

## GGBP Case Study Series

# Business Innovation Facility

Related Chapter: [Public-private collaboration](#)

Case developed by: [Lit Ping Low](#)

Country: [Multiple countries in Africa and Asia](#)

Sector(s): [Cross-cutting](#)

Key words: [Innovation, entrepreneurship, partnership, development](#)

---

The Business Innovation Facility (BIF) has piloted an approach to provide advice and technical assistance to deliver innovative solutions and practical strategies that can get business models off the ground. During the initial three-year pilot, the BIF supported businesses in five countries whose activities could tangibly expand opportunities and engage poor people as producers, suppliers, workers, distributors, and consumers – or even as innovators.

---

## Context

Businesses that trade with or serve the poor can offer the potential for innovations to address development challenges (many of which are also closely linked to environmental and green growth challenges). However, there are key bottlenecks to developing and scaling up such innovations ranging from a lack of information on potential markets, to a lack of internal skills or external partnerships, or just the plain fact that strong revenue and growth models in this market take trial, error and innovation (Ashley et al., 2014). The United Kingdom Department for International

Development (DfID) believes that targeted donor support can help companies unblock those bottlenecks to create viable business models.

---

## Approach

To test this idea, DfID set up the Business Innovation Facility (BIF) as a pilot between 2010 and 2013. It set out to support the development of ‘inclusive businesses’, which it defined as “profitable core business activity that also

tangibly expands opportunities for the people at the base of the economic pyramid (BoP) and engage poor people as producers, suppliers, workers, distributors, consumers – or even as innovators.”

It did not offer cash grants or loans, but technical advisory support through an international network of service providers led by Price Waterhouse Coopers, and a country management team in each of the following countries: Malawi, Zambia, Nigeria, India, and Bangladesh.

Its criteria for supporting business ventures were that they needed to be innovative, private sector led, have a good chance of commercial success and have high potential for significant development impact. In addition, they looked for businesses where a clear case could be made for BIF support being needed and useful. They can be large companies looking for ways to make a particular component of their operations more inclusive, or smaller businesses whose whole business model is built around producing a social impact through a commercial approach.

Applications for support were reviewed by an independent selection committee. Once approved, businesses were provided with a tailored package of technical support from national and international experts. Critically, while the project was funded by the public sector, the support packages were delivered by business experts. The BIF also developed a knowledge sharing platform to share lessons.

---

## Outcomes

Emerging evidence shows that the impact of BIF at the organizational level can be substantive. In some cases, the technical input makes the

critical difference as to whether or not an idea or business model progresses. So far, the biggest shares of projects are led by medium and large national companies.

DfID continues to work with businesses through the BIF and started a second phase of BIF in Myanmar (Burma) and Malawi in September 2013, which will continue for the next four to five years, with additional countries being added.

---

## Lessons

### Successful features of the approach

1. Focusing on business models that represent commercial priorities of the private sector and at the same time serve poverty reduction and environmental targets: While BIF is created, designed, and funded by the public sector, it is effectively serving the objectives of the private sector, so long as these objectives meet the selection criteria of BIF on inclusive business. This helped ensure that the facility addresses real problems and issues and can achieve tangible and measurable outcomes.
2. Focusing on targeted, very strategic intervention: BIF is set up to address non-financial barriers. It targets bottlenecks with a view to moving businesses along the innovation process. This precise focus allows the facility to use individuals with very specific and relevant skills to deliver its services.
3. Cultivating a deep network and presence with businesses: BIF is designed to build a strong on-the-ground presence and network. This has allowed deeper networks, more local and tailored activities, and ultimately a more collaborative experience with the businesses it supports.

4. Utilizing experts: The support packages were delivered by business experts, rather than government officials. These experts were more likely to be able to provide the relevant support.
5. Promoting learning of lessons: BIF invests heavily in making its experiences accessible to other businesses and practitioners. This 'public good provision' feature is important in justifying investments on individual businesses.

### Key challenges

1. Addressing the need for a sharper focus: BIF so far does not have sector focuses, which means that it is harder to build up sector expertise when applicants originate from a diverse pool. The next phase seeks to address this.
2. Accepting high marginal costs of each intervention: The process of trying to match a support package to company needs and the case-by-case hands-on involvement required makes the process more onerous than direct financial funding. The high transaction costs can be managed to some extent through streamlining and efficiency through learning-by-doing, but the support packages will need to remain tailored and require case-by-case intervention.
3. Ensuring relevance to local context: Because a balance needs to be struck between seeking economies of scale in the management and overhead costs and the need to inject direct and relevant technical assistance to each business it supports, the model may not be appropriate for all types of engagements with the private sector. The

public sector needs to carefully assess whether their its programs should provide technical assistance compared with other forms of support.

---

## Further Information

Business Innovation Facility:

<http://businessinnovationfacility.org/page/about-us-about-the-business-innovation-facility>

---

## References

Business Innovation Facility. 2012. The value of technical assistance in supporting inclusive business: Lessons Learnt to Date

Conway, G. and Waage, J. with Delaney, S. 2010. Science and Innovation for Development. [http://www.ukcds.org.uk/publication-Science\\_and\\_Innovation\\_for\\_Development-172.html](http://www.ukcds.org.uk/publication-Science_and_Innovation_for_Development-172.html)

López-Claros, A (editor). 2013. The Innovation for Development Report 2011-2012. [http://www.innovationfordevelopmentreport.org/papers/exec\\_summary.pdf](http://www.innovationfordevelopmentreport.org/papers/exec_summary.pdf)

Ashley, C., Harrison, T and Schramm, C. 2014. The 4Ps of inclusive business: How perseverance, partnerships, pilots and passion can lead to success – the final report of the BIF pilot. Glasgow: DFID

### Disclaimer

This case is a summary of research input to the Green Growth in Practice: Lessons from Country Experiences report published by GGBP in July 2014. The views and information expressed in this case study are not necessarily endorsed by the GGBP sponsors or organizations of the authors.

December 2014

---

GGBP sponsors:

