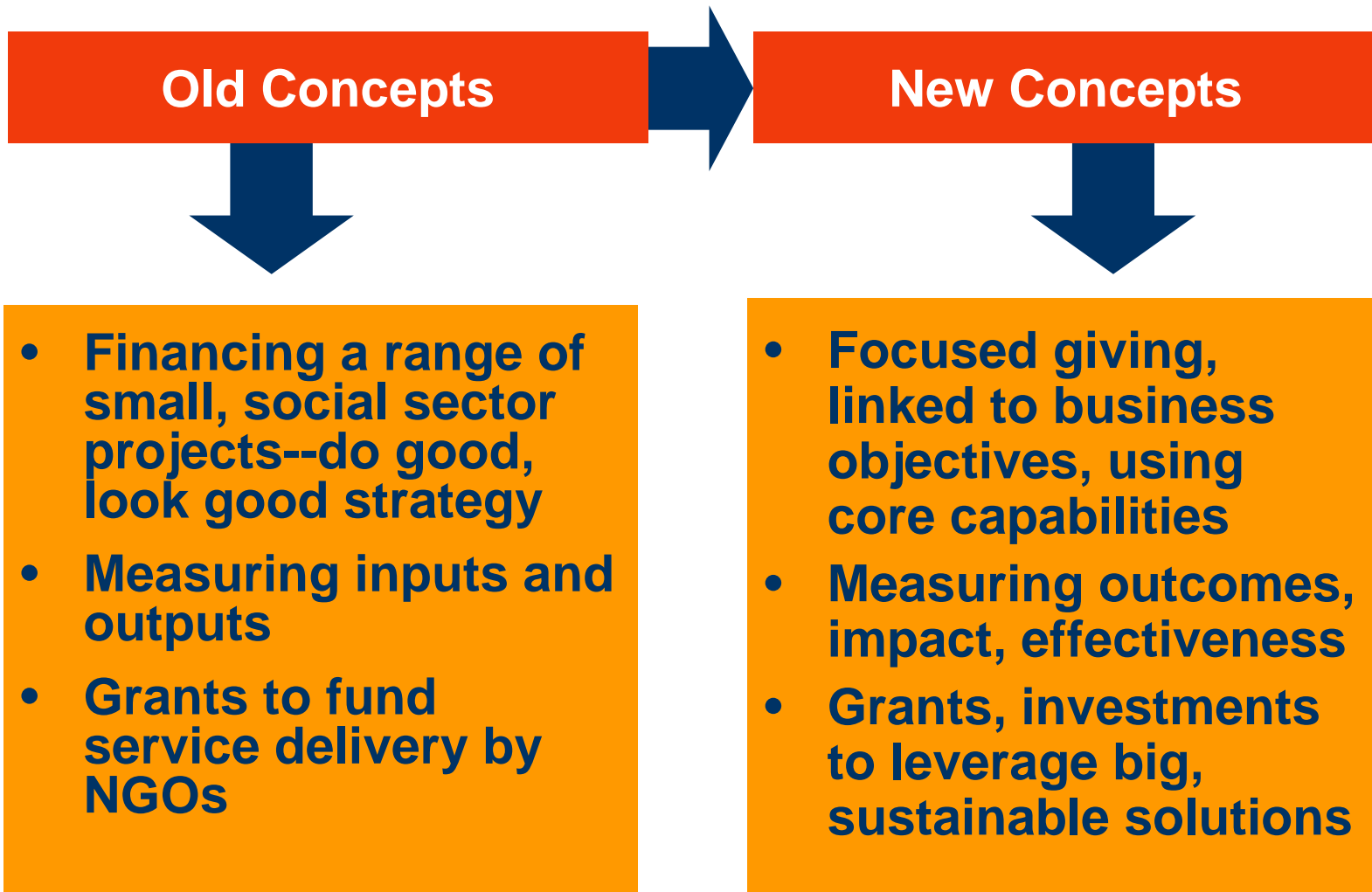




**BEYOND PHILANTHROPY:
ENTERPRISE SOLUTIONS TO POVERTY**

Emerging Consensus on the Role of Philanthropy



Emerging Consensus

Beyond Philanthropy: Enterprise Solutions

Big Problems Require Big Solutions	<ul style="list-style-type: none">• Poverty, rural development, education, health and the environment are big problems. The solution is not in small projects.
Big Companies Have What It Takes	<ul style="list-style-type: none">• Large corporations have the financial clout, people, and executing capabilities to build big solutions to big problems.
Must be Profitable	<ul style="list-style-type: none">• If the operation or “project” does not produce a profit, it will not last or grow to substantial scale and impact, or attract the best corporate talent.
Huge Opportunities to Do Well, Doing Good	<ul style="list-style-type: none">• The root cause of poverty is lack of money. With money, access schools, health, housing• Many companies have built competitive, inclusive business strategies that together engage millions.
Political Imperatives Growing	<ul style="list-style-type: none">• Neither government nor poor people are impressed with random acts of kindness or PR. They expect the private sector to be part of the solution.

**Structural
Adjustment**

**Social
Programs**

**Microfinance and
Enterprise Solutions—
the Levers that:**

- **Engage the bottom half in growth**
- **Give the poor purchasing power**
- **Promote political stability**

- **Give the poor effective demand for social services**
- **Enable the poor to create their own social safety nets**

ENTERPRISE SOLUTIONS TO POVERTY

Big Problems Require Big Solutions

I 881MM

C 618MM

Number of people in India and China living on less than \$2 per day

I 29%

C 21%

Population of India and China living on less than \$2 per day, as % of World Total

