



Inclusive business in Egypt

**A BASELINE ASSESSMENT
FOR THE FAST-MOVING
CONSUMER GOOD SECTOR**



IBAN

Inclusive Business
Action Network



ACKNOWLEDGEMENTS

This report was commissioned by the Inclusive Business Action Network (IBAN). IBAN is a multistakeholder network promoting inclusive business globally and supporting the scale and replication of inclusive business models. It engages all different types of stakeholders and ‘connects the dots’ between the vast number of businesses, existing initiatives, networks, investors and other actors from the global inclusive business community. To enable successful business models and partnerships, IBAN creates and shares market insights as well as best practices and brings together relevant parties by offering peer-learning, networking and information spaces.

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LEARNING LAB
The BoP Learning Lab is based at the Confederation of Danish Industry. Since 2007 the Lab has worked to collect and disseminate knowledge and experience related to BoP markets. The Learning Lab develops practical tools for companies working on low income markets and through workshops, study trips and other activities functions as a platform for knowledge sharing among companies and other stakeholders. The Learning Lab also works directly with many companies across industries and countries, including many FMCG related projects.



ABBREVIATIONS

BoP	Base of the Pyramid	IB	Inclusive business
CAPMAS	Central Agency for Public Mobilization and Statistics	IBA	Inclusive Business Accelerator
CSR	Corporate social responsibility	IBAN	Inclusive Business Action Network
FAO	Food and Agriculture Organization of the United Nations	MCC	Milk collection centres
FMCG	Fast-moving consumer goods	MENA	Middle East and North Africa region
GIM	Growing Inclusive Markets	RIBH	Responsible and Inclusive Business Hub
GIZ	Deutsche Gesellschaft für Internationale Zusammenarbeit	SNV	Netherlands Development Organisation
GNR	Global Nutrition Report	UNDP	United Nations Development Programme
GSB	Growing Sustainable Business	USAID	United States Agency for International Development

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BACKGROUND FOR STUDY

This study was prepared as a high-level assessment of the fast-moving consumer goods (FMCG) sector in Egypt targeting the Base of the Pyramid (BoP), including an assessment of the potential for inclusive business models. The report was prepared to qualify a practitioners workshop in Cairo in December 2015 (baseline information, relevant themes to address in the workshop and key stakeholders to engage).

The data was collected September-October 2015. Since data collection the situation related to FMCG products has become worse, including challenges related to rapidly increasing food prices due to among other things foreign currency problems. Information about the workshop as well as a video story with case studies from Egypt can be found via www.ib-an.net.

WHAT IS INCLUSIVE BUSINESS?

Inclusive businesses provide goods, services, and livelihoods on a commercially viable basis, either at scale or scalable, to people living at the base of the economic pyramid (BoP), making them part of the value chain of companies' core business as suppliers, distributors, retailers, or customers. In addition to these commercially inclusive activities, businesses may also pursue broader socially inclusive goals. Inclusive business should promote sustainable development in all its dimensions – economic, social and environmental. As

inclusive businesses deepen investments in low income communities, they improve access to affordable quality products and services, enhance productivity, and generate new income and livelihoods opportunities across the BoP. In doing so, they enable inclusive growth and sustainable development. In targeting low income market segments, inclusive businesses also spur innovation, strengthen value chains, build more effective operations, uncover new sources of profitability, and enhance long term competitiveness.¹

WHAT ARE FAST-MOVING CONSUMER GOODS?

The fast-moving consumer goods (FMCG) sector is defined in various ways, with each definition including a larger or smaller set of sub-sectors and product groups. In general, FMCG is characterised by consumer products that have a short shelf life, are sold at relatively low prices, are purchased often with low involvement and

are consumed largely on a daily basis. Food and beverages make up a large share of FMCG, with other examples being toiletries and household cleaning products. Broader definitions of FMCG may also include, for example, small electronics and other household products.

EXECUTIVE SUMMARY

The objective of this report is to provide a baseline assessment of the fast-moving consumer goods (FMCG) sector in Egypt targeting the Base of the Pyramid (BoP), including an assessment of the potential for inclusive business models. It was prepared by the BoP Learning Lab² and commissioned by the Inclusive Business Action Network (IBAN).

Within the FMCG sector the report especially looks at edible goods and personal care products. In particular two FMCG sub-sectors are studied: dairy produce and personal care products. The research underpinning this report is based on desk research, interviews with key stakeholders and focus groups with low-income consumers. The study applies a value chain perspective and a 4A framework (availability, acceptance, awareness and affordability) to assess the FMCG sector from a BoP consumer perspective. The following points summarise the main findings:

LITERATURE AND STAKEHOLDER REVIEW

Very little literature presently exists looking specifically at how the FMCG sector and Egyptian BoP consumers interact. Equally, few organisations work directly in this area, but many are relevant for potential interventions in the value chain. A number of Egyptian and multinational companies sell FMCG to BoP consumers in Egypt, including Juhayna, Mansour Group, Danone and Unilever.

