



Regional perspectives on “Sustainable Livelihoods & Business”

Notes from Regional Dialogues in
Argentina, Brazil, Costa Rica, India and South Africa



Foreword

Improving people's lives while fostering healthy markets in developing countries is increasingly a growth strategy for many leading companies looking for the next significant business opportunity. The potential of Sustainable Livelihoods (SL) businesses, i.e. businesses that benefit the poor while opening new doors to companies' activities, is now widely understood.

Many donors and NGOs are increasingly supportive of a private sector approach to creating wealth in developing countries. This convergence of interest is welcome, especially as in 2005 there are several important events such as the Delhi Sustainable Development Summit, the UNEP Ministerial, UNCSD, G8 and MDGs + 5 meetings, where we hope to see developed a strategic alignment not only of intent, but of priorities and resources.

To strengthen our collective understanding of business solutions for development, the WBCSD has helped coordinate a series of dialogues in different corners of the world throughout 2004. These regional perspectives have been collated in a short report to inform our efforts as we move into the next phase of implementation. Many more dialogues will be needed to ensure that the thinking behind SL business is deeply embedded and 'owned' by all stakeholders. We hope that 2005 will provide the focus needed to mobilize the resources and efforts that will leverage companies' investment in SL businesses.



Cameron Rennie,
Sustainable Livelihoods Program Director

Introduction

“Sustainable livelihoods business is an approach that will be important to companies in the future”

Dr R.K. Pachauri
Director-General of The Energy and Resources Institute (TERI)

The WBCSD Sustainable Livelihoods (SL) project focused its first phase of work on developing a solid understanding of the innovations required for companies to succeed in doing business with the poor – in ways that benefit the poor and benefit the companies. It investigates how companies are re-inventing their business models to suit the needs and characteristics of developing countries. In *“Doing business with the poor: a Field Guide”*, the experiences of various WBCSD member companies were synthesized to shed light on the key features of these pioneer SL businesses.

In order to disseminate, and more importantly, to test these preliminary findings in different cultural and socio-economic contexts, the SL project initiated a series of regional dialogues to engage a broader audience of local businesses and stakeholders in a discussion on the role of business in combating poverty. In cooperation with Regional Network partners and member companies, dialogues were held in Latin America, Africa and Asia.¹

The dialogues were designed as a interactive platform to exchange information – on the one hand, raising awareness of the Sustainable Livelihoods approach and on the other hand, learning from practical examples and adding regional perspectives to our understanding of

¹ – South Africa 29-30 June 2004; India 17 and 20 August 2004; Argentina 17 September 2004; Brazil 20 September 2004; Costa Rica 22-23 September 2004.

what makes SL business successful in varying circumstances.

“South African business has many examples of successful Sustainable Livelihoods business. This is partly due to the drive [South Africans have] to address the inequalities of our past, but is also due to our inherently innovative approach to business.”

Reuel Khoza,
Eskom Chairman, Sustainable Livelihoods project Co-chair

challenges and solutions that exist at various stages of the design of Sustainable Livelihoods business models in different cultural and socio-economic contexts.

“This forum provides the opportunity to better understand how business can promote social equity, macroeconomic stability and lead to productive growth.”

Roberto Artavia, Rector of INCAE

The highlights from these regional dialogues are summarized in this brief report. They have been organized around the analytical framework presented in *“Doing business with the poor: a field guide”*, which looks at SL business models through the lens of 13 basic business questions. The questions that generated most discussion and input from the participants were:

- > What are the motivations to doing business with the poor and how do we operate a mindset shift inside the company?
- > Do we understand the real needs of the market and do we have the right product to offer?
- > How do we finance the investment, ensure that our product/service is affordable and that payments are collected?
- > How can we improve our supply chain?
- > How can we replicate or scale up successful business models?
- > How can we reach our customers?

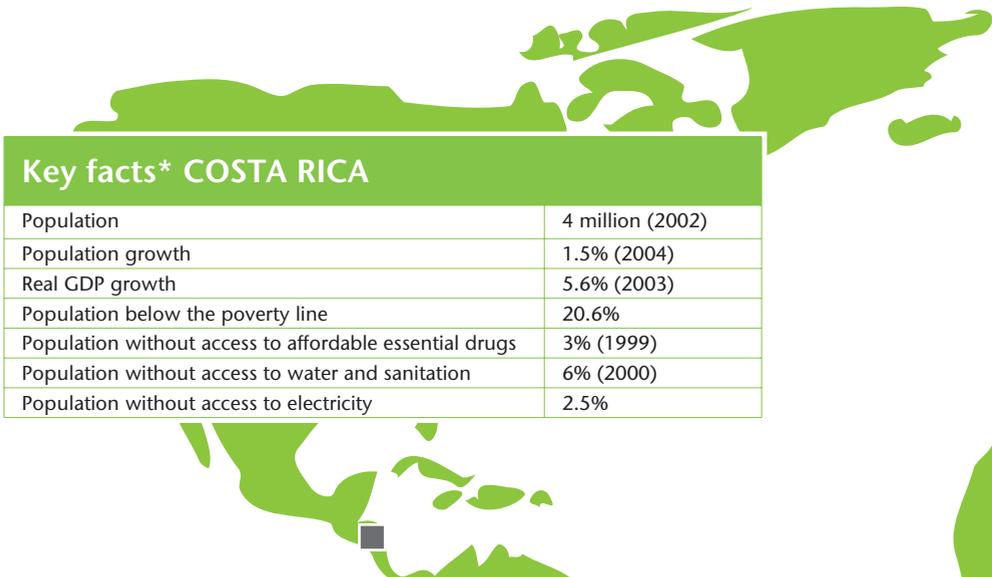
The regional perspectives captured at the dialogues offer additional insights about the

