



# Social Innovation

Reinventing Sustainable Development

Executive Summary





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Alto rendimiento. Hecho realidad.

## Future Trends Forum [www.fundacionbankinter.org](http://www.fundacionbankinter.org)

The Future Trends Forum is the main project of the **Bankinter Foundation of Innovation**, whose mission is to influence the present by looking toward the future, stimulating and consolidating an innovation-oriented mindset among the Spanish business community.

It is an ambitious project that seeks to raise social awareness about innovation, by prompting business leaders to make it their goal and thus renew Bankinter's pledge to society.

The Future Trends Forum is an exclusive group of international opinion leaders whose aim is to anticipate the immediate future by detecting social, economic, scientific and technological trends and analyzing their potential scenarios and impact on existing business models.

Through its effort to anticipate these trends and fill an important void, it becomes another building block for making our society a more advanced and competitive community, within a global environment. Human spirit will shape the future.

## Fundación Accenture [www.accenture.es](http://www.accenture.es)

The Accenture Foundation collaborates with the **Bankinter Foundation of Innovation** in carrying out this study for the Future Trends Forum (FTF) and in promoting the studies of this independent opinion leader regarding future prospects and innovation. Thus, the consulting firm lends the FTF its wealth of knowledge and broad experience in turning companies and institutions into high-performance organizations.

# Index

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<a href="#">Welcome to "smart globalization"</a>	3
<a href="#">Social open innovation: reinventing cooperation between agents</a>	4
<a href="#">Corporate social responsibility in the 21st century</a>	5
<a href="#">Scaling social innovation in a globalized world</a>	7
<a href="#">Sustainability in times of uncertainty: ensuring the future</a>	8
<a href="#">Lessons learned: searching for new ways to solve old problems</a>	10
<a href="#">Conclusion</a>	18

# Welcome to "smart globalization"

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**H**ow can we justify something as "progress" when half of the world's population is still living on less than four dollars a day? How can our planet sustain the consumption and production patterns of 7 billion people over the long term? The global society faces **challenges of increasing complexity**: ineffective healthcare systems, environmental degradation and climate change, accelerated urbanization, fragmentation of social contracts and uncertainty regarding the coverage of basic needs in the medium term. And, most importantly, it seems clear that the current model of progress is not prepared to respond to this expanding set of problems.



Now imagine a new model of social and economic organization that intrinsically embraces ethical values and sustainable development: welcome to "smart globalization." In the words of the Rockefeller Foundation, the challenge is to harness these creative energies and direct them to drive sustainable progress in communities around the globe. Under those premises, as economic conditions improve, the world's most vulnerable people can access tools and techniques, ideas and innovations, strategies and solutions to a better future—their better future.

## The role of social innovation

"Smart globalization" is the goal; **social innovation** is the method. Although innovation has traditionally been a process associated with creating or improving products or services, it is applicable to other aspects, such as: reinventing business processes, creating new markets or changing the use of distribution channels. By extension, social innovation is aimed at designing and implementing better approaches for meeting ever-evolving social needs.

There is a large variety of agents promoting social innovation: from government-run institutions and nonprofit organizations to the new social entrepreneurs that are reshaping the field of social action. Unfortunately, the agents involved often run into many obstacles when pursuing social innovation measures. On one hand, the traditional nonprofit and NGO sector lack a system that actively encourages innovation. More often than not, the urgency of problems being faced and the need to provide immediate help take precedence over longer-term objectives. On the other hand, many of the best ideas never reach beyond the paper stage because they are unable to secure funding that will take on the risks and materialize project incubation.

Furthermore, the current economic climate is going to generate a greater need and demand for welfare services and, in the process, social innovation will also take on greater importance. Nevertheless, getting this innovation to materialize is no easy task. It entails finding the most effective programs out there and then providing the capital needed to replicate their success elsewhere. Ultimately, the issue involves focusing efforts on the more result-oriented, high-impact organizations. Throughout this study, we will analyze all these aspects to chart

out a map of social innovation, as well as describing the trends in the path toward sustainability that will determine how we address the major global challenges of the century.

## Social open innovation: reinventing cooperation between agents

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Cooperation between **social agents** is clearly an outstanding issue in field of social innovation. The challenges of sustainability are too complex to be addressed by any one of them independently. As the number of agents out there increases, it becomes necessary for social agents to work together to develop synergies, particularly between companies and NGOs. Many view social entrepreneurs as the link between different sectors, communities and institutions. On one side, we have the "trees," which are the major government agencies, companies, and nongovernmental organizations with roots, power and money. On the other side are the "bees"—social entrepreneurs, professional or community groups that develop ideas with creativity and passion. The bees have the energy and ideas, but are not as good at implementing them, whereas the trees have financial power and influence, but lack innovative drive. When the two join forces, simple ideas turn into programs and policies. Most of the Future Trends Forum experts agree that the agent with the greatest potential for innovation in terms of social action is, without a doubt, the social entrepreneur (see Figure 1), followed by nonprofit organizations, which have traditionally been viewed as the pioneers of social innovation.

