



Corridors for Shared Prosperity

Intra South-Asia Replication of Inclusive Business Models

This assessment was conducted and document written for the International Finance Corporation (IFC) by Intellectcap Advisory Services (Intellectcap).

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The task team for this study was led by Ms. Pallavi Shrivastava from the IFC South Asia regional Inclusive Business program. The research, interviews and documentation were conducted by Intellect team comprising of Mukund Prasad, Usha Ganesh, Dipika Prasad, Saurabh Prakash Sinha, Anuja Kaushal, Harish Reddy, Nivedita Pooja, Rishabh Parakh. IFC would like to thank the entire team for their tireless work.

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Section A

Executive Summary

Inclusive business models that use market-based approaches to address social inequity and create affordable access to basic goods and services has grown rapidly in developing countries over the past decade. South Asia is a global hub for these models. Over \$9 billion in social impact-focused investments have been channeled into these models.^[1]

Developing countries share several common socio-economic challenges. These include inequity, resource-constrained public sectors, and poor business environments and investment climates. As a result, markets in these countries are inefficient in serving poor and low-income communities at the base of the economic pyramid (BoP). Over the past decade, countries such as India, Kenya, Brazil, and Bangladesh have emerged as hotspots of market-based innovative business models that address socio-economic challenges in scalable and sustainable ways. Also called

inclusive businesses, they are commercially viable and replicable, and include low-income consumers, retailers, suppliers, and distributors in their core operations.

There is, therefore, an opportunity to replicate successful inclusive business models across the region.^[2] Inclusive businesses that thrive in one South Asian country could potentially identify opportunities to expand to new geographies and create similar impacts. Such replication would reduce product development and innovation cycles, enable efficient utilization of scarce development funding, and open up large market opportunities to scale. However, successful replication is challenging due to the nascent state of markets and infrastructure in most developing countries. Replication insights about ‘what works’ not only helps enterprises preempt and overcome challenges, but also enhances donor funding to individual inclusive businesses at the idea stages.

¹ The Landscape for Impact Investing in South Asia, The Global Impact Investing Network, and Dalberg Global Development Advisors, April 2015.

² 9 cases of intra-South Asia inclusive business replication were evaluated as part of this study. See annex 2 for details.

Growing government and private sector interest in bilateral trade and cooperation among South Asian countries is also creating a supporting environment for replication. There is growing trade and technology transfer between mainstream corporations, as well as exchange of inclusive business models across the region. Pioneering efforts by inclusive businesses that have attempted replication to other countries offer rich insights on the nature of successful cross-border expansion.

In February 2015, IFC launched “Corridors for Shared Prosperity,” which presented a replication framework for systematic South-South transfer of inclusive business models with a focus on India-Africa replication. The framework was built on empirical evidence of ‘what works’ in replication, derived from an in-depth analysis of the expansion journeys of 11 inclusive businesses involved in agriculture, healthcare, and renewable energy. An industry report and a self-diagnostic Microsoft Excel-based tool were created, which translated the framework to actionable insights for inclusive businesses and their supporters.

Due to the positive response to the India-Africa study and a demand for a similar output for the South Asia region, this second phase focuses on intra-South Asia replication of inclusive businesses. Cumulatively, both studies have incorporated insights from in-depth analyses of 20 instances of inclusive business replication and expert opinions of nearly a hundred industry stakeholders. The South-South Replication Framework has been refined further, based on this wealth of empirical evidence and anecdotal insights.

The replication framework can help inclusive businesses diagnose their replication readiness, and make systematic plans for successful replication. The framework is built on three drivers of successful replication – intent, capacity, and dependencies.

- **Intent** entails understanding growth objectives and organizational preferences for replication, and validating need in target markets. This helps to build better replication plans and make more informed choices.

- **Capacity** includes understanding management, financial, and operational readiness to replicate in a new market while ensuring business continuity in the home market.
- **Dependencies** involve understanding different ways in which the inclusive business model relies on its external market environment to thrive, and using this information to make choices about entry markets and replication formats.

This research study identified replication opportunities and white spaces across focus sectors of agriculture, healthcare, and renewable energy. These include short-term opportunities in trade, technology transfer, and strategic alliances to cater to immediate demand for products such as solar home systems and services such as healthcare for non-communicable diseases. Long-term opportunities include addressing demand that arises from changing socio-economic scenarios and improving market efficiencies, such as organic farming and domestic manufacture of solar industry components. While increasing cooperation among South Asian countries might present different trends in the future, most current replication activities are focused on India-Bangladesh replication in the sectors of agriculture and healthcare.

Finally, the study also recommends a way forward for scaling the intra-South Asia replication of inclusive businesses with the involvement of stakeholders such as donors, investors, incubators, advisors, academia, and policy makers. Given the inherent challenges in replication and nascent state of inclusive business ecosystems in most countries, their early catalytic involvement is crucial. Specific action steps are proposed for each category of stakeholder, but from past evidence of ‘what works’ in building supporting ecosystems for inclusive businesses, these organizations will be most effective when they work together to draw out opportunities for replication and address the key hurdles of doing business in developing countries.

Inclusive Business Landscape in South Asia

South Asia is one of the fastest growing regions in the world today, from an economic as well as social progress standpoint. Improving regulatory conditions, a resilient private sector, and one of the world's youngest workforces make it a potential powerhouse of global growth in the next few decades. However, challenges of poverty and inequity that crippled the region in the past persist, and it is still home to a vast segment of the world's poor and low-income communities. Traditional philanthropic approaches have been working to bring about inclusive growth and social change. Over the past two decades, a new movement that uses market-based approaches for inclusive development has taken root in the region. Often described as 'inclusive business', this approach blends scalability and sustainability with a mission focus on social impact.

Inclusive business, a sustainable and market-based approach to development, has taken root in South Asia

South Asia accounts for more than two-fifths of the world's poor and low-income communities.^[3] At the same time, economic and social progress has resulted in a growing middle class^[4] and traction in achieving the Millennium Development Goals for 2014 (see Figure 1), and a positive outlook towards the Sustainable Development Goals for 2030.^[5] Over the past few decades, the region has become a fertile bed for experimentation, and has seen the emergence of new models for development. Many such successful models generate revenues to cover at least some, if not all, of their expenses. Several generate profits and returns for investors. The models range from community-led farm-to-market linkage programs by organizations such as Amul in India, to more recent business-led approaches of Grameen and BRAC in Bangladesh.

Figure 1

SOUTH ASIA PROGRESS ON MILLENNIUM DEVELOPMENT GOALS^[6]

MDGS/COUNTRY	BANGLADESH	INDIA	PAKISTAN	SRI LANKA	NEPAL
\$1.25 per day poverty	On track	Early achiever	Early achiever	Early achiever	Early achiever
Country line poverty	On track	Early achiever	Early achiever	Early achiever	NA
Underweight children	On track	Slow	Slow	On track	Slow
Primary school enrollment	NA	On track	Slow	Regressing/ No progress	Early achiever
Reaching last grade	Regressing/ No progress	NA	Regressing/ No progress	Early achiever	Regressing/ No progress
Completion of primary schooling	Slow	Early achiever	Slow	Early achiever	Early achiever
Gender primary	Early achiever	Early achiever	On track	Early achiever	Early achiever

³ South Asia Regional Overview, World Bank, 2015.

⁴ The Rise of Asia's Middle Class, Asian Development Bank, 2010.

⁵ Making it Happen, Asia Pacific Millennium Development Goals Report, UNDP and ADB, 2014/15; <http://www.un.org/sustainabledevelopment/sustainable-development-goals/>

⁶ Ibid

MDGS/COUNTRY	BANGLADESH	INDIA	PAKISTAN	SRI LANKA	NEPAL
Gender secondary	Early achiever	NA	Regressing/ No progress	NA	Early achiever
Gender tertiary	Slow	Slow	Early achiever	Early achiever	Slow
Under-5 mortality	Early achiever	Slow	Slow	Slow	Early achiever
Infant mortality	Early achiever	Slow	Slow	Slow	Early achiever
Maternal mortality	Slow	Slow	Slow	Slow	Early achiever
Skilled birth attendance	Slow	Slow	Slow	Early achiever	Slow
Antenatal care	Slow	Slow	Slow	Early achiever	Slow
HIV prevalence	On track	Early achiever	On track	On track	Early achiever
TB incidence	On track	Early achiever	On track	On track	On track
TB prevalence	Early achiever	Early achiever	Early achiever	Early achiever	Regressing/ No progress
Forest cover	Regressing/ No progress	Early achiever	Regressing/ No progress	Regressing/ No progress	Regressing/ No progress
Protected area	Early achiever	Early achiever	Early achiever	Early achiever	Early achiever
CO ₂ emissions per GDP	Regressing/ No progress	Early achiever	Early achiever	Early achiever	Early achiever
Safe drinking water	Early achiever	Early achiever	Slow	Early achiever	Early achiever
Basic sanitation	Slow	Slow	Slow	Early achiever	Slow

Figure 2

INCLUSIVE BUSINESS APPROACHES

	INCLUSIVE BUSINESS MODELS	INCLUSIVE BUSINESS ACTIVITIES	SOCIAL ENTERPRISE INITIATIVES
BoP's relationship to business	Core value chain	Ancillary	Ancillary or core value chain
Financial return expectations	Market returns	Market returns or below market returns	Not profit maximizing
Primary funding type	Commercial	Commercial	Mixed

Inclusive business models are commercially viable as they depend primarily on commercial sources of financing for operations and aim to realize market returns. They include low-income and under-served consumers, retailers, suppliers, or distributors in core operations. The inclusive business approach helps build capacities of low-income businesses and entrepreneurs; increase access to finance for businesses and consumers; create or adapt products to meet local needs and requirements; and develop innovative distribution approaches for hard-to-reach communities. These business models can be part of a successful long-term growth strategy that creates new market-based opportunities, eliminates market inefficiencies, solidifies supply chains, and builds future brand loyalty.^[7] This definition; categorizes inclusive businesses differently from social enterprises and inclusive business activities as shown in Figure 2.^[8]

The concept of inclusive business in South Asia gained prominence with the growth of the for-profit microfinance movement in the late 1990s

Although microfinance—in the form of informal lending and buying—has existed in South Asia for centuries, the idea of ‘modern’ microfinance was born in Bangladesh in the mid-1970s.^[9] The success of microfinance in providing financial services using social collateral in place of real assets validated the feasibility of doing business with the poor. Around the same time, development experts and entrepreneurs were exploring ways to drive economic

inclusion of underserved low-income communities by providing them with affordable products and services and linking them to market value-chains and jobs for better livelihoods. Pioneering work by these early social entrepreneurs or inclusive business entrepreneurs began to gather more support and momentum,^[10] especially in Bangladesh and India. Today, South Asia has emerged as a global hub of inclusive business activity.

South Asian inclusive businesses show diversity in their approaches to create impact

Inclusive business models in South Asia engage with low-income populations in three distinct ways. Some models serve the poor as consumers of affordable products and services; others focus on improving livelihoods by linking small producers (for example, farmers and artisans) to markets; and yet others focus on improving livelihoods by providing vocational training and connections to jobs.^[11] Since 80 to 90 percent of South Asia's poor live in rural areas,^[12] a majority of inclusive businesses have a rural focus. However, the inclusive businesses working in sectors such as healthcare and thematic areas such as climate change also engage with communities residing in urban slums and other underserved communities. While these communities are relatively smaller than the rural BoP segment, they represent a sizable market for inclusive businesses.

Inclusive businesses reach consumer groups in rural and urban areas using a blend of B2C (business-to-consumer,

7 Inclusive Business Models at IFC, May 2015.

8 Reproduced from IFC publication G20 Inclusive Business Framework

9 Microfinance in South Asia, World Bank, December 2006.

10 Invest. Catalyze, Mainstream – The Indian Impact Investing Story, Intelicap, 2015.

11 Primary interviews with key stakeholders, Intelicap analysis.

12 Rural Poverty Portal IFAD, Accessed in October 2015.

in which a product or service is directly sold to the end customer) and B2B (business-to-business, in which a product or service is sold to another business, which may in-turn sell it to end customers) models. Indian and Bangladeshi ventures show greater innovation in outreach, using models such as village-level entrepreneurs or door-to-door sales agents (for instance, Dharma Life^[13] in India and Jita^[14] in Bangladesh), and collaborating with grassroots organizations to mobilize, reach, and service end-consumers (for instance, Digital Green^[15] in India and Mobile Alliance for Maternal Action (MAMA)^[16] in Bangladesh). There is also considerable diversity in models across the three focus sectors of agriculture, healthcare, and renewable energy. Some models are based on product innovation (for example, VisionSpring and Solaric), others provide innovations in service delivery (for example, IHS Informatics and MAMA), and yet others address market inefficiencies (for example, eKutir and AquAgri). Some common examples of approaches adopted by inclusive businesses in South Asia are shown in Figure 3.

Figure 3

EXAMPLES OF INNOVATIVE APPROACHES ADOPTED BY INCLUSIVE BUSINESSES IN SOUTH ASIA

Leveraging technology to provide affordable end-to-end TB solutions to underserved patients

IHS Pakistan is a healthcare focused technology firm that creates technologies for use among underserved communities. While its main area of expertise lies in developing and implementing eHealth and mHealth solutions, it also provides long-term technical assistance as well as training and institutional capacity building. It specializes in solutions that involve mobile-based interfaces for frontline healthcare workers and low-income patients. It has in-house domain expertise in building open-source products for TB screening, diagnosis, and compliance. Its TB-related solutions have been customized and adapted by clients and partners across 13+ countries in Asia, Africa and Latin America.

Delivering high performance, durable and affordable clean technology solutions to the last mile

Envirofit India manufactures and distributes clean technology solutions that improve health, livelihoods, and environment while enhancing energy efficiency across Asia. Its primary product is a range of cookstoves that have been designed using natural draft technology to decrease smoke, toxic emissions, fuel consumption, and the time taken to cook. It partners with MFIs and NGOs, as well as large donor programs for distribution and customer financing to reach the last-mile. It has positively impacted 2.5 million people across 3 countries in South Asia.

Engaging local communities to serve farmers and low-income population with a multitude of solutions to improve livelihoods

eKutir India takes a holistic approach to improving the income and quality of life of small farmers by providing them with farming advice, inputs, financing, and market linkages. These services are provided through kiosks managed by micro-entrepreneurs who leverage technology to provide high quality, locally contextualized services. It also manages a rural distribution network that helps corporates and inclusive businesses reach the last-mile with affordable services to improve quality of life. It has impacted more than 58,000 farmers and low-income consumers across 4 countries.

Source: Intellectap primary research, IHS Informatics, Envirofit India, eKutir.

Inclusive business models in South Asia have attracted significant impact capital

More than \$9 billion of risk capital has been invested in such businesses^[17] in South Asia, showing their potential to grow and scale. Within South Asia, inclusive businesses in India have received the most impact capital, with investments estimated to be more than \$5.4 billion to date.^[18] Approximately 92 percent of total impact capital has come from development finance institutions (DFIs). In Pakistan, while political instability and terrorism discourage foreign investors, an engaged community of domestic investors is quite optimistic about the market. Bangladesh has a well-established presence of large domestic donors as well as DFIs. In Sri Lanka, though the regulatory environment is favorable for investors, inclusive business is a relatively new concept and is yet to take off at scale. In Nepal, inclusive

¹³ <http://www.dharma.net.in/>

¹⁴ <http://www.jitabangladesh.com/>

¹⁵ <http://www.digitalgreen.org/>

¹⁶ <http://www.mobilemamaalliance.org/mama-bangladesh>

¹⁷ The Landscape for Impact Investing in South Asia, The Global Impact Investing Network and Dalberg Global Development Advisors, April 2015.

¹⁸ The Landscape for Impact Investing in South Asia, The Global Impact Investing Network, and Dalberg Global Development Advisors, 2015.

businesses are mostly supported by DFIs. Figure 4 is a snapshot of capital deployment and impact fund activity across the region.^[19]

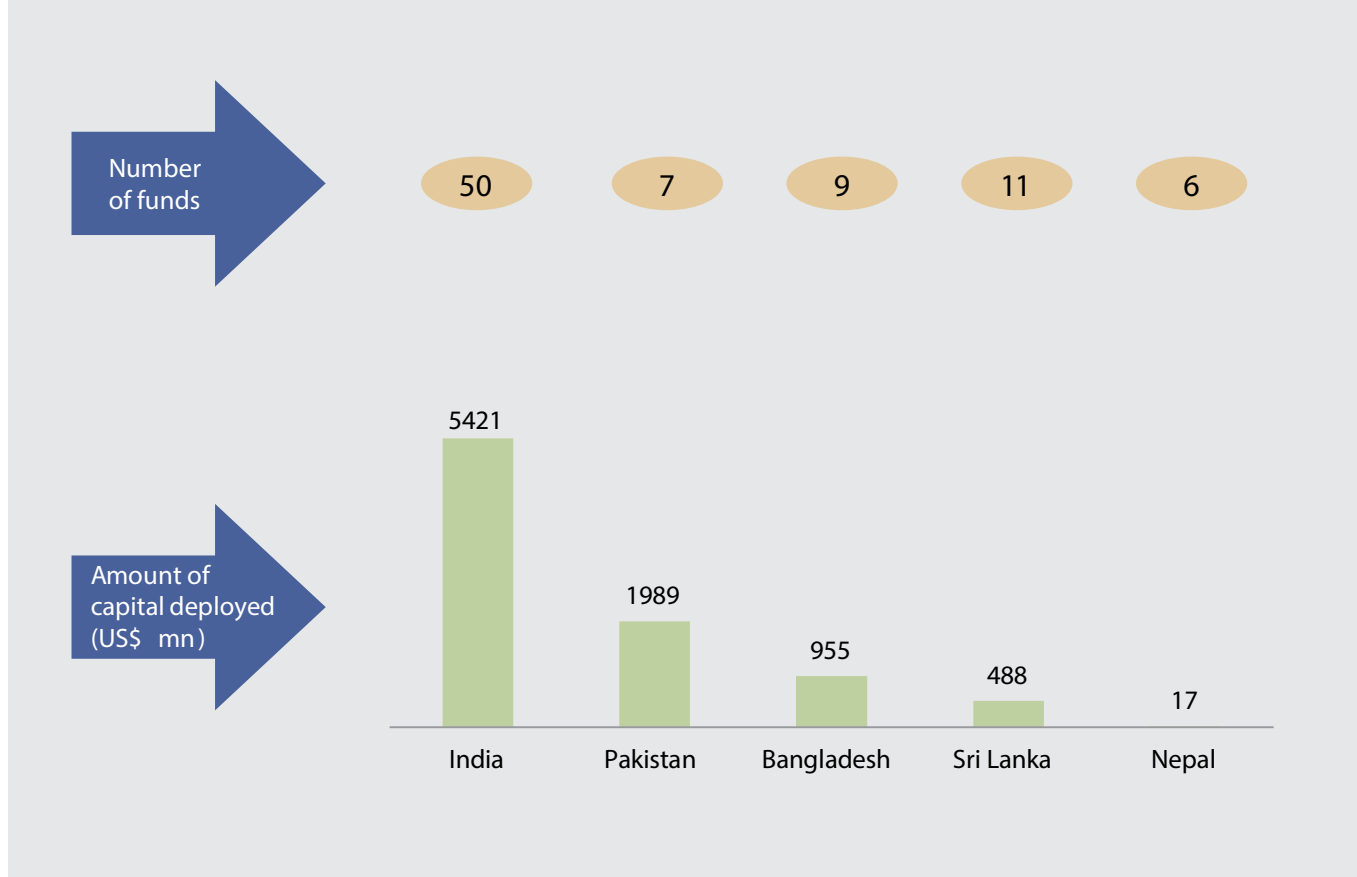
Financial services, followed by renewable energy, healthcare, and agriculture are sectors that have attracted most of these investments.^[20] Companies at more mature growth stages have attracted most investments in terms of value of funding, since smaller investments in early-stage companies (start-ups as well as companies in early-growth phases) are challenging and there is limited investor access to high-quality deal-flow at this stage. Debt is the most popular investment instrument used, followed by equity, guarantees, and quasi-equity instruments.^[21] IFC, the private

sector arm of the World Bank Group, alone has committed approximately \$2.2 billion in the region in debt and equity between 2005 and 2015, primarily in India.

The private sector ecosystem for inclusive businesses is becoming more diverse and mature, with stakeholders providing financial and non-financial support

Diverse stakeholder groups are present in the inclusive business landscape of South Asia as shown in Figure 5.

Figure 4
NUMBER OF FUNDS ACTIVE AND AMOUNT OF CAPITAL DEPLOYED IN SOUTH ASIAN REGION

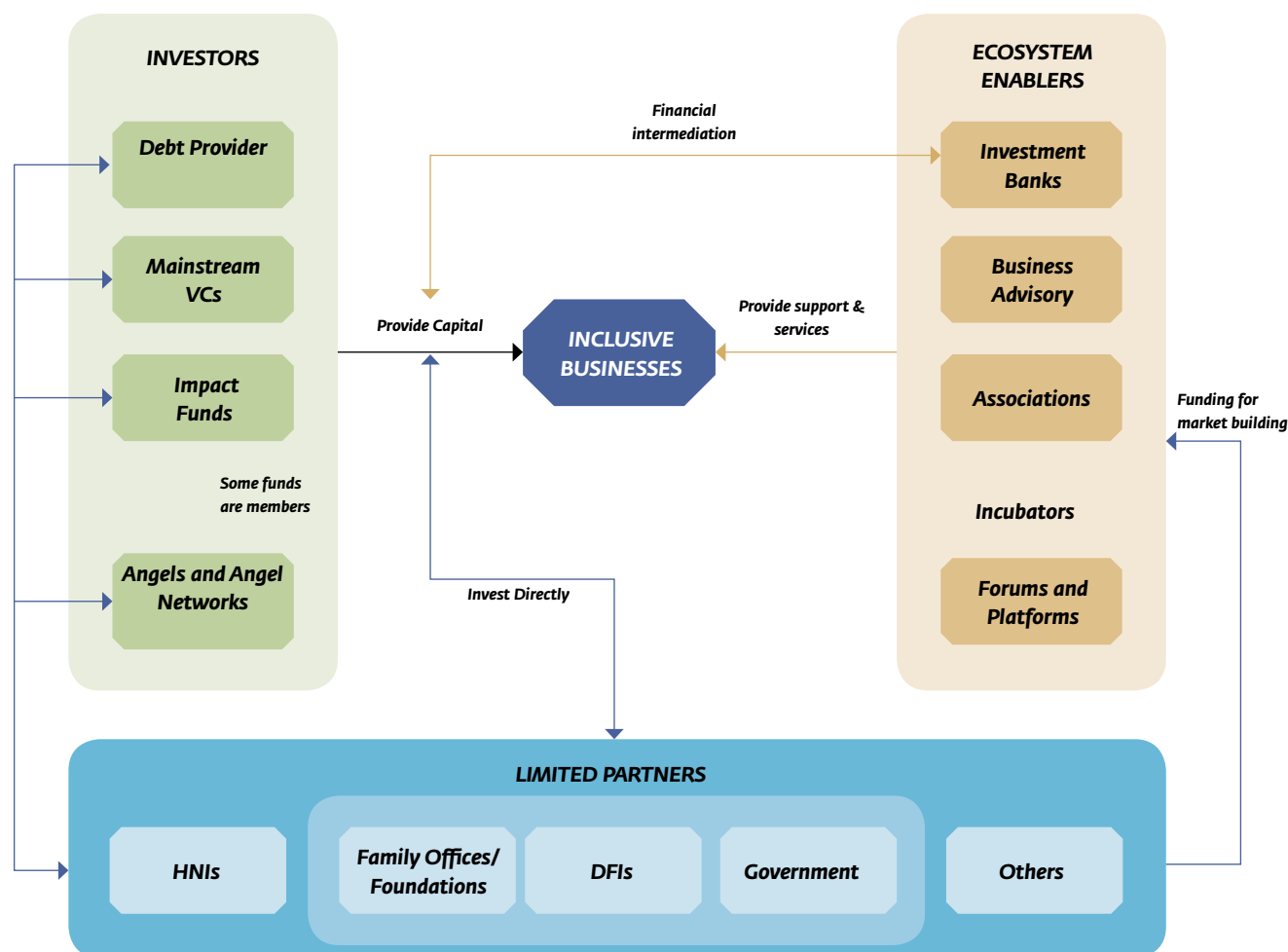


Source: The Landscape for Impact Investing in South Asia, April 2015, The Global Impact Investing Network and Dalberg Global Development Advisors

¹⁹ The landscape for impact investing in South Asia, GIIN, 2014
²⁰ The Landscape for Impact Investing In South Asia, GIIN, 2014
²¹ The Landscape for Impact Investing In South Asia, GIIN, 2014

Figure 5

ECOSYSTEM SUPPORT FOR INCLUSIVE BUSINESSES IN SOUTH ASIA



Governments support inclusive business through sector-focused tax breaks, subsidies and budgetary allocations

Governments across the region provide support through enabling regulatory environments, capacity-building and infrastructure-building programs. However, this support is generally available to private sector enterprises operating in particular sectors. A key challenge in institutionalizing support for inclusive businesses is the difficulty in defining an inclusive business in developing countries with large low-income populations. As few businesses self-recognize as inclusive businesses, governments prefer to recognize businesses by size and sector.

