

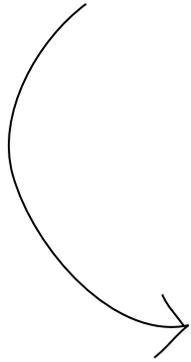


BoP Markets as drivers for Inclusive value chains and Business Development

From startups  to multinationals  we help organisations to design and deliver commercially and socially-viable business models.

Who we are

A diverse, team of global innovators
and entrepreneurs



Bridging the gap
between private and
development sectors

Who we work with

We're working with for profit and non-profit organisations



Clients for profit



Clients non-profit



Where we are

We're making a difference
in 27 countries



Our core expertise

Our projects are divided over three areas



Inclusive Innovation

“How do I develop an innovation for low-income markets?”



Marketing and Distribution

“How do I market and distribute my proposition in low-income markets?”



Inclusive Business Empowerment

“How do I gain the right capabilities to become an inclusive business?”

How we work Five rules

In all our projects we work by these five rules



**Always put the
consumer first**



**Be local and
action-oriented**



**Be innovative
and agile**



**Make partners
dance together**



**Create snowball effects by
ensuring a business case**

Approach (1/2): Put the consumer first

When, where, how, what and why do our consumers want goods and services?

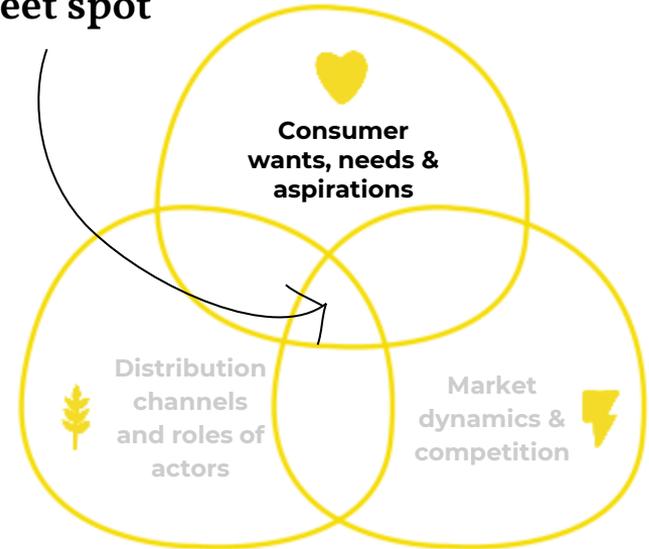


Topics to explore

- ✓ **Aspirations** Perception and relation to goods and services
- ✓ **Daily Life** Daily rhythms and purchasing choices
- ✓ **Social** Social networks & information sources
- ✓ **Purchasing** Budget, purchasing & decision making
- ✓ **Consuming** Overall consumption behavior

 **What's next?** Identify consumer opportunity fields

Proposition sweet spot



Approach (2/2): Create a winning proposition

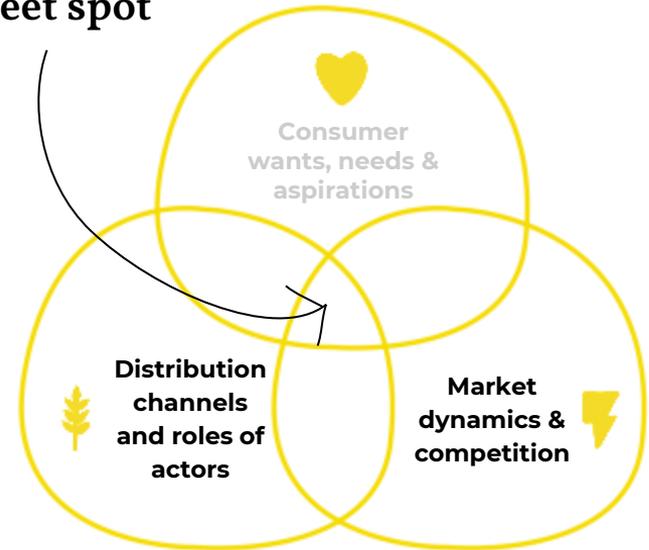
When, where, how and what can we promise consumers, and why should they trust and choose us?

Topics to explore

- ✓ **What** can and should we offer to consumers?
- ✓ **When** can and should we offer it?
- ✓ **Where** can and should we offer it?
- ✓ **How** can and should we position our offer amongst others?

