Financing Sustainable Development

IDEAS *for* ACTION 2016

Edited by
Mahmoud Mohieldin
Djordjija Petkoski

WORLD BANK GROUP

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Wharton University of Pennsylvania | the Carol and Lawrence Zicklin Center for Business Ethics Research

I4A Young Americas Business Trust www.yabt.net Y2Y Youth to Youth Community Engage, Inspire, Empower

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Overview

We are pleased to present the 2016 Ideas for Action (I4A) initiative, a youth competition on financing for development jointly launched in November 2014 by the World Bank Group (WBG) and the Zicklin Center for Business Ethics Research at Wharton School of the University of Pennsylvania. This year's winners were selected from among 309 proposals from 492 teams from 125 countries.

The Sustainable Development Goals (SDGs), adopted by the United Nations General Assembly in September 2015, are a set of 17 global goals, which seek to end poverty by 2030, promote peace, and preserve the planet for future generations. More ambitious than their predecessor, the Millennium Development Goals (MDGs), the SDGs cover a broad range of interconnected issues, from ending poverty to addressing inequality and creating sustainable economic growth, from governance to global public goods such as climate change.

In the first year of SDG implementation, youth engagement has been, and will continue to be, crucial to the successful implementation of the SDGs. For youth the SDGs provide an inclusive, transformative, universal framework towards a better world in 2030. The innovative ideas needed to tackle global challenges will likely come from youth. The I4A competition engages young people from around the world to encourage them to develop and share their ideas for financing solutions that can help achieve the 2030 development agenda.

In its inaugural year in 2015, the competition drew global interest, and the winning proposals were compiled in the book titled, *Financing Sustainable Development: Ideas for Action*.

This year, the competition attracted engagement from young people around the world, with about 11 percent of participants from Europe, 13 percent from North America, 21 percent Africa, 12 percent Asia, and 42 percent from Latin America.

The winners were selected through a vigorous three-stage selection process based on the creativity, significance, feasibility, and clarity of the proposals. Reviewers included young WBG staff and Wharton students, along with technical experts and senior executives from the WBG , Wharton, Master Card, PepsiCo, and the G-24 Secretariat. Other competition partners included: the World Bank Group Youth to Youth Community (Y2Y), Young Americas Business Trust (YABT), and the Organization of American States (OAS).

The 2016 winners will present their proposals at the WBG-IMF Annual Meetings in October 2016 in Washington DC and at other high level international events. The Wharton School will offer the winners training and knowledge exchange opportunities.

The 2016 I4A winning proposal by Team DLVR from Nigeria is an innovative yet practical approach to a peer-to-peer service for local communities in Nigeria that seeks to tackle logistical challenges for low-income people in emerging market nations. It would create an online technology platform that connects transporters and senders, to enable the completion of both scheduled and on-demand deliveries. This service focuses on logistics and supply chain bottlenecks, harnessing the knowledge of local communities to build an innovative distribution network at the "last mile" of the supply chain. It has numerous applications, including e-commerce, agriculture, and medical service delivery.

The second-place team, OINCS from Uruguay, describes a mobile crowdsourcing platform that enables users to quickly report and share information about crimes and vehicular traffic in their cities. OINCS promotes a better city life experience by helping people travel throughout the city faster and more safely. Community users inform and alert others of any adverse event or information that could be relevant to either traffic or citizen security, allowing users to react appropriately to events around them.

The third-place team, NaukriSearch from the United States, presents a dual platform employment service aimed at increasing transparency in the slum labor market of Mumbai by improving access to employment information and opportunities. NaukriSearch emphasizes the readily available technologies of each segment of the labor market. The system enables slum residents to receive accurate, up-to-date information concerning potential employment opportunities within their region.

The Her Life team, one of the three runners-up in the 2016 I4A competition, proposed a solution for the life insurance market for Chinese working mothers (CWMs) who need to protect their children from unanticipated financial risks and to enhance their ability to pay for long-term insurance products. The team proposes a partnership with a designated Chinese life insurance company to develop a term life insurance product called HerLife. The product uniquely caters to CWMs by providing education on life insurance, requiring a partner insurer to waive and fund premiums for three years based on contingent, women-specific life events (e.g., diagnosis of malignancies of female organs), and allowing CWMs to pay premiums suited to varying financial needs while staying within the insurance provider's policies.

Five out of Five, another runner-up, recommends the issuance of green bonds aimed at financing air pollution reduction initiatives including, but not limited to, technological upgrades, reconstruction of industrial composition, and air purification strategies in Shanxi province. The local government would be responsible for setting the coupon rate and face value, while cooperating with professional organizations in developing selection criteria and processes to access eligible green programs.