There were 27 WBCSD member companies represented at the five regional dialogues in addition to a rich and diverse group of local businesses, NGOs and government representatives. The WBCSD companies are:

ABN Amro, Acindar, Anglo American, Aracruz Cellulose, BHP Billiton, BP, Cargill, Deloitte, DuPont, EdF subsidiary Edenor Argentina, Eskom, GrupoNueva subsidiaries Amanco Guatemala, Amanco Argentina, Holcim, Lafarge, Michelin, Panama Canal Authority, Philips, PricewaterhouseCoopers, Procter & Gamble, F. Hoffmann-La Roche, SAPPi, S.C. Johnson, Shell, Suez subsidiary Aguas Argentinas, Syngenta, Unilever and Hindustan Lever Limited (HLL), Unilever de Argentina, Vodafone and Vodacom.

Regional key facts

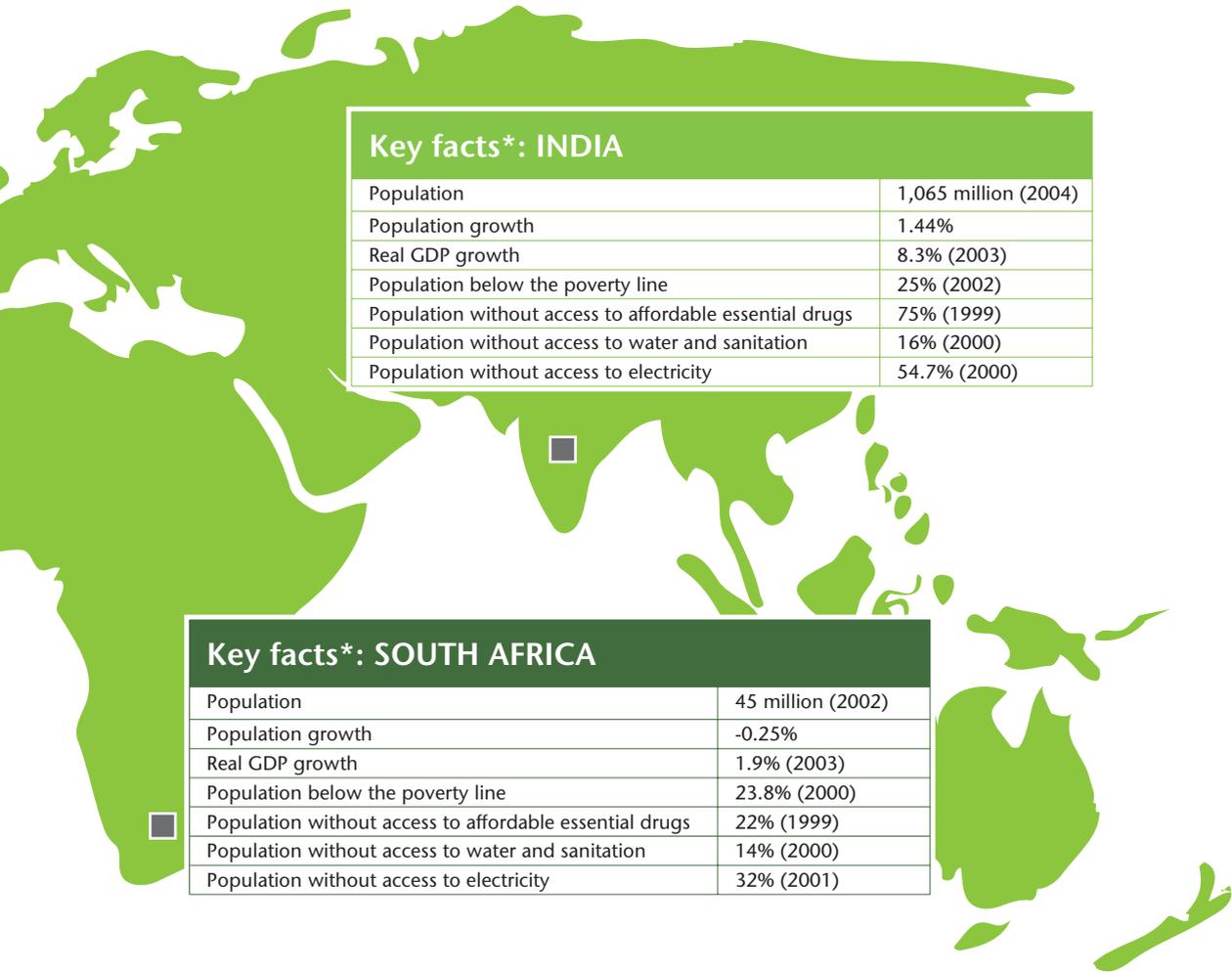
The following facts provide a snapshot of conditions in countries that hosted the Regional Dialogues. However, the workshop discussions themselves benefited from input from the wider regions, for example, Mozambique and Zimbabwe were represented in South Africa; and Argentina, Bolivia, Brazil, Chile, Colombia, Costa Rica, Dominican Republic, Ecuador, El Salvador, Guatemala, Honduras, Mexico, Nicaragua, Panama, as well as many OECD countries, were represented in the Latin American dialogues.