While all three focus sectors for this study have received support, governments tend to intervene more directly in healthcare by providing primary healthcare. In contrast, they play more of a market-making role in agriculture and renewable energy by providing tax breaks, subsidies, and budgetary allocations. On a comparative basis, governments of India and Sri Lanka have been most supportive, while the governments in Pakistan, Bangladesh, and Nepal have shown limited participation owing to political instability.

Framework for Systematic Replication of Inclusive Businesses

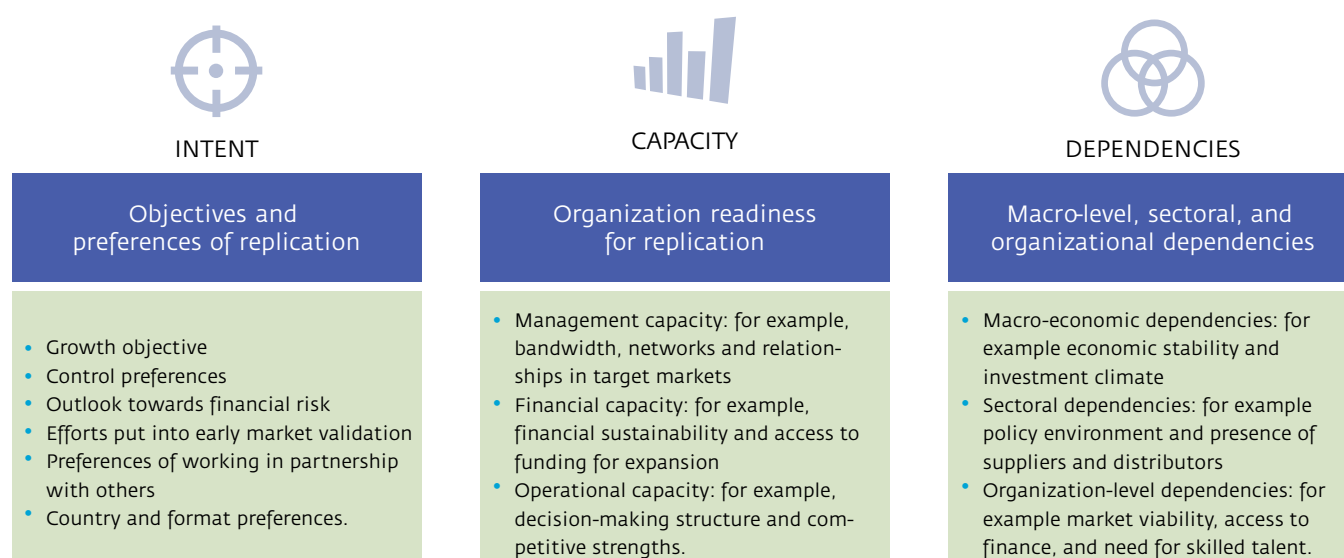
The structured framework for inclusive business replication is based on the three pillars of *Intent, Capacity, and Dependencies* as shown in Figure 6. This framework was first launched in February 2015 by IFC and Intellectap. It was informed by empirical evidence of nine cases of inclusive business replication from India to Africa, and two from India to South and South East Asia.^[22] Eleven new intra-Asia replication cases were studied in August and September 2015^[23] to extend the scope of the framework to South Asia, and further refine and strengthen the framework by adding more sector specificity and greater cross-linkages between them.

Overall, close to 100 industry experts comprising inclusive businesses, funders, advisors, and others provided insights to build the South-South Replication Framework. It is applicable to for-profit as well as sustainable non-profit models, and is specifically intended for small and medium businesses. Inclusive businesses can plan structured replication by using the tool to:

- Diagnose their replication readiness based on management, operational, and financial capacities. Inclusive businesses can also specifically measure their replication readiness based on the nature of their business models and their key dependencies.
- Identify suitable replication destinations across South Asia (covering Bangladesh, India, Nepal, Pakistan, and Sri Lanka), and Sub-Saharan Africa (Ghana, Kenya, Nigeria, Tanzania, and Uganda)
- Identify lucrative replication formats based on intent, capacities, and dependencies across seven formats (knowledge sharing, licensing, trade partnerships, strategic alliances, franchising, joint ventures, and acquisitions/wholly owned subsidiaries)

Figure 6

FRAMEWORK FOR INCLUSIVE BUSINESS REPLICATION



²² An interactive Microsoft Excel-based tool was also developed to make the framework more action-oriented. It allowed inclusive businesses to use the framework logic overlaid with data from focus countries and sectors to understand their internal readiness for replication, and also make more informed choices of destination formats and countries. Please refer to Corridors for Shared Prosperity: Spotlight on India-Africa Inclusive Business Transfer, and accompanying technical notes for more details.

²³ See Annex 1 for approach to refinement

INTENT

The intent of replication is a combination of three key factors – growth objectives, organizational preferences, and early analysis of destination markets. Understanding these can help businesses understand the implications of ‘Intent’ on replication plans and outcomes and make more informed choices.

Growth Objective

Growth objectives include short-term goals such as increasing revenues and market share, and long-term goals such as global positioning and scaling impact in new geographies. They are usually driven by a mix of internal and external factors. Internal factors include intent to increase business footprint and expansion of the impact of its business model in the target market. External factors include replication incentives from government agencies and donor organizations, as well as specific invitations to partner with local firms.

Outlook Towards Financial Risk

Outlook and appetite for taking financial risk in new markets also shape Intent by narrowing or opening up country and replication format choices. Financial security allows the enterprise to explore more replication formats. For instance, among the businesses evaluated for this study, Beej Sheetal^[24] was most financially secure, and could withstand the financial risk; hence it was able to replicate to multiple countries using different replication formats and was able to give its international teams significant working capital advances without needing them to break-even in the short-term. On the other hand, IHS, which is structured as a technology consulting firm, can take limited financial risk. Hence, it only enters markets once it has a signed contract from a client in place – this narrows down the choice of replication markets and formats considerably.

Efforts Put into Early Market Validation

Understanding market demand and consumer behavior in target geographies also helps to shape Intent of replication. All the inclusive businesses we studied carried out such early validation efforts—primarily focusing on secondary research and inputs from network

organizations and partners. A key outcome of such efforts is that the business understands the potential horizon of returns and the need to work with other organizations in new markets. This helps refine its own preferences around working with partners, as well as preferences for countries and replication formats.

CAPACITIES

Inclusive businesses have limited resources to expend on replication, and hence are far more likely to succeed if they invest time in building capacities prior to moving to a new market. The three pillars of organizational capacity are financial, management, and operational capacities. A comprehensive assessment of these three factors can help proactively plan the development of capacities required for replication.

Management Capacity

The two pillars of management capacity for replication are the availability of senior management time and bandwidth to focus on a new market, and the relationships and networks that these senior leaders have in new markets. In the absence of these building blocks, replication can be time-consuming and fraught with false starts and uncertainties. Other factors that contribute to improved management capacities for replication include senior management’s experience in initiating and scaling business expansion, strength of talent management practices, and the availability of a well-trained second line of leadership that can step up to take strategic roles in new markets.

Financial Capacity

Financial capacity for replication is a function of the fundamental sustainability of the business model and access to sufficient funding for replication until break-even is achieved in a new market. While inclusive businesses are by nature focused on sustainability, not all models are entirely devoid of risk. In fact, businesses that have at least one well-established revenue source that is not at risk from seasonal spending patterns or payments from a small set of clients are more ready to replicate than those that lack these strengths. Not only should a significant portion of the revenue be de-risked and predictable, but it should also be sufficient to cover operational expenses without the need to

24 Refer to Annex 2 for details on all inclusive businesses mentioned

rely on external gap funding. In the absence of these financial strengths, replication is likely to rely on grant funding and be less sustainable in the long run.

Operational Capacity

The existing and planned operational capacity of a firm—in terms of the resources and processes required to develop and deliver the product or service in a new geography—is a key driver for success in replication. Inclusive businesses that possess necessary components and indicators of a mature operational model, such as ease of replicability and efficient asset utilization, will find themselves better prepared for replication. These factors, coupled with supporting competitive advantages and technical strengths such as intellectual property, knowledge and processes, and strong research and development focus, serve to build operational capacity for replication.

DEPENDENCIES

While ‘intent’ and ‘capacities’ are inward-looking aspects of successful replication, understanding a model’s business dependencies can bring in an outward-looking perspective that includes market nuances. This understanding is necessary

to adapt to ground realities; determine what constitutes management, financial, and operational readiness; and make informed choices about new markets. In the context of this study, ‘dependencies’ are the sum total of all the market conditions, third-party services, and infrastructural support that inclusive businesses require to thrive in any market.

Any business that is established in a country has built its value proposition, strategy, and operating model to suit that market. As it seeks to move out to new markets, it is critical to understand which dependencies must be met in exactly the same fashion as they are in the home market (for example, reliance on highly-skilled talent) versus which dependencies can be met by adapting the business model (for example, shifting from B2C to B2B sales where last-mile distribution infrastructure is nascent or absent).

To make this distinction, it is useful to think of dependencies in three categories: ecosystem level, sector and sub-sector level, and organization-level dependencies as shown in Figure 7.

Figure 7

UNDERSTANDING BUSINESS DEPENDENCIES FOR SUCCESSFUL REPLICATION

ECOSYSTEM LEVEL	SECTOR LEVEL	ORGANIZATION LEVEL
<ul style="list-style-type: none"> ■ <i>Economic growth and stability</i> ■ <i>Investment climate</i> ■ <i>Ease of doing business</i> ■ <i>Infrastructure</i> ■ <i>Political and social risk</i> ■ <i>Market characteristics</i> 	<ul style="list-style-type: none"> ■ <i>State of value chains</i> ■ <i>Suppliers and distributors</i> ■ <i>Regulatory system</i> ■ <i>Private-sector activity</i> ■ <i>Competition</i> ■ <i>FDI restrictions</i> ■ <i>Priority-sector lending</i> 	<ul style="list-style-type: none"> ■ <i>Geographic focus (rural/urban)</i> ■ <i>Import reliance</i> ■ <i>Customer financing</i> ■ <i>Talent</i> ■ <i>Cultural context</i>

Lessons from Successful Replication

OVERVIEW OF REPLICATION CASES

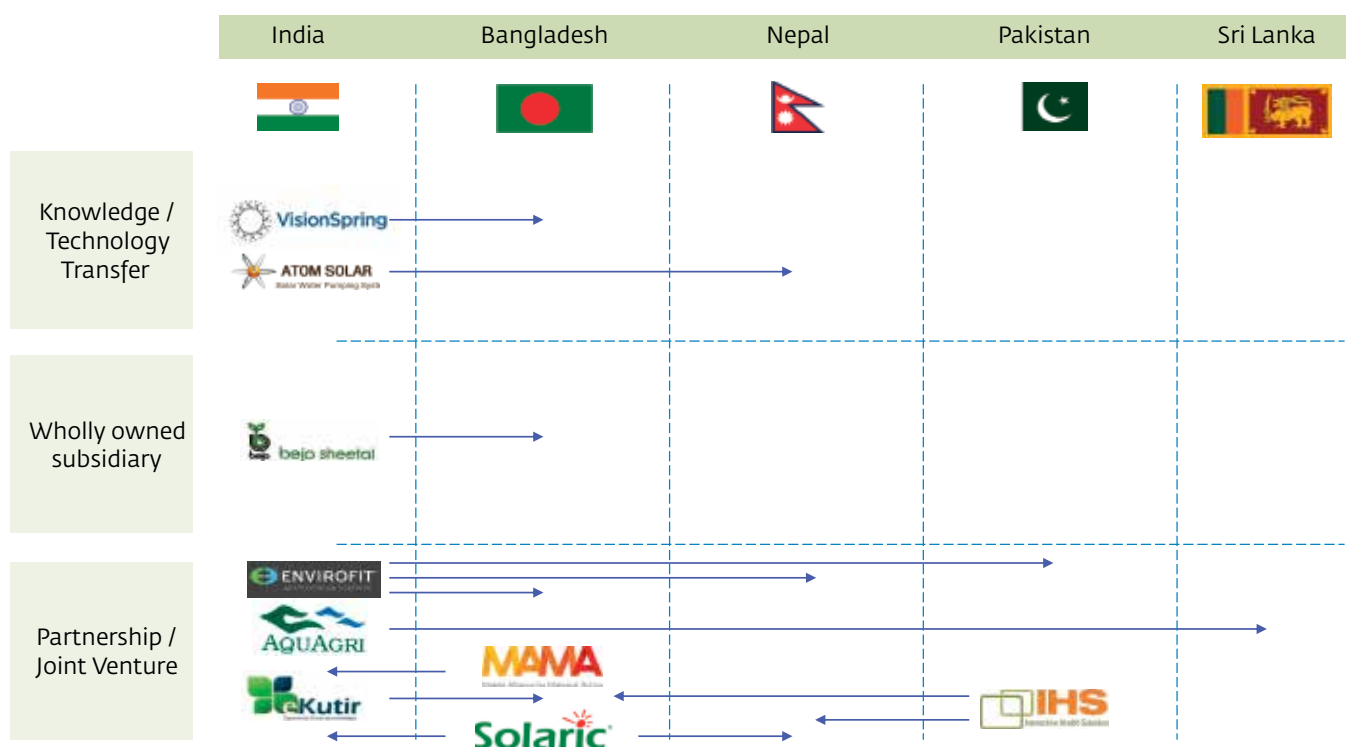
Of the nine case studies outlined in this report, six originated in India, two in Bangladesh, and one in Pakistan. None of the cases originated in Sri Lanka and Nepal, indicating the nascent state of the inclusive business space in these countries (refer to annex 2 for details). In terms of target destinations, nearly 45 percent expanded to more than one country (Figure 8). These included Beej Sheetal (which expanded to four), Envirofit (three), Solaric (two), and IHS Informatics (two). Envirofit and Solaric's strong product portfolio and

availability of funding for expansion helped them replicate faster, while IHS's advisory-focused business model led them to countries where clients were active.

The most common replication format were partnerships or joint ventures, given the nascent state of most markets and need for local relationships to tackle regulatory complexities. Only two of nine cases pertained to knowledge or technology transfer. Beej Sheetal presents a rare case of replication through a wholly-owned subsidiary, which expanded from India to Bangladesh.

Figure 8

SNAPSHOT OF REPLICATION CASES





AGRICULTURAL SECTOR

- Agriculture contributes **~19 percent of GDP** across South Asia, providing jobs and livelihoods to over **60 percent of the labor force**
- Agriculture farming in South Asia is dominated by small landholdings, with **holdings below one hectare accounting for more than 60 percent of total farm holdings**
- New opportunities are arising on account of **change in demand patterns, revolution in information and communication technology, and globalization.**

The cases of replication discussed in this section are:

- **Beej Sheetal**
- **eKutir**
- **AquAgri**

Figure 9

SNAPSHOT OF INCLUSIVE BUSINESS CASE STUDIES IN AGRICULTURAL SECTOR



AGRICULTURE

BEEJ SHEETAL

- Beej Sheetal develops and distributes high quality transgenic vegetable seeds in India, South Asia, and Africa. It has developed several hybrid varieties of vegetables through in-house R&D, and has its own seed production facilities spread over 6 hectares in Jalna, Maharashtra
- The company chose trade partnerships in Sri Lanka, Nepal and Pakistan. It set up a subsidiary in Bangladesh because market was larger, with presence of several players from different countries. It set up a seed production facility in Bhutan for temperate seeds

EKUTIR

- eKutir takes a holistic approach to improving the income and quality of life of small farmers by providing them with farming advice, inputs, financing, and market linkages. These services are provided through kiosks managed by micro-entrepreneurs
- The company had limited financial capacities and risk appetite, and hence preferred to replicate through knowledge transfer

AQUAGRI

- AquAgri is engaged in processing seaweed and marketing value-added products. Its products have applications in a variety of industries such as food processing, agriculture, and animal husbandry
- The company preferred to enter into a strategic alliance with a local partner who could help with outreach to coastal farmers, and also add brand value to products in Sri Lanka



HEALTHCARE SECTOR

- **One in every two persons** in South Asia cannot afford expensive private healthcare, and public health services are inadequate
- **Private sector** provides close to **80 percent** of all healthcare services
- Two poorest quintiles of the population access healthcare at home instead of a medical facility in **84.4 percent** of instances.

The cases of replication discussed in this section are:

- **IHS**
- **MAMA**
- **VisionSpring**

Figure 10

SNAPSHOT OF INCLUSIVE BUSINESS CASE STUDIES -HEALTHCARE SECTOR



HEALTHCARE

IHS INFORMATICS	MAMA	VISIONSPRING
<ul style="list-style-type: none"> ■ IHS is a healthcare-focused technology development firm that creates and adapts technologies for use among low-income consumers. It specializes in solutions that involve mobile-based interfaces for frontline healthcare workers and low-income patients ■ The company preferred strategic alliance with a single partner in each country; adapting XpertSMS to unique needs of its partner, building their capacities for implementation, and then exiting the partnership 	<ul style="list-style-type: none"> ■ Mobile Alliance for Maternal Action (MAMA) is a global alliance for improving maternal and child health through mobile technology. MAMA Bangladesh leverages its partnership with government agencies, private sector and NGOs for reaching out to families in rural areas and urban slums with maternal care information ■ The company referred to enter new markets through strategic alliance with strong partners who could provide local context for adapting the MAMA model 	<ul style="list-style-type: none"> ■ VisionSpring aims to provide access to affordable eyewear products and services. It focuses on serving the eye care needs of low income populations in developing countries through innovative eyewear distribution models ■ The company preferred to work in partnership (strategic alliance) with others so as to scale rapidly to multiple countries without a drain on its own resources



RENEWABLE ENERGY SECTOR

- **More than 500 million** people do not have access to grid electricity in South Asia and nearly 70 percent of all household energy needs are met through biomass
- **Solar power** is the most suitable among all renewable energy for Asian countries with the region receiving an average of more than eight hour bright sunlight per day for **more than 300 days a year**
- **Lack of consumer awareness, political and governmental policies, high installation costs, and low efficiency** are the main obstacles in developing renewable energy in South Asia.

The cases of replication discussed in this section are:

- **Solaric**
- **Envirofit India**
- **Atom Solar**

Figure 11

SNAPSHOT OF INCLUSIVE BUSINESS CASE STUDIES IN RENEWABLE ENERGY SECTOR



RENEWABLE ENERGY





SOLARIC	ENVIROFIT	ATOM SOLAR
<ul style="list-style-type: none"> ■ Solaric develops and manufactures solar energy home systems, backup systems, and nano-grid systems for off-grid populations in rural areas. Solaric's proprietary micro-inverter technology optimizes energy efficiency and improves the life of solar technology ■ The company preferred partnership models for easier access to markets. It explored three models based on geographies – trade in Nepal, strategic alliance in India, and joint venture in Tanzania 	<ul style="list-style-type: none"> ■ Envirofit India manufactures and distributes clean technology solutions that improve health, livelihoods, and the environment while enhancing energy efficiency across Asia. Its primary product is a range of cookstoves that have been designed using natural draft technology to decrease smoke, toxic emissions, fuel consumption, and time taken to cook ■ The company preferred trade partnerships because it did not have enough capital reserves to invest in a wholly-owned subsidiary and did not want to risk investing in a new market 	<ul style="list-style-type: none"> ■ Atom Solar provides affordable and portable solar powered water pumping solutions for use in rural and urban areas. Atom Solar's SunTrolley caters to farmers with less than a hectare of land; and no recurring costs such as purchase of diesel or power ■ The company opted to work with partners because it relies on local operational and financial assistance; choosing a strategic alliance in Nepal to explore a deeper engagement and a trade partnership in Afghanistan because of security concerns

COMPARISON OF MARKETS

A comparative snapshot of the state of inclusive business markets across different South Asian countries is shown in Figure 12.

