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MAXIMIZING THE IMPACT OF SOCIAL ENTERPRISES IN RURAL COLOMBIA



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MAXIMIZING THE IMPACT OF SOCIAL ENTERPRISES IN RURAL COLOMBIA

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EXECUTIVE SUMMARY

IN MARCH 2018 WE published a report on Multilatin companies, where we highlight how this kind of company is essential to Latin America’s economic future. With the present report we seek to spotlight another aspect of our activity, now from the social business’ perspective as a driving force for economic development in Latin America.

BCG, in association with Yunus Social Business, has had the opportunity to work closely with several social businesses in Colombia. This experience not only allowed us to confirm the relevance of the social entrepreneur in the improvement of the countryside’s conditions within the country, but it also made clear the main challenges that must be met so that the social business is effective.

Traditionally, farm activities in rural Colombia have been performed by families on small plots of land.

The living conditions of this population have been impacted by the prevalence of poverty, lack of protection and exposure to violence. Additionally, the sector has reported low levels of growth, productivity and competitiveness as compared to other countries of the continent.

The recent performance of rural Colombia may be due to a series of structural failures impeding development, as along with missed opportunities for in the agribusiness value chain. In this context, the social entrepreneur emerges as a figure of great relevance. This

model brings the ability to mitigate some of these limitations, and specifically increase the efficiency of value chains while reducing rural informality.

Notwithstanding their importance for the transformation of rural areas in the country, social entrepreneurs face a series of common challenges.

The study of different types of social businesses brought forth the main issues surrounding these types of businesses in Colombia. These issues must be overcome to ensure an effective impact and guarantee long term sustainability.

Generally, social businesses lack clarity in their economic models. This prevents adequate management of resources, jeopardizes profitability and limits profits. Logistical difficulties of the areas and lack of scale for the entrepreneurs are considerable barriers against market entry, negotiation leverage and reducing intermediation. In addition, the lack of professionalization of the entrepreneurs limits the impact and the scalability of their social models.

Even when social entrepreneurs must carry out actions that help strengthen their impact and ensure sustainability, there are others who can help overcome the obstacles.

Apart from social entrepreneurs, there are others who can also take action to drive social business in the country. It will only be possible to develop synergies that maximize social impact, allow for scalability and guarantee sustainability if the cooperation mechanisms among the different agents are adequately leveraged.

Accordingly, this report is addressed to those interested in promoting social business and creating value in Colombian agribusiness. Although this report focuses on the social entrepreneur, it is relevant for the development of rural areas in Colombia and the common barriers to overcome. Furthermore, it is also relevant to individual persons, government agencies, financial institutions and private sector companies, given that their highly needed initiatives can leverage the impact of social entrepreneurs in the country.

1. THE ROLE OF THE SOCIAL ENTREPRENEUR IN THE DEVELOPMENT OF RURAL COLOMBIA

1.1 Rural Colombia and opportunities for improvement

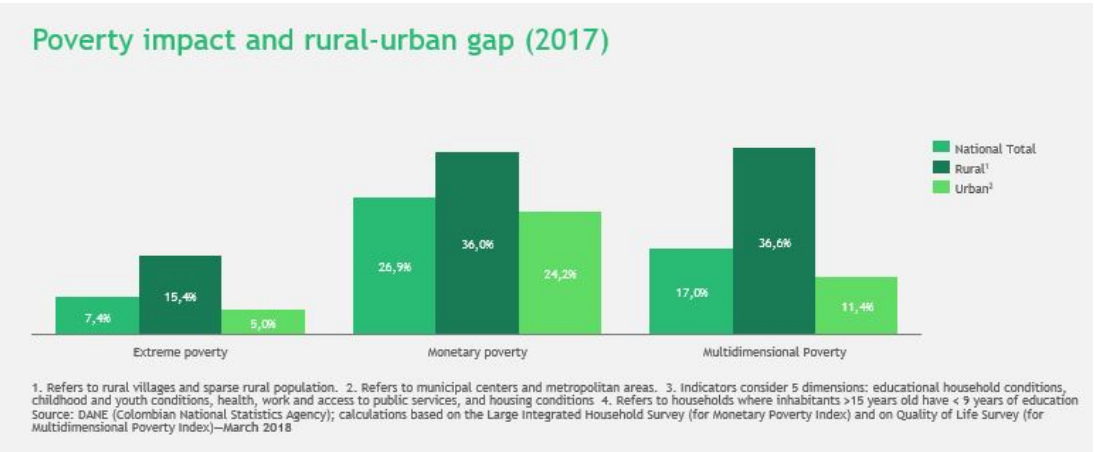
The rural population in Colombia is approximately 14 million of people, which is about 28 percent of the population. Historically, farming activities have been the main source of income and today, around the 60 percent of the rural population of productive age works in the sector.