BoP FMCG SECTOR

FMCG products constitute an important part of BoP consumer spending. Food expenditure accounted for 51% of the average household expenditure of the poorest population group in 2011.³ The focus groups undertaken for this study have exposed significant differences between urban and rural BoP consumers in terms of the challenges they face and their preferences with regard to FMCG products. This shows that the BoP segment is not homogenous and therefore needs tailored solutions.

PUBLIC SUBSIDIES

The Egyptian government continues to provide substantial food subsidies and the military sponsors activities related to food distribution. Despite recent changes in the subsidy programme (which have increased the programmes reach to rural areas), it still primarily benefits BoP consumers in urban areas.

DAIRY

The BoP market for packaged milk, cheese and yogurt is growing, reflecting changing consumer preferences and lifestyles. However, the lack of cold-chain and last-mile distribution outside urban areas limits the availability and affordability of these products for rural BoP consumers.

PERSONAL CARE

Personal care products have become increasingly important for younger BoP consumers in particular. The use of these products, such as soap or oral hygiene products, varies regionally and indicates a need for awareness campaigns in some areas.

OPPORTUNITIES

The report identifies a number of current initiatives with inclusive business elements. However, in general, local levels of awareness about these initiatives are low. The report concludes by presenting possible intervention areas along the value chain and reflecting on other countries' experiences to inspire solutions.

1 Introduction

Individual BoP consumers may not have much money, but much of what they do spend is used to buy the food, soap and other household items that constitute the BoP fast-moving consumer goods (FMCG) market. And given the vast number of individuals living at the BoP, together they constitute a significant market segment. Despite their large collective purchasing power, BoP consumers are not ‘top of mind’ for most companies in the FMCG sector. This being the case, many companies allocate meagre resources to BoP-focused product development or distribution channels. As a result, BoP consumers often pay too much for goods, are offered little choice and lack products tailored to their specific needs.

In Egypt BoP consumers recognise these challenges. Food prices are rising and significant challenges persist in local food value chains. This report presents an initial baseline assessment and value chain analysis of the FMCG sector for the BoP in Egypt, its purpose being to offer a starting point for the development of innovative and inclusive business models that engage Egypt’s FMCG sector in targeting the BoP.

The report represents a first step and, as such, provides indications rather than detailed answers. The idea is to inspire and support local stakeholders to pursue the next steps. The key questions the report seeks to answer are: Where are the bottlenecks and unmet demand in the current BoP FMCG value chain? What inclusive business initiatives already exist in Egypt? And, in which part of the FMCG value chain is there potential for innovation and the scaling up of existing and new models?

The report is structured as follows:

- **Chapter 2** sets the scene with a snapshot of key BoP trends in FMCG globally.
- **Chapter 3** provides an overview of the relevant literature and stakeholders (with a more detailed list provided in Appendix).
- **Chapter 4** introduces the Egyptian BoP and its characteristics.
- **Chapter 5** continues with the characteristics of Egypt’s FMCG sector in general and for the BoP in particular.
- **Chapter 6** presents findings from the review of the two focus sub-sectors of dairy produce and personal care products.
- **Chapter 7** provides an analysis of the potential opportunities for business model innovation arising in the two sub-sectors and in the FMCG sector more broadly.

METHODOLOGY

While some of the report’s findings apply across many product groups, the value chains and market dynamics differ considerably from one FMCG product to the next. The study therefore looks at cross-cutting themes for the sector but also focuses on selected products to identify specific opportunities and differences within the sector. Based on initial research, dairy produce and personal care products were selected as they (1) represent diverse product groups, (2) are purchased by broad segments of the BoP, (3) have gaps in supply and (4) are closely linked to important development themes such as nutrition, product safety and health.

The study primarily looks at the BoP as **consumers** and at how the BoP can be integrated as **suppliers or distributors** in the **consumer-linked** section of the value chain. To a limited extent, it also looks at the BoP as part of the agri-business value chain.

The study is based on both secondary and primary research. The secondary research included a re-

view of existing literature and data on BoP FMCG in Egypt and related topics. In general, little is written about the BoP FMCG sector in Egypt (see Chapter 5). Both in Egypt and in other countries, BoP data is generally lacking due to the informal nature of the sector and the fact that it has not been the focus of much research. The numbers in the report therefore provide indications but need to be qualified by further research.

The primary research included focus groups with consumers and interviews with companies selling to the BoP and with micro-distributors in poor areas. The consumer focus groups and the interviews with micro-distributors were carried out to investigate the brands available to the BoP and consumer preferences. Focus group discussions were conducted with 18 consumers from poor areas in Cairo and Upper Egypt.⁴ Secondly, four companies were interviewed to understand their approach to and perceptions of the BoP.

