

# Stakeholders' Roundtable for Promoting Inclusive Innovation (PII)

Harvard University, June 22, 2012

## Summary Note

### Introduction

---

The South Asia Initiative at Harvard University, Omidyar Network, Growth Dialogue and the World Bank Group convened a Stakeholders' Roundtable for the **Promoting Inclusive Innovation (PII) Program** on June 22, 2012 at Harvard University. Participants included entrepreneurs and senior policy-makers from Brazil, China, India, and South Africa as well as leaders from academia, NGOs, global networks, and donor agencies. The first half of the roundtable examined inclusive innovation through frameworks and case studies while the second half featured country perspectives on inclusive innovation from state and non-state actors. The summit concluded with action recommendations, including the creation of a **Global Inclusive Innovation Platform**, to implement these next steps.

### Session I: What is Inclusive Innovation?

---

Key themes discussed included:

- Inclusive innovation comprises of innovations in products (goods and services) and/or processes (co-creation mechanism, delivery systems and business models) which improve the welfare of the excluded population – the economic base of the pyramid (BOP) and other minority groups.
- Inclusive innovation can cater to the large underexploited BOP markets, and possibly lead to growth. More analytical research substantiating linkage between inclusive innovation and growth is necessary to make the topic economically relevant. An alternate perspective is to consider this growth as a means to the real end, namely improving the quality of life of the poor.
- Based on examples of inclusive education delivery mechanisms, three factors for promoting inclusive innovation were cited as critical – the need for clarity of goals, simplicity in design, and capacity building of social innovators to scale up impact of their work.
- Why has the impact of most inclusive innovations not scaled up significantly? One explanation is that dissemination of innovations takes time. Typically there is an S-curve in dissemination and adoption. MNCs have the greatest potential to foster scalability but the BOP markets have not gained a large momentum, despite the huge size of US \$ 5 trillion.<sup>1</sup> How can such market failures be addressed?
- Social entrepreneurs and NGOs are becoming important players in addressing public goods (including global public goods) which traditionally has been the role of government. They can help identify areas that need attention as well as approaches that work. Their actions are complementary to the role of government. However, their work often meets economic, political and social barriers.
- A chasm exists between the prototyping and commercialization/scale-up. Collaborative efforts between the private sector, NGOs, and governments should pay more heed to supporting these subsequent steps.
- Two innovations that made a macro impact were both global initiatives, the Green Revolution and the eradication of river blindness, which succeeded because of global coordination and collaboration

---

<sup>1</sup>Al Hammond, "The Next 4 Billion: Market Size and Business Strategy at the Base of the Pyramid," World Resources Institute and IFC/World Bank Group, March 2007

between public, private and social sectors. Can the Stakeholders' Roundtable lead to such collaboration aimed at global impact? Can it support some form of a 'Grand Challenge'<sup>2</sup> on inclusive innovation?

## Session II: Lessons from Inclusive Innovation Case Studies

---

Key themes discussed included:

- Two inclusive innovation cases were presented for discussion. The first was a case on Sanofi, a pharmaceutical company in France that developed dengue fever vaccine and due to its tiered pricing, made the treatment affordable to the BOP. The second case compared SKS Microfinance in India with Compartamos Banco in Mexico to discuss lessons learned in terms of creating successful financial services for the economic BOP.
- Sanofi had to first address how soon the competitors would be able to catch up, and then how to determine the price point for the vaccine. Very low prices would mean the production is not affordable to developers, thus it is not sustainable. Very high price would mean the products are not affordable to the consumers and thus the market is not sustainable. Through a tiered pricing scheme between and within countries, Sanofi could sell the dengue vaccine cheaper in the BOP markets compared to markets in higher income countries.
- Building local capacity can be a sustainable and more inclusive way to promote innovation. Could Sanofi build smaller modular factories in the target countries, instead of a large facility in France? Such practice would allow for technology transfer, deployment of local ideas and prototype field testing.
- The comparative analysis of the microfinance industries in India (SKS Microfinance) and Latin America (Compartamos Banco) revealed that not only value creation but also sustainability is critical for inclusive innovation. In Latin America, the industry continues to thrive. However, in India, after growing to become the largest microfinance market in the world, the industry has entered into a crisis. This has resulted from heavy regulations that the Indian government placed on micro-loans, suspecting that unfair profits were being reaped from the poor. However, from the sustainability lens, these regulations hurt the industry.
- An outfit with contextual knowledge and scaling advantage of a public agency in addition to creativity and nimbleness of an entrepreneurial company can be a hub for impactful inclusive innovations. The Defense Advanced Research Projects Agency (DARPA), although focused on military research in the US, is a good example of a government agency that moves fast and develops disruptive technology. Can the Roundtable create an agile global entity with characteristics of DARPA but focused on inclusive innovation'?