Figure 12

COMPARATIVE ASSESSMENT OF MARKETS AS REPLICATION DESTINATIONS

	Bangladesh	Nepal	Pakistan	Sri Lanka
				
Inclusive business context	<ul style="list-style-type: none"> • Concept of inclusive business is well developed and recognized under the "social entrepreneurship or social business framework" • BRAC and Grameen key players and enablers • Many inclusive businesses operate as not-for-profits. 	<ul style="list-style-type: none"> • Inclusive business is a relatively new concept • For-profit focus, especially in the agriculture and renewable energy sectors • Health sector has few successful cases of not-for-profit models of inclusive businesses. 	<ul style="list-style-type: none"> • Concept of inclusive business is well established with increasing activity, though primarily under the framework of "social enterprise" based approaches • Both for-profit and not-for-profit inclusive businesses are emerging across impact sectors • High presence of NGOs in healthcare discourages market-based activity. 	<ul style="list-style-type: none"> • Inclusive business is a relatively new concept • Inclusive businesses are gradually moving from traditional not-for-profits to sustainable models as donor/grant aid is dwindling.
Business and investment climate	<ul style="list-style-type: none"> • Ease of doing business is low and is declining due to challenges in getting access to electricity, registering property, and enforcing contracts • Limited activity in dedicated funding for inclusive businesses, but high activity of donors and mainstream banking sector, could potentially fund inclusive business. 	<ul style="list-style-type: none"> • Ease of doing business is low, but has shown some improvement in 2015. Key challenges are in trading across borders, enforcing contracts, and getting access to commercial credit. • Donor and grant funding dominated market with 50-60 development banks in operation. Two newly-launched impact funds focus on inclusive businesses. 	<ul style="list-style-type: none"> • Ease of doing business is low and is declining due to challenges in corporate tax structure, enforcing contracts, and getting access to electricity • One of the more vibrant inclusive business ecosystems outside of India; 11 institutional equity investors, three angel groups, and 11 donors support inclusive businesses (non-exclusively). 	<ul style="list-style-type: none"> • Best environment for doing business among South Asian countries. Key challenges are in enforcing contracts, corporate tax structure, and registering property. • Underdeveloped inclusive business ecosystem, but considerable activity in mainstream funding (25 banks, 20 PE/VC funds), which could potentially serve inclusive businesses.
Regulatory support for inclusive business	<ul style="list-style-type: none"> • Provision of tax holidays in agro-processing, pharma, fertilizer and insecticide sector • Small enterprises are required to pay turnover tax at the rate of 2.5 percent instead of the standard 15 percent. 	<ul style="list-style-type: none"> • 100 percent FDI allowed in healthcare and R.E. FDI restrictions in poultry, fisheries. • Promotion of export-oriented agribusinesses through reduced tax of 20 percent compared to 25 percent for other business. 	<ul style="list-style-type: none"> • Has sector-specific policies to encourage participation of small businesses in impact sectors • Inhibitive tax policies such as 5 percent customs duty and 17 percent GST on imports of solar products inhibits growth of SE. 	<ul style="list-style-type: none"> • Government aims to reduce poverty by promoting agriculture and developing SMEs; also declared SME sector as a priority sector for lending.
Challenges	<ul style="list-style-type: none"> • Lack of real and ICT infrastructure • Difficulty in doing business and raising capital • Low willingness to pay • Difficulty in hiring and retaining talent • Inadequate availability of market data. 	<ul style="list-style-type: none"> • Delays in policy formulation, and time consuming bureaucratic processes • Lack of last-mile distribution and customer financing • Rural low-income consumers have limited awareness of inclusive business products and services, and hence sales conversion rates are low. 	<ul style="list-style-type: none"> • Low quality of ICT infrastructure • Low customer willingness to pay • Time-consuming processes and complex tax policies. 	<ul style="list-style-type: none"> • Limited access to capital • Limited size of the domestic market • Lack of last-mile infrastructure for distribution and financing.

Source: World Bank Doing Business Report 2015; The landscape for impact investing in South Asia, GIIN, 2014; investzinnovate, 2014, Pakistan Entrepreneurship Ecosystem Report

There is increasing cross-border replication across South Asian countries. During this research study, close to 20 such replication instances were tracked, of which nine were analyzed in detail. Analysis shows that most replication activity originated in India and is focused on other developing countries. Most cross-border replication cases were noted in the India-Bangladesh corridor, followed by replication to Sri Lanka and Nepal.^[25] In terms of suitability of markets as replication destinations, all countries have strengths and weaknesses, but in general, India and Bangladesh offer more a supportive local ecosystem as shown in Figure 12 (page 21).

In terms of sectoral diversity, significant healthcare and agriculture inclusive business replication took place in Bangladesh and Nepal over the past five years. While the ecosystem for business support is less developed, common cultural contexts with India, and the high incidence of medical tourism from these countries to India helped validate the market for healthcare products. Most replication traction is in technology-based healthcare service delivery (IHS and MAMA), and in healthcare products (VisionSpring). Likewise, in the agriculture sector, similarities in cropping patterns and farming practices have validated market potential for replication. Most replication cases in the agricultural sector have focused on improving agricultural productivity through farmer education and market linkages (for example, through models such as e-Kutir and Digital Green), and supplying high quality inputs (Beej Sheetal).^[26] On the other hand, traction in the renewable energy segment is poor. This can probably be attributed to the fact that no South Asian country has significant strengths in R&D or large-scale manufacturing of such products. All countries in the region tend to rely on Chinese manufacturers for this.

COMMON CHALLENGES OF REPLICATION ACROSS SOUTH ASIA

While each market in South Asia presents its own set of unique challenges for inclusive business replication, the following section briefly describes some common challenges seen across several South Asian countries.

Lack of sufficient infrastructure

Lack of infrastructure poses a challenge for inclusive businesses intending to replicate across South Asian

countries. Most countries suffer from unreliable electricity supply, lack of adequate road networks—especially in rural areas, and low internet and technology penetration. Further, market support services that can help inclusive businesses reach the last mile (such as aggregators of door-to-door sales agents and formal retail networks; and financing institutions such as microfinance institutions) are still nascent.

To tackle the problem of inadequate infrastructure, inclusive businesses have selectively chosen to work in areas where there is a minimum level of infrastructure development including roads, and internet and telecom penetration. Where possible, they have adapted their models to cater to the state of infrastructure in target countries. Inclusive businesses have also identified partner organizations (public and private sector) with existing operations in difficult-to-serve regions to provide cost-effective alternatives to investing in own infrastructure.

Difficulty in accessing in-country sources of capital

Small and medium inclusive businesses, particularly those at the early stages of growth, have limited access to institutional capital in many South Asian countries (such as Nepal and Pakistan), and hence rely on funds raised from friends and family, or even international funders. This poses a challenge to inclusive businesses seeking to replicate in the country, especially those who have higher working capital requirements, and hence need frequent capital infusion.

Inclusive businesses have overcome this challenge by securing funds ahead of replication to support scale-up, with the expectation that domestic capital will be easier to source from banks or mainstream PE/VC funds once they reach a certain size.

Low customer willingness to pay

Low-income customers are unwilling to pay for products and services in some countries, especially in the healthcare sector, as a majority of the services are provided by NGOs or the government free or at highly subsidized costs. Bangladesh and Pakistan are examples of these countries. A similar pattern is observed in the renewable energy sector in Nepal and Bangladesh where the government provides subsidies to businesses that can then provide low-cost products. This tends to distort the market in the long run and poses problems for businesses that intend to replicate through a for-profit, sustainable model.

Inclusive businesses have mitigated this challenge by selectively working in regions where such market distortions

²⁵ IFC Blog, Strengthening the Ecosystem to Mainstream Inclusive Businesses, 2015

²⁶ Please see annexure for summaries of replication experiences of these inclusive businesses.



are absent. They rely on local partners and talent to help them select these areas.

Rural low-income consumers have limited awareness of inclusive business products and services, and hence sales conversion rates are low

Given that most rural areas are cut off from mainstream markets, low-income communities rely on traditional alternatives to mainstream products. The use of these alternatives has established behavioral patterns that are difficult to break. There is limited awareness about inclusive business products and services and a hesitation to pay seemingly higher upfront costs. This challenge calls for investments in customer education and behavior change campaigns, which adds to the cost of replication.

Inclusive businesses have taken innovative approaches to overcoming these challenges. Some have aligned their replication with large donor-led awareness building programs for specific products (for example, clean cook stoves) and ride on the impact created by these programs. Others train local partners to carry

out awareness building through cost-efficient and high-impact community mobilization.

OPPORTUNITIES IN SOUTH ASIAN MARKETS

The growing regional cooperation between South Asian countries in sectors such as renewable energy and agriculture creates a fertile bed for exchange of innovative solutions to developmental challenges. The shared challenges and similar regional context, in conjunction with the fact that very few inclusive business models have evolved to a stage wherein they can work in such challenging contexts and still thrive point towards the need for replication across countries.

Growing government and private sector interest in bi-lateral trade and cooperation amongst South Asian countries is also creating a supporting environment for replication. There is growing trade and technology transfer between mainstream corporations, as well as exchange of inclusive business models across the region. The rest of this section presents an overview of current replication activity, and also identifies key opportunities for replication across agriculture, healthcare, and renewable energy sectors.








Opportunities for cross-border replication in South Asia exist across agriculture, healthcare, and renewable energy sectors

A snapshot of key replication opportunities in South Asia is shown in Figure 13. These opportunities have been identified based on primary interviews with in-country experts, and have been validated using secondary sources such as industry reports and development finance institution databases. This list is not comprehensive, and is only meant to provide a starting point for evaluation of replication opportunities in each of the focus countries.

bilateral relations between some countries, strong partnerships with local entities emerged as the most critical driver of success. In fact, six of nine cases that were analyzed for this study preferred strategic alliances with other inclusive businesses, NGOs, and donor programs for replication. This is in sharp contrast to replication cases in the India-Africa corridor where 50 percent were wholly owned subsidiaries.^[27] Other drivers of success included creating a talent strategy for the target market context, adapting the business model to work in a new market, creating customer awareness through lean approaches, and creating a fund-raising strategy in the light of limited domestic funding in most South Asian countries.

Figure 13

SNAPSHOT OF REPLICATION OPPORTUNITIES IN SOUTH ASIAN COUNTRIES

	Bangladesh	Nepal	Pakistan	Sri Lanka
				
	<ul style="list-style-type: none"> Fruits and vegetable processing Value-added dairy products Crop insurance 	<ul style="list-style-type: none"> High-yielding seed production Fruit processing Value-added dairy products 	<ul style="list-style-type: none"> Improving the post-harvest stage for crops and fresh produce Fruit processing High yield Vegetable seeds 	<ul style="list-style-type: none"> Enhancement of downstream value-chain activity in spices Cultivation of herbal medicinal plants Livestock development and dairy processing
	<ul style="list-style-type: none"> Preventive care for communicable diseases Micro-nutrition products Micro-insurance 	<ul style="list-style-type: none"> Affordable specialized tertiary healthcare Tele-medicine Active pharmaceutical ingredients production 	<ul style="list-style-type: none"> Micro-nutritional products Maternal and Child Health intervention Use of technology to identify genuine drugs 	<ul style="list-style-type: none"> Affordable preventive and curative care for NCDs Psychotherapy care Micro insurance
	<ul style="list-style-type: none"> Pico-solar lighting products Solar irrigation pumps Improved cook stoves 	<ul style="list-style-type: none"> Solar irrigation pumps Consumer financing and aftersales support for solar PV Improved cook stoves 	<ul style="list-style-type: none"> Micro/mini hydro and solar Consumer financing and after-sales support for solar PV Improved cook stoves 	<ul style="list-style-type: none"> Consumer financing and after-sales support for solar PV Micro/Nano grid solar solutions Improved cook stoves

Source: Intellect research, 2015

KEY LEARNINGS

Inclusive businesses face similar challenges that mainstream (non-impact-focused) businesses face, but their challenges are greater because they work in underserved and difficult geographies with limited infrastructure and nascent supporting ecosystems. They often do not have the financial wherewithal to bridge these gaps using in-house resources. As a result, whatever capital they do invest is expected to generate results and returns quickly. Because of these financial constraints, their strategies are aimed at gaining a foothold in the target markets, building local context through hiring and partnerships, and carrying out low-cost pilots to understand what works.

Given the nascent state of markets in South Asia, challenging terrain across most countries, and strained

Strategic alliances and partnerships with local organizations emerged as the most critical driver of successful replication

The importance of having strong local partners (e.g. other inclusive businesses, NGOs, donor programs etc.) in South Asian markets was clear to most inclusive businesses that were analyzed for this study. In fact, three of them, namely VisionSpring, Solaric, and Envirofit chose replication destinations based on the availability of either one key coordinating partner or a variety of supporting partners that could together play the role of a coordinating

²⁷ The Corridors for Shared Prosperity publication has a detailed section on 'what works' in replication. It highlights seven key lessons from pages 26 to 31 of the publication (weblink). Those learnings hold true for replication in the South Asia region as well. In addition, new learnings and more nuanced insights on 'what works' for South Asia are discussed in more detail in this report.

partner. There are four key benefits that strong partnerships have brought: access to valuable market data, support to understand and navigate complex regulatory environments, access to field staff and human resources, and assistance with last-mile distribution and financing. Because of the importance of partners to long-term success, some inclusive businesses such as IHS and Envirofit invest time in training partner resources so they can operate more independently.

There is a shortage of skilled talent in many South Asian countries, and talent management approaches must be framed in this context

Most South Asian countries have a shortage of skilled talent due to high rates of migration of trained professionals and high competition with mainstream organizations for limited talent pools. At the same time, local talent is a must to grow and scale a business in the long-term. Inclusive businesses have tackled this challenge by hiring experienced country leads and managing costs of other resources by hiring and training talent with relatively less experience. MAMA and Solaric have institutionalized systems and processes that focus on continuous improvement of team skill-sets. Others have set clear guidelines for career progression and job diversification, which help to retain talent once the induction and early training period is complete.

While South Asian countries share some common development contexts, inclusive business models still need to be adapted to specific country contexts

Some key elements of the market context for inclusive businesses in South Asia are: varying quality of information, communications, and technology infrastructure, varying purchasing power of customers, nuances in culture and aspirations that shape demand, uneven manufacturing activity, and varying costs of doing business. Each of these can challenge the fundamental viability of an inclusive business in a new market and, therefore, must be addressed carefully. Analysis of the case study sample set shows that businesses that have an inherent competitive edge or technical prowess are well positioned to adapt their models.

For instance, IHS has in-house research and development that can adapt its mobile solutions to work in countries with limited telecom infrastructure, while Solaric has the capacity to seed and support local manufacture of photo-voltaic panels in countries where the manufacturing sector is underdeveloped. VisionSpring and Envirofit overcome the hurdle of limited customer purchasing power by cross-subsidizing costs across a large portfolio of products (where a higher priced product for more aspirational customers

cross-subsidizes the marketing costs of lower-priced basic products). Beej Sheetal taps into its seed science expertise and large R&D facilities in India to manufacture hybrid vegetable seeds that cater to local tastes of customers in countries such as Bangladesh.

Inclusive businesses are taking lean approaches to building customer awareness such as working with local partners and plugging into existing donor programs

Low-income communities in many South Asian markets have limited access to markets, and hence their awareness about products and services is often low. Inclusive businesses supplying affordable products and services to low-income communities in underdeveloped markets find that their customers have to be educated about a product or service category first, and only then can they put out marketing messages about specific brands. For instance, products such as solar power-based irrigation systems are often little known categories in far flung villages in hilly districts of Nepal. Atom Solar is plugging into an on-going program by the International Centre for Integrated Mountain Development (ICIMOD) to build awareness about the product category among small farmers. Others such as e-Kutir and Envirofit run awareness building programs with partners. Eventually, these partners can carry out awareness building without relying on on-field presence of staff members from the e-Kutir and Envirofit teams.

Given limited domestic funding in most South Asian countries, inclusive businesses are more successful when they raise funds ahead of replication

Inclusive business ecosystems are nascent in many South Asian countries such as Nepal and Sri Lanka —particularly in the context of raising funds to initiate replication and working capital for scaling up replication. Such funding is not easily available, and can often be a roadblock for success. Early market research clearly identified this challenge for most inclusive businesses, and hence they either raised capital in home markets or from international markets ahead of expansion. MAMA, for instance, has had some success in raising domestic funding in the country of expansion by investing time in understanding potential donors and building relationships with them. Businesses with headquarters registered in some countries such as Pakistan can face challenges in transferring funds to and from national bank accounts. In light of this challenge, IHS Informatics is considering corporate restructuring by setting up a parent entity in Dubai to make fund raising as well as fund transfers less cumbersome.

Conclusion and Recommendations

There is a significant opportunity for inclusive business replication in the South Asian region. However, the speed of replication is slow and opportunistic. While inclusive businesses are interested in international expansion and replication, they have limited resources to deploy towards understanding market opportunities and often have limited experience with expansion. Hence, they can benefit greatly from structured advisory and financial support to explore replication. This support includes firm-level “replication-readiness” and market-entry support, as well as sectoral and ecosystem-level changes to create an enabling environment for replication. The report is an attempt towards building a knowledge base and tools that inclusive businesses can use to assess and understand replication opportunities. It is also a knowledge base that their funders and advisors can tap into to understand how to structure replication support.

While a knowledge base has been created, the idea of inclusive business replication in the region can accelerate and gain further momentum with the involvement of stakeholders such as donors, investors, incubators, advisors, academia, and policy makers. Once there is significant momentum, and a few success stories of replication emerge, the market forces can drive further replication. However, given the inherent challenges in replication and nascent state of inclusive business ecosystems in most countries, their early catalytic involvement can be very helpful.

Fortunately, there are early pioneers who are already supporting intra-South Asia replication, including public entities such as EXIM Bank, DFIs, Multilateral and Bilateral organizations such as the IFC, World Bank Group, USAID and UKaid, and private sector industry associations such as FICCI (Federation of Indian Chambers of Commerce & Industry) and CII (Confederation of Indian Industry) in India. Their work can serve as inspiration for the roles that different types of organizations can play in replication. Some of these are outlined here for each type of organization, but from past evidence of ‘what works’ in building supporting ecosystems for inclusive businesses, these organizations will be most effective when they work together to draw out opportunities for replication and address the key hurdles of doing business in developing countries. Key recommendations for different replication stakeholders are:

Inclusive businesses exploring replication:

- Take a systematic approach to replication by diagnosing internal readiness to expand (for instance, by using the replication framework and Microsoft Excel tool developed as part of this study), identifying the right countries or regions for replication, and selecting an appropriate format for replication
- Validate need for product or service in target markets
- Work in close collaboration with ecosystem stakeholders as well as potential partners in target countries.

Government agencies:

- Enable more policy-driven support for inclusive businesses by officially defining “inclusive businesses” and thereby paving the path for easier access to funding (via ‘priority lending schemes’ for instance) and incubation (via government-funded institutions)
- Mandate investment promotion centers to proactively encourage, source, and assist inclusive business replication
- Support private sector programs that provide funding and capacity-building services for inclusive business replication with single-window clearances for foreign investment, business registration, work permits, etc.

Multilaterals and donors:

- Set up multi-stakeholder initiatives to provide technical and financial assistance to inclusive businesses that are exploring replication
- Build knowledge around opportunities in replication and approaches to successful replication
- Assist in match-making of demand and supply sides of inclusive business replication.

Industry bodies:

- Encourage greater dissemination of information about inclusive businesses
- Focus existing knowledge creation and foreign expansion services on opportunities in critical needs sectors
- Offer network building and market education services to inclusive businesses seeking to replicate in new markets.
- Use platforms such as conferences and media such as newsletters to promote greater dialogue around intra-regional business expansion.

Development finance, risk capital and debt providing institutions:

- Use their existing networks and market know-how to drive inclusive business replication. Funding institutions with teams and/or focus areas across multiple developing countries are especially well-positioned to do this
- Guide portfolio companies in replicating to new markets, thereby increasing both financial and impact returns on their capital
- Consider investing in high potential business models that are seeking to replicate, and in doing so help to address the challenge of limited domestic funding for inclusive business models in most South Asian countries
- Provide insights about new markets and open up networks of potential suppliers, distributors, and other partners.

Incubators, capacity-building organizations, advisers, and intermediaries:

- Provide expert advisory support on systematic replication to inclusive businesses. This could include strategic support such as diagnosis of replication readiness, need

validation in a new market, as well as operational support such as setting up a new legal entity, support with talent acquisition, and on-ground assistance during pilot testing and market roll-out pilot testing, and creation of market roll-out plans

- Create forward linkages to subject matter experts such as corporate lawyers, accountants, and executive hiring firms.

While there are early signs of replication of inclusive business models among South Asian countries, much more multi-stakeholder engagement is required to scale this early traction. IFC hopes that this report will encourage more dialogue and ideation around replication, and invites others to partner with it in this endeavor. Further knowledge building in South-South replication is also encouraged—specifically in expanding understanding of replication opportunities to new sectors and markets, and in analyzing more instances of replication failure to build a more nuanced understanding of what drives successful replication.



Photo credit: Yosef Hadar/World Bank

Country Notes

Country 1

BANGLADESH

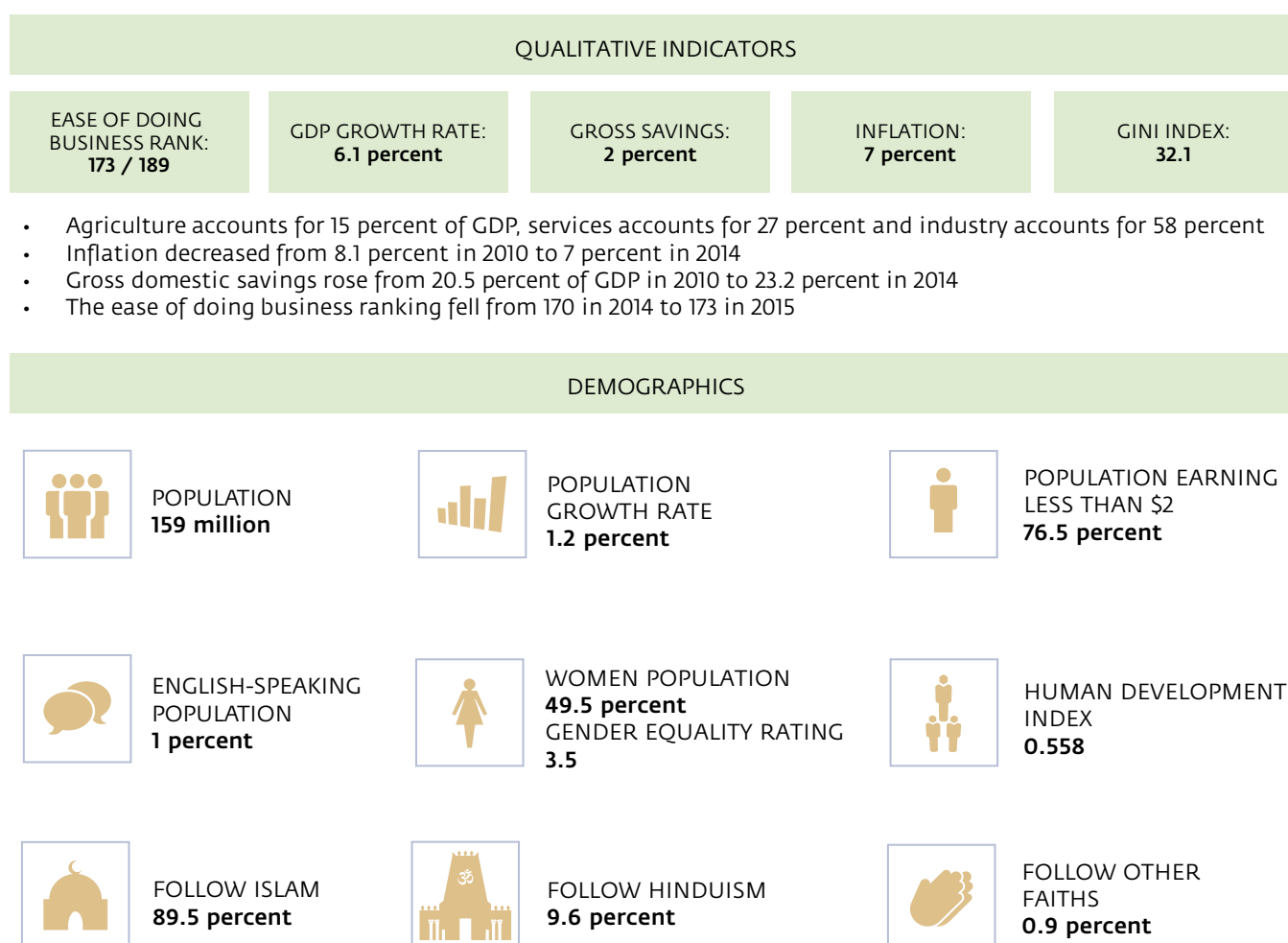
MACROECONOMIC, SOCIAL, AND POLITICAL SNAPSHOT

Bangladesh is bordered by India to its west, north, and east, Myanmar to its south-east, and Bay of Bengal to its south. With nearly 159 million people on a landmass of 147,570 sq. km., it is among the most densely populated countries in the world. The fertile alluvial plains and

a coastline of 580 km make Bangladesh very suitable for agriculture and aquaculture. However, agriculture accounts for only 15 percent of the country's gross domestic product (GDP), whereas services and industry account for 27 percent and 58 percent of the GDP respectively^[28]. A macroeconomic and demographic snapshot of Bangladesh is shown in Figure 14.

