

Development Through Innovative Business Models

Conference at the Federal Ministry of Economic Cooperation and Development (BMZ),
Stresemannstr. 94, 10963 Berlin, 18 September 2008, 9.30 a.m. – 6.30 p.m.

Concept

The debate on the concept of the "Base of the Pyramid" is gaining momentum. The core idea is to offer cheaper and better products to the world's 2.7 billion poor by innovating products and distribution, and to integrate them into new value chains.

Throughout the world, learning labs are being founded. Entrepreneurs, scientists, companies, NGO-activists and development experts get together to create innovative business models.

2.7 billion people who live on less than US\$ 2 per day are involved in economic processes. The poor consume, offer their man power and their products on local markets and they run businesses. But so far, the developed world perceived them as aid recipients. Especially multinational corporations have not recognized the business opportunity at the bottom of the income-pyramid, focusing on wealthier customers in industrialised countries. People at the Base of the Pyramid often pay a poverty penalty. They have to pay higher prices and to accept lower quality due to inefficient distribution systems and monopolies.

But business innovations can lead to products which enable a better supply for the poor. Successful examples like mobile phones or microfinance demonstrate the dynamics of product innovations combined with suitable distribution methods.

To drive innovations at the Base of the Pyramid, it is necessary to analyze prices in the markets relevant for the poor. On that basis one can use innovation techniques for products, processes and distribution to improve the supply of goods and services. Crucial for sustainable impact will be that these innovations create new opportunities for the poor to do business and to find employment.

This leads to new tasks for development cooperation. Development agencies have access to public administration, companies and NGOs in developing countries. Most companies lack this access. The agencies can bring together the various actors and they can facilitate the innovation process. At the same time we need the commitment of companies to invest in innovation.

At the conference we will discuss how innovative business models can contribute to poverty reduction. What are critical success factors for Base-of-the-Pyramid business cases? What are the challenges companies have to face that plan to invest in BoP-markets? And what role should development cooperation play? GTZ is organizing the conference on behalf of the Federal Ministry for Economic Cooperation and Development to bring together entrepreneurs and managers, scientists, development experts, representatives of nongovernmental organizations as well as business associations and politicians.

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