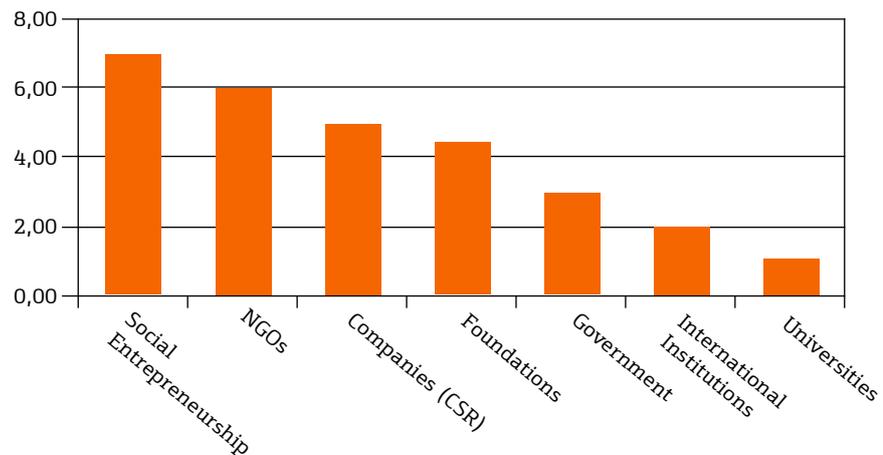


Figure 1: Ranking of social agents according to their potential for innovation in the social action arena.  
Source: Prepared by the authors.

The Future Trends Forum experts refer to the social entrepreneur as an agent who develops and implements innovative solutions to create a positive social impact, a person who combines entrepreneurial discipline with an innovative perspective, all in pursuit of a social goal. The social entrepreneur leads change by using the available resources efficiently and making the most of limited funding.

Using the Internet, the individual also becomes an important new social agent, without time or space limitations. **Collaborative social innovation**, also known as crowdsourcing, is the sharing environment that allows the individual to interact and actively take part in platforms for generating ideas. With just one click, sites such as kiva.org or globalgiving.com, considered to be the Facebook of social innovation, put social entrepreneurs in touch with people who are willing to fund innovative social programs. Unfortunately, despite the advent of new open collaboration structures, much remains to be done. The relationship between businesses and NGOs or nonprofits has not fully developed. Institutional support and financing continue to be scarce, hindering social innovation, while social problems intensify. The goal should be for governments to create enabling environments for social entrepreneurs by promoting innovation, rewarding performance and replicating the success on a larger scale.

## Corporate social responsibility in the 21st century

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**O**f the world's 100 largest economic entities, 63 are corporations, not countries. Society increasingly holds global businesses accountable as the only institutions strong enough to meet the huge long-term social and environmental challenges facing our planet. In a world where news headlines show up on our computer screens in a matter of seconds, companies' reputations are constantly at stake.

As such, **corporate social responsibility (CSR)** has now become an "obligation." We are seeing the emergence of standard guidelines to determine how companies carry out and convey their efforts aimed at social and environmental sustainability. If there were any doubts as to the effectiveness of CSR, the crisis is going to help turn it into a distinguishing factor. The companies that work it into their business strategies will have a higher chance of being sustainable and overcoming the recession. As a matter of fact, 56% of the Future Trends Forum experts believe that the financial crisis will only accentuate the need for organizations to truly integrate CSR in their operations.

Without a doubt, companies are increasingly aware that their obligations to their stakeholders are more important than maximizing profits. Many trends point to CSR taking on a prominent role in enterprises. For instance, independently presented corporate social responsibility reports, corporate websites that highlight "socially responsible" programs, the standardization of reporting according to the guidelines of the Global Reporting Initiative (GRI), and the Dow Jones Sustainability Index (DJSI). We are also seeing a rise in the practice of cause-



related marketing. The term was first used by American Express in 1983 to describe its fundraising campaign to restore the Statue of Liberty by donating one cent each time its credit card was used. Was it disinterested help or commercial interest? Probably a bit of both. Regardless, the result was that 1.7 million dollars were raised for restoring the statue; the number of cardholders rose by 45% and card use was up 28%. These practices culminate with a new turn of the screw in the triple-bottom-line concept with the appearance of S<sup>2</sup>AVE (Shareholder and Social Added Value with Environmental Restoration), an acronym that stresses the way in which organizations can—and must—address the three traditional dimensions (economic, social, environmental) successfully and profitably, while becoming more agile and innovative (see Figure 2).