The agricultural structure in Colombia traditionally has been characterized by the prevalence of the minifundio (small agricultural family units) that make up to 94 percent of the

plots in the country, occupied by around 2.7 million producers who, together with their families, account for nearly 80 percent of rural population.

Despite its relevance for the economic livelihood of a large amount of the Colombian population, rural life has been tied to deficient living conditions.

In Colombia, poverty, lack of access to public goods and services, exposure to violence and drug trafficking are common hazards of rural life.



Comparison of rural-urban well-being conditions (2017)

Dimension	Rural Population (%)	Urban Population (%)
% households with low educational achievement	77	34,6
% households with illiteracy	19,8	5,9
% households w/o access to early childhood care services	12,5	8,5
% households w/o access to improved water	32,2	2,4

1. Refers to households where inhabitants >15 years old have < 9 years of education
Source: DANE (Colombian National Statistics Agency); calculations based on the Large Integrated Household Survey (for Monetary Poverty Index) and on Quality of Life Survey (for Multidimensional Poverty Index)—March 2018

The rural population bears a standard of living significantly lower than that of the urban population. In 2017, 36 percent of the rural population, compared to 24 percent of the urban population, was below the poverty line . Among them, 43 percent was living under the extreme poverty line , with insufficient income to buy basic food items for subsistence.

There are opportunities for improvement in growth, productivity and competitiveness.

Moreover, there are improvement opportunities in terms of growth, productivity and competitiveness. Even if the agricultural sector has come to play a significant role in the country’s economy in the last decade, it has not grown at the same pace as the overall Colombian economy or other agricultural sectors in Latin America. While between 2005 and 2017 the national economy grew ~4.1 percent, the agricultural sector barely increased ~2.3 percent. This was a slower rate, even when compared to the sector’s average growth in Latin America, which was almost 2.6 percent.

This sector’s performance in terms of productivity and competitiveness has also been

low. The yields of the main crops are lower than those of other producer countries and, of the 22 million hectares suitable for agriculture in Colombia, only 5.3 million are cultivated. In terms of competitiveness, the country’s export offer is scarcely diversified, causing a lag in national exports, which nowadays are concentrated in only a few products.

1.2 Main challenges currently faced by rural areas

The recent performance of the Colombian agricultural sector shows that there is much room for improvement. If it can live up to some of its potential, a large part of the Colombian population would experience improved living conditions. Nevertheless, there are several challenges that must be met to bring on effective development in rural areas.

Presence of illegal cultivation and violence
After a long period of low production, in 2016, illegal coca crops experienced a resurgence, expanding to 146,000 hectares of cultivated area, almost triple that of 2013. The presence of this crop usually represents marginal conditions and violence among population.

Poor access to public assets

The rural infrastructure in Colombia is still in development, especially for transportation lines. Seventy five percent of the rural areas in the country are more than four hours away from the main cities. Because of this, the cost of freight to transport products from points of production to markets is high, which tends to discourage production and intermediation. Likewise, the rural services of electrification, irrigation, drainage and access to collection points present severe deficiencies, having a direct impact on the productivity, processing and trading of many products.

Informality in labor and in access to production and finance factors

About 80 percent of rural workers face informal conditions that are characterized by unstable compensation, non-regulated salaries, lack of flexibility in hiring conditions and low social security protection.

Informality prevails in the value chains of the agricultural sector, and is especially intense among low-scale producers.

On the other hand, financial instruments available in the market have focused in commercial and big territory agriculture, so smaller players in the value chain value have lower access to financial resources and frequently must turn to informal alternatives.

Inefficiency in value chains

Agricultural value chains are not efficient and are characterized by medium scale producers and asymmetries in information among the participants.. As a consequence, there are a large number of intermediaries, logistical difficulties in accessing markets and an uneven distribution of income and margins between the different links.

Additionally, agriculture value chains have low levels of quality and safety, particularly within producers who do not have the incentives to

adopt proper practices and standards because they perceive the market does not adequately compensate the necessary investments.

1.3 The role of the social entrepreneur as an agent of rural transformation

Different players can help to meet the challenges that prevent effective development of rural areas in Colombia. While the decreasing violence, fighting drug trafficking and improving the provision of public assets are a priority on the agendas of governments, international agencies and NGOs, other players in the private sector, where the social entrepreneurs belong, may contribute to enhance the current structures.