To guide the primary research, the 4A framework was used to shape questions and understand consumer preferences from a BoP perspective.⁵ Examples of the themes broached include:

Table 1 • INTERVIEWS

CAIRO
One focus group with consumers living in Ain El Sira, Old Cairo (6 women from different age groups)
Two small grocery shops
UPPER EGYPT
Two focus groups with consumers living in Abu Gherira village, Minya (6 women in each group)
Three small grocery shops
COMPANY INTERVIEWS
Dairy: Juhayna, Obour Land, and Beyti
Personal care: Unilever (Rexona, Signal, Lux, Camay, Good Morning)

- **AVAILABILITY** – Which FMCG products are available in the traditional BoP outlets? How much choice does the BoP have? How far do they need to travel to purchase goods?
- **AFFORDABILITY** – Are price points affordable for the BoP? Are products sold in sizes/ways that make them affordable?
- **AWARENESS** – How aware are consumers about product quality and safety – e.g. milk safety/hygiene? To what extent do awareness levels affect demand?
- **ACCEPTANCE** – What are the consumption habits/preferences/aspirations of this market segment? How are packaged goods perceived?



2

Snapshot of global BoP FMCG trends

A number of studies have been completed on distribution models or agri-business value chains related to the BoP, but in general the BoP FMCG sector has not been the subject of much cross-cutting analysis. However, looking across countries, products and cases, it is possible to identify a range of innovations, best practices and themes arising from and within the sector. The following chapter provides a high-level overview of recurring themes in the BoP FMCG sector.

Producing and trading food and household goods is an activity that has occurred throughout most of human history, making FMCG one of the oldest mercantile sectors. Today, the urbanisation of the BoP is a key driver for the sector: when people swap farming for city living, they end up working away from home and produce less items themselves, and their consumer preferences tend to change towards an increased focus on processed and packaged food.

Previously, BoP consumer demand was mostly met by informal suppliers, but in recent decades formal local market actors and internatio-

nal brands have slowly begun appearing on the shelves of low-income outlets. The first generation of internationally branded BoP products were mainly versions of existing products in small pack sizes and with equivalently reduced price points. A classic example of how products have been made more affordable in this way is the introduction of smaller sachets of washing powder. However, companies also started innovating in other areas by, for example, redesigning the products themselves or finding new approaches to distribution and marketing. Below are some examples from across the value chain of inclusive business initiatives active in the FMCG market.

Table 2 • EXAMPLES OF INCLUSIVE BUSINESS INITIATIVES ACROSS THE VALUE CHAIN

PRODUCT DEVELOPMENT	Often, BoP-targeted products are largely the same as those produced for general consumption, but they are sold in different ways. Some companies, however, are seeking to address specific BoP needs – e.g. a number of firms are developing products focused on the nutritional needs of low-income segments, where the double burden of obesity and malnutrition is a growing challenge. Organisations such as the Global Alliance for Improved Nutrition (GAIN) are involved in large-scale fortification projects and support many companies to develop nutritious products. GAIN ⁶ is, for example, supporting companies in South America develop nutritious low-cost yogurt based on BoP preferences.
PRODUCTION AND SOURCING OF RAW MATERIALS	<p>Many projects and studies focus on the agribusiness sector, including cooperative models, innovations in farm inputs, technical training, financing schemes, access to market for farmers, and the inclusion of the BoP as producers. An example is Tetra Laval, which, together with a local dairy processor, has developed a Dairy Hub model that includes a large number of small milk farmers in the value chain.⁷ For more examples, see GLZ's sector report Growing Business with Smallholders – A Guide to Inclusive Agribusiness.⁸</p> <p>In the light of scandals involving counterfeit and unsafe goods, food and product safety are key issues in low-income FMCG markets. A number of companies and organisations are, however, working to develop new approaches and raise standards to this regard.</p>
PACKAGING	<p>BoP consumers often buy goods packaged in smaller quantities, such as single-serving packs, to accommodate their lack of liquidity. Besides their affordability, single-serving packs are also convenient because they store better, being better protected against humidity and pests and less affected by a lack of refrigeration. As a consequence, packaging has been an area where companies targeting the BoP have been able to innovate.</p> <p>The major packaging company Tetra Pak has provided support to many local food sector businesses on developing BoP-targeted packaging, creating a range of vertical presentation solutions for display by street vendors or on kiosks.</p>
DISTRIBUTION AND RETAIL	<p>A major bottleneck affecting the FMCG sector is the distribution of goods in congested slums or hard-to-reach rural areas. One issue is physical access, where delivery vehicles may struggle to distribute bulky products in tight-knit areas. Another is the often prohibitive cost of delivering low-margin products to these areas. Coca-Cola operates the best-known example of a distribution network that reaches practically everywhere. Other companies with less muscle are now developing their own last-mile distribution channels by, for example, bundling products and piggy-backing on other distribution chains. For example, the dairy company Fan Milk has successfully developed large teams of bicycle vendors who can negotiate the narrow streets common to many urban areas of West Africa.⁹</p> <p>Many BoP consumers still shop at local informal markets or independent, family-owned stores. However, new forms of outlet are also emerging, including technology-based milk vending machines, 'hard retail' stores¹⁰ and door-to-door sales (see the point below).</p>
MARKETING AND CONSUMER RELATIONS	<p>Most companies use traditional BoP communication channels, such as radio, television, in-shop marketing, demonstrations, etc. However, to penetrate the markets more deeply, avoid retail mark-up and build customer confidence, some companies employ door-to-door sales teams or peer-based sales approaches. In South America, Natura operates a very large sales network of home-sellers who sell soaps and cosmetics to, among others, BoP consumers.¹¹</p> <p>Many companies targeting the BoP will testify that this market's eating and cooking habits are conservative. To change eating habits towards more healthy options, some companies enter into partnerships with, for example, NGOs, schools or international organisations to promote healthy choices.</p> <p>Compared to other BoP sectors, consumer financing is less of an issue because most FMCG products are bought with cash.</p>
WASTE AND SUSTAINABLE CONSUMPTION	As BoP consumers move from unprocessed to packaged foods, there will inevitably be a significant increase in the amount of waste they produce. Given that waste management is poor in many areas, this raises serious environmental and health concerns. A few attempts have been made by companies to mitigate these issues, but the challenge of waste management remains largely unaddressed in the sector.