I 5%

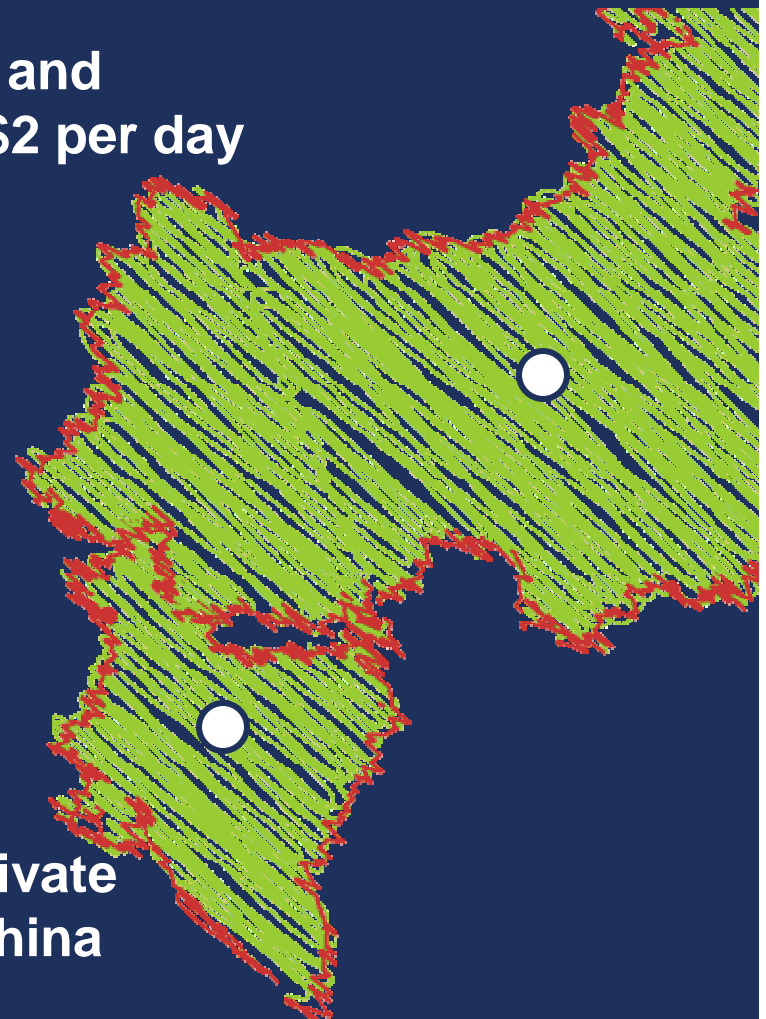
C 16%

India and China as Percent of GDP of Emerging Markets

I \$28B

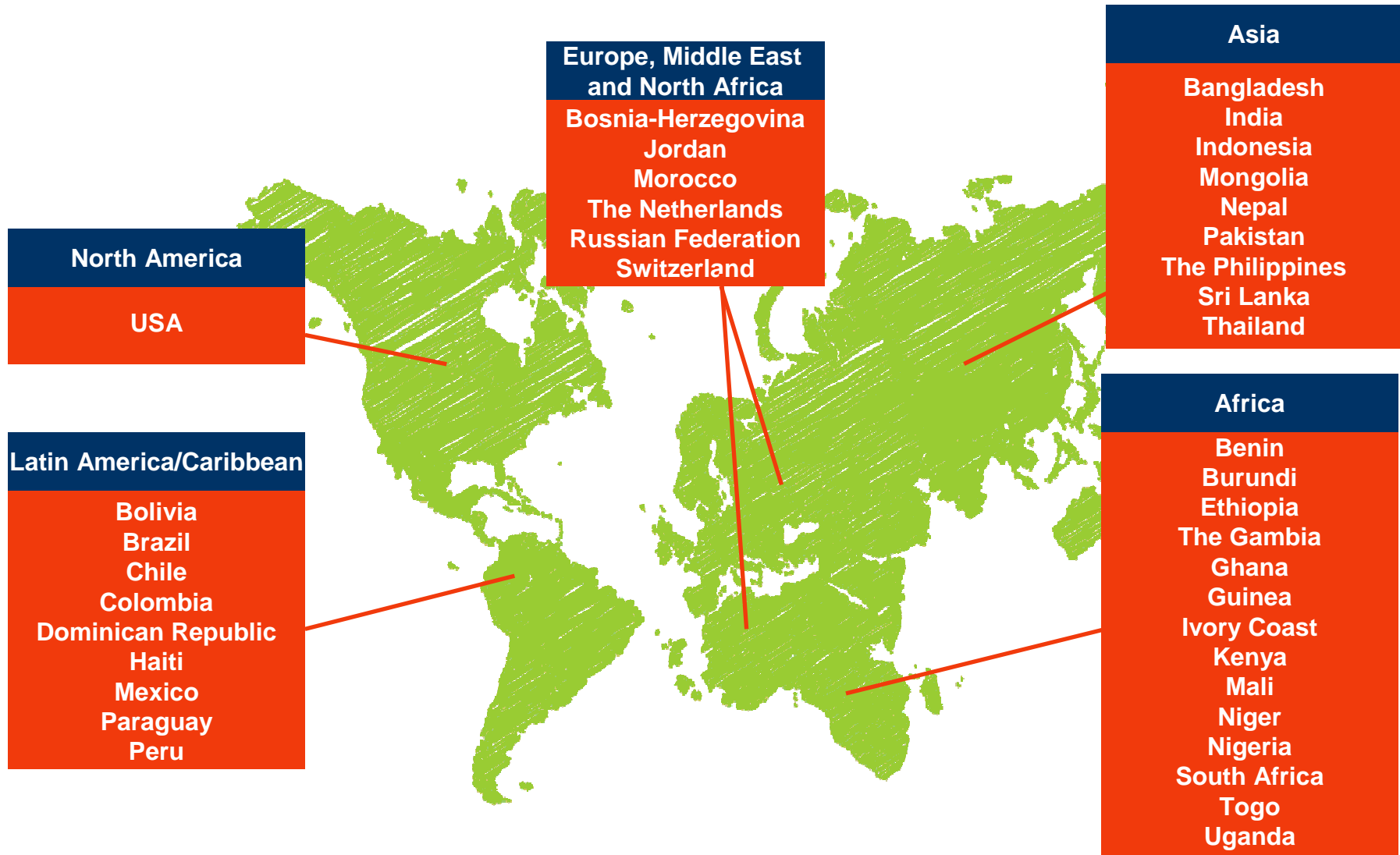
C \$43B

Annual Sales of Top 10 Private Companies of India and China



WOMEN'S WORLD BANKING

Affiliates, Associates, GNBI and AFMIN Members provide financial services to over 23 million low income entrepreneurs, in about 40 countries



Key Measures that a Commercial Bank Needs to Take to Succeed in Retail Microfinance

- **Top management commitment to profitable and responsible microfinance**
- **Products based on strong customer research**
- **Capacity of management and specialized loan officers—understand client group and know the methods**
- **Alternative, low-cost, reliable channels to sell a suite of financial products**
- **Organizational structure—leverage bank infrastructure and build specialized structures and capabilities**
- **Learn from other banks and MFIs**

Leading microfinance institutions and banks are innovating to provide efficient, responsive, sustainable services

INNOVATIONS

Cutting costs to clients and the institutions

- Decentralization standardization
- Simple appraisal, credit scoring
- Client focused data bases
- Credit cards for good customers

Building new distribution channels

- Branching – mobile, ATMs
- Cell phones as distribution systems
- Agency arrangements
- Retail chains
- Value chain financing

Building core multi-product offerings

- Savings products
- Housing loans
- Micro-pensions
- Remittances for microfinance
- Life, health insurance
- Data bases, platforms for multi-product offerings

Mobilizing banks and capital markets

- Local currency loans
- Equity investment
- Securitizations
- Bond issues
- Joint ventures between banks, MFIs