## Session III: Understanding Country Demand: Policymakers' Perspectives

---

Key themes discussed included:

- The government representatives from Brazil, China, India and South Africa cited inclusive innovation being important for their national agendas. They mentioned that the Stakeholders' Roundtable could support them through knowledge exchange (so that international knowledge and expertise can bear on local development), capacity building (training and courses for state and non-state actors in the

<sup>2</sup> The Bill and Melinda Gates Foundation and USAID, among other donors, offer Grand Challenges

innovation eco-system) and applied research (creating policy frameworks and making recommendations).

- Defining inclusive innovation is important in the process to create national policies and programs and to build consensus among several government agencies and with the non-state innovation stakeholders.
- Pro-BOP business models are often more important than the deployed technologies. In fact, most technologies used in inclusive innovation are recombination of technologies developed elsewhere.
- Financial support is often not first on the list of the types of support that the large emerging countries such as Brazil, China, India and South Africa need from multilateral organizations such as the World Bank. Programs such as Grand Challenges and global knowledge-sharing can be useful.

### **Session IV: Understanding Country Demand: Entrepreneurs' Perspectives**

---

This session highlighted the centrality of entrepreneurs as the prime drivers of inclusive innovation, which includes:

- Connecting regional supply chains to service the local people can help scale the outreach of innovations.
- Private sector stakeholders would be the quickest to exit government-led initiatives, particularly when bureaucracy slows down PPP arrangements.
- Social entrepreneurs can create systemic change, which can be scaled and which influence policy. Half of the Ashoka Fellows change policies in the first five years of becoming fellows.
- Bottom-up, entrepreneur-led efforts are most helpful to promote inclusive innovation. Governments can end up creating entry barriers instead of facilitating start-up processes; they need to learn from other countries, listen to the businesses, become aware of policy bottlenecks and coordinate with non-state actors on creating demand-driven policies and programs. In particular, several NGOs have created solutions to local 'public goods' problems but face challenges in scaling up; governments can support such complementary activities of these non-state actors by 'listening better' and collaborating with non-state actors.
- Large national businesses and multinationals can accelerate the scale-up process but the insights and presence of smaller local NGOs and enterprises are important in earlier phases.

### **Session V: Creating the PII Program**

---

Key themes discussed included:

- Critical perspectives in understanding inclusive innovation must ask the following questions: 1) Does it address the BOP needs? And; 2) Does it engage the BOP during the creation process? A basic working definition is important for next steps.
- How should the Global Platform overlay the selected sectors and the selected countries in its programs?
- Should the Global Platform support the creation of ecosystems to promote social enterprises by listening to practitioners about particular challenges they face in specific sectors and/or regions? How could such a platform identify opportunities and de-bottleneck regulatory and policy constraints in specific countries?

- Should the Global Platform leverage capacity of the partners to foster and coordinate global public goods?
- The World Bank and OECD are putting together an Innovation Policy Platform (IPP) – an interactive online knowledge repository - where Inclusive Innovation will be key pillar. The Global Platform could use IPP as a key tool for its online knowledge exchange activities.
- Should the Global Platform eventually create a Facility to support countries through knowledge exchange, capacity building and applied research? Should the Facility fund pilot projects in select sectors or regions? Similar to innovation centers or labs, should the Facility serve as a space to test out policies and programs?
- *The World Bank Institute and the South Asia Initiative at Harvard will circulate a proposal on the next steps and share with all the participating stakeholders.*