Figure 14

SNAPSHOT OF MACROECONOMIC INDICATORS AND DEMOGRAPHICS IN BANGLADESH



Source: World Bank Development Indicators, World Bank Country Profile, Euromonitor International

Figure 15

GLOBAL RATINGS THAT OFFER A MEASURE OF THE POLITICAL AND LEGAL SYSTEM IN BANGLADESH



Source: World Bank Development Indicators, World Economic Forum, Global Competitiveness Report 2014 - 2015

LEGAL AND POLITICAL SNAPSHOT

- The legal system in Bangladesh is based on the English Common Law
- The Bangladesh Competition Commission (BCC) was created under the provisions of the Competition Act 2012

OVERVIEW OF INVESTMENT CLIMATE

Foreign Direct Investment

Net inflows of \$1.58 billion in 2014, growing at a compounded annual growth rate (CAGR) of 16.4 percent since 2010^[29]

Key Investment Sectors

Agribusiness, ceramics, electronics, frozen foods, garments and textiles, ICT and business services, leather, light engineering, power, life-sciences

Key Government Bodies

Registrar of Joint Stock Companies and Firms, Board of Investment, Bangladesh Export Processing Zones Authority

Policies to aid foreign investment

- Foreign investor rights are protected under the Foreign Private Investment (Promotion and Protection) Act 1980
- Easy remittance of royalty and technical assistance fee
- Repatriation facilities of dividend and capital at the time of exit
- Resident permits and citizenship on making sizable investments
- Tax holidays on investing in economically important centres such as Dhaka and less developed districts such as Chittagong Hilly Districts
- Accelerated depreciation on the cost of land and machinery
- Other financial and non-financial incentives for export-oriented businesses.

Capital Requirements

Registration fees of \$47 and filing fees of \$15. Foreign investors require prior approval from the Bangladesh Bank to acquire a stake in local companies where control of the business is transferred from local to foreign shareholders.

Work permit

- Employment of expatriate personnel is only permitted in industrial/commercial establishments sanctioned/registered by the government
- The number of foreign employees should not exceed 5 percent in the industrial sector and 20 percent in commercial sector (as a percentage of total workforce) including top management personnel.

OVERVIEW OF THE LOCAL INCLUSIVE BUSINESS INDUSTRY

In Bangladesh, inclusive business as an approach, is primarily driven by large domestic non-profits such as Grameen and BRAC. While Grameen supports businesses (mostly through advisory and financing services) that are non-profits—which mainly attract funds from donor organizations, BRAC focuses on inclusive businesses that are financially sustainable. Majority of the inclusive business activity in Bangladesh is in microfinance, healthcare, agriculture, and renewable energy sectors.

Key supporters of the inclusive business space in Bangladesh, which can also potentially support replication, include:

Funders

Bangladesh has a robust banking system, with 60 commercial banks, 31 non-banking financial institutions, and 600 microfinance institutions. It has well established primary and secondary investment markets. While these are primarily focused on the mainstream sectors, investments in the inclusive business landscape are largely dominated by development finance institutions (DFIs). The risk capital market comprises of more than ten donors (providing

29 World Bank Development Indicators, accessed in October 2015.

returnable grants and soft loans), three equity investors and one angel group. Laws and regulations are largely supportive of foreign investment across various impact sectors to promote inclusive businesses.

Some of the notable funders include:

- **Commercial banks:** AB Bank Limited, Islami Bank Bangladesh Limited, City Bank, The International Finance Investment and Commerce Bank Limited (IFIC Bank), National Bank Limited, Grameen Bank
- **Mainstream PE/VC funds:** BD Ventures Limited, Asian Tiger Capital Partners, The Frontier Fund, Tindercapital, Inluvest Bangladesh
- **Angel network:** International Angel Association Bangladesh
- **Donors and DFIs:** Aga Khan Foundation, BRAC, Grameen Bank, International Finance Corporation (IFC), United States Development Agency (USAID), Asian Development Bank (ADB), UKaid

- **Impact funders:** SEAF Bangladesh Ventures, Inluvest Bangladesh

Enablers

A diverse set of support providers are found in Bangladesh. While the Grameen Group and BRAC have in-house incubators/accelerators that provide seed financing as well as technical assistance to inclusive businesses as a whole, some players target a specific market. For example, the Bangladesh Enterprise Institute (BEI) provides training and capacity building to young social entrepreneurs, while institutions like Open Accelerator run a year-long, low-cost accelerator program that focuses on rural entrepreneurs in Bangladesh. In addition, events such as Social Business Design Lab by Yunus Centre, and international competitions such as Global Social Entrepreneurship Competition (GSEC) encourage growth and scale of inclusive businesses.



SECTORAL LANDSCAPE AND REPLICATION OPPORTUNITIES

There is growing inclusive business activity across the three focus sectors of agriculture, healthcare, and renewable energy. A summary of the landscape as well as replication opportunities is presented in Figure 16.

Figure 16

SNAPSHOT OF SECTORAL LANDSCAPES AND KEY REPLICATION OPPORTUNITIES



HEALTHCARE

HEALTHCARE EXPENDITURE
<ul style="list-style-type: none"> Government - 35 percent Private sector/donors - 65 percent
DOCTOR / POPULATION RATIO
<ul style="list-style-type: none"> 2,500 people - 1 physician
ENABLING ECOSYSTEM
<ul style="list-style-type: none"> 100 percent FDI allowed International donors include USAID, ADB, and local DFIs such as Grameen and BRAC
CHALLENGES
<ul style="list-style-type: none"> Limited access to funding from banks and private equity investors Widespread communicable diseases Affordable diagnosis and treatment of NCDs
REPLICATION OPPORTUNITIES
<ul style="list-style-type: none"> Short-to-medium term: Preventive care for communicable diseases, affordable micro-nutrition, micro-insurance Long-term: Data digitization, use of ICT and telemedicine



AGRICULTURE

GDP SHARE
<ul style="list-style-type: none"> 15 percent
EMPLOYMENT
<ul style="list-style-type: none"> 66 percent of the workforce
ENABLING ECOSYSTEM
<ul style="list-style-type: none"> Government entities such as BSCIC, SMEF, and private entities such as BEI and NASCIB promote small business and private sector activity
CHALLENGES
<ul style="list-style-type: none"> Loss of arable land due to population growth Natural calamities such as floods and drought affect crop production Limited access to institutional credit
REPLICATION OPPORTUNITIES
<ul style="list-style-type: none"> Short-to-medium term: Fruits and vegetable processing, value-added dairy products, crop insurance Long-term: Biodegradable / environment friendly pesticides for promoting safe and organic food



RENEWABLE ENERGY

ACCESS TO ELECTRICITY
<ul style="list-style-type: none"> 40 percent of the population is off-grid
INSTALLED CAPACITY
<ul style="list-style-type: none"> Solar = 140 MW; Hydro = 230 MW; Wind = 2 MW
ENABLING ECOSYSTEM
<ul style="list-style-type: none"> IDCOL provides provision for subsidies and soft loans. There is considerable DFI funding in the sector Government has created SEDA to improve market opportunities
CHALLENGES
<ul style="list-style-type: none"> Low awareness related to the benefits of using improved cookstoves Difficulty in last-mile distribution of solar products, especially in rural areas
REPLICATION OPPORTUNITIES
<ul style="list-style-type: none"> Short-to-medium term: Pico-solar lighting products, solar irrigation pumps Long-term: Clean cookstoves

Source: Smallholder Farming in Transforming Economies of Asia and the Pacific: Challenges and Opportunities, 2011; Ministry of Agriculture; Central Bank; Primaries, Country Profiles by WHO, 2014; Mark Tran 2013, Healthcare in Bangladesh soars despite widespread poverty, Energy Country Profile by Reegle, 2012; Solar Home System Program by IDCOL, Primary research

KEY CHALLENGES AND INSIGHTS BASED ON REPLICATION EXPERIENCES OF INCLUSIVE BUSINESSES

Lack of Sufficient Infrastructure

Lack of infrastructure poses a key challenge for inclusive businesses intending to replicate in Bangladesh. The country suffers from unreliable electricity supply, lack of adequate road networks, especially in rural areas, and low internet and technology penetration. Further, market support services that can help inclusive businesses reach the last mile (such as aggregators of door-to-door sales agents and formal retail networks) are still nascent.

To tackle the problem of inadequate infrastructure, inclusive businesses replicating in Bangladesh have selectively chosen to work in areas where there is a certain minimum level of infrastructure development, including roads, and internet and telecom penetration. They have also chosen to work in partnership with existing inclusive businesses and non-governmental organizations (NGOs), including the likes of BRAC and Grameen, to reach populations in far-flung rural areas.

Difficulty in doing business and raising capital

Inclusive businesses face challenges in registering their business and subsequently scaling up operations. Bangladesh also imposes significant restrictions on income repatriation. It scores 20 on a scale of 0-100 (a score of 0 means extreme restrictions and a score of 100 means no restrictions) on the World Bank Investing Across Borders metric of “repatriating investments and incomes”. While the country has improved to some extent in creation of transparent tax structures, it still struggles in areas of enforcing contracts and government red tape on land registration is high. Political instability combined with large scale labor strikes also poses problems for inclusive businesses.

Businesses typically find it difficult to raise capital from foreign investors due to the lack of clarity on PE/VC regulations, minimum capital requirements, and compliance and reporting norms. The legal and policy system in the country has challenges such as slow resolution of conflicts.

Inclusive businesses that manage to successfully replicate in Bangladesh have taken one of three approaches. Some have chosen to replicate in formats that have limited legal liabilities—such as trade, knowledge sharing, and technology transfer. Others look to relationships that their

partners have with government bodies to navigate complex regulations. Finally, some inclusive businesses have chosen to replicate in Bangladesh in formats with more liability, such as wholly-owned subsidiaries. This is because they have financial capacities to sustain capital investments in the business in the hope of eventually gaining significant market share.

Low willingness among consumers to pay

Low-income customers are unwilling to pay for products and services, especially in the healthcare sector, as a majority of the services are provided by NGOs or the government free or at highly subsidized costs. A similar pattern is observed in the renewable energy sector where the government provides subsidies to businesses that can then provide low-cost products. This tends to distort the market in the long run and poses problems for businesses that intend to replicate through for-profit, sustainable models.

To address market distortion, some product-based businesses consider safer options such as selling directly to businesses in a B2B model, effectively turning their competition into clientele. While such arrangements are effective, the inclusive business may not have a high degree of control over the quality of services offered to end-consumers.

Difficulty in hiring and retaining talent

Inclusive businesses also face challenges in hiring and retaining skilled talent as well as field force (such as local micro-entrepreneurs).

To overcome these challenges, inclusive businesses have tended to keep their own teams lean in Bangladesh and rely on manpower from partners to do business, even as they continued to find local talent and build local teams.

Inadequate availability of market data

Although inclusive business activity is well-established in Bangladesh, businesses intending to replicate there often find it difficult to gather reliable and adequate market data. For example, Beej Sheetal, which expanded from India to Bangladesh had to plan its market entry strategy based only on primary research due to lack of availability of credible industry data. It relied on information from representatives and members of seed industry associations, which were overly optimistic in their estimation of market opportunities. By relying on these estimates, Beej Sheetal projected growth rates for its expansion in Bangladesh that were not achievable in the short-to-medium term, and hence had to revise its business plans for the country.

Country 2

NEPAL

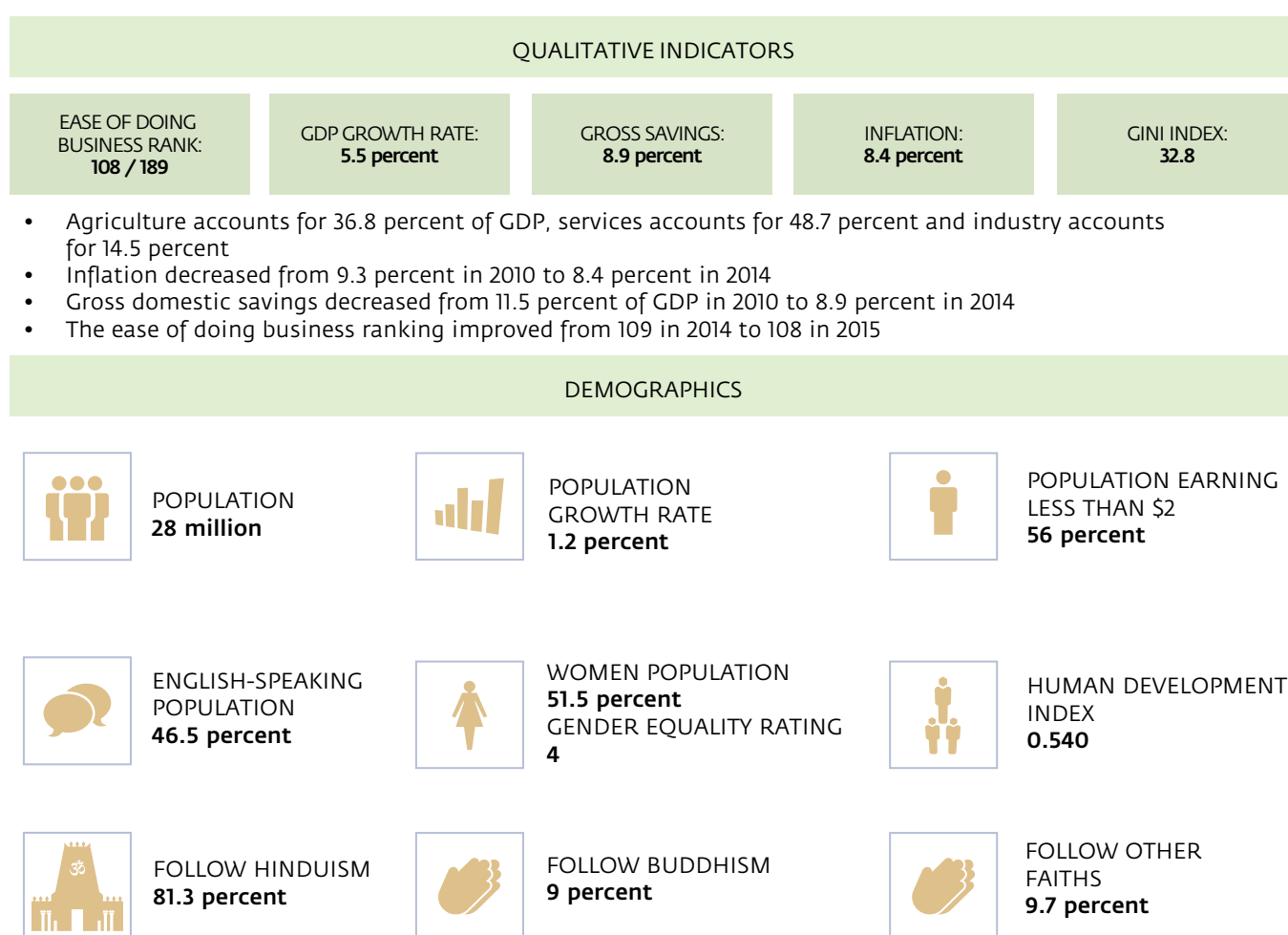
MACROECONOMIC SNAPSHOT

Nepal is located in South Asia, and is landlocked by India and China. With a population of 28 million on a landmass of 147,181 sq. km., it is the 41st most densely populated country in the world. It is a member of the South Asian Association of Regional Cooperation (SAARC). Nepal has recently emerged from a decade-long armed conflict,

which concluded with the signing of the Comprehensive Peace Agreement in 2006. More than 90 percent of Nepal's economically active population is engaged in agriculture. Other important sectors include tourism and hydro-power. Because of a large percentage of population migrating to countries such as India and Malaysia in search of jobs, Nepal receives the highest amount of remittances in the South Asian region. Personal remittances in Nepal amount to as high as 29 percent of the country's GDP. A macroeconomic and demographic snapshot of Nepal is shown in Figure 17.

Figure 17

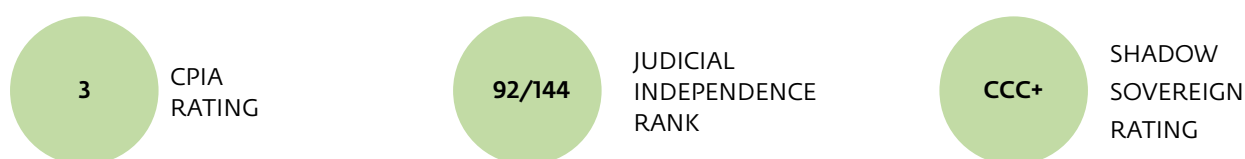
SNAPSHOT OF MACROECONOMIC INDICATORS AND DEMOGRAPHICS IN NEPAL



Source: World Bank Development Indicators, World Bank Country notes, Euromonitor International

Figure 18

GLOBAL RATINGS THAT OFFER A MEASURE OF THE POLITICAL AND LEGAL SYSTEM IN NEPAL



Source: World Bank Development Indicators, World Economic Forum, Global Competitiveness Report 2014 – 2015

LEGAL AND POLITICAL SNAPSHOT

- The legal system is based on English Common Law and Hindu legal concepts
- The Foreign Investment and Technology Transfer Act (FITTA),^[30] 1992 was formulated to promote effective mobilization of limited capital to increase the competitiveness of Nepal's human capital and natural resources. The act was amended and enacted in August 2000
- FITTA allows foreigners to invest only in private limited companies and in public limited companies registered with the Company Register Office (CRO). They are not allowed to invest in proprietorship or partnership firms.
- The governments of Nepal and India have entered a Double Taxation Avoidance Agreement (DTAA),^[31] a Prevention of Fiscal Evasion agreement, and the Bilateral Investment Promotion and Protection Agreement (BIPPA).^[32]
- Nepal is a member of the South Asian Free Trade Area (SAFTA) agreement.

OVERVIEW OF INVESTMENT CLIMATE

Foreign Direct Investment

Net inflows of \$74 million in 2013, decreasing at a CAGR of 5.42 percent since 2010.^[33]

Key Investment Sectors

Agriculture, aviation, health, hydropower, information technology, mining and minerals, road and transport, and tourism

Key Government Bodies

Department of Industry, Board of Investment, Ministry of Finance, National Planning Commission

Policies to Aid Foreign Investment

- The Climate Change Policy, 2011 was formulated to address climate change and achieve climate-friendly physical, social, and economic development.
- The Foreign Investment and One-Window Policy, was formulated in 1992 to increase private sector participation and generate additional opportunities for income and employment, particularly in the area of industrial production.
- The Industrial Policy 2010 was created to bring positive changes in the overall economic and social sectors of Nepal through acceleration of industrial development.
- The Foreign Investment Policy 2071 was approved in 2015 to expedite foreign investment processes.

Capital Requirements

- Registration fees of \$91 for incorporating a business.

Work permit

- The law requires any foreigner coming to Nepal for work to obtain a work permit.
- A majority of expats coming to Nepal for work are engaged in the construction sector, followed by service sector.
- A foreigner wishing to work in Nepal can get a permit valid for up to five years.

OVERVIEW OF LOCAL INCLUSIVE BUSINESS INDUSTRY

Broadly speaking, the inclusive business industry in Nepal is nascent, compared to countries like India, Bangladesh, and Pakistan. It is dominated by NGOs and charity-based organizations. These are primarily dependent on grants from international donors and DFIs, and do not have a proven financial model. The few sustainable inclusive businesses that do work in the country are based out of Kathmandu valley. These are often founded by local

³⁰ http://www.nepembseoul.gov.np/uploads/files/document/Foreign_Investment_and_Technology_Transfer_for_the_Industrial_Development_In_Nepal_23.pdf

³¹ http://articles.economictimes.indiatimes.com/2011-11-27/news/30447030_1_nepal-sign-india-and-nepal-today-double-taxation-avoidance-agreement

³² http://www.fncci.org/downloads/nepal_india_bipa_agreement.pdf

³³ World Bank Development Indicators. Accessed in October 2015.

entrepreneurs who have studied or worked abroad, or by expatriates. The reach in other areas is limited by the mountainous topography.

Even though ‘self-identifying’ inclusive businesses are rare, many small and medium enterprises (SMEs) engage with the low-income population as end-consumers or key suppliers of raw materials, especially in agriculture. Agriculture and renewable energy sectors see the majority of inclusive business activity in the country.

Key supporters of the inclusive business industry space in Nepal, which can also potentially support replication include:

Funders

As the concept of inclusive business is nascent, it is difficult to distill the financial sources exclusively available to these businesses. Although commercial banking activity is very robust in Nepal with 80 commercial banks, 50 to 60 development banks, and 115 microfinance banks; the inclusive business landscape is dominated by NGOs that primarily raise funds from international donor agencies. Foreign NGOs and charities are restricted from raising funds from domestic sources.^[34] While there are no specific policies to support inclusive businesses in the country, some lending policies for small and medium enterprises (SMEs) can be considered relevant for inclusive businesses active in impact sectors.

Some of the notable funders include:–

- **Commercial banks:** Nepal Bank Ltd., Rashtriya Banijya Bank Ltd., Nabil Bank Ltd., Standard Chartered Bank Nepal Ltd.
- **Donors and DFIs:** Department for International Development (DFID), World Bank Group, Asian Development Bank (ADB), GIZ, FMO, Triodos Bank
- **Impact funders:** Dolma Impact Fund, Tara Management Pvt. Ltd., One to Watch.

Enablers

DFIs and donors play a significant role in the development of inclusive businesses in Nepal. For example, ADB has developed a technical assistance facility to promote private sector participation in sectors such as agriculture and healthcare. The World Bank Group has initiated several programs such as Project for Agriculture Commercialization and Trade, and supported the Extended

Biogas Project to promote private sector and small business in the country. The Government of Nepal is trying to foster a culture of entrepreneurship in the country by planning a start-up fund.^[35] Incubators and accelerators that assist inclusive businesses in connecting with potential investors or customers are also emerging. Some notable support organizations include Biruwa Ventures, Change Fusion Nepal (Surya Nepal), Business Incubation Program, Rockstart Impact Nepal, NepalStartup Cup, Beed, and Entrepreneurs for Nepal (E4N). However, a majority of these incubators/accelerators are based in and around Kathmandu. There is little or no support for inclusive businesses focused on serving rural areas.



Photo credit: Curt Carnemark/World Bank

34 <http://www.icnl.org/research/monitor/nepal.html>

35 <http://kathmandupost.ekantipur.com/news/2014-07-16/govt-to-establish-rs-500m-fund-to-bankroll-start-ups.html>

SECTORAL LANDSCAPE AND REPLICATION OPPORTUNITIES

A summary of the sectoral landscape as well as key replication opportunities is presented in Figure 19.