Replacement of Compliance Culture to Commercial Microfinance in Most Countries

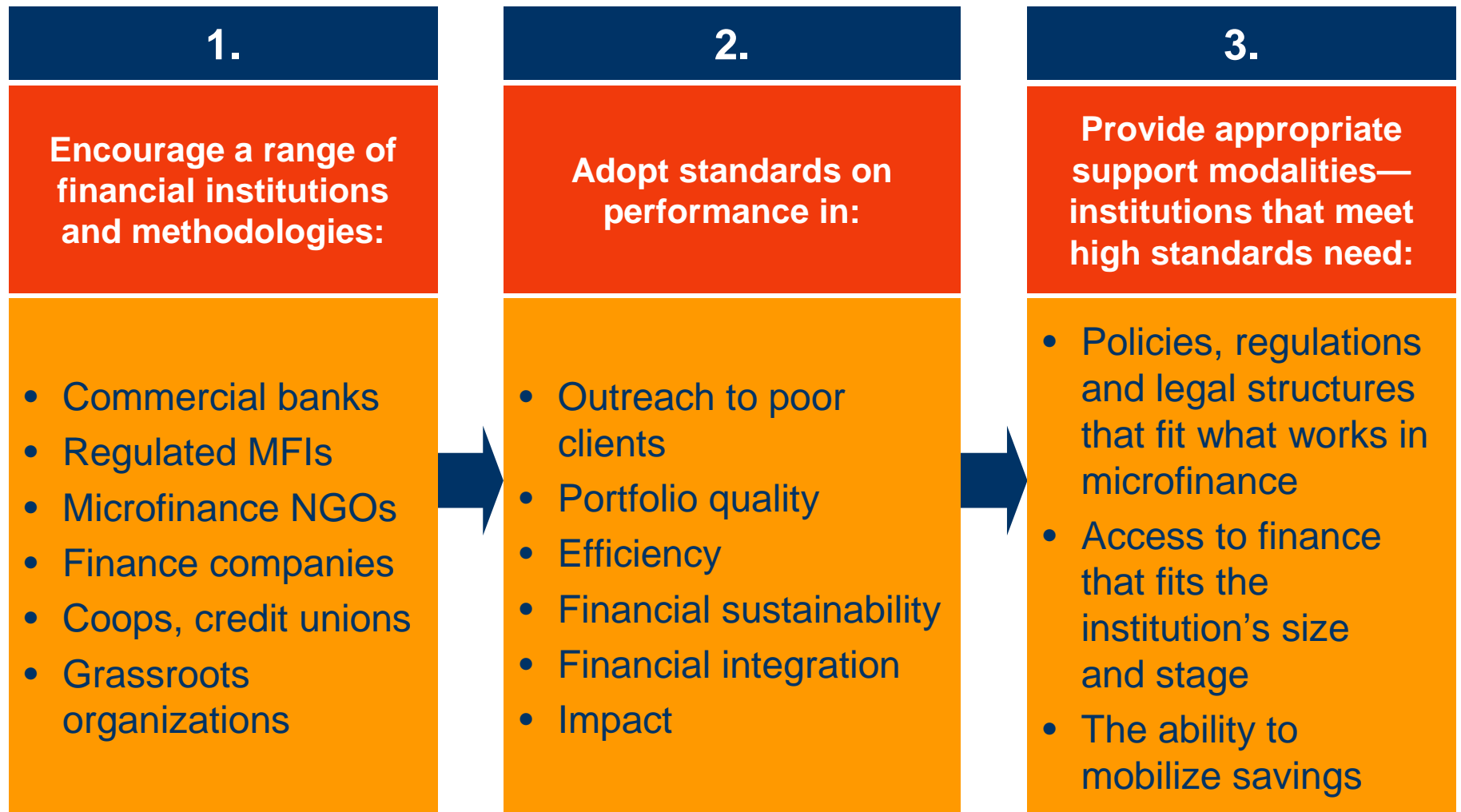
Compliance Culture

Commercial Microfinance

- **Low interest rates**
- **Low repayments**
- **Low “know your customer”**
- **Minimal loan amounts**
- **Low, sporadic outreach relative to demand**

- **Interest rates that cover costs, enable profits**
- **Excellent portfolio quality**
- **Understand household economies, microenterprises**
- **Responsive, multiple financial products**
- **High outreach, impact**

The Core Paradigm in Building Financial Systems that Work for the Majority



WWB mobilizes the track record, leadership, and power of network members to build financial systems for the majority



ENTERPRISE SOLUTIONS TO POVERTY

Two Main Vectors—and Two Support Functions



ENTERPRISE SOLUTIONS TO POVERTY

Why Large Local and Multinational Companies?

- **Have the organization and financial resources to develop the supply chain with small producers and distributors**
- **Are motivated to find new markets at the base of the pyramid**
- **Want to demonstrate contributions to development**
- **Need to care about the legitimate frustrations of the poor**
- **Often are already engaged in competitive and inclusive business models, that can be built on, and serve as models**