According to the definition of professor Muhammad Yunus, social businesses are organizations in an early stage of maturity whose main goal is to maximize social impact. With that purpose, they develop a business model that seeks to turn a profit, at least in the long term. Although there are multiple social business models, the common feature is the search of social benefit under the principles of an economically sustainable business.

The cases analyzed showed how, based on different impact models, the social entrepreneur influences the development of rural Colombia. In general terms, social businesses contribute to reducing the high conditions of informality and to improving the efficiency of value chains, whether it is through allowing access to the market or through a broader distribution of income for the weakest links.

The common feature of social businesses is the search of social benefit under the principles of an economically sustainable business.

A clear example of this is Pomario, a social business oriented to the production of micro-vegetables for restaurants and mass consumption. Their social model focuses on lowering the labor informality of the producers, offering their beneficiaries a fixed job with a stable salary and social benefits. It also contributes to the development of the agricultural value chain because it trains producers in best practices and provides technical support to obtain high quality products. Pomario has achieved the integration of production, processing, transport and distribution of its products, which allows them to gain higher margins and to pay higher salaries to their cultivators.

2. COMMON ISSUES LIMITING THE IMPACT OF SOCIAL BUSINESSES

EVEN THOUGH THEIR POTENTIAL to promote rural development is significant, Colombian social businesses face a number of issues that limit the effectiveness of their impact and jeopardize their sustainability. Based on the cases analyzed by BCG and Yunus Social Business, we have identified four fundamental problems that affect social entrepreneurs in Colombia.

2.1. Ambiguity in the definition of the social model

Maximization of social impact is the main goal of social businesses. However, in many of the cases observed, the definition of social impact is ambiguous, and no measurable impact goals have been defined. Additionally, the population considered as beneficiary is very broad and can vary constantly. For example, many social entrepreneurs define their impact as the improvement in the conditions of a particular community. However, they do not specify whether such impact includes the offer of formal employment, the creation of a constant demand at fair prices, the creation of cooperatives to foster technical support, etc.

With an ambiguous social business model, the social entrepreneur will not be capable of differentiating from other social businesses in the country that, even when they adopt socially responsible practices, are not focused in creating social value. For this reason it is imperative to differentiate the social businesses in order to establish relationships with players interested in social responsibility programs so that they will have access to special financing programs and appeal to the general public. Otherwise they will not achieve their main goal.

Social entrepreneurs need to understand that in order to make an effective social impact it is necessary to focus on a specific issue and a particular population. Therefore, the entrepreneur has to select a social problem and define it, so as to understand its underlying causes and the affected population they seeks to benefit.

To make an effective social impact, the entrepreneur should focus on a specific issue and a particular population

Secondly, entrepreneurs must exhaustively study the players working on the social issue and the planned impact models in order to

define a customized social model in accordance with their abilities. The defined model must have clear social impact goals and entrepreneurs must establish indicators for those goals to allow them to monitor the effectiveness of the intervention. It is equally important that the entrepreneurs establish long-term bonds with the beneficiary communities. Not only must they seek to achieve traceability, but to also develop trusting relationships, achieve continuity and better understand needs. In this way, social businesses will assess their model's success and act to refine it.

Finally, the social business must communicate their social impact model. Effective communication makes it possible to stand out against competitors, access financing sources, make alliances in the private sector, etc.

proposal. Likewise, entrepreneurs usually incur high logistical costs to transport their products. As a result, some improvement opportunities are set aside and unclear growth strategies are implemented that eventually may jeopardize the organization's sustainability.

Social entrepreneurs need to create mechanisms to optimize logistics and transport costs, and to fully utilize their products, so that they can minimize waste. Indeed, all social businesses analyzed show multiple improvement opportunities in terms of logistics and utilization of production.

Recursion in profitability strategies is crucial to maximizing value along the chain


2.2 Lack of a profitable business model that ensures sustainability

A common issue in social businesses is that they prioritize the social impact model instead of the business model, which often means that social entrepreneurs lack a structured business model. Because of this, entrepreneurs often ignore the most profitable products, segmentation of their target market or their differential value




For example, in the Colombian coconut industry, the majority of processors use 20 percent of the fruit (pulp) and discard the remaining 80 percent as waste (water, shell, coir), incurring high disposal costs and generating a negative environmental impact by burning the waste or dumping it into water sources.