 **What's next?** Turn the chosen opportunity field into a winning proposition

Proposition sweet spot



Our approach to changing behavior

In order to design an effective marketing mix strategy we'll be drawing from the two approaches below to ensure sustainable behavior change.



Five levers for change

Learn more here:

https://www.unilever.com/Images/slp_5-levers-for-change_tcm244-414399_en.pdf

1. Reciprocity
2. Scarcity
3. Authority
4. Consistency
5. Liking
6. Consensus

Six principles of persuasion

Learn more here: <https://youtu.be/cFdCzN7RYbw>



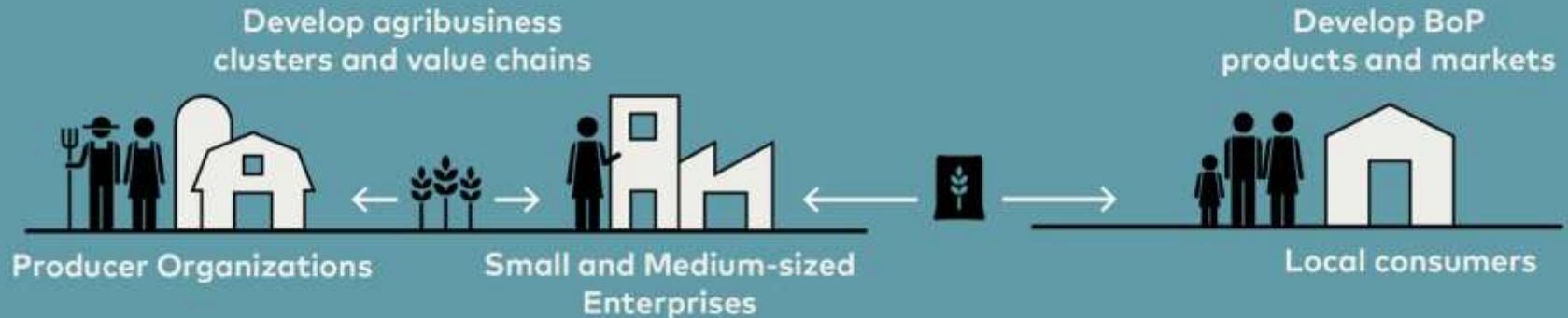
Championing Inclusive Agribusiness in Africa

2012 - 2023

What is 2SCALE about?

2SCALE is an incubator and accelerator program that manages a portfolio of public private partnerships (PPPs) for inclusive businesses in agri-food sectors and industries.

2SCALE focuses on establishing agribusiness clusters around local business champions such as entrepreneurial producer organizations or SMEs that trade in or process farmer produce. Our program supports these champions to develop BoP products and creating the requisite markets linkages to ensure affordable and nutritious food products are accessible.





2SCALE

incubating and accelerating
inclusive agribusiness in Africa



How 2SCALE works?

2SCALE focuses on establishing agribusiness clusters around business champions such as entrepreneurial producer organizations or local SMEs that trade or process farmer produce. Our program supports these champions to develop BoP products and markets



Business champions (SMEs and POs)



Public-Private Partnerships



**Agribusiness clusters
Core & supplier value chains
Local (BoP) markets**

Collaborating with
local Business
Support Service
(BSS) providers



Objectives

2SCALE aims to contribute to food & nutrition security, sustainable & inclusive economic growth and stability in Africa, by way of public-private partnerships, incubating and accelerating inclusive business models in the agricultural sector. More particularly, 2SCALE aims to:

- Catalyze **inclusive and sustainable growth in the agricultural sector** (local/ regional value chains) in Sub Sahara Africa
- Reduce existing hunger and malnutrition, improved **access to nutritious food for Base-of-the-Pyramid consumers**
- Create **empowering entrepreneurship & employment opportunities for youth and women**
- Facilitate **ecologically sustainable and productive food systems**, strengthening smallholder farmers' capacity to innovate in climate smart farming & post-harvest practices

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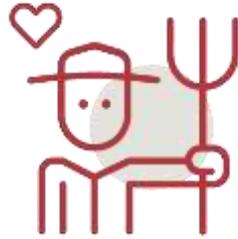


