



BSR Conference 2009

Reset Economy. Reset World.

The Impact of the Financial Crisis on Poverty

Breakout Session Summary

Wednesday, October 21, 2009 | 3-4 p.m.

Speakers

- » **Beth Jenkins**, Fellow, CSR Initiative, Harvard Kennedy School
- » **Alejandra Martin**, Manager, Energy and Extractives, BSR (moderator)

Highlights

- » The financial crisis illuminates the need for the private sector to align economic development investments with core business functions. While charitable contributions are suffering in the short term, more strategic approaches to community investments should have a positive impact on poverty alleviation in the long term.
- » Private sector investments in innovative products and solutions that are designed to meet the needs of low-income populations can both provide financial return and stimulate economic development.

Memorable Quotes

"Poverty alleviation doesn't happen without the private sector."—Beth Jenkins, Harvard Kennedy School

"Examples of impact that have reached the greatest scale have had primarily commercial motives, as opposed to philanthropic motives."—Beth Jenkins, Harvard Kennedy School

Overview

Jenkins kicked off the session by describing the critical role of the private sector in alleviating poverty through the normal course of business. For example, business expansion into new markets creates jobs and introduces product offerings that make people more productive.

In the current economic crisis, funds available for charitable contributions are extremely limited. Today's climate underscores the need for business to connect economic development efforts with core business activities and think strategically about community contributions.

In reflecting on best practices in the reset economy, Jenkins emphasized two key trends:

- » A renewed focus on integrating economic development objectives into core business functions and making a clear business case. Jenkins claimed, "Programs driven by public relations will not be successful in alleviating poverty in tough economic times."
- » A new emphasis on innovation that provides entry into new markets, while improving the quality of life for the base of the pyramid. Jenkins provided the example of Danone working with the Grameen Bank to develop a microenterprise that provides a low-cost process for producing yogurt in Bangladesh.

When asked how she would spend a CSR budget, Jenkins replied that she would spend the budget on identifying "intrapreneurs." She would encourage the intrapreneurs to test and incubate new market solutions and connect with key external stakeholders and potential partners. She



would also encourage them to pursue outside capital and closely monitor the impacts of investments into new solutions.

Given the resource constraints of today's economic climate, Jenkins believes the need for collaboration is becoming even more pressing. Governments, and development agencies in particular, can play a critical role in providing the funds necessary to bring key business innovations to scale. There are also many existing networks that can be leveraged by business to achieve economic development goals. These networks include: Business Call to Action, International Finance Corporation Business Linkages Network, and the Base of the Pyramid Learning Laboratory.

Session participants reiterated Jenkins' belief that the economic crisis has triggered more interest in innovative programs focused on economic development, despite a decrease in funds available for philanthropy. Participants cited many examples of existing efforts to tie economic development interests to core business activities.

In reflecting on the examples provided by participants, Jenkins remarked that the initiatives backed by financial motives, rather than or at least in addition to social motives, tend to achieve the greatest scale. Sodexo, for example, is working with food organizations in local communities to provide food safety training, recipes for food banks, and culinary job training programs, from which they then hire. Jenkins emphasized that a key element of the program is Sodexo's commitment to hiring, which can provide a more systemic solution that continues to have impact beyond the initial investment in the training program.

During the Q&A session, participants asked for feedback on how to measure the impact of investments in poverty alleviation. Jenkins suggested following a few manageable steps: First, choose indicators that can be measured and influenced; and second, partner with other organizations to increase the credibility of measurements.

Jenkins also suggested taking a value chain approach to identifying key opportunities for creating business value while stimulating economic development. Looking at procurement, product design, sales, and other value chain functions, companies should identify the opportunities where they have the greatest leverage in reaching new markets and incorporating low-income consumers.

The session concluded with both Jenkins and session participants suggesting that NGOs also have a changing role in the reset economy. NGOs need to be thinking more expansively about how to partner with industry, and in turn, adopt business models that are less reliant on philanthropic donations.

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