Cocotech is an example of an entrepreneurship whose business model uses recursion to leverage production. As a coconut coir processing company, it recovers the shell that is normally discarded, and





Cocotech processes waste to be profitable and increase cultivator's income



Important Data

-  Generates additional income to 51 small producers in Moñitos, Córdoba
-  Only source of formal private employment 15 employees
-  ~2000 tons of coconut shell spared from contaminating environment since 2013

Impact

-  Additional income for farmers who sell raw material they used to discard
-  Technical support to enhance crop productivity
-  Better health conditions and well-being by avoiding contamination of living areas and water sources with coconut shell
-  Economic stability by offering purchase guarantee in an constantly demanding environment

transforms it into byproducts as coco peat for hydroponic growing and coconut fiber for the mattress industry. This maximizes the added value derived from the transformation of this waste. Through this process, the company generates additional income and brings stability to the coconut processing communities of Moñitos, Córdoba, that used to discard coir and contaminate the environment. It also provides technical support to growers and is the only source of private formal employment in the town.

Another example is Bancalimentos, winner of the 2016 BCG-Yunus Prize³. This is a social business that offers food and financial services in marginal districts in rural Colombia in exchange for waste to sell to processors. Bancalimentos uses an efficient logistic recursion in its two-way transport. Food is brought in the incoming trip while waste to be sold is brought back on the return trip. This recursion allows them to save in logistic costs in a limited infrastructure.

2.3 Improvement opportunities in professionalizing entrepreneurs

Colombian social entrepreneurs have the opportunity to improve their professionalization in terms of resource management, regulatory compliance and best practices. In the cases studied, entrepreneurs have no clarity about costs and profitability of their products. They usually do not perform financial and capability analyses to assess the viability of an investment. Although the technical knowledge of the entrepreneurs is usually high, in general, they do not have the incentives to incorporate good practices or quality controls in their processes. This sometimes can prevent their products from complying with the parameters required by a potential buyer. In a similar way, entrepreneurs do not know much about taxes and regulations concerning their businesses, nor the consequences of non-compliance, putting them at risk of breaking the law and being sanctioned.

A good example of this is the case of a small social business focused in coconut pulp processing for the food industry. During the last three years of operation, the company

made significant investments in machinery to increase their production volume and diversify its product portfolio. However, ignoring the profitability of their products or the market needs, it did not focus its growth strategy on the higher value products, making multiple investments that were unnecessary for the organization. Likewise, having no clarity about the cost of different products, the company never developed pricing strategies or cost optimization to ensure margins in the sale of its products. Consequently, the company was no longer profitable, found itself deeply in debt and was incapable of meeting its financial obligations, thus jeopardizing its social impact sustainability.

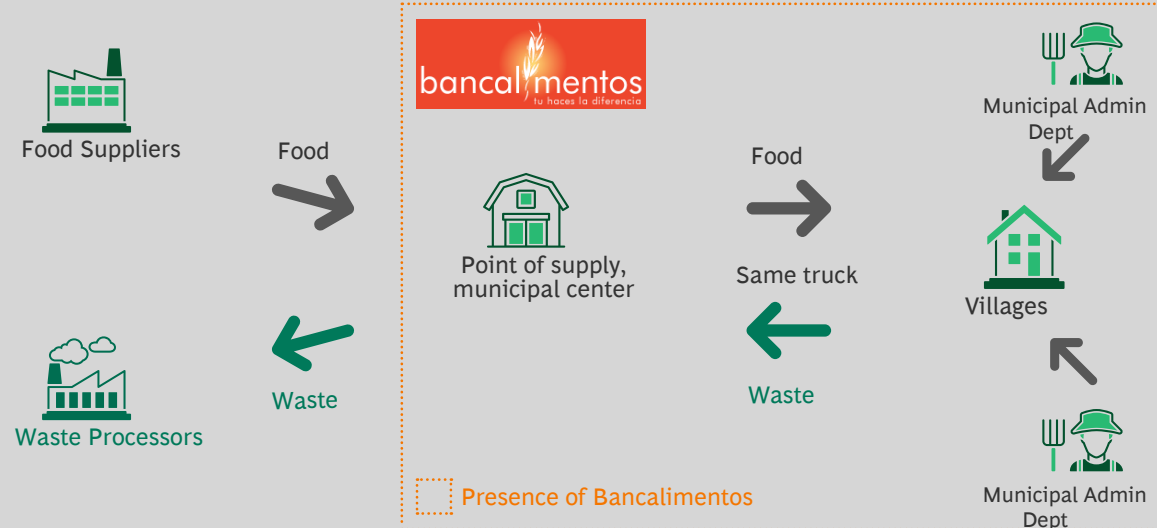
Professionalization of the social entrepreneur is essential to adequately handle resource and organizational management.