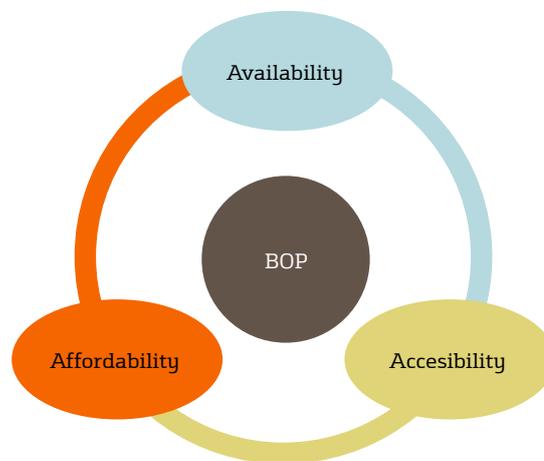


Figure 2: Main barriers to serving the BOP.  
 Source: Christine Auclair and Alban Jackohango, *Bottom of the Pyramid Approaches for Urban Sustainability*, Private Sector Unit, UN-HABITAT.

A significant majority of the Future Trends Forum experts agreed that the concept of CSR and its application must still be defined, standardized and adapted (see Figure 3). Despite major progress in that area, there is still a long road ahead in terms of linking socially responsible projects to corporate strategy and using innovation to develop those efforts.

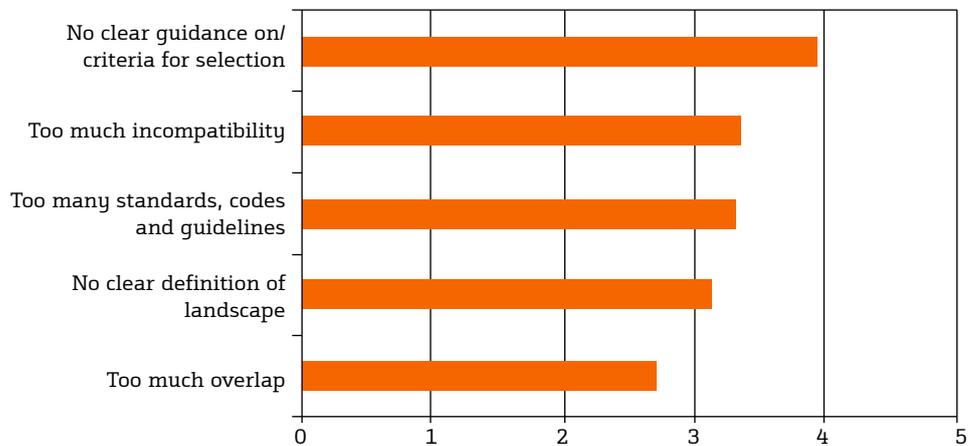


Figure 3: Main obstacles for CSR, according to the Future Trends Forum experts.  
 Source: Prepared by the authors.

# Scaling social innovation in a globalized world

**W**ith the social action sector, one often finds countless local programs in a given neighborhood or city, yet they lack an organizational structure that can bind them together to maximize the time, funds and creativity invested so as to repeat the experience elsewhere. Thus, one of the basic challenges facing social innovation is to **replicate and scale** successful business models, in order to make an even greater positive impact.

Some options include opening new subsidiaries and forming alliances among agents to strengthen the activity's impact. In many cases governments provide scaling opportunities through laws or subsidies, to encourage certain activities. For example, the European Commission created a market opportunity for social entrepreneurs and large corporations by calling for solar energy systems to be installed on half a million roofs by 2010. This entails the launch of a \$10 billion market and the creation of 100,000 new jobs.

What are the **main obstacles** met by those agents looking to scale? First and foremost, there is little government support. If the government does not at least create a playing field on which to explore solutions and provide incentives for implementing them, then it will seriously hinder the survival of social and environmental programs with the potential to scale up. In addition, there is the **problem of financing**. While it is true that NGOs are very good at attracting no-strings-attached aid, some are unaware of how to access more profitable and dependable market financing sources. Furthermore, in developing countries the banking system does not cover the needs of small and medium-sized businesses, which happen to be the main source of innovative ideas in the social sphere.

