

TC ABSTRACT

Corporate Leaders Program for Development of Base of the Pyramid Business Models in Latin America and the Caribbean

I. Basic project data

▪ Country/Region:	Regional
▪ TC Name:	Corporate Leaders Program for Development of Base of the Pyramid Business Models in Latin America and the Caribbean
▪ TC Number:	RG-T2481
▪ Team Leader/Members:	Maria Lourdes Gallardo (OMJ/OMJ), Team Leader; Eunjin Kim (OMJ/OMJ); Monica Fernandez (OMJ/OMJ); Ana Silva (OMJ/OMJ)
▪ Indicate if: Operational Support, Client Support, or Research & Dissemination.	Research & Dissemination
▪ Date of TC Abstract:	April 2014
▪ Beneficiary:	Companies interested in implementing Base of the Pyramid (BoP) Business Models in LAC
▪ Executing Agency and contact name:	IDB through Opportunities for the Majority (OMJ)
▪ IDB Funding Requested:	US\$ 300,000
▪ Local counterpart funding, if any:	US\$ 60,000
▪ Disbursement period:	18 months
▪ Required start date:	June 2014
▪ Types of consultants:	Firm and individual consultants
▪ Prepared by Unit:	OMJ
▪ Unit of Disbursement Responsibility:	OMJ
▪ Included in Country Strategy (y/n);	N/A
▪ TC included in CPD (y/n):	N/A
▪ GCI-9 Sector Priority:	Mentioned under 2.1.(h) Competitive Regional & Global International Integration

II. Objective and Justification

- 2.1 The majority of the population in Latin America and the Caribbean (LAC), living on low incomes and disconnected from mainstream markets, lack access to basic goods and services, and more importantly to economic opportunities that will help them meet the challenges of poverty. In recent years, the private sector in the region has demonstrated that they can meet the needs of the Base of the Pyramid (BoP) population and generate new economic opportunities for them by rapidly responding to incentives of the untapped markets and adopting innovative business models exclusively targeting the BoP population. Recently, a number of Korean companies, recognized for their drive for innovation and interest in social responsibility, have also expressed their willingness to go down market in the LAC region by developing base of the pyramid (BoP) business models. Engaging low-income markets in productive activities, however, poses extraordinary challenges for companies. The objective

of the project is to address such challenges and provide support for these companies in the development of market-based business models in areas of high development impact for low-income communities through the Corporate Leaders Program (“CLP” or the “Program”).

- 2.2 The program will strengthen the efforts of the Opportunities for the Majority initiative in promoting and disseminating private sector business models that develop and deliver quality products and services and enable low-income producers and consumers to participate in the market economy. The program complies with Section 2.23 of GN-2470-2 since the proposed activities are consistent with the Bank’s regional program and strategy. It is also in line with GCI-9 Sector Priorities.

III. **Description of activities and outputs**

- 3.1 This technical cooperation will support the preparation and implementation of the Korean Corporate Leaders Program, a mentoring program to promote and facilitate the development of scalable BoP business models by participating Korean companies.

Component 1. BoP Business and Immersion Workshop, Selection of CLP participants: The objective of this component is to help Korean companies that are ready or interested in entering the LAC market better understand BoP in LAC. It will also provide companies with more customized knowledge of the BoP. Activities 1 and 2 will take place in Seoul for three days.

(Activity 1) A workshop on BoP Business will be held in Seoul in partnership with the Federation of Korean Industries (FKI) and/or the World Business Council for Sustainable Development (WBCSD) Korea Chapter, through which companies will learn about BoP in LAC, current BoP market trends, and possible business opportunities for them.

(Activity 2) Through an immersion workshop, companies will learn more about BoP population and market including sector demand, and will be introduced to state-of-the-art BoP business models.

(Activity 3) Request for Proposal (RFP) will be announced at the BoP Business Workshop. Companies will be encouraged to submit short (2-3 pages) proposals to be considered as candidates for the CLP.

(Activity 4) Based on the proposals submitted, up to three companies will be selected to participate in CLP.

