

IB CASE STUDIES

Cases: Coffee Supply Chain Development



SHORTCOMING

- After the independence war land in East Timor, which was favored as amongst the best in the world for coffee bean, was left untended and eroded. Therefore production was of low quality and not suitable for export.

INCLUSIVE MODEL

- Delta Café, part of the Nabeiro Group of food companies, buys raw materials from poor communities in East Timor, creating sustainable livelihoods and gaining market rewards for producing a socially responsible product.
- **Innovation:** Creating a the *Delta Timor brand* and marketed it as 'socially responsible' coffee and supporting the environment

IMPACT

- **Company:** High quality products and stable supply of Coffee
- **Farmers:** a) Learned new and more sustainable methods to produce the coffee b) income increase
- **Environment:** land is now protected from erosion.

CASES: Milk Supply Chain Development



SHORTCOMING

- Pakistan's dairy sector is large, but the millions of dairy animals are dispersed across hundreds of thousands of square kilometers with very small individual farm size.

INCLUSIVE MODEL

- Engro Foods helps smallholder dairy farmers in rural Pakistan join the formal economy by deploying milk collection infrastructure and integrating it with IT solutions right at their doorstep.
- **Innovation:** Engro established milk procurement infrastructure and uses a management information system to manage its procurement through GPRS-powered mobile devices

IMPACT

- **Company:** The company has more than 1,000 locations where poor farmers can sell their milk
- **BOP:** Over 1500 farmers are now able to sell their milk and have increased their income level

CASES: Strengthening Baker's productivity



SHORTCOMING

- Moderna supplies (sells) over 5,000 small bakeries around Ecuador with flour, bread ingredients mix and other bakery products

INCLUSIVE MODEL

- Moderna's customers are people living at the BOP who either bake bread at their homes to be sold in open-air markets, or run small stores.
- **Innovation:** The projects aims to help bakers earn a living, by providing them with ingredients and offering them training on bread baking, pastry preparation, business management, accounting, and even self-esteem

IMPACT

- **Company:** Consumer base increased
- **BOP:** Some bakers' microenterprises grew into small or medium-sized businesses; some even expanded to small convenience stores

CASES: Developing a Supply Chain

DAIMLERCHRYSLER

SHORTCOMING

- In Brazil, DaimlerChrysler found that coconut fibers work well in filling headrests and seat cushions

INCLUSIVE MODEL

- To develop a supply chain by contracting local firms to grow, extract, and then supply the coconut fibers to other small companies that could process and mold them
- The local enterprises benefited from the diversification of their crops, the creation of additional sources of income, and technology transfer
- **Innovation:** Use of coconut fibers for the cushions

IMPACT

- **Company:** increased its eco-efficiency performance through the use of renewable and recyclable material
- **BOP:** improve their living conditions

CASES: Developing a Supply Chain



SHORTCOMING

- In Tanzania *Allanblackia* nuts occur naturally in but have yet to find commercial use

INCLUSIVE MODEL

- The pilot project aims to establish an international market for the nuts open to all prospective buyers and suppliers.
- **Innovation:** develop new innovative methods for smallholders to gather and cultivate nuts (a low cost source of vegetable fat).

IMPACT

- **BOP:** To date 4,000 smallholders have benefited.

Cases: Vodafone – MPESA



SHORTCOMING

- The number of poor people with mobile phones is much higher than the unbanked population in Kenya and with technological innovation it is possible to bring financial services to many more people.

INCLUSIVE MODEL

- This project was designed to help provide connectivity for retail financial institutions like MFIs to enable disbursement and collection of loans in more cost effective forms.
- **Innovation:** Vodafone developed a mobile telephony based commercial platform known as “M-PESA” in partnership with a Kenyan mobile phone operator, Safaricom.

IMPACT

- **BOP:** Increased access to new technology in the remote areas
- **Company:** new department established to invest in providing new services through mobile telephony and an internal challenge fund to replicate the model in Kenya.

Cases: Making money fair in Cambodia



SHORTCOMING

- In Cambodia, there is a limited ability for the poorest in the community to save, make payments, or transfer money securely and quickly.

INCLUSIVE MODEL

Wing's branchless banking model is a pilot program that will allow some 400,000 textile workers in Cambodia to send remittances to their families living in provincial locations using SMS mobile phone technology at a significantly lower cost than the current 10% transaction fees on the total amount to be transferred

Innovation: Sending remittances through mobile phones

IMPACT

- **Company:** Increase client base and reach
- **BOP:** The initiative provides payment services to Cambodia's unbanked, about half of the country's 14 million people, allowing them to perform a range of financial services through mobile phones



SHORTCOMING

- The South Caspian region contains 10 billion oil equivalent barrels of proven oil reserves. Yet the number of people living in poverty in Azerbaijan and Georgia grew substantially during the 1990s.

INCLUSIVE MODEL

- BP is implementing a mechanism that brings local SMEs more effectively into the oil industry supply chain in poor areas where they are building pipelines
- **Innovation:** engage local companies and addresses issues such as business planning, access to capital, management training, and the attainment of required standards

IMPACT

- Improved living standards of thousand and allowing small companies to improve their services and profit after joining the supply chain

Cases: Electric Services



SHORTCOMING

- The South African utility Eskom Supplies approximately 95% of the country's electricity; however, before 1994 only 12% of the rural population had access to electricity.

INCLUSIVE MODEL

- The company developed better community interaction programs, pre-payment meters, and the tokens to feed them
- Eskom created jobs in the communities while lowering their own connection and maintenance costs.
- **Innovation:** Local shops sold the tokens, and local people were trained to install the systems and do maintenance.