3

Literature and stakeholder review

Although papers have been written on the BoP in Egypt, there is no comprehensive effort within academic circles to address issues relating to this section of society, and none of the papers or reports identified for this study specifically focus on the FMCG sector. One exception is the topic of BoP producers in the agricultural value chain, which has been the subject of several studies. Consumer research organisations often focus on higher-end segments, but occasionally include research with a lower-income focus (see Appendix). One of the very few papers looking at BoP FMCG is a UNDP study documenting the Kheir Zaman case.¹²

Due to the often informal nature of BoP sectors, market data is limited. Besides national statistical material (such as that of CAPMAS¹³), the World Bank Global Consumption database provides high-level data on BoP consumption. This data is used in this study, but the caveat is that the data points are often several years old. Primary empirical research is therefore necessary to generate a reliable picture of the BoP in Egypt.

In particular, when investigating the BoP as consumers as opposed to suppliers and producers, a gap in the literature is apparent. Several papers do, however, exist on inclusive business and social entrepreneurship more broadly, which are relevant for understanding the more general enabling environment of BoP FMCG in Egypt (see Appendix for examples).

Many types of actor feature in the BoP FMCG sector, ranging from companies to financing entities. Table 3 below provides examples of organisations, studies and actors that are potentially relevant for future BoP FMCG projects in Egypt. The BoP FMCG sector is linked with many development areas, including agribusiness, nutrition, health and waste management. This means that stakeholders from across these areas are often part of a project value chain for FMCG-related projects. A more comprehensive version of Table 3 is provided in the appendix.

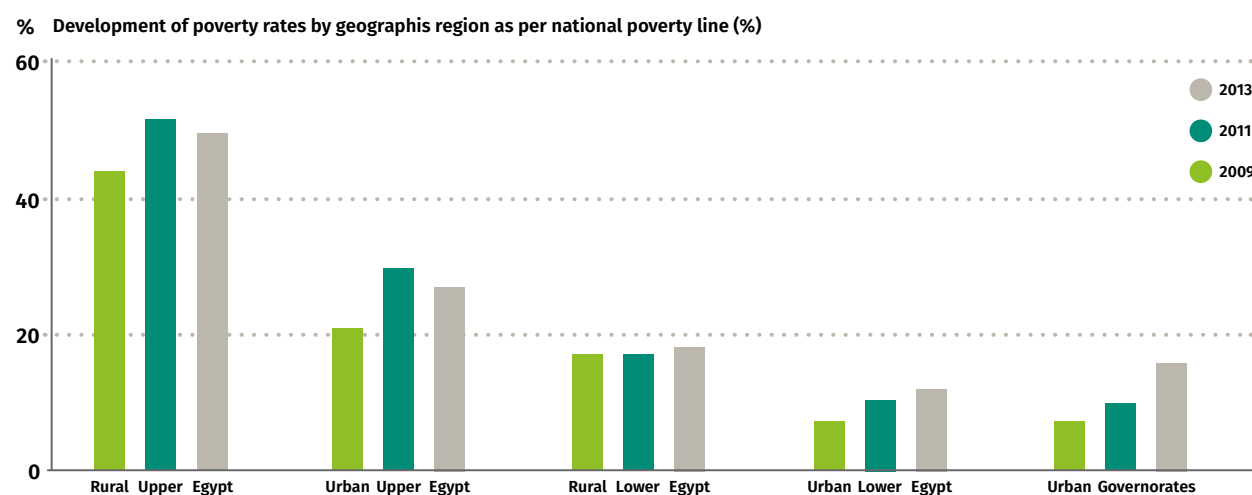
Table 3 • EXAMPLES OF ORGANISATIONS, STUDIES AND ACTORS RELEVANT FOR BOP FMCG PROJECTS IN EGYPT