Key facts* COSTA RICA	
Population	4 million (2002)
Population growth	1.5% (2004)
Real GDP growth	5.6% (2003)
Population below the poverty line	20.6%
Population without access to affordable essential drugs	3% (1999)
Population without access to water and sanitation	6% (2000)
Population without access to electricity	2.5%

Key facts*: BRAZIL	
Population	176 million
Population growth	1%
Real GDP growth	0.4% (2003)
Population below the poverty line	22% (1998)
Population without access to affordable essential drugs	75% (1999)
Population without access to water and sanitation	13% (2000)
Population without access to electricity	5.4% (1999)

Key facts*: ARGENTINA	
Population	39 million (2004)
Population growth	1.02% (2004)
Real GDP growth	6.9% (2003)
Population below the poverty line	51.7% (2003)
Population without access to affordable essential drugs	35% (1999)
Population without access to water and sanitation	22% (1990)
Population without access to electricity	4.8% (2004)



Key facts*: INDIA

Population	1,065 million (2004)
Population growth	1.44%
Real GDP growth	8.3% (2003)
Population below the poverty line	25% (2002)
Population without access to affordable essential drugs	75% (1999)
Population without access to water and sanitation	16% (2000)
Population without access to electricity	54.7% (2000)

Key facts*: SOUTH AFRICA

Population	45 million (2002)
Population growth	-0.25%
Real GDP growth	1.9% (2003)
Population below the poverty line	23.8% (2000)
Population without access to affordable essential drugs	22% (1999)
Population without access to water and sanitation	14% (2000)
Population without access to electricity	32% (2001)

* Sources: The Economist Country Briefings, UNDP Human Development Report 2003, World Bank World Development Report 2004, International Energy Agency World Energy Outlook 2004.

WHAT ARE THE MOTIVATIONS? HOW DO WE SHIFT MINDSET?

Previous research indicated that most companies are guided by a mix of motivations when embarking on Sustainable Livelihoods business strategies. Some may start from an ‘it’s the right thing to do’ attitude, others may be moved more by a sense of business opportunity. Then there are those who may feel pressured by society’s expectations for a license to operate, while still

others may be required by government contracts to do business with the poor.

This introductory question generated a lot of discussion around SL as a business strategy and whether it provided a valid and culturally acceptable approach to poverty reduction.

Eskom (South Africa)

Eskom is committed to the creation of Sustainable Livelihoods and is seeking to further its role in the supply of affordable energy and in the provision of economic opportunities for disadvantaged groups. Eskom is therefore active on both the supply side and the demand side of local market development. Eskom has been addressing the electricity needs and the energy equity issue in the country, through the electrification of over three million homes over the last decade. Simultaneously, as part of its procurement policies and managerial support programs, the company supports small, medium and micro-sized enterprises (SMME’s) and large black businesses for the procurement of goods and services, thus contributing to the national Black Economic Empowerment (BEE) initiative and helping provide income-generating activities to low-income groups.

Collect-a-Can (South Africa)

The Collect-a-Can business was started by its parent companies (Isacor, a steel maker, and Nampak, a packaging company) as a response to societal pressure regarding the impact of their activities on the environment. Collect-a-Can, which outsources the collection and recycling of used aluminum cans, proved to be a “triple win” idea, benefiting the parent companies (which can use the retrieved aluminum in their production processes), the environment and the entrepreneurial “can collectors”, who have gained a sustainable source of income and can earn on average US\$ 2,300 a month.