IMPACT

- Eskom now has around 2.6 million pre-paid customers already and are still installing more.
- Today over 90% of urban areas and more than 40% of rural areas are electrified

Cases: GS Solar Home Systems



Grameen Shakti

SHORTCOMING

Millions of households not yet connected to the grid to get electricity

INCLUSIVE MODEL

- Solar Home Systems (SHSs) to light up homes, shops, fishing boats, charge cellular phones, run televisions, radios, etc.
- **Innovation:** Grameen Shakti operates a small loans scheme that enables poor households to buy the solar system

IMPACT

- **BoP:** GS has enabled 8 million people in Bangladesh to light their homes and businesses using solar power.
- **Company:** Increased profitability, Strengthened social license, Improved relations with community

Cases: Affordable Gas



SHORTCOMING

- Poor customers have issues paying their bills on time and many times use the money for something else.

INCLUSIVE MODEL

- Brilla is a program designed to lend poor Colombians with money for home improvements, to start microbusinesses, pay for schooling, and purchase appliances.
- **Innovation:** Once customers pay off their US\$500 gas installation fee, they qualify for Brilla and are able to request credit. Money lent never reaches the customer directly, but appears in the form of a certificate that customers can redeem for a product in a certain store.

IMPACT

- Of its 2.5 million customers, Promigas has now provided Brilla funding to more than 600,000 borrowers

Cases: HOLCIM



SHORTCOMING

- BoP access to housing is characterized by low quality, high prices, mainly rented, no credits available, expensive labor force for construction

INCLUSIVE MODEL

- Develop Low Cost Housing providing for BoP families: Technical assistance, specialized financial services, training for BoP families to support and participate in the construction, HOLCIM provided the metal molds.

IMPACT

- **BoP:** Access to safe low cost houses for over 500 HHs, and improved skills in construction for BoP labor force
- **Company:** Increased profitability, Strengthened social license, Improved relations with community and government

CASES: Clean Water



SHORTCOMING

- Many people in rural areas of Guatemala had a difficult access to clean water; they survived through their own farming or seasonal work at local plantations, getting intestinal infections from contaminated water which a serious risk to their livelihoods.

INCLUSIVE MODEL

- Ecofiltro manufactures low-cost ecologically friendly water filters that can be assembled using local materials and labor
- **Innovation:** For an affordable price the consumers can access portable filter which trap bacterial, parasitic cysts and fecal residues.

IMPACT

- **BoP:** Ecofiltro has sold over 53,000 filters benefitting more than 300,000 people.
- **Company:** sales increased by 50 percent last year, and its profitability more than tripled over the prior year.

CASES: Medical Services



SHORTCOMING

- Services tend to be poor and expensive, and out of reach for poor people in India

INCLUSIVE MODEL

- Since 2008, the Apollo Group operates a network of “Reach hospitals,” smaller satellite facilities that operate in underserved regions and offer limited services at discounted rates to people living at BOP

IMPACT

- Since 2008, Apollo has established three Reach hospitals treating over 5,000 people

CASES: Medical Services



SHORTCOMING

- Asiri Group of Hospitals is a leading provider of hospital and diagnostic services in Sri Lanka.

INCLUSIVE MODEL

- Asiri offers middle and low-income patients mainly primary and secondary healthcare through several hospitals, as well as laboratory testing

IMPACT

- By almost doubling their capacity the hospital now services many low income families; ensuring good quality service and making health services reachable and affordable for hundreds of new patients who had no previous access to those services

CASES: Developing Cocoa Value Chain

SHORTCOMING

- Overfishing in Lake Victoria has lead Kenyans to reduce their consumption of fish and fish farming has the potential to ensure food security unlike any other indigenous crop.

INCLUSIVE MODEL

- Bio-United LTD designed a project in which experts would support producers in local governance and management. The aim was to increase quality and value of Cocoa in order to be able to export it.
- **Innovation:** The company would buy the products from a group of local producers rather than from each one. To make this transaction easier locals designate (elect) a Village Coordinator who would be in charge of dealing with the sales and relations with the company.

IMPACT

- **BOP:** a) income increase b) restoration of land which was destroyed after the war
- **Company:** Supply of high quality products

CASES: Life out of the Swamp

SHORTCOMING

- Production of cocoa in Sierra Leon was done by small producers, it was of very low quality and hard to export due to logistic difficulties

INCLUSIVE MODEL

- Dominion is developing a center of excellence which houses a laboratory and a team of experts researching growth rates, best feed, and how to sex the fish to avoid inbreeding that has ruined fish farms elsewhere in the world.
- **Innovation:** The river Yala was redirected to reclaim the swamp via a weir. The weir will charge hydroelectric turbines that will aerate the fish ponds, allowing for greater density of fish per pond.

IMPACT

- **BoP:** a) increased employment b) The proportion of people living below the poverty line has said to have decreased to below 65%
- The swamp area has been transformed. Taming the swamp by diverting the river has reduced malaria

CASES: Milk Value Chain



SHORTCOMING

- After a harsh economic collapse, Tanga is now going through a process of revival and has great potential for growth

INCLUSIVE MODEL

- Tanga Model: A coordinated dairy value chain of milk collection, processing and marketing combined with growth opportunities offered to small-holders through heifer availability and cattle credit
- **Innovation:** The Dairy Farmers Information System (DFIS), an SMS service which informs milk producers about the market, sector developments, animal husbandry practices and local news.
- Tigo Pesa, a mobile provider, is offering free phones to those farmers without, and payment for milk will also soon be accepted.

IMPACT

- **Company:** capacity increase to 50,000 liters/day and they are now the main supplier of fresh milk products to Dar es Salaam
- **BOP:** Around 2000 out of Tanga Fresh's 4500 farmers access the service.