## Open Questions

---

- Should the PII program foster entrepreneurial ecosystems for social enterprises through evidence-based, multi-stakeholder engagements that reduce regulatory and policy constraints facing entrepreneurs? Should the support extend to financing and capacity building initiatives?
- Knowledge exchange, capacity building and applied research surfaced as areas where the PII program could support participating countries. What specific areas are most important to support?
- Harvard and the World Bank, in collaboration with key stakeholders such as Omidyar, Ashoka and Growth Dialogue, discussed the creation of a **Global Inclusive Innovation Platform**. Some of the possible focus areas are listed below.
  - 1 Creating and brokering knowledge (including applied research)
  - 2 Building capacity of state and non-state actors (through training, courses and workshops)
  - 3 Financing pilot projects (in partnership with foundations, governments and others)
  - 4 Promoting supportive policy and regulatory environments
  - 5 Convening stakeholders (for advocacy and action-planning)

Please [share your feedback](#). What other functions would be most useful?

## List of Participants

---

- 1 **Nancy Barry**, CEO, Enterprise Solutions to Poverty
- 2 **David Bloom**, Professor, Harvard School of Public Health
- 3 **Martha Chen**, Professor, Harvard Kennedy School
- 4 **Michael Chu**, Senior Lecturer, Harvard Business School
- 5 **Shawn Cole**, Associate Professor, Harvard Business School
- 6 **Carl Dahlman**, Professor, Georgetown University
- 7 **Alex Dehgan**, Science and Technology Advisor, USAID
- 8 **Heloise Emdon**, Program Manager, International Development Research Centre, Canada
- 9 **Anita Goel**, CEO, Nanobiosym
- 10 **Paula Goldman**, Director, Omidyar Network
- 11 **Salal Humair**, Associate Professor, Lahore University of Management Sciences
- 12 **Meena Hewett**, Associate Director, South Asia Initiative, Harvard University
- 13 **Christopher Jenkins**, Student, Stanford University
- 14 **Duncan Kennedy**, Harvard Law School
- 15 **Tarun Khanna**, Director, South Asia Initiative and Professor, Harvard Business School
- 16 **Kurt Larsen**, Coordinator, Innovation Policy for Development Program, World Bank Institute
- 17 **Esperanza Lasagabaster**, Manager, Finance and Private Sector Development, World Bank
- 18 **Kouqing Li**, Deputy Director General, Asia-Pacific Finance and Development Centre
- 19 **Pukar Malla**, Senior Innovation Policy Consultant, World Bank Institute
- 20 **Murray Metcalfe**, Professor, University of Toronto
- 21 **Samir Mitra**, Senior Adviser, Office of Adviser to the Prime Minister of India and the National Innovation Council, India
- 22 **Susan Murcott**, Lecturer, MIT
- 23 **Guy Pfeffermann**, CEO and Chairman, Global Business School Network
- 24 **Sanjay Pradhan**, Vice-President, World Bank Institute
- 25 **Alvaro Prata**, Secretary of Technology Development, Ministry of Science, Technology and Innovation, Brazil
- 26 **Sukhman Randhawa**, Associate, National Innovation Council on behalf of Mr. Sam Pitroda, Chairman of the National Innovation Council, India
- 27 **Kasturi Rangan**, Professor, Harvard Business School
- 28 **Fernando Reimers**, Harvard Graduate School of Education
- 29 **Erum Sattar**, Student, Harvard Law School
- 30 **Huang Shu**, Assistant President, Shenzhen Institutes of Advanced Technology, Chinese Academy of Sciences, China
- 31 **Sibusiso Sibisi**, President and CEO of the Council for Scientific and Industrial Research, South Africa
- 32 **Peter Silvester**, Innovation Policy Consultant, World Bank Institute
- 33 **Ricardo Hausmann**, Professor, Harvard Kennedy School
- 34 **Jon Mills**, Manager, Asia Center
- 35 **Aleem Walji**, Manager, Innovation Practice, World Bank Institute
- 36 **Jun Wang**, Lead Financial Sector Specialist, Finance and Private Sector Development, World Bank
- 37 **Mike Watson**, Sanofi, Vice President, Vaccination Policy and Advocacy
- 38 **Justine White**, Operations Officer, World Bank Institute
- 39 **Stuart Yasgur**, Managing Director, Ashoka
- 40 **Shahid Yusuf**, Chief Economist, Growth Dialogue