Even if structuring a business model is essential to ensure the venture's sustainability, the professionalization of the social entrepreneur is fundamental to developing key skills, such as resource and organizational management.

Moreover, this professionalization must be holistic and adapt to the particular needs of each individual.

- Costing and profitability of different products and byproducts should be well understood so that they can be prioritized according to profitability.
- Pricing strategy should ensure fair pricing for small farmers. Fluctuations in national prices should be reflected and the premium paid to the producer should be shared between the end customer and the processing company.
- Investment in machinery and equipment need to take place after performing a capability analysis, identifying the main bottlenecks in production process and evaluating the time needed to break even.
- Shipping costs should be negotiated beforehand with the transport companies. Frequency and destination of shipments need to be optimized to reduce logistical costs.
- Finally, the processing companies need to learn tax and other regulations, and the consequences of non-compliance.

Bancalimentos offers a business model that leverages waste through recursion in logistic solutions



Logistic recursion, finding efficiencies in transports by using them in both ways

Professionalization of social entrepreneur fosters development of key capabilities



³It is an award that BCG and Yunus Social Business grants annually to high potential social businesses in Colombia..

2.4 Limited scale

In general, Colombian social businesses are on a small scale and act as independent bodies, with scarce interaction between themselves and with other players in the chain. Even if this is not a problem per se, the lack of scale implies that the processors have little negotiation power with other players in the value chain. Sometimes, their access to financing sources is limited and rarely can they benefit from the positive effects of scale economies and knowledge networks.

The lack of scale results in an isolated and marginal social impact made by social entrepreneurs.

In addition, scale issues favor the existence of multiple intermediaries, raising raw material costs and diluting the social entrepreneur's potential margins. This case may be observed in small coconut processing companies. Transport of harvested fruit to markets is

extremely complex and the freight costs are very high, which results in many growers either losing their production or making sales agreements with intermediaries who, eventually, raise the cost of the raw material for the processor.

Lack of scale also prevents entrepreneurs from making significant investments to increase margin, because they do not have enough capital or financial capability. Partnering in cooperatives allows them to share investments and pool production and/or logistical efforts to reduce expenses and generate higher value. For example, a cooperative of social entrepreneurs and growers who share machinery and means of transport can increase the value of their products, generate new sources of employment, and better distribute income in the value chain.

More generally, to overcome the limitation associated with a lack of scale, social entrepreneurs need to leverage other players in the agriculture value chain so as to achieve economies of scale, increase negotiation leverage, and make investments that otherwise would be out of reach. Adoption of cooperation mechanisms includes use the

players along the different links (processors, farmers associations, financing bodies, big companies, other social businesses, etc.)

For instance, private sector companies are potential allies for the social entrepreneur. Establishing mutually beneficial alliances allows social entrepreneurs to gain access to resources, connections and even additional knowledge.

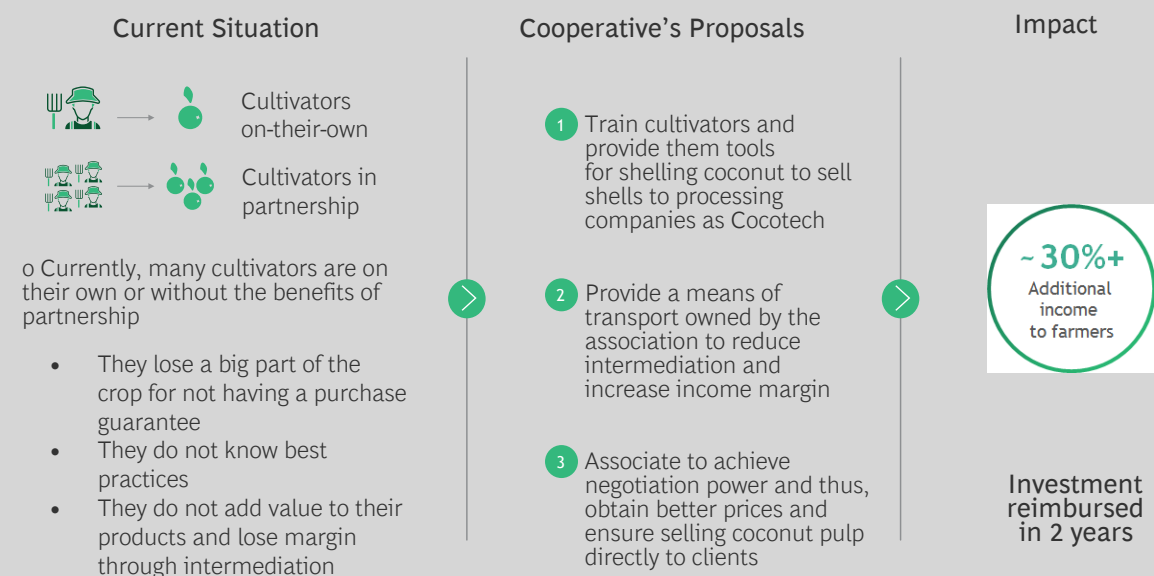
An example of this is WOK, a Colombian restaurant chain that currently buys 70 percent of its raw material from more than 300 small local producers or processors, many of which are social businesses with an impact on communities.