Figure 19

SNAPSHOT FOR SECTORAL LANDSCAPE AND KEY REPLICATION OPPORTUNITIES



HEALTHCARE

HEALTHCARE EXPENDITURE
<ul style="list-style-type: none"> Government - 43 percent Private sector/donors - 57 percent
DOCTOR / POPULATION RATIO
<ul style="list-style-type: none"> 4,762 people - 1 physician
ENABLING ECOSYSTEM
<ul style="list-style-type: none"> 100 percent FDI is allowed Institutions such as World Bank and ADB have developed SME focused technical assistance programs
CHALLENGES
<ul style="list-style-type: none"> Limited access to funding from banks and private equity investors Widespread communicable diseases Affordable diagnosis and treatment of NCDs
REPLICATION OPPORTUNITIES
<ul style="list-style-type: none"> Short-to-medium term: Affordable specialized healthcare (tertiary care) and diagnostics services Long-term: Medical consumables and equipment, use of ICT and telemedicine



AGRICULTURE

GDP SHARE
<ul style="list-style-type: none"> 39 percent
EMPLOYMENT
<ul style="list-style-type: none"> 90 percent of economically active population
ENABLING ECOSYSTEM
<ul style="list-style-type: none"> Nepal Rastra Bank (central bank) gives agriculture loans Institutions such as World Bank and ADB have developed SME focused technical assistance programs
CHALLENGES
<ul style="list-style-type: none"> Loss of arable land due to population growth Natural calamities such as floods and drought affect crop production Limited access to institutional credit
REPLICATION OPPORTUNITIES
<ul style="list-style-type: none"> Short-to-medium term: Fruits processing, high-yielding seed production, value Long-term: Honey, coffee



RENEWABLE ENERGY

ACCESS TO ELECTRICITY
<ul style="list-style-type: none"> 24 percent of the population is off-grid
INSTALLED CAPACITY
<ul style="list-style-type: none"> Solar = 145 MW; Hydro = 723 MW;
ENABLING ECOSYSTEM
<ul style="list-style-type: none"> Government agencies such as AEPC provide grants / subsidies Key funders that focus on renewable energy include the IFC, ADB and WB, and newly setup Dolma Impact Fund
CHALLENGES
<ul style="list-style-type: none"> Low awareness related to the benefits of using improved cookstoves Difficulty in last-mile distribution of solar products, especially in rural areas
REPLICATION OPPORTUNITIES
<ul style="list-style-type: none"> Short-to-medium term: Clean cookstoves, community biomass plants, solar water pumps, solar lighting products Long-term: Community-level mini/micro hydropower/solar grids

Source: Country Profiles by WHO, 2014; Nepal Board of Investment, Smallholder Farming in Transforming Economies of Asia and the Pacific: Challenges and Opportunities, 2011; Ministry of Agriculture; NRB Bank Supervision Reports, Energy Country Profile by Reegle, 2012; Primary research.

KEY CHALLENGES AND INSIGHTS BASED ON REPLICATION EXPERIENCES OF INCLUSIVE BUSINESSES

Delays in policy formulation, and time consuming bureaucratic processes

While there are government efforts to promote entrepreneurship in Nepal, delays in policy formulation, and corruption^[36] have limited on-ground benefits that accrue to inclusive businesses.

To tackle this issue, inclusive businesses have primarily banked on relationships with well-established local partners and even international donor organizations to hasten compliance processes.

Lack of last-mile distribution and customer financing

Nepal has a predominantly mountainous terrain, and its rural population is highly fragmented and dispersed. This can make the unit economics of typical rural-focused models from countries such as India and Bangladesh untenable, as they rely on higher population density and road access to end-consumers. There is limited or no last-mile distribution infrastructure, which makes it more difficult for inclusive businesses. Finally, with a microfinance penetration that only extends to 31 percent of the potential market,^[37] there are limited consumer financing models to help low-income households to purchase essential products and services.

Nepal has a robust commercial banking system and a large presence of international donors that can distribute and provide consumer finance. Inclusive businesses have partnered with these institutions in the place of more traditional last-mile outreach partners.

Rural low-income consumers have limited awareness of inclusive business products and services, and hence sales conversion rates are low

Most rural areas are cut off from mainstream markets, so low-income communities rely on traditional alternatives to mainstream products. The use of these alternatives has turned into established behavioral patterns that are difficult to break. There is limited awareness about

inclusive business products and services, and hesitation to pay seemingly higher upfront costs. This challenge calls for investing in customer education and behavior change campaigns, which adds to the cost of replication. Consequently, there is a scenario where the markets present a ‘first-mover disadvantage’ rather than an advantage. Pioneers in product and service categories having to bear additional costs towards building customer awareness and a competitive edge cannot often be defended in the long run.

To overcome this challenge, some inclusive businesses such as Envirofit have shifted to a “train the trainer” model to build capacities of local partners such as NGOs to implement customer awareness programs. While the costs still persist, they tend to be lower when local talent is deployed.



³⁶ Transparency International has awarded Nepal a score of 29/100 on the Corruption Perception Index 2014 (with 0 indicating 'highly corrupt' and 100 'very clean'), and ranks it 126 out of 175 countries in terms of degree of corruption (with 175 being most corrupt)

³⁷ Nepal Microfinance Review, MCRIL, 2012.

Country 3

PAKISTAN

MACROECONOMIC SNAPSHOT

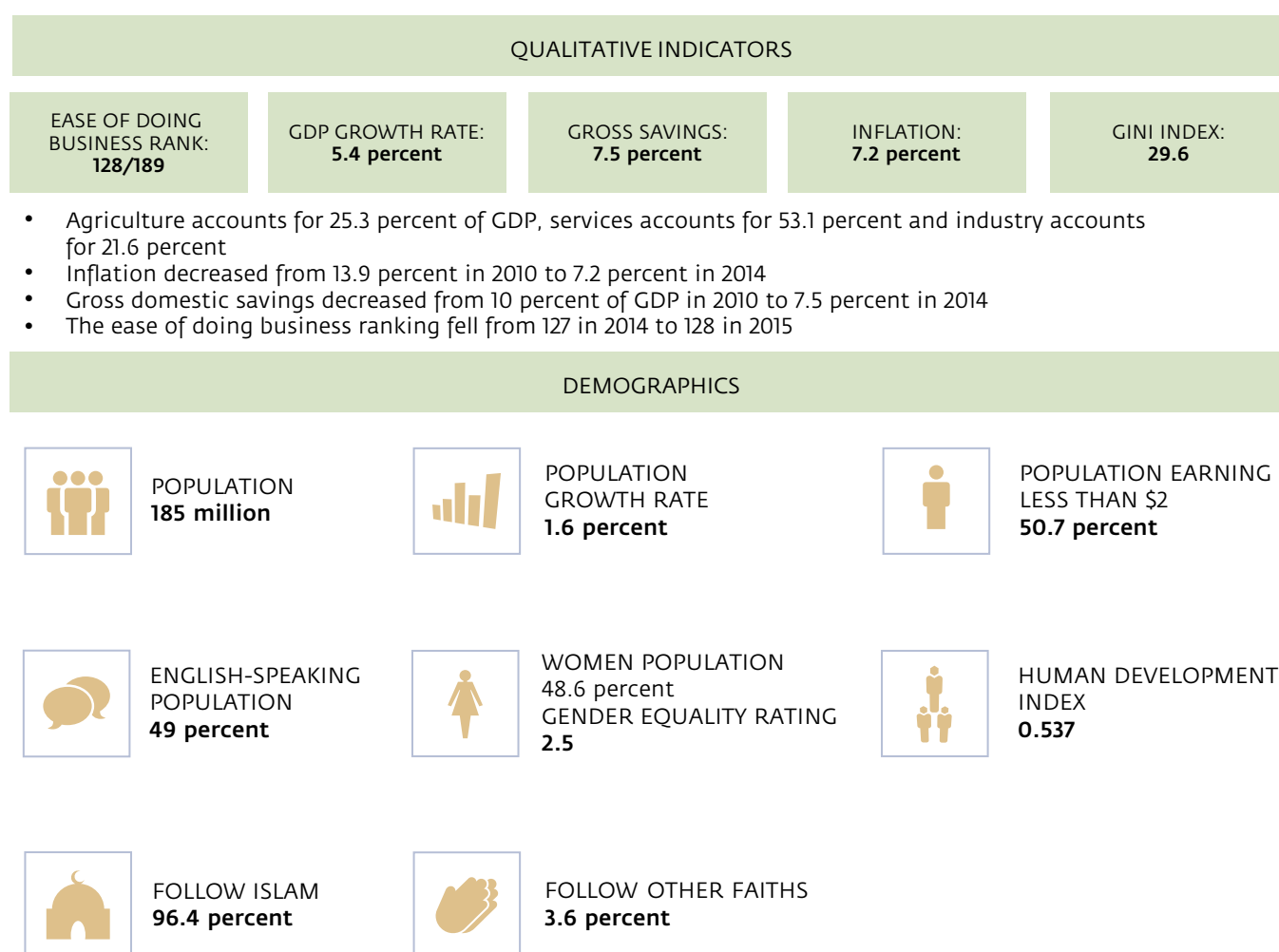
Pakistan shares its borders with India in the east, Afghanistan in the west, Iran to the south-west, and China in the far north-east. With 185 million people on a landmass of 796,095 sq. km., it is the sixth most densely populated country in the world. It is a member of the South Asian Association of Regional Cooperation (SAARC).^[38] Figure 20 presents a macroeconomic and demographic snapshot of Pakistan.

LEGAL AND POLITICAL SNAPSHOT

- The legal system is based on the English Common Law, with an overlay of Islamic legal precepts.
- The 1976 Foreign Private Investment Promotion and Protection Act specifically provides that foreign investment will not be subject to higher income tax levels than those assessed on similar investments made by Pakistani citizens.
- The 1976 Foreign Private Investment Promotion and Protection Act guarantees remittance of profits earned through sale and appreciation in value of property.
- Pakistan is a member of the South Asian Free Trade Area (SAFTA) agreement.

Figure 20

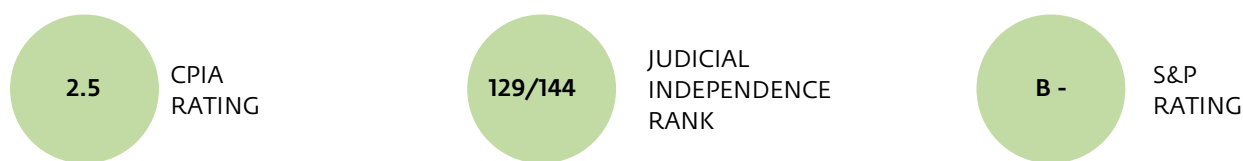
SNAPSHOT OF MACROECONOMIC INDICATORS AND DEMOGRAPHICS IN PAKISTAN



Source: World Bank Development Indicators, World Bank Country notes, Euromonitor International

Figure 21

SNAPSHOT OF LEGAL AND POLITICAL SYSTEMS



Source: World Bank Development Indicators, World Economic Forum, Global Competitiveness Report 2014 - 2015

OVERVIEW OF INVESTMENT CLIMATE

Foreign Direct Investment

Net inflows of \$1.78 billion in 2014, decreasing at a CAGR of 3.12 percent since 2010.^[39]

Key Investment Sectors

Agriculture and allied activities, power and energy, mining and gems, construction, information technology and telecom, textile, retail, automotive, financial services, tourism, and pharmaceuticals.

Key Government Bodies

Small and Medium Enterprises Development Authority (SMEDA), Board of Investment, Securities and Exchange Commission.

Policies to Aid Foreign Investment

- Remittance of capital, profits and dividends are allowed in all sectors.
- The government has taken steps to reduce the cost of doing business by removing equity caps on banking and non-banking financial services To facilitate market entry of SMEs.
- Investment opportunities and information vital to start business in Pakistan and online visa registration have been introduced.
- Special Economic Zones (SEZs) are being created and one-window clearance was introduced to streamline processes,

Capital requirements

Registration fees of \$81, and filing fees of \$23.

Work permit

- Expats opting for extended stays in the country need a work visa

- Work visas can be granted to foreign expatriates after recommendation from Board of Investment, Pakistan, valid for one year and extendable annually.

OVERVIEW OF THE LOCAL INCLUSIVE BUSINESS INDUSTRY

Most inclusive business activity is in the financial inclusion sector, but it is slowly gaining a foothold in sectors such as healthcare and technology for development. Some models that leverage ICT for development include use of mobile-based interfaces in simplifying health data collection and analysis and connecting patients to doctors and healthcare providers. Until a few years back, most of the inclusive business models tended to be non-profit in nature, but with the growth in number of impact investors in the country, there is increasing traction in for-profit models as well.

Key supporters of the inclusive business industry space in Pakistan, which can also potentially support replication include:

Funders

Pakistan shows higher PE/VC and impact funds activity than most countries in South Asia, with the exception of India. Overall, there are 11 institutional equity investors, three angel groups, and 11 donors that actively support small and medium businesses. Commercial banking activity is also fairly established with 37 commercial banks, 27 non-banking financial institutions, and six microfinance banks. The government also provides financial support to small and medium businesses (SMEs) through the Small and Medium enterprise Development Authority (SMEDA) and has framed sector-specific policies to promote private sector investments.

³⁹ World Bank Development Indicators, Accessed in October 2015.

Some notable funders include:

- **Commercial banks:** Askari Bank, United Bank Limited, National Bank of Pakistan, Sindh Bank Limited, Habib Bank Limited
- **Mainstream PE/VC funds:** Cyan Capital, JS Private Equity, Abraaj Capital, Catalyst Fund, Abu Dhabi Group
- **Angel networks and seed funders:** Plang, izi Angels, LUMS Centre for Entrepreneurship (LCE), Angel Investment Network Pakistan
- **Donors and DFIs:** Aga Khan Foundation, USAID, GIZ, DFID, ADB
- **Impact funders:** Invest2Innovate, DYL Ventures, Mini Ventures, SEED Ventures, Impakt Capital, Acumen Fund, Insitor Management Fund

Enablers

Pakistan has a growing ecosystem of enablers that offers non-financial support. Incubators/accelerators such as Invest2Innovate offer services exclusively to inclusive businesses. Organizations such as Higher Education Commission provide co-working spaces. Business competitions such as Civic Hackathons by Code for Pakistan, StartUp Dosti, and Youth Social Enterprise on Peace run by Youth and Gender Development Network and YES-Network Pakistan also promote growth of inclusive businesses in Pakistan.



Photo credit: Curt Carnemark/World Bank

SECTORAL LANDSCAPE AND REPLICATION OPPORTUNITIES

A summary of sectoral overviews as well as key replication opportunities are depicted in Figure 22.

Figure 22

SNAPSHOT OF SECTORAL LANDSCAPE AND KEY REPLICATION OPPORTUNITIES



HEALTHCARE

HEALTHCARE EXPENDITURE
<ul style="list-style-type: none"> Government - 37 percent Private sector/donors - 63 percent
DOCTOR / POPULATION RATIO
<ul style="list-style-type: none"> 1,250 people - 1 physician
ENABLING ECOSYSTEM
<ul style="list-style-type: none"> 100 percent FDI is allowed Key donors active in the healthcare sector are USAID, ADB, AusAID, DFATD, DFID, GDC, and JICA
CHALLENGES
<ul style="list-style-type: none"> High child and maternal mortality rates Lack of adequate child nutrition Widespread lifestyle diseases (NCDs) Urban-rural disparities in healthcare delivery and an imbalance in the health workforce
REPLICATION OPPORTUNITIES
<ul style="list-style-type: none"> Short-to-medium term: Affordable nutritional products, improved MCH services, genuine drug identification Long-term: Precision diagnosis and special care for NCDs



AGRICULTURE

GDP SHARE
<ul style="list-style-type: none"> 25 percent
EMPLOYMENT
<ul style="list-style-type: none"> 37 percent of the workforce
ENABLING ECOSYSTEM
<ul style="list-style-type: none"> State Bank of Pakistan offers a corporate guarantee that enables banks to provide unsecured financing World Bank is promoting drip irrigation projects; other active donors are USAID, ADB, and JICA
CHALLENGES
<ul style="list-style-type: none"> Water shortage, absence of high yield varieties of seeds, and lack of research and development are the basic causes of low per hectare yield of crops in Pakistan
REPLICATION OPPORTUNITIES
<ul style="list-style-type: none"> Short-to-medium term: Improving post-harvest value chain, integrated cold chain logistics, meat processing Long-term: Technology transfer to improve water use efficiency in irrigation



RENEWABLE ENERGY

ACCESS TO ELECTRICITY
<ul style="list-style-type: none"> 7 percent of the population is off-grid
INSTALLED CAPACITY
<ul style="list-style-type: none"> Solar = 30 MW; Hydro = 6919 MW, Bio-energy = 252.19 MW
ENABLING ECOSYSTEM
<ul style="list-style-type: none"> AEDB promotes creation of solar homes and installation of wind turbines 100 percent FDI is allowed in all sub-sectors Active donors include Aga Khan Foundation, USAID, ADB, and German Development Cooperation
CHALLENGES
<ul style="list-style-type: none"> Grid supply is unreliable with power cuts of ~8-10 hours per day Low awareness around clean cookstoves
REPLICATION OPPORTUNITIES
<ul style="list-style-type: none"> Short-to-medium term: Last-mile distribution of solar PV, technical assistance for micro/mini hydro Long-term: Improved cooking stoves

Source: Smallholder Farming in Transforming Economies of Asia and the Pacific: Challenges and Opportunities, 2011; Ministry of Agriculture; Central Bank; Pakistan Donor Profile and Mapping – UN, 2014, Country Profiles by WHO, 2014, Energy Country Profile by Reegle, Primary research.

KEY CHALLENGES AND INSIGHTS BASED ON REPLICATION EXPERIENCES OF INCLUSIVE BUSINESSES

Low Quality of ICT Infrastructure

Inclusive businesses that rely on mobile-based solutions cannot function efficiently without reliable access to telecom networks and electricity (for mobile charging). While the ICT infrastructure is well developed in urban Pakistan, rural areas are poorly served and this creates a challenge for businesses that want to work with rural communities.

In response to this challenge, inclusive businesses such as IHS Informatics have adapted technology solutions to work at the lowest level of infrastructural availability in the country and often removed real-time updates and shifted to manual data entry.

Low Customer Willingness to Pay

Agricultural and healthcare sectors in Pakistan are dominated by government subsidy programs and activity

by domestic and foreign NGOs. As a result, products and services in categories such as inputs, irrigation, and primary healthcare may have to compete with highly subsidized or free services. For instance, NGOs such as Medical Care and HOPE in Karachi provide free and subsidized healthcare.

Inclusive businesses have mitigated this challenge by selectively working in regions where such market distortions are absent. They rely on local partners and talent to help select these areas.

Time Consuming Processes and Complex Tax Policies

Significant time is consumed in enforcing legal contracts, filing taxes, and meeting other compliance norms. For instance, 47 separate tax payments need to be made each year, requiring a total time investment of 594 hours—close to double the average time taken to file taxes in South Asia.^[40] Meeting such compliance norms is expensive and time consuming for small and medium businesses, and more so for inclusive businesses which tend to work with lean teams and have limited financial resources to hire taxation vendors.



40 Pakistan Country Profile – Ease of Doing Business, World Bank, 2015.

Country 4

SRI LANKA

MACROECONOMIC SNAPSHOT

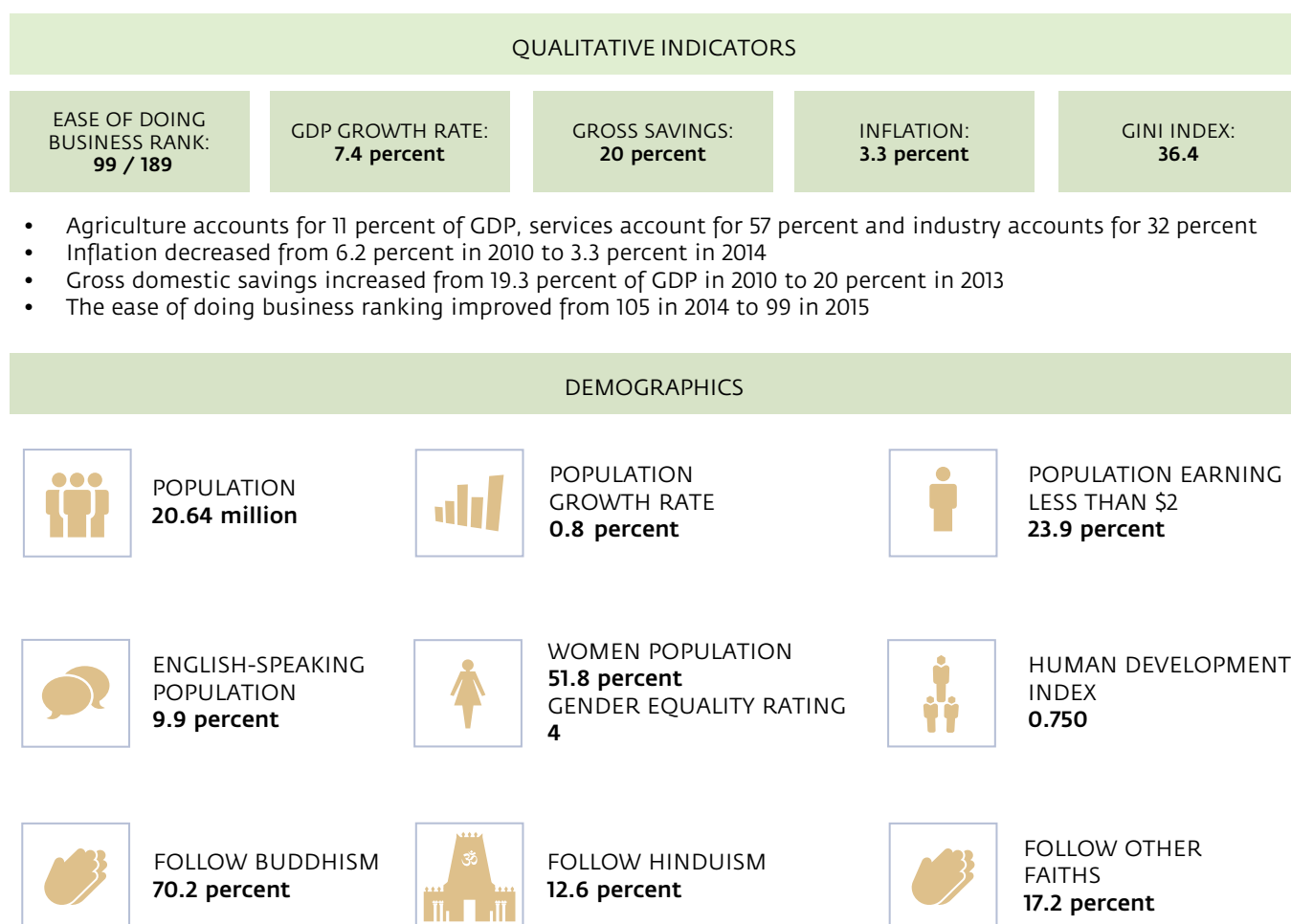
Sri Lanka shares its maritime borders with India and the Maldives. The economy has been robust, growing at an annual average of 7.4 percent since the civil war ended in May 2009. It is a member of South Asian Association for Regional Cooperation (SAARC). A macroeconomic and demographic snapshot of Sri Lanka is presented in Figure 23.^[41]

LEGAL AND POLITICAL SNAPSHOT

- The legal system is based on elements drawn from three different legal systems – the English Common Law, Roman-Dutch Civil Law, and Customary Law.
- Sri Lanka is a Democratic Socialist Republic with a presidential system of government.
- Legal reforms are underway to replace the existing system with a parliamentary system of government, limit the number of terms the president can serve in office, and devolve authority to Sri Lanka's provinces.^[42]
- Foreign investors need to register under Section 16 of the Board of Investment Law for approval to facilitate capital entry to Sri Lanka, set up a new company with foreign shareholding, and transfer shares from a locally-owned firm to a foreign investor.^[43]

Figure 23

SNAPSHOT OF MACROECONOMIC INDICATORS AND DEMOGRAPHICS IN SRI LANKA



Source: World Bank Development Indicators, World Bank Country notes, Euromonitor International

⁴¹ World Bank Development Indicators. Accessed in October 2015.