The final runner-up team, Wylde International, introduces an impact performance measurement and valuation tool ("Impact Units") that will enable impact creators such as local innovating companies, or non-profit or for-profit institutions running Community Social Responsibility (CSR) initiatives to develop social interventions that demonstrate real and measurable impact as measured and certified by the proposed Impact Units.

The I4A competition offers the winners a platform to share their ideas and encourages young people to take ownership over implementation of the SDGs. It also provides them access to some of the leading professionals in the global development industry and the private sector. Young adults must be the ones formulating and planning to reach goals like the SDGs, since their generation will be the most affected. Our hope is that the Ideas for Action competition will foster a sense of ownership while incubating some exciting ideas that can shape our shared future for the better.

The submissions included in this book, as well as the rest of the 309 submissions, have clearly demonstrated the innovative potential of youth empowered by technology and sophisticated social media networks. Young professionals are often the best equipped to think of creative solutions to tough global problems.

I4A is not exclusively just about being an "essay competition." As a corollary, this year, I4A has convened several workshops called "IdeasLab" as opportunities for interested young people to get information and share knowledge and ideas. Equally important was the creation of six I4A Clubs with the most active ones being from Wharton, Belgrade, and Hong Kong. These targeted activities have engaged both those young professionals who took part in the competition, as well as those simply interested in global development. In addition, this year's pilot—Ideas for Action 14–18—for high school students was successfully completed with an event at Wharton where the participants presented six winning proposals. While the inaugural year included only several high schools in the U.S., the I4A 14–18 initiative will expand to include international entrants for the upcoming year.

The goal of I4A continues to be engagement with leading schools of finance and management and connecting them with governments around the world. This helps redefine the global development conversation, and helps the World Bank Group and other development organizations leverage their resources and convening power more effectively.

We hope this book and the I4A initiative will provide a space for creative and innovative thinking, so that the next generation of global leaders will think beyond the existing confines and approaches on development issues. Young professionals must be catalysts and "change-makers" within their organizations and schools in order to achieve lasting and substantial performance improvements. The 2015 version of this book was used as a teaching tool at undergraduate and graduate classes at Wharton as well as several other schools throughout the world. The students had the opportunity to comment on the winning proposals and directly shared their ideas with the winning teams. We hope that the 2016 book will be used more broadly as a teaching tool in schools around the world. To facilitate the use of the book, teaching notes will be made available to interested academics.

Finally, we hope that I4A will help the World Bank Group and other development organizations and partners across the world to recognize young people with bright development ideas so they can participate fully in solving the world's greatest challenges—as they become the leaders of tomorrow.

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Acknowledgments

The Ideas for Action (I4A) was launched jointly by the World Bank Group (WBG) and the Wharton Business School in partnership with the World Bank Group's Youth to Youth Community (Y2Y) and the Young Americas Business Trust (YABT) at the Organization of American States. This is the second year of this initiative and it would not have been possible without the interest and entrepreneurship of young professionals from these organizations, as well as several other champions of the initiative.

We would especially like to thank: the World Bank team of Arunima Dhar and Farida Aboulmagd from the Senior Vice Presidency for the 2030 Development Agenda, UN Relations and Partnerships (SVPMM); the Wharton team of Marie-Louise Wiegert, Halle Abraham, Walid Beramdane, Jeffery Chen, Nelson Dong, Melissa Jassir, Joseph Kupferberg, Sue Mohieldin, and Kami Stavreva; the WBG Y2Y partner colleagues including Stathis Anagnostou, Renzo Sotomayor, Jemi Lacle', Minhae Choi, Mphatso Matenda, Busayo Odunlami, Annabelle Libeau, Ermal Vila, Nadia Bashnin, Slavena Georgieva, Stephane Chi Detchou, Adnan Sirajee, Claudia Koerbler; and the YABT team led by Luis Viguria and Isabella Troconis.

Ned Shell also provided valuable inputs towards this initiative.

The selection process was done in three phases. First round reviews were conducted by: Farida Aboulmagd, Nicholas Bian, Lisa Castro, Arunima Dhar, Victoria Flamant, Lisa Marie Johnson, David Kuijper, Veronica Piatkov, Halle Abraham, Walid Beramdane, Jeffery Chen, Nelson Dong, Melissa Jassir, Joseph Kupferberg, Sue Mohieldin, Kami Stavreva, and Marie-Louise Wiegert.