Goals



Improve access to nutritious food for 1 million consumers

In 40 BoP markets, access to nutritious food products for at least 1 million BoP consumers will be improved, through inclusion in targeted value chains



Improve livelihoods of 750,000 smallholders

750,000 smallholders, of which 50% women and 40% youth, will be integrated in value chains to improve productivity in a sustainable manner and increase their incomes



Develop inclusive business with 5,000 MSMEs

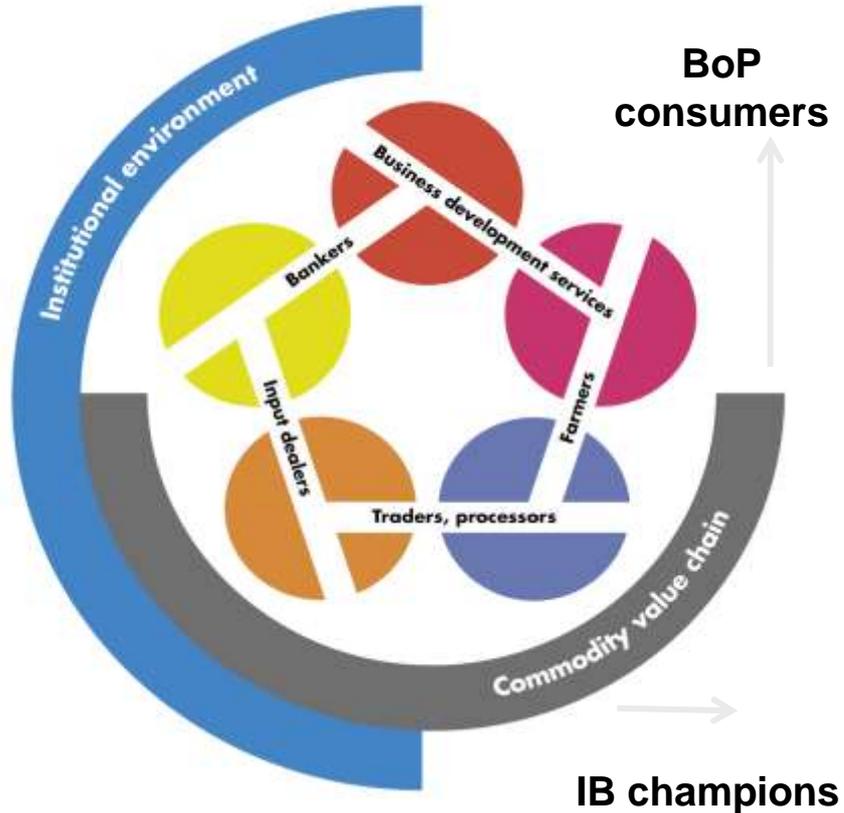
5,000 Micro, Small & Medium Enterprises (MSMEs) and producer organizations, 50% led by women, are supported to participate in inclusive value chains and to develop innovative business strategies.



Scale over 60 public private partnerships

60 public private partnerships driving inclusive agribusiness strategies will be established and developed in eight different countries in sub-Saharan Africa.

2SCALE approach



4 pillars

- Leadership of IB champion(s) – to build partnerships
- Agribusiness clusters strengthening
- Value chain strengthening – including BoP markets
- Institutional/ business environment

3 values

CEO:

- **C**ommercial viability
- **E**mpowerment
- **O**wnership

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Sector focus

Dairy & Animal Products

- Feed and fodder production for poultry industry
- Feed & fodder and milk production/supply for dairy industries;

Staple Crops

- Sorghum/cassava supply chains for breweries & food processing companies;
- Maize value chains for flour millers & retailers;
- Rice value chains for local & regional markets.

Oil Seeds

- Production of soybeans, sesame and groundnuts;
- Production of oil-based products (groundnut, soy, sesame, cottonseed, other);
- Cooking oil for local and regional markets.

Fresh Vegetables

- Potatoes and vegetable (chillies, onions, tomatoes);
- Fresh fruits & potatoes supplied to processors, for local and regional markets.





