land on which to grow one's food or a job to earn one's living, not having access to credit. It means insecurity, powerlessness and exclusion of*

individuals, households and communities. It means susceptibility to violence, and it often implies living in marginal or fragile environments, without access to clean water or sanitation" (United Nations, 2011).

The definition elaborated during the Copenhagen Declaration is that "*Absolute poverty is a condition characterized by severe deprivation of basic human needs, including food, safe drinking water, sanitation facilities, health, shelter, education and information. It depends not only on income but also on access to social services* (World Summit for Social Development, 1995).

As stated by the World Bank, "*poverty is pronounced deprivation in well-being, and comprises many dimensions. It includes low incomes and the inability to acquire the basic goods and services necessary for survival with dignity. Poverty also encompasses low levels of health and education, poor access to clean water and sanitation, inadequate physical security, lack of voice, and insufficient capacity and opportunity to better one's life*" (www.worldbank.org, 2011)

Considering some numbers, the World Bank estimated that 1.29 billion people were living in absolute poverty in 2005; of these, about 400 million people in absolute poverty lived in India and 173 million people in China. In terms of percentage of regional populations, sub-Saharan Africa at 47% had the highest incidence rate of absolute poverty. An interesting representation of the situation, in which the world population is, could be the following economic pyramid (figure 1).

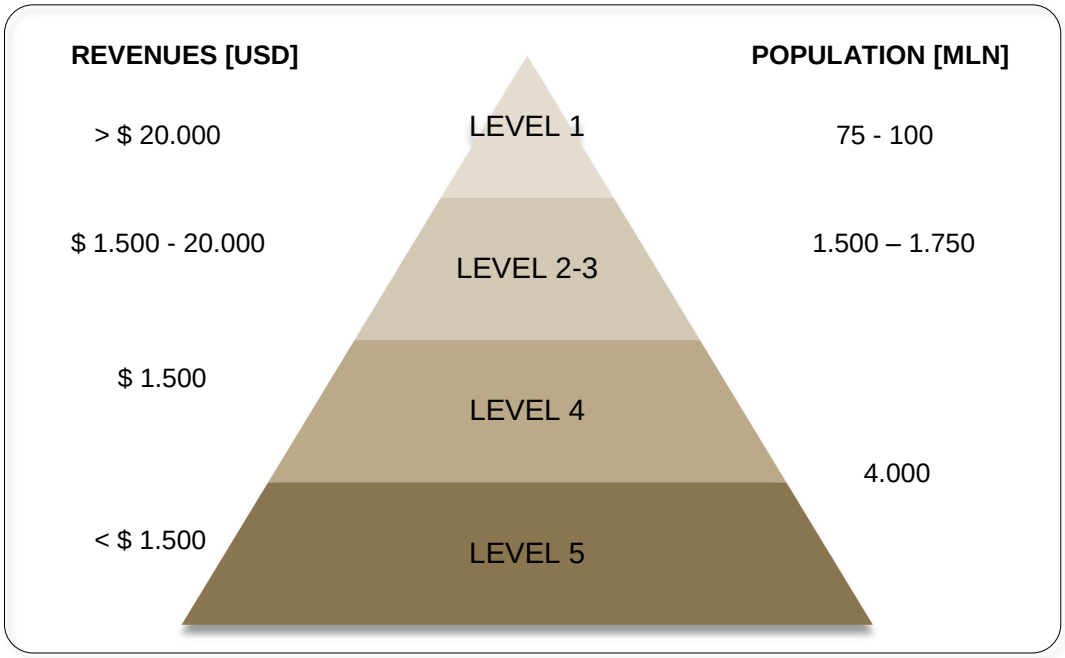


Figure 1 The economic pyramid (Prahalad and Hart, 2002).

The figure represents how the richness is distributed – according to the data collected in 2002 - between the population: the top of the pyramid (TOP) symbolizes the smallest portion of the population that, paradoxically, owns most of the goods available, while the major part of world population – level 4 and 5 – lives with less than 4$ a day; the level 5 is also called “Base of the Pyramid” and from now it will be referred as BOP.

Going into deep in the BOP, it is possible to segment it according to different poverty thresholds, from 1$ to $10 a day, and the image that comes out is disconcerting (figure 2).

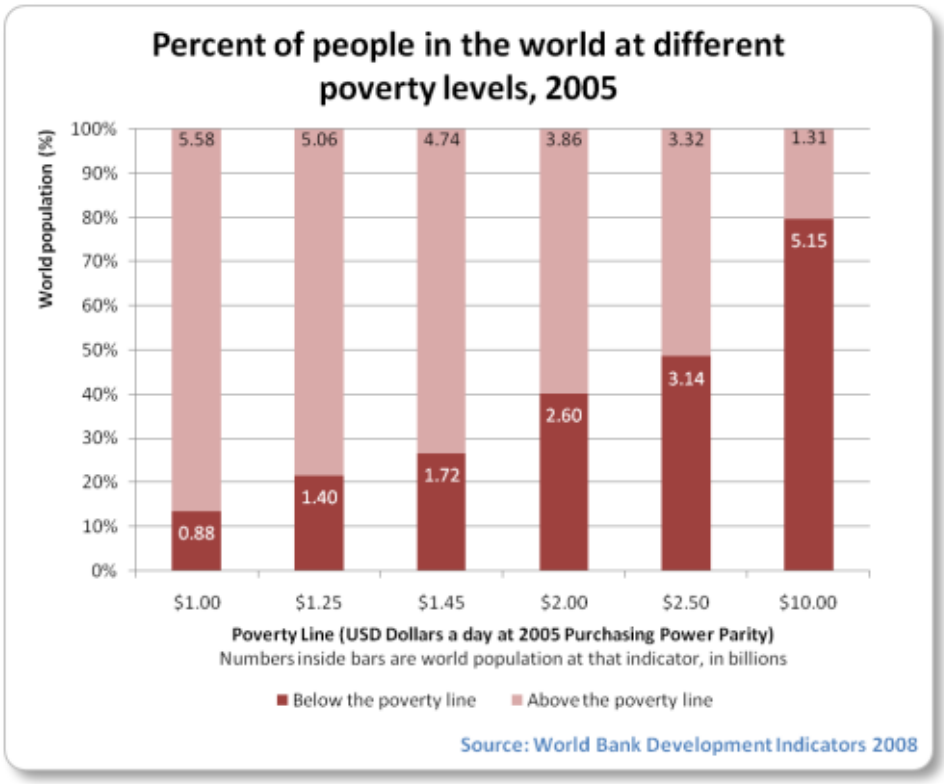


Figure 2 Different poverty thresholds and world's population distribution among them.

According to data for 2005 provided by the World Bank, 3.14 billion of people lives with less than $2.5 a day, which represent almost 50% of the world population.

One particular threshold represents the poverty line, i.e. the estimated minimum level of income needed to secure the necessities of life. The common international poverty line has in the past been roughly $1 a day, however in 2008, the World Bank came out with a revised figure of $1.25 at 2005 purchasing-power parity (PPP), an index that determines how much money would be needed to purchase the same goods and services in two different countries, allowing in this way the comparison between the revenues in different parts of the planet.

It is clear that being under such poverty line means living in extreme poverty condition; well, the percentage of people living under the poverty line of $1.25 a day has reached the level of almost 22%.

Another interesting perspective is the inter-temporal one: in figure 3 the percentage of world population living under each poverty level is presented.

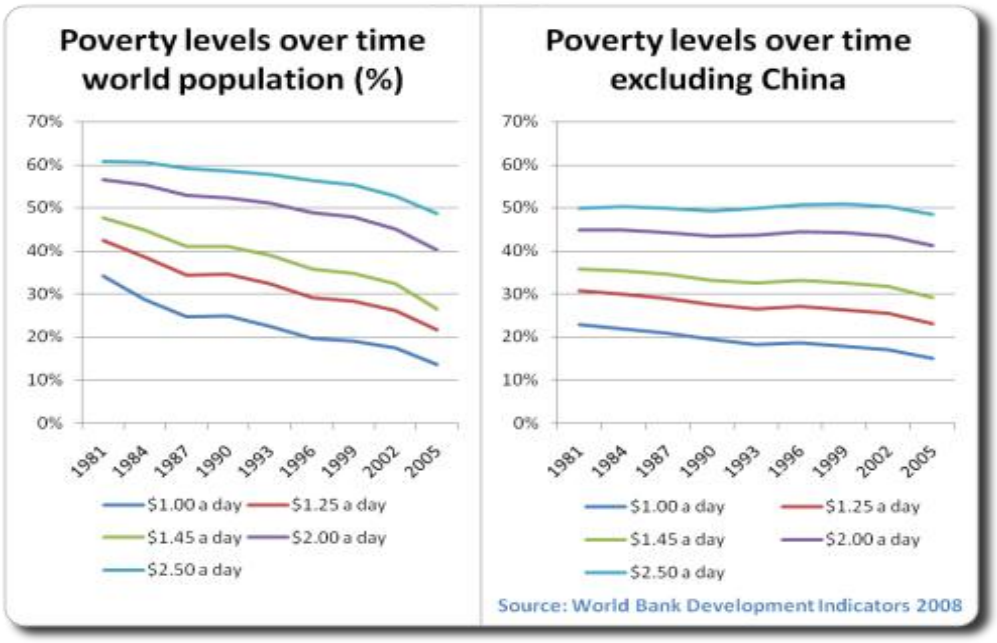


Figure 3 Trend of poverty lines.

If it is considered the chart on the left, these percentages seem to decrease between 1981 and 2005 (-20%). Although, if we consider the chart on the right, where the data are depurated from the improvement of living conditions in China, the situation of people living with less than $2.5 a day is substantially unchanged.

It must be said that over the last 15 years an improvement has been occurred at the very low poverty level: around 7% of world population

escaped extreme poverty conditions (1$ a day), which means about 450.000 people, if it is considered a world population of 6,46 billion in 2005. This is, without doubt, a positive signal of improvement, but there is still much to do before we can consider the problem of poverty closed.
If we take a look on how this problem had been faced in the past, we can identify a predominance of foundations, community services, non-profit and non-governmental organizations, that based their activities on donations of services/activities performed by volunteers and on aids of funds collected; without doubt they had a positive impact on the lives of the less privileged. Unfortunately what emerges from the previous analysis open the ways to a new branch of researches that aims at identifying solutions that, next to the existing approaches mentioned above, could have a wider and deeper impact on poverty alleviation.

1.2 Research Scope

Therefore, the main interrogation is how can we contribute to reduce the poverty. Some scholars have developed a new perspective on the topic of poverty alleviation, which leads its basis on a simple concept: creating a win-win relationship between enterprises and poor, based on sustainable economic success for the company and positive social impact on the poor. This kind of business is also defined as *business at the BOP*, or simply BOP, and will be more deeply analysed in the followings chapters of the thesis.

One example of BOP is the growing microfinance sector, which is the provision of a wider range of financial services, especially savings accounts, to the poor; an important division is microcredit, which is the extension of very small loans (microloans) to impoverished borrowers who typically lack collateral, steady employment and a verifiable credit history.

As of 2009 an estimated 74 million men and women held microloans that totalled US$38 billion and Grameen Bank – the oldest and probably best-known microfinance modern institution in the world founded by Muhammad Yunus – reported that repayment success rates are between 95 and 98 per cent, despite the little guarantee of the creditors.

Microcredit has proven to be an effective and powerful tool to poverty reduction and it has been extensively examined over the past 10 to 15 years, with many publications regarding this topic.

In general, the positive impact of microcredit takes the form of income smoothing and increases to income, while there is less evidence to support a positive impact on health, nutritional status and increases to primary schooling attendance.

Considering the target market for microfinacial services, it can be said that microfinance is an instrument that, under the right conditions, fits the needs of a broad range of the population, including the poorest living below the poverty line (Morduch et al. 2002).

A study by Dean Karlan of Yale University in the Philippines compared two groups in Manila: a treatment group, financed through microcredit, and a control group that did not receive microcredit. The study showed that in this case many microcredits were loaned to people with existing business, allowing the businesses became more profitable and laid off unproductive employees including friends and relatives that they previously had felt obliged to employ (Karlan et al. 2011).

The first randomized evaluation of the impact of introducing microcredit in a new market has been undertaken in slums in Hyderabad, India, in 2008 (Banerjee et al. 2012). Half the slums were randomly selected for opening branches of banks that provided microcredits while the remainder were not. The study showed that fifteen to 18 months after lending began, there was no effect on average monthly expenditure per capita, but expenditure

on durable goods increased and the number of new businesses increased by one third.
The topic of microcredit and, in general, microfinance, is extremely interesting and wide; anyway, as this is not the main objective of this thesis, for further analysis the reader is referred to specific articles.

Another kind of approach consists in designing specific products that meet the needs of the very poor. One famous multinational that adopted this tactic was Hindustan Unilever, the Indian division of Unilever: it developed a shampoo that works best with cold water and that is sold in small packets to reduce barriers of upfront costs for the poor. The response of the market was extremely positive, so that the single-dose approach became very common in India and was applied to several business sectors, as shown in table 1, where the prices of different products sold are reported.

RUPIE	USD	TYPICAL PRODUCTS
0.5	0.01	Shampoo, tea, sweets, matches
1.00	0.02	Shampoo, salt, biscuits, ketchup, concentrated juice fruit
2.00	0.04	Detergents, soap, jam, coffee, spice, products for breath freshening, food products in paste
5.00	0.10	Biscuits, toothpaste, hair dye, perfumes, bread, oil, skin creams

Table 1 Prices of different products sold in single-doses.

An additional way to enter the BOP market is the partnerships between a company and the community. For instance, since 2005 the SC Johnson Company has been partnering with youth groups in the Kibera slum of Nairobi, Kenya. Together SC Johnson and the groups have created a community-based waste management and cleaning company, providing home-cleaning, insect treatment, and waste disposal services for residents of the slum.

These are only some of the numerous cases of business that specifically target the BOP. Despite the different models adopted, the common aspect is that they helps the poor and allows companies to increase their business, setting up the win-win relationship that has been mentioned few lines above.

This research is about different business models that specifically target the BOP, with a focus on their configurations and their interaction with poor communities in term of social impact, as it is explained in the following paragraph.

1.3 Thesis Outlines

After having identified the problem – the poverty alleviation – and the solution adopted – business in the BOP – we can take a general view to the thesis outlines.

The first part (chapter 2) will provide a literature review on what other scholars have said about this topic. In particular, the initial part will describe the concept of social innovation and how business in the BOP can be considered a social innovation. Further the focus will move to the different definitions and configurations that scholars have given to business in the BOP, trying to identify strengths and weakness each model described.

In the second part we will pass to a deep analysis of a database of 105 case studies of inclusive business: in chapter 3 the database will be described in its entirety, trying to understand which business sectors are the most common, which kind of companies approached business in the BOP and in which countries they are used to operate.

In chapter 4 the focus will move on a selection of 46 case studies: the first objective is try to understand how inclusive business can be structured in

term of value chain, i.e. in which part of the business poor people have been included; the second step of the analysis (chapter 5) is the evaluation of the social impact that each case study had on poor communities and if there is a correlation between the social impact and the configuration adopted in the business model.

To conclude, the last part (chapter 6) will provide a short summary of the results reached next to the analysis of the limitations of the framework adopted, specifically regarding the social impact assessment, and to suggestions for further researches aiming at answering the questions that remain still open.

2. LITERATURE REVIEW

The topic of innovation in business and science has been thoroughly examined in academic literature, both from a theoretical perspective and from a more quantitative one. Although, a parallel deep research on social innovation has not yet been conducted, causing the presence of several, and often incongruous, definitions as well as the absence of a framework for the process of social innovation.

In the following paragraphs different authors' definitions will be provided and then the focus will move on how social innovation can help reducing poverty, in a way that allows a firm to growth its business and, at the same time, improve poor's living conditions (inclusive business).

The interpretations on what inclusive business means are numerous and will be analysed in the second section of this chapter, with the intention of reach a unique definition that will be the base for the researches conducted.

2.1 Social Innovation

Social innovation is a relatively new concept, since it has become a relevant field of academic research since twenty years. Before analysing the interpretations provided by different scholars, it will be appropriate make a step backward on what innovation means.

According to Schumpeter's economic theory, innovation corresponds with new combinations of cognitive and physical elements that are economically more viable than the old way of doing things (Schumpeter 1934). This concept of innovation takes the form of product innovation, i.e. the introduction of new goods or a new quality of a good; process innovation, the introduction of a new method of production, including a

new way of handling a commodity commercially; market innovation, the opening of a new market; input innovation, the conquest of a new source of supply of raw material or intermediate input; and organisational innovation, the carrying out of a new organisation of industry.
Freeman gave an economic interpretation of innovation, identifying it with first commercial transaction involving the new product, process, system or device (Freeman, 1982).

However, if we think about Wikipedia and the Open University, telephone help lines and telethon fundraising, complementary medicine, holistic health and hospices, neighbourhood nurseries, microcredit and consumer cooperatives, charity shops and the fair trade movement, we can identify a common denominator: they are all examples of social innovation, i.e. new ideas that face unmet needs and improve peoples' lives. A first definition of social innovation could be just this: in fact, all the interpretations – that are going to be presented in the next few lines – share the common theme social innovation addressing social problems and benefiting society.

It is interesting understand the difference between economic and social innovation, according to different dimension.
The driver that guides social innovation is primarily the creation of value that benefit the society as a whole and then the profit maximization, while economic innovation is motivated by the profit and commercial reason.
A further distinguishing factor is the intention that moves the creation of new goods/services: while social innovation addresses social needs, economic innovations firstly seek a business opportunity and the creation of competition between other firms. Sometimes It could happened that an economic innovations address also social needs; in this case the

outcomes reached is mostly unintentional, because if they were intentional, this innovation would have to be considered a social one.
Another distinctive feature of social innovation is that is promotes social capital through the empowerment of citizens, social justice and social cohesion, rather than the productivity, which is the main asset of economic innovation.
The last variable that differentiate the two types of innovation is the market that each one target: social innovation arises from demand and existing need, while economic innovation is strongly linked to marketing and the creation of the final demand (Kahle, 2011).

Despite these main characteristics of social innovation, researchers offer definitions that are neither unique nor homogeneous.
Peter Drucker was probably one of the earliest authors that employ this term as a new management's dimension, after having been a political act (Drucker, 1987).
Mumford defined it as "*the generation and implementation of new ideas about how people should organize interpersonal activities, or social interactions, to meet one or more common goals*" (Mumford, 2002).
Munford limited the impact of social innovation to the development of new ideas about social organization, or social relationship; this kind of improvement consists on the creation of new kinds of social institutions (for instance the first subscription library), the formation of new ideas about government, or the development of new social movements (consider the life of Martin Luther King). At the same time, social innovation may include the creation of new processes and procedures for structuring collaborative work (establishment of Boy Scouts), the introduction of new social practices (the first University), or the development of new business practices (creation of paper currency).

Pot and Vaas supported the idea that social innovation includes *"such things as dynamic management, flexible organisation, working smarter, development of skills and competences, networking between organisations"* (Pot & Vaas, 2008). However, both definitions appear to be vague and not helping to understand how can social innovation concretely be achieved.

Because of the difficulty of reaching a complete as well as not hazy definition, other scholars preferred to focalized on one specific consequence of social innovation between system change, social need or social value.

Considering the first dimension – system change - social innovation is defined as *"those processes, products, and initiatives which profoundly challenge the system that created the problem that they seek to address […] More definitively, social innovation is oriented towards making a change in the systemic level"* (Westley & Antadze, 2010). This field of interpretation, which includes even more authors, gives a high expectation to social innovation and set very high criterion for every social innovation to reach.

Mulgan interpreted social innovation as social need since it *"refers to innovative activities and services that are motivated by the goal of meeting a social need and that are predominantly diffused through organizations whose primary purposes are social"* (Mulgan, 2006). In this case, though, the boundaries between social and economic innovation seems to be not so clear and defined: some economic innovation could be classified as social even though their primary purpose is not the social one. Social innovation, for instance, can be driven by politics and government (for example, new models of public health), market (for example, open source software or organic food), movements (for example, fair trade), and academia (for example, pedagogical models of childcare)

as well as by social enterprises (microcredit and magazines for the homeless).

Finally, social value could be defined as "*the creation of benefits or reductions of costs for society - through efforts to address societal needs and problems - in ways that go beyond the private gains and general benefits of market activity"* (Auerswald, 2009). According to this dimension, Phills defined social innovation as "*any novel solution to a social problem, that is more effective, efficient, sustainable, or just than existing solutions and for which the value created accrues primarily to society as a whole rather than private individuals*" (Phills et al., 2008).

Although all these definitions focus on one particular aspect, while trying to consider the several features that are linked to social innovation.

Khale provided an organic interpretation, which embodies the different aspects considered by authors above mentioned. It takes under control five dimensions of social innovation:

1. **Market Dimension**: in order to succeed in a social innovation it is necessary to start from market inefficiencies and social needs and identify solutions that solve them;
2. **Social Dimension**: social innovation combines both social and economic motives, with the mission of benefiting the society, besides generating private wealth, which is the main objective of economic innovation;
3. **Change Dimension**: social innovation has the potential to accelerate the rate of social change as long as: it is something new in the context, it changes prevailing social standards and it allows an improvement in term of economic or social performance.
4. **Value Dimension**: the ultimate goal of social innovation is create social value, next to economic one, that may include improvement

of life conditions, justice, conservation of the environment, fairness, improved health and better education.

5. **Business Dimension**: it is fundamental to consider the strong correlation that exists between social innovation and business innovation: through a social innovation a firm can expand the market-shares or even enter in new markets, making it not an act of charity but a potential business opportunity.

According to that *"social innovations are marked-based solutions that are social both in their means and in their ends, implying a fundamental change in meeting a social need while generating value towards society as a whole and resulting in profits"* (Khale, 2011).

This definition is the one that better describes all the features of social innovation and that better fits with the main theme of this thesis; the five dimensions that compose it will be applied after to the topic of inclusive business.

2.2 Doing Business At The Bop

Before demonstrating that business at the BOP is a social innovation, it is fundamental reach a definition of what does it means. In fact, it has been previously defined as business that somehow interact with the largest, but poorest, socio-economic group of the world population; however several authors have discussed in articles and books the different ways of interaction, as reported in the followings paragraphs.

2.2.1 Bop As Consumer

The basic concepts of business strategies for low-income communities has been developed by C.K. Prahalad and Stuart L. Hart in 2002.

"In short, the poorest populations raise a prodigious new managerial challenge for the world's wealthiest companies: ***selling*** *to the poor and helping them improving their lives by producing and distributing products and services in culturally sensitive, environmentally sustainable, and economically profitable ways".*

The model that they developed considered the vast number of the poor as a market (i.e. such consumers) that mainly needs to be reached by an affordable product and new distribution channel. The role of companies is making available quality goods and services that improve low-income populations' living conditions. The benefits, though, are not only for consumers but also for the ventures: by entering the developing market, in fact, MNCs can enhance their own prosperity thanks to increased revenues and efficiency in their processes. (Prahalad and Hart, 2002; Prahalad and Hummond, 2002; Prahalad, 2011).

The perspective provided is far from being intuitive, especially if the perception of developing countries is limited to rural villages and children suffering for hunger; therefore, the first step is trying to partially integrate the old image and the behaviour toward poor, that mostly everyone has, through the refuting some diffuse misperception.

The first one is that poor have no money: this assumption is real if the focus is on a single person, while the aggregate buying power of poor communities is quite large. One example could be the success of Graamen Telecom's village phone in Bangladesh - a unique idea that provides modern telecommunication services to underprivileged people;

each village phone is owned by a single entrepreneur but is used by the entire community. The average per capita income of villagers is less than 200$ per year and they spend around 7% of their income on phone services, generating an average revenue for the village phone of 90$ a month.

Moreover, figures from the UN and the World Resources Institute indicates that by 2015, in Africa, 225 cities will each have populations of more than 1 million; in Latin America, another 225; in Asia, 903. This means that, since cities in developing markets are densely populated, companies that operates in these areas will have access to a to millions of potential consumers. Although, the rural poor are more critical to be reached than urban poor and distributing access in rural areas represents a crucial barrier that companies need to overcome in order to pick this large untapped opportunity.

Now considering to be a large company: how much profitable could it be entering in these markets, considering that goods sold in developing countries are extremely cheap? It could be surprising knowing that poor consumers pay higher prices for most things than middle-class customers do, due to the informal economies that mostly characterize developing countries (Table 2). For this reason, big enterprises, with economies of scale and efficient supply chain, can offer higher quality product at affordable prices, that still allow them to reach positive profit.

Item	Dharavi	Warden Road	Poverty premium
Credit (annual interest)	600%-1000%	12%-18%	53X
Municipal-grade water (per cubic meter)	$1.12	$0.03	37X
Phone call (per minute)	$0.04-$0.05	$0.025	1.8X
Diarrhea medication	$20	$2	10X
Rice (per kilogram)	$0.28	$0.24	1.2X

Table 2 The High-Cost Economy of the Poor: comparison of the costs of essentials in Dharavi, a shantytown of more than 1 million people in the heart of Mumbai, India, with those of Warden Road, an upper-class community in a nice Mumbai subutrb (Prahalad, Hammond, 2002)

Another incorrect conviction is that the poor are too concerned with fulfilling their basic needs to "waste" money on nonessential and "luxury" goods and that they are not able to use advanced technologies. In reality, poor people have a prevailing short term vision, which let them spend their "extra" money on things that can get at the moment and that can improve the quality of their lives, rather than saving money for the future. BOP communities are ready to adopt new technologies too, provided that improve their economic opportunities or their quality of life.

An ethical question is still open: does MNCs that operate in developing countries exploit the poor? Considering again table 2, if a venture is able to offer same products and services at a lower, though still profitable, price, it does not mean exploiting the poor but helping them while make profits, and this is the main feature of what doing business in the BOP means: establish a win-win relationship.

Still this kind of business is characterized by barriers (table 3) that are not present in developed markets and that could undermine the success of a firm entering the BOP (Karamchandani et al, 2008).

The success of an enterprise that target BOP markets leads in surmounting these multiple barriers at the same time, developing unique

and innovative business model, that breaks free from established mindsets, systems, and metrics.

Barrier	Explanation	Solution
Uncertain cash flow	No up-front payments	- Repackaging offerings in small amounts - Using credit (when available) to reduce up-front payments - Pay-per use strategies - Reduce production cost through specialization
Gauging demand	Confusing need with demand	Meet existing demand, not try to generate it.
Sales & distribution challenges	Consumers are numerous but often rural and scattered; difficult to ménage face-to-face interactions	Build a dedicated channel to serve the market, also teaming up with partners that have extensive reach in the market
Disaggregate providers	Small suppliers, with lack of training and unreliable outputs	Include small suppliers and provide them trainings
Undeveloped business ecosystems	Presence of holes in the value chain	Fill the gaps in the value chain

Table 3 Barriers for business in the BOP.

2.2.2 Bop As Producer

Karnani has been one of the authors that moved a critic against Prahalad's interpretation of business in the BOP, arguing that the dimension of the BOP market and, consequently, the opportunities for those companies entering the market are limited (Karnani, 2007).

Firstly, the number of poor people and the BOP market size were redefined, according to World Bank estimations, to 2.7 billion – rather than 4 - of people living with less than 2$, with an aggregate purchasing power of $1.2 trillion - and not $13 trillion as Prahalad said – that are mostly (80%) intended to basic needs, such as food, clothing and fuel, greatly

reducing the spending capacity on “luxury” goods. Karnani also empathized the distribution and marketing costs of serving the markets at the BOP, that can be very high if geographical dispersion and cultural heterogeneity are considered, and can actually erode the margin generated. The last aspect considered was a more ethic one and regarded the exploitation of the poor, that, having the possibility, could be tempted and persuaded to spend money on not necessary products, such as television and shampoo, rather on higher priority needs, such as nutrition, education and health.

Therefore the author developed a new interpretation of what doing business an the BOP, according to which *"the only way to alleviate poverty is to raise the real income of the poor, focusing on the poor as producers, rather than as a market of consumers”* (Karnani, 2007).

Private companies should try to market to the poor, taking into account that the profit opportunities are modest and are connected with the capacity of reducing significantly the prices. Therefore the best way to eradicate poverty is focusing on the poor as producer and creating opportunities for steady employment.

Although, someone may argue that including poor in upstream steps of the value chain could be, somehow, similar to the concept of delocalization (also called off-shoring). Economic delocalization, in fact, is a transfer of activities, of capital and of employment in areas of a country or of the world which have competitive advantages: entrepreneurs produce where it is cheaper, offering employment to foreign people, and sell where there is purchasing power, separating in this way fabrication areas and transformation products areas from consummation country. Up to now, there are not significant differences between off-shoring and BOP as producer; although the subtle distinction is similar to the difference between economic and social innovation previously analysed. The factor

that distinguishes these two concepts is connected to their primary objectives: enterprises that offshore processes aim at reducing costs and not at having some kind of positive impact on the foreign country; on the contrary, BOP business models, independently on the configuration adopted, set the basis for a win-win relationship between poor communities and enterprise, with the intent of mutual value creation.

The step forward consists on understanding how value can be created for poor included as producer, i.e. what obstacles faces a producer in a developing country and how a venture can help in overcoming them. Currently, BOP producers sell their goods almost exclusively in local markets, with little chances to expand their capacity and final market. Ventures can play the role of bridge, purchasing goods produced locally in the informal sector and sell them in various domestic and international markets (Ramachandran et al, 2011). In addition, producer's ability to access affordable and high-quality raw material, financial, and production resources can be enhanced (London et al, 2009). Although, how could be demonstrated if a greater impact in poverty alleviation is given by BOP as consumer configuration rather than as producer, and, consequently, limiting the researches only in one of these two fields? Some scholars developed a new approach of business at the BOP, that can be brought back to the general concept of inclusive business, described in the following paragraph.

2.2.3 Bop As Inclusive Business

The two alternative models of business at the BOP have been precisely defined as **BOP-as-consumer ventures***, i.e. "scalable profit-oriented ventures operating in the informal economy, catalysed by external participation and co-created with those at the BOP, that connect non-local*

goods and services to BOP markets"; and **BoP-as-producer ventures**, i.e. *"scalable profit-oriented ventures operating in the informal economy, catalysed by external participation and co-created with those at the BoP, that connect BoP producers of goods and services to non-local markets"* (Rangan, 2007; London et al, 2008).

Following, a unique concept of BOP venture was developed as "a revenue generating enterprise that either sells goods to, or sources products from, those at the base of the pyramid in a way that helps to improve the standard of living of the poor" (London, 2008).

Hart and Simanis improved this idea and focused their researches on the role of poor as business partner and innovators, rather than just as potential producers or consumers, identifying the engagement with the poor is the key of the success of a BOP venture (Simanis & Hart, 2008).

An evolution of these last two concepts has been made by the theory of Inclusive Business (also called BOP 2). Inclusive business is a business initiative that, keeping its for-profit nature, contributes to poverty reduction through the engagement of low-income communities in its value chain through:

- directly employing low-income people;
- targeting development of suppliers and service providers from low-income communities;
- providing affordable goods and services targeted at low-income communities.

The poor involved may benefit of pros of both business models previously described: as employees and suppliers (BOP as producer), they gain access to the formal economy and can be provided of training, access to finance and more income; as consumers (BOP as consumer), low income customers can benefit from products and services that meet their needs in an affordable way. The innovative feature is the connection between these

two configurations: in fact, if a business does both, it opens up the virtuous cycle of business in development (figure 4): by employing poor people or

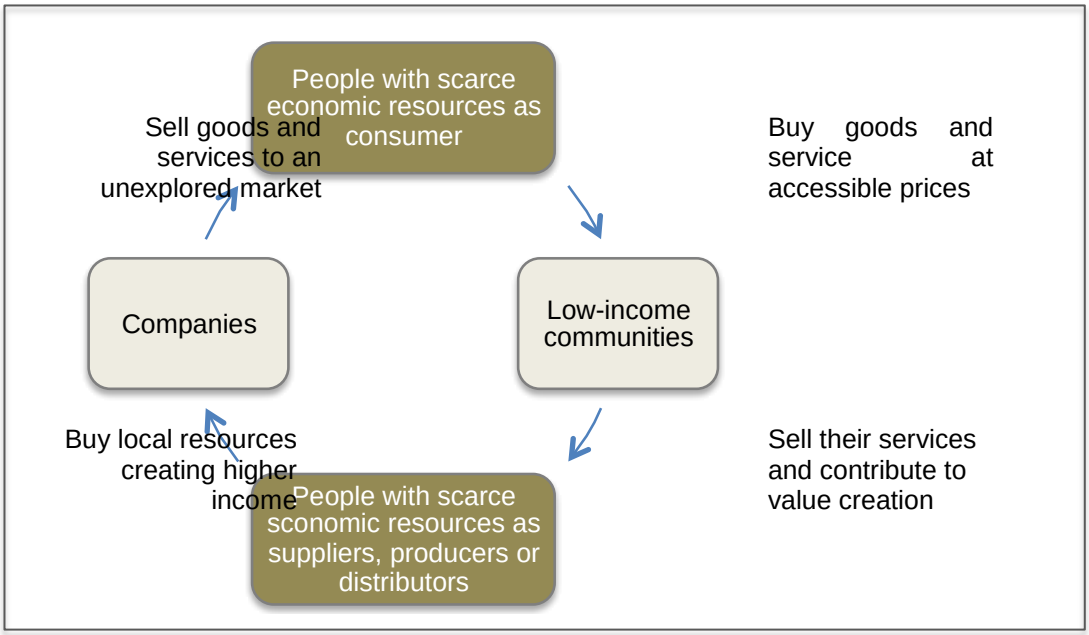


Figure 4 The virtuous cycle of business.

sourcing from them, an increase of their income can be guaranteed and, consequently, their purchasing power will grow.

After analysing these literature branches, the definition of BOP business adopted is the following: it is a business that create value for person at the BOP. This objective can be achieved in different and not mutually exclusive ways, such as:

1. partnership/integration with local producers, offering them fair financial treatments and empowering
2. Training and employment of local people, in order to allow them to take part in the firm's operations thus letting them add value to the final product directly
3. Selling goods to individuals at the BOP.

The more a firm can combine these three ways, the more value is created.

One particular type of business structure that has been implemented is Fair Trade, that although is not the central topic of the thesis and, for this reason, is described at a general level.

The term Fair Trade defines an alternative trading approach to conventional trade and it is based on a partnership between producers and consumers, on dialogue, transparency and respect. Fairtrade offers producers a better deal and seeks greater equity in international trade. It contributes to sustainable development by offering better trading conditions to, and securing the rights of, marginalized producers and workers – especially in developing countries, offering a powerful way to reduce poverty through their every day shopping.

The low-income suppliers are not the only one who achieve some benefits; Fair Trade allow to establish a win-win relation between the stakeholders, as shown in figure 5:

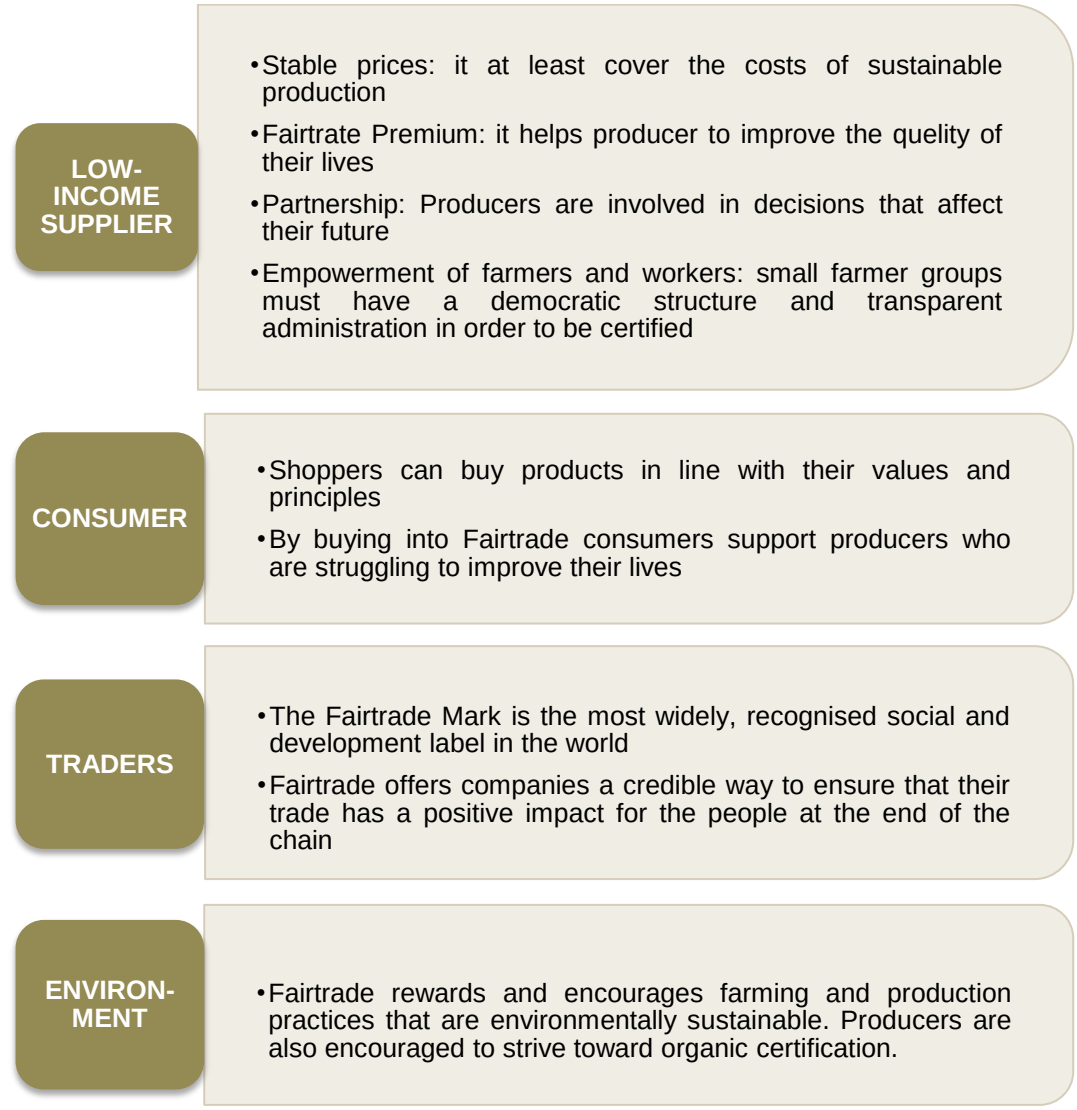


Figure 5 Benefits of Fairtrade on parts involved.

The study "*The last ten years: a comprehensive review of the literature on the impact of Fairtrade*" (September 2009) conducted by V. Nelson and B. Puond, focuses on the impact at the local level of Fairtrade-certified product. The different dimensions of Fairtrade impact are explored including: economic, quality of life/wellbeing, and empowerment types of impact.

Of the total number of case studies reviewed (80+), 31 contained evidence of positive economic impacts, although the scale of these are sometimes modest.

In fact, the average incomes are still low at US$900/year (compared to the poverty level of US$812 and the “sustainable” level of US$1791). While those producers selling all or a part of their production to Fairtrade are often better off than their neighbours, and usually more able to cover their basic needs and some modest investments, it is difficult to assess from the studies the degree to which participation in Fairtrade is enabling producers to escape poverty.

The certification process reveals to be complex and very rigid, making it difficult to small farmer to access to the Fair Trade circle: those in ecologically marginal or remote areas or who have less ability to pay for labour, for example, struggle to conform to the environmental and quality standards required.

Few studies reviewed the assets and the characteristics of producers able to participate in Fairtrade, many of whom may already have belonged to a farmer organization – as compared to those who have fewer resources and may not be part of a farmer organization. After this brief analysis on Fairtrade, the attention is moved to other business models and cases studies that do not belong to this category.

2.3 Social Innovation In The Bop

After having defined what social innovation and inclusive business mean and explained it through the short excursus on Fairtrade, one question remains still open: could inclusive business be considered a social innovation?

If the concept of inclusive business is analysed according to the five dimensions of social innovation, the results are the followings:

1. **Market Dimension**: consumers in the BOP have limited resources to only buy essential products that serve most fundamental basic needs. For this reason, the most important key factor to succeed in the BOP market is the identification of market inefficiencies and the critical needs that are still unmet, simply because noncritical products will not be purchased (Madhubalan et al, 2011)
2. **Social Dimension**: any type of positive influence in poor people's lives, both selling products that improve their living conditions and assuring them increased and fair income, could be considered a positive social impact. The measure of social impact is not obvious as it can seems, though: almost everyone can recognize if an initiative has a social dimension or not, but how it can be quantify is not foregone. Some framework will be discussed in the next paragraph.
3. **Change Dimension**: products and services sold in the BOP are necessarily new in its contest, since they respond to unmet needs; at the same time they change prevailing standards, that in most of the cases neither exist; in addition they improve social (BOP as consumer) and economic (BOP as producer and/or supplier) performances.
4. **Value Dimension**: firms that operate in the BOP generate value in term of satisfaction of the basic and explicit needs that, according to Maslow's "Hierarchy of Needs" model (1943) are the physiological (food, water, shelter…) and safety and security needs (protection, employment, stability…). Companies that target the BOP consumer will address primarily the physiological needs, while the ones that

include poor in the business process will satisfy the safety and security needs.

5. **Business Dimension**: entering in the BOP allows also the leverage of business value through the identification of untapped business opportunities, potential new markets, new customer bases and profit margins; also business that includes poor as producer or supplier can permit to optimize the cost structure while increasing the revenues and the competencies of the subjects involved.

