

Sida Innovations Against Poverty

Business for Development – B4D

A new tool to encourage solutions to global challenges

With this new Programme Sida challenges the private sector to develop products, services and business models that can benefit the people at the base of the pyramid and contribute to fight poverty and climate change. The objective is to serve as a catalyst in order to leave behind products, services and market systems that benefit people living in poverty, rather than helping a single company to do better business.

Why?

Innovations in technology and business practices are critical in combating climate change and for creating opportunities for people living in poverty to improve their living conditions. Sida's intention with this Programme is to stimulate development which otherwise would not have taken place within the private sector due to perceived initial commercial risk or limited market opportunities. Addressing low-income markets and designing products and services that meet the needs of these consumers and communities opens up for mutual benefits – for sustainable business models – that are commercial viable and contribute to poverty reduction.

How?

The Programme will function as a risk sharing mechanism for sustainable business ventures which have strong potential impact on poverty. Companies can apply for financial



support from three different modules aimed at different stages of the innovation path. The modules are not linked to each other in the sense that a project must have gone through an earlier in order to apply to a module.

- *The Explorative phase*

Sida will provide a 50% grant (maximum 200.000 EUR over a three years period) to a company or market oriented organisation for the purpose of exploring an innovation against poverty. The grant might be used for travel and pre-feasibility studies, stakeholder needs assessments, or networking with local organisations. Applicants compete for available grant resources twice a year.

- *The Research & Development and Pilot phase*

Sida will provide up to 50% of the costs (maximum 200.000 EUR over a three years period) to a company for the purpose of undertaking a research and development project aimed at an innovation against poverty – a product, service, system, business model or a concept ready to be put to market test, or adaptation of existing products to be affordable and accessible by the poor. Applicants compete for available grant resources twice a year.

- *The Launching and Scaling up phase*

Sida's flexible credit and guarantee instrument for reducing risks for ventures with a strong developmental dimension will be

available for innovations at a stage of launching at full scale or for replicating. A company can apply for a guarantee which will have a risk-reflecting fee. The Programme will work actively to mobilise private, social, philanthropic capital to joint pro-poor ventures.

Developmental advisory assistance

Sida will be more than a passive funding agent and thus actively stimulate change. In addition to the funding components of the Programme, companies will be able to receive advice in adapting business practices to benefit pro-poor development.

Annual Innovations Against Poverty Conference

To promote awareness, knowledge, learning and interest in Base of the Pyramid and Inclusive Business approaches in the business community, an annual conference will be held. This will provide opportunity to share cases and best practices in the field.

The Innovation Against Poverty Award

To further stimulate the interest for innovations that fight global challenges, Sida will provide an award to the Innovation Against Poverty of the year - given to an organisation, a person or a group of persons, and delivered at the annual conference.

Who?

Sida welcomes small innovative entrepreneurs as well as larger firms from

the international innovative sustainable business community to apply for joining the Programme.

The responsibility to implement the Programme will be appointed to an Implementing Organisation, through an international public procurement process starting in May 2010. This might be an international organisation, company or agency. The organisation will undertake screening of applicants for the three modules and the Award. It will set up and manage a results-based information system which regularly provides feedback on performance of the Programme to Sida. It will also be responsible to organise the annual Conference and assure its financing beyond the base budget. An essential role is also to develop and contribute to the international experience within the field.

Expected results and benefits

- Solutions to climate and environmental sustainability challenges
- Access to more affordable essential products and services for people living in poverty
- Access to smart solutions within the fields of health, infrastructure, energy, education or agriculture
- Additional income generation for poor people through employment, sub-contracting and engagement as producers and suppliers

Example – sustainable household water treatment

An excellent example of an innovation that improves life for people living in poverty is the invention Solvatten. It is a portable solution that makes unsafe water drinkable by using solar energy. This innovation has multiple benefits. It releases productive time for people – women often walk long distances for safe water and for collecting firewood for boiling their water. Solvatten also reduces the stress on the environment and prevents for example diarrhoea diseases and deaths.

Another challenge is to make energy accessible for people living in poverty – which in turn provides opportunity for income. Other important areas where there is a growing need for smart solutions are sanitation, health, food security and education. At the infrastructure level, innovations such as smart grids, smart buildings and low carbon power suppliers can play a great part in combating climate change.

For more information visit www.sida.se or contact Maria.Stridsman@sida.se