

INNOVATING FOR THE INCLUSION OF THE MOST DISADVANTAGED

FOSTERING DIGITAL AND INCLUSIVE BUSINESS

SUMMARY OF THE AFIDBA PROGRAM WHITE PAPER

A new vision ?

Founded with the aim of using entrepreneurial levers to solve social, societal and environmental concerns, the concept of Inclusive Business is gaining ground. Inclusiveness offers solutions to the limitations of Western capitalist models, which are primarily based on maximizing profit and responsible for climate change, social and gender inequalities, and the violation of human rights, among other things.

Inclusive Business is committed to integrating social, local and environmental factors. Its direct involvement with vulnerable populations is what makes it an integral part of more sustainable development. Yet, this economic model is confronted with internal difficulties that demand tangible ways to reconcile its model (inclusion of the BoP and social objectives) with its economic viability (see pages 3 and 4).

In Africa, an extensive ecosystem is engaged with entrepreneurs to meet this objective.

Inclusive business is described as a new market, but in fact, it is a continuum. Inclusive business is not an alternate model, it is rather the future of business.

Fatou Mourate Sar,
Founder of social enterprise Murafa

Defining Inclusive Business

Although several definitions of Inclusive Business are available, we consider the following one:

Inclusive business is an entrepreneurship model that integrates populations at the base of the pyramid (BoP)¹ in a central and sustainable way in order to improve their living conditions, while adopting an economically viable model. It may also have a social and/or environmental purpose.

AFIDBA in a nutshell

Program duration: **3 years 2019-2021**
 Financed by **AFD** led by **Bond'innov**
 Supported by **PPI** and **9 other actors** mobilized for development
 Implemented by **4 incubators in four countries 4 countries**
 Morocco, Senegal, Ghana & Burkina Faso

Through the AFIDBA program:

- 60 inclusive companies have benefited from a 6-month acceleration program, supported by local incubators
- 28 of them obtained financing through a mechanism combining loans and grants.
- 56 workshops on Inclusive Business have been organized for all the actors in the ecosystem, which have helped them to appropriate, localize and spread this concept.
- 4 partner incubators have strengthened their capacities

Key features of Inclusif Business

REQUIRED FEATURES

1. Economic viability
2. Sustainability based on BoP inclusion
 - as clients
 - as employees
 - as suppliers

3. Sustainability by taking into account social and / or environmental issues

IMPORTANT FEATURES

4. Gender
5. Impact measurement
6. Shared value

DESIRABLE FEATURES

7. Co-construction with BoP populations
8. Democratic or participatory governance
9. Community reinvestment

What is in this white paper?

More than 70 individual interviews with researchers, practitioners, and AFIDBA entrepreneurs

Over 200 references on African entrepreneurship, inclusive and social business, women's entrepreneurship, inclusive market approaches, policy and legal frameworks for entrepreneurship in the 4 countries, impact investing, support structures in Africa, and much more

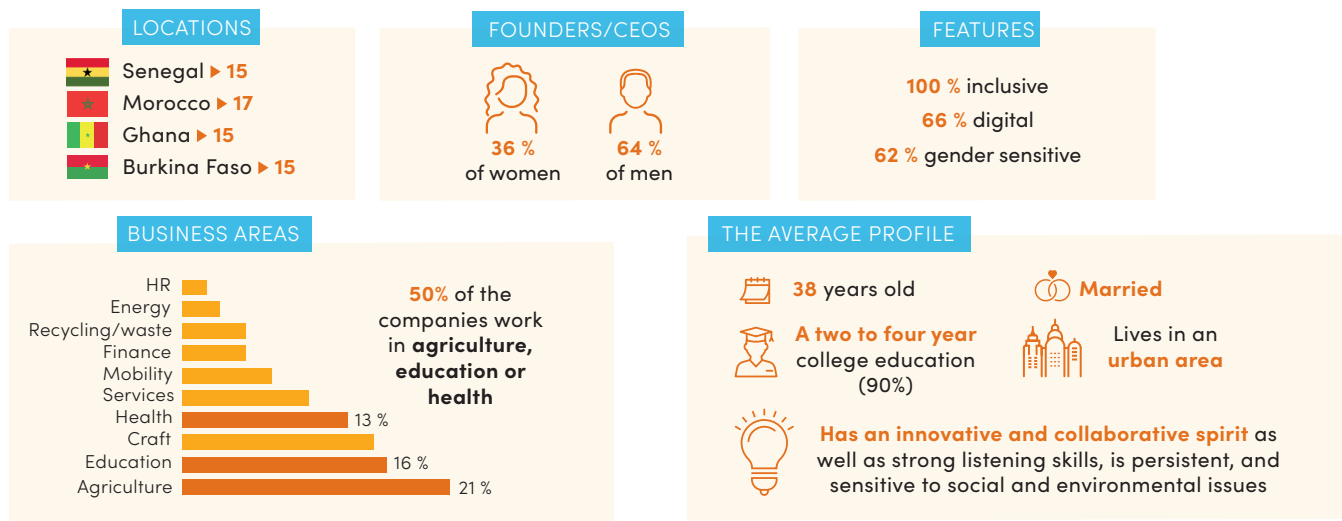
9 panel discussions in French and English