When it creates relationships with these player, WOK ensures stability, fair prices, support of product development with adequate quality standards, and even financing options that help the social entrepreneur to provide the product WOK wants. In turn, WOK benefits from this relationship by integrating its supply chain, reducing intermediation and differentiating itself from competitors by obtaining fresh

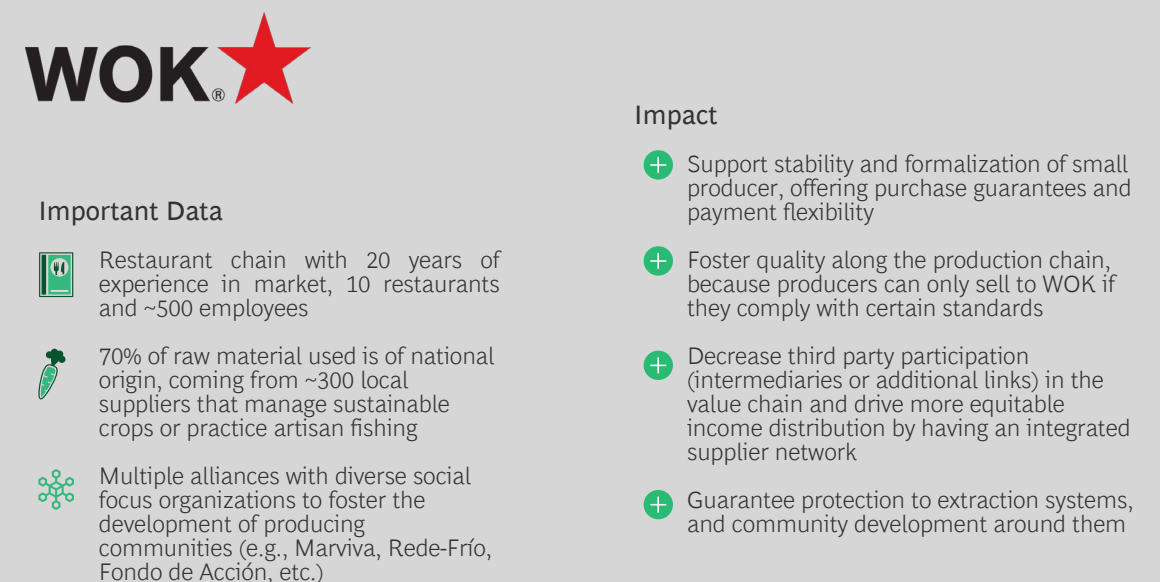
high quality products with a social support background.

Moreover, establishing alliances with organizations or entities that have direct contact with the farmer allows ensuring that the social impact is adequately addressed and that the benefits reach the actual population chosen for continuous impact. Contact with these associations also allows entrepreneurs to strengthen their current social model. This could lead to technological and culture enhancement initiatives, plague prevention and implementation of good practices.

Cocotech, Organizing in cooperatives may increase ~30% the income of cultivators



WOK, example of responsible supply in restaurant chains



3. PARTICIPATION OF DIFFERENT AGENTS MAY REDUCE THE CONSTRAINTS

AS IT IS CLEAR in the report, it is essential that social entrepreneurs overcome the barriers they face to ensure effectiveness and sustainability. Certainly, the entrepreneur need to take actions to mitigate said limitations, but there are other players in the public and private sectors that can help foster social business in the country.

3.1 Private sector companies

As observed in the case of WOK, the private sector, and particularly, big companies can become key allies for social entrepreneurs, helping to increase their impact. Although they can have an impact in different ways, big companies have a strong capability to promote the entrepreneur's professionalization, guarantee market access, and help develop the value chain.

