



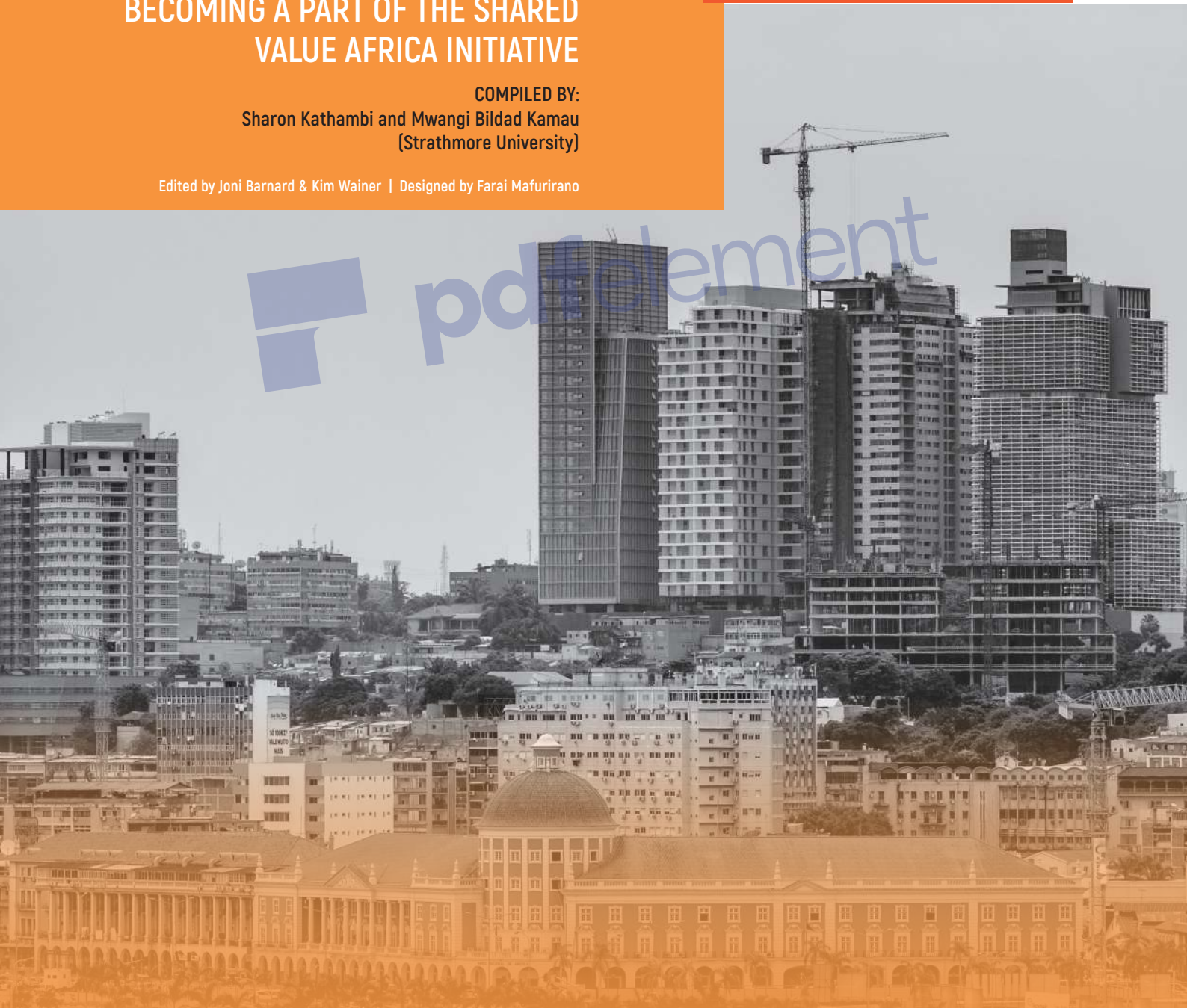
**SHARED
VALUE**
AFRICA INITIATIVE

**BUILDING AFRICA'S
MOST POWERFUL SHARED
VALUE NETWORK:
BECOMING A PART OF THE SHARED
VALUE AFRICA INITIATIVE**

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BREAKAWAY SESSION 04



**THIS DOCUMENT PROVIDES A SUMMARY REPORT ON #ASVS19 BREAKAWAY SESSION 4:
BUILDING AFRICA'S MOST POWERFUL SHARED VALUE NETWORK.**