Component 2. Individualized Technical Assistance & Mentoring: The objective of this component is to support companies participating in the CLP to develop full business plans for their BoP business ideas. The result of this component will be a number of BoP business ideas that are financially and technically viable, and possibly eligible for financing from IDB.

(Activity 1) Companies will gain access to technical advice and mentoring from the IDB and a consulting firm. This activity will take place over a period of six months.

Component 3. Public Recognition and Dissemination Events: In order to maximize the dissemination to the public of accomplishments of the CLP and to raise awareness of BoP business models, IDB will host dissemination workshops at the 2015 IDB Annual Meeting in Korean and at the 3rd Base Forum, which will be held in Mexico City in June 2015.

(Activity 1) At the dissemination workshop, companies will have an opportunity to present their BoP strategies and receive feedback from peers from the region.

(Activity 2) Korean contribution to the program and BoP in LAC through partnership with OMJ will be highlighted, which is expected to inspire more companies outside of the LAC region to go down market to serve the BoP population in LAC.

Component 4. Project Management: This component includes all the activities necessary to successfully implement this project, and will consist of the following: (i) Preparation of Request for Proposal (RFP) and application package, (ii) Evaluation of proposals and selection of companies, (iii) Design and development of workshops, (iv) Preparation of Terms of Reference (ToR) for consultants and monitoring performance of consultants, (v) Design of the dissemination event, (vi) Communication with Korean counterparts and consultants, and (vii) Evaluation.

3.2 Expected Results: The program will further raise awareness of BoP business models among many companies inside and outside of the LAC region. It will assist selected companies to generate and refine specific BoP business concepts suitable to their needs and those of their stakeholders in BoP markets. The program will also help participating companies forge close partnerships with IDB and improve their access to the Bank’s OMJ expertise and financing.

IV. Budget

4.1 The cost of the proposed TC that would be financed by a Trust Fund amounts to US\$300,000. The total cost of the TC is US\$360,000, including a US\$60,000 local counterpart contribution from participating companies. The table below presents a detailed summary of the budget.

Indicative Budget

Components	IDB Trust Fund	Counterpart Funding	Total
Component 1 – BoP Business and Immersion Workshop, Selection of CLP participants	90,000	-	90,000
Component 2 – Individualized Technical Assistance & Mentoring:	60,000	60,000	120,000
Component 3 – Public Recognition and Dissemination Events	80,000	-	80,000
Component 4 – Project Management	70,000	-	70,000
Total	300,000	60,000	360,000

V. Executing agency and execution structure

- 5.1 The Bank through OMJ will supervise the execution of this TC, administrate the funds, and monitor all the activities under this TC.
- 5.2 Procurement activities will comply with Bank policies for the Selection and Contracting of Consultants Financed by the Inter-American Development Bank (GN-2350-7).

VI. Project Risks and issues

- 6.1 Possible risks associated with undertaking the proposed TC have been identified as follows, with the corresponding mitigations.
 - a. *Coordination Risk.* The project requires coordination and follow-up of a number of activities, which need to be done in coordination with the IDB. The risk will be minimized by the detailed design of roles and responsibilities throughout the different stages of the Program.
 - b. *Participation Risk.* The success of the Program will depend on getting a minimum number of proposals for selection, as well as the right profile of companies. This risk will be mitigated by actively communicating with Korean counterparts such as Federation of Korean Industries (FKI) and/or World Business Council for Sustainable Development (WBCSD) Korea Chapter.
 - c. *Quality Risk.* Even if participation level is high, there is no guarantee that the quality of the proposal submitted will address the necessary points for a market-based business models targeting the BoP. To minimize the risk, the project team will work to develop a comprehensive manual to guide companies through the proposal-design process and make relevant information about the requirements of the Program readily available.

VII. Environmental and Social Classification

- 7.1 The environmental category for this project is “C,” and the disaster risk category is “LOW.”
- 7.2 Companies selected for the Program will be required to have sound Corporate Governance, Environmental and Social Responsibility practices. The environmental and social impacts will vary depending on each proposal and business model. As part of the mentoring and project development phase, the IDB will work with companies to minimize social and environmental impacts and address any possible issues according to IDB policies.