According to the Future Trends Forum experts, who provided a list of revenue sources for their activity, government funding came in with the highest percentage, closely followed by foundation money (see Figure 4). Nonetheless, we

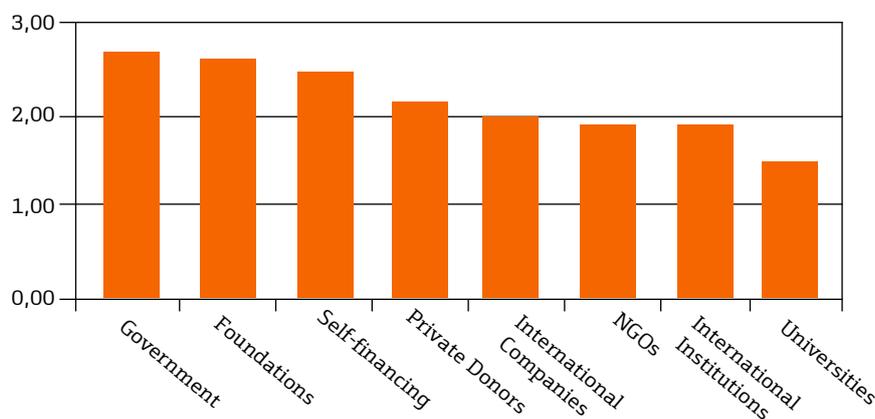


Figure 4: Relative importance of the different funding sources for social agents.  
Source: prepared by the author.

are beginning to recognize the importance of self-financing, thanks to innovative business models that seek sustainability for their business through nontraditional funding sources.

## Sustainability in times of uncertainty: ensuring the future

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**W**e are witnessing a transition to a situation in which nonprofit organizations no longer depend on outside funding for their survival. Presently, many are incorporated as business organizations in search of sustainability and economic autonomy. Until now there has been a very clear distinction between the activities of a company and a nonprofit organization. Nevertheless, in its present state, the social innovation sphere depends to a large extent on the advent of hybrids that blur the boundaries between the private, public and social sectors. This is the so-called "fourth sector," which appropriates businesses practices for social purposes.

On one hand, many companies now complement pure profit maximization for shareholders with the pursuit of social benefits. Examples of this trend include social marketing, the interest in sustainability, corporate social responsibility, investment in needy communities and "green" businesses (see Figure 5). Now there is actually an increase of business startups that have purely social objectives but apply an entrepreneurial approach to their resource management and organization in order to maximize their impact. Meanwhile, nongovernmental and nonprofit organizations are adopting increasingly similar structures to those of private companies, seeking the potential of a greater scale, the measurement of business results or financial capacity.

This new transitional environment is known as the "fourth sector." There it is common to find "hybrid" business models for addressing major societal challenges that blend attributes and strategies of the three traditional sectors (private, public, social). The prime example of a fourth-sector company is Grameen Bank, an institution that provides microcredit without collateral or guarantees to the poorest people in Bangladesh. In conclusion, the goals of the fourth sector could be summarized as follows: to identify new business opportunities in solving a particular social problem; to develop innovations that lead to promising new projects; to demonstrate a strong sense of economic and social responsibility frequently measuring its performance and impact; and to secure a predictable source of income to ensure financial sustainability.

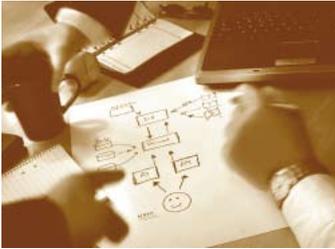
### **The challenge of measuring results**

Companies striving to achieve sustainability can hardly assess their progress unless they analyze a series of measurements and key performance indicators,



# Lessons learned: searching for new ways to solve old problems

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**I**n the new area of social innovation we have seen the emergence of a new business model, which could even be considered a sector of its own, in which social-purpose organizations adopt the organizational forms of the business world. There is growing competition among these organizations to respond to social problems by offering solutions of greater efficiency, effectiveness and sustainability. We are also seeing increasing levels of specialization. By targeting specific segments of the population, social agents are able to reduce costs, leverage economies of scale and focus on a narrower, more specialized range of activities. Given the UN warning that in 2009 the number of hungry people will exceed one billion for the first time, social innovation becomes necessary for responding to the major problems where other, more traditional measures have come up short.

## The fight against poverty and the commitment to development

"Give a hungry man a fish and you feed him for a day. Teach a man to fish and you feed him for a lifetime."

Proverb

Developing countries' excessive reliance on charity from developed countries is anything but sustainable. While it is true that efforts have shifted in their nature over the past two decades to programs more in line with self-sufficiency, what will really shape solidarity in the 21st century are two trends: the market solutions for serving the bottom of the pyramid and the social entrepreneurs that emerge from the developing countries themselves.

### Market solutions to serving the BOP

It is becoming increasingly evident that providing those with low incomes access to a better range of products and services genuinely improves the quality of their lives and livelihoods. Serving the BOP means delivering products and services to four billion potential consumers living on less than two euros a day. Rather than opting for altruistic action, authors such as C.K. Prahalad suggest that these people may be the driving force behind the next chapter in international trade and prosperity, and a source of innovations that would benefit both rich and poor countries. Fourth-sector private enterprise has been largely responsible for meeting the demand for higher quality products and services at the BOP.

Among these we see some innovative business models that effectively adapt their offer to the specific characteristics of that segment, some even being potentially "scalable." The pay-per-use model enables BOP consumers to pay less for each use of a product, service or facility, instead of having to pay a large sum of money. In India, the Byrraju Foundation has succeeded in halving the cost of drinking water by creating community filtration centers that sell purified water. The service eliminates the need to buy an individual purifier.

The "no-frills service" model meets the needs of the poor at very low prices by cutting out the extras, while maintaining the quality. The model is earning profits thanks to high turnover deriving from greater use of fixed capital and specialization of services. Vaatsalya works on building and managing hospitals and clinics in rural areas, bringing basic services in pediatrics, gynecology, surgery, physical therapy and dialysis to where they are most needed, and offering them at affordable prices.

The third model is known as "paraskilling" and complements the previous one. It separates business processes into simpler tasks that can be performed by unskilled workers. India's Microfinance Industry (MFIs) and Aravind Eye Care have both implemented this reengineering process to boost the productivity of professionals by giving the most repetitive tasks to less qualified people. The first was able to be reproduced to the point of constituting an industry in itself, with over 14 million borrowers in India and plans for expansion in Bangladesh. In the second case, doctors perform 2,400 operations a year, in contrast to the average of 300 in Indian clinics.

The last model offers a solution to the eternal obstacle of distribution, with a special focus on reaching rural areas. According to the Future Trends Forum experts, many business plans have failed miserably solely due to their lack of a distribution strategy. The solution to overcome this problem has been to start sharing distribution channels. For example, cooperation between FinComún, a private financial institution in Mexico with social aims, and Grupo Bimbo has enabled Bimbo to take advantage of FinComún's credit expertise, while the latter uses Bimbo's distribution methodology and network. The financial institution's agents go out in Bimbo's delivery trucks, offering loans to customers with good payment history.

### **New social entrepreneurs and the microcredit debate**

Quite often, there is no better vantage point than that of people who confront daily the harsh reality that they seek to redress. Although their efforts are not achieving the desired level of scalability, social entrepreneurs in developing countries are contributing very significantly to the welfare of their communities, with a notable impact on their immediate surroundings. These are people who do not want to rely on charity, but instead find a sustainable way to make a living and whom, with the necessary tools and resources, are able to use them to serve their communities and willing to do so. Most important in this respect is the role that women can potentially play. In the words of pop star and activist Bono: "Give a man a fish, he'll eat for the day. Give a woman microcredit, she, her husband, her children and her extended family will eat for a lifetime."

In effect, microfinance is one of the vital resources for these entrepreneurs in developing countries. It enables poor borrowers who lack access to traditional credit to finance job-creation projects. Since the now-famous Grameen Bank was founded in 1976 to provide credit to the poor in Bangladesh, the microcredit sector has continued to grow, providing a financial lifeline for people who are capable of leading social and economic change from "within." However, a fierce debate has erupted among the experts: some argue that microcredit is far from a panacea for the eradication of poverty, given that poor borrowers tend to take out conservative loans that protect their subsistence, and rarely invest in new technology, fixed capital, or the hiring of labor. There are virtually no such cases

in which scalability has been achieved with a business. Furthermore, these entrepreneurs have not received specialized training and lack the capital necessary to operate on a larger scale and thereby achieve efficiency. It took Mo Ibrahim, a British national born in Sudan, who founded the telecommunications company Celtel, a university education and extensive work experience in multinationals to set up a company that currently operates in fifteen African countries. There is no doubt that microcredit constitutes an important social innovation with a highly positive social impact, especially on the empowering of women. However, microcredit should not be seen as a panacea for the eradication of poverty, and should certainly not serve as a pretext for "liberating" governments from their responsibility in the arduous path toward development for their countries.

### Environmental protection

The cheapest source of energy is the energy never used.  
World Economic Forum

Despite the fact that politicians worldwide have added environmental issues to their agenda of international relations, they are still lamenting the "limited progress in the climate negotiations" at Copenhagen. Many experts believe that whereas governments have neither the will nor the capacity to foster innovation by themselves, the private sector is a clear source of the creativity and innovation necessary to achieve sustainable environmental programs, such as through the so-called sustainopreneurship. Fortunately, the range of environmental programs, far from being traditional ecosystem conservation projects, largely stand out as being innovative, creative, technological and scalable.

### Welcome to the world of cleantech and green cities

The cleantech sector has enjoyed considerable growth over the past few years. As we saw with the pharmaceutical industry, the trend is large firms giving way to smaller companies with innovative new ideas and projects involving sustainable energy. The term "cleantech" is a registered trademark of the Cleantech Venture Network (CVN), a pioneering firm that works on a widely diverse range of programs for efficiently generating and storing energy. Similarly, General Electric (GE) has launched its Ecomagination campaign, which aims to meet the customers' demands for more energy-efficient products and to promote more sustainable growth for the company. Four years after its launch, the GE campaign has shown that "being green" is profitable: the company has increased its portfolio of Ecomagination products from 17 in 2005 to over 80 today. The cleantech trend has also spread to the emerging countries. In India, companies in this sector raised 167% more compared to the previous quarter of 2009.

Another trend points to the planning and integrated design of cities to achieve the reduction of pollutant emissions. In the case of China, where it is predicted that 400 million people will migrate from rural to urban areas in the next thirty years, eco-cities—responsible and efficient from the environmental point of view—constitute a very attractive solution. In Singapore, the company City Developments Limited (CDL) has designed and built buildings recognized as the most energy efficient not only in the country but throughout Asia, and has managed to expand its operations across 17 countries.

### **Boosting scale in environmental innovation**

The water supply in Singapore became unsustainable when, after declaring its independence from Malaysia in 1965, it was agreed that the latter would extend its water lines to Singapore. Treatment plants allowed for drinking water to be obtained from wastewater or salt water by applying a series of processes. The biggest company involved in managing these plants, Hyflux, has expanded its presence to China, started operating in Middle East markets and has expansion plans for Southeast Asia and Africa. The Hyflux case is a good example of how a shortage creates the imperative to find a sustainable solution, which leads to an innovation model that ends up becoming a global business. Another way to achieve greater impact is by forming alliances between agents. The joint venture between Grameen Bank and Danone, for example, is aimed at environmental protection of communities through the development of solar energy and biogas, as well as ecological and innovative packaging of the latter's products. Furthermore, the alliance represented a way to enter the Bangladesh market and offer dairy products at affordable prices, and thus cover the nutritional needs of growing children.

### **The importance of environmental awareness**

Concern for the environment is the order of the day, so much so that there are websites and blogs such as [orbitaverde.com](http://orbitaverde.com) and [simplegreencleaning.com](http://simplegreencleaning.com) with information about household cleaning products and services that do not pollute the environment and thus avoid the health risks associated with toxic products. Environmental concerns have also extended to developing countries. The Green Belt Movement (GBM) was founded in 1977 by the National Council of Women of Kenya. This might have turned out to be just another project aimed at restoring the natural environment by helping to plant and care for trees in "green belts" in urban and rural areas of the country, if not for its innovative work in raising awareness. Over the past ten years, the movement has organized more than 6,000 community groups with the aim of promoting local mobilization and improved welfare through environmental activities.

### **Social cohesion: framework for inclusion and development**

At the beginning of the 21st century, we started noticing the effects of an increasingly fractured social contract. The slightest disturbance causes sharp rises in unemployment, medical costs exceed workers' ability to pay, companies often cut social benefits, and government is no longer able to curb social inequalities. In developing countries it is not even possible to talk about economic and social security. In either case, to solve the structural problems that impede social integration it is crucial to implement models that contribute to social welfare and promote economic activity for the development of disadvantaged communities and excluded groups. Now more than ever, it is time to move toward building a globalized civil society with the active participation of all the actors that comprise it.

### **Direct vocational integration for excluded groups**

Providing employment for socially excluded groups is the goal of many organizations, even in developing countries. For instance, the Brazilian organization SACI Network (Rede SACI; Solidarity, Support, Communication and

Information) aims to make disabled persons' lives better by providing them with access to information and communication technologies (ICT).

Unfortunately, the prospects of incorporating excluded individuals into the labor market diminish considerably in times of recession. In Spain, the focus is on a class of newly poor uncovered by the crisis. The charity organization *Cáritas* reports that 40% of households may fall into a situation of vulnerability in the coming months; the most affected being unemployed middle-class people with children. The organization says it is being overwhelmed by requests for help from people who are not habitual users of social services. What is the solution to the growing demand for assistance? Many experts propose remedying more immediately the situation of the half million families living in severe poverty, while promoting change in the growth model in order to rethink the social and economic welfare system because "the solution to poverty is a problem of State."

### **Inclusion of women in the job market**

Given that women in many developing countries have access to little or no formal education, the success of a program to develop future entrepreneurs depends largely on the possibility of offering training to enable them to manage their businesses successfully. One of the more complete programs aimed at women and girls is that of the Nike Foundation, which sees its job as finding innovative programs that cover safety, health and education needs, "providing the financial and support resources to prove their worth to bring them to massive scale or replicate widely." In India, *Drishtee*, a social enterprise founded by *Acumen Fund*, offers women the opportunity to operate kiosks in rural India, out of which they run digital photo studios and sell computer and English courses, and pay less for the license to operate the kiosk. As a rule, social innovation programs must ensure that the women's families see the benefits of their work or the return on the investment in their business in order to motivate women to seek work opportunities. In Ecuador, the *Randimpak Regional Project for Indigenous Women* has succeeded in getting women to take an active role as certified fish-farmers who multiply the impact of their work by supporting other women, which breaks with the tradition of discrimination in this trade.