Costa Rica

Key lessons

- > There has been a shift in corporate approaches to sustainable development – from minimizing negative impacts of business activities to creating new value for the consumer and society at large through core business operations.
- > Looking at the challenge of poverty through an entrepreneurial lens rather than a philanthropic lens can generate tremendous business opportunities.
- > Sustainable Livelihoods business must be seen as a holistic approach that seeks to provide the poor with opportunities to improve their livelihoods both through income-generating activities and through greater access to products and services tailored to their needs.

Brazil

Key lessons

- > Success requires active partnerships with municipal authorities.
- > Place the needs of the poorest communities at the heart of the business model.

Argentina

Key lessons

- > Develop the meeting places and mechanisms for government, business and civil society to work together.
- > Work to shift perceptions that philanthropy is the only route for business to deliver social benefits.

India

Challenges

- > The sustainable livelihoods approach is nothing new. Historically, given the virtual absence of private enterprise in India, public sector units (PSUs) took the lead of nation building and economy strengthening activities. Since their inception, socio-economic development has been integrated in the very mandate of PSUs.
- > Because Indian society is a complex fabric of varying cultures and income levels, companies are regularly forced to assess new markets in differing income groups and innovate to gain access.
- > Poverty reduction will require more than philanthropy. It will take a model that fits into corporate strategies – the question is whether there is market potential for “sustainable livelihoods”-type business in low-income communities?
- > One of the main challenges when assessing the social impact and the profitability of new SL businesses is that it is often difficult to see the profits immediately. Social benefits must therefore be regarded as a priority.

Key lessons

- > As Amartya Sen rightly observed, “poverty consists of the deprivation of opportunities”. Hence the best route to creating sustainable livelihoods is through the creation of opportunities, for instance to participate in local economic activities.
- > Philanthropic activities are not the only means of achieving wealth creation in low-income communities. Many corporate philanthropic efforts are directed at the immediate needs of a community and tend to be sporadic.
- > That said, philanthropy in India is ingrained in the culture and plays an important role in poverty relief. Companies should have both, thus offering an integrated approach to poverty reduction.
- > Changing mindsets enables companies to turn perceived challenges into business opportunities.



South Africa

Challenges

- > In the post-apartheid context, business has a clear role to play in promoting a stable and sustainable socio-political and economic environment. It is increasingly accepting the responsibilities associated with this broadening role in society.
- > Business needs to assist government in shaping and implementing an appropriate and effective regulatory framework, so it can become an effective enabler of sustainable livelihoods.

Key lessons

- > South African companies are driven by a combination of motivations, with the prevailing understanding being that ‘it is the right thing to do’.

- > A “doing the right thing” attitude needs to be embedded into corporate values, but champions are still needed to drive SL businesses into mainstream business.
- > A mindset shift needs to take place at different levels within the company, through top-level endorsement and visionary leadership as well as a bottom up approach of nurturing potential entrepreneurs.
- > There is a need for success stories. Equally, there is a need for the sharing of stories depicting perhaps where companies went wrong, identifying project shortcomings and unmet challenges. It will take such experience to build the business case.

DO WE HAVE THE RIGHT PRODUCT/SERVICE TO OFFER? HOW DO WE ENSURE THAT THERE IS DEMAND FOR IT?

Understanding the market in developing countries can be tricky. When developing a product or a service for low-income communities, one recurring difficulty is to differentiate between “needs” and “wants”, both of which come aplenty. Another is to prioritize between the various needs to ensure that the product/service developed brings the greatest

developmental benefits and opens the door to more opportunities for self-empowerment. In many cases, “having the solution” is often not enough; a lot of time and effort need to be invested upfront to secure communities’ buy-in and early adoption of the product. Promoting sustainable consumption is a delicate balancing act in the context of developing countries.



Costa Rica

Key lessons

- > Focus on aligning the function of a product with the needs in a given cultural context.
- > Work with reputable partners to determine needs.

Argentina

Key lessons

- > In developing the right products, look to focus delivery of value through the product design rather than the brand.
- > Build a corporate product management process that takes into account the impact of the product on the final user and the sustainability of increased volumes of production and consumption.

Brazil

Key lessons

- > Look to deliver a holistic product offering. For example ABN Amro’s provision of financial advice in addition to micro loans.

India

Challenges

- > Reconciling the difference between “needs” and “wants” as these will vary greatly from one social segment to another.
- > There are insufficient research and development facilities to assist companies in providing products appropriate to the needs of poor communities.
- > Negotiating a socially and culturally very diverse market.

Key lessons

- > Product must meet all needs of the poor – should be relevant, affordable and easily accessible.
- > Other elements of success include customer satisfaction, after-sales service, critical mass, quality assurance and product integrity.



South Africa

Challenges

- > Companies face a tough challenge to differentiate a community’s needs and wants. Companies should aim to develop products that have high development impact and that are desirable to customers.
- > Creating demand in an arena where a key barrier to success is the difficulty in sharing information and raising awareness of product, service or scheme.
- > Identifying and initiating the most appropriate partnerships in order to ensure delivery.