BREAKAWAY SESSION 4: BUILDING AFRICA'S MOST POWERFUL SHARED VALUE NETWORK: BECOMING A PART OF THE SHARED VALUE AFRICA INITIATIVE

SUMMARY Attendees: 39 | Duration: 75 minutes

SPEAKERS:

- Nozipho January-Bardill, Director, Shared Value Africa Initiative
- Tiekie Barnard, CEO & Founder, Shared Value Africa Initiative
- Sanda Ojiambo, Member, SVAI Africa Council of 8 & Head of Corporate Responsibility, Safaricom.

Nozipho January-Bardill, who kick-started the session shortly after the opening remarks, set the scene by focusing on partnerships and collaboration, highlighting their significance in the Shared Value business model. Tiekie Barnard then spoke about the Shared Value Africa Initiative's purpose and activities, and encouraged the audience to become members to help build the African economy. Finally, Sanda Ojiambo, a member of the Shared Value Africa Initiative (SVAI) Africa Council of 8 and Safaricom's Head of Corporate Responsibility, summed up the theme of partnerships with a brief introduction to Safaricom and a look at the contribution of both the private and public sectors towards the creation of effective Shared Value ecosystems. The breakaway session was impactful, ending with closing remarks from Tiekie Barnard.

OPENING REMARKS

The concept of Shared Value was highlighted as a set of policies and operating practices that enhance a company's competitiveness while simultaneously advancing the social and economic conditions in the communities in which they operate. Shared Value creation focuses on identifying and expanding the connections between societal and economic progress. In other words, the Shared Value approach reconnects business success with social progress, positing that it is not only possible, but indeed preferable from a business perspective to focus on creating both economic values for its shareholders and for society – summed up succinctly as 'profit with purpose'.

COMMON PURPOSE

It was also highlighted that the underlying purpose of the Shared Value Africa Initiative is to build the African economy for our people and our continent.

MISSION

It was noted that the SVAI mission is to bring together businesses and business communities from across Africa with a common purpose of building the African economy, to shift Africa from being the poorest continent to the most economically viable continent, and to bring about change at scale.

OBJECTIVE:

The objective of the Shared Value Africa Initiative, as captured from the breakaway session, is to partner with a variety of stakeholder groups, including regional and national corporations, non-profits, multi- and bilateral development agencies and foundations to help create Africa's most powerful business network.

COLLABORATION AND PARTNERSHIPS

In the breakaway session it was noted that collaboration was key to Africa realizing its potential in the twenty-first century. Indeed, it is good business for companies to incorporate social development into their strategy. Africa's challenges are great, yet they hold opportunities for sustainable growth and profit potential.

It was emphasised that Shared Value creation will involve new and heightened forms of collaboration. Successful collaboration will be data driven, clearly linked to defined outcomes, well connected to the goals of all stakeholders, and tracked with clear metrics. In addition, governments and NGOs can enable and reinforce Shared Value or work against it. Enabling local cluster development is essential to promoting the Shared Value model. The most successful cluster development programs are ones that involve collaboration within the private sector, as well as trade associations, government agencies, and NGOs.

Creating Shared Value presumes compliance with the law and ethical standards, as well as mitigating any harm caused by the business - but it also goes far beyond that. It is essential for companies to embrace partnerships and go beyond territorial boundaries by forming private-public partnerships and private-private partnerships, as well as leveraging public-public partnerships. Partnerships for growth is one of the key UN Sustainable Development Goals and go a long way in ensuring greater progress towards sustainable development and ending extreme poverty in Africa.