Quantitative data from the monitoring of project coordination and external evaluations

1. BoP refers to the most underserved and vulnerable populations who lack access to basic goods and services like health, education, power, employment, and «all people living with an income of under \$8 a day» in terms of purchasing power parity (PPP; source: G20). This population now amounts to 4 billion people.

Supporting inclusive entrepreneurship and its ecosystem

Who are the AFIDBA entrepreneurs?



Improving the living conditions of BoP populations

Besides job creation, inclusive businesses must **contribute to improving the lives of vulnerable populations** by promoting and facilitating access to dignified work, the transmission of skills, social benefits, access to education, financial inclusion, more equitable value sharing, etc. These business-induced changes **must be sustainable**.

Strengthening the Inclusive Business ecosystem

The mission of the AFIDBA project is to **strengthen the ties between the various** stakeholders of the inclusive entrepreneurship ecosystem. In this respect, the following challenges need to be addressed:

- The legislative and normative framework is not well suited to inclusive businesses
- Poor infrastructural conditions (telecom, transportation, etc.)
- Insufficient support services for business development and access to financing
- Limited qualified workforce (AFIDBA entrepreneurs find the recruitment of BoP populations to be challenging due to their insufficient skills)
- Cultural acceptance (especially regarding women's entrepreneurship: women lack access to networks and mentors, and often have the challenging need to reconcile work and family)



Our advice to incubators

AFIDBA has established accelerator programs for inclusive businesses, the outlines of which can be reused for new programs:

01 Bootcamp & Group Training with sharing, networking and other key modules:

- Module 1: Defining Inclusive Business
- Module 2: Adapting business practices to the inclusion of BoP populations
- Module 3: Building partnerships for a viable financial model

02 Modules on cross-cutting topics (group sessions):

- Social and environmental impact measurement
- Gender inclusion
- Digitization
- Sustainable development
- Investors relations

03 Customized modules to be designed individually for a more personalized support, using Concree's inclusive business model canvas (e.g. on accounting, legal and marketing aspects, innovation, etc.)

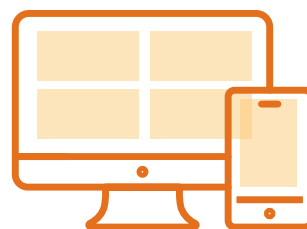
- Social and environmental impact measurement
- Gender inclusion
- Digitization
- Sustainable development
- Investors relations

How to leverage the potential of an inclusive company?

The use of digital technology

The use of digital technology is a driver of economic growth and forms one of the selection criteria of the AFIDBA companies. Digitization makes access to information easier (studies, contacts, **financing tools** at the global or local level, banking) and **facilitates management** tasks (inventory, customer-supplier networking, etc.). Most notably, digitization allows companies to enjoy marketing and business opportunities, as well as tools for internal and external communication, including advocacy.

However, inclusive entrepreneurs must ensure that their digital resources do not raise any more barriers to BoP populations.