In order to materialize support to social businesses, it is essential for private sector companies to develop social initiatives, with a clearly defined focus and beneficiary population, and to allow them to establish lasting relationships with the entrepreneurs. In this way, it will be possible to build cooperation models tailored to the particular

needs of the target population, and to create mutually beneficial exchanges between companies and social businesses.

Private sector companies can significantly contribute to incorporating social entrepreneurs into value chains, by considering them in their supplier selection processes, providing them market access with their products in formal labor conditions, and promoting fair prices and reduction of intermediaries. In addition, companies can proactively use their own communication channels to publicly acknowledge the entrepreneurs, generating even more market exposure and access.

Given that social entrepreneurs commonly face profitability and sustainability issues, working closely together with companies of the private sector can provide financial stability, which is essential for bringing about social impact. However, for the support to be effective companies must make sure that they follow the impact model, paying fair prices and minimizing intermediation. This will allow most of the income to stay with the entrepreneurs. Likewise, they must offer payment conditions tailored to the entrepreneurs' needs, ensuring that they maintain liquidity and avoid unnecessary debt in filling orders.

Private companies can also help social businesses professionalize, especially in quality and product management. Having their quality parameters defined provided incentive to adopt better culture and processing practices, as well as fostering product quality tracking. Long term relationships even further boost professionalization through joint product development and knowledge sharing which would otherwise be unavailable to the social entrepreneur.

Working closely together with big companies brings financial stability, an essential condition for the social impact to be effective.

Crepes & Waffles, a Colombian restaurant chain, is one example of a company promoting social business in Colombia. The organization's social responsibility model is based on buying local Colombian supplies. They are often obtained from small social entrepreneurs. In this way, the company grants them market access, acknowledging the social value generated by the entrepreneur and paying up to 30 percent over market prices. In addition, Crepes & Waffles educates end consumers about the products it offers giving visibility to the social entrepreneurs. By developing long term relationships with social businesses, the

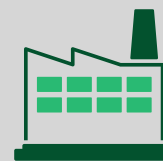
restaurants encourage them to reach appropriate quality and safety standards and good production practices.

Grupo Nutresa, a leading processed food company, leverages on social entrepreneurs to obtain its raw materials. Through different training initiatives for its suppliers, it helps them develop organizational skills, such as plague management, business security, integrated management systems, sustainable farming development, etc. In addition, the "Proveedor Ejemplar Grupo Nutresa" ("Grupo Nutresa Exemplary Supplier") prize, publicly recognizes suppliers whose practices promote social sustainability, bringing them visibility and exposure to potential markets.

Likewise, the Colombian beverage company Postobón is committed to the development of sustainable and inclusive value chains. To this end, they work closely together with fruit pulp processing social businesses. Based on these alliances, Postobón fosters good farming practices, improved production capabilities and access to capital, consumables and technology.

Few companies in the private sector have gone beyond the traditional corporate social responsibility models in creating social businesses by themselves. One example is Campo Vivo, a farming social business created by McCain with the support of Yunus Social Business, to fight the poverty of its rural Colombian potato grower suppliers. Campo Vivo focuses in improving their

What can you do if you belong to a big company?



1. Choose a social focus you want to support, its beneficiary population and the social goals to achieve
2. Facilitate access to market to social entrepreneurs, taking them into account in your supplier hiring processes, and proactively using company's media and channels to recognize them
3. Support professionalization of small social companies, building long term relationships that allow transmission of knowledge and good production and quality practices that fulfill big companies' requirements
4. Motivate the increase of scale of social entrepreneurs through financial support and education in good financial practices

conditions through the transfer of good farming practices, the use of advanced technology, incentivizing quality and adhering to environmental sustainability standards. In this way, the farmer benefits from lower production costs and higher yield per hectare, obtaining fair prices and higher income.

3.2 Public sector, NGOs and financing bodies

Government agencies, NGOs and financing bodies are key players for Colombian rural development in their ongoing efforts in those areas. These organizations can leverage their presence in rural Colombia to mitigate limitations one social businesses creating impact. Particularly, they can help expand financing options, strengthen educational availability and promote partnering.

The government, as well as NGOs and other financing bodies can support the country's social business by developing financial instruments tailored to the particular needs of social entrepreneurs. This includes financial products such as offering payment flexibility and requiring little collateral. In this way, social entrepreneurs will gain access to production factors allowing them to improve production efficiency. In addition, these

organizations can directly support the entrepreneur along the different stages of production, from business plan structuring to sales process improvement.