Key lessons

- > Identifying communities’ needs: business must adopt an approach whereby it works ‘with the community’ (rather than ‘for the community’) in determining affordability levels and local relevance of the product/service.
- > To reconcile the needs and wants of communities, companies need to work with the local communities in designing a product/service that is appealing to them while fulfilling a need. Companies should complement community-gathered information with independent research to pinpoint critical requirements.
- > The private sector should partner with both government and civil society to identify the greatest need.
- > The most effective way of reaching people is often by traditional means, for example, word of mouth, demonstrations and local leader’s endorsements. Companies must partner with NGOs in cases where the company does not have sufficient credibility, community trust or community knowledge.

HOW DO WE FINANCE THE INVESTMENT?

HOW CAN WE ENSURE THAT OUR CUSTOMERS CAN AFFORD IT?

HOW CAN WE COLLECT OUR REVENUES?

The question of finance is at the heart of any business venture, and even more so when it is concerned with low-income communities. The challenges associated with financing can be divided into three broad categories. Firstly, many SL businesses require large upfront investments so companies must often look for ways to co-finance their business. Secondly, to ensure

affordability, companies must explore ways of subsidizing their product or services and cutting costs in their supply chain. Finally, the company often needs to design innovative methods for collecting payment, as many customers will not have a postal address or access to traditional banking services to pay their bills.



Costa Rica

Financing the investment / Key lessons

- > Clustering with other companies can help attract multilateral and bilateral funding.
- > Communicate clearly the social benefits of the SL business and its contribution to sustainable development when leveraging funds.

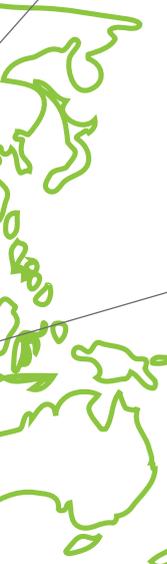
Revenue collection / Key lessons

- > Package micro-finance solutions with the product/service offer.

Argentina

Key lessons

- > Provision of an invoice provides consumers with evidence of occupation of property – and can trigger other commercial transactions.
- > Participation by the community can create awareness of the need for service providers to recover costs and so provide assurance of repayment.



India

Financing the investment / Challenges

- > Selling the idea within your own company to obtain necessary capital, partly linked to the difficulty of making the business case in a language that business understands.
- > Getting external investors interested in the venture.
- > There are limitations to government funding which is being provided for pre-listed programs only. This stifles innovation and flexibility.

Financing the investment / Key lessons

- > Introduce economic and social assessments in financial appraisals in addition to environmental impact assessment.
- > It is critical for businesses to network and partner with other businesses, governments and civil society groups and potential investors to capitalize on available funding opportunities.
- > Outsource, for example to a social venture capital firm.
- > Make government funding more flexible, beyond identified schemes.

Affordability / Challenges

- > There is a lack of soft credit for rural consumers.

South Africa

Financing the investment / Challenges

- > Current financial models often do not quantify certain inputs, such as risk mitigation, making the “sell” that much more difficult (e.g., lowering the risk of investing in local tree growers by providing them with training in basic business skills so they can more successfully operate a small-scale plantation).

Financing the investment / Key lessons

- > Focus efforts on core business strengths and find other partners for associated resources.
- > Must separate the ‘for-profit’ business from the ‘philanthropic/CSR’ projects when raising funds, although funds from philanthropic sources can be used as seed money for a viable business.
- > Identify and tap into possible government support such as tax incentives and funds targeted at the promotion of small businesses. For instance, the Industrial Development Corporation (IDC), a state-owned corporation that provides financial assistance to foreign and local entrepreneurs for industrial development, is often prepared to make an equity investment or enter into joint ventures with foreign investors. Similarly, the Small Business Development Corporation (SBDC), a joint venture between the government and the private sector, is aimed at

providing finance and support for the small local and foreign businesses.

Affordability / Key lessons

- > Broaden the product base with multiple products and pricing schemes as well as innovation to respond to changing market demands.
- > Consider development of shared services and infrastructure, whereby companies have access to and share the benefits of common services and associated infrastructure.

Revenue collection / Key lessons

- > Entrench within the consumer and potential consumer the concept of needing to pay for products and services.
- > Consider the use of pre-paid systems and smart cards. Not only does prepayment scheme reduce the customer’s credit risk, but it also provides a good indication of what the community can afford and its consumption patterns.
- > When investigating appropriate collection schemes, consider and understand the cultural differences in each region/community as well as the dynamics associated with the micro economies of lower-income areas.

HOW CAN WE IMPROVE OUR SUPPLY CHAIN?

