

# **Business Strategies for Reaching the Poor**

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# GAIN – Global Alliance for Improved Nutrition



## • Role

Promoting innovation of public-private partnerships to deliver improved nutrition to the world's poorest

## • Goal

Improve the nutritional status of 1 billion people by 2009



# Our achievements

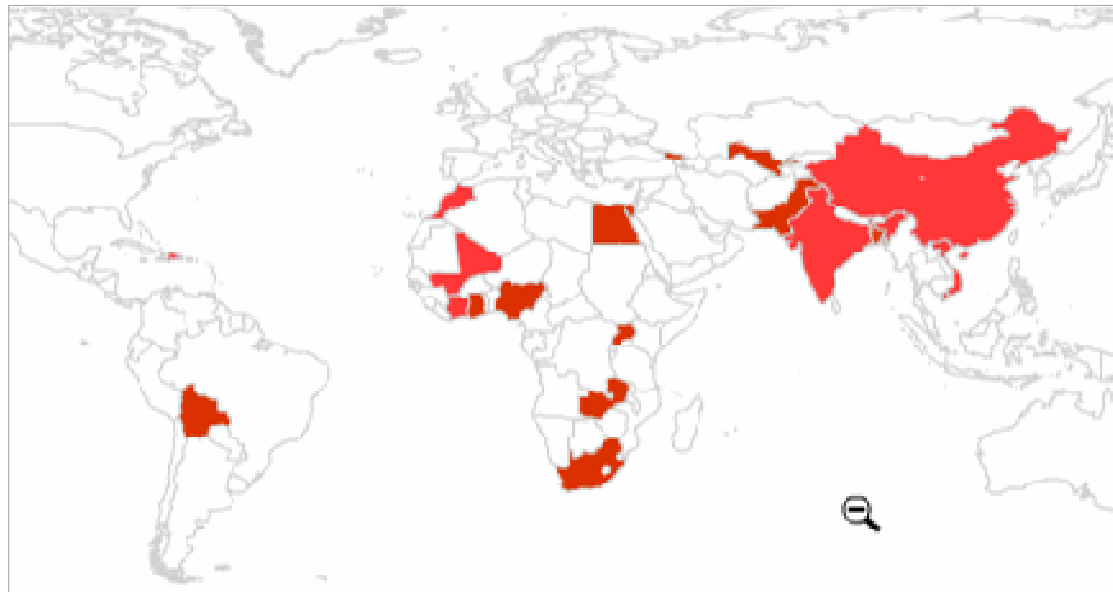
- 19 projects in 17 countries producing **fortified foods** to tackle local vitamin and mineral deficiencies
- Reaching **600 million people**
- Improving individual **health** and **productivity**
- Reducing health care costs and promoting economic **growth**



# Our impact

Stimulating innovation and improving vitamin and mineral deficiencies in:

- Mali
- Dominican Republic
- Cote d'Ivoire
- China
- India
- Vietnam
- Morocco
- South Africa
- Bangladesh
- Bolivia
- Uzbekistan
- Ghana
- Egypt
- Georgia
- Zambia



# Base of the Pyramid (BoP) Elements of Definition

- Mutual value creation for the poor and for companies.
- Co-creation with local consumers.
- Different price points, new packaging, low cost production, extended distribution.
- Constraints: large scale, new price performance, focus on social equity and informal legal working environment.
- Product is measured by its 'emotional' and functional performance as well as its price.

# Example: Grameen Danone Foods



# BoP Opportunities for Business

- A new social compact for social entrepreneurs and social investors that takes into account:
  - scale based on local responsiveness but global standards;
  - focus on cost;
  - local knowledge leading to trust of the consumers; and
  - technical and social insights into a product.
- New corporate culture, new set of skills and new structures.

# BoP Challenges for Business



- Hard infrastructure: Sourcing strategies, distribution networks, quality control, packaging.
- Soft infrastructure: social technologies to analyse the needs and aspirations of the poor.
- Contracting between the formal and the informal sector, for instance when new distribution networks are created.
- Training and retraining of local work force.
- Coaching and development of “traditional” managers.



# BoP Opportunities for GAIN

- Enable the marginalized to participate in development as suppliers and distributors through micro-finance.
- Maximize the productivity of the poor.
- Provide large populations with highly nutritious foods.
- Increase private sector investments for nutrition globally.

# GAIN's BoP Offering



- Provide a BoP learning platform for private sector partners.
- Help companies navigate the local soft infrastructure.
- Provide companies with technical assistance to better manage BoP externalities such as developing trust and credibility.
- Advise strategically on BoP projects.
- Offer secondment opportunities to familiarize business managers with development work.

# GAIN's BoP Strategy



- Partner with companies to raise resources for the non-commercial aspects of their BoP models.
- Mobilize development partners to create an enabling environment for companies interested in investing at the BoP in nutrition.
- Create synergies between GAIN grants and GAIN technical assistance to BoP business model initiatives.

# BoP for the Health Sector



- For any BoP strategy the business case needs to be established first.
- In nutrition the food industry is starting to define a new business case for developing and emerging markets which helps GAIN build the partnership case.
- In other health interventions it is necessary to understand what are the drivers in the industry. What strategies could make those at the BoP interesting to business?

# A New Development Paradigm

If the old development model was possibly creating donor dependence and ongoing financial needs by using subsidies to fix problems, the new model is trying to promote self-financing growth with a strong focus on leveraging solutions and encouraging local selling and buying that fosters economic development.