

The Convergence Continuum: towards a Fourth Sector in Global Development Transcript.

Gib Bulloch and Louise James



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Hello, I'm Bill Moller, your host for today's podcast. In 2011 Accenture Development Partnerships launched a report discussing the convergence economy and examining a disruptive new trend in global development that was moving beyond inclusive business and shared value and predicting a transformation of the roles and structures in this sector. A lot has happened in the past few years and Accenture Development Partnerships while working at the intersection of business and development, gained new insights into this trend and now shares them in a new report, "The Convergence Continuum towards a Fourth Sector in Global Development."

As new roles, responsibilities and structures emerge, the report discusses whether a true marketplace for social outcomes blending the best aspects of private, public and civil society into a single ecosystem could be the outcome. Well to help answer that question I have with me today the coauthors of the report Gib Bulloch and Louise James. Gib, Louise welcome. In the original report you define the idea of convergence as a convergence of issues, interest and solutions amongst businesses as well as NGOs and governments to solve development issues with an emphasis on impact. Well how do you see this trend progress?

Bill it's great to be with you today and what I would say upfront is that when we did the original report that you referred to, we really talked about a period of profound change that the development sector was about to embark on. The next decade, the current decade we're in actually of development is going to be very, very different from maybe the last several decades that we've had. We're going to see that the impact of technology in the digital revolution has changed so many industries from journalism and media through to retail and

music that is also going to impact the development sector as well, it will be disrupted. The way that we do things will be enabled in different ways by technology. Combined with the impact of new funding mechanisms coming in to development were the traditional sources of aid will actually be reducing and we will start to see new capital emerge, capital that is looking to solve problems. Private investment, private innovation looking to provide public goods and these things together we point towards this new ecosystem, this new marketplace if you will or fourth sector. That will be something of a marketplace for outcomes and development.

Well you talk about this continuum leading toward this potential fourth sector, what exactly is this?

So we do talk about a convergence continuum and point to the fact that this is an evolution of partnerships from one side public, private partnerships more basic partnerships evolving in to more multi-stakeholder coalitions and issue-based coalitions and then we would see at times platforms starting to develop in-health platforms or mobile money platforms working across different issues in development and then admittedly more forward looking we point to this slightly edgy title of the fourth sector, a business ecosystem or a marketplace that is driven by outcomes and solving problems.

Gib can you provide some examples of this?

There are fewer examples today of fourth sector business models at this moment forward looking but I believe the initiative of Grow Africa is very interesting it's a number of companies coming together, working with governments in Africa, hosted and incubated within the World Economic Forum, with the view to spinning out now into a new legal entity in

Africa, it is essentially trying to create what I describe as silicon valley for agriculture and bringing together different players in agriculture. That's very different from the traditional approaches we've seen in the past.

Well you just mentioned and as you note in the paper there are these two developments that are reshaping and accelerating convergence, digital technologies and innovative financing, Louise, can you provide some examples of this?

Sure and we definitely think that both digital technologies and innovative financing are really kind of changing the game in the way that the sectors are working together. If we take digital technology as an example it has an absolutely transformative role to play in development in our view, particularly around mobile technology but also around other areas as well. And when we surveyed a whole group of NGOs with NetHope we found that 90 percent of NGO's considered data analytics as the most important tool for them for delivering better info that would help their beneficiaries. And so what we're starting to see is the beginning of a digital revolution. And if we think about how digital has enabled and changed the private sector in the ways that it interacts in new and increasing ways with its customers, with its markets and how it delivers products or services we actually believe that it's going to have the same, if not a bigger impact on national development, and that there's a huge opportunity to use these technologies to really gain data and insights and change the game in development.

On the funding side we are actually seeing a lot of talk about social impact bonds or even development impact bonds, essentially new mechanisms that are driving outcomes basically, payment by the results outcomes as opposed to payments

that traditionally have been made irrespective of whether a project delivers or doesn't deliver. And take for example in education one of the areas that I am particularly interested in, we've done some work with the Brookings Institute that looks at how we can capture the future economic value of talent in countries such as in India which will be providing a disproportionate amount of tomorrow's talent. And what we're finding is that actually they are looking at simple calculations you can look and say well, one dollar invested at the beginning of a child's life can be actually 54 dollars if they are to make it into the workplace at the age of 20, so how can we turn what would be merely a statistic child mortality at the age of five into a great productive citizen in 20 years' time. And there are mechanisms such as these impact bonds or yield notes as we are calling them that can capture that future value and create an investment opportunity for tomorrow, today.

Can you talk a little bit about how the evolution of convergence is changing the traditional models, partnerships and players in development.

So we are seeing new hybrid business models emerging that have some of the attributes of each or perhaps in some cases, all of the three existing sectors and they really integrate social impact with business approaches. Secondly we are increasingly seeing private to private partnerships which are focused on driving innovation and I find this really interesting because many companies are thinking about whom their corporate clients are and how they can actually partner and engage with them on issues that are very relevant to both companies. So I think we are going to increasingly see these types of private to private partnerships emerging and it does raise an interesting question as to what is the role of civil society for

example, when that happens and is there a risk of disintermediation and we don't have time to go into that today but I do think that's an interesting question that these private to private partnerships will result in.

One other very interesting trend that I think we are seeing is the notion of social entrepreneurship within large corporate contexts, intrapreneurship is the jargon term where we are seeing change makers, employees in large companies who very attune to some of these socio-economic issues come up with new business models, new ideas, new products, new services that have a bottom line benefit to the business and the company but it actually innovate or provide the social good at the same time. So I believe the bottom up innovation potential of employees will also be met by more of a top down approach from CEOs who're embracing a broader definition of value.

Now your paper offers some big ideas and cutting edge views in a sector that is rapidly changing, what was the goal of putting these ideas out into the marketplace at this time?

Well Bill the last thing I would want to say on this podcast is that we have all the answers or this is exactly the way the future is going to turn out, the future will be unclear, it will be disruptive it will be very different from what it is now. But what we are really wanting to do is, provoke discussion and debate not just within the development community but amongst some of the new entrants who are starting to engage in these agendas. And what we're really wanting to do is to see if we can share our insights; our perspectives really from working for many years at the core face in development and try shine some new thinking and join the dots up on some old thinking.

Gib, Louise what a fascinating, interesting conversation, thank you so much for your time, I know we all look forward to seeing how the convergence continuum continues to progress. If you'd like more information on Accenture Development Partnerships and the Convergence report all you have to do is visit us on the Web, we're at accenture.com/adp or if you're active on Twitter you could join the conversation there by following [#4thSector](https://twitter.com/4thSector). I am Bill Moller, thank you.