Consequently, it becomes evident to consider business in the context of low-income markets as social innovations and even more it is crucial to understand how to measure the social impact of inclusive business.

2.4 Measuring Social Impact

Searching in the wade range of articles and books covering the subject of innovation in general, it could be easy to find many tested theories about how to measure the success and the impact of an innovation, from sets of key performances indicators (KPI) and balanced scorecards to more complete framework, that guide in the process of evaluation of the innovation itself.

However, probably because researches on social innovation have started recently, it has not yet reached a common and tested guideline to assess the impact of social innovation. The main barrier to measuring a social impact is linked to its nature: social innovation brings changes in people's lives and organisation and sometimes these outcomes are difficult to be quantified. Furthermore, even though they can be countable, often the indicators extrapolated can not be compared because of their different dimensions.

Below some of the tools and frameworks developed are presented, so that will be easier to understand both the importance and the intrinsic difficulty of measuring social innovation.

A significant effort was made by the World Bank (2002), that provided a set of assessment tools (figure 6) that, however, are fare from being a complete framework.

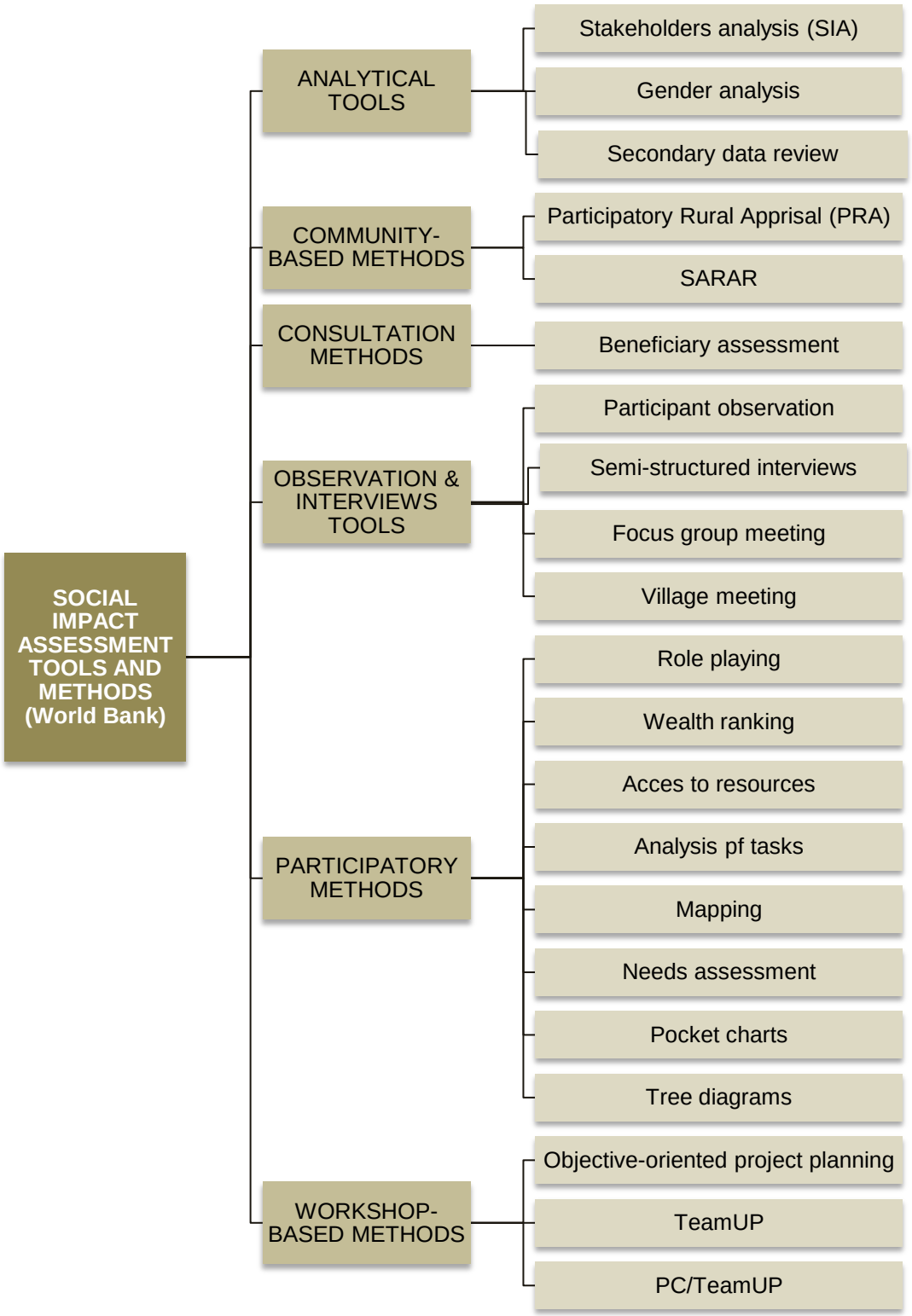


Figure 6 World Bank's tools for assessing the Social Impact.

- **Analytical tools:** *Stakeholder Analysis* is an entry point to SIA (Social Impact Assessment that allows to understand the stakeholders involved, their role and influence on the social initiative; *Gender Analysis* focuses on understanding and documenting the differences in gender roles, activities, needs and opportunities in a given context; After having collect the information above mentioned, a *Secondary Data Review* can help to identify experts and institutions that are familiar with the development context, and to establish connections with them.
- **Community-based methods:** *Participatory Rural Appraisal* (PRA) covers a family of participatory approaches and methods aiming at collecting appraisals and plans directly developed by participants; *SARAR* - self-esteem, associative strength, resourcefulness, action planning and responsibility for follow-through - seeks to optimise people's ability to self-organize, take initiatives, and shoulder responsibilities.
- **Consultation methods:** Beneficiary Assessment (BA) starts from systematic listening of beneficiaries in order to obtain feedback on interventions.
- **Observation and interview tools:** Participant Observation, Semi-structured Interviews, Focus Group Meetings and Village Meetings consists on interrogations and observations of individuals or groups with the intention of collecting information.
- **Participatory methods:** aim at including a large number of people in the modelling process so that a sense of ownership and motivation towards change is developed.

- **Workshop-based methods:** Objectives-Oriented Project Planning, TeamUP and PC/TeamUP are all methods that encourages participatory planning and analysis throughout the project life cycle.

Clark and other researchers linked with the Double Bottom Line Project made a step towards the categorization of the process of evaluation of social impact.

As first step of their project, a simplified model of how social value is created was provided (Impact Value Chain, figure 7) and the distinction between outputs and outcomes was clarified as "*outputs are results that a company, nonprofit or project manager can measure or assess directly: outputs for an after-school program, for example, could include the number of children participating in the program, the percent that drop out, and the percent that re-enroll the following year. Outcomes are the ultimate changes that one is trying to make in the world: for the after-school program, desired outcomes could include higher self-esteem for participants or higher educational achievement for participants"* (Clark et al. 2004).

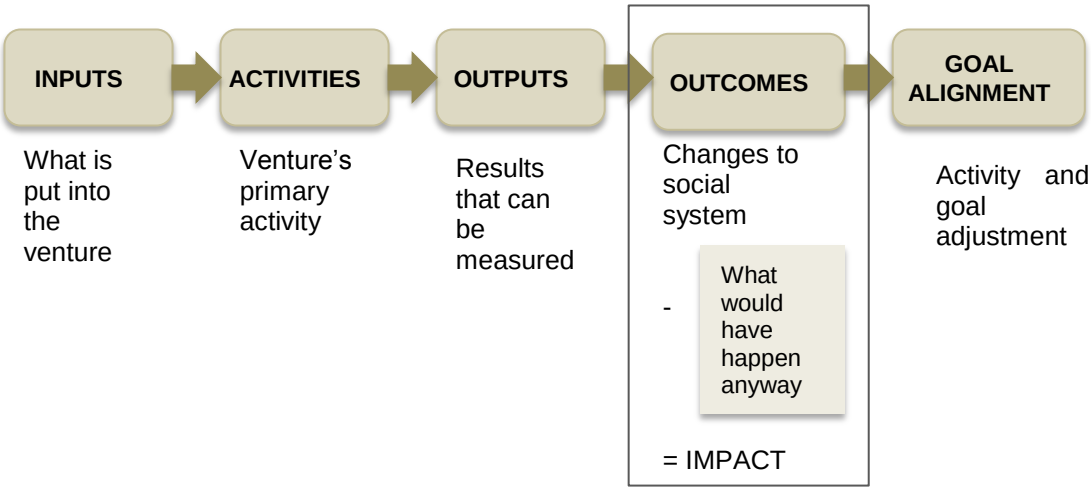


Figure 7 The Impact Value Chain

After having defined this, the research group took in consideration different assessment methods commonly utilized (table 4), distinguishing them in:

1) Process Methods, that help in tracking and monitoring the efficiency and effectiveness of outputs in term of their correlation with or determination of the desired social outcomes.

2) Impact Methods: are tools that relate outputs and outcomes, and attempt to prove incremental outcomes relative to the next best alternative.

3) Monetization Methods: monetize outcomes or impact by assigning a dollar value to them.

METHOD	PROCESS	IMPACT	MONETIZATION
Theories of Change	•		
Balance Scorecard (BSc)	•	•	
Acumen Scorecard	•		
Social Return Assessment	•		
AtKisson Compass Assessment for Investors	•	•	
Ongoing Assessment of Social Impacts (OASIS)	•	•	
Social Return on Investment (SROI)		•	•
Benefit-Cost Analysis		•	•
Poverty and Social Impact Analysis (PSIA)		•	•

Table 4 Assessment ethods used for measuring the Social Impact.

Coherently with the objective of this research, the attention is moving only on impact methods, while for a more extensive analysis of the remaining the suggestion is to refer to the previously mentioned article.

The **Balanced Scorecard** is a managerial tool where the operational performances are measured through a set of indicators linked to financial, customer, business process, and learning-and-growth outcomes.

The **AtKisson's Compass Index for Investors** consists on a set of indicators, divided in five areas - nature (environmental benefits and impacts), society (community impacts and involvement), economy (financial health and economic influence), and well-being (effect on individual quality of life), Synergy (links between the other four areas and networking) - that integrates the reporting guidelines of major CSR standards (Global Reporting Initiative (GRI) and the Dow Jones Sustainability Index (DJSI).

The Roberts Enterprise Development Fund developed the following two methods: the **OASIS** method helps – primarily – nonprofit managers measure and track outcomes in the social purpose enterprise and across the entire organization; social return on investment (**SROI**) analysis help manage and understand the social, economic and environmental outcomes created by an activity or organisation.

Benefit-cost analysis is a two step analysis, where the costs and social impacts of an investment are firstly expressed in monetary terms and then assessed according to one or more of the weel-known economic measurement indicator, such as net present value (the aggregate value of all costs, revenues, and social impacts, discounted to reflect the same accounting period), benefit-cost ratio (the discounted value of revenues and positive impacts divided by discounted value of costs and negative impacts) and internal rate of return (the net value of revenues plus impacts

expressed as an annual percentage return on the total costs of the investment).

In the end, **PSIA** is a process for developing a systematic impact assessment for a given project, considering the assumptions on which the program is based, the transmission channels through which program effects will occur, and the relevant stakeholders and institutional structures.

From the brief excursus made, it is clear that measuring the social impact it is a long process; in his researches, Ebrahim noted that the wider is the scope of the analysis in order "to deal with a major social problem, the harder it becomes to measure the impact because it is tougher to isolate cause and effect" (Ebrahim et al, 2010). Despite the boundaries of the analysis, the amount of data that require to be collected is relevant and, in most of the cases, are available to those who are actively involved in the initiative, rather than external people. Measuring the social impact of an enterprise would be certainly easier if, next to the business plan – where, between others things, the business strategy and revenue model are defined – a target for social innovation, a measurement plan and infrastructure needed are explicated (Hanna, 2011).

It is also comprehensible that external analysis result much more difficult to be done, due to the absence of many of the data that constitute the starting point of every assessment, and it has revealed to be the main obstacle of the quantitative analysis conducted in our research.

3. RESEARCH METHODOLOGY & OBJECTIVE

After having identified inclusive business models as the object of the analysis, it is necessary to define the scope of the investigation. In particular, the first part of this chapter will focalise on describing the questions that have guided the research, while in the second part the research process and the framework elaborated are presented.

3.1 Research Objectives

In the last ten years the theme of doing business in the BOP and, in general, of inclusive business has become central in the field of socio-economic research.

The majority of research concentrated on the **definition** of what doing business in the BOP means, distinguishing mainly:

(1) consumer-based approaches, where poor is seen as a consumer that the enterprise specifically target and need to reach with affordable goods/services that fulfil needs still unmet and that have a positive impact improving the quality of poor's lives (Prahalad and Hart, 2002; Prahalad and Hummond, 2002; Prahalad, 2011);

(2) supplier-based approaches, that look at the poor as suppliers of raw materials/services, allowing in this way the increase of local business and, consequently, their incomes, with the intention, in this way, of bringing them out of poverty (Karnani, 2007);

(3) Inclusive Business (Rangan, 2007; London et al, 2008; Simanis & Hart, 2008), where the poor can play the role simultaneously of supplier, producer, distributor or consumer, with the positive aspect of creating an economic circle, with increase income for suppliers and

producers that, if considered as consumers, reach also higher purchasing power.

The topic of **value chain configurations** of businesses in the BOP, on the contrary, has been less explored in the past, with a prevalence of studies focused on differences between value chain configuration in the BOP and outside the BOP (which, for simplicity, it is call “Top of the Pyramid” or TOP), in term of density (the number of redundant ties relative to network size), number and location of structural holes within the network (ties in the network that bridge two otherwise unconnected sections of the network), degree of linearity (the reflection of a sequential production process, as in Porter’s (1980) value chain) and network’s degree of centralization (the number of direct ties to most other network members) (Rivera-Santos & Rufìn, 2010). Next to these field, it is possible to find also qualitative models and framework that aimed at guiding through the **establishment of BOP business**, formalizing, for instance, which are the main characteristics of mutual value creation business (Simanis, Hart et al, 2005; Simanis, Hart, 2008), or the product attributes needed to succeed in selling to the poor (Nakata and Weidner, 2011). Although, there are few scholars that have investigated on how social enterprises that operate in the BOP configure their value chain, in terms of which steps provide for the inclusion of poor, that could be a supplier, a producer, a distributor or a consumer, which is the first research objective of this work.

A more recent field is trying to investigate the **effects of social enterprises**, following two directions: on one hand, there are descriptions of features, constraints and effects of specific case studies that represent a single type of inclusive companies, such as the Innovating Sandbox for consumer-based (Prahalad, 2011), Fabindia for supply-based

(Ramachandran et al, 2011), KickStart for distributor/entrepreneur (Simanis and Hart, 2006); on the other hand, there are some assessments that compared between them more enterprises, but still belonging to the same inclusive business structure, for instance on new product development to meet poor consumers' needs (Viswanathan and Sridharan, 2011) or the impact on poverty alleviation of poor producers (London et al, 2010).

Unfortunately, these assessments are mainly descriptive with the absence of a qualitative model that allows comparing different cases studies not belonging from the database from which the model itself descends. Probably the main barrier in the development of a qualitative model relays on the difficulty to understand which inclusive business' performance is important to assess. To succeed in serving BOP market, in fact, companies must strike a delicate balance, keeping in mind both their legal obligations to return profits to their investors, as well as their social responsibilities (Silverhorne, 2007). The problem is not linked with the measurement of economic sustainability of a business, since there are several commonly used and accepted indicators: accounting indicators – such as ROE, ROI and their derived – value and marked based indicators, that measure the economic value of an enterprise – and non financial indicators – which assesses the impact of an enterprise among different dimension as environment and social, time, quality and service, productivity and flexibility (Azzone, 2012). On the contrary, it is more complex to evaluate the social impact that an enterprise has on the poor, as the scope of the assessment becomes less clear and defined, influencing the measurability. Although, the legitimation of a business is becoming increasingly relevant both for shareholders and stakeholders, evidenced also by the growing relevance of CSR inside companies; for social enterprises this is still more important and that is why they should

view measuring their impacts as (1) an investment that will allow them to further innovate their business model in order to improve their economic and social performance; and (2) as an instrument to find new stakeholders/shareholders – if the focus is on start-up looking for financing – or as an answer to internal stakeholders/shareholders that increasingly require ventures to measure their impacts in a systematic and structured manner (London et al, 2010).

Indeed, next to a lack in the formalization of how inclusive business practically interact with poor, i.e. how the poor are involved into an inclusive business, it is missing a transversal and empirical analysis that aims at developing an assessment model for social impact of a significant number of enterprises that belongs to the general category of Inclusive Business, i.e. that include the poor in one or more steps of its business.

This thesis try to fill these two lacks, answering to the following two research questions (figure 8):

(1) Definition and identification of the most diffused value chain configurations for inclusive business according to the role played by the poor;
(2) Analysis of the social impact of the different value chain configurations.

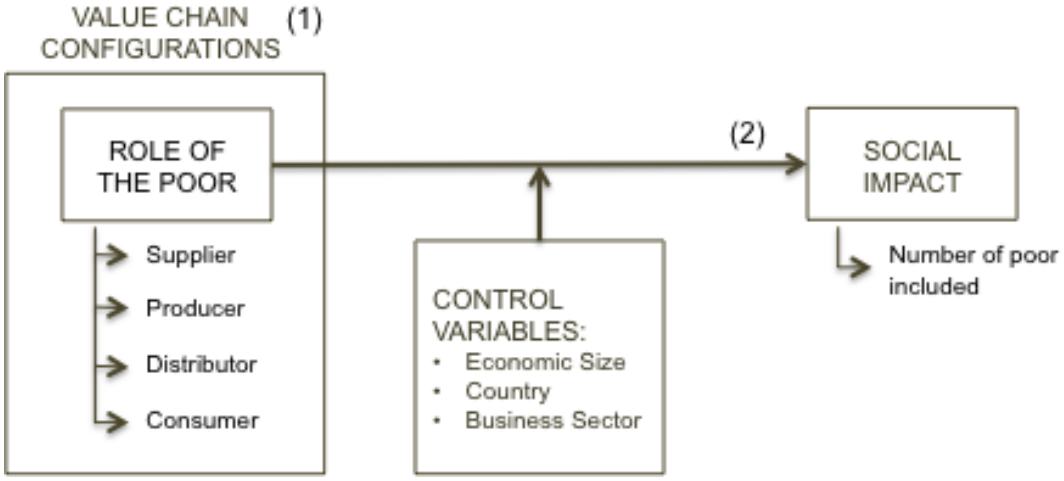


Figure 8 Conceptual Framework.

3.2 Research Process

To address these questions, a study-case based method has been adopted; the starting point was a pre-constituted on-line database of ventures that operates in the BOP: each company was mapped with the intention of describe both the main characteristics of its business and its configuration of value chain and, after this qualitative analysis a general taxonomy of inclusive business was defined. Afterward, the evaluation of social impact began and the results, which will be deeply discussed in chapter 4, reached.

The Figure 9 summarizes the steps that compose the research process.

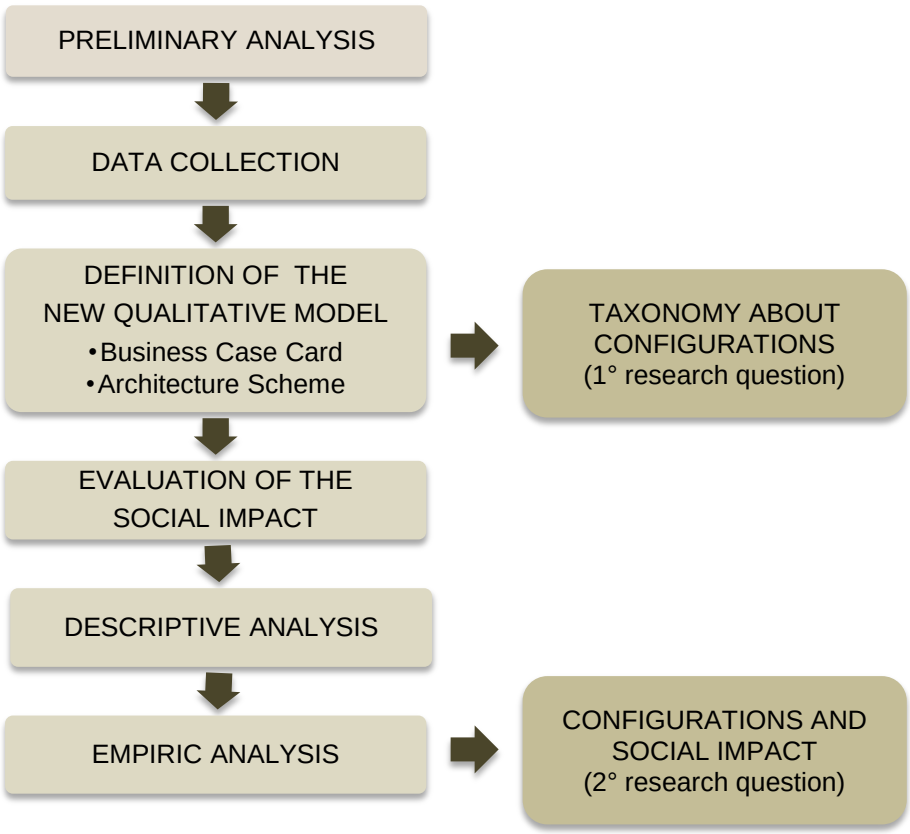


Figure 9 Research process.

3.2.1 Preliminary Analysis

The entire analysis started from an existing database, composed by 119 real case studies, realised by the Growing Inclusive Markets (GIM) initiative, a UNDP-led global multi-stakeholder research and advocacy initiative that seeks to "*understand, enable and inspire the development of more inclusive business models around the globe*" (www.growinginclusivemarket.org). This choice was guided by the high coherency between the object of the research and the features that characterize the GIM interest area. The GIM approach, in fact, seeks to demonstrate how business can significantly contribute to human development by including the poor in the value chain ('inclusive business

models'), not considering activities that are purely philanthropic or that cannot prove to be or become commercially sustainable, even though they have their own business rationales and are important for development. GIM applies a human development framework to doing business with the poor, concentrating on meeting basic needs and providing access to the goods, services and job and earning opportunities that foster economic empowerment. To sharpen this focus, the GIM commissioned 50 case studies of companies from researchers and academics in countries from Peru to Kenya to the Philippines. This bottom-up process, anchored in local knowledge, is producing an ever-growing network of development practitioners, policymakers, business people and civil society actors.

In its database, GIM highlights portraits of successful simultaneous pursuits of revenues and social impact by private actors, from social entrepreneurs to local small and medium-sized enterprises, large domestic companies and multinational corporations, but also state-owned companies and civil society organizations.

From the first reading of the case studies constituting the database it came out that few of them did not satisfy the requisites to be considered venture. Most of the cases excluded, in fact, describe local community initiatives that aim at self-support rather than business objectives. The outcome of this preliminary analysis constituted the actual database, constituted by 105 cases.

3.2.2 Data Collection

The process of data collection followed two different ways according to the two research questions.

The data necessary for the taxonomy were substantially qualitative, and has been collected from the GIM database, which describe the business,

the main constraints faced, some information regarding the impact on poor communities and, in some cases, some economic performances.

On the contrary, quantitative information was required to assess of the social impact of each venture. This aspect limited the number of firms that has been evaluated, due to their lack in the documents available and, in most of the cases, the absence of websites and/or other reports on the Internet. The ventures that yielded sufficient information to address the second research questions constitute a sample of 46 case studies.

3.2.3 Qualitative Model Of Analysis

The first goal of the analysis was to better understand how an enterprise that desire to approach the BOP market could configure its value chain, i.e. in which step the poor could be involved.

The starting point was a schematization of the generic supply chain of an organization: a simple model, that excludes the levels beyond the first, could be the one shown in figure 10.

Figure 10 General scheme of value chain.

Supplier is defined as a person who owns and provides row materials/basic services to the company; producer is the one who participates with his work in the production process and normally is employed by the company; distributor is the part that enables a transaction between the company and the consumer and he could be employed by

the company or be independent; lastly, consumer is someone who uses the products/services provided by the company.

Each company has its own configuration, in term of parts of value chain integrated or not; this general scheme guided the processes of classification of the business cases composing the GIM database according to the value chain configuration adopted.

In fact, the companies included in the original database are characterized by nine attributes, rather than being categorized according to a well defined taxonomy. These dimension are: country in which the venture operates, business sector of the firm, theme connected with the business, type of organization, role played by the poor in the business, millennium development goals that aim at helping to achieve, language in which the case study provided is written, constraints met while doing the business and strategies adopted to achieve the objective identified (figure 11).

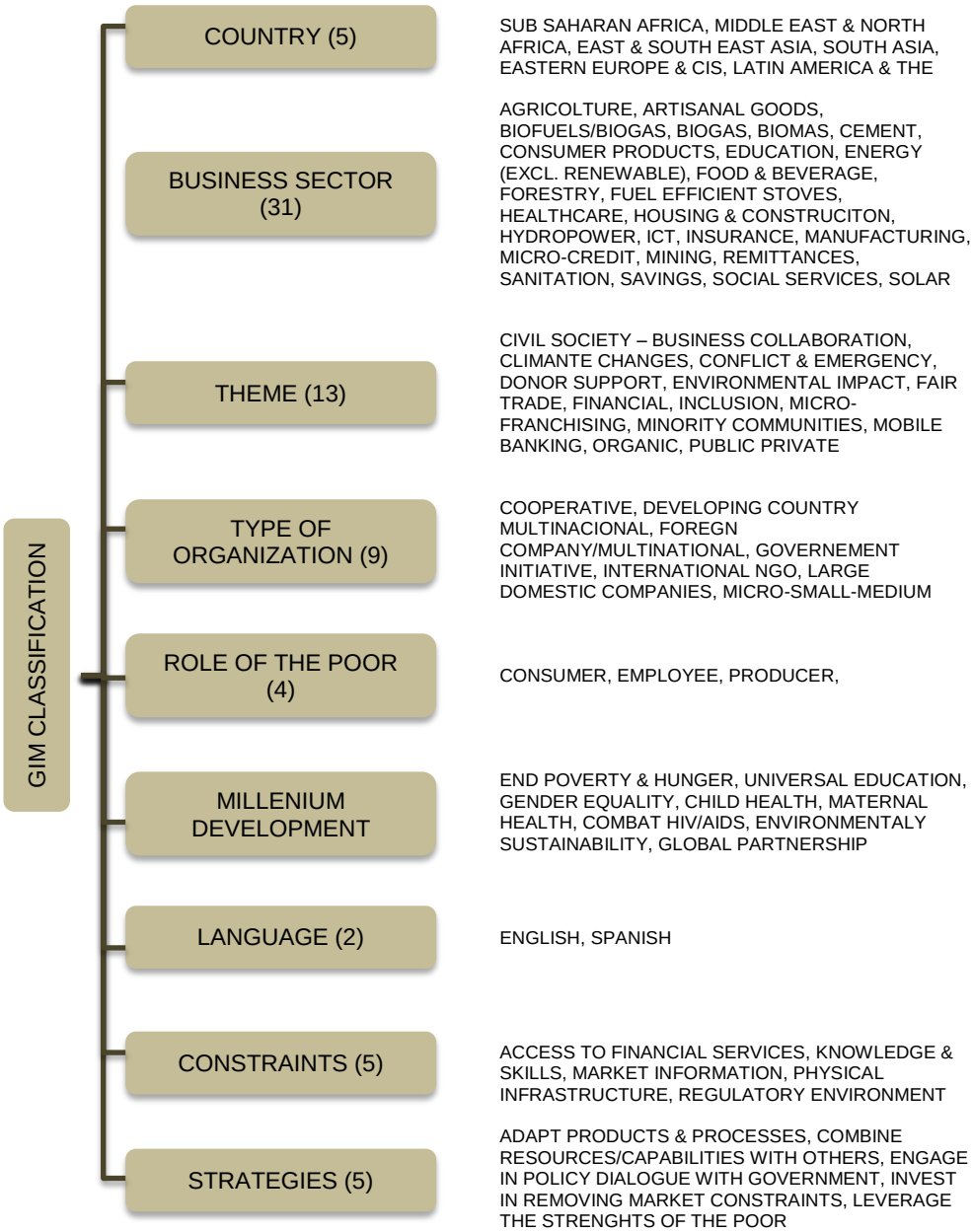


Figure 11 GIM classification.

The main dimension that was useful for the research objectives was the *Role of the Poor*, while *Country* and *Business Sector* have been kept under consideration as control variables (figure 12). Furthermore the

number of type of “Business Sectors” was reduced, in order to better understand the distribution between macro-economic areas.

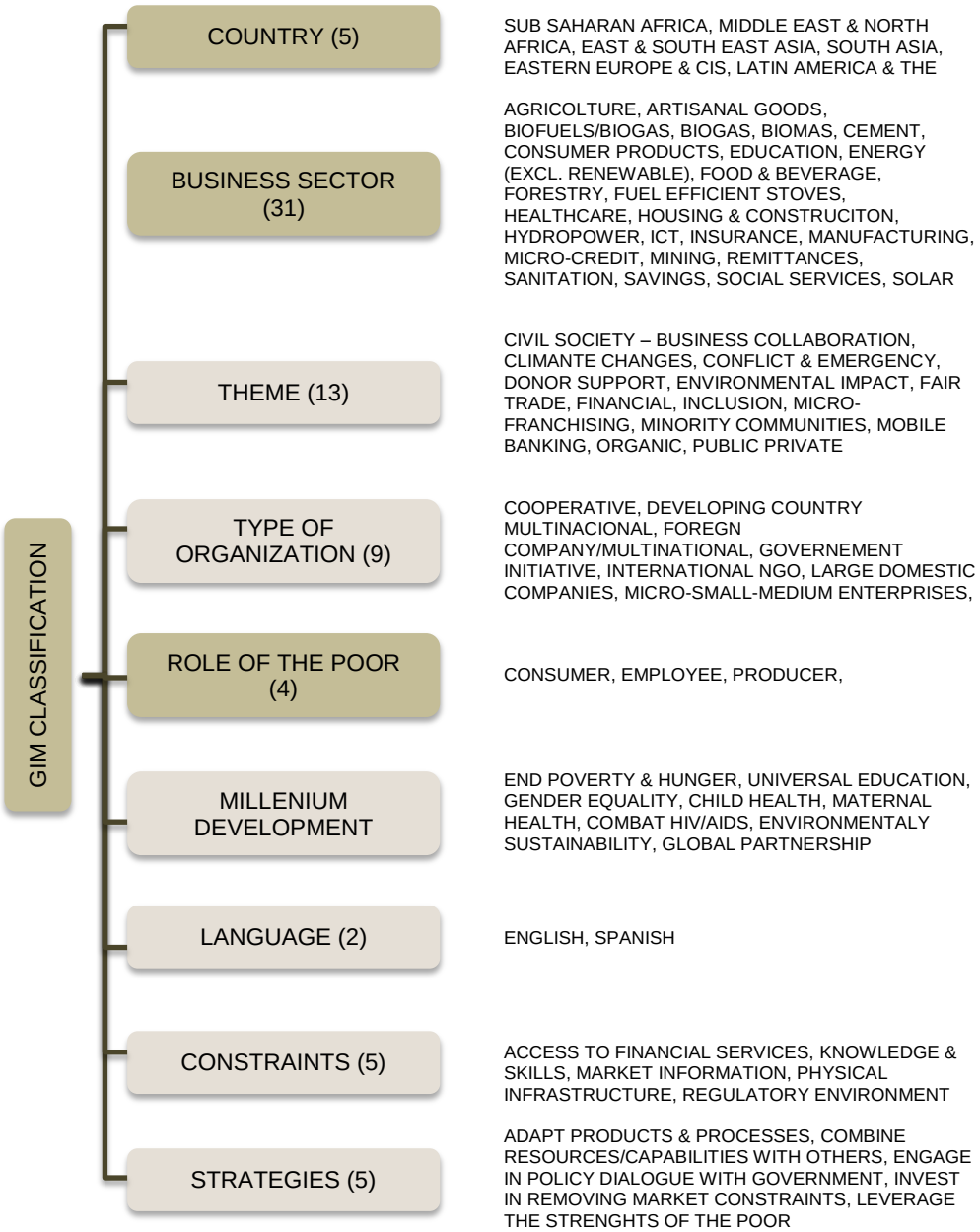


Figure 12 New classification adopted: the lighter rectangles correspond to the dimensions that have not been considered in the analyses.

Looking back to the figures above, it is possible to identify the Type of Organization dimension as an hybrid dimension that considered firstly the nature of the venture – if it is non profit (Cooperative, Government Initiative or NGO) rather than profit oriented – and secondly the dimension and the origin of the profit oriented enterprises – Micro, Small and Medium Enterprises (MSME), Large Domestic Companies (LDC), Multinationals (MNC) and Developing Countries Multinationals (MNC developing).
The major part of the ventures considered in the analysis are profit oriented (87% in the database) and for this reason the object of the analyses was limited to this class of profit oriented ventures and the dimension Type of Organization was not kept under consideration. In addition, in order to not miss the information about the economic size of the firms, a more precise indicator (that constitute the third control variables) was calculated, considering the revenues realized as a proxy of the economic size.

The *Role of the Poor* class deserves a more extensive discussion, due to the importance that it covers in the implementation of the taxonomy. In the original database, the possible roles covered by the poor were Consumer, Employee, Producer and Entrepreneur; still the definition of “Entrepreneur” reserves some ambiguities: in many cases the “Entrepreneur” coincides with a Distributor that is not employed by the firm and it assume some risk linked with the business; in other cases the Entrepreneur is a Producer (i.e. a Supplier of raw materials) that owns the main source of the products sold to the company. However, there is no coherence in how a Producer is classified as Entrepreneur: in the case “Indupalma”, for instance, the suppliers of palm oil owns their own plantations and for this reason they are classified as “Entrepreneurs”, while In other case studies (“Adina”), suppliers are defined “Producer”

even if the property of the source of the products sold to the company was their.

In addition, the concept of “Employee” is not well defined: in the GIM classification, in fact, the “Employee” is considered as someone who work in the organization, without specifying in which part of the business; according to this definition, a producer, a distributor or someone who works actively in the production process, all employed by the firms, will be on the same level in the analysis, even though the roles played are different.

For these ambiguities more specific definitions – coherently with the ones provided in paragraph 3.1 – have been adopted for the category “Role of the Poor”: the Producer has been substituted by the role of Supplier, while Employee and Entrepreneur, that could embody players who act in more than one step of the value chain, have been replaced by the figure of Producer and Distributor. In this way, the possible roles of the poor replicates exactly the structure of an extended value chain, making the identification of the different configurations adopted more easy.

After having explained the motivations behind the changes made in the vocabulary used, it is the time to describe the components of the qualitative model that are the basis of the analysis of the business cases and, consequently, of the taxonomy realized.

These elements are:

1. Business-case Card
2. Architecture Scheme

The Business-case Card is a table (table 5), where are summarized the main information regarding each business case. The fields that composed it are the year of foundation, that allows to understand in which stage of the life-cycle the company is; the industry in which the firms operates; the

core business, that is a more deep description of its business activity; the type of inclusion of the poor; the economic size of the initiative/business, i.e. an evaluation of the economic performances of the venture; and the social impact. The thematic of measuring the social impact is not obvious, as demonstrated in the analysis of the numerous assessment methods described in chapter 2, and it will discussed in the next paragraph.

YEAR OF FOUNDATION	*Year since when the company has been founded or the activity has been started.*
INDUSTRY	*Industry in which the company is operating.*
CORE BUSINESS	*Brief description of the core activity of the company / project.*
TYPE OF INCLUSION	*Type of inclusion of the poor in the business activities.*
ECONOMIC SIZE	*Description of the success of the business in term of analytic data, such as turnover, number of employee and people involved.*
SOCIAL IMPACT	*Description of the impact of the business/project in the poor live, in term of improvement of living and human conditions.*

Table 5 Business case Card Model.

The second element of the qualitative model is the architecture scheme: it is a schematic way to show the value chain of a company, in which are distinguished the poor involved from the other actors and in which both the relationship between each actor and the company – i.e. if it is employed or not – and the localization of each step of the value chain – i.e. if it is located in a developing rather than a developed country – are presented.
In table 6 the elements that constitute the architectural scheme are shown.

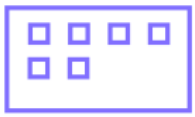
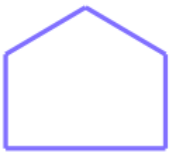
ACTOR	NOT INCLUSIVE	INCLUSIVE
HEADQUARTER: location where most, if not all, of the important functions of an organization are coordinated		
SUPPLIER: a person who owns and provides row materials/ basic services to the company		
PRODUCER: the one who participate with his work in the production process. Normally he is employed by the company		
DISTRIBUTOR: is the part who enable a transaction between the company and the consumer. He could be employed by the company or independent.		
CONSUMER: a person who uses the products/services provided by the company.		

Table 6 Legend of architecture adopted.

The different colours help to understand if an actor is poor and is involved in the business (orange colour) or not (indago colour).

The other two aspects considered, i.e. the employment/unemployment of the actor and the localization of each part of the value chain, are symbolized respectively by the “Employment Border” and the “Noth-South Line”.

The “Employment Border” is a solid line that delimits the actors that are hired by the company: considering the case of a firm that include the poor only as Distributor, for instance, the actor could be employed or not, so the “employment border” is necessary to distinguish these two cases.
The “North-South Line” a dashed line that imaginarily separate developed countries (up side of the space, i.e. north of the world) from developing countries (bottom side of the space, i.e. south of the world): by putting each symbol representing the actors in the north or south space, the localization of each part of the value chain is symbolized.
At the end, the logo NGO identifies if the company is a no-profit rather than a for-profit one (table 7).

EMPLOYMENT BORDER: it defines the actors who are employed by the company	
NORTH-SOUTH LINE: it separates the developing countries (south) from the not developing ones (north)	
NGO: it indicates if the company is a no-profit organization.	

Table 7 Employment border, North-South Line and NGO Logo.

To understand how the model works, an example of the configuration “DISTRIBUTOR” is provided.

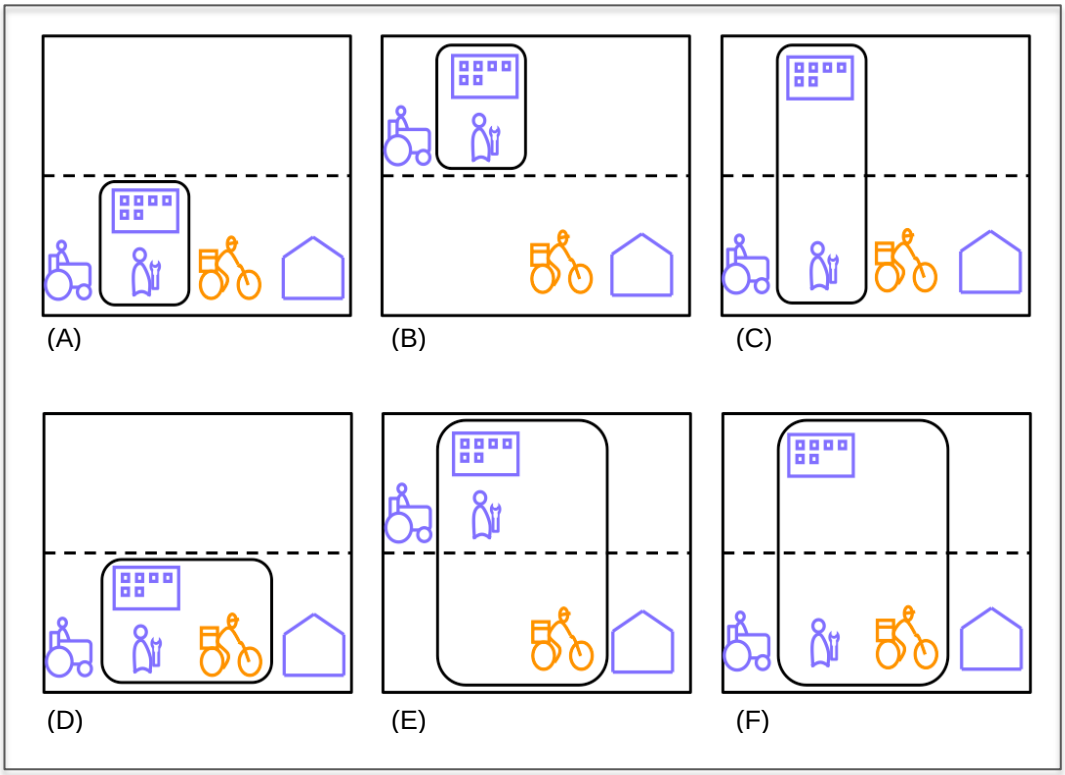


Figure 13 Explanation of the architectural model (configuration "Distributor" only).

The configuration is “DISTRIBUTOR” only, so the orange colour is used only for the distributor icon, while indago colour is used for the other actors. In theory the actors could be: all in the developing country, with only producers employed (A); upstream part of the value chain (headquarter, supplier and producer) in a developed country while downstream (distributor and consumer) in a developing country, with only producers employed (B); headquarter in a developed country while the rest of the value chain in a developing country, with only producers employed (C); all the value chain in a developing country, with producers and distributor employed (D); upstream part of the value chain in a developed country while downstream in a developing country, with producers and distributor employed (E); headquarter in a developed country while the rest of the value chain in a developing country, with

producers and distributor employed (F). Obviously other combinations are possible, if we consider the possibility of hiring or not the supplier.

The objective of this qualitative assessment is to identify which of the 15 theoretical configurations ($2^n - 1$, with n=number of actors that could be combined, i.e. supplier, producer, distributor and consumer) of the value chain are utilized in reality.