Gender mainstreaming²

The AFIDBA program's inclusive companies aim to promote gender equality as a lever for inclusion and the fight against extreme poverty. **Whether they are entrepreneurs, employees or suppliers, the integration of women in the business world deserves special attention.** Integrating gender equality into the strategy of inclusive entrepreneurship provides an appropriate response to the needs of BoP populations. Gender mainstreaming.²

However, according to Isabelle Guérin, socio-economist and researcher at the Institut de recherche pour le développement (IRD), **the potential negative effects of inclusion should not be overlooked.** In her article «Social business and the 'bottom of the pyramid': the forced march of social capitalism», Guérin shows that care must be taken not to make women's double day heavier or create more pressure on them. She uses the example of market makers, playing the role of interface and intermediary to sell products and services. In this particular case, Isabelle Guérin denounces a capture of value and a delegation of risks rather than a real coconstruction.



We are making an impact in the lives of the people we serve [...] but we must be able to demonstrate it. Measuring our impact is important, but we need support.

Momar Fall,
General Manager
of La Case Solidaire

The importance of impact measurement

By measuring their social and environmental impact, companies can improve their inclusiveness and resilience, as well as their decision making. Hence, it is crucial to analyze every positive and negative impact a company makes on its stakeholders, its region, or society in general.

From obstacles...

HR and logistical requirements
Language barrier
Implementation costs
Challenging access

... to solutions

Integrating impact measurement progressively
Partnering for impact measurement
Using tools tailored to target audiences
Favoring the development of local resources

2. Inequalities between men and women are based on their assignment to socially constructed roles by sex, so having a gender approach calls all processes into question. The ultimate goal of gender mainstreaming is to achieve equal rights for women and men and an equitable sharing of resources and responsibilities.

Recommendations



ENCOURAGE



INFORM



INVEST



IMPLEMENT

Multi-stakeholder recommendations

- 01.** Promote the social and environmental impacts of inclusive business to the governments of AFIDBA countries through multi-stakeholder advocacy.
- 02.** Constantly seek new ways to measure the viability of inclusive businesses and their complementarity with other mechanisms (government actions, associations, etc.) where entrepreneurs contribute to their country's SDGs

Recommendations for inclusive entrepreneurs

- 03.** Promote and enhance hybrid financing (public and private) of the company
- 04.** Define an in-house gender strategy to be formalized in a written policy
- 05.** Raise awareness and engage communities on gender issues, especially men and boys
- 06.** Strengthen the digital inclusion of populations, especially BoP, by facilitating access to digital services

For institutional actors

- 07. (AFIDBA states):** Define a legal definition status for Inclusive Business in the four AFIDBA countries based on objective and observable criteria
- 08 (States including AFIDBA) :** Create incentives that promote investors' funding and other donors to engage in impact investing
- 09 (States including AFIDBA) :** Support the creation of exchange platforms between the different ecosystem actors to foster dialogue and a coordinated approach
- 10 (Donors) :** Capitalize on multi-country programs such as AFIDBA to develop exchanges between actors from different countries
- 11 (Donors) :** Choose a co-constructive approach with all national stakeholders in AFIDBA countries when designing development programs for businesses and the inclusive ecosystem
- 12 (AFIDBA States + donors) :** Continuously promote the establishment of economic infrastructure (e.g., roads) that facilitate the circulation of goods and services and the market access for the poorest
- 13 (AFIDBA states):** Establish specific national incentives to enhance the social mission of inclusive companies
- 14 (AFIDBA states):** Establish public policies that empower women and promote women's entrepreneurship
- 15 (Donors) :** Develop specific programs for women's entrepreneurship based on the three axes seen above
- 16 (AFIDBA states) :** Generalize the implementation of online platforms for information sharing to facilitate entrepreneurs' paperwork
- 17 (States including AFIDBA) :** Establish a continuum of financing based on investor coordination that allows companies to be funded at each stage of their growth
- 18 (Donors) :** Proactively integrate business impact assessment into programs

For funders

- 19.** Work to harmonize the evaluation tools of impact investors, funds, or business angels to make this type of financing more accessible for entrepreneurs
- 20.** Facilitate funding access by offering a continuum of solutions for companies at each stage of their growth
- 21.** Combine capacity building and funding as a standard feature of acceleration programs.

For support structures

- 22.** Emphasize inclusive entrepreneurship in incubator networks
- 23.** Facilitate entrepreneurs' access to impact assessment tools adapted to their needs and challenges
- 24.** Become the facilitator of entrepreneurs and funders in a more systematic form.
- 25.** Focus on funding human resources for incubators to design development programs that include an accelerator curriculum