TOPIC	TYPE	RELEVANCE	EXAMPLES
RESEARCH AND STUDIES	<ul style="list-style-type: none"> Academic research Studies Papers 	Little research exists separately on FMCG for the BoP in Egypt in particular or on FMCG inclusive business and FMCG social entrepreneurship. General research on inclusive business and the BoP and agribusiness exists. Selected studies could serve as inspiration for the FMCG discussion.	<ul style="list-style-type: none"> Exploring Inclusive Business and its Performance in Egypt The Next Billions: Business Strategies to Enhance Food Value Chains and Empower the Poor
COMPANIES	<ul style="list-style-type: none"> Food manufacturing Distributors, wholesalers and retailers Consumer market research companies Innovative marketing and behavioural change Enabling technologies Companies/organisations in waste handling 	Many types of companies along the value chain could be relevant for future FMCG projects, even though, at present, they do not necessarily focus directly on FMCG for the BoP.	<ul style="list-style-type: none"> Nielsen (consumer research) Food companies – e.g. Juhayna Social enterprises – e.g. Tatweer
INCLUSIVE BUSINESS AND SOCIAL ENTREPRENEURSHIP	<ul style="list-style-type: none"> Networks Events Social entrepreneurship organisations 	There are many initiatives on inclusive business and social entrepreneurship. Although they do not have a direct FMCG focus, many of them may be relevant for business models targeting the BoP.	<ul style="list-style-type: none"> UNDP Global Compact Network Egypt Annual CSR award organised by the Federation of Egyptian Industries Alliance for Social Entrepreneurship
DONORS AND ORGANISATIONS	<ul style="list-style-type: none"> Bilateral and multilateral donors Food sector organisations Business organisations 	Several donors financially and technically support projects that promote poverty reduction and inclusive business with a development impact potential. Also, various organisations have large networks and will be able to support value chain projects.	<ul style="list-style-type: none"> UNDP UNSAID FAO World Economic Forum, Schwab Foundation
FINANCING	<ul style="list-style-type: none"> Impact investors Angel investors Grant programmes 	Many BoP ventures, especially small ones, face challenges in accessing finance because the BoP is not seen as ‘good’ business. New initiatives need risk-willing capital, and linking these with financing options for inclusive business will be key.	<ul style="list-style-type: none"> Idevelopers Cairo Angels
SUPPORT ENTITIES	<ul style="list-style-type: none"> Start-up incubators and accelerators Start-up events Consulting 	There are a number of support entities and events in Egypt. Few of them focus specifically on BoP ventures or FMCG, but they could include this type of project in their scope of activities and, in particular, could be of value for start-ups.	<ul style="list-style-type: none"> RIBH Inclusive Business Accelerator Flat6Labs RiseUp Summit CID Consulting

The Egyptian BoP

Poverty in Egypt is measured and defined differently depending on the source one refers to. According to CAPMAS Egypt's poverty rate stood at 26% in 2014.¹⁴ The mean household disposable income is low compared to the region, while Egypt has a relatively equal income distribution due to among other things a tradition of social programmes.¹⁵ Figure 1 shows the development of poverty rates by geographic region in Egypt. In general, poverty is higher in rural areas than in urban areas and is highest in upper rural Egypt.¹⁶

Figure 1 • DEVELOPMENT OF POVERTY RATES (DETERMINED USING THE NATIONAL POVERTY LINE) BY GEOGRAPHIC REGION (%)¹⁷



Greater Cairo contains the highest number of people living in poverty (about 3.8 million), followed by the two poorest governorates in upper Egypt, Asyut and Sohag, with 2.6 million and 2.4 million poor respectively.

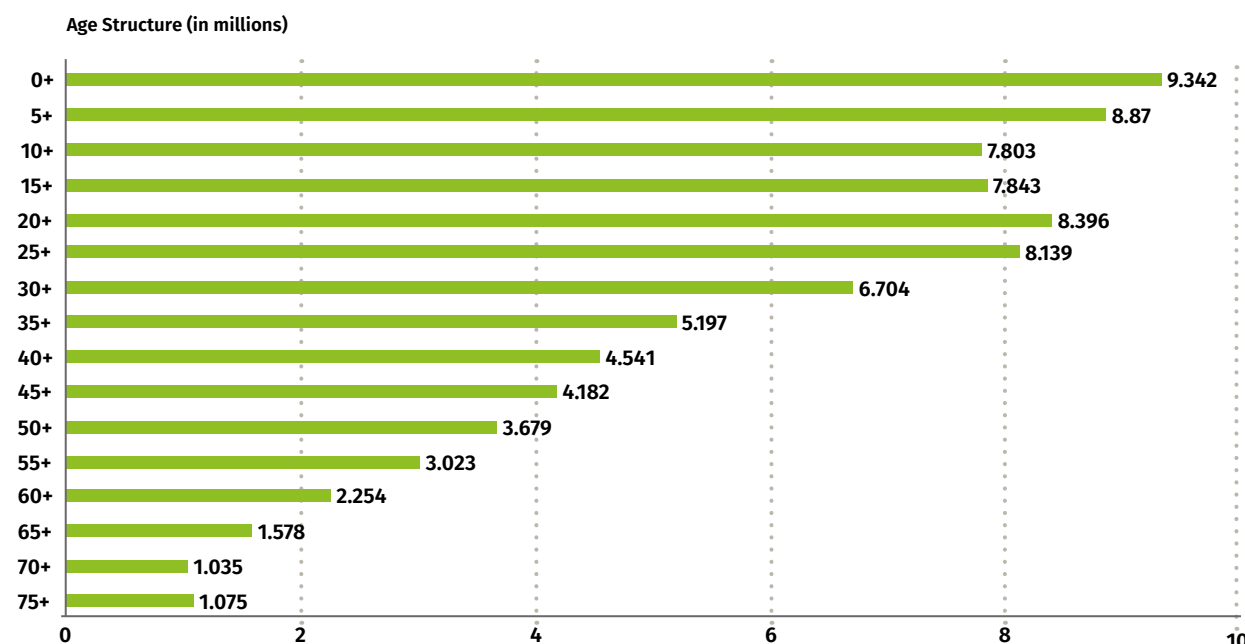
WFP (2013)