The uniqueness of 2SCALE

- **Development Additionality** - Every Euro from donors is matched with two Euros brokered by 2SCALE; one each from the private sector and financial intermediaries.
- **Clear focus on BoP Consumers** - Low income markets are at the heart of the 2SCALE approach. 2SCALE utilizes the 4A strategy to impact low-income markets i.e., **Availability, Acceptability, Awareness, and Affordability.**
- **Local Impact** – In 2SCALE partnerships, priority is always given to local innovations within our core thematic areas that can add value to the inclusive business idea to maximize local impact.
- **Pan-African Presence** - Since program inception in 2012, 2SCALE has been implemented in 13 countries across Africa, covering nearly 130 partnerships helping to improve food security and nutrition.
- **Technical Expertise** - The 2SCALE Consortium (IFDC, Bopinc, and SNV) each bring to the table valuable sector specific expertise that jointly contributes to achievement of the desired program objectives.
- **Bilingual Team** - Across the 2SCALE team, 90% implementing staff are Africans, capitalizing on their invaluable expertise for program success.

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The resilience of the approach

- From the 2SCALE Proof of Concept (PoC) in 2012-2018, out of 53 partnerships, 80% of the supported enterprises are still active with 60% continuing to expand their operations. A lot of the market linkages and business best practices are still offering immense value to the enterprises to date.
- The impact of the inclusive business ideas piloted in the PoC made them to be good reference points for PPPs in phase 2. Nearly 30% of current 2SCALE partnerships are PoC replications.
- Amidst the upheaval brought by Covid-19, none of our current partnerships has closed shop. 2SCALE provided technical and financial support (e-commerce support, reformulating business strategies, and crowdfunding) to help SMEs navigate the crisis.





Role of Bopinc in 2SCALE

What?

- BoP Marketing
- Innovations
- Gender and WEE
- Communications

How?

- Utrecht (Netherlands) backstopping team
- Program Manager, BoP Marketing Specialists and communications team in program countries

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Our approach in supporting partners – The WHY

BoP as a driver for inclusive value chains and business development

Base of the pyramid (BoP) markets provide an exciting opportunity for commercially viable and inclusive business models

- Large populations = volumes
- Good cash flow

The market that the BoP represents can stimulate producers' organizations to work with processing companies which serve these markets, and encourage smallholders to invest in their production for the **supply of quality raw materials**.

Commercially driven distribution systems, which fit the local environment and employ people from the BoP, can also be used to reach targeted consumers with affordable and nutritious products.

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Our approach in supporting partners – The HOW

How do we support our partners to market to the BoP?

1. Consumer centric approach (acceptability, affordability, awareness, availability)

- Insights studies
- Strategy workshops

2. Building relevant and innovative products and Marketing approaches

- Product Development
- Branding and packaging
- Market Activations
- Last mile distribution

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Partner Stories – B-Diet (Ghana)

The business champion in this partnership is a sorghum aggregator called Faranaya.

By connecting them to a processor called B-Diet they were able to diversify their markets and avoided having one market channel comprised of large off-takers.

2scale supported B-Diet in:

- Product development (insights research, product formulation, smaller units for BoP markets etc)
- Packaging improvement (new packaging)
- Product marketing and distribution through a local distribution network of retailers and local women processors who sell porridge at funerals, festivals, rural markets and other social gatherings



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Partner Stories – Shalem (Kenya)

SHALEM started as a company that sourced sorghum from farmers and sold that to their main clients (breweries). During the partnership under 2SCALE, SHALEM was able to do a similar approach for other crops too (like soybeans, green grams and sunflower).

A next step for SHALEM was to start their own production line to produce nutritious products from these crops themselves. SHALEM's new product line Asili (which means “the source” in Swahili) is a porridge with different formulae for families and juniors.

Results

The SHALEM partnership in Kenya shows that making local sourcing work requires careful maneuvering, including smart ways to navigate between the business interests of SHALEM and those of the farmers and the agents.

Sourcing of raw materials for larger scale enterprises, often seen as the ultimate goal of a value chain development program, can be a starting point for much more; allowing SMEs and producer cooperatives to further nurture the technical and the business skills to start new – complementary – entrepreneurial strategies, with significant impact in local economies.



Partner Stories – CAPI (Côte d'Ivoire)

Context

CAPI is a rice processor based in the centre of Côte d'Ivoire. The company buys rice from farmers around 150km away, then processes it and sells white rice and by products to middle class and low income consumers in the city of Daloa through its factory.