CHALLENGES FACING THE SHARED VALUE AFRICA INITIATIVE

One key challenge noted in the breakaway session involves breaking territorial boundaries. Socio-economic inequalities between countries are a bottleneck towards achieving competitive advantage by companies while simultaneously advancing the social progress of the communities in which these companies operate. Businesses can be guaranteed success if they are to embrace partnerships and collaboration with not just with other local businesses, but with global companies for the greater good - that is, creating a total pool of economic progress and social value in their respective communities. Breaking territorial boundaries facilitates effective competition for resources among different companies, for instance technological 'know-how' in different countries. Therefore, practising Shared Value will facilitate collaboration among different countries to help in breaking down these barriers.

The other challenge that bedevils successful Shared Value implementation across Africa is a lack of purposeful leadership, upon which Shared Value is anchored. Management thinking has often stressed strategies geared towards maximization of profits without including social progress as a fundamental strategy framework. This has often sidelined important aspects of social progress like the enabling of local cluster development.

Lack of collective responsibility and ethics in organisations is also a key challenge that was raised in the breakaway discussion.

Companies are glued to achieving their performance targets at the expense of their customers. This results in companies engaging in exploitative, unfair, and deceptive practices in the name of maximization of profits.

The mining industry has been lauded for adopting the Shared Value model, but communities involved in mining activities are exposed to health and safety perils. In many countries, the true socio-economic contribution of mines is being questioned. External stakeholders, such as government and communities, believe that just as mining companies were historically the sole earners of wealth, they continue to prosper at the expense of the broader society. Negative stakeholder sentiment persists and brings forth potential social volatility, which in turn affects a mining company's service-level objective.

WAY FORWARD

Adoption of the Shared Value model would go a long way in addressing the challenges above. The purpose of the corporation must be redefined as creating Shared Value, not just profit per se. Firms should look at decisions and opportunities through the lens of Shared Value. This will lead to new approaches that generate greater innovation and growth for companies - and also greater benefits for society. As highlighted in the breakaway session, there are three ways in which companies implement the Shared Value model in their activities:

- Reconceiving products and markets
- Redefining productivity in the value chain
- Enabling local cluster development

Solving social problems has invariably been ceded to governments and to NGOs. The concept of Shared Value, in contrast, recognizes that societal needs, not just conventional economic needs, define markets. It also recognizes that social harms or weaknesses frequently create internal costs for firms—such as wasted energy or raw materials, costly accidents, and the need for remedial training to compensate for inadequacies in education. Additionally, addressing societal harms and constraints does not necessarily raise costs for firms; innovation in new technologies, operating methods, and management approaches, for instance, can result in an increase in their productivity and expansion of their markets. Shared Value is about expanding the total pool of economic and social value.

To increase the synergy between competitive advantage and social progress, it is important for firms to address societal issues from a Shared Value perspective and invent new ways of operating to address them. In terms of reconceiving products and markets, food companies can refocus their production processes and go beyond concentrating only on taste and quality to producing nutritious foods to their customers. Similarly, energy companies can rethink producing environmentally-friendly products for their customers or their customer's customers.

Another way of implementing the Shared Value model is by redefining productivity in the value chain. This can be done by increasing access to inputs, sharing technology, and providing financing. Companies can improve supplier quality and productivity while ensuring access to growing volume.

Likewise, enabling local cluster development is another key method of implementing the Shared Value model. As noted from the breakaway session, no company can be self-contained. The success of every company is affected by the supporting companies and infrastructure around it. Productivity and innovation are strongly influenced by "clusters," or geographic concentrations of firms, related businesses, suppliers, service providers, and logistical infrastructure in a particular field—such as IT in Silicon Valley, cut flowers in Kenya, and diamond cutting in Surat, India. Clusters are prominent in all successful and growing regional economies and play a crucial role in driving productivity, innovation, and competitiveness.

Deficiencies in the framework conditions surrounding the cluster also create internal costs for firms. Poor public education imposes productivity and remedial-training costs. Poor transportation infrastructure drives up the costs of logistics. Gender or racial discrimination reduces the pool of capable employees. Poverty limits the demand for products and leads to environmental degradation, unhealthy workers, and high security costs. As companies have increasingly become disconnected from their communities, however, their influence in solving these problems has waned even as their costs have grown. Firms create Shared Value by building clusters to improve company productivity while addressing gaps or failures in the framework conditions surrounding the cluster.