By helping develop the capacity of local enterprises to be reliable business partners, companies are stimulating income-generating activities for hundreds of small and medium-sized businesses. But while many companies see the benefits of localizing the value creation and

involving local actors in their activities, the main challenges relate to identifying promising entrepreneurs and developing the appropriate tools to transfer skills and know-how, so they can meet global standards.

Lafarge (India)

Lafarge's employability project seeks to train youth in the skills of masonry. In the long term, the win-win proposition of this project is that Lafarge will inherit brand ambassadors and potential customers for its cement while the young men in the region earn the chance to become gainfully employed.

Mondi (South Africa)

To improve the performance of its paper recycling operations, Mondi, an Anglo American's subsidiary, has helped some of its former employees grow their own business and become Mondi's official suppliers. The company has provided training and equipment to support local entrepreneurs in setting up their paper collection processes. While a number have opted for the Owner-Driver scheme, whereby entrepreneurs own a Mondi-branded truck, others have set up Buy-Back Centres in conveniently located areas to collect wasted paper and sell it back to the company. In contrast to the quantity collected by employees on fixed salaries, the percentage of recycled paper has grown steadily now that former employees have the incentives to grow their own business.

Michelin (Brazil)

Outsourcing of Michelin's rubber plantation at Ouro Verde Bahia in Brazil has opened up opportunities for small holders to grow cocoa as a cash crop, on the same land, in addition to growing rubber – whilst Michelin continues to receive the supplies of rubber that it needs.

Brazil

Key lessons

- > Outsourcing can open up avenues for former employees to benefit from additional sources of income.

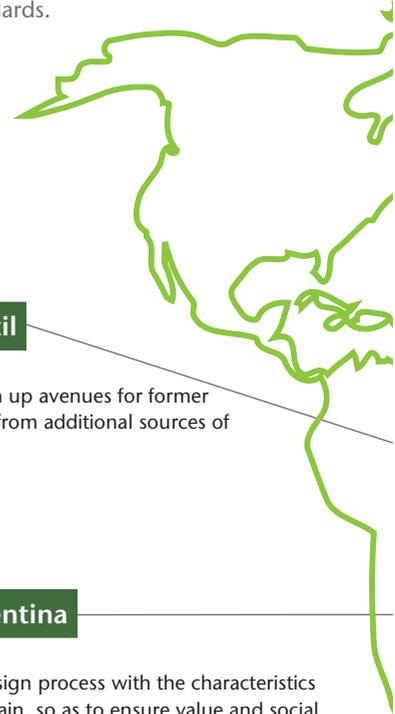
Argentina

Key lessons

- > Integrate the design process with the characteristics of the supply chain, so as to ensure value and social benefits are built in the sourcing and distribution process of the product.

Anglo American (South Africa)

Anglo American formed an entity known as Zimele to support local enterprises, particularly among black communities. There are numerous business opportunities that focus on outsourcing at mining operations, including fuel supply, railway maintenance, transport, laundry services, catering, etc. Anglo makes loans and provides managerial support to these budding businesses in exchange for a minority stake and a seat on board. Anglo wins as it benefits from being able to concentrate on its core activities, while relying on the services of well-trained suppliers.



India

Challenges

- > The main challenge in developing the supply chain is how to raise awareness and build capacity amongst the 8 million or so Small and Medium-sized Enterprises (SMEs) to incorporate sustainable development issues.



South Africa

Challenges

- > In the post-apartheid context, the question of how to enhance SMEs participation in the local economies is closely linked to government policy of Black Economic Empowerment (BEE). By helping black entrepreneurs and black-owned SMEs meet procurement standards and enter their supply chain, corporations can simultaneously improve their local supply chains and satisfy government policy to bring previously marginalized groups into the formal economy.
- > Managing the increasing expectations being placed on the private sector by their business partners (particularly for SMEs struggling to meet requirements from their bigger corporate partners), by government (in complying with evolving regulatory framework), and by the communities in which they operate (to be socially responsible partners).

Key lessons

- > Improving the company's environmental performance can lead to the creation of new opportunities for contractors operating along the company's supply chain.

HOW DO WE SCALE UP OR REPLICATE?

With almost two-third of the world's population living on less than US\$2 a day, the scale of the challenge of improving their livelihoods is huge. By the same token, so is the scale of the opportunity. Companies that succeed in developing products and services that can be mass-marketed to low-income communities will

not only grow their market share significantly, but they will also have a considerable developmental impact on the region. The potential for scaling up or replicating a business elsewhere must be kept in mind when designing pilot projects.

Aguas Argentinas (Argentina)

Aguas Argentinas, a subsidiary of Suez has the objective of connecting 600 000 customers from the low income market segment in Buenos Aires by the end of 2005. On average each customer would receive 325 litres per month at a cost of less than 1 USD per month.