3.3.3 Evaluation Of Social Impact

Once the qualitative analysis has been completed, the focus moved to the crucial assessment of the social impact of the ventures that constitutes the database. As mentioned before, the main barrier to this evaluation was the poorness of quantitative data available; in many cases, in fact, only qualitative information was provided or alternatively the quantitative data obtainable described different – and for this reason not comparable – performances, limiting de facto the possibility to implement any evaluation tools that has been presented in chapter 2.

The first step was the identification of existing assessment models for inclusive business, which are (1) the Measuring Impact (Growing Inclusive Market) where the indicators cover several areas and measure both direct and indirect impact of the business on poor people, and (2) the Global Reporting Initiative, which is used to assess the CSR of any kind of organization.

Once all the available information was collected, a set of indicators was calculated and the choice was on the indicator that maximizes the number of business cases constituting the sample. The result was that the only performance that allows defining a sample worthy of attention was the

“number of poor involved in the business” that resumed indicators – found in both the assessment models - as the “number of job created” and “number of total beneficiaries”.

Next to this aspect, other control variables have been monitored in order to verify that the sample identified was robust, i.e. significantly represent the sample frame; such variables were the Country and the Business Sector. Furthermore the Economic Size of the Initiatives/Ventures has been monitored, in order to identify what kind of relationship there is between economic and social performances.

In figure 14 it is schematized the guided the passage from the sample frame to the sample:

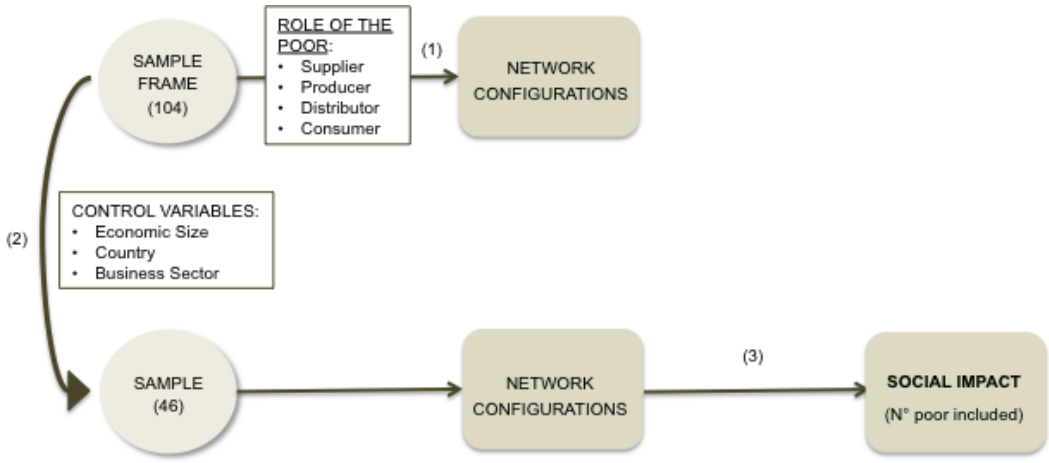


Figure 14 Step of research.

from the sample frame of 105 case studies, (1) the possible value chain configuration and, consequently, the taxonomy adopted, were determined, starting from the analysis of the role played by the poor; (2) a representative sample of 46 ventures was identified and matched with the sample frame monitoring the distribution of control variables (as described

in the next paragraph); (3) based on the sample, the social impact was assessed through the “Number of Poor Included” indicator, trying to identify a relationship between the social performance and the configuration adopted by each company, in order to define which configuration allows to have higher social performance.

3.3.4 Descriptive Analysis

In this last part the database will be described from different points of view, in order to provide a general understanding of the ventures analysed and to compare how the case studies distribute according to dimensions considered both in the sample frame and in the sample.

The first perspective that could be considered is the geographic one (figure 15).

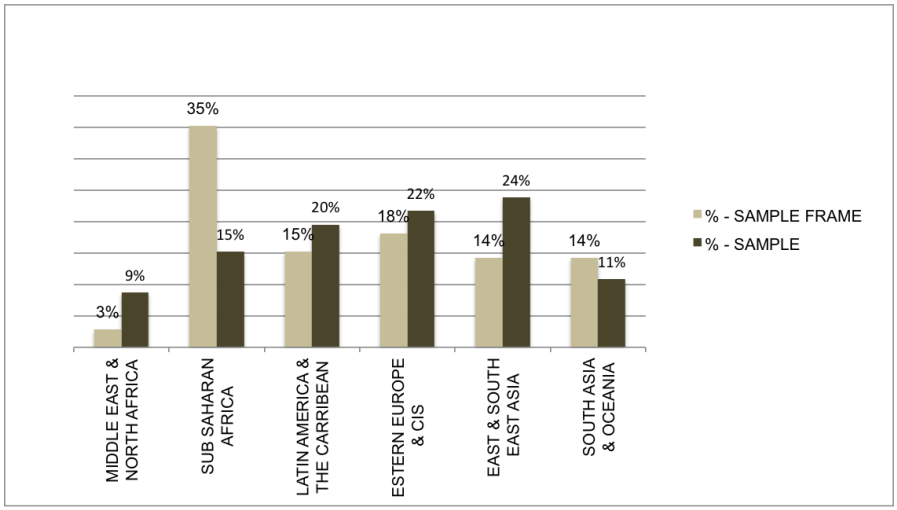


Figure 15 Comparison between the distributions of control variable Country in the Sample Frame and in the Sample.

In general, the database covers a wide number of countries, as it can be demonstrated from the percentage below.

More than 1/3 of the enterprises in the sample frame (105 ventures) operate in Africa (38%), with a prevalence of Sub Saharan countries (35%); the African countries with a higher number of case studies are South Africa (7%), Egypt (5%), Morocco (5%), Kenya (4%), Senegal (4%) and Ghana (4%), while the rest 9% is equally distributed between other nine African countries.

The 28% of the 105 companies considered run their activities in Asia, with an equal distribution between East & South-East Asia (14%) and South Asia & Oceania (14%); in particular the most common countries are India (8%), Vietnam (5%) and Philippines (4%).

18% of the firms operate in East Europe and the CIS (Commonwealth of Independent State), including countries such as Russia, Armenia, Belarus, Tajikistan and others, while the 15% set their activities in South America, primarily in Colombia (11%) and the rest distributed between Peru (1%), Brazil (2%) and Mexico (2%).

If the focus is moved to the sample (46 enterprises), it is possible to notice that there are not categories missing and this is already a good result. The only significant difference between the distributions in the database and the sample regards the percentage of Sub Saharan companies that passes from 35% in the sample frame to the 15% of the sample. The reason of this discontinuity may be attributed to the fact that the interest of companies in such area is relatively young and, for this motivation, the quantitative data required to assess the social impact still need to be collected.

Considering the second dimension, it is possible to say that both in the database and in the sample the most diffused business sectors are agriculture, consumer products, food & water and financial services and products - that reach an aggregate value respectively of 60% in the

database and 68% in the sample - followed by Energy, ICT & TELCO and healthcare (figure 16).

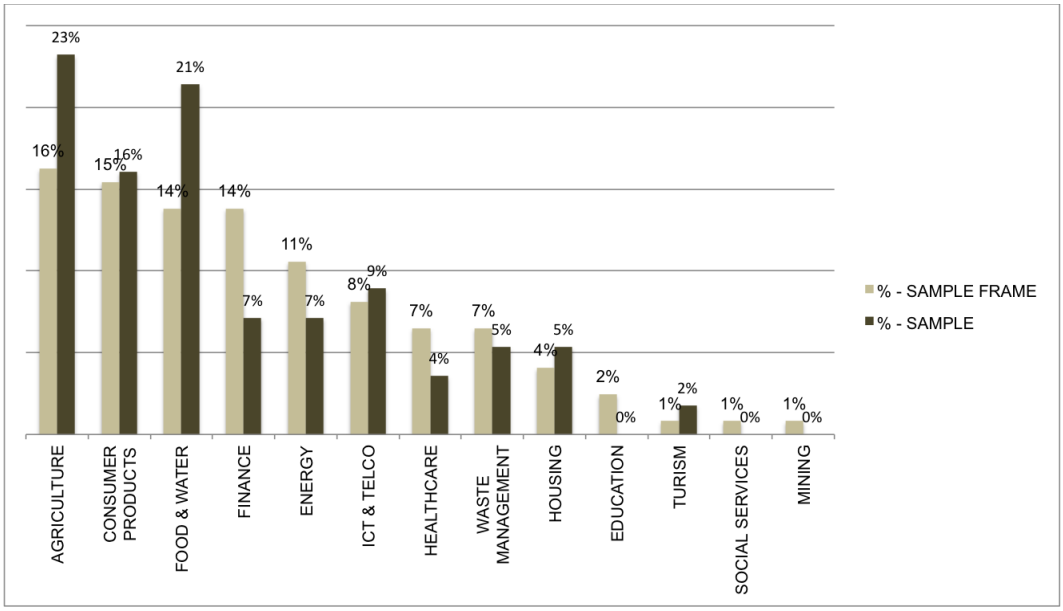


Figure 16 Comparison between the distributions of control variable Business Sector in the Sample Frame and in the Sample.

These distributions are coherent with the ones already recognized in other researches, that identified Food & Water, Energy and Healthcare as the more promising business sector if a firm desires to target the BOP consumers (Prahalad, 2002); next to these, the analysis of the business cases highlights other relevant sectors, that are linked with the expanded definition of business at the BOP adopted in the research, i.e. inclusive business, where the poor are involved not only as consumers but also as suppliers, producers and distributors.

According to these analyses, two considerations could be derived:

1. The choice of the starting database is coherent with the scope of the research (i.e. inclusive business, rather than a focus on non profit organizations) and with results highlighted by other scholars;
2. Thanks to the comparison made between case studies that composed the sample frame and the sample identified to evaluate the social impact, it is possible to say that the sample replicates the sample frame, according to all the three dimensions considered – Countries and Business Sectors – and, indeed, it could be considered a robust sample on which further assessments could be conducted.

According to the research process, the next and final step will be the empirical analysis and the answer of the two main research questions, topics that are widely discussed in the next chapter.

4. TAXONOMY

After having presented the research methodology and the steps that composed the analysis, in this fourth paragraph the answer to the first research question is explained, i.e. the taxonomy for inclusive business value chain configurations. Moreover, some of the case studies constituting the sample are described, so that a more practical understanding of how the single business configuration acts will be provided.

4.1. Role Of The Poor

The first goal of the research was to identify how a firm could configure its value chain in term of step in which the poor is included, with the result of a taxonomy of the value chain configurations adopted in reality.

According to the definition of inclusive business a venture can include a poor in four step of its value chain: (1) as supplier of raw material/services, (2) as producer, (3) as distributor, (4) as consumer of the main product/service sold by a company, or a combination of them.

Assuming this, the number of possible configurations is computable through the power set formula: $2^n-1=2^4-1=15$, where n represents the number of possible positions occupied by the poor in the value chain, and the subtraction of 1 signifies the exclusion of the empty set, i.e. the case of no poor included. The mapping process of the ventures constituting the sample frame of 105 cases allows reducing this number, passing from the theoretical possible configurations to the ones that actually are used, as shown in the next paragraph.

4.2. Value Chain Configurations And Taxonomy

The resulting taxonomy provides the following nine value chain configurations:

1. “SUPPLIER ONLY”: the venture sources from poor local suppliers, providing them the financial and technical support to expand their capacity production and/or improve their quality standards;
2. “PRODUCER ONLY”: the firm establishes the production process of its value chain in a developing country and hires local people, guaranteeing fair remunerations next to trainings, insurance, support to employee’s children education and other type of social engagement;
3. “SUPPLIER + PRODUCER”: the company includes poor worker in the upstream processes of its value chain;
4. “SUPPLIER + DISTRIBUTOR”: it is the case in which an enterprise source the raw material from poor people and engage them as distributors; this particular configuration is adopted by two firms, that will be accurately discussed later on in this chapter.
5. “PRODUCER + CONSUMER”: the firm produces, by the inclusion of poor workers, goods/services specifically designed to meet poor’s needs and sells them to BOP consumers;
6. “PRODUCER + DISTRIBUTOR + CONSUMER”: as the previous configuration, with the inclusion of poor also in the distribution process;
7. “DISTRIBUTOR + CONSUMER”: inclusion of poor in the entire downstream side of the value chain;
8. “CONSUMER ONLY”: the venture specifically target the BOP consumer, adopting innovative strategies of product development, marketing and distribution aiming at overcoming the barriers described in chapter 2;

9. “SUPPLIER + PRODUCER + DISTRIBUTOR + CONSUMER”: in this configuration the poor is included in each step of the value chain; the only firm of the sample that adopted this configuration will be described later on this chapter.

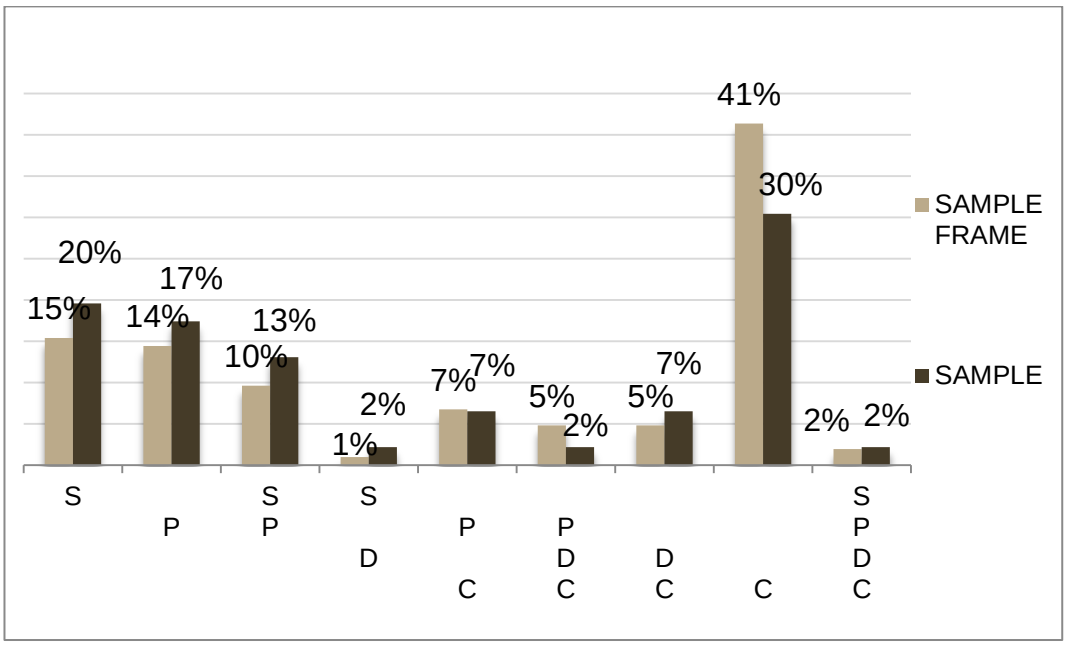


Figure 17 In the chart are presented the distribution of network in the sample frame and in tha sample. In term of percentage, the most diffused is the “Consumer” one, followed by “Supplier” and “Producer”, both in the sample frame and in the sample.

As it can be seen in the chart, the distribution in the sample well approximate well the one in the sample frame, proving again its robustness.

In general, it is possible to notice that the configurations with the inclusion of poor in one single step of the value chain – Supplier, Producer, Consumer - are the most diffused, with the relevant absence of the configuration Distributor.

This is a first interesting insight: not only the “Distributor Only” configuration is absent, but also the number of configurations that present

poor in the distribution phase are less diffused than the ones without it. In fact, the aggregate value of “Supplier + Distributor”, “Producer + Distributor + Consumer”, “Distributor + Consumer” and “Supplier + Producer + Distributor + Consumer” is 13%, value that is lower than the major part of the remaining configurations.

This aspect is quite interesting, especially if it is considered that the distribution process is one of the main barriers that a firm that enter in the BOP market need to overcome. As explained in chapter 2, reaching BOP consumers could be a challenge, especially in the case of rural consumers, that are difficult to reach due to the lack of infrastructure systems that characterize the developing countries (Prahalad, 2002; Karamchandani et al, 2011). The difficulty is enhanced if it is considered that the distributor is often not employed by the company becoming a re-seller that has to take on some risk associated with the sale of product/service offered; furthermore, the role of distributor requires the development both hard and soft skills that enable the selling process, such as marketing knowledge, ability to find a consumer and to establish and ménage a face-to-face interaction, etc.

For these reasons, a possible explanation to the low number of case studies in which poor are included as distributor may be linked with the difficulty to find a poor people have the competencies to play this role and that accept to assume this part of risk.

Moreover, it is singular that, with the only exception of “Supplier + Distributor”, the inclusion of distributors happens when the firm explicitly target the BOP consumers, i.e. both distributors and consumers are BOPs. In fact, assuming the difficulties above mentioned, a firm may consider convenient include poor as distributor whereas it aims at reaching BOP consumers, so that it can take the most of the existent

relationships and interaction with villagers, for instance, that the distributor already has.

In the next paragraphs each value chain configuration class is described, by resorting also to a significant business cases for each one, so that a more practical view is offered.

4.1.1 Supplier Only

The class “Supplier Only” counts a total of 9 business cases, mentioned in table 8.

NAME	CONTRY	BUSINESS SECTOR	ECONOMIC SIZE
Adina	Senegal	Agriculture / food & water	3
Beijing Shengchang	China	Energy	1,2
Compañía Nacional de Chocolates	Colombia	Agriculture	240
Huatai	China	Agriculture / forestry	470
Indupalma	Colombia	Agriculture / food & water	60
Juan Valdez	Colombia	Food & water	20
MDI	Vietnam	Agriculture / food & water	0,2
PPKT	Indonesia	Consumer product	0,06
Sadia	Brazil	Agriculture / energy	5,4

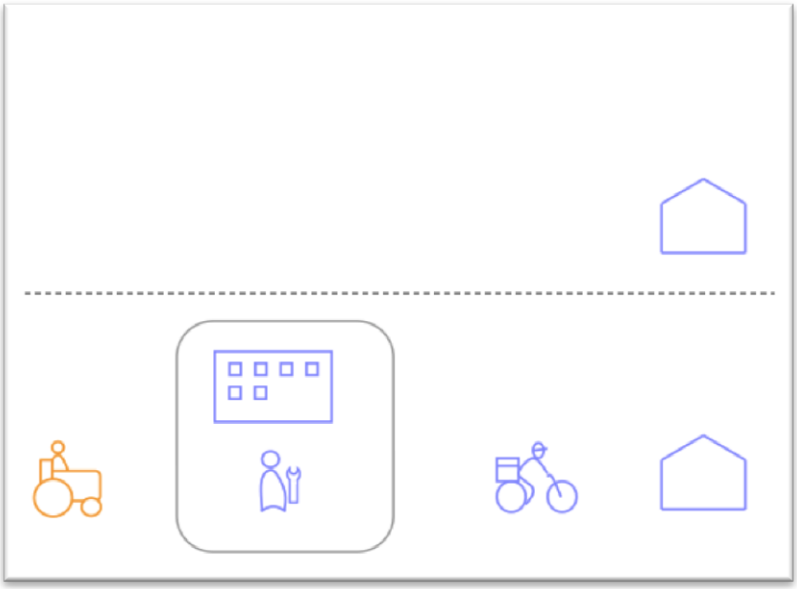
Table 8 List of companies that adopted a “Supplier” value chain configuration.

Agriculture is the business sector in which more poor are included as supplier (60%) and there is a prevalence of case studies from South America.

A representative business case is Indupalma, a large Colombian palm oil producer that, in order to expand its palm plantations, developed an

innovative business model that contributes to the sustainable development of the region where it operates, namely Magdalena Medio.

The business model integrates local farmers to Indupalma's value chain by



helping them become owners of their plantations, and benefits over 1.300 families and generated sales exceeding 60 millions US$.

- SUPPLIERS: Farmers are organized into 'autonomous entrepreneurial units', i.e. legal entities through which former day labourers become land-owners and Indupalma suppliers. In particular, the initial investment needed to buy the cultivation is financed for the 40% by government and the rest by banks, who provide long-term credit to the farmers using the contractual obligation of Indupalma to buy the farmers' cultivation as loan guarantee. In average, each farmer owns a 10 ha land: once the farmer has fully repaid the loan, the productivity of 3.5 ha should cover his basic necessities while the remaining 6.5 ha can be used

for savings and/or investments. In addition, the company provides technical assistance to ensure quality of the cultivations.

4.1.2 Producer Only

Eight ventures adopted the configuration “Producer”, as resumed in table 9.

NAME	CONTRY	BUSINESS SECTOR	ECONOMIC SIZE
Gadim Guba	Azerbaijan	Consumer product	0,12
Hey Textile	Turkey	Consumer product	500
Kandelous Group	Iran	Agriculture / food & water	1,4
Peldar	Colombia	Waste management	0,29
PTF	Turkmenistan	Consumer product	0,126
Rajawali	Indonesia	Finance	2
Tedcor	South Africa	Waste management	10,67
Tufenkian Hotels	Armenia	Turism	10

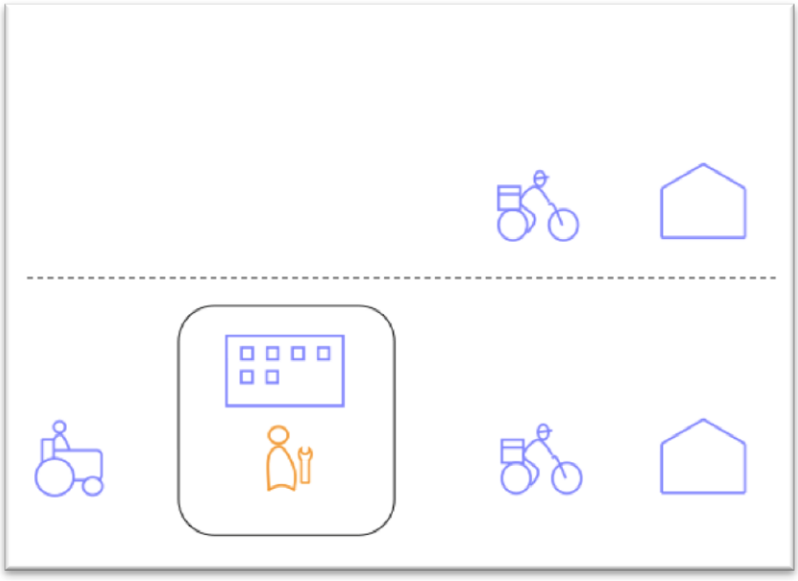
Table 9 List of companies that adopted a “Producer” value chain configuration.

The most common business sector is Consumer Products, followed by Waste Management, while geographically speaking the business cases are well distributed.

An interesting venture is Hey Textil, that manufactures clothes made of cotton (shirts, slacks, dresses etc.) for international brands, including Levi’s, Esprit, H&M, Mango, Best Seller and Tesco. The company buys domestic raw material–basically knitted or woven fabric and ancillary materials–and transforms them into clothes in its production facilities. Then, finished goods are sold to customers for a previously agreed upon price.

The company realized an annual profit of US$ 500 million dollars, employs approximately 4,000 workers; the company is currently in the top 20 in

terms of employment, and in the top 50 in terms of export volume in Turkey.



- PRODUCERS: the production facilities are located in Turkey's poorer districts and have changed economic and social life there for the better, especially for women: roughly two-thirds of the workers in the Hacibektaş plant (200), and half of the workers in the Çerkes facility (300), are women. In addition to salaries, Hey Textile provides workers with additional benefits (which are not required by law) including free lunch and shuttle service to and from the factory.

4.1.3 Supplier + Producer

To the category “Supplier + Producer” belong six ventures (table 10).

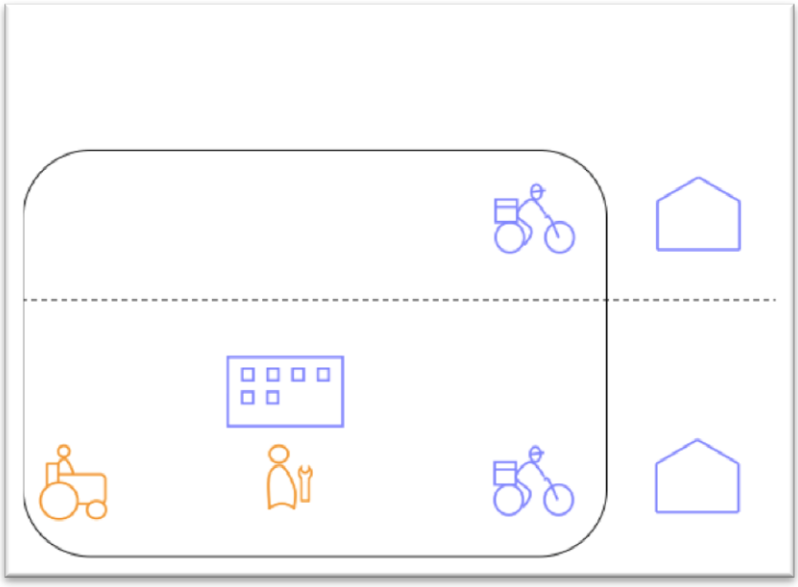
NAME	COUNTRY	BUSINESS SECTOR	ECONOMIC SIZE
Begeli	Georgia	Agriculture	0,0335
Eco Mavrovic	Croatia	Agriculture	2
Key Coffee	Indonesia	Agriculture / food & water	554
Mai Vietnamese Handicrafts	Vietnam	Consumer product	1,75
Mondi Recycling	South africa	Waste management	67
SEKEM	Egypt	Consumer product	31,9

Table 10 List of companies that adopted a “Supplier + Producer” value chain configuration.

Agriculture is the business sector that counts more business cases, followed by Consumer products.

In particular, Mai Vietnamese Handicrafts (MVH) is a small and successful business, founded in 1990, that acts as a trading agent for local artisans, and negotiates with international clients ensuring the conditioning, trading and shipping of the items.

The company has set up a decentralized network of 21 producer groups operating mainly in the Southern provinces, that counts 1,101 artisans, 70% of which are women; each group is specialized in a range of products, which they sell and deliver to MVH.



- SUPPLIERS + PRODUCERS: The average income for an artisan in the MVH network is US$140 per month, varying in fact between US$55 - US$165) depending on the products. This value is higher than the estimated national monthly average income of the handicrafts sector varies from US$25 - US$34 to US$41 - US$60 for ceramics (or other higher skilled works), meaning that an artisan earns with MVH on average at least two times the salary of the sector. Besides, MVH also works with groups of elderly retired people offering them both a social occupation and an additional income. They gather everyday to craft together small silk wallets, purses etc. and they earn the same salary as other artisans working within the MVH network. MVH also plays a role in the local economy in difficult areas, as many artisans are able to work from their homes or in small workshops instead of seeking work in Vietnam's factory industries. The social results induced by MVH also include: greater equality in the gender relations, improved health and education status of the family due to increased income,

greater involvement in the community life. From the generated profit, MVH is also funding local social projects (10%) and providing continuous trainings to the artisans (20%). For instance MVH runs a 'Safe and Healthy Environment Programme' with the producers, focusing on improving the working conditions and environmental protection. Especially for groups using paints, MVH provides advice and assist in implementing work safety measures (wear protection masks etc).

4.1.4 Supplier + Distributor

The only firm belonging to the class "Supplier + Distributor" is Natura (table 11).

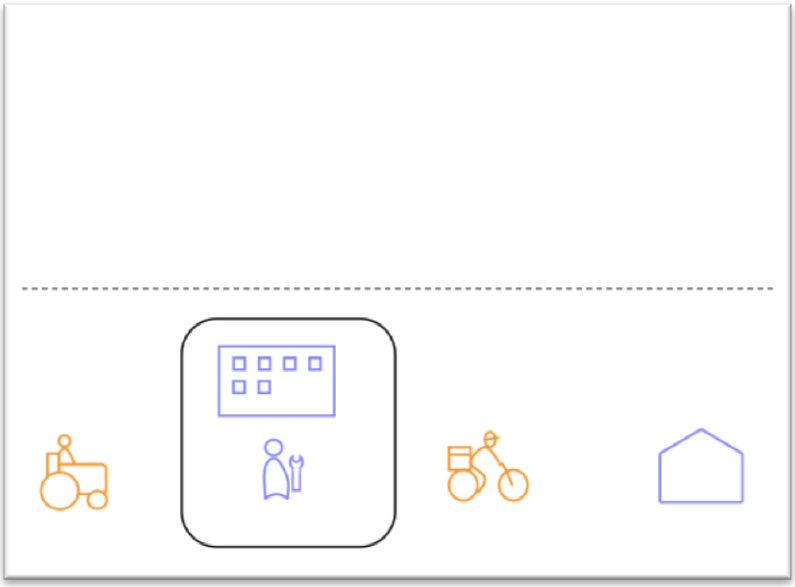
NAME	COUNTRY	BUSINESS SECTOR	ECONOMIC SIZE
Natura	Colombia	Consumer product	3000

Table 11 List of companies that adopted a "Supplier + Distributor" value chain configuration.

Natura represent an extraordinary case of economic success, reaching annual revenues of 3.0 billion US$ in 2011. This company is a Brazilian organization operating for 40 years with a portfolio of 800 cosmetics, perfume and personal hygiene products. The company has adopted a direct sale scheme as its unique distribution channel, penetrating in this way Argentina, Brazil, Chile, Colombia, France, Mexico and Peru, reaching more than 800,000 "consultants" (resellers) in 2008.

In 2000 the 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.



- SUPPLIERS: Since the line’s raw materials were extracted from nature, local community relations were critical; to ménage this, Natura established partnerships with rural suppliers (traditional communities and family farm groups) in various regions of Brazil In order to establish a legal and stable supply chain, the supplying communities had to be organized into formal associations. Natura helped some communities with training and orientation to support their operations.
- DISTRIBUTORS: In Colombia and after only 2 years of operation, Natura's products have reached 95% of the territory. This in turn has benefited 16,000 saleswomen, over 60% of whom are from Colombia's lowest social classes. In addition, the company has

developed a recycling project, by which it recollects annually about 38 tonnes of waste generated by its products, i.e. the equivalent of 50% of Natura products entering the market every year.

4.1.5 Producer + Consumer

Passing to the configuration “Producer + Consumer”, the sample includes three cases (table 12).

NAME	COUNTRY	BUSINESS SECTOR	ECONOMIC SIZE
Adapt	Egypt	Housing	20
Saraman	Iran	Housing	3,9
Temasol	Morocco	Energy	0,419

Table 12 List of companies that adopted a “Producer + Consumer” value chain configuration.

In particular, the start-up company Saraman is an example of addressing housing and construction challenges in a profitable way. The company designs, fabricates and erects affordable, earthquake-proof prefabricated steel structures for houses, schools and hospitals.

- PRODUCERS: Saraman currently has a team of 12 permanent and over 65 temporary employees, in addition to complementary local workforce on site. From 2002 to 2009, Saraman was awarded 27 projects, mostly schools and other public constructions, representing a total turnover of about UDS 3.9 million. Special trainings are provided to facilitate exchange of know-how and develop employment opportunities for young graduates who later implement the practice in Iran.
- CONSUMERS: Housing is a major challenge for the rising young population of developing countries: for households who have their dwelling as their main asset and shelter, the robustness of the construction is crucial, especially in earthquake-prone areas. Yet, in low-income markets, conventional construction methods are not only insufficient to ensure earthquake-safety but their inefficiencies also increase construction costs. Saraman offers quality and safe constructions at affordable prices, starting off with constructing earthquake-safe schools, a teaching example for civil society to change from unsafe constructions to this new design that looks quite different from buildings done in the past.

4.1.6 Producer + Distributor + Consumer

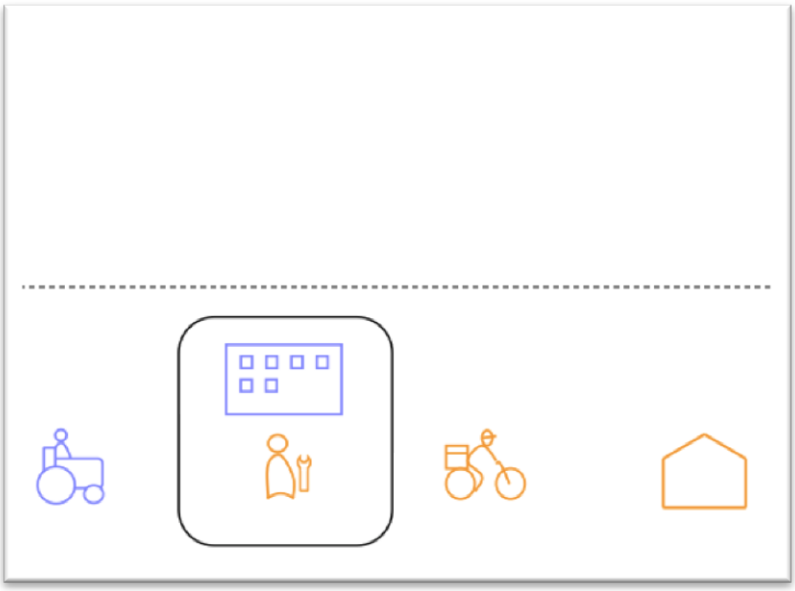
The configuration “Producer + Distributor + Consumer” counts the only case of Association of Private Water Operators (table 13), which is described below.

NAME	COUNTRY	BUSINESS SECTOR	ECONOMIC SIZE
Association of Private Water Operators	Uganda	Food & water	1,2

Table 13 List of companies that adopted a “Producer + Distributor + Consumer” value chain configuration.

In 2003, the Uganda government developed a new model to address the water needs and sanitation 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 instalments; the private operator distributes water, checks safety and captures the profits; the community water board, in the end, owns assets and sets tariffs and policies.



- PRODUCERS + DISTRIBUTORS: the main innovation is the partnership with Private Water Operators, i.e. private companies that are responsible for distributing the water, ensuring a steady power supply, billing, tracking payments and providing general system maintenance. The operators have the option of retailing water themselves or subcontracting out the function. Retail outlets for water include water shops, water kiosks or individual household connections: the higher the volume of water sold (and revenue

collected) the higher the earnings for the operators. The volume of water supplied by the members of APWO has increased from 1.55 million cubic metres in 2002 and 2003to 2.53 million cubic metres in 2005 and 2006; the 15 APWO water operators employ 800 people, maintain 18,944 connections, provide water for 490,000 people and generate a turnover in excess of US$1.2 million.

- CONSUMERS: the model brought access to water to 490,000 people in 57 small towns through such innovative systems as coin-operated water kiosks, that ensure access to affordable and safe water to those who cannot afford to get their house connected.

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. The improved access to water has inspired the start-up and expansion of many small-scale businesses such as poultry farming, vegetable stalls, food sellers and car-wash businesses. These businesses create employment and thus extend the ripple effect of the economy.

4.1.7 Distributor + Consumer

Three cases belong to the class “Distributor + Consumer”, as synthetized in table 14.

NAME	COUNTRY	BUSINESS SECTOR	ECONOMIC SIZE
Mansour Group KHEIR ZAMAN	Egypt	Consumer product	60
P&G	Vietnam	Consumer product	2,85
SELCO	India	Energy	2,2

Table 14 List of companies that adopted a “Distributor + Consumer” value chain configuration.

An example could be P&G, a MNCs that entered in the BOP with a specific project, that go beyond its “common business”. In 2000, P&G,

together with the US Centers for Disease Control and Prevention, developed an affordable and simple in-home water purification product, Purifier of Water (PUR). P&G sold at cost 57 million sachets to humanitarian by 2007 and distributed for profit by local entrepreneurs for the benefits of populations in need. The Initiative also guarantees P&G a strong public profile and provides the experience that will enable the company to sell its product for profit in high-income markets.

- DISTRIBUTORS: Although PUR does not generate a profit for P&G, it does for the local distributors, that buy each sachet at US$0.05 and sell to villagers for less than US$0.10.
- CONSUMERS: thanks to PUR, 260 million liters of safe, clean water had been provided between 2000 and 2005. As Dr. Allgood - Associate Director for Corporate Sustainable Development at P&G

- explains, “It’s *affordable for poor people, our costs are covered, and since the local distributors do make money on it, they have an incentive to promote it.”*

4.1.8 Consumer Only

The class “Consumer Only” is the most numerous, with a total of 14 case studies (table 15).

NAME	COUNTRY	BUSINESS SECTOR	ECONOMIC SIZE
Amanco	Mexico	Agriculture / food & water	688
Amanz' abantu	South africa	Food & water	3,97
Cemex	Colombia	Housing	0,034871
Danone	Poland	Food & water	297
Forus Bank	Russia	Finance	1,7
Kace	Kenya	Agriculture / ict	5,77
Manila Water Company	Philippines	Food & water	0,108597
Mibanco	Peru	Finance	54,33
Narayana Hrudayalaya	India	Healthcare	80
Safaricom & Vodafone	Kenya	Finance / ict	1,9
Smart	Philippines	Ict & telco	6
Temerin Telecottage	Serbia	Ict & telco	0,015
Tsinghua Tongfang	China	Ict & telco	0,4
Vaatsalya	India	Healthcare	0,366

Table 15 List of companies that adopted a “Consumer” value chain configuration.

There is a wide range of business sector where the poor is included as consumer: Food & Water, ICT & TELCO and Finance, for instance.

An interesting example is Kenya Agricultural Commodity Exchange (KACE), a Kenyan micro, small and medium enterprise (MSME) that provides a forum through which small-scale farmers can access

mainstream markets for agricultural commodities. KACE, acting as an intermediary, empowers rural farmers with market information and provides capacity enhancement, business training and technical assistance.

- CONSUMERS: Prior to the formation of KACE, small scale farmers (especially the subsistence farming majority) lacked access to mainstream markets for agricultural produce, leaving them vulnerable to the forces of the market, as well as to exploitation by country buyers. Small scale farmers were offered very low prices because individual farmers generally produce small amounts that translate to poor bargaining power. In addition to this, for any one crop, the marketing chain consists of multiple middlemen, each taking a margin at every stage between producer and consumer and to have a competitive final price the small scale farmer bears the losses. The country buyers took an additional part of this

margin, and were not above squeezing prices to the extent that the subsistence farmers at the bottom of this chain were often forced to sustain losses. In the long term this was clearly not sustainable, as evidenced by rising poverty levels. The main activities of KACE include linking farmers and mainstream buyers by collecting information on the prices in different markets of various commodities on a daily basis from market vendors then availing them to the farmers in real time. Modern information communication technology (ICT) makes this possible through mobile phone short message service (SMS), interactive voice response (IVR) service, daily radio bulletins, a live radio auction service and online computer services. Trades are made through competitive bids and offers, once a buyer and a seller agree to trade, KACE acts as a clearing house and (for a commission) arranges the financial and logistical aspects of the sale thus giving the farmers options as well as bargaining power.

The marketing department at KACE confirms that it reaches millions of small-scale farmers in Kenya and surrounding countries particularly in Uganda and Tanzania. Since inception in 1997, KACE has empowered small scale farmers to receive fairer prices and access markets previously inaccessible to them. Mainstream buyers such as manufacturers, cooperatives, wholesalers, and exporters have also benefited through increased availability at fair price. Consumers ultimately gain through increased availability, better quality and reduced transaction cost.

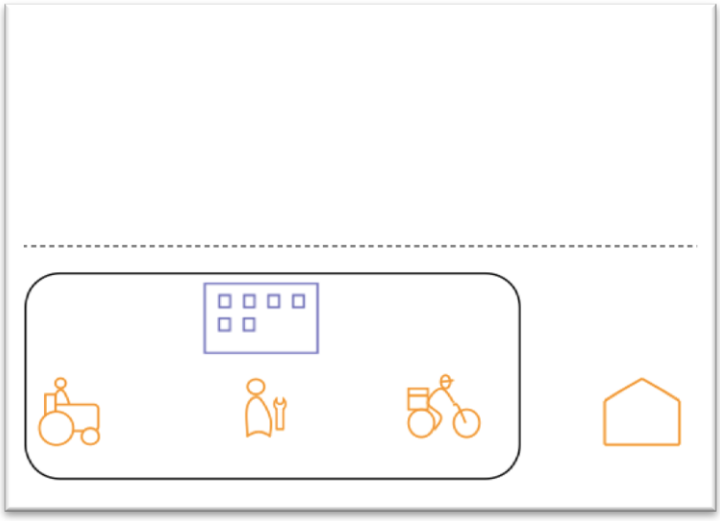
4.1.9 Supplier + Producer + Distributor + Consumer

The last configuration is the one that include the poor in each step of the value chain, i.e. “Supplier + Producer + Distributor + Consumer”, that is represented by only one case (table 16).

NAME	COUNTRY	BUSINESS SECTOR	ECONOMIC SIZE
Vitmark	Ukraine	Agriculture / food & water	120

Table 16 List of companies that adopted a “Producer + Distributor + Consumer” value chain configuration.

Vitmark-Ukraine produces quality natural juices, nectars, baby food and fruit concentrates. Poor are included at various points of its value chain: as suppliers of locally grown quality produce, as employees, and as low-income consumers through the offering of low-price juices.



- SUPPLIERS: over 100 small-scale farmers from four regions of Ukraine are included in its supply chain, benefiting from income generation, trainings provided by the company and

gains in productivity and quality. The long-term commitment by Vitmark creates stable incomes for small-scale farmers.