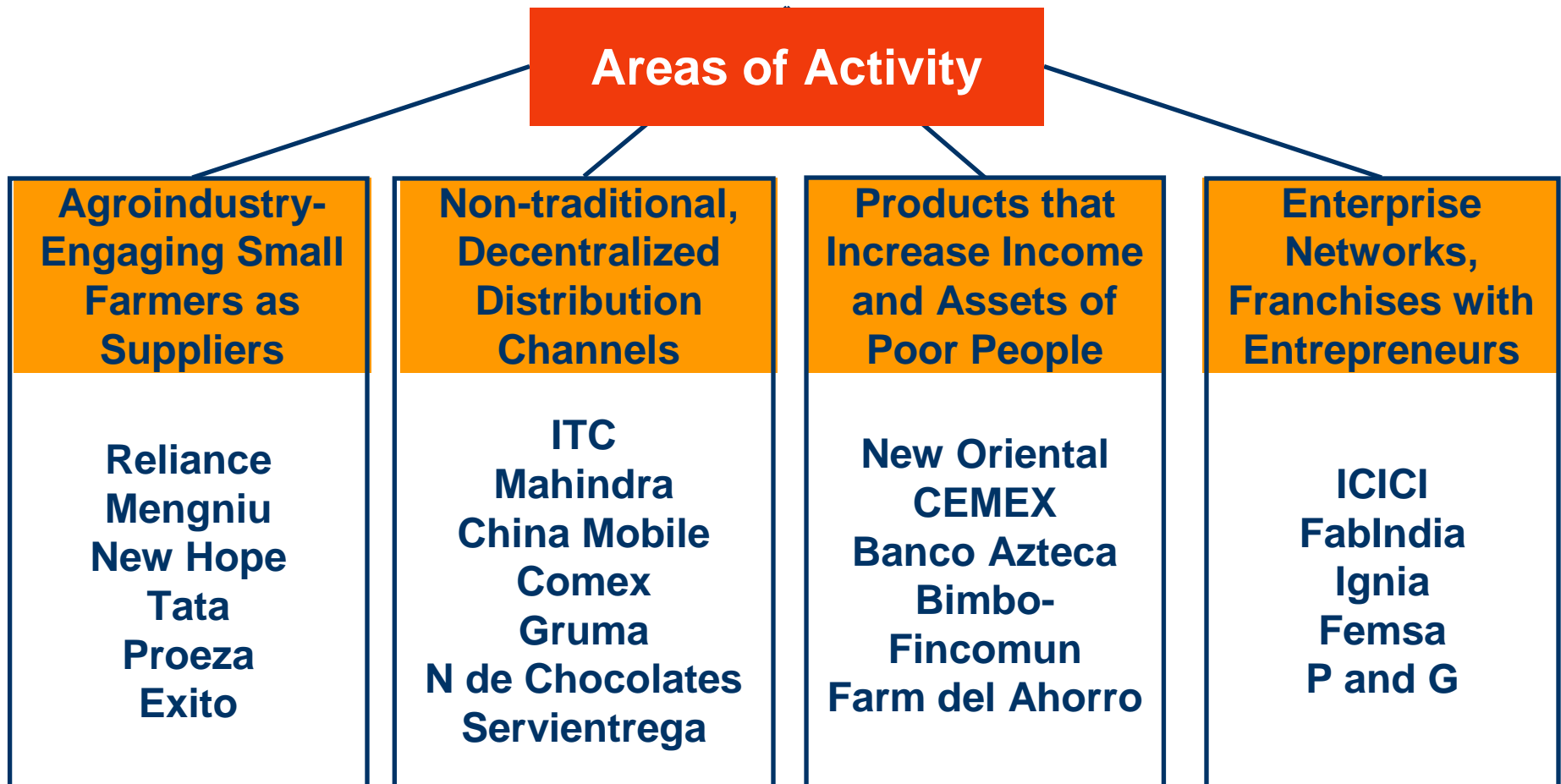
ENTERPRISE SOLUTIONS TO POVERTY

Major Companies Engaged in ESP

CHINA	INDIA	MEXICO	COLOMBIA
<p>China Mobile Mengniu New Hope New Oriental Tongwei P & G Fuson Hengxing Erdo</p>	<p>Reliance ITC ICICI FabIndia Godrej Tata Chemicals Mahindra</p>	<p>Bimbo CEMEX FEMSA Proeza Televisa- ABM Banco Azteca COMEX</p>	<p>N de Choc Exito Servientrega Leonisa Nestle P&G Ecopetrol Carulla Alqueria Bancolombia</p>

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Innovators in the Four Main Lines of Activity



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Expectations of Large Companies

Large companies engaged in the ESP initiative are expected to do it, share it, and spread it.