⁴² <http://www.iconnectblog.com/2015/02/three-key-constitutional-reforms-for-sri-lanka/>

⁴³ http://www.investsrilanka.com/setting_up_in

Figure 24:

GLOBAL RATINGS THAT OFFER A MEASURE OF THE POLITICAL AND LEGAL SYSTEM IN SRI LANKA



Source: World Bank Development Indicators, World Economic Forum, Global Competitiveness Report 2014 - 2015

OVERVIEW OF INVESTMENT CLIMATE

Foreign Direct Investment

Net inflows of \$944 million in 2014, growing at a CAGR of 18.6 percent since 2010

Key Investment Sectors

Tourism, renewable energy, manufacturing, information technology, port and ICT infrastructure, education, and agriculture

Key Government Bodies

Ministry of Industry and Commerce, Department of Immigration and Emigration, Inland Revenue Department, Sri Lanka Customs Authority, Board of Investment, Central Environmental Authority

Policies to Aid Foreign Investment

- Waiver of customs duty on capital goods and raw materials for companies that export more than 90 percent of goods produced or services.
- Non-export oriented projects get waivers of custom duties on import of project-related capital goods for the duration of the project.
- Exchange control exemptions are awarded to export-oriented companies.
- Foreign-owned businesses can apply for BOI approval to list on the Colombo Stock Exchange.

Capital Requirements

Registration fees of \$140

Work Permit^[44]

- Investors researching the Sri Lanka market or looking to register a foreign investment are required to apply for an entry visa instead of a business or tourist visa.

- Work permits can be obtained from the Department of Immigration and Emigration using a recommendation letter from the Board of Investment.
- Work permit renewal is subject to project reviews and approvals by the Appraisal Department.

OVERVIEW OF THE LOCAL INCLUSIVE BUSINESS INDUSTRY

The concept of inclusive business is relatively new in Sri Lanka as compared to other countries in South Asia. There is however a very well-established NGO sector that works across sectors such as agriculture and healthcare and across thematic areas such as rehabilitation of communities displaced by the civil war. For-profit inclusive business activity is seen across sectors such as financial inclusion, handicrafts, and agriculture. The renewable energy and healthcare sectors have very limited private sector activity, as a majority of the population is grid-connected, and the government is a major player in healthcare, which provides services at subsidized rates.

A handful of inclusive businesses have come up in the country in the recent past that seek to use sustainable models to improve quality of life for rural poor. For instance, CBL Natural Foods is an inclusive business that directly sources raw materials from farmers and processes these into food products, thus ensuring better income to farmers. Others such as Wisdom Solar and Access Solar provide affordable solar energy products in rural areas.

Key supporters of the inclusive business industry in Sri Lanka, which can also potentially support replication include:

Funders

The capital market consists of PE/VC funds, DFIs, HNIs and commercial banks. The country has 25 commercial banks, 48 non-banking financial institutions, over 20 PE/VC funds (of which 13 have an impact focus by virtue of focusing on high-impact sectors), and 12 development finance Institutions (DFIs). Most inclusive businesses depend on

44 http://www.investsrilanka.com/setting_up_in

personal networks to raise capital during the first few years of operations. DFIs directly invest in businesses, only a few channelize capital through commercial banks. Although there are no policies to specifically promote inclusive businesses, the government does promote investments in SMEs by assigning it high-priority sector status.^[45]

Some of the notable funders include:–

- **Commercial banks:** Bank of Ceylon (BOC), People's Bank (PB), Commercial Bank of Ceylon Plc (CB), Hatton National Bank Plc. (HNB), Sampath Bank Plc. (SAMB) and Seylan Bank Plc. (SEYB)
- **Mainstream PE/VC funds:** Lanka Ventures Plc., LR Global Lanka Private Equity Fund, Jupiter Capital, Steradian Capital, Apache Capital, Actis

- **Angel Network:** Lankan Angel Network
- **Donors and DFIs:** DFID, FMO, DEG, USAID, AusAid, ADB
- **Impact funders:** Creation Investments

Enablers

The non-financial support ecosystem is less developed in Sri Lanka. There are very few dedicated enablers for inclusive businesses. These include Lanka Social Ventures by Oxfam and incentiWise, which provides incubation services to inclusive businesses. Mainstream support providers such as HSBC Youth Enterprise Awards, Nawabima Business Incubator, Sarvodaya Economic Enterprises Development Services, Start and Improve Your Business Association of Sri Lanka, and National Enterprise Development Authority support small businesses and could potentially extend support to inclusive businesses.



Photo credit: Dominic Sansoni/World Bank

⁴⁵ Government Policy and Strategy for SME Development, J.P.D.R Jayasekara and Anuradha Thilakaratna Ministry of Finance and Planning, Sri Lanka, 2013.

SECTORAL LANDSCAPE AND REPLICATION OPPORTUNITIES

A summary of the landscape as well as replication opportunities is presented in Figure 25.

Figure 25

SNAPSHOT OF SECTORAL LANDSCAPE AND KEY REPLICATION OPPORTUNITIES

HEALTHCARE	AGRICULTURE	RENEWABLE ENERGY
HEALTHCARE EXPENDITURE	GDP SHARE	ACCESS TO ELECTRICITY
<ul style="list-style-type: none"> Government - 44 percent Private sector/donors - 56 percent 	<ul style="list-style-type: none"> 11 percent 	<ul style="list-style-type: none"> 12 percent of the population is off-grid
DOCTOR / POPULATION RATIO	EMPLOYMENT	INSTALLED CAPACITY
<ul style="list-style-type: none"> 1,250 people - 1 physician 	<ul style="list-style-type: none"> 33 percent of the workforce 	<ul style="list-style-type: none"> Hydro = 1590 MW, Wind = 76 MW
ENABLING ECOSYSTEM	ENABLING ECOSYSTEM	ENABLING ECOSYSTEM
<ul style="list-style-type: none"> 100 percent FDI is allowed Key donors active in the healthcare sector are International Development Association, WHO, JICA, WDF 	<ul style="list-style-type: none"> Government provides tax incentives to SMEs in agro-processing, poultry, fishing, seeds and dairy USAID and World Bank provide aid and technical assistance to agro-processing businesses in conflict areas 	<ul style="list-style-type: none"> Government allows for trading renewable energy produced within households through 'net metering' 100 percent FDI is allowed in all sub-sectors Active donors include World Bank and ADB
CHALLENGES	CHALLENGES	CHALLENGES
<ul style="list-style-type: none"> Non-communicable diseases are on the rise, particularly cardio-vascular, cancers, diabetes and chronic respiratory diseases-universal healthcare system does not cover these Rural communities are underserved 	<ul style="list-style-type: none"> Low use of high quality inputs and farm mechanization High post-harvest spoilage (~40 percent) leads to reduced farmer incomes Threat of climate change and flooding 	<ul style="list-style-type: none"> Poor access in Central and southern provinces -60-70 percent of rural population does not have electricity access Solar home systems are unaffordable
REPLICATION OPPORTUNITIES		
<ul style="list-style-type: none"> Government: Good government support through universal healthcare to Citizens. and tax holidays to private sector; 100% FDI allowed Domestic funders; Very limited support: Actis and Lanka Ventures are two funds that provide risk capital to the Sector Donors and DFIs: International Development Association (IDA), WHO, JICA, Singapore International Foundation, and WDF are some of the active donors 	<ul style="list-style-type: none"> Government: Supports through tax incentives to SMEs in agro-processing, poultry, fishing, seeds and dairy: 100% FDI is allowed with limited restrictions for Small scale processing units Domestic funders: Poor availability of long-term credit (burdened with high interest rates); Limited PE/VC activity - Steradian Capital and Apache Capital provide capital focused on large ticket sized investments Donors and DFIs: IFAD, Oxfam, USAID, and World Bank are some of the active donors 	<ul style="list-style-type: none"> Government: Supports the sector through 'net-metering': Sri Lanka Sustainable Energy Authority (SLSEA) is building a grid-connected solar energy park, slated to be the first of its kind in Asia; 100% FDI is allowed Domestic funders: DFCC Bank and Commercial Bank of Ceylon provide renewable energy project financing; Lanka Ventures and Creation Investments are the active PE funds Donors and DFIs: Active donors include Asian Development Bank, Pathfinder Foundation and International Foundation of Science.
REPLICATION OPPORTUNITIES		
<ul style="list-style-type: none"> Short-to-medium term: Affordable care for psychotherapy, medical devices, micro-insurance Long-term: Disease surveillance systems and digitization of health data 	<ul style="list-style-type: none"> Short-to-medium term: Spices, floriculture, herbal plants, high-value fruits and vegetables, Meat and milk Long-term: modernization of deep Sea fishing and aquaculture practices 	<ul style="list-style-type: none"> Short-to-medium term: Solar home system products, Community-level mini and micro grids, improved cookstoves Long-term: Solar water pumps, local manufacture of solar PV pumps

Source: The Landscape for Impact Investing in South Asia, 2014, BOI Sri Lanka, Department of Agriculture, Sri Lanka, CIC Agribusinesses, Sri Lanka Fruit and Vegetables Producers, Processors and Exporters Association, Department of Export Agriculture, Sri Lanka, World Bank, Country Cooperation Strategy - WHO, The Economist Intelligence Unit, Work In Sri Lanka, Sri Lanka Sustainable Energy Authority (SLSEA) Reports, Sri Lanka Renewable Energy Forum, Ministry of Power and Energy, Public Utilities Commission of Sri Lanka, Primary research.

KEY CHALLENGES AND INSIGHTS BASED ON REPLICATION EXPERIENCES OF INCLUSIVE BUSINESSES

Limited Access to Capital

Small and medium inclusive businesses, particularly those at the early stages of growth, have limited access to institutional capital in Sri Lanka. They, hence, rely on funds raised from friends and family, or even international funders. This poses a challenge to inclusive businesses seeking to replicate in the country, especially those who have higher working capital requirements and need frequent capital infusion.

Inclusive businesses have overcome this challenge by securing funds ahead of replication to support scale up, with the expectation that domestic capital will be easier to source once they reach a certain size.

Limited Domestic Market

With a population of only 20.48 million,^[46] the domestic market in Sri Lanka offers limited potential for scale for products and services exclusively focused on local customer segments. Despite this, the market is still strategic for

businesses that build Sri Lanka's export competitiveness or sell products and services that require repeat purchases. Most instances of inclusive business replication to Sri Lanka have been in agriculture-related sectors that are export-focused and serve international markets while involving Sri Lankan low-income communities in their supply chains.

Lack of Last-Mile Infrastructure for Distribution and Financing

There is a significant dearth of last-mile infrastructure for distribution and financing such as MFIs and aggregators of door-to-door sales agents. This can create hurdles in business expansion. For instance, AquAgri, an aquaculture focused inclusive business that expanded from India to Sri Lanka, found it challenging to connect farmers to last-mile financing facilities. In the absence of these micro-loans, the pace of farmer onboarding began to slow down.

It overcame these challenges by collaborating with a Sri Lankan partner to tap into farmer networks that could collectivize farmers and afford the initial set-up cost. It also financed some of the initial set-up costs using funds raised in India.



Photo credit: Dominic Sansoni/World Bank

⁴⁶ World Bank Development Indicators. Accessed in October 2015.

Special spotlight

Country 5

AFGHANISTAN

MACROECONOMIC SNAPSHOT

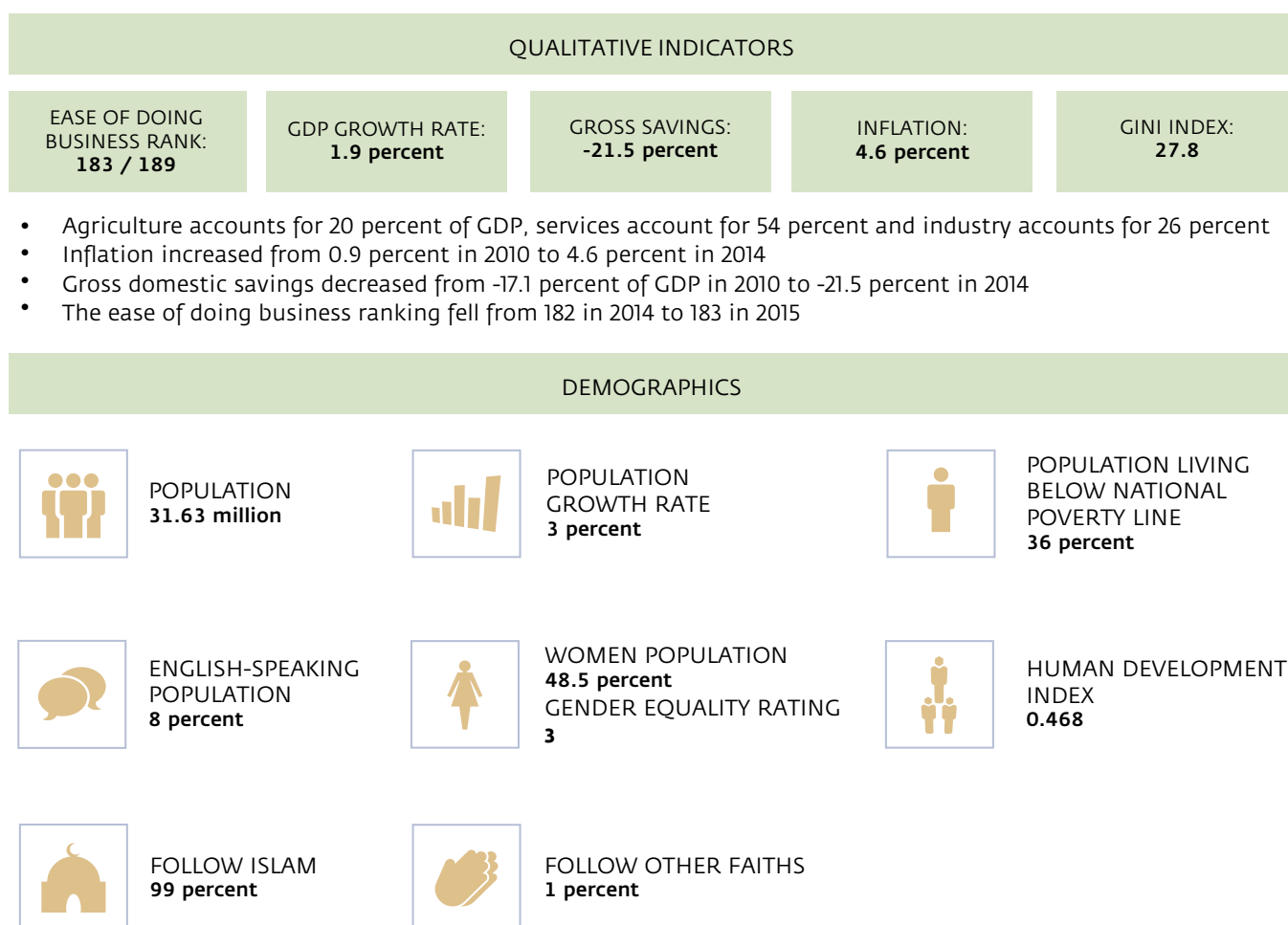
Afghanistan is a landlocked country located in South and Central Asia. It shares its borders with Pakistan in the south and east, Iran in the west, Turkmenistan, Uzbekistan, Tajikistan in the north, and China in the far north-east. With a population of 31.6 million on a landmass of 652,000 sq. km., it is the 42nd most densely populated country in the world.^[47] It is a member of the South Asian Association of Regional Cooperation (SAARC), Economic Cooperation Organization (ECO), and Economy of the Organization of Islamic Cooperation (OIC). A macroeconomic and demographic snapshot of Afghanistan is presented in Figure 26.

LEGAL AND POLITICAL SNAPSHOT

- Legal system consists of Islamic, statutory, and customary rules. It has developed over centuries and is currently changing in the context of the rebuilding of the Afghan state.
- Afghanistan is a member of a number of regional cooperation agreements, such as SAARC, ECO, CAREC, APTTA and SAFTA. Under SAFTA, Afghanistan enjoys duty-free access to India and 5 percent to Pakistan on non-sensitive goods.
- Afghanistan has also signed bilateral trade and economic cooperation agreements with Russia and Turkey.

Figure 26

SNAPSHOT OF MACROECONOMIC INDICATORS AND DEMOGRAPHICS IN AFGHANISTAN



Source: World Bank Development Indicators, World Bank Country notes, Euromonitor International Report

⁴⁷ World Bank Country Profile

Figure 27

LEGAL AND POLITICAL SNAPSHOT OF AFGHANISTAN



Source: World Bank Development Indicators, World Economic Forum, Global Competitiveness Report 2014 - 2015

OVERVIEW OF INVESTMENT CLIMATE

Foreign Direct Investment

Net inflows of \$59.6 million in 2013, growing at a CAGR of -7.7 percent since 2010.^[48]

Key Investment Sectors

Minerals and hydrocarbon, high-value fruits, financial services, information technology, construction, marble, carpets.

Key Government Bodies

Ministry of Commerce and Industry, Afghanistan Investment Support Agency (AISA), Export Promotion Agency of Afghanistan (EPAA).

Policies to Aid Foreign Investment

- Corporate income tax rate of 20 percent, which is lower than its South Asian neighbors.
- In July 2013, the Government of Afghanistan announced

the Investment Incentive Policy focused on development of industry, construction, export promotion, agriculture, and mining.

- Foreign ownership to the extent of 100 percent is allowed in most of the economic sectors with full repatriation of profit.
- There is no restriction on capital flows and currency conversion.
- Afghanistan Investment Support Agency (AISA) acts as one-stop shop for investors and business license is issued within 2 to 3 days at AISA.

Capital Requirements

There is no minimum paid-up capital required to start a business.

Work Permits

- A registered enterprise can directly or indirectly employ foreign managerial and expert personnel of any nationality, provided the expats comply with the laws applicable in Afghanistan while present in Afghanistan.



Photo credit: Michael Foley/World Bank

⁴⁸ World Bank Development Indicators. Accessed in October 2015.

SECTORAL LANDSCAPE AND REPLICATION OPPORTUNITIES

A summary of the landscape as well as replication opportunities is presented in Figure 28.

Figure 28

A SUMMARY OF SECTORAL LANDSCAPE AND KEY REPLICATION OPPORTUNITIES



SHORT-TO-MEDIUM TERM OPPORTUNITIES (TRADE, KNOWLEDGE TRANSFER, TECHNOLOGY TRANSFER)		
<ul style="list-style-type: none"> ■ Technology and knowledge transfer for affordable primary and secondary healthcare in rural areas, and emergency medical care services outside of Kabul ■ Know-how on leveraging traditional midwives and community health workers, for better maternal and child care before during, and post-delivery; medically-assisted child-birth 	<ul style="list-style-type: none"> ■ Trade of agriculture inputs such as high quality seeds and technical advisory extension services for improving farm and livestock productivity ■ Technology transfer for improving processing infrastructure for fresh fruit concentrates, juices, jams and jellies for both domestic and international export markets 	<ul style="list-style-type: none"> ■ Technical support for installation and after sales services in solar products and solar home systems in rural areas ■ Knowledge transfer for installing and setting up mini/micro solar grids and hydropower grids in the country
LONG TERM OPPORTUNITIES (STRATEGIC ALLIANCES, JVs AND WHOLLY-OWNED SUBSIDIARIES)		
<ul style="list-style-type: none"> ■ High-quality low-cost diagnostic telemedicine services in both urban and rural areas. Diagnostics services identifying water borne disease and malaria incidences ■ Developing the health information system (including surveillance) and data digitization ■ Manufacture and distribution of micro-nutritional supplements 	<ul style="list-style-type: none"> ■ Irrigation equipment such as solar pumps, drip irrigation kits, bubbler, sprinkler systems ■ Mobile technology to inform and train farmers ■ Post-harvest infrastructure and handling facilities such as cold storages for fresh fruits and vegetables 	<ul style="list-style-type: none"> ■ Last-mile consumer financing models that can work in absence of MFIs and banking penetration ■ Installation and sales support for promoting improved cookstoves ■ Setting up local manufacturing of Solar PV panels to reduce the cost of products and make the services more affordable

Source: USAID, World Bank, Ministry of Agriculture, Irrigation and Livestock of Afghanistan, The landscape for Impact Investing in South Asia, 2014, Doctors Without Borders, International Medical Corps, GIZ, Clean Technical, Digital Green, Ministry Energy and Water of Afghanistan.

Annex 1: Case Study Summaries

BEEJ SHEETAL

Home country: India.

Replication Format: Wholly-owned subsidiaries, trade partnerships.

Replication markets: Sri Lanka, Bangladesh, Nepal, Pakistan, Maldives, and Bhutan.

Beej Sheetal is a JV between Bejo Zaden of the Netherlands and Sheetal Hybrid Seeds of India. It develops and distributes high quality hybrid vegetable seeds in India, South Asia, and Africa. It has developed several hybrid varieties of vegetables through in-house R&D facilities spread over 100 hectares in Jalna, Maharashtra and 40 hectares in other parts of India.

SNAPSHOT OF REPLICATION DRIVERS



INTENT



CAPACITY



DEPENDENCIES

OBJECTIVES AND PREFERENCES OF REPLICATION	BUILDING REPLICATION-READINESS	ORGANIZATIONAL DEPENDENCIES THAT LED TO REPLICATION CHOICES
<p>Imperative: Beej Sheetal saw market demand for its seeds in SAARC countries.</p> <p>Preparation: It visited target markets to conduct research on food preferences and cropping patterns, and to identify trade partners.</p> <p>Format preference: It chose trade partnerships in Sri Lanka, Nepal, and Pakistan. It set up a subsidiary in Bangladesh because the market was larger with the presence of several players from different countries. It set up a seed production facility in Bhutan for temperate seeds.</p> <p>Country preference: It selected Sri Lanka, Nepal, Pakistan, and Bangladesh based on demand for vegetable seeds; it selected Bhutan based on climate for production of temperate seeds.</p>	<p>Management readiness: Beej Sheetal's Director and a few senior managers travelled to target countries initially and later hired local talent to run operations.</p> <p>Financial readiness: It relied on profits and capital reserves from India to fund replication; operations in target markets started to generate revenues and became self-reliant in less than a year. Trade in Bangladesh was particularly helpful as regulations do not permit credit sales and payments are made upfront.</p> <p>Operational readiness: It had in-house R&D to create seed varieties specific to consumption patterns in target markets.</p> <p>Validating need: It validated need through its network of distributors in target markets, and through the Asia and Pacific Seed Association.</p>	<p>Consumer demand for vegetables seeds produced by Beej Sheetal: Most of Beej Sheetal seeds are primarily suited for a South Asian diet, and hence it is more viable in markets with food habits that are similar to Indians.</p> <p>Similarities in agro-climatic conditions: Its seed production facilities in India and Bhutan can produce seeds for sub-tropical and temperate conditions, and is hence more relevant in regions that have these conditions.</p> <p>Demand from small farmers for high-yielding varieties of seeds: Its seeds tend to be more expensive as they are genetically engineered for high productivity and resilience; hence it relies on farmer willingness to pay these higher prices.</p>

KEY CHALLENGES IN REPLICATION

Ecosystem: Inadequate market data in emerging and frontier economies could lead to wrong estimations of market potential.