### **Internauts of social cohesion**

In May 2005, during elections women in Kuwait mounted a protest, secretly using BlackBerrys stowed under their burqas to send emails demanding their right to vote. Facebook and Rock the Vote (a nonprofit organization that seeks to get young people involved in political processes) joined forces in 2006 to help young people in the United States get registered to vote through the social network. In Iran, Twitter provided the means to mobilize the massive protests following the disputed elections of summer 2009. Social networks are clearly influencing the way in which global society interacts and has an impact on its communities. In fact, the reason why people in developing countries are not more engaged with social networks is because they lack Internet access, particularly in rural areas. However, once again, social innovation harnesses technology to reach any place at any time, fostering unprecedented global interaction. Case in point: *Goose*, a social network that requires no Internet connection. It uses GSM networks and DTN technology, combined with Bluetooth local connectivity to take advantage of the users' social interactions to forward information.

## The right to health

Health is a right to which everyone should be entitled. Unfortunately, the statistics show the opposite to be the case. The number of deaths is closely linked to countries' level of development. And the chances of dying between the ages of 50 and 60 are five times greater in Africa than in Europe. These data underscore the idea of a vicious cycle between poverty and disease. Poor people suffer from more—and more serious—diseases, a fact that is compounded by their limited access to healthcare. Even when available, the cost of using it exacerbates these people's poverty, thereby further feeding the vicious cycle.

Notwithstanding the above, the problems arising from an inefficient healthcare system are not only found in developing countries. Due to rapidly aging populations, social-security systems have taken on increasing importance in developed countries, where the health needs of seniors, the disabled and working families are not always fully met. Once again, the Future Trends Forum experts argue that social innovation is the key to addressing many of the challenges existing in the field of health, from finding the cure for diseases, to forging new lines of distribution for attending to the less accessible population.

### Cooperation and business models: new forms of innovation in healthcare

One of the most promising trends involving innovation in business models for healthcare is that of public-private partnerships. The aim of joining forces is to allow the private sector's traditional management skills and business vision to improve the administration of funds. As prime minister, Tony Blair sparked debate on the effectiveness of public-private partnerships when he proposed extending them to British hospitals and schools, as he believed that they were the most efficient way of running such institutions.

Many global health programs stem from other innovative business models. OlycetNet is the most effective and innovative mosquito net on the market: it lasts five years and sharply reduces malaria rates. It was invented by Sumitomo Chemical, a Japanese company that has granted a royalty-free license to a Tanzania-based company to manufacture it, generating revenues in excess of US\$30 million and creating thousands of jobs.

### The race for innovation in healthcare: the rise of the emerging countries

Although the United States has always led in innovation, developing countries are starting to catch up by opening research centers and technology parks that draw experts from around the world. Indeed, nine of the top twenty-five countries in terms of total patents issued in 2003 were precisely such developing countries—and that figure is on the rise. Biopolis is a biomedical R&D center in Singapore, which has established itself as a major technology hub, working in collaboration with government agencies, venture capital firms, international pharmaceutical companies, academic institutions, and laboratories. China is the world's leading penicillin manufacturer; the Serum Institute, in India, is the world's leading manufacturer of diphtheria-pertussis-tetanus vaccine; and over 60% of United Nations Children's Fund's vaccine requirements are met by Brazil, Cuba, India and Indonesia. Likewise, 67% of Indian drug exports and 74% of Brazilian drug exports go to other developing countries, while 63% of Ugandan drug imports and 54% of Tanzanian drug imports come from other developing countries.

### **The truth behind the child mortality figures**

So, if treatments exist for most of the health problems in developing countries, why have mortality rates remained so high? Simply put: it is because the real problem is access, not innovation. The Future Trends Forum experts repeatedly pointed out that too many water purifiers have never gotten past the stage of being merely innovative products, since the problems associated with their distribution were never studied. In this sense, it is crucial not to approach the innovation process solely in terms of the final product, but also from a financial perspective and with an eye to ensuring distribution in remote areas. Procter & Gamble realized that, unless it managed to make its PUR household water purification system more accessible, the product would be a commercial failure. It thus began to sell it at cost in partnership with nonprofit organizations that would distribute it through their humanitarian relief networks. In a similar vein, Essilor India developed a van fitted with the necessary ophthalmologic equipment to facilitate eye examinations and diagnoses, as well as to manufacture and deliver eyeglasses, in remote rural areas.

### **The commitment to education**

It is an undeniable fact that children in poor countries are less likely to attend school. The reasons for the low level of schooling include: the lack of education regulations making attendance compulsory; limited funding; the need for all members of poor families to contribute to the family economy; discrimination against girls and certain ethnic groups; language barriers in countries where multiple languages or dialects are spoken; difficulties providing education in rural regions; war and post-conflict situations; and systems' inability to cater to students with special needs. Education systems in these countries are characterized by poor, often politicized management, a high rate of teacher absenteeism (due to AIDS), and corruption that prevents the necessary funding and resources from arriving.