The 30 English Language proposals that were chosen for the second round were reviewed in two working groups, reviewing 15 proposals each, chaired by Jos Verbeek, Adviser, WBG SVPMM and Mike Kelleher, Adviser, WBG SVPMM. The working group participants were: Steven Dimitriyev, Lead Private Sector Development Specialist, WBG; Alexander G. Sotiriou, Investment Manager at MicroVest Capital Management; Jeffrey French, Managing Director North America, The Do School; Mia Adelberg, Associate Principal, Higher Education Corporate Strategy and New Ventures at The Advisory Board Company; Steven Shalita, Manager, Africa Region, WBG; Stoyan Tenev, Senior Manager, IEG, WBG; Christian Eigen-Zucchi, Senior Economist, WBG; Sara Haq, SH International LLC; and Djordjija Petkoski, Lecturer and Senior Fellow, the Wharton Business School.

The eight Spanish language proposals that were chosen for the second round were reviewed by Christopher Juan Costain, Lead Financial Sector

Specialist, WBG; and Gabriela de la Garza, Latin America Sustainability Manager, PepsiCo.

In addition, the I4A team received advice and input from Heike Reichelt, Lead Financial Officer, WBG; and Raghav Narayanan, Evaluation Officer, IEG, WBG.

The final ten proposals were reviewed by an expert panel comprising ofLuis Montoya, President, Latin America Beverages, PepsiCo; Marilou Uy, Director, G24 Secretariat; Tara Nathan, Executive Vice President, Public-Private Partnerships, MasterCard; Sir Paul Judge, Businessman and Education Supporter; Kelly Widelska, Global Head, IFC; and Prof. Djordjija Petkoski, Lecturer and Senior Fellow at Wharton Business School. The panel was chaired by Mahmoud Mohieldin, Senior Vice President for the 2030 Development Agenda, UN Relations and Partnerships, World Bank Group.

Finally, very special thanks go to the young people who contributed to the 309 submissions. It is also important to recognize the involvement of over 26,000 individuals who in many different ways, both online and in-person, engaged in the I4A initiative.

Chapter 1

A Peer-to-Peer Hyperlocal Approach to Last-Mile Delivery in Nigeria

Team DLVR
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Abstract

Logistics and supply chains are the wheels of trade, commerce and economic activity around the world. However, in developing economies and emerging markets there are numerous challenges that make access difficult. Most prominent are the lack of standardized addressing systems, and inefficient or inadequate countrywide postal infrastructure that raises the cost of logistics, especially in delivery at the last mile.

Our proposal recommends a low cost peer-to-peer delivery system where senders are connected to local transporters who can carry out scheduled or on-demand deliveries. This system will be executed by means of a technology platform that facilitates this interaction between the different customer segments. There is significant opportunity and potential in establishing this service in emerging economies around the world that face similar problems. Because of the large market opportunity and its significance in the West-African region, Nigeria is our target for the solution. Our plan is to eventually expand this service regionally.

Problem and Context: Last-Mile Delivery Opportunities and Challenges

Logistics, especially last-mile delivery, is a challenge in emerging markets because of the absence of proper postal infrastructure and networks, and non-standardized address systems. These drawbacks, combined with other factors peculiar to the local environment have contributed to challenges in doing business for most companies, since they do not have the resources or know-how to extend their value offerings to the customer at the last mile.

At this time, breakout successes like Alibaba and Amazon have increased awareness of how technology can change processes in a complex industry such as logistics and supply chain management. In Nigeria, logistics has become highly competitive, with traditional mass transit operations moving into delivery and logistics as well. In many cases, companies have had to build out their own logistics infrastructure and distribution network, radically increasing the cost of doing business in the country.

Industry insiders confirm that these operations are becoming increasingly profitable when compared to their existing mass transportation business. In the last year alone, over 10 logistics companies have commenced operation. Even the big global players (e.g., DHL) are expanding operations to develop the last-mile sector of the logistics value chain.

Solution: A Multi-sided Platform to Facilitate Interaction between Senders and Transporters

DLVR intends to innovate in the logistics space by creating a line of products and services to tackle logistics problems that are commonplace in emerging markets and likely to worsen with population increases. The company is primarily focused on the Sub-Saharan African region, rolling out service in Nigeria.

DLVR's flagship service is a multi-sided platform that facilitates the interaction between senders and transporters, two distinct but interdependent customer segments of our business model. The DLVR platform is designed to enable the earliest form of courier service between these customer segments.

The solution is in two parts: the platform and the logistics operation.

- The flagship platform serves the purpose of aggregating demand for deliveries in a central location. This means that organizations or individuals with delivery needs (senders) can place these orders through the platform.
- On the logistic operations end, transporters will be empowered to fulfill these orders through the use of our platform and its mobile application.