Major issues

- Rice supply disruption
- The factory is out the town : difficult for consumers to be regular
- Distributors suffer from police racket when they come to the factory
- A difficult profitability

Major changes

- Rice delivery for some distributors : +92% sales volume
- Reduction of expenses (electricity and transport)
- Collaboration with a group of 150 women rice farmers
- Opening of new small processor unit in the city to create new incomes and be close to consumers

implemented by:



Funded by:



Ministry of Foreign Affairs of the Netherlands

Partner Stories – CAPI (Côte d'Ivoire)

This new unit opened in october 2021. At the beginning, the unit was processing 2t/week. Now, it is up to 10t per week



1

Inclusive and sustainable business : Create new income by processing rice for farmers and distributors.

2

Food security : to offer quality and clean rice without stones to low income consumers

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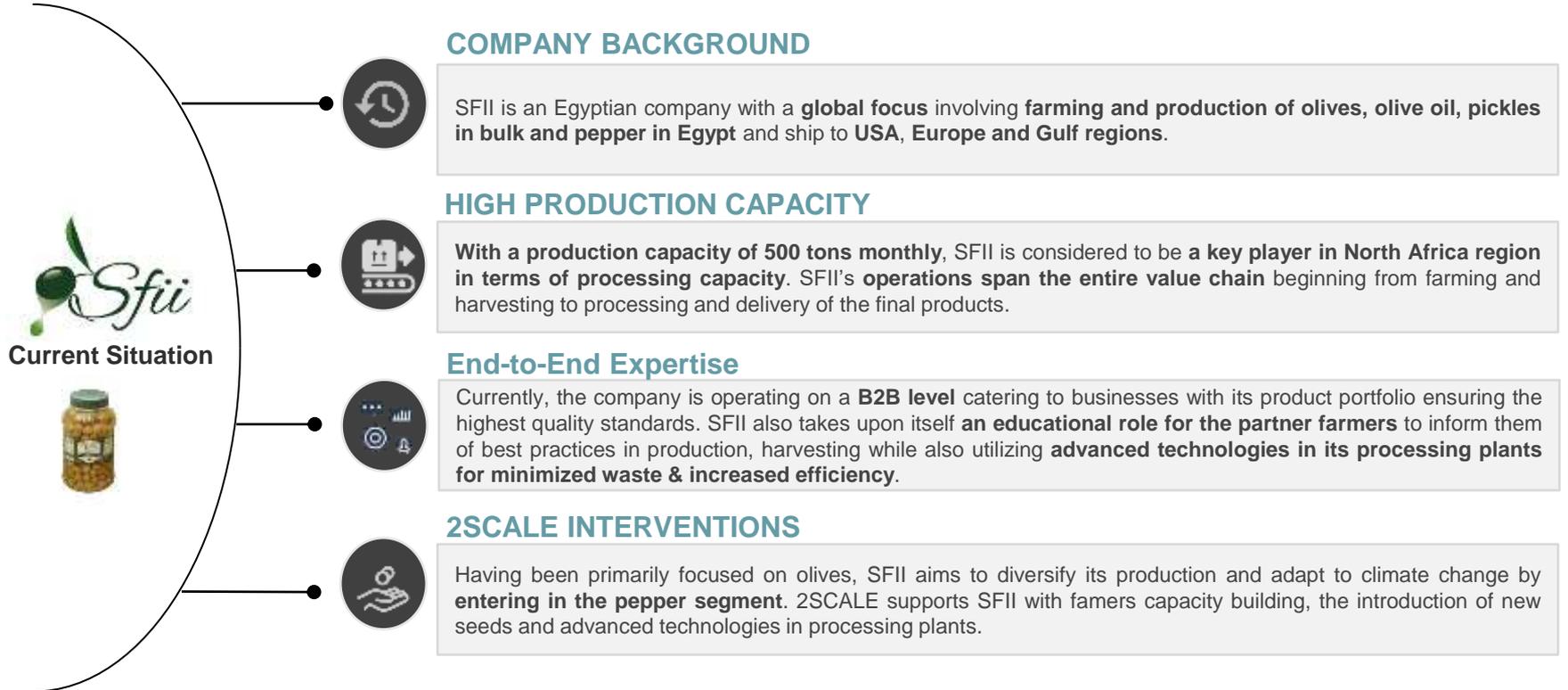
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2SCALE IN EGYPT

Business Champion - SFII



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Business Champion - Kernile



COMPANY BACKGROUND



Founded in 2013, Kernile is an Egyptian-Dutch joint venture with a **global focus** involving **farming and production of peanuts in Egypt and Africa** and a **client base** that expands further to include **Europe, MENA and Gulf regions**.