Figure 2 describes the age distribution of the Egyptian population and illustrates how large the young population is in the country. In 2014 Egypt's overall unemployment rate stood at 13%, whereas youth unemployment was shown to be much higher, with 65% of young women and 33% of young men out of work.¹⁸ Many young consumers are finan-

cially dependent on their families; however, their purchasing patterns have been shown to influence the development of the FMCG market.

According to the Global Nutrition Report's (GNR) 2015 Nutrition Country Profile: Egypt, 62% of all Egyptians are overweight. Obesity is already an issue for children under five years old, and GNR Egypt reports stunted growth in 22% of children under five years of age. While GNR's figures relate to Egypt in general, the double burden of obesity and malnutrition is also a significant problem for low-income families.

Figure 2 • AGE DISTRIBUTION (IN MILLIONS)¹⁹



BoP CONSUMER PROFILES

Following are the consumer profiles of two women interviewed for the study. Afaf lives in an urban area and Shereen in a rural area.

Afaf – 41 years old

- Lives in Ain El Sira, Old Cairo.
- Family size: five members – Afaf, her spouse and their three children.
- Household income: EGP 2,500 per month.
- Afaf works as a trainer in a textile company in Old Cairo and earns around EGP 1,000 per month. Her spouse has his own small grocery shop and earns around EGP 1,500 per month. The three children are all in school.
- The whole family lives in one house comprising two rooms, a small hall and a small kitchen with adjacent bathroom.

Shereen – 29 years old

- Lives in Abu Gherira village, Minya.
- Family size: six members – Shereen and her father, mother and three younger sisters.
- Household income: EGP 2,200 per month.
- Shereen works as a community specialist in Minya, earning EGP 700 per month. Her father is a farmer working seasonally with an average monthly income of EGP 800. Her two sisters work as teachers and each earn around EGP 350 per month.
- The whole family lives in one very small house with two rooms, a small hall, a small kitchen, and a bathroom that is shared with their neighbours.

BoP FMCG assessment in Egypt

The BoP FMCG sector is naturally part of the wider FMCG sector in Egypt. Business Monitor International Ltd expects the country's private consumption growth rate to rise from 2.5% in 2015 to 4% in 2017.²⁰ Even though Egypt's per-capita GDP amounted to USD 3,366 in 2014,²¹ one of the lowest in the MENA region, demand for products has been increasing, and the FMCG sector is growing at an average of 11%.²² The FMCG sector is growing due to, among other things, population growth, a growing middle class, and urbanisation. The BoP segment in Egypt is very important for the FMCG sector. In 2014 the lowest-income households in Egypt devoted almost 69% of their budgets to non-discretionary items.²³

A number of bottlenecks in the food and agriculture value chain affect the FMCG market.²⁴ Egypt has one of the highest levels of crop wastage in the world, with both grains and perishable crops lost due to a lack of adequate transportation and proper warehousing. Egyptian agriculture is also sensitive towards climate change, including rise of sea level and flooding of the Nile Delta. In addition, Egypt ranks seventh in the world with regard to land fragmentation, which decreases opportunities for investments in large-scale agriculture. Overall, Egypt is a net food importer,

which caused the country's currency reserves to fall to USD 14.4 billion at end of 2013.²⁵

Given Egypt has a large poor population, rising food prices are a major concern. According to CAPMAS, in May 2014 food and drink prices displayed a year-on-year increase of 12% , with the price of vegetables up by 31% and beef by 42% in the same period. In response to the increase in prices, 88% of poor households shifted to less expensive foods, while 72% reduced their daily intake of meat, poultry and fish.²⁶

BoP DEMAND

Edible products are the largest FMCG sub-sector across income segments and represent 51% of total consumption.²⁷ The annual growth rate of food and beverage sales is on average 13%, with a specific increase of 30% during the month of Ramadan.²⁸

Most BoP spending comprises a limited set of low-cost food items, which leads to a relatively low level of dietary diversity and challenges related to low nutrient content. 58% of people in the lowest-income BoP segment have poor dietary diversity, compared to 36% in the higher-income BoP segment and 23% in the non-poor category.²⁹