- PRODUCERS + DISTRIBUTORS: Vitmark currently employs about 2600 people (810 women and 1790 men); about 1000 are from regions where most of the population is classified as poor by national income levels. Employees often lack the skills and knowledge required for the production of quality juices and nectars. Vitmark invests in leveraging the strengths of its employees by providing training and capacity building. In 2008 over 600 personnel received training, for a total of 74,273 USD.
- CONSUMERS: Low-income consumers have gained access to affordable and healthy juices, which help them in maintaining a healthy diet by providing essential vitamins and microelements. Before Vitmark entered this segment, juices and nectars were considered to be unaffordable luxury products by low-income customers. Through innovative packaging and promotion of juices and decreasing costs, Vitmark was able to increase the demand for juices from 199.4 million liters in 2002 to 706.5 liters in 2008.

After having described the taxonomy adopted the focus will move on the dimension of social impact, as it is described in the following chapter.

5. EMPIRICAL ANALYSIS

As already said in chapter 3, the goals of the research are schematized in the following conceptual framework (figure 18). In the previous chapter the possible value chain configuration (independent variables) has been identified and, consequently, the taxonomy proposed. What remains to be discussed is:

- The relationship between Value Chain Configuration (VCC) and the Control Variables (§ 5.1);
- The relationship between Value Chain Configuration (VCC) and the Social Impact (§ 5.2);
- The relationship between Value Chain Configuration (VCC), Social impact and Control Variables (§ 5.3).

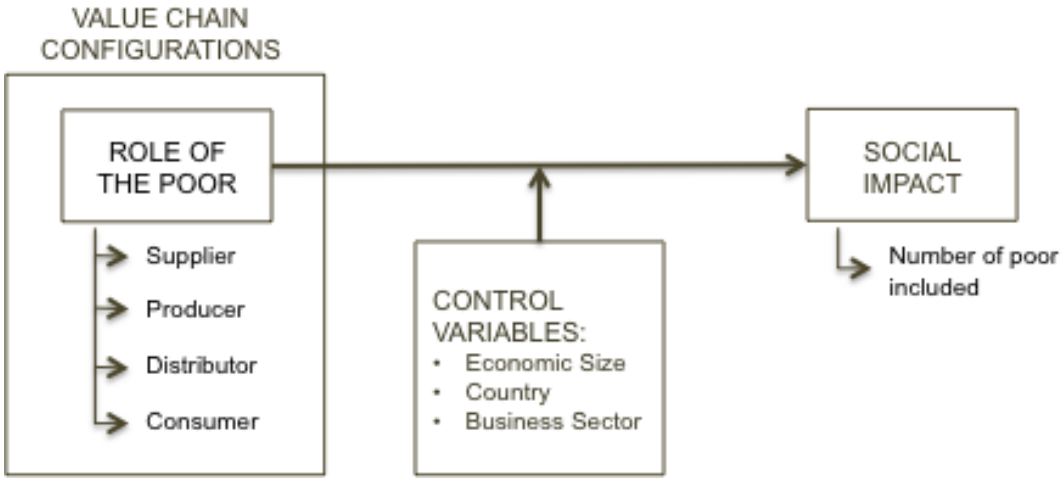


Figure 18 Conceptual framework of the research.

To conclude, a similar analysis will be provided focusing on a small cluster of multinationals that have undertaken specific social projects in developing countries (Annex 2).

5.1 Value Chain Configuration & Control Variables

In this paragraph the interaction between the value chain configuration identified and the four control variables – Economic Size, Country and Business Sector– is discussed.

5.1.1 Economic Size

An interesting view could be the one that relates the choice of Value Chain Configuration and the economic size of the ventures composing the sample.

To implement this approach, the economic size of the 46 enterprises constituting the sample was required to be determined and the proxy used was the annual revenues expressed in million of USD; this value was the one that allowed not to exclude any of the ventures that composed the sample.

Afterward, the sample was divided into 4+1 classes according to the economic size, which are:

- Revenues < 1 mln$ → MICRO ENTERPRISES
- Revenues < 1-10 mln$ → SMALL ENTERPRISES
- Revenues < 10-100 mln$ → MEDIUM ENTERPRISES
- Revenues > 100 mln$ → LARGE ENTERPRISES

The fifth class was composed by 5 well-know multinationals (Cemex, Danone, Manila Water Company, Procter & Gamble, Safaricom & Vodafone) that have undertaken specific inclusive projects rather than set-up their entire business as an inclusive one; for these cases it was possible to separate the economic size of the initiative, since it would be wrong to consider their extremely high annual turnover and attribute it to the social initiatives managed.

Considering these factors, the distribution of the enterprises through the clusters identified is shown in figure 19.

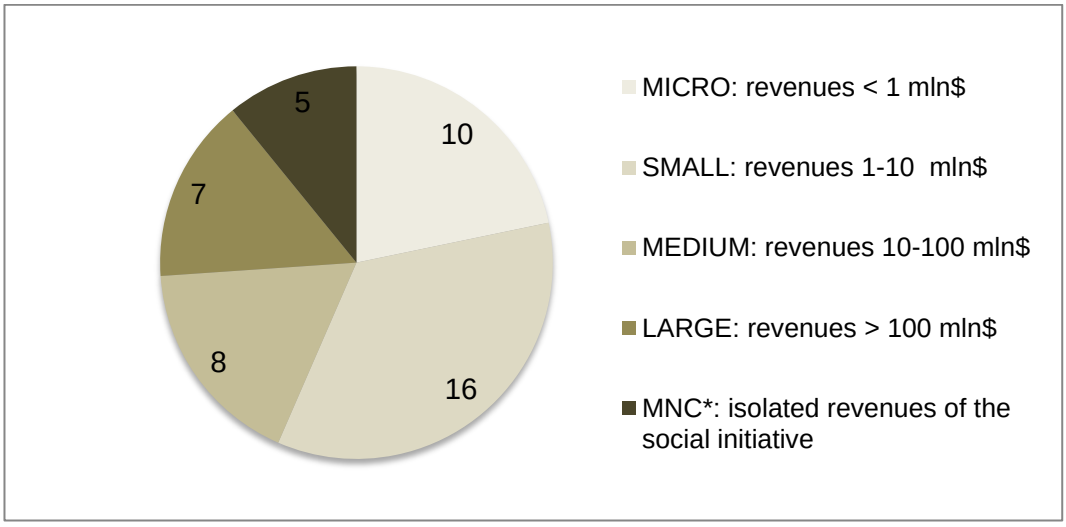


Figure 19 Distribution of companies according their economic size. The 5 classes are identified using the revenues, expressed in million USD, as a proxy.

Furthermore the configurations are divided into:

- Demand Side Configurations: the ones that includes the poor as Consumer and eventually as Supplier, Producer and Distributor;
- Supply Side Configurations: the ones in which the poor do not figures as consumer.

The reason why of this classification descends from the dependent variable of the model, i.e. the Social Impact, and will be explained in the next paragraph (§ 5.2).

The cross-sectional analysis made highlights how value chain configuration distribute in each cluster (figure 21).

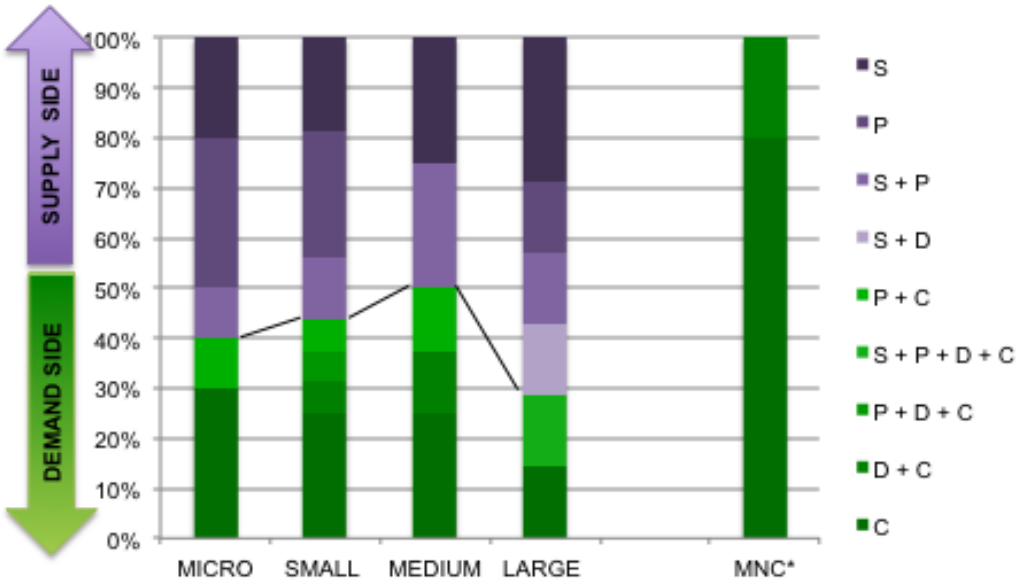


Figure 20 Percentage distribution of configuration in each economic class. The green configurations belong to the macro category of Demand Side configurations, while the purple ones to the Supply Side class (i.e. the poor is never included as consumer).

The analysis reveals two aspects: (1) all the big multinationals that constitute the fifth cluster approaches the BOP market as consumer with only Demand Side Configurations while (2) in the other clusters there is a prevalence of Supply Side Configurations.

A possible explanation may be that for an already formed enterprise is easier to approach the BOP as consumer rather than restructure its operations in a way that BOP is included in the upstream side of the value chain.

5.1.2 Country

The second control variable considered is the Country where each enterprise operates (figure 22). Considering the sample, the major part of companies with poor in the upstream steps of the value chain (supply side

configuration) works in Latin America and Europe & CIS, while enterprises adopting demand side configurations operate mostly in Africa and Europe.

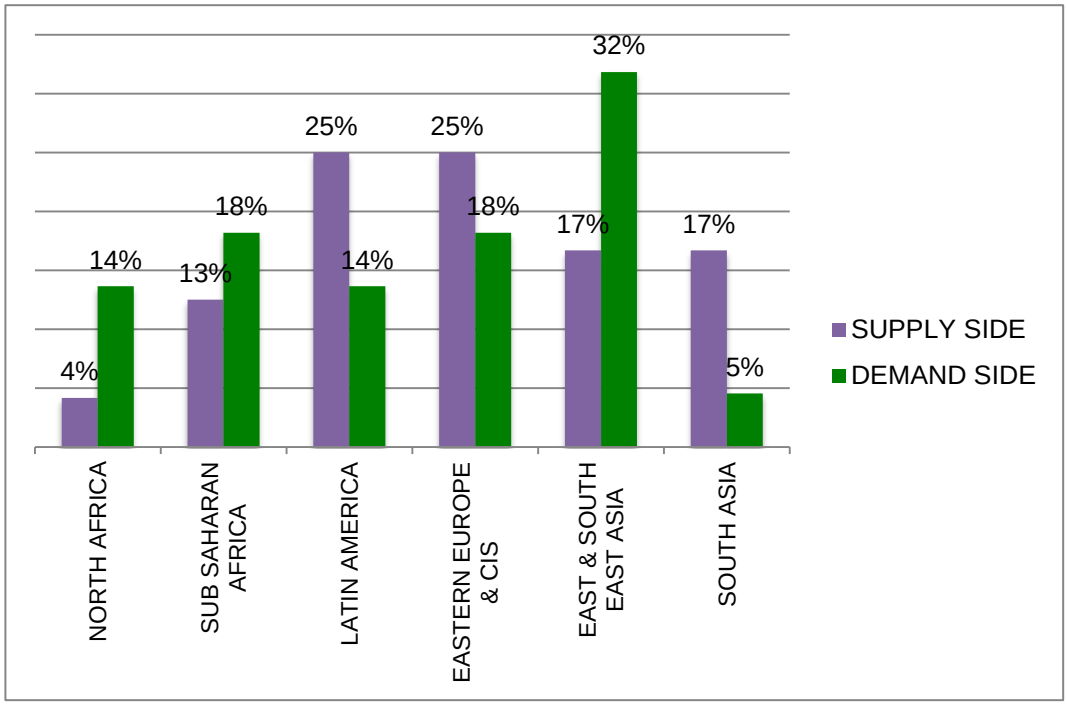


Figure 22 Relationship between Value Chain Configuration and the Country control variable.

5.1.3 Business Sector

An aspect that could influence the choice of a configuration rather than another could be the business sector in which a venture operates. If the distinction between demand side and supply side configuration is still considered, what emerges is that there are some configuration that results more common in specific business sectors than others (figure 23).

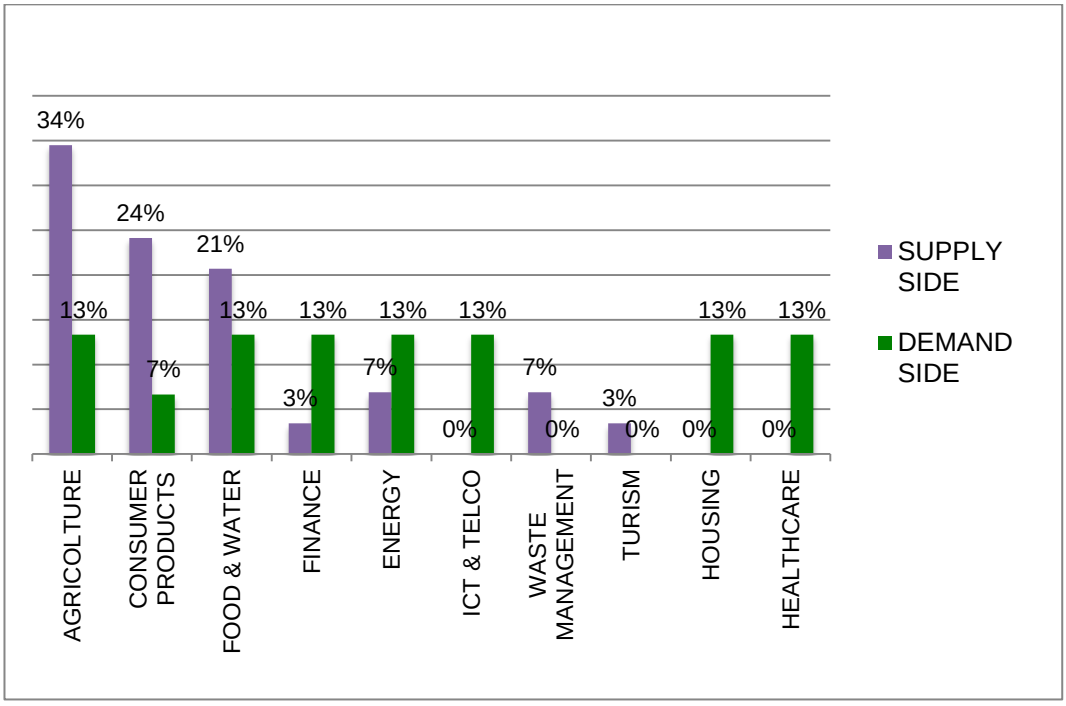


Figure 23 Relationship between the Value Chain Configurations and the Business Sector control variable.

In particular, companies that operates in business sectors that requires hard skills and specific competencies, such as Finance, Energy, ICT & TELCO, Housing & Construction and Healthcare, do not adopt Supply Side configurations; this category, otherwise, is adapt to other sectors, especially Agriculture and Food & Water, where small local farmers could be included, production of Consumer Products and Waste Management.

The same analyses has been made also on the class of multinationals - see Annex 2 - revealing that countries approached and business sectors explored are mainly South-east Asia and Sub Saharan Africa and Consumer products and ICT; an interesting difference, indeed, is that these MNCs all adopt Demand Side configurations of the value chain.

5.2 Value Chain Configuration & Social Impact

The focus now moves to the assessment of the social impact; as already said, the indicator used to evaluate this aspect was the “Number of Poor Included” in the business, as Suppliers, Producers, Distributors, Consumers or a combination of them.

A first analysis of the sample (figure 24) makes evident the presence of different scales of social impact for enterprises that include the poor as consumer and in other steps (Demand Side configurations) rather than companies that do not approach the BOP as consumer (Supply Side configurations).

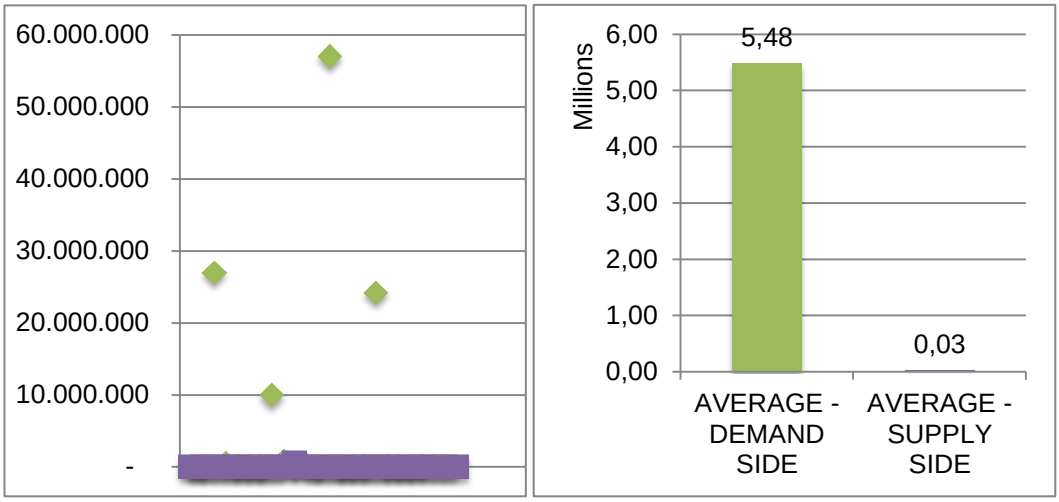


Figure 24 Comparison between social impact of supply side and demand side configurations. In the left chart each business case is plotted, while in the right one the average value is represented. The results determined the necessity to separate the further evaluations of these two macro classes.

This significant difference determined the necessity to conduct the further analyses separately for these two classes.
One possible motivation of this difference in the social performance could be linked to the way of inclusion of poor in upstream steps rather than downstream steps of the value chain: in fact, the involvement of consumers do not requires neither their employment not their training as, on the contrary, happens when a firm desires to include poor as supplier, producer or distributor.

After having defined this, the objective was to determine how the Value Chain Configuration adopted by a firm influences its social impact on the poor.
For the supply side class, the configuration that clearly allows reaching higher social performance is the “Supplier Only” (figure 25).

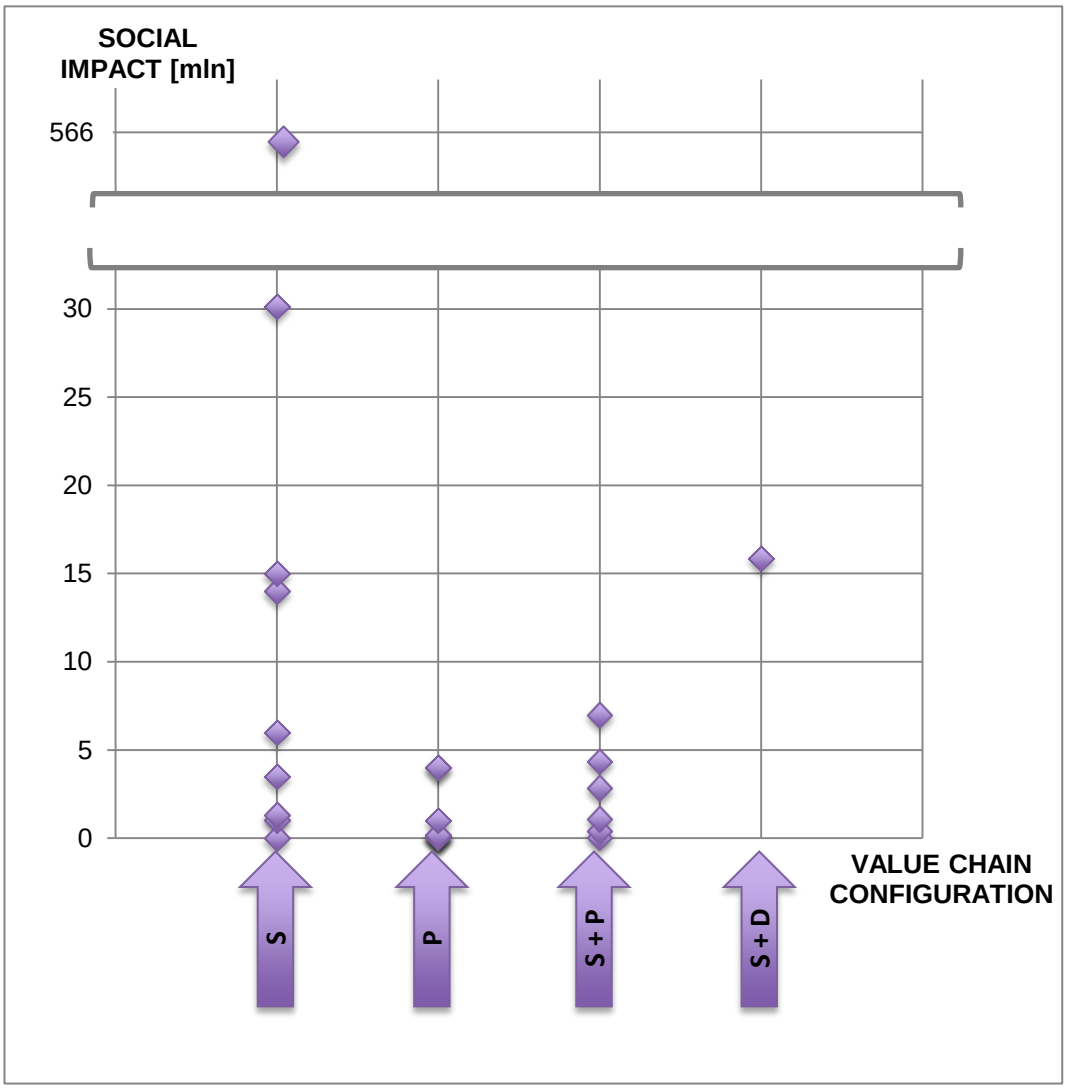


Figure 25 Social Impact of each Value Chain Configuration, limiting the analysis on Supply Side configurations.

The best social performance is reached by Juan Valdez Coffe Shop, a fair trade chain linking communities of producers, businesses (Procafecol and other private partners), consumers and catalyst organizations (government and international cooperation agencies). The Juan Valdez Coffee Shops provide an opportunity of growth for the producer communities, thanks to a better price guaranteed (25% premium). The Coffee Shops business is

also inclusive with other kinds of producers, especially with womens: heat insulating rings made of natural fiber were produced by female artisans to be used as insulator for hot drink cups in the Coffee Shops.
In 2006, Procafecol operated 57 Coffe Shop in Colombia, the United States and Spain, with sales reaching US$20 million and more than 500.000 producer included.
Another interesting case is the only one belonging to the configuration Supplier+Distributor, Natura, a Latin America multinational that uses raw material extracted from nature as a platform for its biologic cosmetics, which are sold through an agent based model (similar to the Avon one); Natura included 16,000 saleswomen only in Colombia, over 60% of whom are from Colombia's lowest social classes.

In the Demand Side (figure 26), indeed, the configuration Consumer Only is the one that better allows to impact on poor people, even though also some firms with mixed configurations (i.e. consumer + other roles) perform well.
The configuration Consumer Only is the one that better allows to impact on poor people, even though also some firms with mixed configurations (i.e. consumer + other roles) perform well.

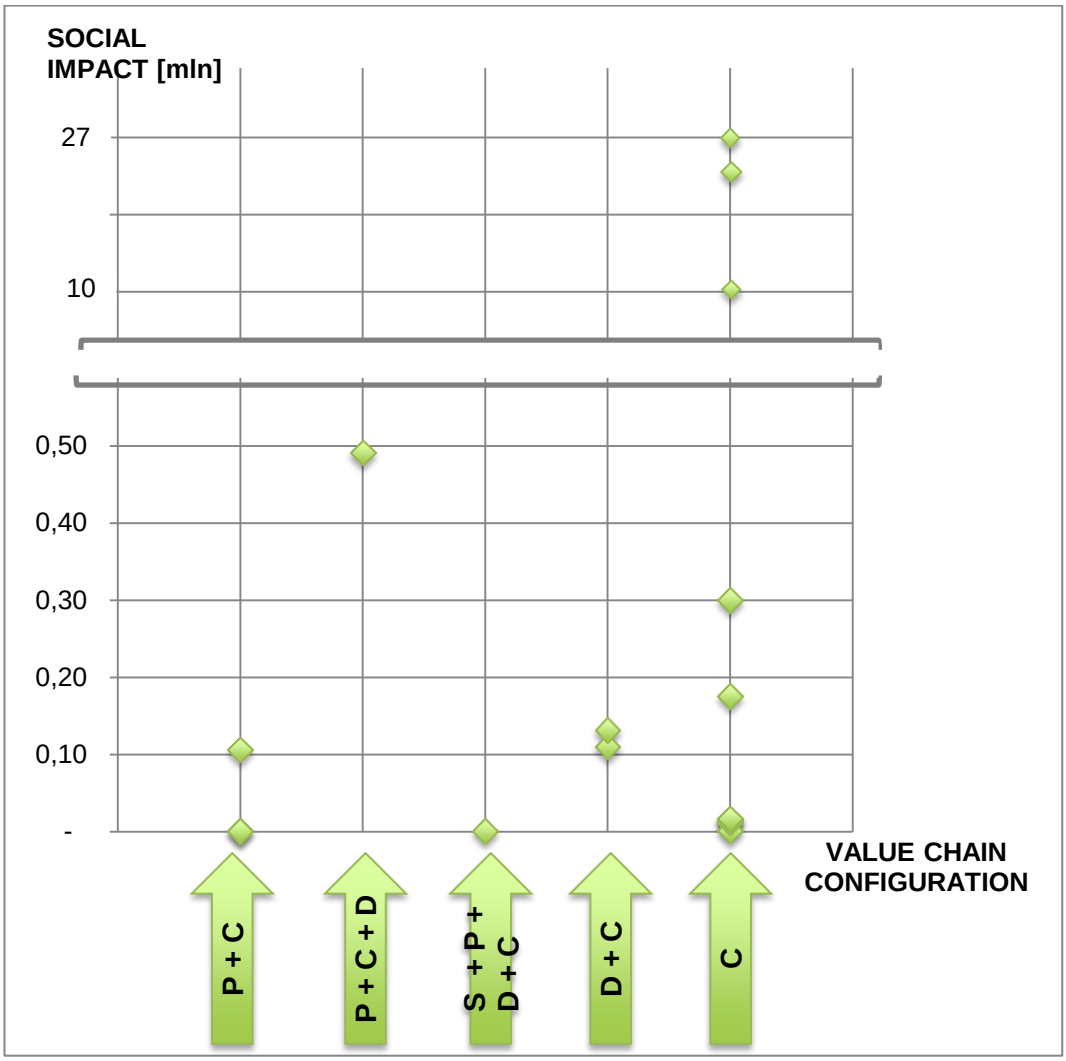


Figure 26 Social Impact of each Value Chain Configuration, limiting the analysis on Demand Side configurations.

The best social performance are reached by Amanz' Abantu, Smart and Kace, all approaching more than 10 millions poor consumers. Amanz' abantu Services (Pty) Ltd. was established as a private South African company in 1997 with the aim of providing water supply and sanitation services for peri-urban and rural populations in the Eastern Cape, where one-quarter of the population lacked potable water. The company's water

scheme involves piping water from a river or other water source, and purifying the water (where required) through treatment and filtration, a process which meets international quality standards. Before the arrival of Amanz' abantu, villagers, mainly rural women, would walk from thirty minutes up to several hours to obtain water from the nearest river or other source, often putting themselves and their families at risk for water-borne diseases. The introduction of a safe water supply within 200 meters of their home has transformed the lives of rural residents, equipping some villagers with skills in building and construction and rendering them employable in a country with an average unemployment rate of 25 percent. The company reached annual profit of $67,000 in 2006 and served more than 27 million people.

A significant case is represented by the Association of Private Water Operators, the only case belonging to the Producer+Consumer+Distributor value chain configuration (§ 4.1.6), that brings together all private water operators in order to deliver high quality water and sanitation services to the communities. Its social performance are positive (500.000 poor included), but still not comparable with the social impact of Supplier configurations.

5.3 Value Chain Configuration, Social Impact & Control Variables

The attention now moves to the relationship between the Value Chain Configurations, the dependent variable Social Impact and the three control variables, i.e. the Economic Size of the company/social initiative, the Country where the enterprises run their activities and, after all, the Business Sectors in which operate.

Independently from the control variable considered, the following charts are built in the same way: on the x-axis there is the independent variable, i.e. the Value Chain Configuration, while in the y-axis the dependent variable, i.e. the Social Impact; the colours of the data series in each charts, indeed, are representing the different values of each Control Variable considered. .

5.3.1 Value Chain Configuration, Social Impact & Economic Size

If the analysis is segmented according to the economic size of the companies/initiatives, the configuration “Supplier Only” is the one between the Supply Side class that consents to higher social impact (figure 27), the configuration “Supplier Only” is the one that allows higher social impact.
Furthermore, considering the economic size, which is symbolized by the dimension of each bubble next to its colour, small enterprises (red bubble) are the one that include an higher number of poor suppliers. It could be noticed that for the Supplier configuration companies with lower revenues reach higher social impact than bigger enterprises, while for the other configurations the social impact is positive correlated with the revenues.

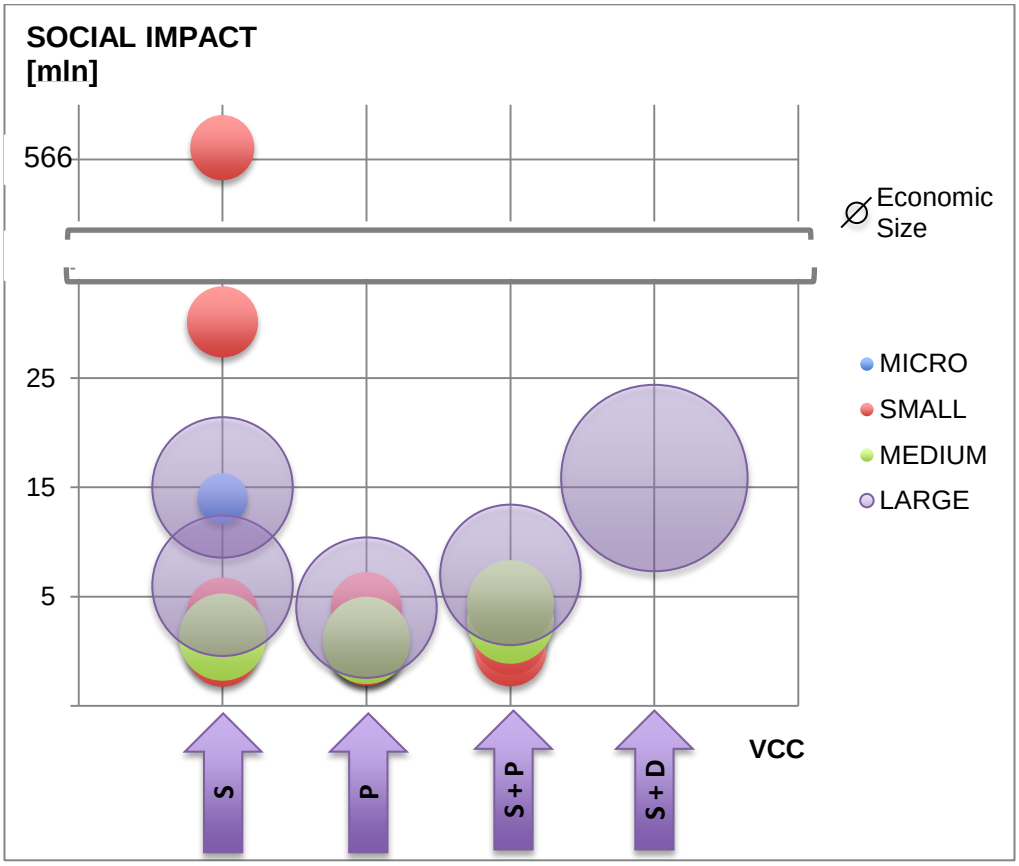


Figure 27 Social Impact of combination of Value Chain Configuration-Economic Size, limiting the analysis to the Supply Side class.

In the Demand Side (figure 28), indeed, the configuration Consumer Only is the one that better allows to impact on poor people. The economic size seems not to influence the social performance, since higher revenues do not comport higher social impact.

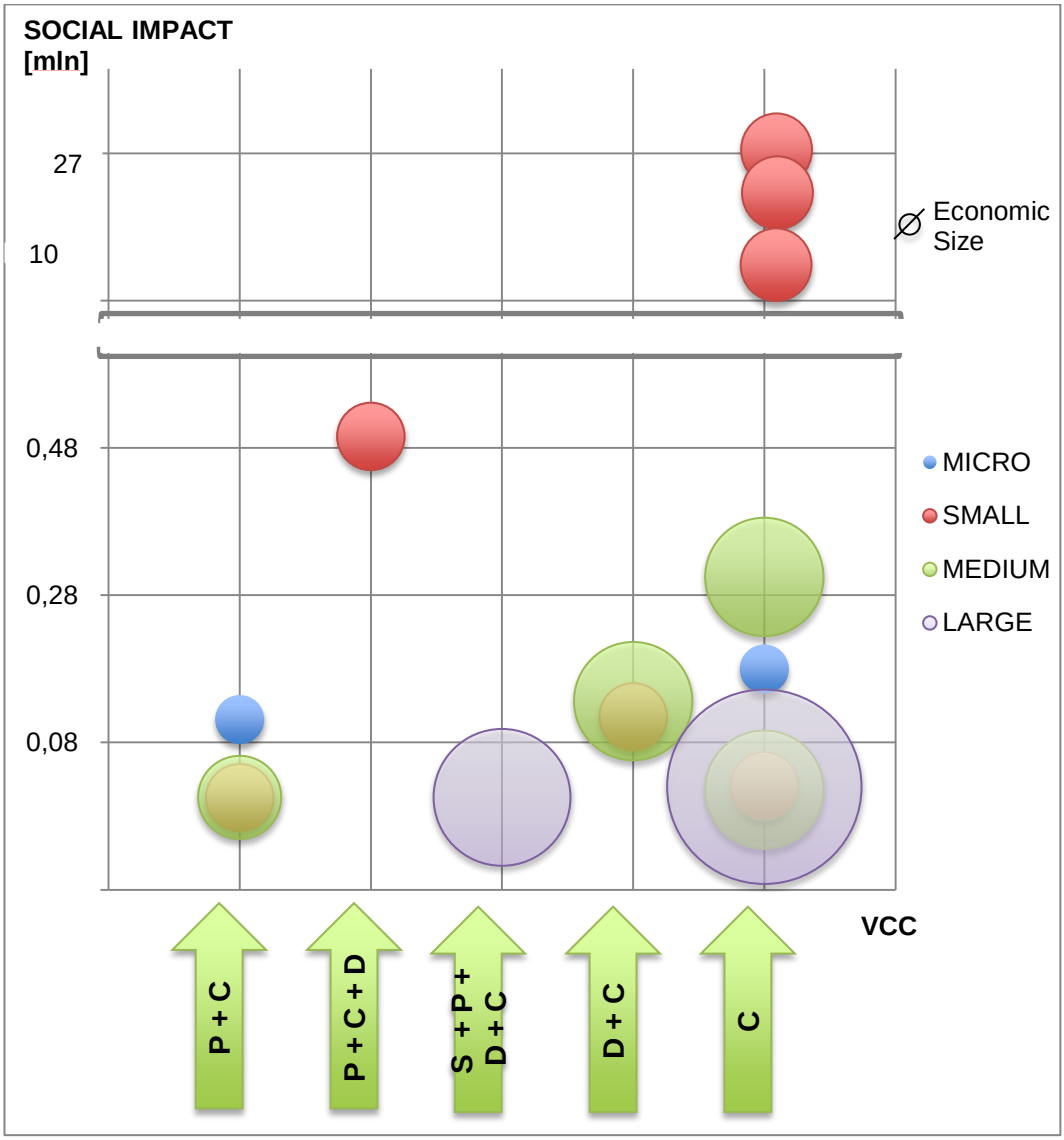


Figure 28 Social Impact of combination of Value Chain Configuration-Economic Size, limiting the analysis to the Demand Side class.

An interesting aspect is that both in Supply Side and in Demand Side configuration, the highest social impact is reached by small enterprises, differently from how someone could expect.

5.3.2 Value Chain Configuration, Social Impact & Country

As second perspective, the relationship between Value Chain Configuration, Social Impact and Country it is considered.

Focusing on the Supply Side (figure 29), the analysis reveals that the Supplier Only configuration confirms to be the one with higher social impact, in Latin America, East & South-East Asia and South Asia.

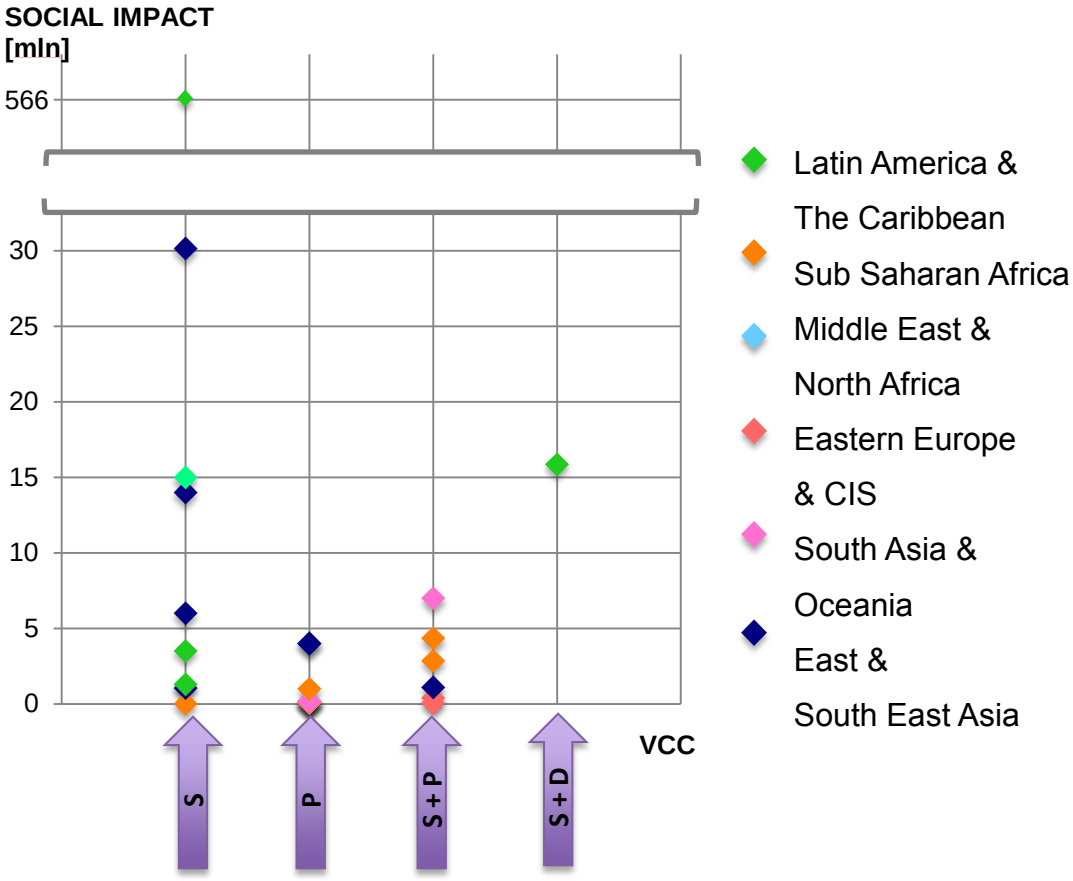


Figure 29 Social Impact of combination of Value Chain Configuration-Country, limiting the analysis to the Supply Side class.

Moving to the Demand side (figure 30) the best Social Impact is linked with companies adopting Consumer Only configuration and operating in Sub Saharan regions and East & South-East Asia.

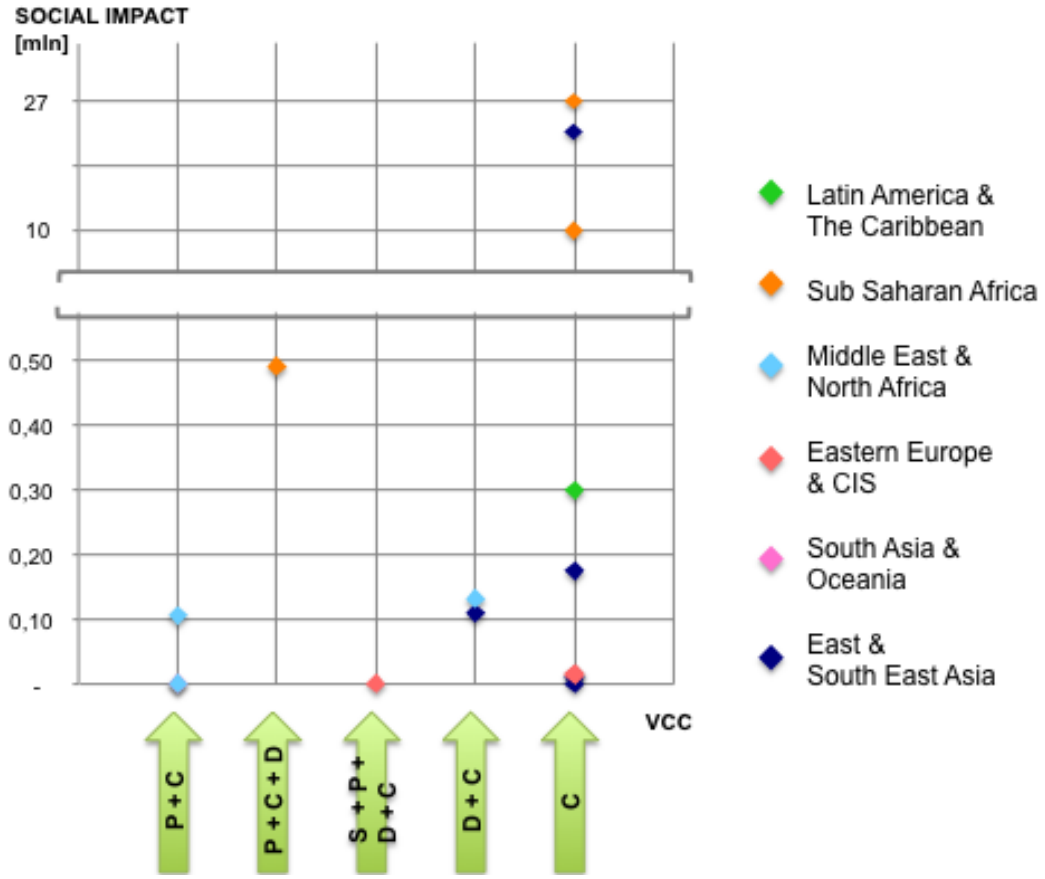


Figure 30 Social Impact of combination of Value Chain Configuration-Country, limiting the analysis to the Demand Side class.