Governments and NGOs will be most effective if they think in Shared Value terms - considering benefits relative to costs and focusing on the results achieved rather than the funds and effort expended. Governments and NGOs often assume that trade-offs between economic and social benefits are inevitable, exacerbating these trade-offs through their approaches. For example, much environmental regulation still takes the form of command-and-control mandates and enforcement actions designed to embarrass and punish companies.

The principle of Shared Value creation bridges the traditional divide between the responsibilities of business and those of government or civil society. Forward-thinking foundations can

also serve as honest brokers and allay fears by mitigating power imbalances between small local enterprises, NGOs, governments, and companies. Such efforts will require a new assumption that value can come only as a result of effective collaboration among all parties. A key aspect of cluster building in developing and developed countries alike is the formation of open and transparent markets. In inefficient or monopolized markets where workers are exploited, where suppliers do not receive fair prices, and where price transparency is lacking, productivity suffers. Enabling fair and open markets, which is often best done in conjunction with partners, can allow a company to secure reliable supplies and give suppliers better incentives for quality and efficiency, while also substantially improving the incomes and purchasing power of local citizens.

The right kind of government regulation can encourage companies to pursue Shared Value; the wrong kind works against it and even makes trade-offs between economic and social goals inevitable. Regulations that enhance Shared Value set goals and stimulate innovation. They highlight a societal objective and create a level playing field to encourage companies to invest in Shared Value rather than maximize short-term profit. As highlighted from the breakaway discussions of building Africa's most powerful Shared Value network, the right kind of regulations have a number of defining characteristics:

1. They set clear and measurable social goals, whether they involve energy use, health matters, or safety. Where appropriate, they set prices for resources (such as water) that reflect true costs.
2. They set performance standards but do not prescribe the methods to achieve them - those are left to companies.
3. They define 'phase-in' periods for meeting standards, which reflect the investment or new-product cycle in the industry. 'Phase-in' periods give companies time to develop and introduce new products and processes in a way that is consistent with the economics of the business.
4. They put in place universal measurement and performance-reporting systems, with government investing in infrastructure for collecting reliable benchmarking data (such as nutritional deficiencies in each community). This motivates and enables continual improvement beyond current targets.
5. Appropriate regulations require efficient and timely reporting of results, which can then be audited by the government as necessary rather than impose detailed and expensive compliance processes on everyone.

As noted in the breakaway discussions, a regulation that discourages Shared Value looks very different. It forces compliance with particular practices, rather than focusing on measurable social improvement. It mandates a particular approach to meeting a standard - blocking innovation and almost always inflicting cost on companies. When governments fall into the trap of this sort of regulation, they undermine the very progress that they seek while triggering fierce resistance from business that slows progress further and blocks Shared Value that would improve competitiveness. As Shared Value principles become widely accepted, however, business and government will become more aligned on regulation in many areas. Companies will come to understand that the right kind of regulation can actually foster economic value creation

BECOMING A PART OF THE SHARED VALUE AFRICA INITIATIVE

As highlighted from the breakaway discussions, Africa has specific needs that cannot be addressed from the outside in; there's a real need for African-driven solutions to African problems, and Shared Value is the key. In innovative, forward-thinking business, real growth opportunities can be found in addressing social challenges. Members of the Shared Value Africa Initiative have the opportunity to connect and collaborate with organizations from across the continent and form long-term partnerships to further both business and social interests. This enables the creation of sustainable collaborative Shared Value ecosystems and the achievement of business purpose on a far greater scale.