Sector: Competition from well-entrenched Japanese companies and informal players such as cross-seed purchasers has slowed down growth.

Business: Distributors in Bangladesh prefer to deal with Beej Sheetal India rather than the Bangladeshi entity for higher quality assurance owing to rampant black market trade in seeds; this has resulted in a slower growth rate for Beej Sheetal.

KEY REPLICATION INSIGHTS

- Beej Sheetal now relies on a local country head with experience in the seed industry to estimate the demand potential more accurately.
- It relies on its R&D infrastructure to create hybrid vegetables that have untapped market potential.
- It has built a local team in Bangladesh and, over time, expects to develop customer trust to a degree where there is willingness to do more business with the local team rather than the India team.

Home country: India.

Replication Format: Knowledge transfer.

Replication markets: India, Bangladesh, Nepal, Cambodia, Mexico.

eKutir is a social business that works towards improving the income and quality of lives of small farmers by providing them with farming advice, inputs, financing, and market linkages. It also manages a rural distribution network that helps corporates and inclusive businesses reach the last-mile.

SNAPSHOT OF REPLICATION DRIVERS



INTENT



CAPACITY



DEPENDENCIES

OBJECTIVES AND PREFERENCES OF REPLICATION	BUILDING READINESS FOR TRANSFER	ORGANIZATIONAL DEPENDENCIES THAT LED TO TRANSFER CHOICES
<p>Imperative: eKutir was keen to scale the impact of its model to other countries.</p> <p>Preparation: It built a robust blueprint of its approaches to improve farmer incomes and quality of life, and created ICT tools for ease of implementation and scale up.</p> <p>Format preference: It had limited financial capacities and risk appetite, and hence preferred to replicate through knowledge transfer.</p> <p>Country preference: It selected countries based on availability of partners; other aspects such as macro-environment and access to skilled talent and funding also played a role.</p>	<p>Management readiness: eKutir's replication format did not need management bandwidth; the CEO focused on replication part-time.</p> <p>Financial readiness: It did not need to invest heavily in replication except for some travel to other countries; partners paid for knowledge transfer directly or were sponsored by donors.</p> <p>Operational readiness: It had deep and unique insights on working with small farmers and also built proprietary technology for advising and managing farmer groups.</p> <p>Validating need: It validated need through partners supporting knowledge transfer; the CEO also undertook some field travel to understand context of target markets.</p>	<p>Skilled rural talent: The eKutir model requires access to skilled rural talent that can be trained as kiosk operators.</p> <p>Internet connectivity at kiosk level: The model relies on internet-based technology to empower kiosk operators and hence requires internet connectivity (dial-up connections are also viable).</p> <p>Access to loans for micro- entrepreneurs: Kiosk operators need to make upfront investments in infrastructure and inventory and hence need access to loans.</p> <p>Availability of licenses to sell fertilizers: The model relies on ease of access to any government approvals required to sell inputs such as fertilizers.</p>

KEY CHALLENGES IN REPLICATION

Ecosystem: Poor internet access limits the ability of eKutir kiosks to synchronize the data with its central database.

Sector: Poor awareness restricts eKutir's reach, as its value proposition of easily-accessible farming advice and sale of certified inputs is more attractive to farmers who are aware of the benefits of better farming practices.

Business: Difficulty in hiring and retaining micro-entrepreneurs makes last-mile access difficult. Low customer willingness to pay for services impact sustainability of the model.

KEY REPLICATION INSIGHTS

- eKutir selectively replicated in countries where partners were able to validate penetration of internet and technology in rural areas.
- It relied on roadshows and demonstrations organized in partnership with credible organizations and individuals.
- It also built relationships with local government agencies to win farmer trust.
- It developed a training curriculum for micro-entrepreneurs and preferred to work with partners with rural networks.
- It built customer awareness and avoided markets distorted by free farmer services.

Home country: India.

Replication Format: Strategic alliances.

Replication markets: Sri Lanka.

AquaAgri is engaged in processing seaweed and marketing value-added products. Its products have applications in a variety of industries such as food processing, agriculture, and animal husbandry. To procure raw seaweed, AquaAgri builds backward linkages and enters into fixed-price buyback arrangements with self-help groups (SHGs) of farmers who cultivate and harvest sea plants.

SNAPSHOT OF REPLICATION DRIVERS



INTENT



CAPACITY



DEPENDENCIES

OBJECTIVES AND PREFERENCES OF REPLICATION	BUILDING READINESS FOR TRANSFER	ORGANIZATIONAL DEPENDENCIES THAT LED TO TRANSFER CHOICES
<p>Imperative: AquaAgri sought to grow supply of seaweed by expanding to areas with high potential for seaweed cultivation.</p> <p>Preparation: It conducted detailed in-house due diligence to identify possible areas and a partner that could assist in cultivation as well as export the products to international customers.</p> <p>Format preference: It preferred to enter into a strategic alliance by way of JV with a local partner who could help with outreach to coastal farmers and also add brand value to products in Sri Lanka.</p> <p>Country preference: It selected Sri Lanka as it has a long coastline, which is favorable for seaweed cultivation. Sri Lanka's government policies are also favorable for international businesses.</p>	<p>Management readiness: AquaAgri's senior management team initially invested time in Sri Lanka to introduce the idea and to create interest in the partner's team. Later, the local team stabilized and scaled expansion efforts.</p> <p>Financial readiness: It won a grant from IUSSTF and USAID to expand the market and also accessed a concessional loan from a technology development organization to build the processing infrastructure. It also used its own reserves for funding.</p> <p>Operational readiness: It had built in-depth knowledge and expertise in seaweed cultivation in India, and transferred these skills to its Sri Lankan partner.</p> <p>Validating need: It validated market need through internal research and visits to Sri Lanka; it also relied on market insights from its local partner.</p>	<p>Availability of local partners with technical expertise and farmer networks: AquaAgri relies on the presence of local organizations with some technical expertise in agriculture/mariculture and the ability to access networks of fishermen or coastal farmers for contract farming.</p> <p>Permission to access sea/ocean tracts for seaweed cultivation: It depends on favorable government policies and requisite environmental agency approvals for agri-cultivation in the ocean or sea.</p> <p>Availability of local fishermen or coastal farmers: It relies on the presence of large communities of local fishermen or coastal farmers who can be trained to become contract farmers for AquaAgri and are looking to generate extra income by taking up additional occupation.</p>

KEY CHALLENGES IN REPLICATION

Ecosystem: Regulatory regime for mariculture and aquaculture in Sri Lanka is nascent but with high levels of interest in alternative livelihood opportunities. In future, both grants from government and donors, coupled with funding from financial institutions, could rapidly grow the cultivation activity.

Sector: There is low level of customer awareness about the relative merits of using seaweed-based products as fertilizers and animal feed, and hence AquaAgri has to invest in building market awareness for its product, pushing up costs of operation.

Business: AquaAgri has found it challenging to connect farmers to last-mile financing facilities; in the absence of these micro-loans, the pace of farmer onboarding can slow down.

KEY REPLICATION INSIGHTS

- AquaAgri works closely with a local partner who tracks the evolving regulatory scenario and, if needed, can also help it engage with relevant government authorities. Currently, however, its contract farmers use the sea free of cost.
- It has existing corporate tie-ups to source one of its three products, carrageenan, which helped cross-subsidize the costs of building market awareness of the fertilizer and animal feed product.
- It overcame challenges of onboarding farmers by working in collaboration with a Sri Lankan partner who could tap into farmer networks. It also financed some of the initial set-up costs using funds raised in India with a matching contribution from the local partner.

Home country: Pakistan.

Replication Format: Strategic alliances.

Replication markets: 15 countries in Asia, Africa, and Latin America.

IHS is a healthcare-focused technology development firm that creates and adapts technologies for use among low-income consumers. It specializes in solutions that involve mobile-based interfaces for frontline healthcare workers and low-income patients. It has in-house domain expertise in building open-source products for TB screening, diagnosis, and compliance.

SNAPSHOT OF REPLICATION DRIVERS



INTENT

OBJECTIVES AND PREFERENCES OF REPLICATION

Imperative: IHS was invited to replicate its mobile TB screening app to other countries by TB REACH projects, among others.

Preparation: IHS prepared detailed documentation and technical manuals for ease of adaptability.

Format preference: It preferred strategic alliances with single partners in each country; adapting the app to unique needs of its partners, building their capacities for implementation, and then exiting the partnership.

Country preference: It did not actively select countries; instead, it responded to donor requests for replication.



CAPACITY

BUILDING REPLICATION-READINESS

Management readiness: IHS senior team members were involved in designing the approach to product replication; they worked in project mode with partners paying for their time.

Financial readiness: It replicated with funding from partners who paid for the personnel time and expenses of IHS team-members for travel to target markets and to implement technologies.

Operational readiness: It built the app as a scalable product, which could be adapted in any country across a diverse range of phones and user contexts.

Validating need: It validated need through partners who invited it to replicate.



DEPENDENCIES

ORGANIZATIONAL DEPENDENCIES THAT LED TO REPLICATION CHOICES

Availability of funding partners: IHS's replication efforts are driven by partner funding.

State of ICT infrastructure and mobile phone penetration: It requires functional ICT infrastructure with availability of telecom networks and electricity, and widespread use of mobile phones.

Networks of community health workers: Data entry and patient tracking in mobile-based solutions relies on facilitation by community health workers since low-income communities are often less aware.

Skilled technical talent: It needs low-cost software developers for day-to-day maintenance and trouble-shooting.

KEY CHALLENGES IN REPLICATION

Ecosystem: IHS solutions are primarily mobile-based and hence cannot function efficiently without reliable access to telecom networks and electricity (for mobile charging).

Sector: Clients are often unable to articulate the problem, which in turn can impact quality of the solution developed. Also, clients face challenges in using the technology solution and routine troubleshooting, which impacts scalability.

Business: In some cases, technology solutions have failed because of lack of sustainability. It is challenging to accept payments from clients and pay staff in foreign countries. Data cannot be hosted on cloud servers in some geographies.

KEY REPLICATION INSIGHTS

- IHS builds or adapts each technology solution to work at the lowest level of infrastructural availability in a certain country, and often removes real-time updates and shifts to manual uploads in countries with very poor ICT infrastructure.
- It has created a structured approach that includes double checking partner-submitted problem definitions against its past experience to identify gaps and training partner resources to maintain technology and train field staff.
- It is exploring the possibility of adding revenue models for future projects. It is planning to incorporate a parent entity in Dubai for easier international operations.

Initial launch country: Bangladesh (founded in the U.S.).

Replication Format: Knowledge transfer, strategic alliances.

Replication markets: India, Nigeria, and South Africa.

Mobile Alliance for Maternal Action (MAMA) is a global alliance to improve maternal and child health through mobile technology. MAMA Bangladesh leverages its partnership with government agencies, private sector, and NGOs to reach out to families in rural areas and urban slums with maternal care information. The program is branded as Aponjon and is run in collaboration with Dnet, a social enterprise, and the Government of Bangladesh.

SNAPSHOT OF REPLICATION DRIVERS



INTENT



CAPACITY



DEPENDENCIES

OBJECTIVES AND PREFERENCES OF REPLICATION	BUILDING READINESS FOR TRANSFER	ORGANIZATIONAL DEPENDENCIES THAT LED TO TRANSFER CHOICES
<p>Imperative: MAMA wanted to expand its impact to other developing countries.</p> <p>Preparation: It researched the South Africa and India markets and scouted for partners. In Nigeria. It also started a small-scale pilot to understand the local market.</p> <p>Format preference: It preferred to enter new markets through strategic alliance with strong partners who could provide local context to adapt the MAMA model.</p> <p>Country preference: It selected India, South Africa, and Nigeria because these countries have poor maternal and child health indicators among low-income populations, while having significant mobile penetration. Availability of funding also impacted this decision.</p>	<p>Management readiness: MAMA identified a senior leader to landscape the opportunity, and relied on its partner for managerial and field staff.</p> <p>Financial readiness: It received sufficient grant funding from donors such as USAID as well as corporate foundations such as Johnson & Johnson.</p> <p>Operational readiness: It tweaked its operational model based on its experience in Bangladesh. It worked with local partners in replication countries to develop the technology solution and manuals for field staff recruitment and training.</p> <p>Validating need: It validated market need through its own due diligence and insights gathered from its partner networks and field visits.</p>	<p>Availability of local partners: MAMA looks for partners who share its vision of improved maternal and child care and have good outreach in rural areas.</p> <p>High mobile-phone penetration: It is dependent on mobile-phone penetration among low-income communities in rural and urban areas with good coverage by telecom networks.</p> <p>Insights on local culture: It needs to contextualize its content and customize its service and product offerings to meet local requirements and preferences.</p>

KEY CHALLENGES IN REPLICATION

Ecosystem: Integrating MAMA's offering with the existing healthcare ecosystem and working with multiple different governmental and non-governmental partners were key challenges faced.

Sector: Philanthropic funding for healthcare interventions are largely focused in rural areas, whereas awareness around need for urban affordable healthcare is poor. In most rural low-income households, men own the mobile phones, creating challenges in reaching women.

Business: MAMA had to invest in technology and content translation in replication countries, which drove up cost of set-up and increased time-to-market.

KEY REPLICATION INSIGHTS

- MAMA initially funded replication through international donors, and later raised funds from Indian healthcare corporates. MAMA focused on urban slums where more women are likely to own and use mobiles phones.
- It added a six-month gestation period into its replication plans to build the case for maternal and child care in urban slums, and then sold the concept to potential funding and implementation partners.
- It utilized its local partners and field staff to understand the local cultural context and language requirements so that investments were channeled wisely. It created customized training manuals/programs for continuous improvement in skillsets of its field and managerial staff.

Home country: Headquarters is in the U.S. Indian operations are its largest..

Replication Format: Strategic partnerships across different formats.

Replication markets: Bangladesh, Rwanda, and other developing nations across the world.

VisionSpring provides access to affordable eyewear products and services. It focuses on serving the eyecare needs of low-income populations in developing countries through innovative eyewear distribution models.

SNAPSHOT OF REPLICATION DRIVERS



INTENT



CAPACITY



DEPENDENCIES

OBJECTIVES AND PREFERENCES OF REPLICATION	BUILDING READINESS FOR TRANSFER	ORGANIZATIONAL DEPENDENCIES THAT LED TO TRANSFER CHOICES
<p>Imperative: VisionSpring was interested in expanding the impact of its models and improving economic productivity of vision-impaired low-income populations in developing countries.</p> <p>Preparation: It created a structured approach to replication, including a detailed process to select partners and target markets.</p> <p>Format preference: It preferred to work in partnerships (strategic alliances) with others to scale rapidly to multiple countries without a drain on its own resources.</p> <p>Country preference: It identified emerging markets with high incidence of vision impairment preventable by eyeglasses; from these it shortlisted countries with availability of local partners for marketing and distribution.</p>	<p>Management readiness: VisionSpring allocated full-time staff for replication efforts.</p> <p>Financial readiness: It didn't need to invest heavily in replication as distribution and logistics costs were shared with/by the partners.</p> <p>Operational readiness: It had a proven operational model that had worked well in India for several years</p> <p>Validating need: It worked with local organizations to comprehensively understand customer needs (for example, BRAC in Bangladesh). The senior management team travelled to target countries to gather primary insights to select the right partners.</p>	<p>Skilled talent: VisionSpring's models need Vision Entrepreneurs (VEs), optometrists, vision technicians, health volunteers, and managers.</p> <p>Innovative distribution channels: It relies on both its own distribution channels and leverages other' distribution channels to reach rural and urban low-income population.</p> <p>Leveraging global economies of scale: It imports low-cost, high-quality eyeglasses manufactured in China.</p>

KEY CHALLENGES IN REPLICATION

Ecosystem: The traditional optical industry ecosystem in replication countries was nascent with limited efficacy in reaching the last mile.

Sector: Awareness about eyeglasses is low in developing countries; it is time-consuming and expensive to create awareness.

Business: It plans expansion to other developing markets across the world. The key challenge is to find skilled talent to fuel the growth.

KEY REPLICATION INSIGHTS

- VisionSpring replicated in countries where partners had similar mission focus and good distribution channels. It also leverages BRAC's extensive network and distributes glasses across Bangladesh.
- In addition to cross-subsidizing the cost of eyeglasses to make them affordable, the income generated from the higher margin products is used to fund operations in remote areas.
- It has set clear guidelines and HR processes for career progression and job satisfaction for employees.

Home country: Bangladesh.

Replication Format: Trade partnerships, strategic alliances, and joint ventures.

Replication markets: Nepal, India, Tanzania, and Zambia.

Solaric develops and manufactures solar home systems, backup systems, and nano-grid systems for off-grid populations in rural areas. Solaric's proprietary utility-level DC technology, known as Optimizer, improves energy efficiency and the lives of solar systems. This enables the use of smaller batteries and solar panels, significantly reducing installation and maintenance costs. It also allows the use standard appliances.

SNAPSHOT OF REPLICATION DRIVERS



INTENT



CAPACITY



DEPENDENCIES

OBJECTIVES AND PREFERENCES OF REPLICATION	BUILDING REPLICATION-READINESS	ORGANIZATIONAL DEPENDENCIES THAT LED TO REPLICATION CHOICES
<p>Imperative: Solaric was interested in growing its global footprint to increase revenues and scale the impact of its innovative products.</p> <p>Preparation: Its CEO and senior management team travelled to potential target markets for technical and business due diligence.</p> <p>Format preference: It preferred partnership models for easier access to markets. It explored three models based on geographies – trade, strategic alliances, and joint ventures.</p> <p>Country preference: It chose Nepal, India, Tanzania, and Zambia for replication based on the availability of distribution and financing partners and the degree of competition from private sector and government subsidies for alternates (for example, kerosene).</p>	<p>Management readiness: Solaric's replication activities were led by the CEO and senior management staff. A dedicated country head or established solar company was identified in each target market to manage operations.</p> <p>Financial readiness: It had access to external private equity (PE) investors and raised the equity necessary to replicate the operation. But it needs debt support at reasonable cost to sell systems on credit.</p> <p>Operational readiness: It had a proven operational model and product portfolio in Bangladesh ahead of replication.</p> <p>Validating need: It validated market need through partner networks and field visits by its internal research team. Senior management was closely involved in the process.</p>	<p>Availability of local partners: Solaric looks for partners that share its vision of improving lives in off-grid areas by providing utility-level clean energy.</p> <p>High mobile-phone penetration: It is dependent on mobile-phone penetration among low-income communities in rural and urban areas, with good coverage by telecom networks.</p> <p>Insights on local culture: It needs to contextualize its content and customize its service and product offerings to meet local requirements and preferences.</p>

KEY CHALLENGES IN REPLICATION

Ecosystem: Solaric relies on imported solar PV panels in most target countries due to less developed domestic manufacturing sectors. This increases cost and requires more stringent quality control.

Sector: Subsidies to local players, especially not-for-profits and solar substitutes (for example, kerosene), may make it difficult for Solaric to charge fair market prices for its products and services. Cheaper power from rapidly expanding public grids in more developed countries such as India can make Solaric expensive for the market.

Business: The absence of relevant partners will impact the viability of Solaric's replication model since it cannot take on distribution and financing in-house. It needs to invest in hiring and retaining staff, which increases cost of operations.

KEY REPLICATION INSIGHTS

- Solaric prefers to source PV panels from local manufacturers as far as possible and supports suppliers with capacity building and advance orders to encourage them to invest in in-country manufacturing.
- It undertakes policy advocacy to encourage greater customer awareness of solar products. In more developed countries such as India, Solaric positions itself as a back-up solution to grid power and competes with its efficient DC system against traditional inverters and diesel generators.
- It only works in countries where it can identify partners with relevant experience and networks for rural outreach. Solaric improves its HR systems and processes on a continuous basis to reflect local requirements.

Home country: India.

Replication Format: Trade partnerships.

Replication markets: Nepal, Bangladesh.

Envirofit India manufactures and distributes clean technology solutions that improve health, livelihoods, and the environment while enhancing energy efficiency across Asia. Its primary product is a range of cookstoves that have been designed using natural draft technology to decrease smoke, toxic emissions, fuel consumption, and time taken to cook. It partners with MFIs and NGOs, as well as large donor programs for distribution and customer financing to reach the last-mile. It also relies on traditional retail trade channels for distribution.

SNAPSHOT OF REPLICATION DRIVERS



INTENT



CAPACITY



DEPENDENCIES

OBJECTIVES AND PREFERENCES OF REPLICATION	BUILDING READINESS FOR TRANSFER	ORGANIZATIONAL DEPENDENCIES THAT LED TO TRANSFER CHOICES
<p>Imperative: Envirofit was seeking to grow revenues by expanding to markets that are similar to India.</p> <p>Preparation: It conducted a market survey to understand the competitive scenario in Nepal and Bangladesh.</p> <p>Format preference: It preferred trade partnerships because it did not have enough capital reserves to invest in a wholly-owned subsidiary and did not want to risk investing in a new market.</p> <p>Country preference: It chose Nepal because of strong demand and existing cook stove activity. It chose Bangladesh because the presence of large cook stove programs by USAID and IDCOL created a good entry point for Envirofit.</p>	<p>Management readiness: Envirofit's replication was led by an India-based business development manager. He was able to take on this added responsibility because he was already focused on acquiring distribution partners in India and this experience was relevant for replication. The manager was also supported by other team members in market scoping and adaptation of workflows.</p> <p>Financial readiness: It ensured profitability in the India market ahead of replication and counted on upfront payments from partners in replication markets for better cash flows.</p> <p>Operational readiness: It had in-house manufacturing and R&D capacities, as well as a methodology to onboard and train new partners at a rapid pace.</p> <p>Validating need: It validated market need through partner networks and field visits.</p>	<p>Skilled talent: Envirofit requires the presence of local partners such as NGOs or MFIs for last-mile distribution and financing. It prefers to work with partners that can buy its inventory and then sell it to target customers.</p> <p>Availability of distribution and logistics channel: It relies on the sizable off-grid and low-income consumer segment with purchasing power as well as willingness to pay for clean cook stoves.</p> <p>Supportive import policies for glasses from China: It relies on favorable import policies (import from India) to deliver cookstoves to partners at a reasonable cost, so that they can add margins and still retail at an affordable price for the end-consumer.</p>

KEY CHALLENGES IN REPLICATION

Ecosystem: High import duties increase cost of operations for Envirofit as well as its partners; in turn increasing cost of product for consumers. Delay in procurement of licenses slows down operations and adds to the cost of doing business.