However, there are no significant findings linked to the cross analysis between Country, Social Impact and Value Chain Configurations.

5.3.3 Value Chain Configuration, Social Impact & Business Sector

The last point of view considers, once again, the business sectors, trying to understand if there are some that allows a higher involvement of poor.

According to the Supply Side (figure 31), in the cross analysis the higher social performances are still linked with the “Supplier Only” configuration,

with the predominance of Food & Water, Agriculture, Consumer Products and Energy.

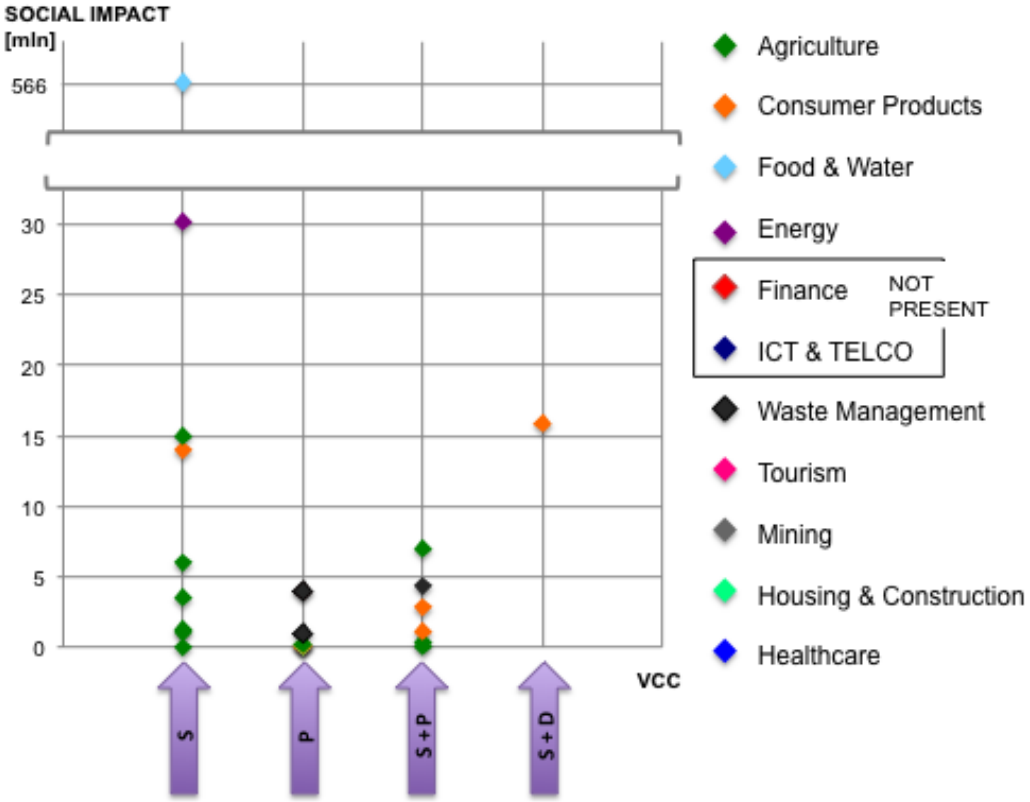


Figure 31 Social Impact of combination of Value Chain Configuration-Business Sector, limiting the analysis to the Supply Side class.

Passing to the Demand Side (figure 32), the higher social performances are linked with the Consumer configuration, with the predominance of ICT & Telco and Food & Water; this results it is coherent with other analyses provided by other authors (Prahalad and Hart, 2002), that identified these sectors, next to Energy and Healthcare, as the most promising business sector for companies that desired to approach the BOP as consumer.

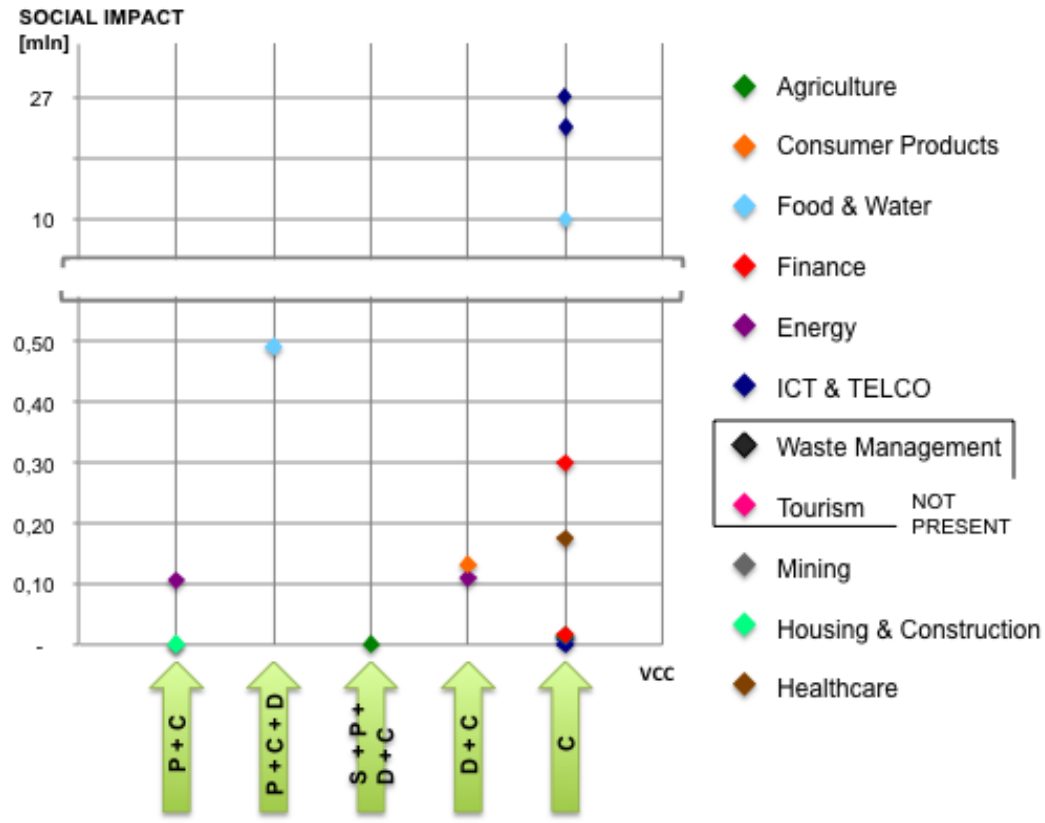


Figure 32 Social Impact of combination of Value Chain Configuration-Business Sector, limiting the analysis to the Demand Side class**.**

As already explained in §5.1.3 the absence of particular business sector both in Supply Side and Demand Side classes could be linked with the convenience/possibility to include the poor in the upstream and downstream part of the value chain respectively, due to the hard skills needed to operate in these roles.

A last consideration could be made regarding the influence of no-profit organization on the results reached, In particular, two business case has been excluded from the sample, due to its organizational structure: Amichoco and the project Oro Verde, an NGO operating in the mining sector in Colombia – it includes mining families (organized in 194

Productive Family Units) as suppliers of certified gold and platinum for an intermediary organization that sells it to an international trading company – and Voronezh Oblast State Fund for Small Business Support, a government initiative that enabling entrepreneurs from remote areas gain equal access to financial services through modern technologies.

If these two case studies were considered in the analyses realized, it would not impact the results, probably because their social performance were still limited.

6. CONCLUSIONS

In the last years, aided by the fact that the formal markets has become saturated, the attention of several scholars in the socio-economic fields has been moved to the theme of doing business in the BOP. The researches undertaken initially focused on the definition of the concept of Base of the Pyramid and, consequently, on what doing business in the BOP means, distinguishing different approaches, mainly distinguishable in two categories, consumer-based and supplier-based approaches. Later on, some assessments was undertaken in order to understand which kind of impact the business in the BOP could have on poor communities, focusing on one of the two approaches below mentioned, while there was a lack in transversal evaluations. Another feature of past assessments is their qualitative nature rather than empirical, probably due to the intrinsic difficulty to estimate through a number the social impact of business in the BOP.

This thesis tried to fill these lacks, starting from the adoption of the general definition of inclusive business, where doing business in the BOP means include the poor in any steps of the value chain, up to a quantitative evaluation of the social impact that different value chain configurations had on poor people lives.

In this last chapter a short review on the results reached from the analyses conducted will be provided; next to this, the limits of the research will be highlighted and some suggestions for future developments will be issued.

6.1 Research Results

The first part of the research aimed at identifying a possible taxonomy of inclusive business value chain configurations. The starting

point was a preformed database (Growing Inclusive Markets), from which a sample frame of 105 business case was analysed, in order to identify which role in the value chain was played by the poor (Supplier, Producer, Distributor, Consumer or a mix of them). This analysis allowed reducing the number of actual configurations from 15 to 9, that was divided in two macro class according to the presence or not of the poor as consumer (figure 30).

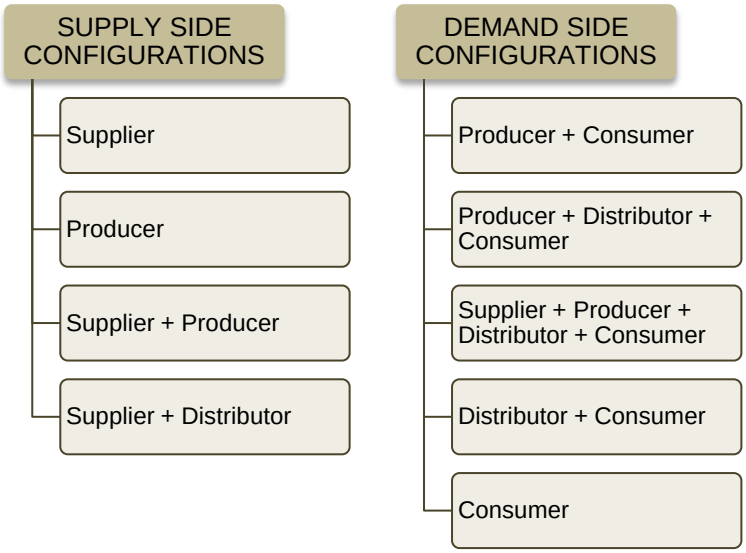


Figure 33 Result of the first part of the analyses: the taxonomy of possible value chain configuration adopted by inclusive businesses.

In term of distribution of the ventures composing the sample, there is a predominance of number of configurations that provide for the inclusion of the poor in a single step of the value chain, in particular Consumer, followed by Supplier and Producer.

Another interesting aspect is related with the absence of the “Distributor” configuration and the relatively low number of cases in which the poor played this role. This could be linked with the intrinsic difficulty of being a re-seller or an agent, both jobs that require good managerial and relational

skills, besides the acceptance of a part of the business risk (if distributor is not employed by the venture).

The second part of the research focused on the evaluation of social impact of a venture on the poor and tried to understand how a configuration impacted on this performance.

Firstly the social impact of a sample of 46 business cases was assessed through the quantitative indicator “number of poor people involved in the business”, as Suppliers, Producers, Distributors, Consumers or a mix of them.

A first discover was that Demand Side configurations have higher social impact than Supply Side ones, probably because including poor in a supply side configuration is more difficult due to the necessity of employment and capacity building; on the contrary, the key to reach BOP consumer is to offer a product/service that satisfy unmet needs at affordable price, so it is linked to factors that are inside a firm (such as capacity of innovating products an process and efficiency).

Furthermore, if the Value Chain Configurations are analysed in connection with the Economic Size of the ventures constituting the sample (using the revenues as proxy of this dimension), the interesting aspect is that as the firm grows, the percentage of Supply Side Configuration grows, while the one of Demand Side Configuration decreases. The only exception is represented by five well-known multinational that approached the BOP market through precise projects involving the poor: the value chain configurations are all Demand Side, i.e. the poor are always included as consumers.

The third evidence was that simple configurations, i.e. that involve poor in a single step of the value chain, allows a higher social impact, in particular

the most performing configurations were “Supplier Only” and “Consumer Only” respectively for Supply Side and Demand Side configurations.
A possible explanation is that better performance could be reached through a focus on a specific type of inclusion rather than a wider one.

Finally, the social impact was also related with business sector, highlighting that the ones that allow to include a higher number of poor people are ICT & Telecommunications, Consumer Products and Food & Water. It was also interesting to notice that Supply Side and Demand Side configurations were not adapt to some specific business sectors, where the inclusion of poor in upstream and downstream steps of the value chain respectively resulted not possible due to the hard skills required in the upstream side, such as Finance, ICT and Healthcare, and to the limited market in the downstream side, such as and Waste Management and Tourism.
In conclusion, considering the Country it emerged that there were not striking regions where companies preferred to operate; the most common countries was located in South America, East & South East Asia, Sub Saharan Africa and Eastern Europe & CIS.

6.2 Limits And Future Developments

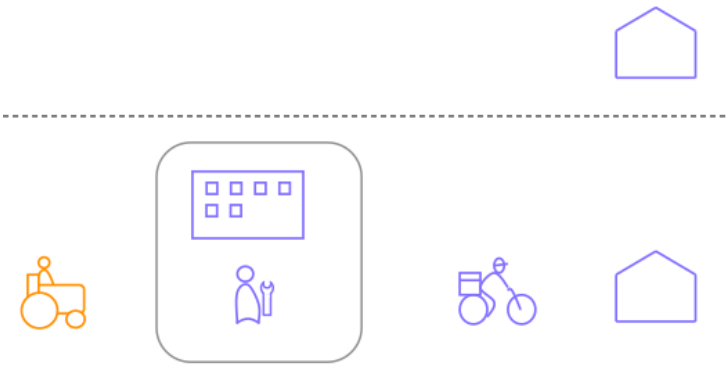
The main limit of this research is that it is based on a sample of case studies: in fact, on one hand this approach allows a more practical approach, based on reality, on the other limits the results to the specific database. A suggestion for the future could be the extension of the research to a wider database, so that a confirmation of the results reached, in term of possible configurations adopted and social

performance, could be done. Furthermore, the increase of the sample could reflect on a more statistical relevance of the entire analysis.

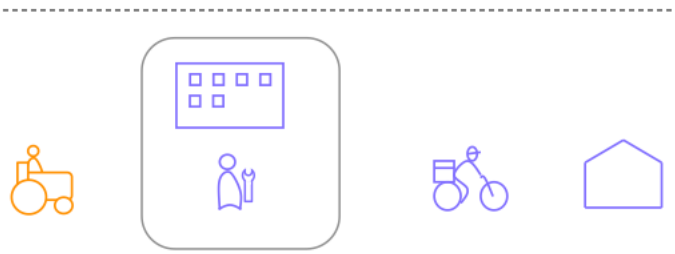
Another aspect that limited the study, especially the quantitative assessment, was the poorness of data available, that reduced the evaluation of social impact to the measurement of one single indicator as its proxy. The solution to this limit relays, without doubts, on the willing of each company to assess, from the inside, its social impact and that would allow a more complete comparison between firms.
Once more indicators are identified and measured, it could be interesting firstly validate or not the results reached and secondly analyse which factors allows higher social performances.

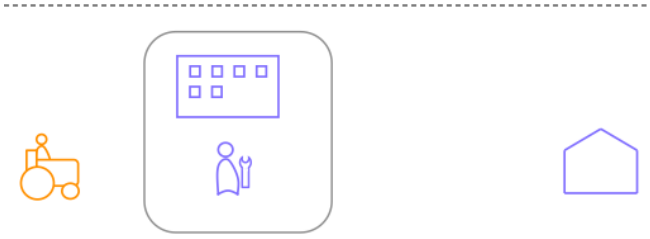
ANNEX 1: CASE STUDIES CLASSIFICATION

7.1 SUPPLIER

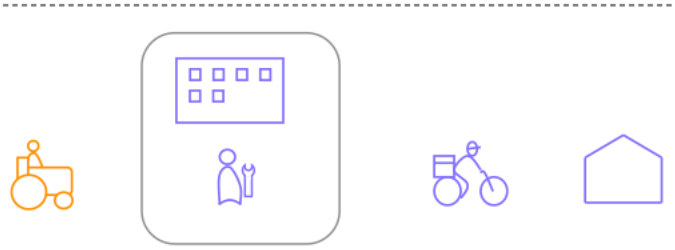
NAME	INDUPALMA - COLOMBIA
YEAR OF FOUNDATION	1997
INDUSTRY	AGRICULTURE / FOOD
CORE BUSINESS	Palm oil
TYPE OF INCLUSION	SUPPLIER: integration of local farmers to Indupalma's value chain by helping them become owners of their plantations. Farmers are organized into 'autonomous entrepreneurial units', i.e. legal entities through which former day laborers become land owners and Indupalma suppliers. 
BUSINESS SUCCESS	Involvement of over 30 cooperatives and benefits over 1,300 families. Indupalma counts 385 direct employees and sales close to 60 million dollars in 2008.
SOCIAL IMPACT	Initial investment is financed for the 40% by government and the rest with a long-term loan with the contractual obligation of Indupalma to buy the farmers' cultivation as loan guarantee. 10 ha land ownership per farmer: the productivity of 3.5 ha should cover his basic necessities while the remaining 6.5 ha can be used for savings and/or investments

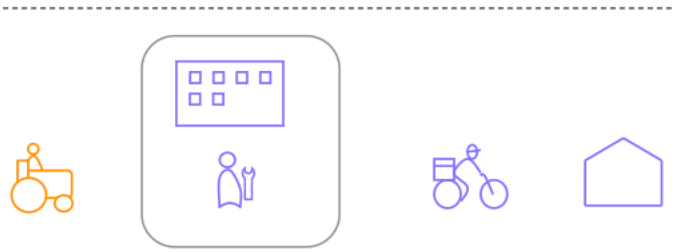
NAME	COCO TECH - PHILIPPINES
YEAR OF FOUNDATION	1993
INDUSTRY	AGRICULTURE / ARTISANALS GOODS
CORE BUSINESS	Bio-engineering applications of cocofibre nets made from waste coconut husks (GEO-TEXTILE)
TYPE OF INCLUSION	SUPPLIER 
BUSINESS SUCCESS	CocoTech grew from an initial capitalization of about US$7,000 and five employees in 1993 into a enterprise of 25 employees: revenues exceeding $300,000 in 2006 and more than 6,000 families involved in the manufacture of CocoTech products
SOCIAL IMPACT	More than 6,000 families involved in weaving and manufacturing nets for slope stabilization and erosion control. CocoTech provides supplementary income to coconut farmers, livelihood opportunities for traditionally non-productive family members and a low-cost, environment-friendly solution to its clients

NAME	ADINA - SENEGAL
YEAR OF FOUNDATION	2004
INDUSTRY	AGRICUTURE / FOOD
CORE BUSINESS	Producing and selling beverage made with Fairtrade hibiscus.
TYPE OF INCLUSION	SUPPLIER 
BUSINESS SUCCESS	Adina currently has 25 employees and annual revenues of over US$3 million
SOCIAL IMPACT	Adina's business model supported more than 527 members of QABCOO, largely women, who never believed that they could make a living out of hibiscus flowers. Through their economic contribution, women have gained more awareness for their potential in the community and as a result are involved in decision making processes

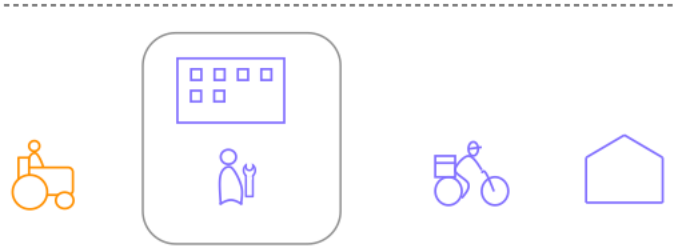
NAME	AMICHOCO ORO VERDE - COLOMBIA
YEAR OF FOUNDATION	2003
INDUSTRY	MINING
CORE BUSINESS	Extraction of gold and platinum.
TYPE OF INCLUSION	SUPPLIER 
BUSINESS SUCCESS	In 2008, sales reached US$222.000 million, and over the last 5 years, 14.5% of the sales were reinvested in community projects.
SOCIAL IMPACT	Certified material is sold by mining families (organized in 194 Productive Family Units) to an intermediary organization that sells it to an international trading company

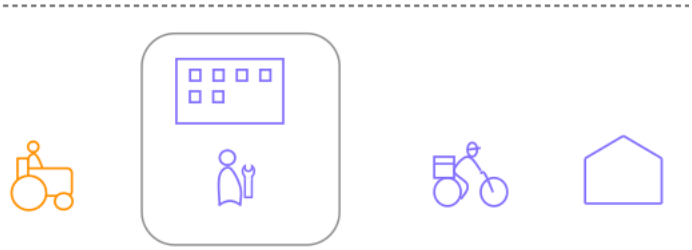
NAME	MEKONG BAMBOO CONSORTIUM - VIETNAM
YEAR OF FOUNDATION	2004
INDUSTRY	AGRICOLTURE / FORESTRY
CORE BUSINESS	Farmers grow and sell bamboo as raw materials to large businesses through traders that aggregate purchases across smallholder farms
TYPE OF INCLUSION	SUPPLIER 
BUSINESS SUCCESS	between 2004 and 2006, total bamboo sector size grew from US$11 to US$15 million, the farm-gate price for bamboo increased from US$11.7 to $14.1/ton
SOCIAL IMPACT	Connective tissue between raw-bamboo farmers, small bamboo processing workshops, larger industrial bamboo processing factories and businesses, and buyers. 21,000 moved out of poverty, goal is to move more than 350,000 people out of poverty in the Mekong region by 2020.

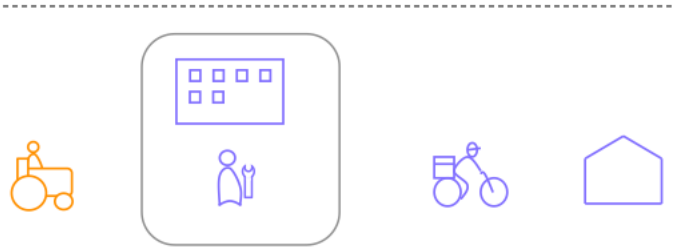
NAME	VOTORANTIM CELULOSE E PAPEL - BRAZIL
YEAR OF FOUNDATION	2009
INDUSTRY	MICRO-CREDIT / FORESTRY
CORE BUSINESS	Pulp and paper company.
TYPE OF INCLUSION	SUPPLIER local community as partners in eucalyptus production 
BUSINESS SUCCESS	Aggressive growth targets to triple revenues while contributing to the socioeconomic inclusion of a poor rural community.
SOCIAL IMPACT	Forest Savings Account programme: 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

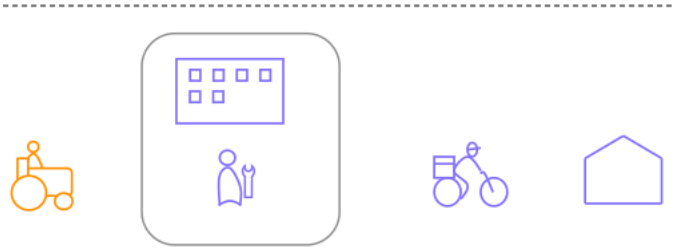
NAME	SADIA - BRAZIL
YEAR OF FOUNDATION	1944
INDUSTRY	AGRICOLTURE / BIOGAS
CORE BUSINESS	Chilled and frozen foods
TYPE OF INCLUSION	SUPPLIER 
BUSINESS SUCCESS	Market leader in Brazil, with more than 600 products in meat, pasta, margarine and dessert segments. It is also the country's main exporter of meat products
SOCIAL IMPACT	Provides supplementary revenue from carbon credits and better working conditions for swine producers. 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

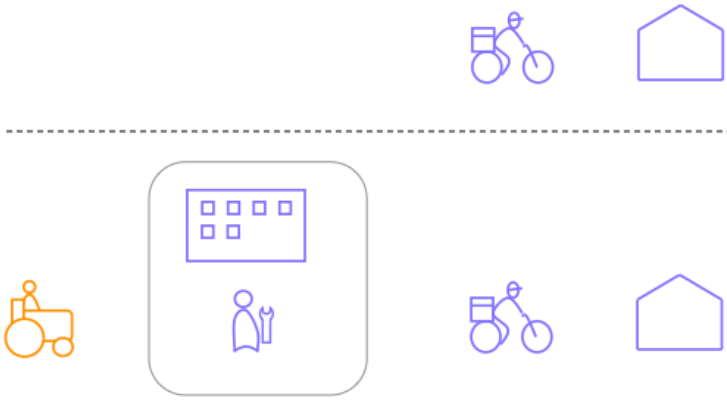
NAME	BEIJING SHENGCHANG - CHINA
YEAR OF FOUNDATION	2006
INDUSTRY	ENERGY
CORE BUSINESS	It is a bioenergy manufacturer that on one hand collect and purchase bio wastes from farmers, produces Biomass Pallet Fuel (BPF) and sells it to the users for cooking and heating; on the other develops and manufactures pallet boilers and stoves.
TYPE OF INCLUSION	SUPPLIER 
BUSINESS SUCCESS	In 2007 the revenue was US$0.58 million; in 2008 it reaches US$1.25 million, with US$260K profit.
SOCIAL IMPACT	The company employs 180 people. Each farmer US$352 per year by supplying agricultural waste. Each family can save up to 50% by using BPF instead fuel from honeycomb briquette.

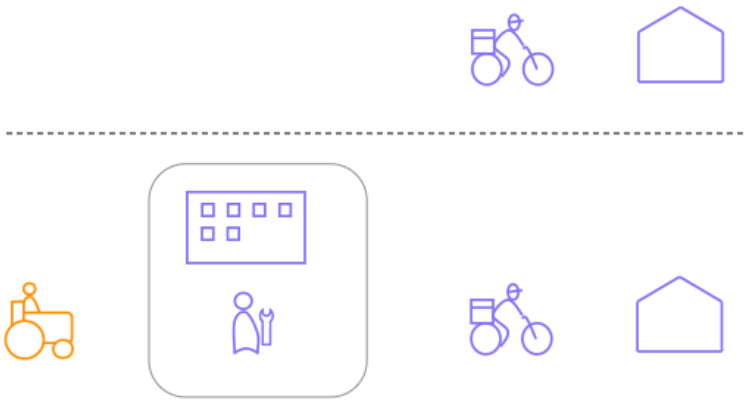
NAME	COMPANIA NACIONAL DE CHOCOLATE - COLOMBIA
YEAR OF FOUNDATION	1920
INDUSTRY	AGRICOLTURE
CORE BUSINESS	Choco
TYPE OF INCLUSION	SUPPLIER 
BUSINESS SUCCESS	CNC is one of the largest companies in Colombia.
SOCIAL IMPACT	During the past 10 years, CNC has developed a program to support and encourage farm with the aim of strengthening the supply chain of the company and secure the purchase of the crop - hand to farmers. The support consists on the offer of a technological package, including plant material and technical assistance. Additionally, business building programs are provided to cooperatives that supply cacao. So far CNC has benefited more than 15.000 families.

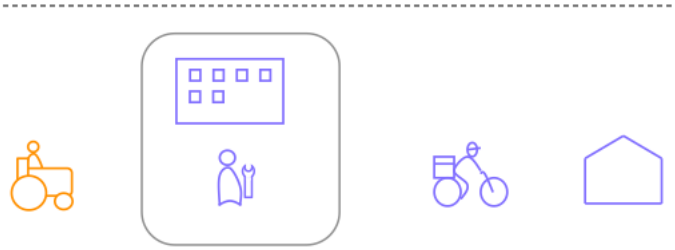
NAME	BLACKSMITH - SUDAN
YEAR OF FOUNDATION	2001
INDUSTRY	CONSUMER PRODUCTS and ARTISANALS GOODS and AGRICOLTURE
CORE BUSINESS	Blacksmith is a cooperative where are produced agricultural implements and tools.
TYPE OF INCLUSION	SUPPLIER 
BUSINESS SUCCESS	During 2004-5, the blacksmiths of El Fashir were commissioned by the International Committee of the Red Cross and Practical Action to produce about 70,000 assorted tools.
SOCIAL IMPACT	Members benefit from economies of scale in the purchase of inputs (metal and charcoal), through a system of metal as credit, and through collaborating to complete large contracts.

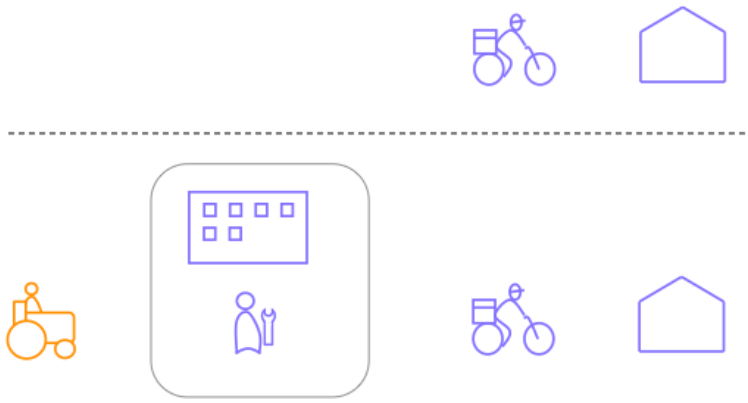
NAME	HUATAI – CHINA
YEAR OF FOUNDATION	1976 – “FOREST-PULP-PAPER-INTEGRATION” in 2000
INDUSTRY	CONSUMER GOODS (PAPER)
CORE BUSINESS	“Forest-Pulp-Paper-Integration” is a strategy established by Huatai in 2000 that aims, among other things, at mobilizing the farmers to plant fast-growing trees. Participating farmers leased the land from the government; Huatai pleged to purchase the lumber produced by the farmers at a protective price.
TYPE OF INCLUSION	SUPPLIER 
BUSINESS SUCCESS	In 2006 the sales of Huatai totalled US$470 million, with profits of about US$58 million.
SOCIAL IMPACT	The integration of the local farmers allows the increasing of their income. In 2006 Huatai had contracts with 6,000 households planting the fast-growing trees. The net income for each farmer is about US$1,742, while the average net income per person for rural China is only US$400.

NAME	TVISKI DAIRY – MAURITANIA
YEAR OF FOUNDATION	1987
INDUSTRY	FOOD & BEVERAGE
CORE BUSINESS	Tiviski is Africa's first camel milk dairy, which also now processes cow and goat milk.
TYPE OF INCLUSION	SUPPLIER 
BUSINESS SUCCESS	Tviski established itself as the first camel milk dairy in Africa and second worldwide.
SOCIAL IMPACT	The total number of suppliers delivering milk to the centers varies between 600 and 1000, depending on the season and migrations.

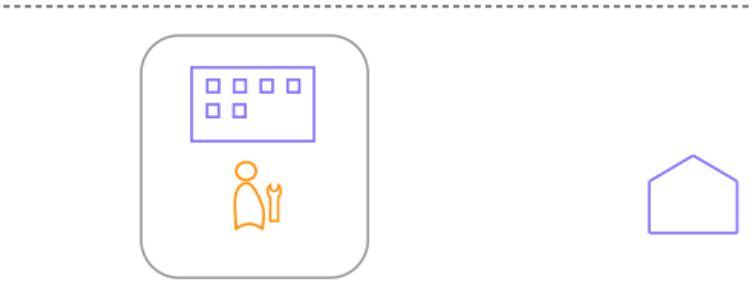
NAME	JUAN VALDEZ - COLOMBIA
YEAR OF FOUNDATION	2002
INDUSTRY	FOOD & BEVERAGE
CORE BUSINESS	Juan Valdez Coffe Shop is a fair trade chain linking communities of producers, businesses (Procafecol and other private partners), consumers and catalyst organizations (government and international cooperation agencies).
TYPE OF INCLUSION	SUPPLIER 
BUSINESS SUCCESS	In 2006, Procafecol operated 57 Coffe Shop in Colombia, the United States and Spain, with sales reaching US$20 million and more than 12 million clients.
SOCIAL IMPACT	The Juan Valdez Coffee Shops provide an opportunity of growth for the producer communities, thanks to a better price (25% premium). The Coffee Shops business is also inclusive with other kinds of producers, especially with womens: heat insulating rings made of natural fiber were produced by female artisans to be used as insulator for hot drink cups in the Coffee Shops.

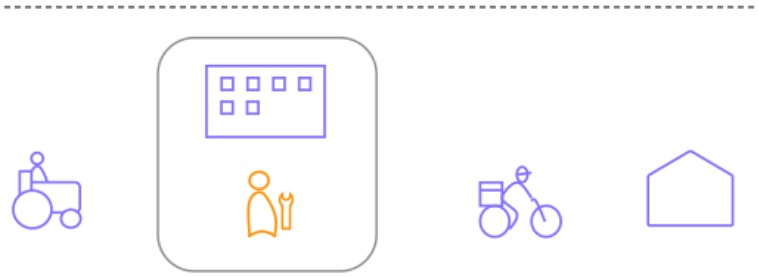
NAME	MDI - VIETNAM
YEAR OF FOUNDATION	2007
INDUSTRY	AGRICULTURE
CORE BUSINESS	MDI is a company specialized in equitable trade of Vietnamese agricultural products, including coffee, green tea, jasmine tea, snow mountain tea and cashew under the trademark “Betterday”.
TYPE OF INCLUSION	SUPPLIER 
BUSINESS SUCCESS	In 2009 MDI reaches the breakeven point and is today the largest Fairtrade Company in Vietnam in terms of farmer partners and volume of production.
SOCIAL IMPACT	MDI works with farmer groups to help improve quality of production and achieve Fairtrade and organic certification. The MDI network counted around 1.000 farmers, representing in total household size about 4.500-5.500 people. By achieving certification the value of the product can be increased significantly.

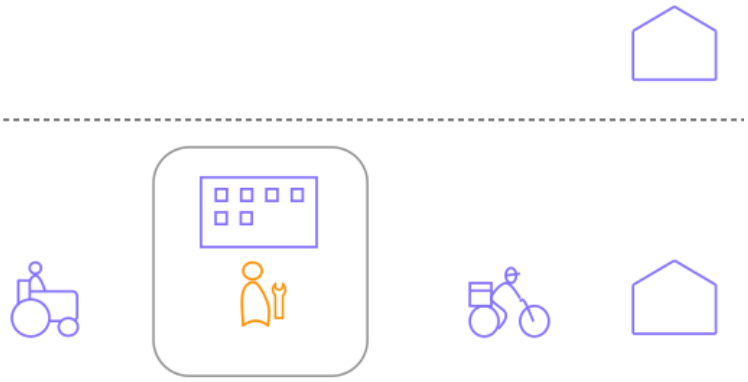
NAME	PPKT - INDONESIA
YEAR OF FOUNDATION	2004
INDUSTRY	CONSUMER PRODUCTS
CORE BUSINESS	Production of high value coconut-based products, such as cooking oil, virgin coconut oil, liquid smoke and cosmetics.
TYPE OF INCLUSION	SUPPLIER 
BUSINESS SUCCESS	The company broke-even in 2008 and had total revenues about US$60.000 a year later.
SOCIAL IMPACT	PPKT provides local communities with an opportunity to earn additional income by turning them into the company's production facilities. So far PPKT works with 140 community groups, helping them to organize and manage themselves into a joint business unit.

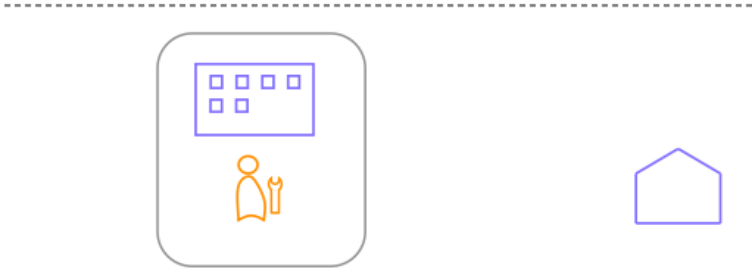
NAME	HUGO RESTREPO Y CIA - COLOMBIA
YEAR OF FOUNDATION	
INDUSTRY	AGRICULTURE and FOOD & BEVERAGE
CORE BUSINESS	Hugo Restrepo y Cia operates in the food industry, especially in chili paste, with exports to the US, Europe and the Middle East.
TYPE OF INCLUSION	SUPPLIER 
BUSINESS SUCCESS	Since 2000 the company has purchased about 1.600 tonnes of chili for a value of USD 686.000.
SOCIAL IMPACT	In 2000, in partnership with the Carvajal Foundation, the company initiated a project with the objective to continuously improve the productivity of small-scale producers while strengthening its supply chain. The project directly involves 118 producers and indirectly impacts about 650 people.

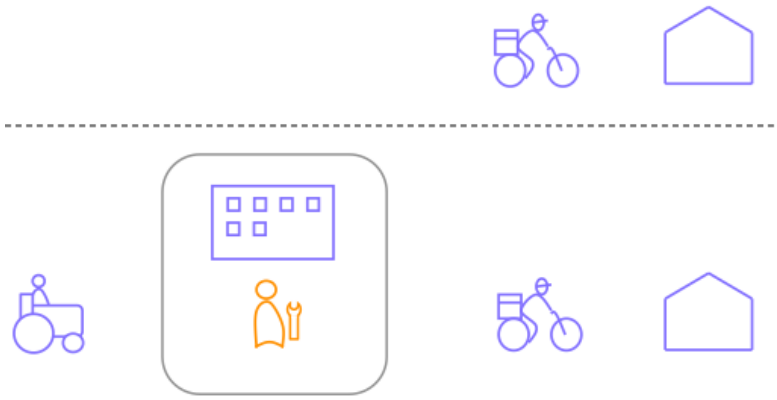
7.2 PRODUCER

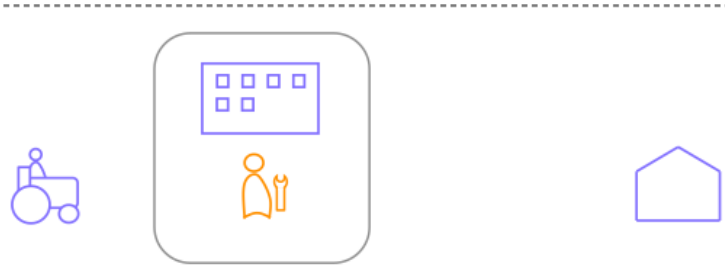
NAME	TEDCOR – SOUTH AFRICA
YEAR OF FOUNDATION	1992
INDUSTRY	WASTE MANAGEMENT
CORE BUSINESS	Community-based refuse removal system
TYPE OF INCLUSION	PRODUCER 
BUSINESS SUCCESS	Turnover of over R80 million (US$10.67 million), and full time employment for 32 employees
SOCIAL IMPACT	5 years contract for Contrctors (933USD/month + bonus); each contractor employs 11 persons. over 80 trained entrepreneurs operate their own small businesses in 16 local authorities. They provide employment to more than 1,000 historically disadvantaged people and supply waste removal services to around 400,000 households.

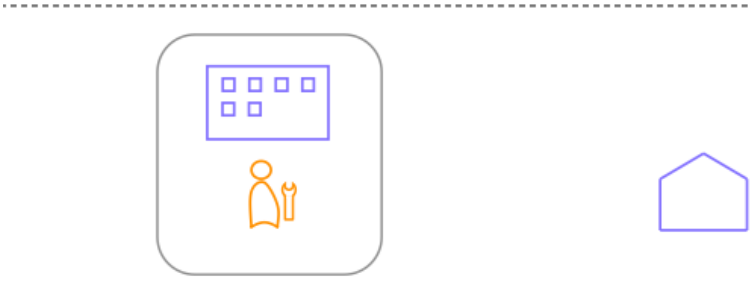
NAME	KANDELOUS GROUP - IRAN
YEAR OF FOUNDATION	1984
INDUSTRY	AGRICOLTURE, FOOD, CONSUMER PRODUCTS, TOURISM
CORE BUSINESS	KG has introduced the concept of mass production of nature-based and herbal medicine, cosmetics, oils, foods and hygiene products combined with rural tourism in Iran.
TYPE OF INCLUSION	PRODUCER 
BUSINESS SUCCESS	The annual sale of the company in 2008 was US$1.4 million. The herbal business generates an average annual sales of US$1.2 million. The income from this business unit supports investments needed to establish rural tourism facilities (small hotel, restaurant, museum).
SOCIAL IMPACT	The company employs labor from the local community (100 people in the farms, 34 in the restaurant and hotel, 50 people in processing and sales unit); the 60% of the employees are women. At the same time, the visitors to the region (50.000 per year) directly purchase local services and goods from the distribution network of the company (more than 2.400 local drug stores).