Costa Rica

Key lessons

- > Brainstorm a large number of ideas through a systematic process.
- > Use pilot projects as test bed to ensure feasibility and profitability and then take advantage of the scale and reach of large companies to mainstream into real business.
- > Build on your existing presence in areas of operations to target lower-income groups in that region.
- > Once successful, consider SL business as a strategic pillar for the company.

Argentina

Key lessons

- > Recognise the power of developing a common language amongst both business and development professionals, so as to communicate and disseminate the opportunities for Sustainable Livelihoods business.



India

Challenges

> Over 70% of the population lives in rural areas, with a pressing need to combat poverty, environmental degradation (floods and drought) and migration to cities. Considering the natural advantages of tropical climate, the low cost of labor and vast tracts of land – the rural areas present a significant opportunity for scaling up business – which is large in terms of numbers of employees and numbers of people whose livelihoods could benefit.

Key lessons

> The business models should focus on ensuring direct supply of products that can be marketed easily. The

forest products industry (wood, fuel, paper) might provide excellent opportunities.

- > Business solutions need to incorporate the following characteristics: be labor intensive, use appropriate technologies, require low capital investment.
- > Partner with communities (NGOs) and government.
- > Have a long-term vision, start small, succeed, then grow.
- > Policy instruments and business services need to be put in place to create a conducive environment for investment (e.g. tax incentives, land quota system).



South Africa

Challenges

> Difficulties in initiating an integrated approach to urban planning and development. Whilst significant funding sources exist (both locally and abroad), the challenge is to ensure a more efficient and appropriate use of those funds for infrastructure development.

Key lessons

- > Assume the opportunity is greater than currently acknowledged and when tapped into will attract other partners and sources of funding.
- > Share lessons, good and bad.
- > When replicating, it is important to do an accurate needs assessment bearing in mind the different needs of different regions. Consider a joint cross-sector approach.
- > Think of broader societal implications when scaling up (even if you take short term steps, keep bigger picture in view and design for long-term strategy even when taking short-term action).

HOW CAN WE REACH OUR CUSTOMERS?

Lack of appropriate infrastructure represents a significant obstacle in many parts of the world, making it difficult and costly for companies to reach their customers, particularly in remote rural areas. Many companies are developing

innovative ways to make use of existing infrastructure and informal distribution networks or to piggyback on the distribution channels of existing products.



Costa Rica

Key lessons

- > Work in partnership with humanitarian and relief organizations to utilize existing distribution networks to reach needy communities.
- > Use naturally occurring distribution channels, rather than re-invent specific channels for new products.



South Africa

Challenges

- > Ensuring that the customer can afford the cost of maintenance of the product and that customer and repair services are available.

Key lessons

- > Think creatively about using existing community meeting points and access facilities, such as local churches, clinics and municipalities.
- > Identify an individual to distribute a product (or samples of the product) within his/her community.

EdF (South Africa)

Electricité de France (EdF) is rolling out its Liquefied Petroleum Gas (LPG or propane) product line on the back of its solar infrastructure in rural South Africa. They are also putting in place an irrigation pump powered by the solar panels already installed in that area.

Procter & Gamble (Haiti)

P&G are taking their NutriStar fortified drink to Haiti with the help of development organization CARE. CARE distributes the product along with the condoms and mosquito nets it already brings to hard to reach places in Haiti.

Concluding remarks

“Business in developing countries plays a vital role in contributing towards global imperatives and we need to define novel ways in which to leverage resources in meeting the challenges we collectively face,” Joe Matsau, Eskom Managing Director, Corporate Division

The dialogues have shown that there is a lot of experience and indeed belief in the potential of the Sustainable Livelihoods business approach. There are many common themes from different regions, although success comes from tailoring a business solution to each locality. However success is not a given. Business must be prepared to build the case using the skills, innovation and resources that are available in the developing world. A very clear message was that such business will only blossom, and deliver social benefits at scale, if local and national governments play their part in building the environment for business to succeed.

What lessons have the dialogues provided?

The key lessons, on which policy and action must be based are:

- > Business is part of the solution. There is growing momentum around Sustainable Livelihoods businesses, i.e. business that generates benefits for poor communities in a commercially viable way.
- > Business can contribute to creating wealth and opportunities in developing countries through its core operations. In doing so, it will also grow tomorrow's markets in the developing world. Companies that clearly demonstrate the socio-economic benefits of their operations will be best able to profit from untapped opportunities in emerging markets.
- > Companies need to embark on learning journeys to enable them to see how to put poor communities at the center of their thinking and develop innovation along their supply chain. Companies need to rethink their business models – the solution can lie in the product or service itself, or through innovative delivery mechanisms in the supply chain.
- > Partnerships across sectors can help mitigate investment risks. NGOs and communities involvement is central to understanding needs and ways to maximize the benefits of SL businesses. Governments must also play an active role to improve the investment climate and defuse political risk to ensure the delivery of essential services through business solutions.
- > Markets must work for all – with the elimination of market distorting subsidies to encourage innovation and competition. Alignment of efforts is needed to create synergies and reach scale.