Sector: Its target customer base is mostly rural, and it cannot reach them in the absence of distribution and financing partners. It was challenging to estimate market potential and partner with the right organizations due to paucity of credible market data.

Business: Envirofit has to invest in customer-awareness programs. This is challenging because it seeks to run lean operations with low upfront investments for business viability. Poor brand recognition in new markets impacts sales as customers are more aware of local brands.

KEY REPLICATION INSIGHTS

- Envirofit selectively works with partners that can finance or subsidize the product for consumers to defray import costs. Envirofit relies on relationships with local partners to hasten compliance processes.
- It has only replicated to countries with significant penetration of MFIs, NBFCs, or large donor programs that can distribute and provide consumer finance. It relies on partners and on field visits by its team to build in-house data on markets.
- It has shifted to a "train the trainer" model to build the capacities of local partners to implement customer-awareness programs. It leverages the brands of well-known local partners for credibility.

Home country: India.

Replication Format: Strategic alliances and trade partnerships.

Replication markets: Nepal, Afghanistan, and the Philippines.

Atom Solar provides affordable and portable solar-powered water-pumping solutions for use in rural and urban areas. It caters to farmers with less than a hectare of land and is sold to farmers through dealers operating in traditional trade channels. Atom Solar won the Greenpeace Innovation Award in 2013.

SNAPSHOT OF REPLICATION DRIVERS



INTENT



CAPACITY



DEPENDENCIES

OBJECTIVES AND PREFERENCES OF REPLICATION

Imperative: Atom Solar was invited to export its products and expertise by partners in Nepal and Afghanistan.

Preparation: The team visited Nepal and got in touch with on-ground experts in Afghanistan to collect technical data to evaluate product-fit.

Format preference: It opted to work with partners because it relies on local operational and financial assistance; choosing a strategic alliance in Nepal to explore a deeper engagement and a trade partnership in Afghanistan because of security concerns.

Country preference: It did not actively select countries. Expansion to Nepal and Afghanistan were in response to partner requests.

BUILDING READINESS FOR TRANSFER

Management readiness: Atom Solar's replication was initiated by senior leaders. Two managers were relocated to Nepal to manage local installations.

Financial readiness: It replicated to Nepal with financial support from International Centre for Integrated Mountain Development (ICIMOD) which subsidized the purchase of pumps and covered Atom Solar's costs.

Operational readiness: Its in-house R&D team modified the pump to work efficiently at varying levels of solar irradiation.

Validating need: It validated need through partners who invited it to replicate; it also undertook technical site studies to assess product market-fit.

ORGANIZATIONAL DEPENDENCIES THAT LED TO TRANSFER CHOICES

Availability of distribution partners: Atom Solar relies on third-party distribution platforms or partners to retail irrigation pumps.

Farmer willingness to invest in product: Since SunTrolley represents an investment of \$1,500, it relies on farmer willingness to invest in mechanized irrigation.

Availability of water: It is more suitable for sites that have adequate ground-water levels.

Availability of farm animals: It needs animals because while the pump system is mobile, it cannot be hauled by humans.

Locally available/easily importable water pumps: It purchases off-the-shelf water pumps to assemble SunTrolley, hence local availability is preferable.

KEY CHALLENGES IN REPLICATION

Ecosystem: High import duties increase cost of operations for Envirofit as well as its partners; in turn increasing cost of product for consumers. Delay in procurement of licenses slows down operations and adds to cost of doing business.

Sector: Its target customer-base is mostly rural, and it cannot reach them in the absence of distribution and financing partners. It was challenging to estimate market potential and partner with the right organizations due to paucity of credible market data.

Business: Envirofit has to invest in customer awareness programs. This is challenging because it seeks to run lean operations with low upfront investments for business viability. Poor brand recognition in new markets impacts sales as customers are more aware of local brands.

KEY REPLICATION INSIGHTS

- Atom Solar currently relies on funding from ICIMOD to cover its replication expenses, but plans to set up a wholly-owned subsidiary. Given Nepal's fast-changing regulatory landscape for the off-grid sector, it may face some challenges in doing so.
- Small farmers in Nepal are either unable to afford the cost or are too accustomed to subsidies to be willing to pay market prices. Hence, Atom Solar cannot compete in Nepal without subsidizing its products.
- Lack of local talent has a negative impact on post-sales experience for customers and also hampers growth plans in Nepal. Farmers are unwilling to risk investing a significant amount in an unknown brand.

Annex2: List of interviewees

Organization	Person
Aavishkaar Fund	E N Venkat
Acumen Fund	Noor Ullah
Aponjon at Dnet	Scion M. Anjir Hossain
AquaAgri Processing Private Limited	Abhiram Seth
Armman	Geetanjali Jha Chakraborty
Atom Solar	Vivek Mundkur
Bangladesh Enterprise Institute	Parvez Abbasi
BD Ventures	Shawkat Hossain
Beej Sheetal Seeds Private Limited	Suresh O. Agrawal
Bimpuh Finance PLC	Chamindra Gamage
BRAC Social Innovation Lab	Herasuddin Mehedi Sajjad
British Council	Tristan Ace
Department For International Development	Balasubramanian M
Digital Green	Rikin Gandhi
Dimagi India	Stella Luk
Dolma Impact Fund	Shabda Gyawali
eKutir Social Business	K C Mishra
Envirofit	Ravi Kumar
EZ Turbo Stoves	Riyad Ismail
Forus Health	Chandrasekhar K
Good Market	Amanda Kiessel
Grameen Intel Social Business Ltd.	Fakhrul Arefeen Khan
Health at Home Private Limited	Dr Bishal Dhakal
HealthOne	Fahad Hasan
ICRA Nepal	Deepak Kafle
IHS Informatics	Ali Habib

Organization	Person
Indus Basin Holding	Ali Saigol
Insitor Management	Humza Khan
International Centre for Integrated Mountain Development (ICIMOD)	Aditi Mukherji
Invest2Innovate	Kalsoon Lakhani
Lal Teer Seeds	Dr Kamal Humayun Kabir
Lili Dairy	Sunil Rodrigo
Mobile Alliance for Maternal Action (MAMA)	Dr Aakash Ganju
mPower Social Enterprises	Mridul Chowdhury
Nabil Invest	Manish Joshi
One to Watch	Willem Grimminck
Open Accelerator	Jerry Nicholson
Organic Village	Samir Newa
Practical Action Consulting	Moushumi Shrestha
Procheck	Saim Siddiqui
Selyn	Sandra Wanduragala
Social Enterprise Lanka	Eranda Ginige
SOLARIC	Didar Islam
VisionSpring	Shivi Singh

Annex 3: Abbreviations

ADB	Asian Development Bank
AEDB	Alternative Energy Development Board
AEPC	Alternative Energy Promotion Centre
AISA	Afghanistan Investment Support Agency
AMUL	Anand Milk Federation Union Limited
API	Active Pharmaceutical Ingredients
APTTA	Afghan Pakistan Transit and Trade Agreement
ASEAN	Association of Southeast Asian Nations
AusAID	Australian Agency for International Development
B2B	Business to business
B2C	Business to customer
BCC	Bangladesh Competition Commission
BEI	Bangladesh Enterprise Institute
BIO	Belgian Investment Company
BIPPA	Bilateral Investment Promotion and Protection Agreement
BOC	Bank of Ceylon
BOI	Board of Investment
BoP	Bottom of pyramid
BRAC	Bangladesh Rural Advancement Committee
BSCIC	Bangladesh Small and Cottage Industries Corporation
CAGR	Compound annual growth rate
CAREC	Central Asia Regional Economic Cooperation
CB	Commercial Bank of Ceylon Plc
CEDB	Clean Energy Development Bank
CEO	Chief executive officer
CII	Confederation of Indian Industries
CPIA	Country Policy and Institutional Assessment
DC	Direct current
DEG	German Investment and Development Corporation
DFATD	Department of Foreign Affairs, Trade and Development
DFCC Bank	Development Finance Corporation of Ceylon Bank
DFI	Development Finance Institution
DFID	Department for International Development
DIF	Dolma Impact Fund
DTAA	Double Taxation Avoidance Agreement
ECO	Economic Cooperation Organization
EPAA	Export Promotion Agency of Afghanistan
EU	European Union
EXIM Bank	Export Import Bank
FDI	Foreign direct investment

FICCI	Federation of Indian Chambers of Commerce and Industry
FITTA	Foreign Investment and Technology Transfer Act
FMO	Netherlands Development Finance Company
GDC	German Development Cooperation
GDP	Gross domestic product
GIZ	Gesellschaft für Internationale Zusammenarbeit
GSEC	Global Social Entrepreneurship Competition
GST	Goods and services tax
HNB	Hatton National Bank Plc
HNI	High net worth individual
HOPE	Health Oriented and Preventative Education
HR	Human resource
HSBC	Hong Kong and Shanghai Banking Corporation
IB	Inclusive business
ICIMOD	International Centre for Integrated Mountain Development
ICT	Information and communication technology
IDA	International Development Association
IDCOL	Infrastructure Development Company Limited
IFAD	International Fund for Agricultural Development
IFC	International Finance Corporation
IFIC Bank	International Finance Investment and Commerce Bank
IPC	Investment Promotion Centre
IT	Information technology
JICA	Japan International Cooperation Agency
JV	Joint venture
KFW	Kreditanstalt für Wiederaufbau
LoC	Line of credit
MAMA	Mobile Alliance for Maternal Action
MAP	Medicinal and aromatic plant
MCH	Maternal and child health
MFB	Micro finance bank
MFI	Micro finance institution
MIS	Management information system
MW	Mega Watt
NASCIB	National Association of Small and Cottage Industries of Bangladesh
NBFC	Non-banking financial company
NBFI	Non-banking finance institution
NCD	Non-communicable disease
NGO	Non-governmental organization
OIC	Organization of Islamic Cooperation
PB	People's Bank
PE	Private equity
PV	Photo voltaic
R&D	Research and development

RE	Renewable energy
S&P	Standard & Poor
SAARC	South Asian Association for Regional Cooperation
SAFTA	South Asian Free Trade Area
SAMB	Sampath Bank Plc
SARTI	South Asia Regional Trade and Investment Project
SEDA	Sustainable Energy Development Authority
SEYB	Seylan Bank Plc
SEZ	Special economic zone
SHG	Self-help group
SHS	Solar home system
SLSEA	Sri Lanka Sustainable Energy Authority
SME	Small and medium enterprise
SMEDA	Small and Medium Enterprises Development Authority
SMEF	SME Foundation
SMS	Short message service
TB	Tuberculosis
UNFPA	United Nations Population Fund
UNICEF	United Nations Children's Fund
USA	United States of America
USAID	United States Agency for International Development
VC	Venture capital
VE	Vision entrepreneur
WB	World Bank
WBG	World Bank Group
WDF	Women's Development Foundation
WHO	World Health Organization

Annex 4: Inclusive Business Ecosystem Stakeholders

REGIONAL

S. No.	Organization	Category	Website
1.	Aavishkaar Frontier Fund	Impact Fund	http://www.aavishkaar.in/
2.	Aga Khan Foundation	Donors and DFIs	http://www.akdn.org/akf
3.	Asian Development Bank	Donors and DFIs	http://www.adb.org/about/main
4.	CDC Group	Mainstream PE/VC fund	http://www.cdcgroup.com/
5.	Department for International Development	Donors and DFIs	https://www.gov.uk/government/organisations/department-for-international-development
6.	FMO	Donors and DFIs	https://www.fmo.nl/
7.	German Investment and Development Corporation	Donors and DFIs	https://www.deginvest.de/International-financing/DEG/
8.	GIZ	Donors and DFIs	https://www.giz.de/en/html/index.html
9.	International Finance Corporation	Donors and DFIs	http://www.ifc.org/wps/wcm/connect/corp_ext_content/ifc_external_corporate_site/home
10.	International Fund for Agricultural Development	Donors and DFIs	http://www.ifad.org/
11.	Japan International Cooperation Agency	Donors and DFIs	http://www.jica.go.jp/english/
12.	KFW - DEG	Donors and DFIs	https://www.deginvest.de/International-financing/DEG/
13.	UKaid	Donors and DFIs	https://www.gov.uk/government/organisations/department-for-international-development
14.	USAID	Donors and DFIs	https://www.usaid.gov/
15.	World Bank	Donors and DFIs	http://www.worldbank.org/
16.	World Health Organization	Donors and DFIs	http://www.who.int/en/

BANGLADESH

S. No.	Organization	Category	Website
1.	AB Bank Limited	Commercial bank	http://abbl.com/
2.	Asian Tiger Capital Partners	Mainstream PE/VC fund	http://www.at-capital.com/
3.	Bangladesh Enterprise Institute	Enabler	http://bei-bd.org/
4.	Bangladesh Export Processing Zones Authority	Government body	http://www.epzbangladesh.org.bd/
5.	BD Venture Limited	Mainstream PE/VC fund	http://www.bdventure.com/
6.	Board of Investment	Government body	http://www.boi.gov.bd/
7.	BRAC	Donors and DFIs/Enabler	http://www.brac.net/
8.	City Bank	Commercial bank	https://www.thecitybank.com/
9.	Global Social Entrepreneurship Competition	Enabler	https://www.facebook.com/GSECUW
10.	Grameen Bank	Donors and DFIs	http://www.grameen-info.org/
11.	Grameen Group	Enabler	http://www.grameenfoundation.org/
12.	Incluvest Bangladesh	Impact funder	http://www.incluvest.com/investments/bangladesh
13.	Islami Bank Bangladesh Limited	Commercial bank	http://www.islamibankbd.com/
14.	National Bank Limited	Commercial bank	http://www.nblbd.com/
15.	Open Accelerator	Enabler	http://www.open-accelerator.org/
16.	Registrar of Joint Stock Companies and Firms	Government body	http://www.roc.gov.bd/
17.	SEAF Bangladesh Ventures	Impact funder	http://www.seafbv.com/
18.	The Frontier Fund	Mainstream PE/VC fund	http://www.frontierbangladesh.com/index.php
19.	The International Finance Investment and Commerce Bank Limited	Commercial bank	http://www.ificbank.com.bd/
20.	Tindercapital	Mainstream PE/VC fund	http://www.tindercapital.com/
21.	Yunus Centre Social Business Design Lab	Enabler	http://www.muhammadyunus.org/index.php/social-business/yunus-centre-social-business-design-lab

NEPAL

S. No.	Organization	Category	Website
1.	Alternative Energy Promotion Centre	Government body	http://www.aepc.gov.np/
2.	Beed	Enabler	http://www.beed.com.np/
3.	Belgian Investment Company for Developing Countries (BIO)	Donors and DFIs	http://www.bio-invest.be/
4.	Biruwa Ventures	Enabler	http://biruwa.net/
5.	Business Incubation Program	Government body/Enabler	http://www.incubation.gov.np/
6.	CECI	Donors and DFIs	http://www.ceci.ca/en/
7.	Change Fusion Nepal (Surya Nepal)	Enabler	http://changefusionnepal.org/
8.	Clean Energy Development Bank	Government body	https://www.facebook.com/clean.energy.bank
9.	Department for International Development	Donors and DFIs	https://www.gov.uk/government/organisations/department-for-international-development
10.	Department of Industry	Government body	http://www.doind.gov.np/
11.	Dolma Impact Fund	Impact funder	http://www.dolmafoundation.org/dif/
12.	Entrepreneurs for Nepal (E4N)	Enabler	http://e4nepal.com/
13.	Ministry of Finance	Government body	http://www.mof.gov.np/en/
14.	Nabil Bank Ltd	Commercial bank	http://www.nabilbank.com/
15.	Nepal Bank Ltd	Commercial bank	http://www.nepalbank.com.np/
16.	NepalStartup Cup	Enabler	http://startupcup.com/startup-cups-growing-global-network-2/
17.	Office of the Investment Board	Government body	http://ibn.gov.np/
18.	One to Watch	Impact funder	http://www.onetowatch.nl/
19.	Rashtriya Banijya Bank Ltd	Commercial bank	http://www.rbb.com.np/
20.	Rockstart Impact Nepal	Enabler	http://www.rockstart.com/impact/
21.	Standard Chartered Bank Nepal Ltd	Commercial bank	https://www.sc.com.np/
22.	Tara Management Pvt. Ltd	Impact funder	http://www.taramanagement.com.np/
23.	Triodos Bank	Donors and DFIs	https://www.triodos.com/en/about-triodos-bank/
24.	United Nations Children's Fund	Donors and DFIs	http://www.unicef.org/
25.	United Nations Population Fund	Donors and DFIs	http://www.unfpa.org/

PAKISTAN

S. No.	Category	Website
1.	Abraaj Capital	Mainstream PE/VC fund http://www.abraaj.com/about-us
2.	Abu Dhabi Group	Mainstream PE/VC fund http://abudhabiigroup.com/
3.	Acumen Fund	Impact funder http://acumen.org/regions/pakistan/
4.	Angel Investment Network Pakistan	Angels/Seed funders https://www.angelinvestmentnetwork.com.pk/
5.	Arc Finance	Mainstream PE/VC fund http://arcfinance.org/
6.	Askari Bank	Commercial bank http://akbl.com.pk/
7.	Board of Investment	Government body http://boi.gov.pk/
8.	Buksh Foundation	Donors and DFIs http://bukshfoundation.org/bf/
9.	CapAsia	Mainstream PE/VC fund https://www.capasia.com/
10.	Catalyst Fund	Mainstream PE/VC fund http://cvcatalyst.com/
11.	Cyan Capital	Mainstream PE/VC fund http://www.cyanlimited.com/
12.	Department of Foreign Affairs, Trade and Development	Donors and DFIs http://www.international.gc.ca/international/index.aspx?lang=eng
13.	DYL Ventures	Impact funder http://dyl-ventures.com/
14.	Habib Bank Limited	Commercial bank http://www.hbl.com/
15.	i2i Angels	Angels/Seed funders http://invest2innovate.com/
16.	Impakt Capital	Impact funder http://www.impaktcapital.com/
17.	Indus Basin Holding	Mainstream PE/VC fund http://www.indusbasin.com/
18.	Insitor Management Fund	Impact funder http://www.insitormmanagement.com/about
19.	Invest2Innovate	Enabler http://invest2innovate.com/
20.	Islamabad Energy Foundation	Donors and DFIs http://www.thenews.com.pk/Todays-News-6-116148-Energy-Foundation-Pakistan-to-solve-PIMS-energy-problems
21.	Islamic Infrastructure Fund	Mainstream PE/VC fund http://www.adb.org/projects/documents/islamic-infrastructure-fund
22.	Japan International Cooperation Agency	Donors and DFIs http://www.jica.go.jp/english/
23.	JS Private Equity	Mainstream PE/VC fund http://www.sifem.ch/portfolio/portfolio-composition/35-js-private-equity-fund
24.	Lok Sanjh Foundation	Donors and DFIs http://loksanjh.org/project-3/
25.	LUMS Centre for Entrepreneurship	Angels/Seed funders https://lce.lums.edu.pk/

26.	Mini Ventures	Impact funder	http://miniventures.com/
27.	National Bank of Pakistan	Commercial bank	https://www.nbp.com.pk/
28.	Plan9	Angels/Seed funders	http://plan9.pitb.gov.pk/
29.	Securities and Exchange Commission	Government body	http://www.secp.gov.pk/
30.	SEED Ventures	Impact funder	http://www.seedventures.org/
31.	Sindh Bank Limited	Commercial bank	https://www.sindhbankltd.com/
32.	Small and Medium Enterprises Development Authority	Government body	http://www.smeda.org/
33.	StartUp Dosti	Enabler	http://articles.economictimes.indiatimes.com/2014-05-25/news/50083562_1_venture-capitalists-seed-funding-entrepreneurs
34.	United Bank Limited	Commercial bank	http://www.ubldirect.com/corporate/Default.aspx
35.	YES-Network Pakistan	Enabler	http://yesnetworkpakistan.org/
36.	Youth Social Enterprise on Peace	Enabler	https://www.changemakers.com/discussions/entries/youth-social-enterprise-competition-peace

SRI LANKA

S. No.	Organization	Category	Website
1.	Actis	Mainstream PE/VC fund	http://www.act.is/content/Home.aspx
2.	Apache Capital	Mainstream PE/VC fund	http://www.apachecapital.co.uk/
3.	AusAID	Donors and DFIs	http://dfat.gov.au/geo/sri-lanka/development-assistance/Pages/development-assistance-in-sri-lanka.aspx
4.	Bank of Ceylon	Commercial bank	http://web.boc.lk/
5.	Board of Investment	Government body	http://www.investsrilanka.com/
6.	Central Environmental Authority	Government body	http://www.cea.lk/
7.	Commercial Bank of Ceylon Plc	Commercial bank	http://www.combank.net/
8.	Creation Investments	Impact funder	http://creationinvestments.com/
9.	Department of Immigration and Emigration	Government body	http://www.immigration.gov.lk/

10.	Development Finance Corporation of Ceylon Bank	Donors and DFIs	http://www.adfiap.org/members/DFCC/DFCC.htm
11.	Hatton National Bank Plc	Commercial bank	https://www.hnb.lk/
12.	HSBC Youth Enterprise Awards	Enabler	http://www.britishcouncil.lk/programmes/education/internationalising-higher-education/hsbc-youth-enterprise-awards
13.	incentiWise	Enabler	http://www.incentiwisechange.com/
14.	Inland Revenue Department	Government body	http://www.ird.gov.lk/SitePages/Default.aspx
15.	Jupiter Capital	Mainstream PE/VC fund	http://jupitercapitalpartners.com/db/
16.	Lanka Ventures PLC	Mainstream PE/VC fund	http://www.acuity.lk/venture-capital/
17.	Lanka Social Ventures by Oxfam	Enabler	http://growsellthrive.org/profiles/blogs/social-incubator-in-sri-lanka-a-big-step-for-change
18.	Lankan Angel Network	Angel network	
19.	LR Global Lanka Private Equity Fund	Mainstream PE/VC fund	http://www.lrglobal.com/
20.	Ministry of Industry and Commerce	Government body	http://www.industry.gov.lk/
21.	National Enterprise Development Authority	Government body/ Enabler	http://www.neda.lk/
22.	Nawabima Business incubator	Government body/ Enabler	http://docplayer.net/578607-Small-and-medium-scale-enterprises-development-through-business-incubators-a-case-of-sri-lanka.html
23.	People's Bank	Commercial bank	http://www.peoplesbank.lk/
24.	Sampath Bank Plc	Commercial bank	https://www.sampath.lk/en/
25.	Sarvodaya Economic Enterprises Development Services	Enabler	http://www.seeds.lk/
26.	Seylan Bank Plc	Commercial bank	https://www.seylan.lk/
27.	Singapore International Foundation	Donors and DFIs	http://www.sif.org.sg/
28.	Sri Lanka Customs Authority	Government body	http://www.customs.gov.lk/
29.	Start and Improve Your Business Association of Sri Lanka	Enabler	http://siybsrilanka.org/
30.	Steradian Capital	Mainstream PE/VC fund	http://steradiancapital.com/
31.	Women's Development Foundation	Donors and DFIs	http://www.wdfsrilanka.org/

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