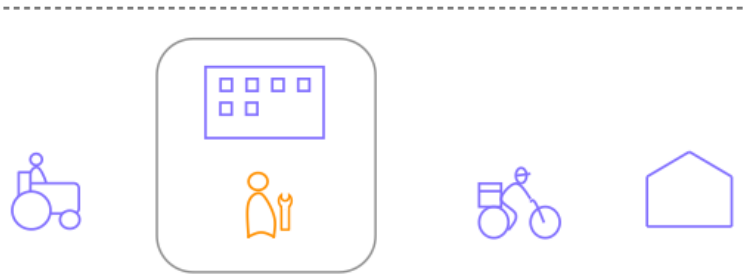
NAME	HPBS - BANGLADESH
YEAR OF FOUNDATION	2005
INDUSTRY	CONSUMER PRODUCTS
CORE BUSINESS	Hand-crocheted and hand-knitted children's toys and clothes
TYPE OF INCLUSION	PRODUCER provide direct employment opportunities for poor women in rural areas, with special preference given to disadvantaged group 
BUSINESS SUCCESS	Employment and revenue almost doubling every year. In 2009, HBPS had 54 centers and 3,500 employees; profit is re-invested into the business for training, marketing, research, and other development purposes
SOCIAL IMPACT	HBPS offers flexible and stable employment opportunities to poor rural women, thus contributing to their empowerment, improving their quality of life, reducing urban immigration, delaying early marriages and reducing birth rates.

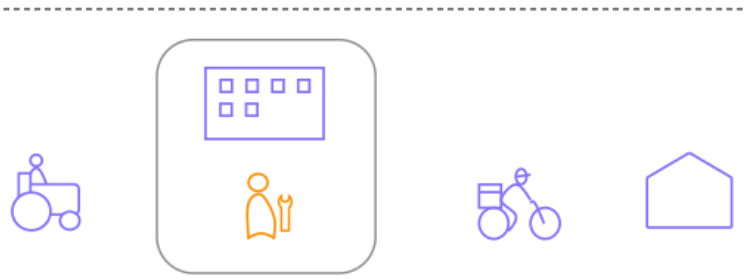
NAME	PELDAR & ENVIASEO - COLOMBIA
YEAR OF FOUNDATION	1998
INDUSTRY	WASTE MANAGEMENT
CORE BUSINESS	Offering sustainable community-based ecotourism services that offer tourists a unique experience and, at the same time, generate income for rural families in remote areas and preserve the natural and cultural heritage of the country
TYPE OF INCLUSION	PRODUCER 
BUSINESS SUCCESS	The program currently involves 70 garbage pickers and their families, and also benefits the environment through lesser waste being transferred to open-air dumps.
SOCIAL IMPACT	The municipality is contributing by providing resources for education, health and nutrition of the garbage pickers' children

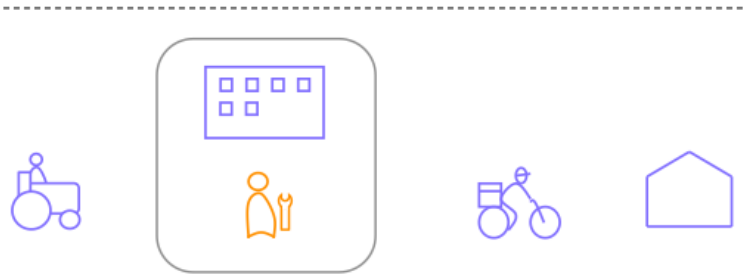
NAME	HEY TEXTYL - TURKEY
YEAR OF FOUNDATION	2007
INDUSTRY	CONSUMER PRODUCTS
CORE BUSINESS	Manufactures clothes made of cotton (shirts, slacks, dresses etc.) for international brands
TYPE OF INCLUSION	PRODUCER 
BUSINESS SUCCESS	Annual profit of US$ 500 million dollars, employs approximately 4,000 workers and sells clothes around the world. According In the clothing industry, the company is currently in the top 20 in terms of employment, and in the top 50 in terms of export volume in Turkey.
SOCIAL IMPACT	Jobs created in Turkey's poorer districts have changed economic and social life there for the better, especially for women. invest in home province to help improve its economic and social conditions, paid for training untill 2008 (then the Turkey's State Employment Agency finances the programmes)

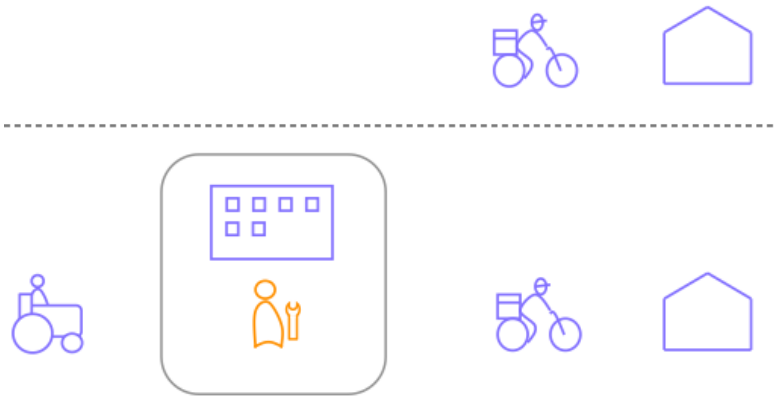
NAME	INDUSRIJSKI OTPAD – BOSNIA AND HERZEGOVINA
YEAR OF FOUNDATION	2001
INDUSTRY	WASTE MANAGEMENT
CORE BUSINESS	Industrijski Otpad is a regional business that collects waste, sorts it manually, presses it and packages it for further sale.
TYPE OF INCLUSION	PRODUCER 
BUSINESS SUCCESS	After a rough period when prices declined as part of the global economic recession, the company has slowly begun to recover and has once again shown a small profit of US$287,000 in 2008.
SOCIAL IMPACT	Industrijski Otpad relies heavily on local labor, and as a part of its business model employs ethnic minorities and those living on the socio-economic margins, such as single mothers. In mid-2008, Industrijski Otpad had 18 employees and purchased recyclables from approximately 50 individual contractors.

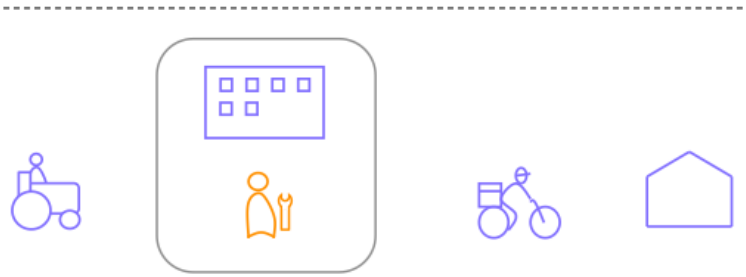
NAME	RAJAWALI'S EXPRESS TAXI - INDONESIA
YEAR OF FOUNDATION	1984
INDUSTRY	TRAANSPORTATION & FINANCE
CORE BUSINESS	Express Taxi is a subsidiary company of Rajawali Corporation. It redefine the traditional business model between large transport companies and drivers' groups into a business-to-business partnership based on a Taxi Ownership Scheme.
TYPE OF INCLUSION	PRODUCER (EMPLOYEE) 
BUSINESS SUCCESS	The Express Taxi service is the second largest taxi operator in Indonesia, managing 2.257 taxi units at the end of 2006. The turnover (2006) was US$2 million, with net revenue of US$8,599 million.
SOCIAL IMPACT	Taxi Express has provided employment to over 4.000 drivers. It has allowed drivers from poor urban communities to own taxis by providing loan guarantees. The company has provided also training programmes for the drivers.

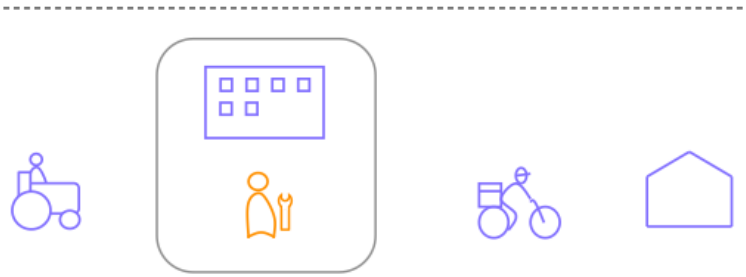
NAME	SULABH INTERNATIONAL - INDIA
YEAR OF FOUNDATION	1970
INDUSTRY	SANITATION
CORE BUSINESS	Sulabh developed 26 toilet designs for varying budgets and locations in India.
TYPE OF INCLUSION	PRODUCER (EMPLOYEE) 
BUSINESS SUCCESS	Between 1970 and 2008, Sublah has installed more than 1.4 million household toilets, and it maintains more than 6,500 public pay-per-use facilities.
SOCIAL IMPACT	Sublah's technology has freed 60,000 people from life as a scavenger, offering programs to reintegrate them into society.

NAME	PROMASOL - MOROCCO
YEAR OF FOUNDATION	2002
INDUSTRY	ENERGY
CORE BUSINESS	The Moroccan Ministry of Energy and Mines launched Promasol to the market of Solar Water-Heaters (SWHs) in Morocco through quality improvement and certification, awareness raising campaigns, and training and certification of qualified solar water-heaters' installers.
TYPE OF INCLUSION	PRODUCER 
BUSINESS SUCCESS	PROMASOL has increased the number of SWH from about 35,000 m2 of solar panels in 1998 to more than 240,000 m2 in 2008, and the number of companies importing and/or manufacturing SWHs from about five to more than 40.
SOCIAL IMPACT	the program has contributed directly to job creation through the training and certification of 200 installers, and indirectly through the creation and/or expansion of specialized companies. It is also expected to create about 13,000 new jobs by 2020.

NAME	GADIM GUBA – AZERBAIJAN
YEAR OF FOUNDATION	2000
INDUSTRY	ARTISANAL GOODS / CONSUMER PRODUCTS
CORE BUSINESS	Carpet manufacturing
TYPE OF INCLUSION	PRODUCER 
BUSINESS SUCCESS	In 2000, the factory was producing 120 rugs a year and earning annual revenues of US$ 12,000. By late 2007, after employing the new techniques, Ms. Mammadova improved the quality of her products, creating 60 new jobs (raising her workforce to 80). Sales increased significantly. By 2008 the factory was producing 400 pieces a year, generating annual turnover of US$120,000.
SOCIAL IMPACT	The business is managed and staffed entirely by women, providing them with increased incomes and empowerment through stable employment.

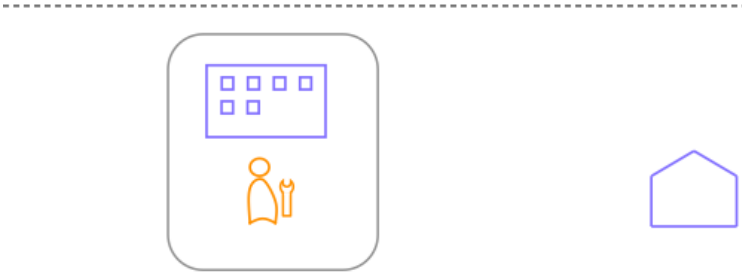
NAME	DENMOR GRMENT MANUFACTURERS - GUYANA
YEAR OF FOUNDATION	1997
INDUSTRY	CONSUMER PRODUCTS
CORE BUSINESS	Garment manufacturing
TYPE OF INCLUSION	PRODUCER 
BUSINESS SUCCESS	Denmor Garments, Inc. has grown from 250 employees to more than 1,000, 98% of them women from poor rural communities. Today, the organization manufactures garments for top global brand names and has won a prestigious industry-wide award for quality standards
SOCIAL IMPACT	Aside from employment, Denmor also provides training and empowerment to lift the women out of poverty.

NAME	PTF - TURKMENISTAN
YEAR OF FOUNDATION	2006 (renewal)
INDUSTRY	ARTISANAL PRODUCTS
CORE BUSINESS	Textile products.
TYPE OF INCLUSION	PRODUCER 
BUSINESS SUCCESS	Before the partnership with DBS, PTF generated an average revenue of USD 28,000 per quarter; after the investments in 2006, the average revenue today has increased up to 42,000 per quarter.
SOCIAL IMPACT	PTF employs and trains hearing and visually impaired people (167 since 2006) and uses the profit to finance the activities carried out by the DBS (an NGO aiming at improving the living conditions of disabled people)

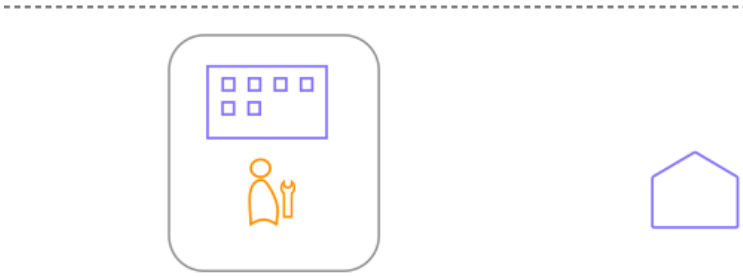
NAME	TRUONG THANH FURNITURE CORPORATION Vietnam
YEAR OF FOUNDATION	1993
INDUSTRY	CONSUMER PRODUCTS and FORESTRY
CORE BUSINESS	TTFC works on growing forests and processing and exporting wooden products in Vietnam.
TYPE OF INCLUSION	PRODUCER 
BUSINESS SUCCESS	Truong Thanh has become a large wood processing group in Vietnam with seven subsidy companies, more than 1,400 employees and a total equity of US$34 million (2008).
SOCIAL IMPACT	Its growth and success has contributed to create 6,500 jobs and income for farmers and processing workers.

NAME	WASTE CONCERN - BANGLADESH
YEAR OF FOUNDATION	2001
INDUSTRY	WASTE MANAGEMENT / BIOGAS
CORE BUSINESS	Transform solid waste into organic compost using a low cost, low-tech and labour-intensive method
TYPE OF INCLUSION	PRODUCER 
BUSINESS SUCCESS	The model is being replicated in 10 cities across Asia and the Pacific
SOCIAL IMPACT	The project has generated about 1,000 jobs among the urban poor, especially women, and close to 500,000 people are benefiting from household waste disposal system across the country

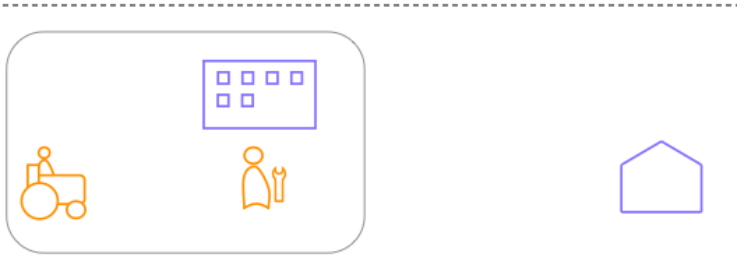
NAME	TUFENKIAN HOTELS - ARMENIA

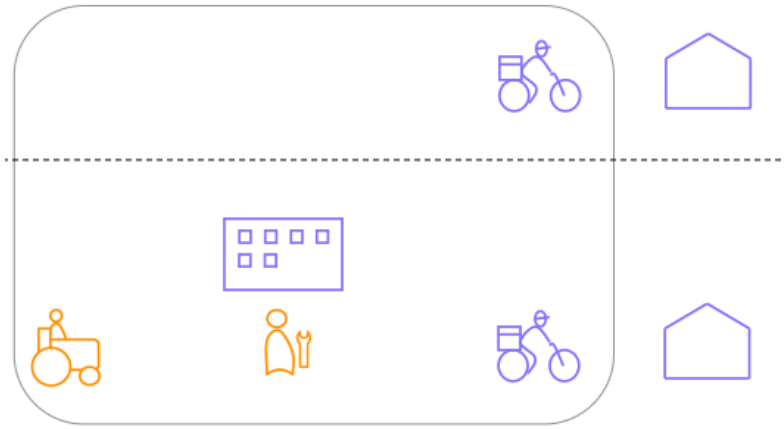
YEAR OF FOUNDATION	1993
INDUSTRY	TURISM
CORE BUSINESS	Luxury hotel chain
TYPE OF INCLUSION	PRODUCER 
BUSINESS SUCCESS	The number of customers averages 3,000 annually with an average occupancy rate of 20%, while during the busy summer season it reaches up to 80-90%
SOCIAL IMPACT	Tufenkian currently employs about 40% of the population of the Tsapatagh and Dzoraget villages (174 workers). Every month Tufenkian infuses 16,000 USD into the rural economies by paying their employees salaries. The company overcame the low level of skills of its employees by training them according to international standards. Tufenkian also invests in the capacity building of rural communities.

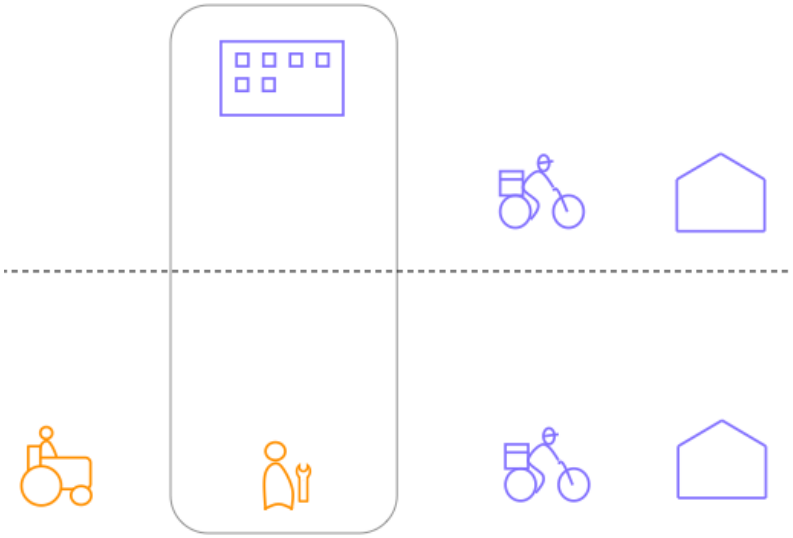
NAME	TEDCOR – SOUTH AFRICA

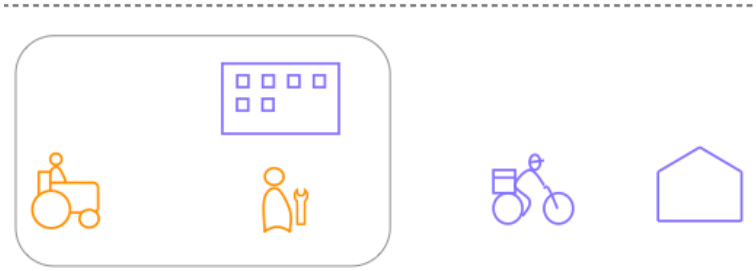
YEAR OF FOUNDATION	1992
INDUSTRY	WASTE MANAGEMENT
CORE BUSINESS	Community-based refuse removal system
TYPE OF INCLUSION	PRODUCER 
BUSINESS SUCCESS	Turnover of over R80 million (US$10.67 million), and full time employment for 32 employees
SOCIAL IMPACT	5 years contract for Contrctors (933USD/month + bonus); each contractor employs 11 persons. over 80 trained entrepreneurs operate their own small businesses in 16 local authorities. They provide employment to more than 1,000 historically disadvantaged people and supply waste removal services to around 400,000 households.

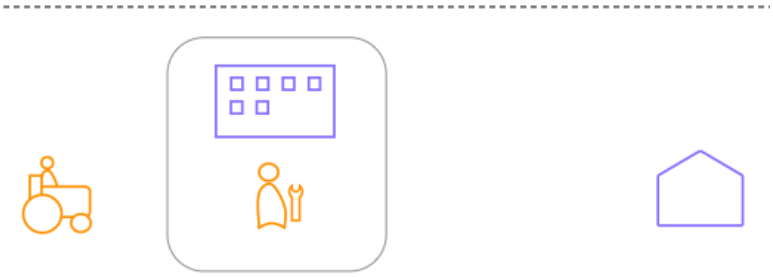
7.4 SUPPLIER + PRODUCER

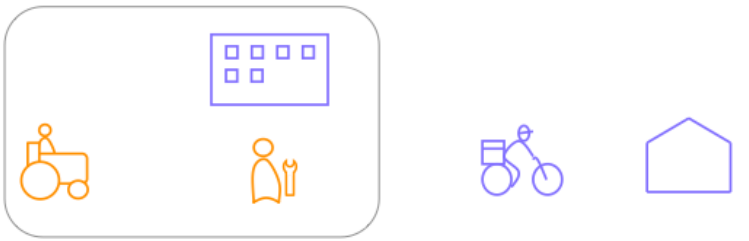
NAME	BEGELI - GEORGIA
YEAR OF FOUNDATION	2005
INDUSTRY	AGRICULTURE
CORE BUSINESS	Selling local and organic products
TYPE OF INCLUSION	SUPPLIER + PRODUCER Currently unites about 344 individual farmers, 12 farmer groups, 4 farmer associations/unions and 10 business units 
BUSINESS SUCCESS	In 2008 Begeli employed four people with an annual turnover of around $33,500. Begeli has achieved about 10% annual growth rate during the first two years of operation.
SOCIAL IMPACT	Begeli was able to change the lives of over 400 farmers, by giving them income-generating opportunities, by motivating to intensify the organic cultivation and by ensuring guaranteed sales. Begeli also pays them a premium for their produce to create an incentive for organic farming.

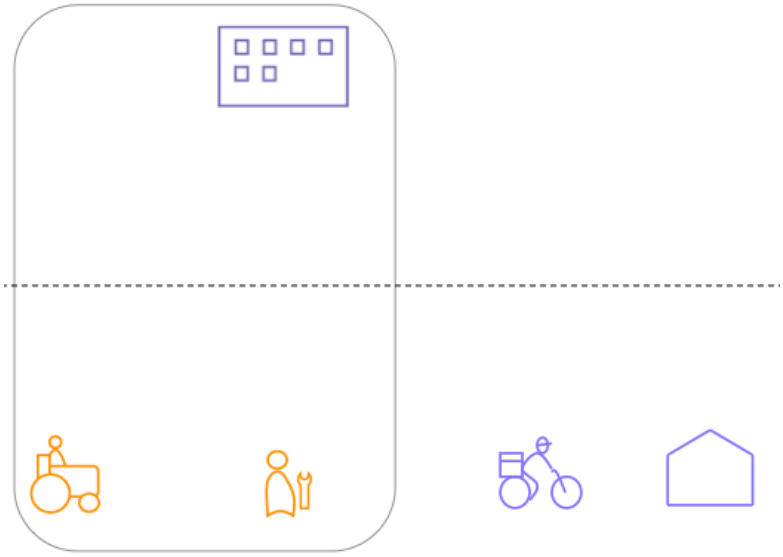
NAME	MAI VIETNAMESE HANDICRAFT
YEAR OF FOUNDATION	1990
INDUSTRY	CONSUMER GOODS
CORE BUSINESS	MVH acts as a trading agent for local artisans, and negotiates with international clients ensuring the conditioning, trading and shipping of the items.
TYPE OF INCLUSION	SUPPLIER + PRODUCER 
BUSINESS SUCCESS	The business generated substantial annual turnover of US$1.75 million from commercial activities in 2008.
SOCIAL IMPACT	The network counts 1.101 artisans (70% are women) from small remote villages. The profit generated is divided as following: 10% for funding local social projects, 10% for social welfare for employees, 20% for training and product development, 10% as provision for risk and inflation and the rest 50% is reinvested in the business.

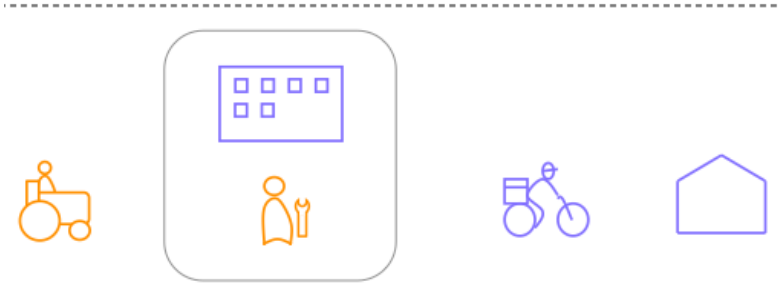
NAME	KEY COFFEE - INDONESIA
YEAR OF FOUNDATION	1920
INDUSTRY	AGRICULTURE / FOOD
CORE BUSINESS	Selling Arabica coffee from Indonesian farmer
TYPE OF INCLUSION	SUPPLIER + PRODUCER 
BUSINESS SUCCESS	P.T. Toarco Jaya is now exporting 200-500 tons of coffee beans per year. Today, Arabica coffee has become a reliable source of income for farmers, and Sulawesi is well-known for its coffee.
SOCIAL IMPACT	P.T. Toarco Jaya benefits about 7,000 small-scale farmers as suppliers, and providing 53 full time and 900 temporary jobs at its Rainforest Alliance certified plantation

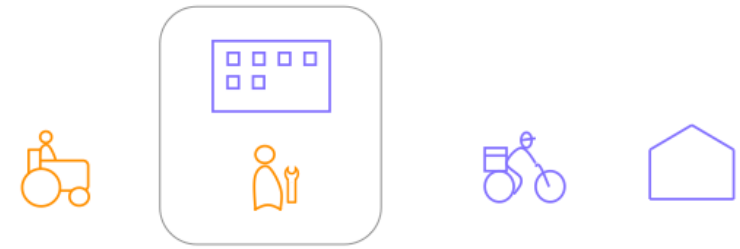
NAME	ECO MAVROVIC - CROATIA
YEAR OF FOUNDATION	2001
INDUSTRY	AGRICOLTURE
CORE BUSINESS	Organic grain and animal farm.
TYPE OF INCLUSION	SUPPLIER + PRODUCER 
BUSINESS SUCCESS	The Mavrovic group is by far the biggest organic food producer and worth US$2 million.
SOCIAL IMPACT	The whole group, Eco Centre Mavrovic (a non-profit research and educational centre) and Eco Mavrovic (a marketing, distribution and sales firm) employs 51 people and it is so far the biggest local employer. The group also offer local farmers and employees targeted knowledge and capacity building in all phases of organic food production free of charge.

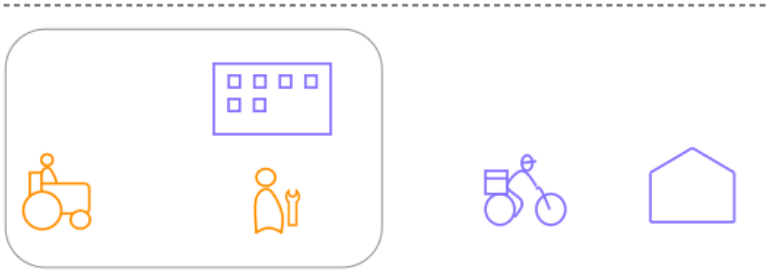
NAME	EDIPAK - ALBANIA
YEAR OF FOUNDATION	1993
INDUSTRY	WASTE MANAGEMENT / CONSUMER PRODUCTS
CORE BUSINESS	Paper recycling and packaging material enterprise
TYPE OF INCLUSION	SUPPLIER + PRODUCER Inclusion of individual paper collectors in its supply chain 
BUSINESS SUCCESS	the business has reached a turnover of about 2 million USD and a production of up to 350 tons of packaging materials per month. Furthermore, Edipack's success and annual growth rates of up to 30% before the economic crisis show potential for long-term growth
SOCIAL IMPACT	The company buys approximately 600 tons of waste paper per month from around 120 small suppliers, which generates an average monthly income of 120 Euros. Edipack employs 75 mostly low-skilled people who receive training and benefit from a stable employment and income source

NAME	ITFC - GHANA
YEAR OF FOUNDATION	1999
INDUSTRY	AGRICOLTURE
CORE BUSINESS	The company cultivates certified organic mangoes for both local and export markets. It embarked on an outgrower scheme in 2001, with the objective of reducing poverty by providing the local people with a sustainable income-generating venture through organic mango production.
TYPE OF INCLUSION	SUPPLIER + PRODUCER 
BUSINESS SUCCESS	No economic information available**.**
SOCIAL IMPACT	In 2006 ITFC includes 1.327 outgrower farmers, each having a farm of about 1 acre with 100 mango trees; the company provides technical assistance and interest-free loans that are only paid back when the trees begin to bear fruits. Compared to an estimated average annula income of US$250-300, an outgrower will be earning US$1.200 by the tenth year and US$2.000 by the fiftheenth year and beyond.

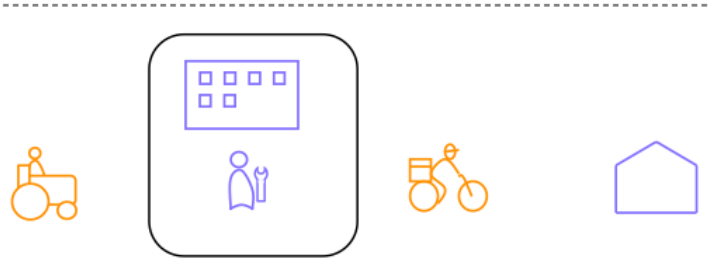
NAME	MARAP GmbH and DP - Uzbekistan
YEAR OF FOUNDATION	1999 – importation from Uzbekistan since 2001
INDUSTRY	AGRICOLTURE
CORE BUSINESS	Marap is an importer and processor of quality organic fruits and vegetables for distribution within EU and US. The DP Silk Road Organic Foods is the Uzbekistan subsidiary, founded in 2003.
TYPE OF INCLUSION	SUPPLIER + PRODUCER 
BUSINESS SUCCESS	Marap has an annual profit of €15 million (2008).
SOCIAL IMPACT	Today DP collects, buys, processes, dries, packages and exports approximately 2.00 tons of fruits and nuts. DP has 30 full time employees (2010) and 150 seasonal workers.

NAME	MONDI RECYCLING – SOUTH AFRICA
YEAR OF FOUNDATION	1975
INDUSTRY	WASTE MANAGEMENT
CORE BUSINESS	Mondi Recycling recovers fiber, as used paper, by outsourcing an essential link of the recovery process to former employees through an owner-driven scheme, establishing independent sorting and bailing operations, relying on a network of buy-back centers and on a large network of individual hawkers.
TYPE OF INCLUSION	SUPPLIER + PRODUCER 
BUSINESS SUCCESS	In 2008, Mondi Recycling realized revenue of US$67 million, with a domestic market share of 40%.
SOCIAL IMPACT	The outsourcing model has provided substantial benefits to the actors involved. In 2009 the owner-drivers involved were 42, there were 177-odd buy-back centres and 12.000 informal hawkers.

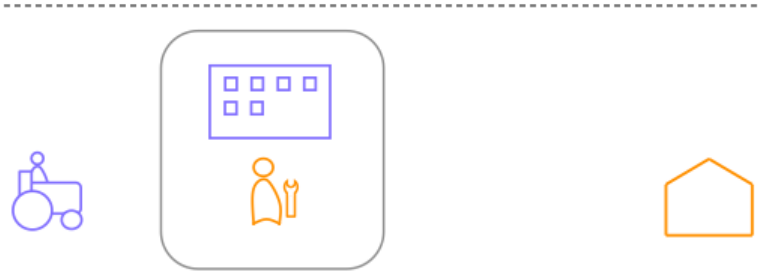
NAME	PETSTAR - MEXICO
YEAR OF FOUNDATION	2007
INDUSTRY	WASTE MANAGEMENT
CORE BUSINESS	Petstar construct and operates a bottle-to-bottle plastic recycling facility that will convert post-consumer PET bottles into food-grade, recycled PET resin that will be sold to the Mexican soft-drinks bottling industry.
TYPE OF INCLUSION	SUPPLIER + PRODUCER 
BUSINESS SUCCESS	No economic information available**.**
SOCIAL IMPACT	The project generate 63 locally filled jobs at the recycling facility. In addiction, over 1.300 people are supplying waste PET bottle.

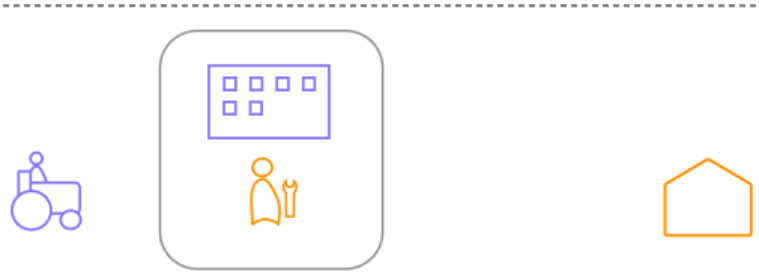
NAME	SEKEM - EGYPT
YEAR OF FOUNDATION	1977
INDUSTRY	CONSUMER GOODS
CORE BUSINESS	Sakem's group includes eight companies: Libra for farming, Mizan for organic seedings, Hator for fresh fruits and vegetables, Lotus for herbs and spices, Isis for organic foods and beverages, Conytex for organic cotton and textile fabrics, Atos for pharmaceuticals and Ecoprofit for sustainable management.
TYPE OF INCLUSION	SUPPLIER + PRODUCER 
BUSINESS SUCCESS	In 2009 the Group realized US$31.9 million of net revenue, with gross profit of US$ 11.9 million and net profit of US$1.15 million.
SOCIAL IMPACT	Sekem's efforts have contributed to the Egyptian community – economically, socially and culturally. It has 2.000 employees and 850 small-scale farmers to source products. The group invests profits in development initiatives, such as Sekem Kindergarten and Sekem School, Sekem Special education and Literacy program, the Chamomile Children Project, Vocational Training Center, Sekem Adult Training Institute, Sekem's Medical Center, the Sekem Academy for Applied Arts and Science and the Cooperative of Sekem Employees.

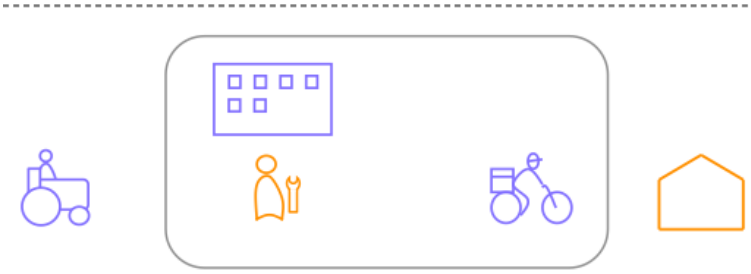
7.4 SUPPLIER + DISTRIBUTOR

NAME	NATURA – SOUTH AMERICA
YEAR OF FOUNDATION	1969
INDUSTRY	CONSUMER PRODUCTS
CORE BUSINESS	Use raw material extracted from nature as a platform for its products. Cosmethics are sold through an agent based model (similar to the Avon one); Biologic cosmetics sold through an agent based model (similar to the Avon one)
TYPE OF INCLUSION	SUPPLIER + DISTRIBUTOR 
BUSINESS SUCCESS	6260 employee and 3.0 billion US$ (2011) of revenue. After only 2 years of operation, Natura's products have reached 95% of the territory.
SOCIAL IMPACT	It established supplier relationships with rural communities that extract raw material from Brazilian vegetal biodiversity; Agents as distribution channel, giving work to unprivileged women. 16,000 saleswomen, over 60% of whom are from Colombia's lowest social classes

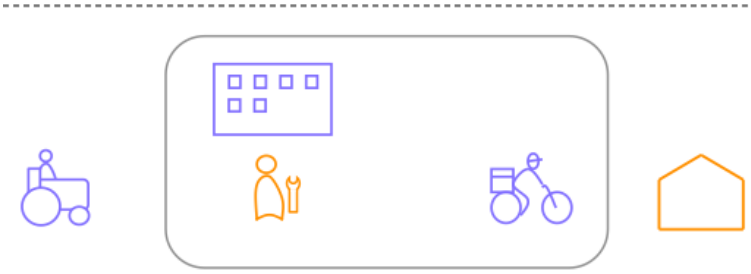
7.5 PRODUCER + CONSUMER

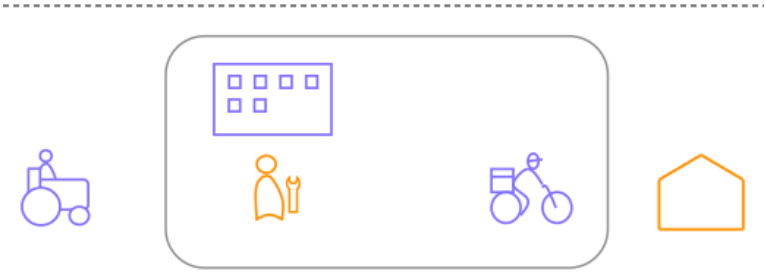
NAME	SARAMAN - IRAN
YEAR OF FOUNDATION	2003
INDUSTRY	HOUSING AND CONSTRUCTION
CORE BUSINESS	The company designs, fabricates and erects affordable, earthquake-proof pre-fabricated steel structures for houses, schools and hospitals
TYPE OF INCLUSION	CONSUMER + PRODUCER 
BUSINESS SUCCESS	Saraman currently has a team of 12 permanent and over 65 temporary employees, in addition to complementary local workforce on site. From 2002 to 2009, Saraman was awarded 27 projects, mostly schools and other public constructions, representing a total turnover of about UDS 3.9 million USD.
SOCIAL IMPACT	special training is provided to facilitate exchange of know-how and develop employment opportunities for young graduates who later implement the practice in Iran. About 400 Iranian students and scholars participated in annual DAAD summer schools at University of Wuppertal in Germany

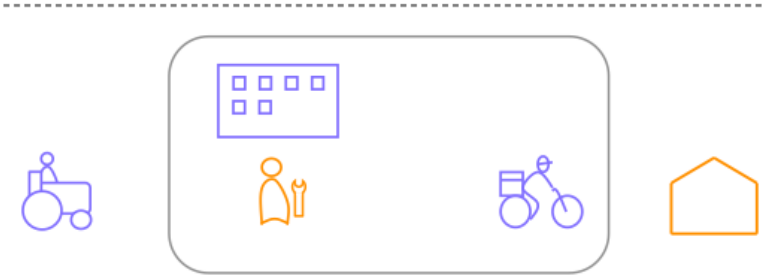
NAME	EDF – KENYA, MALI
YEAR OF FOUNDATION	1999 (PROJECT)
INDUSTRY	ENERGY
CORE BUSINESS	Bring electricity to rural areas in developing countries through the development of Rural Energy Services Company (RESCOs), independent Malian companies. EDF brings strong support through training programs, development of appropriate equipment and support to management.
TYPE OF INCLUSION	CONSUMER + PRODUCER 
BUSINESS SUCCESS	No economic information available**.**
SOCIAL IMPACT	The first RESCO (1999) it is currently providing energy to 510 clients, public street lighting, water pumping, schools, health centers and productive uses; it employs 15 people. The second RESCO (2011) provides energy to 1,700 clients, it counts over 15 decentralized offices and 33 employees.

NAME	MOLADI – SOUTH AFRICA
YEAR OF FOUNDATION	1987
INDUSTRY	HOUSING AND CONSTRUCTION
CORE BUSINESS	Plastic injection molded technology to produce cast-in-place mortar structures.
TYPE OF INCLUSION	CONSUMER + PRODUCER 
BUSINESS SUCCESS	Several projects carried on in Ghana, Botswana, Mozambique, Namibia, Sudan, Kenya, Zambia, Angola and Nigeria. Stream of visitors from other parts of the developing world, including Nepal, the Philippines and Iraq.
SOCIAL IMPACT	The overall positive social impact is qualitative rather than quantitative: it is about providing poor people with a sense of self-worth, dignity and hope for a better future for themselves and their children

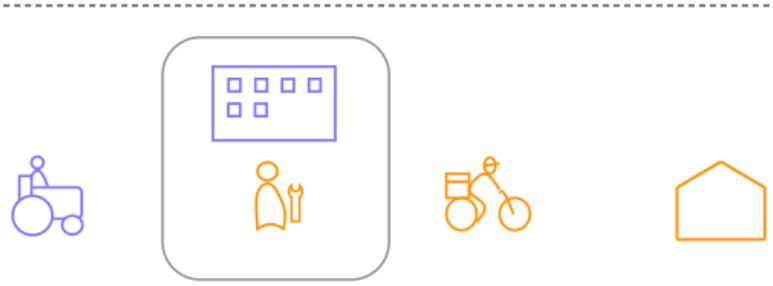
NAME	KUYASA – SOUTH AFRICA
YEAR OF FOUNDATION	2003
INDUSTRY	ENERGY (SOLAR POWER) / HOUSING AND CONSTRUCTION
CORE BUSINESS	Kuyasa provides solar water geysers, insulated ceilings and compact fluorescent light (CFL) bulbs that improve thermal performance of low-income housing units.
TYPE OF INCLUSION	CONSUMER + PRODUCER 
BUSINESS SUCCESS	The Kuyasa CDM project has created 87 jobs, completed 1,800 of the 2,309 installations and is reducing approximately 2.85 tons of greenhouse gas emissions per low-income house per year.
SOCIAL IMPACT	It allows the reduction of energy costs from purchasing less paraffin and less pre-paid electricity. In addiction, the system brings benefits of hot water for hygiene and cleanliness, and of insulation for health and comfort

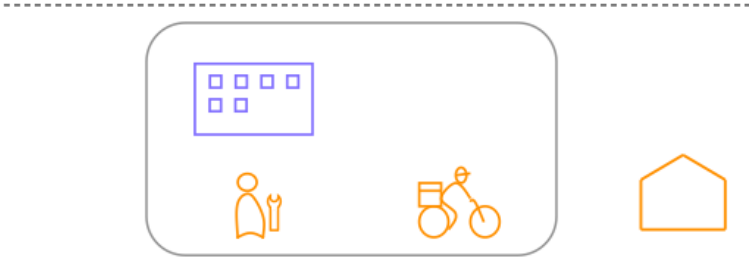
NAME	ADAPT - EGYPT
YEAR OF FOUNDATION	1980
INDUSTRY	HOUSING AND CONSTRUCTION
CORE BUSINESS	Offers technology and planning consultation in order to turn inadequate low-income housing into good quality, affordable homes.
TYPE OF INCLUSION	CONSUMER + PRODUCER 
BUSINESS SUCCESS	21 projects conducted in Egypt since 1983, with a gross revenue results of US$20 million (2004)
SOCIAL IMPACT	The company hires only local talented builders from the area surronding the work site. Since now, the company has hired more than 600 individuals and trained over 1500 youth.