Relevance

Our solution creates an enabling environment for business creation and growth, and improves the business environment in developing economies. Logistics are a significant part (and cost) of operations in the region, and many businesses and organizations are limited in their reach due to a lack of a solution for last-mile delivery. By building out the infrastructure, we allow companies to focus on their core business, while we expand the "rails" of commerce in Nigeria.

What is new about it?

By crowdsourcing delivery using local transporters, we are creating a shared economy—an aggregated pool of resources and assets that outweigh any one operator. This creates an efficient distribution network, even at (especially at) the local level.

Also, our model uses the transporters' specific knowledge of their local environment. By synthesizing and documenting this knowledge, we can better understand some of the unique issues that are prevalent in the region.

Through our approach to partner with schools by co-location we reduce our costs, and we benefit from the economies of scale that schools are uniquely positioned to enjoy in emerging economies (steady power supply, large labor pool, functional infrastructure, etc.). In synergistic parallel, we provide hands-on education (both in operations and technology) to the demographic that forms over 60 percent of the country's population and create a steady pipeline of employment for those people.

Implementation Plan

The DLVR project is already being implemented. We conducted pilot testing and are currently in the intermediate stages of product development.

By Who?	What?	How?	When?
DLVR	Pilot testing	Engaging our prospective customers to test key assumptions and understand their most important needs	First phase completed February 2016
DLVR	Application development:	Iterative development: building out the functionality of the platform	In progress
DLVR & Financial institutions	Recruitment	Security screening and background checks for transporters Recruitment of key personnel	Quarter 3 2016

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By Who?	What?	How?	When?
DLVR	PR, Marketing & Advertising	Referrals, online and print media	Quarter 3 2016
Financial institutions, investors and Development & Public Sector Partners	Funding for product and service development and scaling	Innovative mix of grants, low-interest loans and other concessions	In progress
DLVR	Market research	Desk and field research to understand the landscape	May 2015–January 2016

Expected Impact

The impact of this service will be felt in multiple sectors of the economy.

1. Medical: Our platform can help expedite delivery of essential supplies and vaccines in case of emergencies or epidemics, which are of current concern in the region's political/socio-economic climate. Also, the platform can facilitate movement of essential health workers and specialists to underserved locations.
2. Agricultural: Food security in the changing environment is a global issue, with special relevance to the West African region at large. A major issue in the Nigerian food value chain is the cost of getting produce to the market. Much product is lost due to inefficient transportation and storage options. Our platform will open up these segments of the value chain to optimization, and help transport food from the producer to consumer.
3. Consumer: The consumer, who is increasingly becoming a global citizen with access to information from around the world, can benefit from a wider reach of products and services that will satisfy their unmet needs.
4. Trade/Commerce: Logistics infrastructure forms the rails of trade and commerce in any economy. Developing DLVR will spur network effects that will aid trade and commerce by providing access at the last mile.
5. Energy saving: The platform will enable the combining of resources in geographic areas, saving on the energy needed to carry out these processes if they were in disparate locations. This reduces the environmental footprint and allows both senders and transporters to save energy that would otherwise be expended on individual transportation and logistics.

6. Education: Involving students and their institutions in this multifaceted operation provides valuable skills, both digital and operational, which are priceless in today's economy. This knowledge transfer helps strengthen institutional capabilities for research and training, and provides students with opportunities and employment after graduation.

Comparable Product Offerings

Companies around the world have implemented similar shared economy businesses. One of the better-known brands is UBER, which used a similar model for ride sharing. They are active in Nigeria as well as other emerging markets, and several other new entrants into this space, such as Metro Africa Xpress and ACE have adapted their ride-sharing model.

Globally, several other outfits have successfully employed similar models for package delivery such as Roadie, Postmates, Deliveroo, etc.

Potential Challenges

Challenge	Mitigation
Infrastructure and cultural barriers to technology adoption	Our technology deployment needs to be a hybrid solution that combines high- and low-level technology solutions for effectiveness in our target market.
Trust	We will overcome the trust barrier by marketing through referrals and trusted peer reviews. In addition, social media channels, which are favored by our target demographic, will be relied on heavily to advertise as well as convey the "voice of the company." Awareness of our internal security measures will also reassure prospective users.
Funding to scale	Financing is actively being sourced from various public and private institutional funds.
Coordinating supply and demand	Platform optimization. By use of advanced technology on the back end of our operations, our platform is designed to be convenient for both sides of the market, linking people who need service with people who can provide it locally.
Security	Changes in policy by the government are seeing more regulatory intervention, with several schemes being rolled out to reduce fraud and aid identity management. These changes allow us to design a more secure business with bank-authorized verification. Our business rules have also been designed with low tolerance for failures—unfulfilled orders, late deliveries, stolen packages, damaged packages. Our standard is that over 93 percent of all orders must be successfully completed.