HIGH PRODUCTION CAPACITY



With a **production capacity of 35,000 tons annually**, Kernile is considered to be the **largest player in the Middle East and North Africa region in terms of processing capacity**. Kernile's **operations span the entire value chain** beginning from farming and harvesting to processing and delivery of the final products.

End-to-End Expertise



Currently, the company is operating on a **B2B level** catering to businesses with its product portfolio ensuring the highest quality standards. Kernile also takes upon itself **an educational role for the partner farmers** to inform them of best practices in harvesting while also utilizing **advanced technologies in its processing plants for minimized waste & increased efficiency**.

2SCALE INTERVENTIONS



Having been primarily a B2B operator, Kernile aims to further utilize its expertise by expanding its operations and customer segments by **entering the B2C segment**. Therefore 2SCALE supports Kernile with farmers **capacity building**, the introduction of a **new seed variety** and the marketing strategy development and implementation targeting **low income consumers**.

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1

Global Insights

- The global snacking and confectionary market is forecasted to grow at a **CAGR of 3.56% till 2026** with the **healthy snacking market projected to grow at a CAGR of 4.2% till 2027 to become 108 Bn USD.**
- The main consumer trends driving the snacking market include seeking **nutritional value, flavor differentiation, and sustainable & responsible practices.**
- **Egyptian spending on F&B is estimated to represent 40% of monthly salaries with spending having increased by 18% during 2020.**

2

Local Insights

A. Peanut Butter.

- The most common flavors : plain peanut
- Differentiation in flavors : **honey flavors, cinnamon flavors** but also **light peanut butter** and **high protein peanut butter (health-oriented)**
- The main common communication messages : **the product texture, natural peanuts, & oil separation** with further emphasis on **nutritional value**

B. Coated peanuts

- The most common flavors offered are **BBQ** and **cheese** and some differentiated flavors such as **Smoked Chicken** and **Mixed Flavors**
- The main communication messages are **crunchiness and flavors of the products, convenience aspect of the product & on different consumption occasions**

3

Snack distribution

- Most of the peanut snacks are available in **key account outlets** and some **kiosks** and **convenience stores** depending on the brand image, consumers targeted and consumption occasions

4

Global Benchmarks

- **Frito Lay** expanded on its snacking brands by venturing into nut products such as coated peanuts (**Doritos, Sarbitas, and Munchies**) and mixed nuts (**Nut Harvest and Cracker Jack**).
- **Barcel** has adapted its nut products offerings to match its signature spicy flavor profile.
- **Blue Diamond Almonds** has expanded its product range around almonds with different product derivatives.
- **Sahale** provides a range of nut products with enriched experience through differentiated flavors.

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01

Product Portfolio

- Despite the recent growth in the Egyptian market for different health-conscious product categories, there is a lack expansion into the different peanut categories by the players with each focusing on one or two categories.

There is an opportunity for providing a synergetic portfolio covering the different product categories through a comprehensive portfolio.

02

Sizing and Pricing

- Despite the importance of small sizes to the on-the-go market, only Go was found to provide a coated peanut offering that is small in size and has a price point that also directly competes with other snacking products at similar price points.

There is an opportunity to introduce a high-quality coated peanut at competitive prices.

03

Perception

- There is no player in the coated peanuts market that has a strong perception given the lack of association of the nutritional value of the peanuts with the on-the-go consumption state.

There is an opportunity to establish and communicate a platform that emphasizes the nutritional values and makes it more relevant to the on-the-go consumption occasions.

04

Distribution

- There is a generally low market availability and penetration by any by one player in the coated peanuts market leading to low top of mind awareness of the product in different distribution channels.

There is an opportunity to establish a strong market presence and increased awareness through strong product distribution and supporting communications.

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1

Product development :

Introduction of new peanut varieties with high nutritional values.
Development of different peanut flavors and packaging to meet consumer taste

2

2 market channels to meet consumers needs :

- A middle and upper class consumers market channel
- A low income consumer channel

3

Distribution :

A pilot will be started in Upper Egypt to get key insights about our target markets, key distribution players and product perception before going to bigger markets such as Cairo or Alexandria

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