Expanding and strengthening educational opportunities available to social entrepreneurs is essential to fostering their professionalization. Government, as well as NGOs has technical good practice training capabilities. They can also facilitate training in resource management, regulation compliance and other subjects considered useful for entrepreneurs. If their individual policies and programs respond to the educational needs of the entrepreneurs it will be possible to increase their social impact and promote the professionalism that allows them to participate in competitive markets.

Finally, government and NGOs can alleviate the scale issue by promoting partnering and/or associating into cooperatives with other players of the value chain. This creates an environment where information is exchanged and production mechanisms are shared, benefiting all stakeholders. Promoting this partnering also improves the position of social entrepreneurs in the value chain because it leads to joint investment in resources and raises the level of negotiation.

3.3 The social entrepreneur

Although there are other players with significant roles, social entrepreneurs themselves are the main parties taking action to overcome limitations on their impact and sustainability.

Thus, entrepreneurs must define a clear social impact model with specific and attainable goals addressed to a particular beneficiary population. Likewise, they must structure business models profitable in the long term, through the recursive management of scarce resources. The social entrepreneur must actively seek professionalization opportunities and alliances with other players in the value chain to achieve more scalability. In so doing, they will be able to reach more

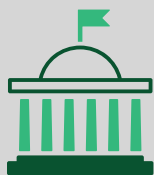
markets, access more information and increase their social impact.

Additionally, social entrepreneurs must be alert for initiatives by other players, particularly private companies, public sector institutions and NGOs. Although many of these initiatives could be used to promote business itself, the entrepreneur cannot assume a passive role. Improvement in the business' scalability, professionalization, structuring and an effective and sustainable social impact model will largely depend on the effort of the entrepreneur.

10 golden rules for the Colombian Social Entrepreneur

Define social impact model and beneficiary population	Structure a profitable and sustainable business model	Professionalize continuously	Make alliances to win in scale
<p>Identify social issues you want to address and all players currently working on them</p> <p>Define social impact goals and metrics to quantify them</p>	<p>Make sure to be profitable so as to guarantee a sustainable impact</p> <p>Set concrete and realistic growth and social impact goals</p> <p>Be recursive in logistics management to reduce costs</p>	<p>Focus production in products with highest market potential, considering implantation viability and the company's financial situation</p> <p>Leverage on existing support network: NGOs, government agencies, social financing institutes and sustainability areas of companies.</p>	<p>Actively look for allies along the value chain: producers, processors, big companies, institutions, etc.</p> <p>Foster exchange of information and best practices among entrepreneurs and farmers</p> <p>Foster associativity and cooperativism along the value chain</p>

What can you do if you belong to a government agency, an NGO or a financing body?



1. Keep in mind the problems faced by social entrepreneurships, and include individual answers and resource allocation for these limitations in your development programs
2. Develop financial instruments tailored to particular needs of social entrepreneurs, to help them increase access to production factors
3. Work directly with social entrepreneurships, educating in good financial, tax and management practices so they can reach needed professionalization to become competitive
4. Enable increase of scale and professionalization of social entrepreneurships, by fostering associativity and/or cooperativism among the different players in the value chain and social entrepreneurships

CONCLUSION

Colombia's countryside presents development opportunities, revealed by issues in labor informality, low access to public goods, violence and inefficiencies in value chain. To continue developing Colombia's countryside will be a priority of the next years and decades.

Social entrepreneurs may be key players for Colombia's countryside development, but there are some requirements to fulfill for their impact to be sustainable and scalable. First, a model of social impact for the beneficiary target population must be defined. Also, a business model that is profitable and sustainable in the long term must be structured, as well as continuous professionalization. Finally, alliances are to be made to gain scale.

However, to make those models thrive and make a high social impact at national level, it is necessary to carry on certain actions and overcome different challenges. On one side, association and cooperation must be fostered between the players of the value chain to leverage synergies, best practices and information exchange. On the other hand, it is necessary to obtain the support of big companies to help Colombian social entrepreneurs, acknowledging their social value and including them, for example, within their value chains as suppliers. Finally, Government, NGOs and financial bodies may contribute to professionalization by including social businesses in their strategies, offering them visibility and working directly with them in problem resolution.

BCG will continue working in the support areas where we can contribute. Together with Yunus Social Business we will go on identifying and advising social businesses and supporting them in their requirements, in terms of identification of growth opportunities, business model restructuring, setting of alliances, etc. In the same way, together with the private sector companies we work with, we will go on promoting and making visible the importance of social business in the country, in the interest of strengthening its support ecosystem.

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