Notwithstanding the above, developing countries hardly have a monopoly on education problems. Education systems in developed countries suffer from overcrowded schools and safety issues, parents who are not actively involved in their children's education, problems integrating immigrant children, unmotivated faculty, poor teaching quality, and a failure to adapt to job-market needs and global competition.

### **School attendance: prerequisite for development**

One of the priorities for developing countries is to provide incentives for families to send their children to school. This could be achieved by reducing or eliminating the school fees that parents must pay for their children. In countries such as Uganda, Tanzania and Bangladesh, this measure led to the enrollment of millions of children, in some cases even doubling the enrollment rates. Clearly, this measure must be taken in conjunction with others to increase the available resources to absorb the new demand.

Also, financial or healthcare incentives can be offered on the condition that children attend school. The organizations Progres (Mexico) and Food for Education (Bangladesh) offer cash and food, respectively, to encourage children to attend class regularly. Aid is being given both as income supplements for parents and to help alleviate chronic hunger and malnutrition among children.

Meanwhile, programs must be created to target specific groups that do not tend to receive the same attention as other students, including girls, disabled students, and children from countries in conflict. In South Africa, the Oprah Winfrey Leadership Academy for Girls supports the development of a new generation of women leaders able to use their education and leadership skills to transform their communities and countries. UNICEF and the World Food Program have cooperated to implement large-scale Back-to-Peace, Back-to-School campaigns in a variety of post conflict situations, including in Afghanistan, Angola, Liberia and Sierra Leone.

Lastly, it should be pointed out that parents in developing countries often fail to send their children to school precisely because they themselves never received an education and are incapable of being actively involved in their children's education. Homework Hotline is a service available in the United States that offers free phone tutorials to parents who have problems helping their children with their homework.

### **The challenge of improving education systems**

Communities must undertake, at the local level—and even at the national level—to develop a legal and institutional framework and to support education as one of the foundations of progress. Finland, which boasts one of the world's best education systems, could serve as a model for other countries. There, teachers are considered the cornerstone of education and are thus well compensated, offered continuing education, and constantly encouraged to share their knowledge. They are supported by the state, which invests heavily in the resources they need. Compulsory education is free under the Finnish system and includes the full range of school supplies.

Meanwhile, the charter school model has caught on quickly in countries such as the United States. Charter schools are created through the transfer of certain powers from the government to social entrepreneurs, allowing them to take over traditionally public institutions. Thus, the state ensures that the money from its coffers is efficiently spent by outsourcing schools' administration to private organizations, which run them in accordance with innovative and sustainable programs. KIPP, Uncommon Schools, Achievement Firm and Massachusetts 2020 are among the more notable examples in this area.

Programs aimed at fixing public educational institutions are also emerging in developing countries. When the Salvadoran Civil War ended in 1992, half a million children did not know how to read. The situation was exacerbated by a lack of teachers. Meanwhile, with support from the Ministry of Education, parents from some of the poorest communities led the way to a solution: EDUCO. Under this new program, students' parents selected, hired and supervised teachers themselves, tasks that had previously fallen to the government.

Another proposal advocated by many Future Trends Forum experts to improve the education system is the use of educational technology at schools, universities, and vocational training centers. In May 2010, the fifth annual eLearning Africa conference will be held, bringing together experts, users, providers and new e-learning participants. The event primarily focuses on achieving the integration of ICT to improve the quality of teaching and learning.

## Conclusion

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**S**ocial innovation is not a stroke of luck, or something that happens by chance. True though it may be that the great ideas referred to by the Future Trends Forum experts as "big bangs" do exist, social innovation is actually far more dependent on the necessary foundations being set in place for promoting open collaboration between social agents, institutional support through favorable incentives and policies, and the advent of new business models that make efficient and sustainable use of technology in their projects. This community is responsible for adapting to a new environment and avoiding the risk of innovation remaining exclusively on paper so as to allow some social and environmental issues in the headlines and political agendas to be resolved once and for all.

The notion of sustainability has also taken hold within the area of social action and the organizations promoting it attempt to implement it both internally, striving for self-sufficiency to ensure their future, and in the communities they help out, based on the assumption that: if you give a man a fish, you feed him for a day, but if you teach a man to fish, you feed him for a lifetime. Companies like this represent the future of social innovation, capable of creating sustainable, scalable organizations that deliver reasonably priced and essential goods and services that raise the standard of life for the most socially disadvantaged people. Hopefully, these socially conscious, sustainable organizations will discover the path toward solving the challenges facing us in the 21st century.

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