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Overcoming The Last Mile Challenge: Distributing Value To Billions



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You can buy a Coca-Cola anywhere in the world, but affordable products that provide essential value like water treatment or lighting often do not reach billions of poor populations around the globe. However, in what is commonly known as the “last mile distribution challenge,” some social entrepreneurs are providing innovative solutions to make the last mile a first opportunity.

A majority of the population in developing economies live in rural areas often accessible only by poor quality road infrastructure. Furthermore, geographical isolation or limited access to relevant information disconnects populations in many developing countries from any business value chain. The consequence—which can affect both urban and rural populations—is that products providing essential value either do not reach the intended customers or are more expensive or lower quality than the standard products that are accessible by other populations.

Innovative distribution schemes for underserved populations

Social entrepreneurs have innovated and co-created across sectors to overcome these challenges. With passion, perseverance and patience, they invent ingenious ways of reaching these underserved communities. Some of these alternative distribution schemes include:

- **Leveraging existing retail channels.** By making use of limited existing channels and infrastructure for distribution, social enterprises can create new routes to markets. For example, [Hapinoy Stores](#) [2] in the Philippines improves a network of small neighborhood convenience stores ([Hapinoy sari-sari stores](#) [3]) by introducing new business opportunities to sell products like medicines, solar solutions, or financial services through mobile platforms. Store owners—often women—are trained on business management and personal development to increase profitability of the store and, if needed, gain access to finance to grow and build a bigger store.
- **Creating hybrid partnerships.** Non-profit organizations or microfinance institutions that are well established in the local scene can provide a direct network of targeted communities. The rise of [Grameenphone](#) [4] in Bangladesh—the result of a partnership between Grameen Bank and the Norwegian mobile operator Telenor—is an example of such a win-win situation. As part of the cross-sector partnership, existing women borrowers of Grameen Bank are equipped with a mobile phone and become mobile public call offices commonly known as village phone. It allows the for-profit Grameenphone to reach rural areas often neglected by mobile operators.
- **Tapping into village entrepreneur forces.** Empowering leaders and entrepreneurs in the community to play the role of sale agents is another path for creating reliable distribution networks in underserved communities. Ashoka Fellow [Greg van Kirk](#) [5] from the New Development Solutions Group in Guatemala delivers health-related goods and services to remote villages by empowering the villagers to help themselves. As trusted members of the community, these distribution agents bridge culture diversity, identify critical needs in the local population and facilitate the product adoption process by increasing awareness of the relevance and potential social impact of life-changing goods that improve, for example, health or financial stability.

The “last mile” in Europe

While there is the misconception that the last mile is a problem that only affects developing countries, Western countries are also facing this challenge. The last mile challenge is primarily caused by isolation— isolation due to, for example, poor roads in rural Ethiopia or a lack of available information in a slum in Bangladesh. In a Western setting, isolation is faced by aging populations in rural areas, people left without transportation means or facing mobility issues.

Because the solution to all these problems lies in reducing isolation of underserved populations, there is abundant opportunity for reverse innovation

and for these pioneers from both developed and developing country contexts to learn from one another, collaborating across international borders to adapt solutions that fit particular circumstances. With inspiration from top social entrepreneurs in developing countries, traditional companies and social entrepreneurs in Europe can also leverage their complementary strengths and expertise to address their own distribution challenges.

Take Ashoka fellow [Anne Charpy](#) [6] from Voisin Malin in France. She has developed a unique approach to restore community in France's poorest urban districts. By partnering with public institutions and public utility companies, she empowers neighbors of these underserved communities to become advocates of essential services (e.g. reduced transportation prices). To ensure delivery of service, she applies a combination of approaches, including a hybrid partnership model like the one used by GrameenPhone in Bangladesh and a strategy for empowering local entrepreneurs similar to that of Greg van Kirk in Guatemala.

In addition, traditional companies like La Poste, the French postal service provider, are looking for ways to reinvent their business models. La Poste seeks to leverage its 17,000 postal centers all over France to deliver basic services in line with its social mission, thus combining large, established profit-driven institutions with a social impact agenda.

While the "last mile" probably represents the greatest challenge for global economic development, it also represents a significant opportunity for innovators to come together across sectors and across borders. And if executed correctly, the impact could be unprecedented.

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[1] <http://www.forbes.com/sites/ashoka/2014/02/17/6459/>

[2] <http://www.hapinoy.com/>

[3] <http://www.nextbillion.net/blogpost.aspx?blogid=1891>

[4] <http://www.grameenphone.com/>

[5] <https://www.ashoka.org/fellow/gregory-van-kirk>

[6] <mailto:https://www.ashoka.org/fellow/anne-charpy>

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