Build or rapidly expand the engagement of large numbers of low income people as producers, distributors and consumers of goods that help poor people build income and assets.

Share it. Encourage other companies to adopt similar strategies

Measure it. Participate in performance benchmarking, live cases, and forums

Support network enterprises, backing NE seed and venture capital, and mentoring.

Structure it. Promote lean, effective structures for build-up of ESP in country

Get policy support. Encourage government, associations to build supportive policies.

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Actions Taken and Planned on Network Enterprises

NE VENTURE FUND	MBA support in establishing Network Enterprise Venture Funds in India and Mexico.
NE OPPORTUNITIES	Identification of specific NE opportunities e.g. clean water, health clinics, paper product wholesaling, recycling, cleaning services.
CORPORATE VENTURE CAPITAL	Work with major companies to form corporate venture capital and network enterprise strategies for their corporations.
ECONOMIC DEVELOPMENT	Work with central and state economic development leaders on franchising strategies with private sector as the driver.
GUIDELINES	Preparation of guidelines on corporate venture capital.

MOBILIZING MBAs

NBA Activities and Program Locations

Live Case Studies

Internships

Field Studies

Business Plans



HBS

Wharton

MIT-Sloan

SEKN

Mexico-EGADE

Col-Andes

Col-EAFIT

China-CEIBS

India-IIM A

Spreading the Word: CEO Forums and Learning

PUBLICATIONS

- **Live Case Studies**
- **Thematic Reports**
- **Business Plans**

TOOLS

- **Company selection criteria**
- **Templates for live cases and field studies**
- **ESP Performance Indicator System**
- **Guide for building ESP in your country**

LEARNING COMMUNITIES

Wiki - Interactive Features

- **Live cases submitted**
- **Performance indicators submitted**
- **How to guides prepared by companies**

WORKSHOPS, SYMPOSIUMS-- FACE-TO-FACE, VIRTUAL

World Economic Forum

- **WEF Davos Global (January 2008)**
- **Regional (December 2007, April 2008)**

Top Business Schools

- **HBS Centennial (March 2008)**
- **Stanford GBS**
- **SEKN - Latin America**

IDB

- **Annual Meeting (April 2008)**

Key Potential Areas for Enterprise Solutions to Poverty in China

OPPORTUNITIES

Agroindustry- with Small Farmers

- Dairy, pork, fruits and vegetables
- New land use, agricultural modernization with urban migration
- Organize decentralized producers, provide inputs, finance

Decentralized Distribution Channels

- Growing purchasing power in middle and lower income—new channels
- Amway, Avon type distribution
- Focus on retention, productivity, enterprise

Products that Build Income and Assets

- Microfinance: credit, savings, housing, insurance, education loans
- Breakthroughs: mobiles, agents, supply chain
- For profit networks—ed and health

Enterprise Networks, Franchising

- Big opportunities for emerging entrepreneurs in other three areas
- Social enterprise funds—seed and venture capital
- Need corporate venture capital

ENTERPRISE SOLUTIONS TO POVERTY

Challenges for MNCs in China and Globally

TO HIGH IMPACT PHILANTHROPY	Beyond PR, CSR. Focus. Use core business acumen. Catalyze large, sustainable solutions.
BUSINESS MODELS-GET UNSTUCK	Business models to serve top 20 percent do not work. Beyond smaller packaging. In underserved markets, incumbents lose.
NEW STRUCTURES	Separate legal structures, to enable flexible, entrepreneurial action at base of pyramid. Sourcing, franchising, distribution.
CORPORATE VC, ENTERPRISE FUNDS	Finance enterprise networks, sourcing operations, social enterprises. Instead of or in addition to focused philanthropy.
NEW PARADIGM	Position MNCs, private sector as part of the solution—competitive and inclusive strategies.