Poor households are more dependent on cheap and subsidised sources of calories. Accordingly, these households have a lower share of energy from meat, poultry, vegetables and dairy products, which are rich in essential nutrients but expensive to buy. The cheap and subsidised products represent around 59% of dietary consumption in poor households and include maize, rice, sorghum, millet, bread, and other cereals, as well as tubers and roots.³⁰

Sugar consumption has grown rapidly in Egypt, with an average per-capita consumption at 33 kg per year (by way of comparison, in 2014 Europeans consumed 22 kg per capita).³¹ Three quarters of the total sales in Egypt's confectionery market are of low-price products.³² While these products are consumed across segments, interview respondents noted that the BoP also increasingly consumes higher quantities of sugar.

No recent data on BoP FMCG consumption of specific products have been identified. However, data from 2010 that compare per-capita expenditure on food in rural and urban areas in Egypt over a 20-year period provide some insight into changes in food expenditure (Tables 4 and 5).

Table 4 • AVERAGE ANNUAL PER-CAPITA EXPENDITURE (IN EGP) ON DIFFERENT FOOD GROUPS IN RURAL EGYPT AT 2010 MARKET PRICES, 1990/1991 TO 2009/2010³³

FOOD GROUPS	1990/1991		1994/1995		1999/2000		2004/2005		2009/2010	
	VALUE	%	VALUE	%	VALUE	%	VALUE	%	VALUE	%
CEREALS	365,88	29,83	349,74	23,20	312,04	19,48	308,24	18,80	253,74	18,49
MEAT	279,41	22,78	374,47	24,84	425,70	27,49	450,76	27,49	345,51	25,18
FISH	42,35	3,45	61,32	4,07	77,94	5,58	91,34	5,58	79,00	5,76
MILK & EGGS	106,47	8,68	130,79	8,68	147,26	10,40	170,59	10,40	157,005	11,45
FRUITS	54,41	4,44	75	4,97	92,74	6,19	101,51	6,19	83,44	6,08
OILS & FATS	101,76	8,30	133,95	8,88	135,22	8,76	143,70	8,76	125,07	9,12
VEGETABLES	145,88	11,89	209,74	13,91	210	13,57	222,52	13,57	202,55	14,76
SUGAR	53,82	4,39	71,32	4,73	78,27	4,98	81,68	4,98	62,91	4,59
OTHER FOOD PRODUCTS	39,12	3,19	56,84	3,77	68,92	1,53	25,04	1,53	23,56	1,72
BEVERAGES	37,06	3,02	43,95	2,91	53,63	2,70	44,20	2,70	39,26	2,86
T. FOOD EXPENDITURE	1226,47	100	1507,63	100	1601,73	100	1639,66	100	1372,19	100

Table 5 • AVERAGE ANNUAL PER-CAPITA EXPENDITURE (IN EGP) ON DIFFERENT FOOD GROUPS IN URBAN EGYPT AT 2010 MARKET PRICES, 1990/1991 TO 2009/2010³⁴

FOOD GROUPS	1990/1991		1994/1995		1999/2000		2004/2005		2009/2010	
	VALUE	%	VALUE	%	VALUE	%	VALUE	%	VALUE	%
CEREALS	233,87	19,33	335,99	16,0	311,35	13,66	305,61	13,75	241,20	13,25
MEAT	293,82	24,28	521,08	27,7	626,40	27,48	633,00	28,48	484,97	26,64
FISH	66,59	5,50	135,48	6,4	152,58	6,69	154,46	6,95	131,02	7,20
MILK & EGGS	144,85	11,97	270,69	12,9	300,09	13,16	320,63	14,42	296,46	14,80
FRUITS	73,46	6,07	156,30	7,4	183,84	8,06	170,30	7,66	128,64	7,07
OILS & FATS	90,85	7,51	164,01	7,8	154,73	6,77	167,49	7,53	151,38	8,31
VEGETABLES	143,94	11,89	258,61	12,3	251,83	11,05	245,87	11,06	233,87	12,84
SUGAR	58,81	4,86	95,12	4,5	106,38	4,67	106,93	4,81	80,69	4,43
OTHER FOOD PRODUCTS	89,27	4,90	98,97	4,7	109,14	4,79	39,44	1,77	35,78	1,96
BEVERAGES	43,71	3,61	68,64	3,3	83,86	3,68	79,21	3,56	63,75	3,50
T. FOOD EXPENDITURE	1210,07	100	2104,88	100	2278,87	100	2222,94	100	1820,65	100

For both groups, the largest proportion of their overall food budget is spent on meat, followed by cereals. Most notably, expenditure on cereal has decreased over the 1990/1991 to 2009/2010 period from 30% to 18% in rural areas and from 19% to 13% in urban areas. Towards the end of the period, consumption in urban and rural areas became more alike, with small variations: meat consump-

tion was similar but more cereals were consumed in rural areas (18%) than in urban areas (13%). It is worth noting that expenditure across the different food groups showed a decrease in 2009/2010 on the levels recorded in 2004/2005 because of the food crisis, which the government addressed by increasing food subsidies.