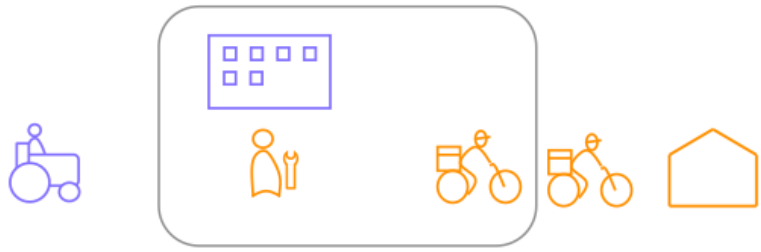
NAME	ECOTACT - KENYA
YEAR OF FOUNDATION	2007
INDUSTRY	HEALTHCARE
CORE BUSINESS	It provides affordable sanitation and ablution services in facilities known as “Toilet Mall”.
TYPE OF INCLUSION	CONSUMER + PRODUCER 
BUSINESS SUCCESS	Since 2007, 45 malls in 10 town was completed. About 50,000 people use Ikotoilet facilities on a daily basis.
SOCIAL IMPACT	Ecotact has herald a new standard of hygiene in targeted communities, reducing urban pollution from human waste, generating employment opportunities for poor people (260) and restoring dignity by the provision of sanitation services among urban poor.

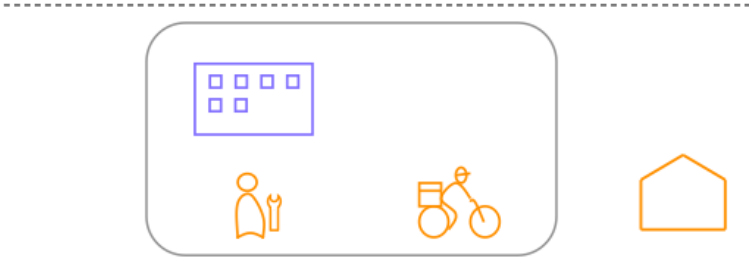
NAME	TEMASOL - MOROCCO
YEAR OF FOUNDATION	2002
INDUSTRY	ENERGY
CORE BUSINESS	Temasol is a joint-venture between TOTAL and EDF with the objective of electrifying rural regions of Morocco through renewable sources of energy.
TYPE OF INCLUSION	CONSUMER + PRODUCER 
BUSINESS SUCCESS	Between 2002 and 2008, 106.200 customers enjoyed access to electricity. The company registered increasing profits since 2004, up to US$419.000 in 2008.
SOCIAL IMPACT	In 2009, TEMASOL employed 84 people, mostly from low-income communities.

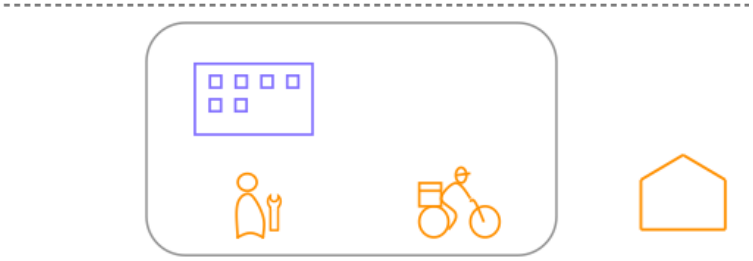
7.6 PRODUCER + DISTRIBUTOR + CONSUMER

NAME	ASSOCIATION OF PRIVATE WATER OPERATORS - UGANDA
YEAR OF FOUNDATION	2003
INDUSTRY	FOOD & WATER
CORE BUSINESS	Bring together all private water operators in order to deliver high quality water and sanitation services to the communities.
TYPE OF INCLUSION	CONSUMER + PRODUCER + DISTRIBUTOR 
BUSINESS SUCCESS	18.944 connections, with a turnover in excess of US$ 1.2 million.
SOCIAL IMPACT	Water is provided to 490.000 people; so far 800 people were employed.

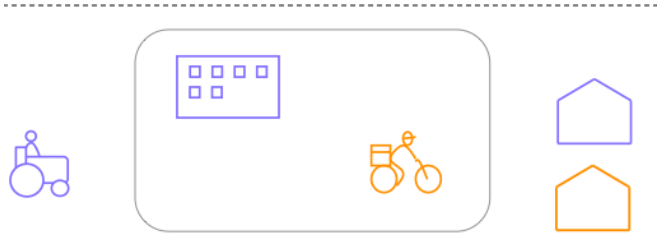
NAME	VEV - SENEGAL
YEAR OF FOUNDATION	1988
INDUSTRY	ENERGY
CORE BUSINESS	Maintenance services + Wind-powered water pumps
TYPE OF INCLUSION	CONSUMER + PRODUCER + DISTRIBUTOR 
BUSINESS SUCCESS	Created jobs for 10 people with salaries of US$2,000 per month; in addiction to employing people directly, VEV helps sustain water selling jobs. In sum, between 660 and 1100 jobs in the country have been created.
SOCIAL IMPACT	Income from growing gardens, improved health and time saved from decreased water transportation. As of 2008, the pumps have provided 43,175 people in 130 villages with access to clean water.

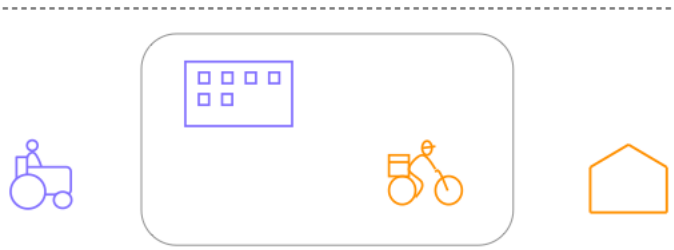
NAME	CELTEL - CONGO
YEAR OF FOUNDATION	2000
INDUSTRY	TELCO
CORE BUSINESS	Mobile phone services and mobile banking system, through prepaid cards (Celpay).
TYPE OF INCLUSION	CONSUMER + PRODUCER + DISTRIBUTOR 
BUSINESS SUCCESS	Celtel has gained over two million customers in the Democratic Republic of Congo, out of a total African client base of 20 million.
SOCIAL IMPACT	Celtel has created thousands of jobs and trained local technicians and sales force through the Celtel Academy in Kinshasa nad Technical Center in Kananga. Women can start a mobile Celtel kiosk. Celtel has invested over US$300 million in DRC (15% of the US$1.83 billio invested by thw World Bank).

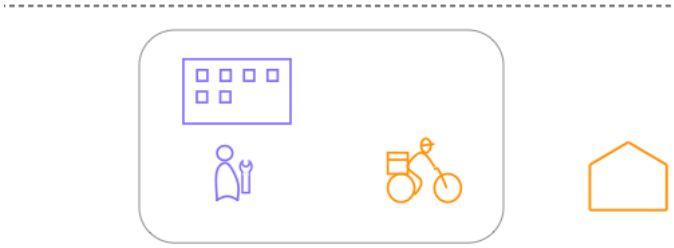
NAME	LYDEC - MOROCCO
YEAR OF FOUNDATION	1997
INDUSTRY	ENERGY, WATER & SANITATION
CORE BUSINESS	The main objective is to provide, at a low cost, access to essential services (electricity, water and wastewater collection) to the inhabitants of Casablanca.
TYPE OF INCLUSION	CONSUMER + PRODUCER + DISTRIBUTOR 
BUSINESS SUCCESS	Since 1997, LYDEC has succeeded in increasing the percentage of people utilizing electricity and water services by 20%.
SOCIAL IMPACT	LYDEC managed both Casablanca's electricity and water sanitation services, that connected to more than 65.000 households. Around 2000 job opportunities have been created for electricians, street representatives and for the installation and maintenance of electrical connections. LYDEC provided conceptual and technical assistance and trainings for its local workforce.

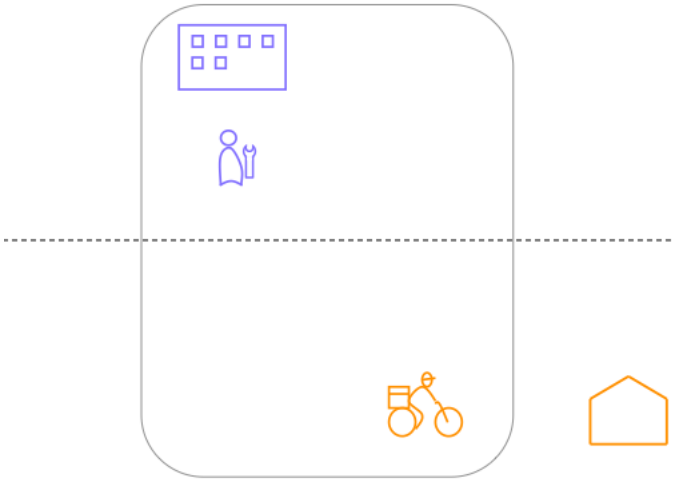
NAME	MOBAH RURAL HORIZONS - NIGERIA
YEAR OF FOUNDATION	2000
INDUSTRY	CONSUMER PRODUCTS / AGRICULTURE
CORE BUSINESS	Producing and selling the fridge for the poor, called “Pot-In-Pot”.
TYPE OF INCLUSION	CONSUMER + PRODUCER + DISTRIBUTOR 
BUSINESS SUCCESS	In 2000, he began full commercial production of the pots using local pot makers with each participant making between 15 and 20 pots a day. As of 2005, the inventor had delivered over 90,000 pots and production has continued to increase.
SOCIAL IMPACT	The pot-in-pot enterprise has impacted positively rural farming households by providing employment, increasing farm earnings and enabling girl children to attend school in the mornings instead of hawking perishable farm products

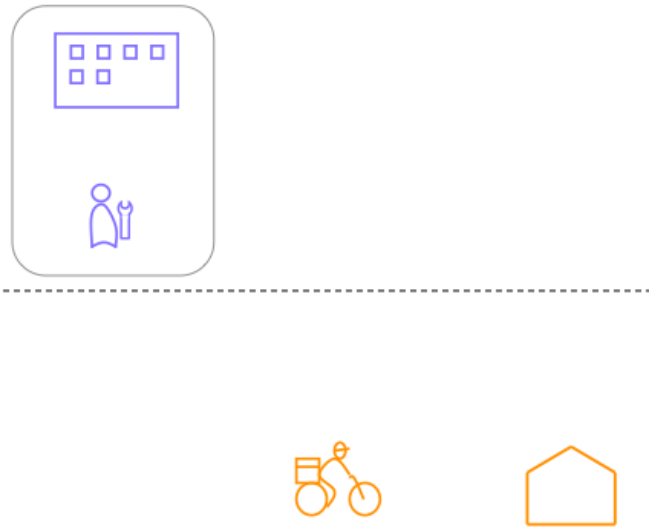
7.6 DISTRIBUTOR + CONSUMER

NAME	TINEX - MACEDONIA
YEAR OF FOUNDATION	1994
INDUSTRY	CONSUMER PRODUCTS
CORE BUSINESS	Supermarket company
TYPE OF INCLUSION	CONSUMER + DISTRIBUTOR 
BUSINESS SUCCESS	Tinex has grown from a single location supermarket with 15 employees and 700m2 (in 1994) to being the country's second largest chain of supermarkets in terms of revenue
SOCIAL IMPACT	Since 2004 in total 40 foster children have been employed and 25 are currently working for Tinex. Tinex added more sophisticated features to the programme such as university scholarships, and decided to streamline the hiring and mentoring processes.

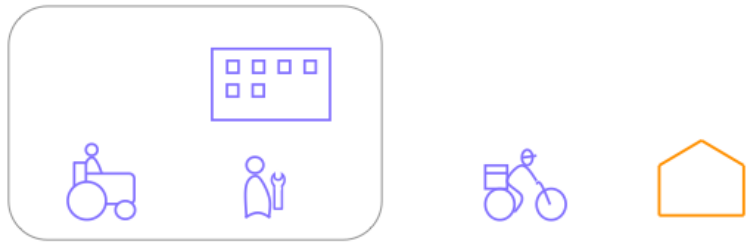
NAME	KHEIR ZAMAN – MANSOUR GROUP - EGYPT
YEAR OF FOUNDATION	2006
INDUSTRY	CONSUMER PRODUCTS, FOODS
CORE BUSINESS	KZ is a supermarket chain for low income people, that offers better shopping options, creates employment opportunities and improve suppliers' capabilities.
TYPE OF INCLUSION	CONSUMER + DISTRIBUTOR 
BUSINESS SUCCESS	In 2009 Kheir Zaman had a volume of sales of almost US$60 million.
SOCIAL IMPACT	The company provides employment for a total of 1.300 employees.

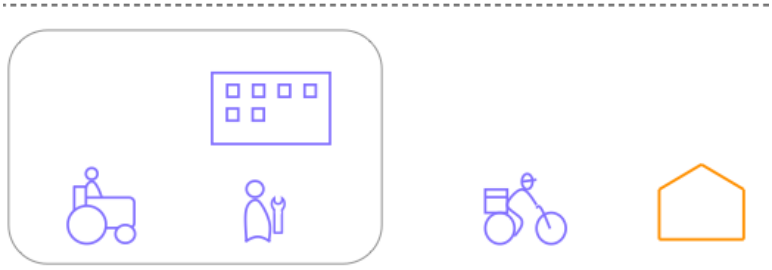
NAME	SELCO - INDIA
YEAR OF FOUNDATION	1995
INDUSTRY	ENERGY
CORE BUSINESS	Selco is a social enterprise that makes solar lighting technology accessible to the economically impoverished people in India.
TYPE OF INCLUSION	CONSUMER + DISTRIBUTOR 
BUSINESS SUCCESS	Until 2010, SELCO has sold solar lighting to more than 110.000 rural homes and to 4,000 institutions such as or phanages, clinics, seminaries and schools. In 2009 it realize revenue of US$2.2 million and a profit of US$25.000.
SOCIAL IMPACT	SELCO's inclusive business model has led to the creatio n of employment not only for its own employees but also for several rural entrepreneurs who rent out solar lights t o vendors and institutions.

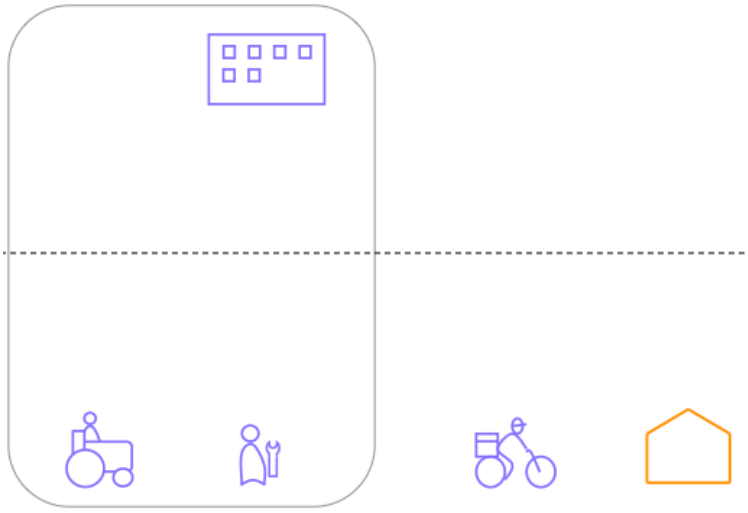
NAME	BARCLAYS - GHANA
YEAR OF FOUNDATION	2005
INDUSTRY	FINANCE
CORE BUSINESS	Extend microfinance to some of the least affluent, like the small trader at the market or the micro-entrepreneur selling from road-side stalls.
TYPE OF INCLUSION	CONSUMER + DISTRIBUTOR 
BUSINESS SUCCESS	The pilot program involved 100 susu collectors, selected from the GSCA (Ghana Susu Collectors Association). In two years the number reaches 500 across the country.
SOCIAL IMPACT	The Susu initiative provides a formal banking system and financial management skills to existing informal institutions (Susu, i.e. local money collectors), in which people already feel comfortable. Women empowerment programs were carried on too: in 2006, 173 collectors had been trained.

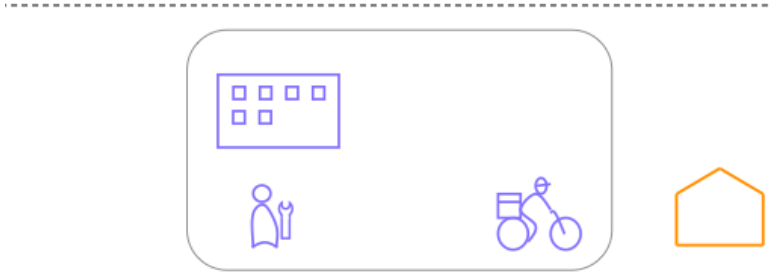
NAME	PROCTER & GAMBLE
YEAR OF FOUNDATION	2000
INDUSTRY	HEALTH CARE
CORE BUSINESS	P&G, together with the US Centers for Disease Control and Prevention, developed an affordable and simple in-home water purification product, Purifier of Water (PUR).
TYPE OF INCLUSION	CONSUMER + DISTRIBUTOR 
BUSINESS SUCCESS	P&G sold at cost 57 million sachets to humanitarian by 2007.
SOCIAL IMPACT	Local entrepreneur act as distributor of PUR: each sachet is bought at US$0.05 and it is sold to villagers for less than US$0.10. Thanks to PUR, 260 million liters of safe, clean water had been provided between 2000 and 2005.

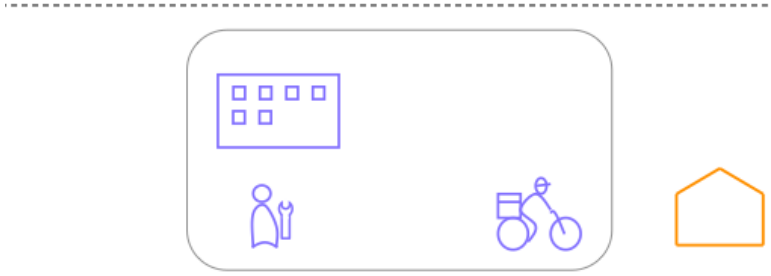
7.8 CONSUMER

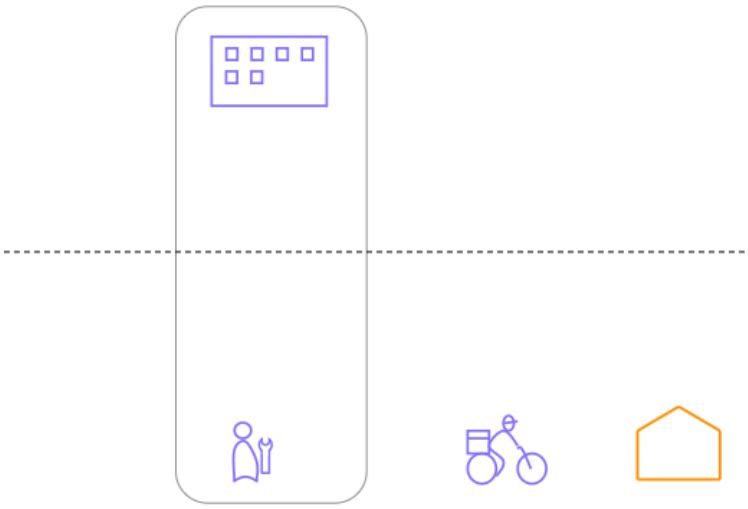
NAME	ASPEN – SOUTH AFRICA
YEAR OF FOUNDATION	1997
INDUSTRY	HEALTHCARE / CONSUMER PRODUCT
CORE BUSINESS	Provides affordable generic medicines.
TYPE OF INCLUSION	CONSUMER 
BUSINESS SUCCESS	Aspen is now the largest producer of tablets and capsules in Africa, recording a net profit of $75 million in 2005
SOCIAL IMPACT	Through the medicines provided Aspen help reducing deaths caused by HIV, malaria and other diseases.

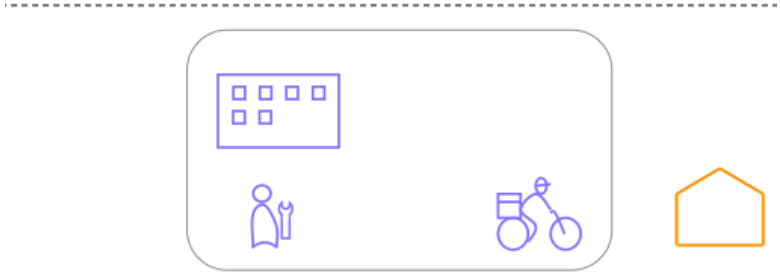
NAME	PAVCO - COLOMBIA
YEAR OF FOUNDATION	1962
INDUSTRY	AGRICOLUTRE
CORE BUSINESS	Pavco sells technological solutions for irrigation to small-scale producers.
TYPE OF INCLUSION	CONSUMER 
BUSINESS SUCCESS	No economic information available**.**
SOCIAL IMPACT	The model counts 160 direct beneficiaries (40 families) and contributes to environmental sustainability, as irrigation systems enable to reduce water consumption by up to 95% and limit the use of fertilizers.

NAME	OLAM - NIGERIA
YEAR OF FOUNDATION	1989
INDUSTRY	CONSUMER GOODS and AGRICULTURE
CORE BUSINESS	Providing raw and processed agricultural commodities at affordable prices
TYPE OF INCLUSION	CONSUMER 
BUSINESS SUCCESS	Olam Nigeria directly employs 500 people in its operations and generates 10,000 indirect employments.
SOCIAL IMPACT	The company engages smallholder farmers by supplying farm inputs and providing ready markets for their products. Its engagement with rice farmers increased farm earnings per hectare from US$235 to US$1,000

NAME	AMANZ' ABANTU – SOUTH AFRICA
YEAR OF FOUNDATION	1997
INDUSTRY	WATER
CORE BUSINESS	Amanz' abantu Services provides sustainable water and sanitation services to developing communities in partnership with Government.
TYPE OF INCLUSION	CONSUMER 
BUSINESS SUCCESS	Profit of $67,000 in 2006. The policy has since been implemented in local government areas serving more than 27 million people.
SOCIAL IMPACT	Access to sustainable supply of purified, clean water. Equipping villagers with skills in building and construction and making them employable.

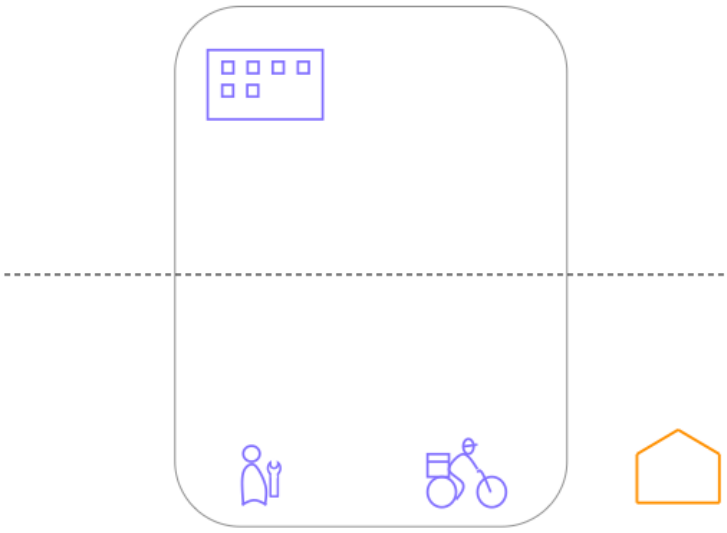
NAME	VIDAGAS - MOZAMBIQUE
YEAR OF FOUNDATION	2001
INDUSTRY	ENERGY / HEALTHCARE
CORE BUSINESS	Bring fuel services (LPG) in order to guarantee health services (light medical operations, regular refrigeration for vaccines)
TYPE OF INCLUSION	CONSUMER (hospitals) 
BUSINESS SUCCESS	VidaGas is the lead gas company of Mozambique.
SOCIAL IMPACT	Improving the quality of medical services (cold chain) and availability of drugs.

NAME	SANOFI AVENTIS – SUB SAHARAN AFRICA
YEAR OF FOUNDATION	2001
INDUSTRY	CONSUMER PRODUCT and HEALTHCARE
CORE BUSINESS	Providing medicines for the sleeping sickness disease
TYPE OF INCLUSION	CONSUMER 
BUSINESS SUCCESS	The reduction of the production cost was made possible by the transfer of the manufacturing process in the developing countries; key role has been played by WHO, MSF and the health ministry in each country, that was responsible for mobilizing resources for the program.
SOCIAL IMPACT	Over the first five years (2001-06) 36 Africans countries benefited from the partnership between S.A. and the World Health Organization, nearly 110,000 lives have been saved.

NAME	AEIO TU - COLOMBIA
YEAR OF FOUNDATION	2009
INDUSTRY	EDUCATION
CORE BUSINESS	Providing primary education to low income child
TYPE OF INCLUSION	CONSUMER 
BUSINESS SUCCESS	Carulla Foundation provides 30% of the centres' resources. The remaining costs are covered by cross-subsidization: one high-income child finances the education of two low-income children.
SOCIAL IMPACT	AeioTu currently serves 700 low-income children across four centres.

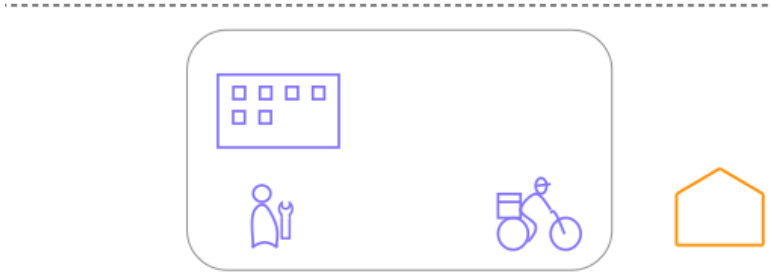
NAME	AGMC - AFGHANISTAN
YEAR OF FOUNDATION	2006
INDUSTRY	EDUCATION
CORE BUSINESS	Provides access to business and entrepreneurship education via an internet based learning platform.
TYPE OF INCLUSION	CONSUMER 
BUSINESS SUCCESS	The Afghan administrative body shared the overall success through earning 12% of the tuition fee per administered student plus a monthly base salary and a bonus component at the end of the semester.
SOCIAL IMPACT	350 student reached in 5 years, including women. Low tuition fee (60$ per month); 10% of the students receive grants and can study for free.

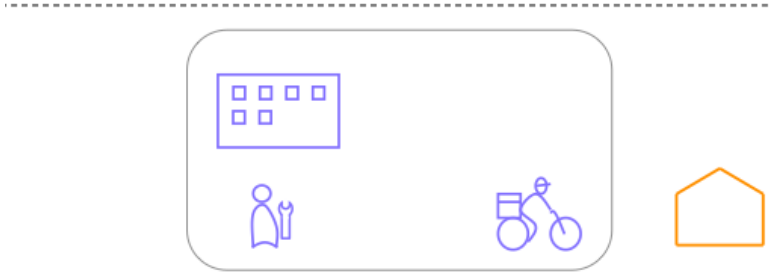
NAME	AMANCO - MEXICO
YEAR OF FOUNDATION	2006
INDUSTRY	CONSUMER PRODUCTS
CORE BUSINESS	The Company provides integrated irrigation solution at affordable price.
TYPE OF INCLUSION	CONSUMER 
BUSINESS SUCCESS	Amanco operates 21 plants and markets its products in 29 countries in the Americas and the Caribbean. In 2005, its net sales were US$688 million and since then it employed 7,133 people.
SOCIAL IMPACT	Increased the productivity of local farmers (+22%), reduced the waste of water and allowed labor cost savings.

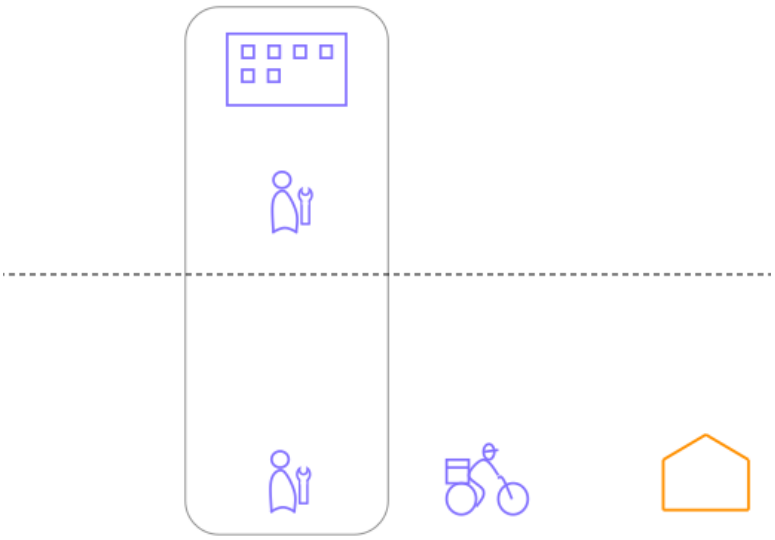
NAME	ANZ BANK - FIJI
YEAR OF FOUNDATION	2004
INDUSTRY	FINANCIAL SERVICES
CORE BUSINESS	ANZ Bank provides low cost saving account and every-day account for rural people.
TYPE OF INCLUSION	CONSUMER 
BUSINESS SUCCESS	In June 2008 the number of deposit was 62.257, with a value of 5.004.991 US$.
SOCIAL IMPACT	In 2004 there was 72 clients; in 2008 the number of clients was 625.

NAME	ESOKO - GHANA
YEAR OF FOUNDATION	2006
INDUSTRY	AGRICULTURE and ICT
CORE BUSINESS	Through a technology-based market information system (MIS), Esoko provides agricultural stakeholders like farmers and traders with information such as prices, and a platform for advertising and negotiating buy/sell offers.
TYPE OF INCLUSION	CONSUMER 
BUSINESS SUCCESS	The Esoko platform has registered over 14,000 contact, 847,000 prices, 517 trade groups and 480 markets.
SOCIAL IMPACT	For the farmers, Esoko benefits included increased trade through access to markets that ultimately resulted in increased business, information empowerment that improved the farmers' ability to negotiate and reduces risk. On the whole, the trade benefits facilitated by Esoko have increased the incomes of traders, farmers and their dependents.

NAME	CHAKA GROUP - SENEGAL
YEAR OF FOUNDATION	2002
INDUSTRY	FINANCIAL SERVICES
CORE BUSINESS	Three business: “Call Me” offers telephone-based customer services, telephone reception, telemarketing and technical assistance to the commercial business client; “Chaka Computer” offers software for small business; “Money Express” (focus of the analysis) offers an informal domestic or international money transfer system.
TYPE OF INCLUSION	CONSUMER 
BUSINESS SUCCESS	In 2006, Money Express handled 191.584 transactions, exaulling US$50 million within the African continent and US$18 million with parties outside of Africa.
SOCIAL IMPACT	Chaka Group facilitates lower cost money remittances. Through the Money Express Foundation, it reach out to poor communities to help fund education and health projects. It also helps create jobs for low-income youth.

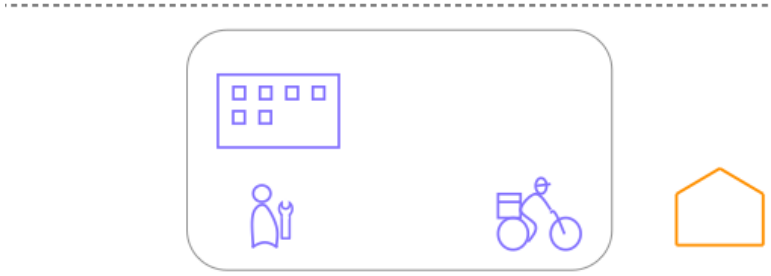
NAME	CEMEX PATRIMONIO HOY - COLOMBIA
YEAR OF FOUNDATION	2005
INDUSTRY	HOUSING AND CONSTRUCTION
CORE BUSINESS	PATRIMONIO HOY is a project that aims to reduce Mexican housing deficit. It organizes low-income families into self-financing cells that facilitate and expedite the typical house-building process. Cemex provides the products needed and the technical assistance.
TYPE OF INCLUSION	CONSUMER 
BUSINESS SUCCESS	Over 140.000 families has joined the project so far.
SOCIAL IMPACT	Increasing of wellbeing, reducing construction time by 60% and construction cost by 35%.

NAME	BASIX: BSFL + SNFL - INDIA
YEAR OF FOUNDATION	1996 (renewal in 2003)
INDUSTRY	FINANCE
CORE BUSINESS	It offers livelihood related products and services that comprises livelihood financial services (credit, savings and insurance), agricultural and business development services and institutional services for low-income and poor groups in rural and urban areas.
TYPE OF INCLUSION	CONSUMER 
BUSINESS SUCCESS	Consumer base of approximately 1.5million (2010), with 90% concentrated in rural areas and it plans to expand its base to 10 million by 2014, covering both urban and rural areas.
SOCIAL IMPACT	Saving increased during the last one year in 50.9% households end 67.9% of BASIX customers report that their economic wellbeing improved during the last one year.

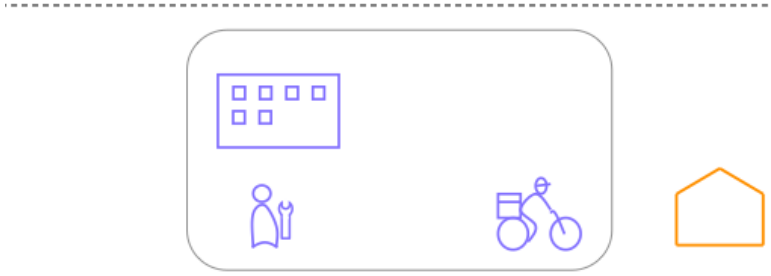
NAME	DANONE - POLAND
YEAR OF FOUNDATION	2006 (starting of the project)
INDUSTRY	FOOD
CORE BUSINESS	Affordable milk porridge with high nutritional value for low-income consumers.
TYPE OF INCLUSION	CONSUMER 
BUSINESS SUCCESS	After three months from the beginning of the project, almost 1.7 million of sachets had been sold, which represents almost 33,000 households with children under the age of 15.
SOCIAL IMPACT	One bowl of Milk Start contains 25% of the recommended daily intake of vitamins and minerals. The affordable price (0.15 € per sachet) allows the diffusion of this product, helping the reduction of malnutrition of children.

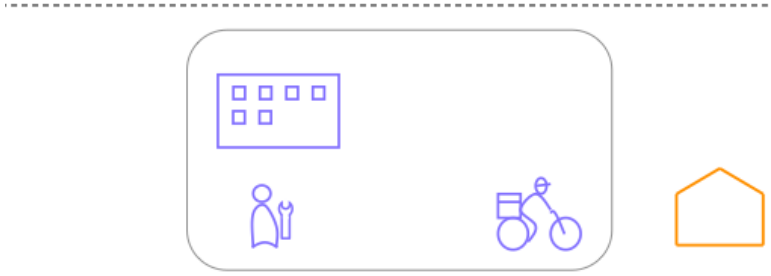
NAME	EDU LOAN – SOUTH AFRICA
YEAR OF FOUNDATION	1996
INDUSTRY	FINANCIAL SERVICES
CORE BUSINESS	Edu-Loan is a private company focused on post-secondary education loans.
TYPE OF INCLUSION	CONSUMER 
BUSINESS SUCCESS	The number of loans granted passes from 31,234 in 2001 to 59,442 in 2005.
SOCIAL IMPACT	Since 1996 Edu-Loan has financed 400,000 students, with loans totalling more than US$140 million.

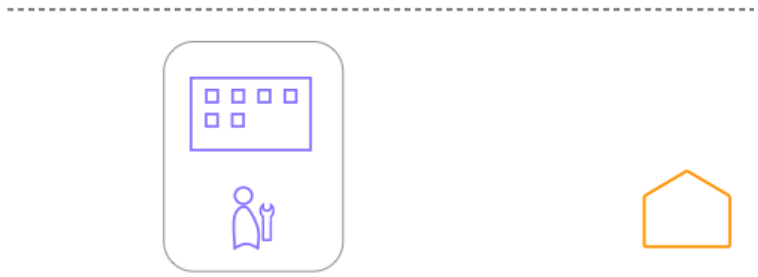
NAME	FORUS BANK - RUSSIA
YEAR OF FOUNDATION	2005
INDUSTRY	FINANCIAL SERVICES
CORE BUSINESS	It provides financial services to people who were excluded from accessing business and establishes opportunities for the poor to take an active role in the Russian economy through entrepreneurship, income generation and social empowerment.
TYPE OF INCLUSION	CONSUMER 
BUSINESS SUCCESS	FORUS Bank is now one of Europe's largest microfinance banks: at the end of 2006, it had 328 employees an 41 offices, with net income over US$1.7 million.
SOCIAL IMPACT	FORUS plays an important role in the fight against many aspect of poverty: income generation from a business helps the business activity expand and also contributes to household income and its attendant benefits on food security, children's education, health, etc.

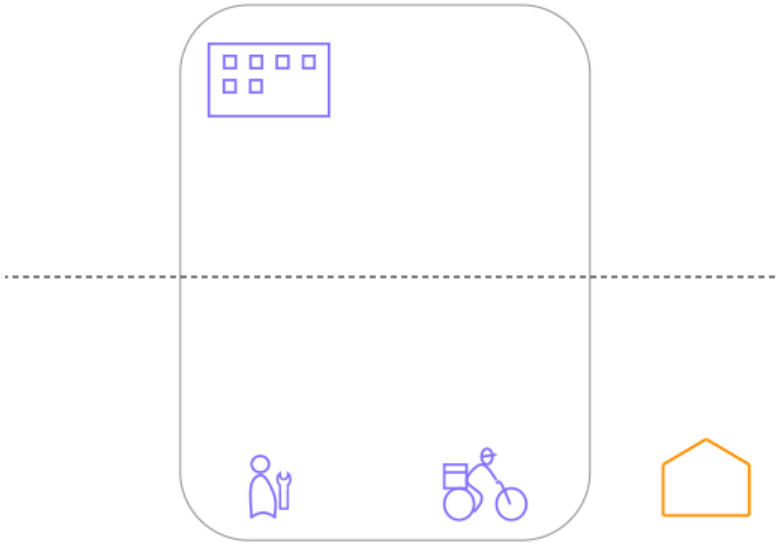
NAME	GIRONIL -EGYPT
YEAR OF FOUNDATION	2005
INDUSTRY	FINANCIAL SERVICES
CORE BUSINESS	The bank aim at developing and implementing a shared cashless (Giro) payment system, by using post office outlets as financial transaction centers.
TYPE OF INCLUSION	CONSUMER 
BUSINESS SUCCESS	In 2010 half a million pensions and salary payments are being processed in the GiroNil system.
SOCIAL IMPACT	GiroNil has largerly simplified access to financial services to the entire Egyptian population.

NAME	IDE NEPAL - NEPAL
YEAR OF FOUNDATION	1992
INDUSTRY	AGRICOLUTRE
CORE BUSINESS	Developing low-cost irrigation technologies suitable for smallholders in rural Nepal.
TYPE OF INCLUSION	CONSUMER 
BUSINESS SUCCESS	The programs have resulted in the sale of 200.000 treadle pumps and 40.000 drip irrigation systems.
SOCIAL IMPACT	IDE Nepal has helped more than 1.4 million poor farmers. It is estimated that IDE interventions have generated an additional income of US$150 per year for each of the 240.000 households whom they have reached.

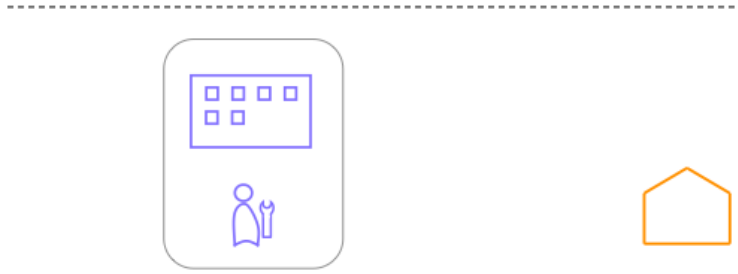
NAME	K-REP BANK - KENYA
YEAR OF FOUNDATION	1999
INDUSTRY	FINANCE
CORE BUSINESS	K-REP Bank offers several products and services, including micro-credit facilities to low-income populations, individual loans, wholesale loans to micro-finance providers, deposit facilities, letter of credits and bank guarantees.
TYPE OF INCLUSION	CONSUMER 
BUSINESS SUCCESS	K-REP Bank has become the largest micro-finance bank in Kenya, serving over 32 districts.
SOCIAL IMPACT	In 2005 the bank disbursed a total of US$34 million in small loans to 69.000 poor clients and it served 23.000 savers. K-REP Bank has provided credit for 1.5% of Kenya's 900.000 micro-enterprises, having a significant ripple effect in the economy: the small businesses employ people, produce goods and services and pay taxes.

NAME	KACE - KENYA
YEAR OF FOUNDATION	1997
INDUSTRY	ICT & AGRICULTURE
CORE BUSINESS	KACE provides a forum through which small-scale farmers can access mainstream markets for agricultural commodities.
TYPE OF INCLUSION	CONSUMER 
BUSINESS SUCCESS	KACE has already reached 1 million farmers through radio, SMS or direct contact. In 2009 KACE raised income of US$5.77 million.
SOCIAL IMPACT	KACE, acting as an intermediary, further empowers rural farmers with market information and provides capacity enhancement, business training and technical assistance. Before KACE, small scale farmers were vulnerable to the forces of the market, as well as to exploitation by country buyers.