MEMBERSHIP BENEFITS

- Members of the Shared Value Africa Initiative have the following benefits:
- Contribute to business and social impact at scale
- Develop cross-continent business partnerships
- Access and partner with high level strategic networks across Africa
- Drive collaboration across Africa
- Create ecosystems that drive and support the creation of inclusive societies
- Build business reputation through membership and thought leadership
- Drive transformation through business
- Foster innovation and growth across Africa
- Access to African research insights
- Create inclusive growth with equitable opportunities for all
- Optimize business value chains
- Opportunity to contribute to Africa's body of knowledge

SHARED VALUE AFRICA INITIATIVE PILLARS:

1. Research
2. Building of Network
3. Events and Awards
4. Education/Advocacy
5. Thought Leadership/Reputation and Media/Public Relations



PARTNERSHIP WITH SAFARICOM



CREATING SHARED VALUE

As captured from the breakaway session on building Africa's most powerful Shared Value network, Safaricom delivers value to the Kenyan society within which it operates on an ongoing basis as a top Kenyan taxpayer and employer, and by engaging and empowering groups and individuals throughout the country in a variety of ways. The services Safaricom provide through their network enhance and transform the lives of Kenyans every day. They also invest in communities directly and have an active Corporate Social Investment (CSI) program through the Safaricom and the M-PESA Foundations. Along with these ongoing channels, a few of the specific ways in which they have delivered value to the Kenyan society during the year include:

- **M-Tiba Service:** An award-winning health payments solution bringing healthcare to one million low-income earners. M-Tiba is a health payments solution with an 'e-wallet' that enables low-income earners to save towards their healthcare expenses and helps donors to target funds accurately and confidently. It was awarded the Shared Value award at the 2017 Loerie Awards in Durban, South Africa, and the Achievement in Sustainable Development award at the FT/IFC Transformational Business Awards in London, England, in June 2017.
- **DigiFarm Service:** A platform that provides smallholder farmers with convenient access to a variety of services, including discounted inputs, financing, and advice on farming best practices, all from a mobile phone. DigiFarm offers smallholder farmers access to a suite of information and financial services, including discounted products, customized information and tutorials on farming best practices, and access to credit and other financial facilities. The service has also been expanded through the addition of Safaricom's Connected Farmer solution to enable farmers to share information, such as expected yields with processors, and to transact through seamless M-PESA payments.

- **Shupavu291:** Another platform which provides lessons and quizzes to primary and high school students, who can also search for information and access Wikipedia summaries without an internet connection. The popular service also includes an Ask-a-Teacher feature, through which students can ask a qualified teacher questions remotely. Over 60 million questions have been exchanged on Shupavu291 and users have been found to score 22.7% higher than the national average for their standard. Students can register for the service by dialing *291#. Shupavu291 won the Best Mobile Innovation for Education award at the 2018 GSMA Global Mobile (GLOMO) Awards.
- **The B-Team Africa:** A platform developed by Safaricom to promote Shared Value which aims to keep sustainable business on the leadership agenda. It is an alliance of progressive business leaders who want to empower Africans by helping to create more sustainable and just economies across the continent. The purpose of the alliance is to assist each other by sharing ideas and resources.

Safaricom considers its community to be, first and foremost, the Kenyan people, and then the broader regional and global community within which it operates. Safaricom takes pride in being a responsible corporate citizen and productive member of Kenyan society. Safaricom remains committed to working closely with Kenyans to be a respected and empowering contributor to the social and economic development of the country. It acknowledges that, the society that surrounds it is an integral part of who they are and what enables their success, providing them with a conducive operating environment and a market for its products and services.

CONCLUSION

Shared Value holds the key to unlocking the next wave of business innovation and growth. As outlined in this breakaway session, Shared Value will also reconnect company success and community success in ways that have been lost in an age of narrow management approaches, short-term thinking, and deepening divides among society's institutions. A more sophisticated form of capitalism is ideal, one imbued with a social purpose. That purpose should arise not out of charity, but out of a deeper understanding of competition and economic value creation.

Societal problems can be solved through Shared Value solutions. Adoption of the Shared Value model offers corporations the opportunity to utilize their skills, resources, and management capability to lead social progress in ways that even the best-intentioned governmental and social sector organizations can rarely match. In the process, businesses can earn the respect of society again. Capitalism, long regarded by many as the enemy of true social progress, can be harnessed to become a key driver towards the achievement of the UN Sustainable Development Goals. The Shared Value mindset, of seeing opportunity in the midst of struggle, is the way forward towards making Africa the economic powerhouse of the next century.