“The challenge can be met with a combination of vision and practical sense,” Mr. Mehra, Chairman and Managing Director, Forbes Gokak Ltd.

“Adam Smith, if revisiting his work, would recognize that a systematic approach to building markets is needed with more effective rules and a more inclusive approach – and a longer term perspective to overcome the threats of short term thinking,” Julio Moura, Grupo Nueva CEO

28 cases presented at the dialogues

Aguas Argentinas, *Water for deprived neighborhoods*, Argentina

Edenor (subsidiary of EdF), *Access and awareness for energy consumption*, Argentina

Unilever, *Building an inclusive workforce*, Argentina

Masisa Argentina, *Furniture for lower income markets*, Argentina

Amanco Argentina (subsidiary of GrupoNueva), *Rural water systems*, Argentina

ABN Amro, *Building a micro-finance business*, Brazil

Michelin, *Livelihoods through the supply chain*, Brazil

Philips, *Enhancing livelihoods through connectivity*, Brazil

Aracruz Cellulose, *Livelihoods through forest products*, Brazil

Natura Cosméticos, *Ekos – Involving communities in the supply chain*, Brazil

Procter & Gamble, *Lessons from a multinational*, Global

Amanco Guatemala, *Developing sustainable agriculture*, Guatemala

Hindustan Lever Ltd, *Project Shakti*, India

Aavishkaar India, *Micro-credit venture capital fund unlocking SME potential*, India

ICICI Bank, *Strategies for doing business with the poor*, India

Birla SunLife Insurance, *Developing a sustainable business model to insure rural India*, India

Ballapur Industries Ltd (BILT), *Farm Forestry Programme*, India

Aviva Life Insurance Company India Pvt Ltd, *Rural Insurance Initiative*, India

Shell, *Linking farmers with customers*, India

Microsol, *Solar lamps*, India

ITC, *Greening the supply chain*, India

Sundaram Clayton, *Capacity building in rural communities (Srinivasan Services Trust)*, India

Indian Farms and Forestry Development Cooperative, *Agro-forestry and Rural Development*, India

Holcim, *Developing business in Mexico*, Mexico

DuPont, *Designing business for Mexico and Brazil*, Mexico and Brazil

Eskom, *Black Economic Empowerment Programme*, South Africa

Collect-a-Can, *Inspiring entrepreneurial endeavours*, South Africa

South African Sugar Association, *A sustainable livelihoods approach to industry challenges*, South Africa

Please visit our Sustainable Livelihoods case study database or contact our local Business Council for Sustainable Development for more details:

www.wbcsd.org/web/sl.htm

www.wbcsd.org/web/regional.htm

CoRE-BCSD India, of The Energy and Resources Institute (TERI) www.teri.res.in/core/

BCSD Argentina (CEADS) www.ceads.org.ar

BCSD Brazil (CEBDS) www.cebds.com

National Business Initiative (NBI) www.nbi.org.za

Disclaimer

This report is released in the name of the WBCSD. Like other WBCSD reports, it is the result of a collaborative effort by members of the secretariat, several member companies and regional partners. This document is an interim draft aimed to broadly represent the views of the dialogues' participants. It does not mean, however, that every member company agrees with every word.

About the WBCSD

The World Business Council for Sustainable Development (WBCSD) is a coalition of 170 international companies united by a shared commitment to sustainable development via the three pillars of economic growth, ecological balance and social progress. Our members are drawn from more than 35 countries and 20 major industrial sectors. We also benefit from a global network of 50 national and regional business councils and partner organizations involving some 1,000 business leaders.

Our mission

To provide business leadership as a catalyst for change toward sustainable development, and to promote the role of eco-efficiency, innovation and corporate social responsibility.

Our aims

Our objectives and strategic directions, based on this dedication, include:

- > **Business leadership:** to be the leading business advocate on issues connected with sustainable development
- > **Policy development:** to participate in policy development in order to create a framework that allows business to contribute effectively to sustainable development
- > **Best practice:** to demonstrate business progress in environmental and resource management and corporate social responsibility and to share leading-edge practices among our members
- > **Global outreach:** to contribute to a sustainable future for developing nations and nations in transition

Credit

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Related publications and resources

A business guide to development actors
October 2004 (WBCSD)

Finding capital for sustainable livelihoods businesses
July 2004 (WBCSD)

Doing business with the poor: A field guide,
March 2004 (WBCSD)

Investing for sustainable development: Getting the conditions right,
July 2002 (WBCSD)

Tomorrow's Markets: Global trends and their implications for business
April 2002 (UNEP, WBCSD, WRI)

WRI market data research:
http://pubs.wri.org/pubs_dataset.cfm?PubID=3990

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