NAME	A LITTLE WORLD - INDIA
YEAR OF FOUNDATION	2006
INDUSTRY	FINANCIAL SERVICES
CORE BUSINESS	ALW offers a secure, low-cost technology driven delivery platform for financial services trough special mobile phones that store and help manage a vast amount of customer bank account data.
TYPE OF INCLUSION	CUSTOMER 
BUSINESS SUCCESS	Now present in 22 states, with over four million of rural customers, 8.314 points of presence and an average of 25.000 new account opening every day.
SOCIAL IMPACT	The service ensures financial inclusion of rural India, saving villagers the travelling time to the local post office and avoiding the diminishing of money while changing hands.

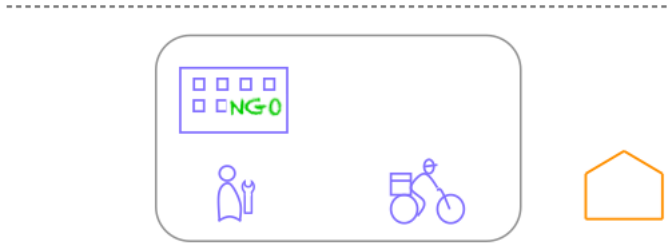
NAME	MAP INTERNATIONAL - UGANDA
YEAR OF FOUNDATION	2007
INDUSTRY	FINANCIAL SERVICES
CORE BUSINESS	MAP International seeks to improve access to financial services to the under-banked population in Uganda. The financial services offered are banking services, electronic bill payments, local money transfer and mobile airtime top-up.
TYPE OF INCLUSION	CONSUMER 
BUSINESS SUCCESS	Since its inception, MAP International has expanded its customer base and has issued over 140.000 debit cards. There are also 26 ATMs and over 175 POS terminals.
SOCIAL IMPACT	Financial access has life-changing impact in term of economic empowerment, employment generation and enterprise creation.

NAME	MIBANCO - PERU
YEAR OF FOUNDATION	1998
INDUSTRY	FINANCIAL SERVICES
CORE BUSINESS	Mibanco provides financial services to lower income households and their micro and small enterprises.
TYPE OF INCLUSION	CONSUMER 
BUSINESS SUCCESS	The net income generated (2002) was US$54.33 million, with a ROE 23.24% and ROA 5.17%. By 2006 Mibanco had more than 300.000 clients.
SOCIAL IMPACT	Since 1998, Mibanco has loaned over US$1.630 million in amounts, ranging from US$100 to US$1.500.

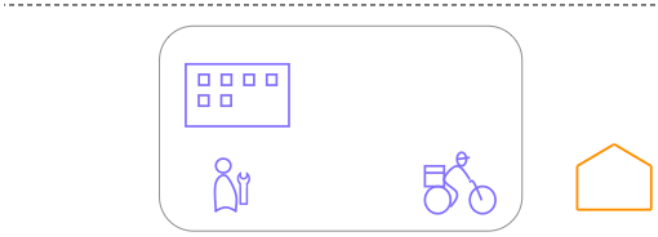
NAME	NARAYANA HRUDAYALAYA - INDIA
YEAR OF FOUNDATION	2001
INDUSTRY	HEALTHCARE
CORE BUSINESS	NH provides affordable, quality cardiac healthcare to the masses.
TYPE OF INCLUSION	CONSUMER 
BUSINESS SUCCESS	The revenue sources are individuals (68%), corporate (22%) and founds (9%). In the financial year that ended in March 2005, the hospital turned in 20% profits (EBIDT).
SOCIAL IMPACT	In October 2006, the hospital saw 9.567 outpatients and treated 1.608 inpatients.

NAME	NEW TIRUR AREA DEVELOPMENT CORPORATION LTD. - INDIA
YEAR OF FOUNDATION	2006
INDUSTRY	FOOD & WATER
CORE BUSINESS	NTADCL provides water to low income population of the Indian district of Tirpur.
TYPE OF INCLUSION	CONSUMER 
BUSINESS SUCCESS	No economic information available**.**
SOCIAL IMPACT	Thanks to NTADCL the number of household connections have improved by 8.000 (prevision to reach 25.000), with a frequency of the supply of once every two days (while before was once in seven days).

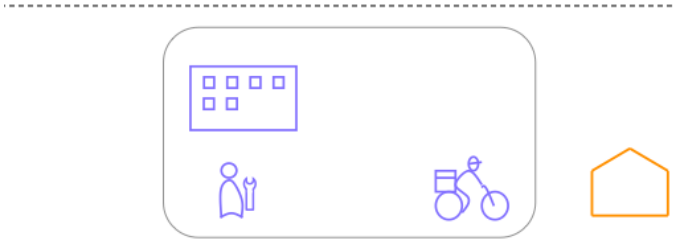
NAME	ORASCOM HOUSING CONSTRUCTION - EGYPT
YEAR OF FOUNDATION	2005
INDUSTRY	HOUSING & CONSTRUCTION
CORE BUSINESS	OHC provides low-income housing solutions.
TYPE OF INCLUSION	CONSUMER 
BUSINESS SUCCESS	A total of 12.000 units have been constructed so far (2006-2008), with 5.000 purchased.
SOCIAL IMPACT	OHC improve the quality of low-income housing solutions (from 17 to 30 square meters per person) and low-income people can now enjoy quality living in houses of their own at a reasonable cost.

NAME	PESINET - SENEGAL
YEAR OF FOUNDATION	2002
INDUSTRY	HEALTHCARE & ICT
CORE BUSINESS	Pésinet's representative weighs children of subscriber twice a week; the results are communicated through ICTs to a local doctor, who provides assistance if medical treatments are required.
TYPE OF INCLUSION	CONSUMER 
BUSINESS SUCCESS	In Senegal, the weighing services resulted in approximately 30 consultations per week for 1.000 children, and in Mali the average is so far aroun 20 consultation per week for 400 children.
SOCIAL IMPACT	From 2002 to 2005 an estimated 2.000 children benefited from Pésinet, i.e. approximately 10% of its target market of children, and the infant mortality rate in Saint Louis (Senegal) fell from 120 to 8 per thousand.

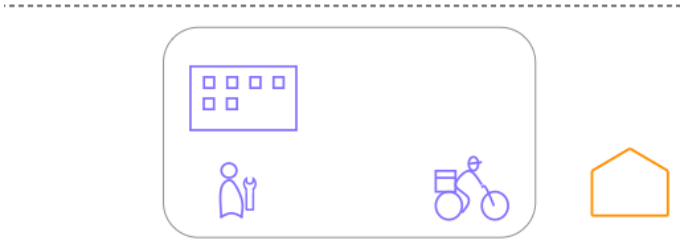
NAME	RURAL FINANCE CORPORATION - MOLDOVA

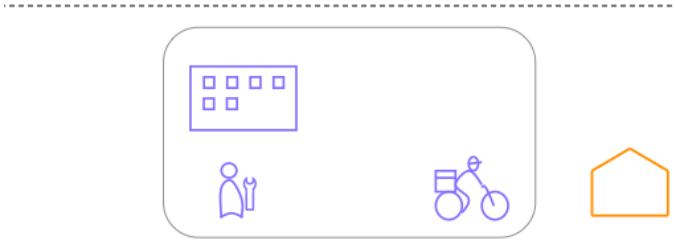
YEAR OF FOUNDATION	1997
INDUSTRY	FINANCE & MICRO CREDIT
CORE BUSINESS	The company offers loans to poor people, whilst implementing money distribution systems that can ultimately reduce carbon footprints.
TYPE OF INCLUSION	CONSUMER 
BUSINESS SUCCESS	RFC is now the Moldovian market leader on loans granted (25% of market share), appropriating almost 29% of the industry profits. The net profit reaches US$1.9 million in 2008.
SOCIAL IMPACT	Due to the loans provided, people's lives has changed for the better. From 2001 to 2007 the number of direct loans provided was 4564.

NAME	SMART – COMMUNICATION - PHILIPPINES

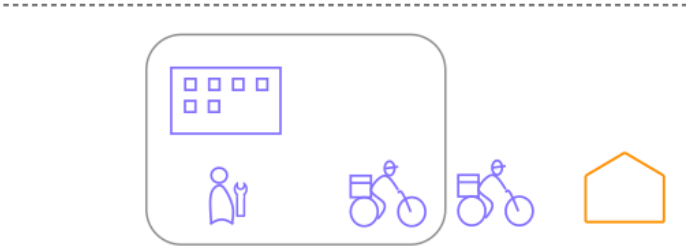
YEAR OF FOUNDATION	1999
INDUSTRY	FINANCIAL SERVICES and ICT
CORE BUSINESS	Smart pioneered a cheaper, faster and more convenient way to send remittances using short messaging service technology.
TYPE OF INCLUSION	CONSUMER 
BUSINESS SUCCESS	Smart realized revenue of US$6 million in 2006; It has a remarkable 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.
SOCIAL IMPACT	By lowering the cost of money transfer to 1-8%, compared with the 10-35% for standard bank rates, Smart allowed overseas workers to get more net income.

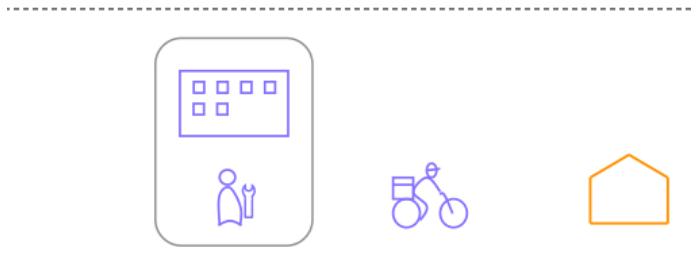
NAME	TEMERIN TELECOTTAGE - SERBIA

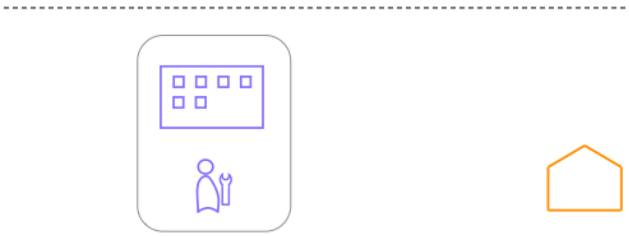
YEAR OF FOUNDATION	2001
INDUSTRY	ICT
CORE BUSINESS	Temerin provides IT services to the rural poor, including access to computers and the Internet at affordabel/reduced prices.
TYPE OF INCLUSION	CONSUMER 
BUSINESS SUCCESS	Temerin Telecottage has successfully covered its costs in terms of rent, telephone lines, electricity, internet costs, servers, travel, repair costs and personnel. Every year, Temerin Telecottage serves 15,000 customers and raises approximately €15,000 in revenue (2008).
SOCIAL IMPACT	In addiction to the primary IT services provided, Temerin offers other community related services such as training in IT skills, information on job markets and micro-loans, English classes, cooperation with regional government agencies and humanitarian organizations.

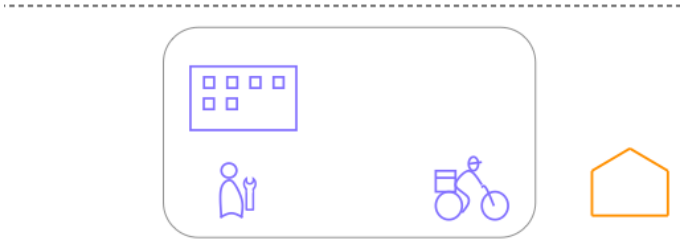
NAME	MANILA WATER COMPANY - PHILIPPINES
YEAR OF FOUNDATION	1997
INDUSTRY	WATER
CORE BUSINESS	MWC is a water and wastewater concessionaire.
TYPE OF INCLUSION	CONSUMER 
BUSINESS SUCCESS	Manila Water Company reaches the revenue level of US$108 million and net income of US$37.8 million.
SOCIAL IMPACT	Since 1997, the company has connected over 140.000 low-income households to the piped water system and provided access to clean water to over 860.000 low income individuals.

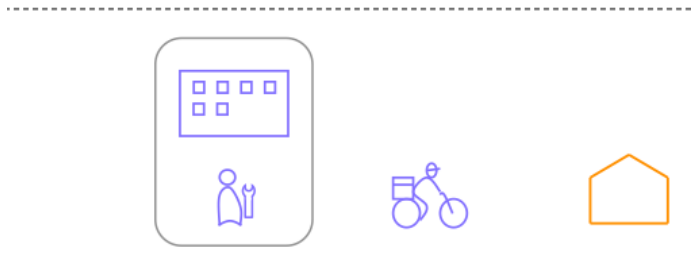
NAME	**TENGIZCHEVROIL - Kazakhstan**
YEAR OF FOUNDATION	1993
INDUSTRY	FINANCIAL SERVICES
CORE BUSINESS	TCO and its subsidiary Small Business Development (SBD) have the twin goals of incubating Kazakhstan's Small and Medium Sized Enterprises (SMEs), while also increasing the supply chain of locally produced goods and services.
TYPE OF INCLUSION	CONSUMER 
BUSINESS SUCCESS	Between 1993 and 2006, more than US$ 7 million has been loaned, and 174 start-ups and small business have been funded.
SOCIAL IMPACT	SBD has helped small social businesses obtain interest-free loans. The saves enables entrepreneur to better focus on growth and expansion. Local communities also benefit from the increased economic and human development opportunities.

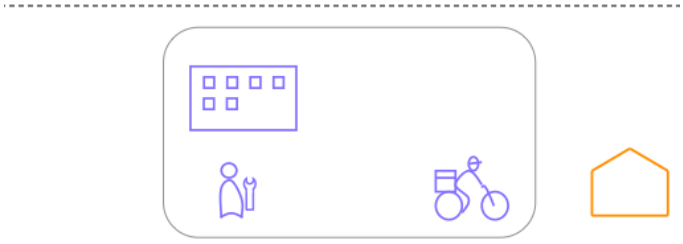
NAME	TSINGUGHUA TONGFANG - CHINA
YEAR OF FOUNDATION	2005
INDUSTRY	ICT
CORE BUSINESS	Tsinghua Tongfang developed the Changfeng computer. It is more accessible to rural people than standard personal computers: a low-cost operating system, customized software and hardware based on thorough research on rural users' needs and innovative rural training centres for farmers.
TYPE OF INCLUSION	CONSUMER 
BUSINESS SUCCESS	Between 2005 and 2006, the company sold 1.011 CF computer (revenue US$ 400.000) with a profit rate of 6.7%.
SOCIAL IMPACT	Chinese farmers have the possibility to search for information on the internet; small and medium sized agriculture companies can benefit from more advanced tools to manage their business needs.

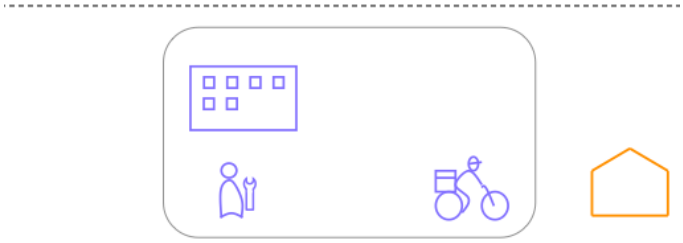
NAME	RITEMED - PHILIPPINES
YEAR OF FOUNDATION	2002 (RiteMed)
INDUSTRY	HEALTHCARE
CORE BUSINESS	UniLab is the oldest pharmaceutical company in the Philippines; it set up RiteMed in 2002, a subsidiary with the mission of marketing and distributing quality, generic medicines to the poor.
TYPE OF INCLUSION	CONSUMER 
BUSINESS SUCCESS	The company sells generic products for 20%–75% less than their branded counterparts cost, meeting revenue targets of $20 million within five years—profitably.
SOCIAL IMPACT	RiteMed provides an alternative to help people buy quality medicines at non-prohibitive costs. At the same time , RiteMed conducted community-based, as well as institution-based, education campaigns to raise awareness that health is a right and it educated the public in general, and the poor specifically, about disease prevention.

NAME	VAATSALYA HOSPITALS - INDIA
YEAR OF FOUNDATION	2004
INDUSTRY	HEALTHCARE
CORE BUSINESS	Vaatsalya is a chain of hospitals that provides healthcare services at low prices.
TYPE OF INCLUSION	CONSUMER 
BUSINESS SUCCESS	In 2008 Vaatsalya realized US$0.366 million of revenue.
SOCIAL IMPACT	Between 2004 and 2008, Vaatsalya has setup nine hospitals across several districts in Karnataka, created a capacity of 450 beds and has and treated close to 175,000 patients.

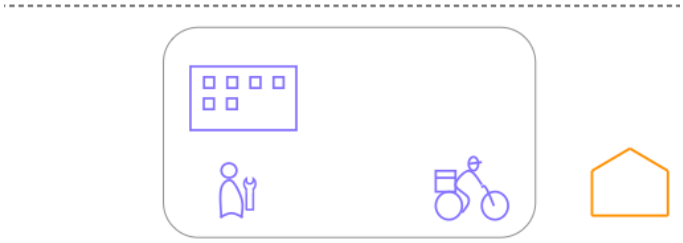
NAME	MOBILE TELESYSTEM – BALARUS
YEAR OF FOUNDATION	2008
INDUSTRY	ICT & HEALTHCARE
CORE BUSINESS	Telemedicine provides telecommunication services to hospitals that allow quick cardiac diagnostic and treatment services in many remote areas, connecting a doctor in a local hospital with a cardiac specialist in a central hospital.
TYPE OF INCLUSION	CONSUMER 
BUSINESS SUCCESS	In a year, five hospitals in remote areas of Belarus have started using the mobile cardiology systems for providing cardiac consultation to patients. According to financial projections for 2009-2013, the revenue from services and the gross profit from the sale of devices for MTS could average $17,182 USD a year.
SOCIAL IMPACT	More than 300 people have received quick electrocardiogram interpretation, which in some cases saved their lives.

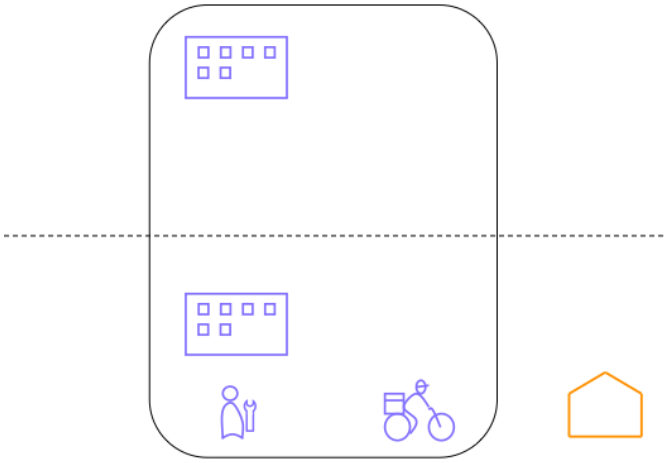
NAME	VORONEZH OBLAST - RUSSIA
YEAR OF FOUNDATION	2009
INDUSTRY	FINANCE & MICRO-CREDIT
CORE BUSINESS	Voronezh Oblast State Found for Small Business Support provides microfinance services and mobile banking for micro-and small businesses in the remote regions of Voronezh Oblast.
TYPE OF INCLUSION	CONSUMER 
BUSINESS SUCCESS	In 2008, its revenues reached US$ 451.500, including US$ 307.000 from microfinance operations and US$ 144.466 from guarantees of bank credits for small businesses. The Fund's profits for 2008 amounted to US$ 141.033.
SOCIAL IMPACT	The social contribution of the Fund is enabling entrepreneurs from remote areas gain equal access to financial services; helps the poor to gain access to financial services through modern technologies. Since its foundation, the Fund serves on average approximately 1000 customers per year, with 50% of its clients living in remote areas.

NAME	ZAKOURA FOUNDATION - MOROCCO
YEAR OF FOUNDATION	2005
INDUSTRY	ENERGY and MICRO-CREDIT
CORE BUSINESS	Zakoura Foundation implemented two coupled programs: “Liquid Petroleum Gas Rural Energy Challenge”, that aims at providing access to clean energy through use of LP Gas, improving standards of livingin r ural areas and creating a viable and commercially sustai nable LP Gas market; a microfinance initiative aimed at financing new or existing LPG-based business.
TYPE OF INCLUSION	CONSUMER 
BUSINESS SUCCESS	135 loans provided to different rural tourism businesses (94 lodging projects, 36 for restaurants and catering, and 5 for artisans), totaling 135,200 USD. The loan amount averaged about 900 USD and the repayment rat e is high, at around 98%.
SOCIAL IMPACT	women empowerment (about 27% of loan holders are w omen), increased awareness in rural areas about the da ngers and health hazards of using traditional biomass fu els.

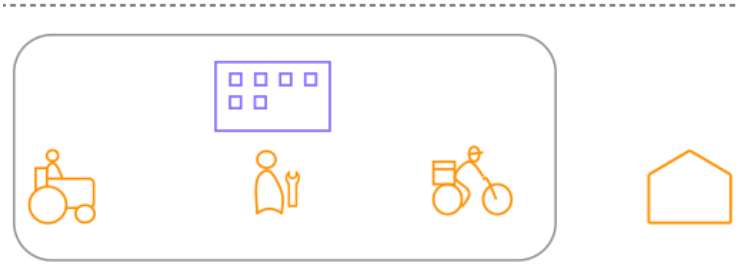
NAME	**TOJIKSODIROTBONK - Tajikistan**
YEAR OF FOUNDATION	2007
INDUSTRY	MICRO-CREDIT & AGRICOLTURE
CORE BUSINESS	TBS provides financial products to cotton farmer at a more favorable rates, as well as technical assistance in addressing the major issue of inadequate collateral and unreliable harvest forecasts.
TYPE OF INCLUSION	CONSUMER 
BUSINESS SUCCESS	Between March 2007 and December 2009, 206 loans were granted. The total value of loans disbursed by TSB is estimated at more than US$4.2 million. As a result of the confidence gained from the strong performance of the portfolio, TSB has developed and accumulated a nation-wide cotton loan portfolio of over US$10 million. The Bank does not disclose its profit margins, but indications are that the programme has been profitable for TSB.
SOCIAL IMPACT	More than 150 dekhan – small family farms – have received loans covering a total of 4,200 hectares of land allocated for cotton production. Farmers are now able to more efficiently invest in purchasing seeds, fertilizers, pesticides, etc. and pay their workers on time leading to increased yields and better livelihoods for field workers.

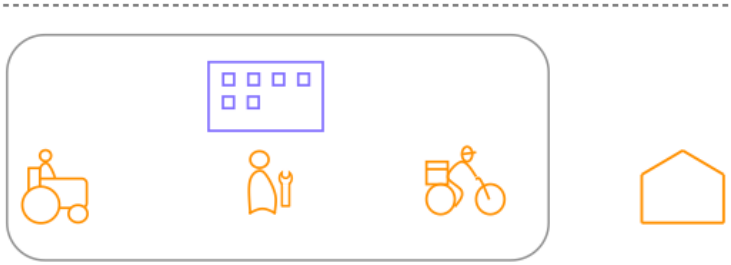
NAME	EMPRESA PUBLICA DE MEDELIN - COLOMBIA
YEAR OF FOUNDATION	1955 – 2007
INDUSTRY	ENERGY
CORE BUSINESS	EPM is a public company providing sanitation, ICT and energy services across 9 Colombian cities. In 2004, the company decided to create mechanisms to tackle the issue of users being disconnected from the service due to late payment.
TYPE OF INCLUSION	CONSUMER 
BUSINESS SUCCESS	No economic information available**.**
SOCIAL IMPACT	Since 2007, low-income users from the Antioquia region can access energy by purchasing prepaid cards in local stores. As a result, over 43,000 low-income users have been reconnected to the service.

NAME	REUTERS MARKET LIGHT - INDIA
YEAR OF FOUNDATION	2007
INDUSTRY	AGRICOLTURE & ICT
CORE BUSINESS	RML offers highly customized and localized agricultural and related information services via mobile phone-based SMS (such as weather forecasts, crop advisory, proximate market data and crop prices).
TYPE OF INCLUSION	CONSUMER 
BUSINESS SUCCESS	The subscription base by the end of 2009 was over 175.000.
SOCIAL IMPACT	The RML service has helped farmers increase their crop yields and improve productivity. Approximately US$8.000 is the highest reported saving by farmer.

NAME	SAFARICOM & VODAFONE - KENYA
YEAR OF FOUNDATION	2005
INDUSTRY	ICT & FINANCIAL SERVICES
CORE BUSINESS	The product offered to poor in rurla Kenya is MPESA, an electronic money transfer product to make financial transaction faster, cheaper and more secure.
TYPE OF INCLUSION	CONSUMER 
BUSINESS SUCCESS	MPESA has over 14 million subscribers and well over 28.000 agents outlets across the country
SOCIAL IMPACT	Safaricom and Vodafone sucesfully provides financial services for the poor, without the problems of high cost of banking.

7.9 SUPPLIER + PRODUCER + DISTRIBUTOR + CONSUMER

NAME	TOYOLA ENERGY LIMITED - GHANA
YEAR OF FOUNDATION	2007
INDUSTRY	CONSUMER PRODUCTS
CORE BUSINESS	Toyola produces and distributes energy efficient charcoal stoves and solar lanterns for domestic users in the urban and rural parts of Ghana.
TYPE OF INCLUSION	SUPPLIER + PRODUCER + DISTRIBUTOR + CONSUMER 
BUSINESS SUCCESS	Toyola has sold over 100,000 stoves and 6,000 solar energy products (lanterns and small home systems) in Ghana, Burkina Faso, and Togo Republic in the last 4 years.
SOCIAL IMPACT	The efficient stove allows users to benefit from reduced indoor air pollution and from saving money. Toyola has trained and created employment for over 300 artisans nationwide. Employment is generated along the whole value chain which comprises of scrap suppliers, stove manufacturers, distributors and retailers. The company often sells their products on credit to local market vendors who earn 10% commission from selling the product.

NAME	VITMARK - UKRAINE
YEAR OF FOUNDATION	1994
INDUSTRY	AGRICULTURE / FOOD AND BEVERAGE
CORE BUSINESS	Beverage producer
TYPE OF INCLUSION	SUPPLIER + PRODUCER + DISTRIBUTOR + CONSUMER 
BUSINESS SUCCESS	As of April-May 2009, Vitmark - being the first in the market – already covered about 30% of sales in the lower priced segment in Ukraine
SOCIAL IMPACT	Vitmark includes the poor at various points of its value chain: as suppliers of locally grown quality produce and as employees in its distributor channel; Vitmark provided training to over 600 personnel in 2008

ANNEX 2: MNC* EVALUATION

The same analyses described in chapter 5 have been conducted also on the MNC* category: here it is possible to find 5 multinationals that have undertaken specific social projects in the BOP. These companies are:

- P&G with Pure Water;
- Cemex with the project Patrimonio Hoy;
- Vodafone & Safaricom with the MPESA Project;
- Danone with Nutrisip;
- Manila Water Company and the electrification of poor.

The reason why they are considered a separate class is that it would be incorrect to evaluate the economic size as their aggregate revenues because their incomes are mostly linked with their conventional business that does not target the BOP. For these ventures it was possible to estimate the revenues directly attributable to each project, allowing the estimation of the economic size of the social initiative rather than the economic size of the company.

The five companies are all MNCs: Cemex and Manila Water Company are Developing MNC while Danone, P&G and Vodafone are not. According to the Value Chain Configuration embraced, they all adopt a Demand Side Configuration (figure 34), with the presence of P&G that have chosen the configuration DISTRIBUTOR + CONSUMER, while the rest only target the BOP consumers.

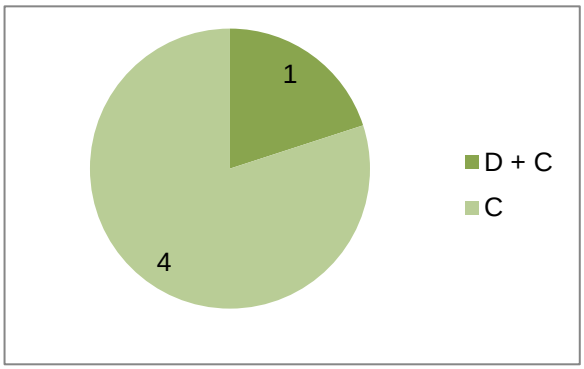


Figure 34 Value Chain Configuration in the clustes MNC*.

VALUE CHAIN CONFIGURATION & CONTROL VARIABLES

The first control variable took under consideration is the Economic Size. As already said when the cluster MNC* was defined, the Economic Size represent the revenues that these multinationals have realized only through the social project that each one implemented. This explains the reasons why the Economic Size of these well-know MNCs are Micro and Small (figure 35).

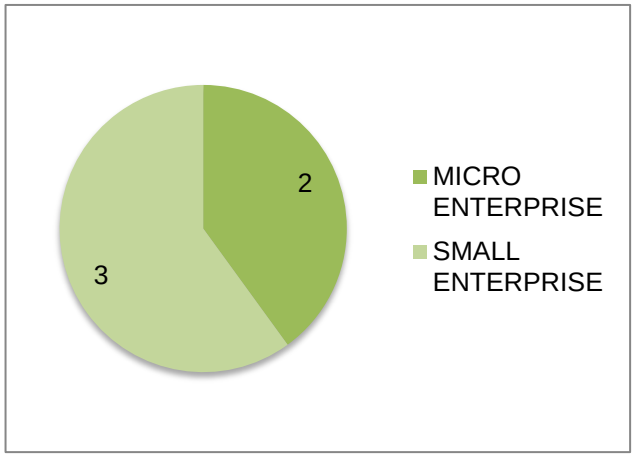


Figure 35 Distribution according to Economic Size.

Considering the Country dimension (figure 36), there is an equal distribution between countries, meaning that MNCs do not prefer to operate in particular BOP markets.

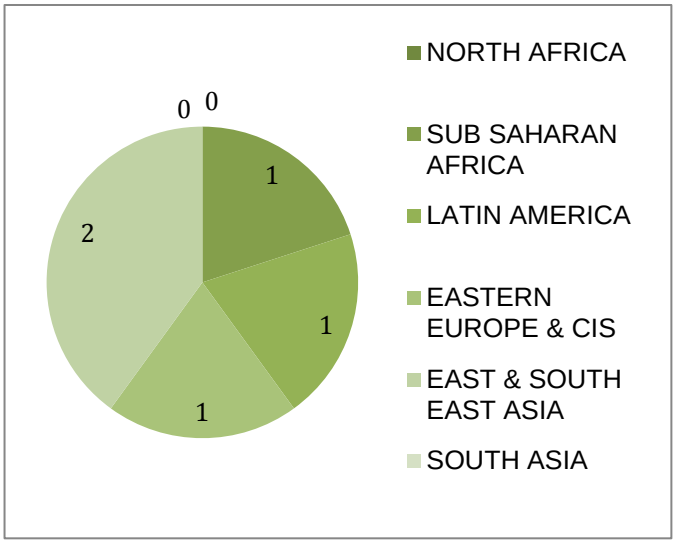


Figure 36 Distribution according to Country.

In particular P&G operates in Vietnam and adopts DISTRIBUTOR + CONSUMER configuration, while the rest of the companies are all with CONSUMER configuration and operates respectively Safaricom & Vodafone in Kenya, Cemex in Colombia, Danone in Poland and Manila Water Company in the Philippines.

Finally, the business sectors (figure 37) in which these MNCs operate are the ones where mostly demand side configurations are adopted (if it is compared with the distribution of business sectors in the whole sample).

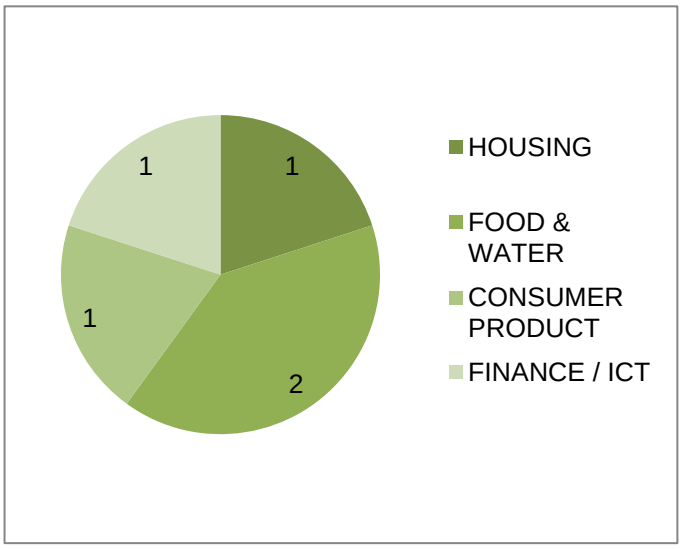


Figure 37 Distribution according to the Business Sector.

VALUE CHAIN CONFIGURATION & SOCIAL IMPACT & CONTROL VARIABLES

In these cross analyses it is simply represented the combinations between social impact and Economic Size (chart 7.5), Countries (chart 7.6) and Business Sectors (chart 7.8) of the five MNC*. In the next charts the x-axis represents the independent variable Social Impact while the y-axis the dependent variable Social Impact.

As the Economic Size is the only numeric variable, its value it is symbolized by the dimension of the bubbles in figure 38.

In particular, it could be said that P&G and Safaricom & Vodafone reached the highest number of poor consumers, approaching the market with DISTRIBUTOR + CONSUMER and CONSUMER configurations respectively.

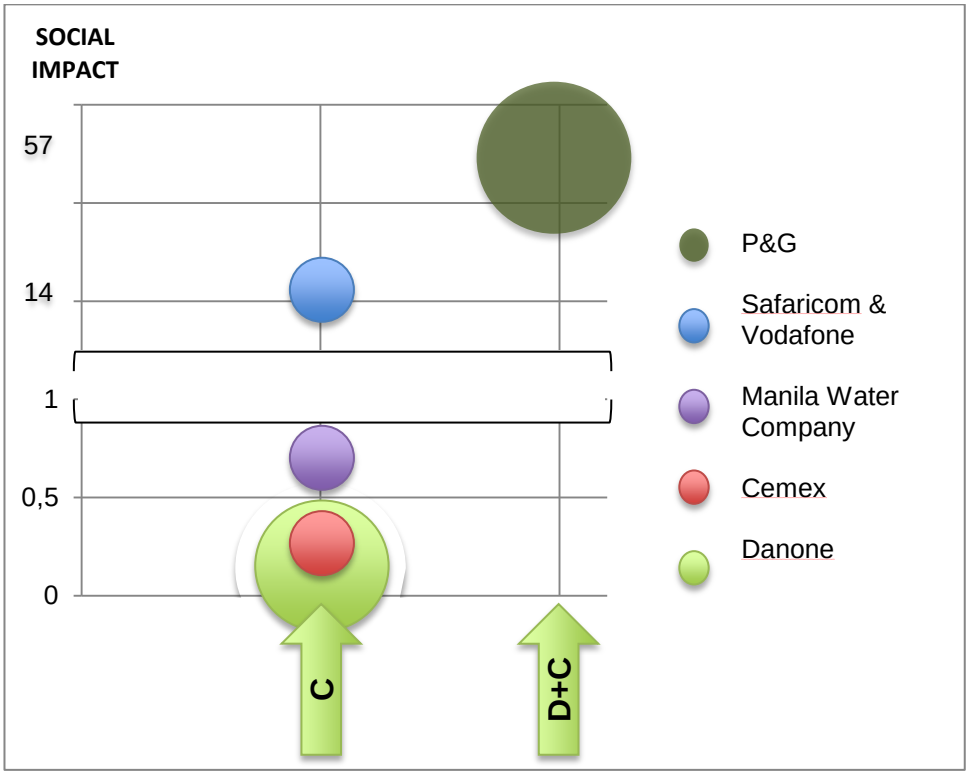


Figure 38 Cross analysis between Value Chain Configuration, Economic Size and Social Impact.

The next two control variables are both discrete, so their values are expressed through different colors; furthermore it is possible to discriminate the companies through the shapes. The legend is presented below (table 17).

COMPANY	SHAPE
P&G	◆
Cemex	■
Danone	▲
Safaricom & Vodafone	●
Manila Water Company	✖

Table 17 Legend of company and shapes.

Considering the control variable Country, the regions where these MNCs have a higher penetration are East & South East Asia and Sub Saharan Africa, similarly to the results reached analyzing the sample.

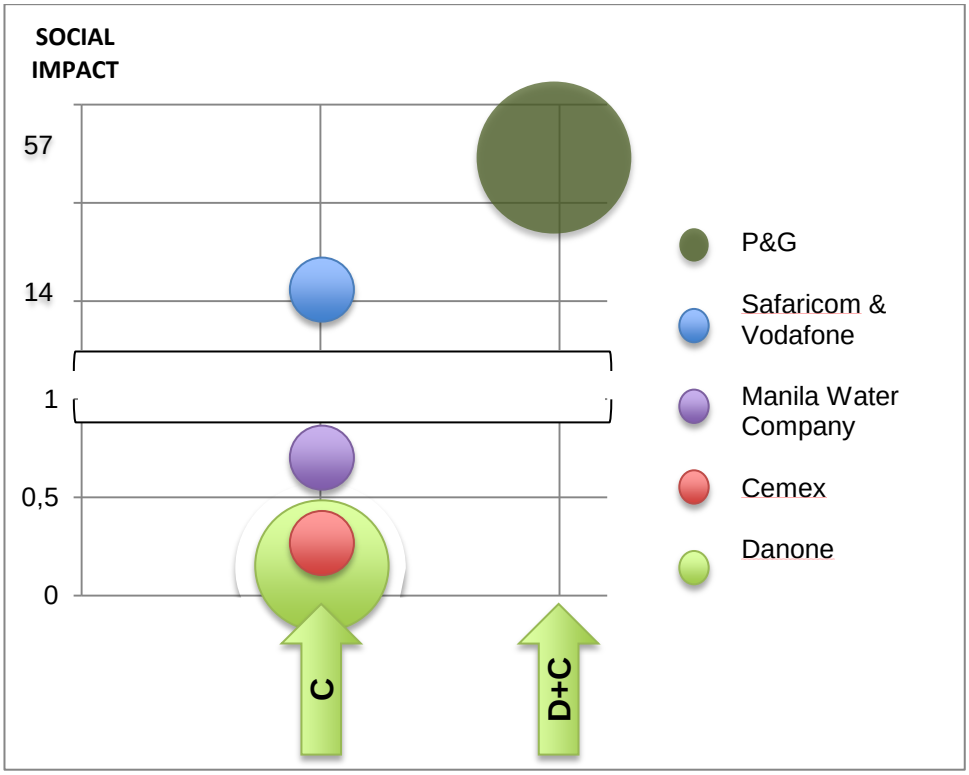


Figure 39 Cross analysis between Value Chain Configuration, Country and Social Impact.

Finally, it is possible to say that the business sectors that allow reaching a higher number of poor consumers are Consumer Products and ICT.

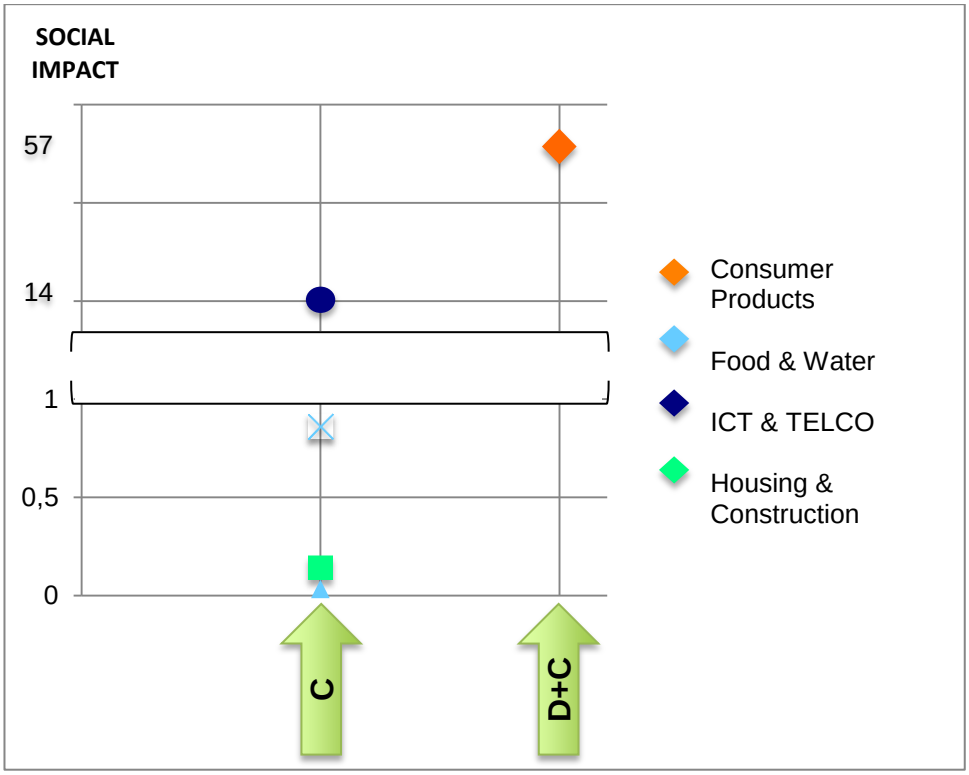


Figure 40 Cross analysis between Value Chain Configuration, Business Sector and Social Impact.

All these results reflect the ones of the whole sample, conferring a high coherence with the previous analyses.

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