

# THE CHEVRON FORUM ON DEVELOPMENT

## A CASE STUDY ON INNOVATIONS IN DEVELOPMENT

### South Sudan and Enterprise Development: A Conversation with SABMiller

Featuring Sue Clark, Corporate Affairs Director, SABMiller

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**“You have to do the right thing in these markets and the business success follows.”**

*—Sue Clark*

### SABMILLER: GROWING BUSINESS, STRENGTHENING COMMUNITIES

SABMiller is one of the world's largest brewers, operating in over 75 countries and employing approximately 70,000 individuals. Founded in South Africa in 1895 as South African Breweries, SABMiller brands include Peroni and Coors Light. Today, roughly 80 percent of the company's business is in emerging markets, where the brewer continues to see high growth potential. Specifically, over the past decade, SABMiller's profits in Africa have grown above 10 percent per year.

As a core part of their business strategy, SABMiller implements a broad platform of sustainable development initiatives, ranging from the promotion of health, human rights, and transparency to the reduction of water use, carbon emissions, and retail packaging waste. Furthermore, SABMiller emphasizes the importance of leveraging its entire value chain to strengthen local communities. Specifically, the company is developing and implementing local content models to source indigenous starches—including cassava and sorghum—for its brews. Through its operations and partnerships with governments and nongovernmental organizations (NGOs), SABMiller seeks to create a profitable business model by contributing to the prosperity of the communities in which it operates.

### SOUTHERN SUDAN BEVERAGES LTD.

In 2007, SABMiller invested \$37 million to establish Southern Sudan Beverages Ltd (SSBL), the first brewery in what is now the Republic of South Sudan. Two years after the facility was built, South Sudan seceded from Sudan, marking the



culmination of a civil war that spanned nearly three decades and left the nation with a fragile political system, weak infrastructure, and minimal economic and human capital.

Successfully operating in this context has required local solutions to local challenges, including: innovative approaches to securing property rights; navigating through nascent banking, legislative, and regulatory frameworks; becoming self-reliant on power, water, and roads; and undertaking extensive training of employees, many of whom had not worked in a formal environment. Despite these difficulties, through sustained and innovative on-the-ground legwork, SSBL is now operating at capacity and in 2011 announced a plan to invest another \$15 million to scale up operations and continue producing its flagship brew, White Bull Lager.

In 2010, SABMiller secured \$1 million in funding from the Africa Enterprise Challenge Fund (AECF) to work in partnership with FARM-Africa, a UK-based international NGO, to develop ways to source cassava locally and replace imported barley.

In doing so, they aim to bring 2,000 smallholder farmers into the SSBL supply chain over three years. This transition to local content promises to positively impact their bottom line, as well as the economic development of local communities.

### LESSONS LEARNED

*Thriving business relies on thriving societies.* For SABMiller, engaging in development work is part and parcel of their business strategy. The company believes strongly that brewing is a local business and that success is tied to the health of local communities. SABMiller maintains worldwide standards and aims to foster good governance within their supply chains and business environment in order to strengthen the communities in which they operate.

*Local environments require local innovations.* SABMiller works in a wide array of environments and has found that the challenges they face—whether in fragile states or emerging markets—are best met with tailored, creative solutions. Everything from the inputs, recipes, and marketing

of their products is “localized” to meet the demands and resources of the community in which the company operates.

*Leveraging value chains can maximize development impacts.* While there is a place for corporate philanthropy, leveraging core business assets can make a profound difference in development outcomes. SABMiller looks at every component of their value chain and strives to maximize the use of local content from raw materials to sales. In addition to reducing production costs, enhancing the use of local content has a multiplier effect that reverberates throughout a community.

*Partnerships are at the heart of project implementation.* In order to successfully implement SABMiller’s sustainable development portfolio, partnerships are vital to leveraging the company’s resources and bringing projects to scale. Whether it is sourcing raw materials from local farmers or conducting HIV/AIDS workshops, partnering with governments, NGOs, and the various actors within a supply chain is crucial.

### HIV/AIDS

Originally a moral imperative, SABMiller now identifies prevention and treatment of HIV/AIDS as a commercially important, operational priority, integrating it into their overall sustainable development strategy. Given the destructive impact of the disease on their workforce, raw material supply, customer base, and overall stability of the areas in which they work, SABMiller has significantly expanded the scope of their HIV/AIDS efforts. The company now provides testing, treatment, and awareness training to employees, as well as their spouses and dependents. Furthermore, the company is devising innovative ways to reach as many members of their supply chain as possible, with current efforts focusing on farmers and truckers.

Alongside this, SABMiller is expanding their HIV/AIDS work in local communities and seeking to creatively address broader issues linked with proliferation of the disease. The Tavern Intervention Programme, for example, was launched in South Africa in 2011 in partnership with the Global Fund to Fight AIDS, Malaria and Tuberculosis and Men for Development in South Africa to conduct interactive education and life skills training with men in taverns. The program focuses on encouraging behavioral change and providing education on the use of alcohol, gender-based violence, and child rights.



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