SUPPLY AND DISTRIBUTION OF FMCG PRODUCTS

The FMCG industry and packaged goods in particular have grown over the past 10 years in Egypt due to an increase in the Egyptian population and in the amount of imported goods, and to the presence of international and domestic retail stores, especially those targeting the top food expenditure groups. However, the food subsidy system introduced in 2014 was designed to introduce BoP consumers to more diverse options from additional brands, both local and international (see Box 1).

Many food and beverage products for the BoP are sourced and produced in-country by both domestic and international companies. Personal care products are also produced in-country. Many food products are produced and sold by small informal producers to local markets.

Multinationals such as the Kraft Heinz Company, Unilever, Danone and Nestlé all have in-country production in Egypt, and examples do exist of the BoP being included in their value chains. For example, the Milk Collecting Communities (MCC) project (see Box 2) run by Danone and Care International works to source milk from local farmers in Egypt, while training farmers on hygiene, milking, veterinary services, governance and organisation.³⁵

EGYPTIAN FOOD SUBSIDY SYSTEM

In order to secure food supply for the BoP in Egypt, the government has provided food subsidies over the past decade, most of which go towards subsidising bread. In 2014 the Egyptian government changed the subsidy system from quota-based subsidies to monthly cash entitlements. The poor are able to access a number of commodities including meat, poultry, dairy, rice, etc. The cheap and subsidised products represent a significant share of food consumption for items such as maize, rice, sorghum, millet and other cereals.

Box 1 • THE EGYPTIAN FOOD SUBSIDY SYSTEM

DANONE AND THE MILK COLLECTING COMMUNITIES PROJECT

A dairy industry objective is to encourage consumers to switch from loose milk to packaged milk. Dairy companies are therefore diversifying their milk supply portfolio in order to meet the expected demand. Working in partnership with Care International, Danone is implementing a BoP strategy in Egypt called Milk Collecting Communities (MCC) through which it sources its raw milk from local farmers. Small farmers are responsible for most local milk production in Egypt. This strategy enables Danone to diversify its sourcing of cheap raw milk and, at the same time, increases the capacities of poor farmers who learn new technologies for quality milk production.

Box 2 • DANONE’S MILK COLLECTING COMMUNITIES

Another example is SEKEM, an Egyptian company that promotes organic farming and sustainable development. SEKEM operates biodynamic farms and helps Egyptian farmers shift from conventional to organic agricultural production. SEKEM’s business model mainly involves working with poor local farmers whom it trains in organic farming methods. SEKEM then sells these farmers’ produce on the export market.³⁶

In 2014 domestic retail trade made up 12% of Egypt’s GDP and employed around 9% of the labour force. The Egyptian food retail market is dominated by small grocery stores (including grocery

shops, food specialists, and vegetable and fruit markets), which represent around 90% to 95% of the total number of stores in the country.³⁷

The BoP tends to shop at local convenience stores, where they can buy the products they require at competitive prices. However, the convenience stores found in poor areas are small and their offering is often limited. In rural areas the BoP often shops at local informal markets. Hypermarkets offer products at very competitive prices, but they are often located in areas that are inconvenient for BoP consumers to access. Kheir Zaman is an example of a local low-price supermarket chain that has made the BoP one of its target markets (Box 3).

In addition, the Egyptian military’s Food Security Department has expanded its network to reach the BoP in a number of areas throughout Egypt. These stores sell goods at low prices including basic grocery items, meat and poultry, and at present they are a key outlet used by the BoP.

KHEIR ZAMAN SUPERMARKETS³⁸ – A FOOD RETAIL CASE STUDY

Kheir Zaman is a retail chain owned by Mansour Group that sites its stores in or near poor and/or rural areas in Egypt and offers products at low prices. In 2011 local products made up 75% of the total stock sold in Kheir Zaman stores, whereas only 25% of the goods stocked in Metro stores (a high-end retail chain owned by the same group) comprised local products.

Box 3 • KHEIR ZAMAN SUPERMARKETS³⁸

6 Dairy and personal care

The field research primarily looked at dairy produce and personal care products (soap, toothpaste, etc.). While dairy produce forms an important part of BoP diets, personal care products provide the BoP with health benefits and ensure conformity with social norms.

BoP FMCG CASE STUDY ON DAIRY PRODUCE

In Africa and the Middle East, Egypt represents the third largest market share in the dairy sector in terms of market value.³⁹ The largest dairy product segment is cheese, which has a market value of approximately 38% of the total market value. The milk segment accounts for around 28% (see Figure 3 below).⁴⁰

Table 6 below presents the key market players, distribution channels and price points in the overall dairy market in Egypt. Most BoP consumers buy their dairy products at small grocery stores or food specialists. Some brands include product categories with low price points or packaging sizes that meet BoP needs – e.g. the Bkhero milk brand.

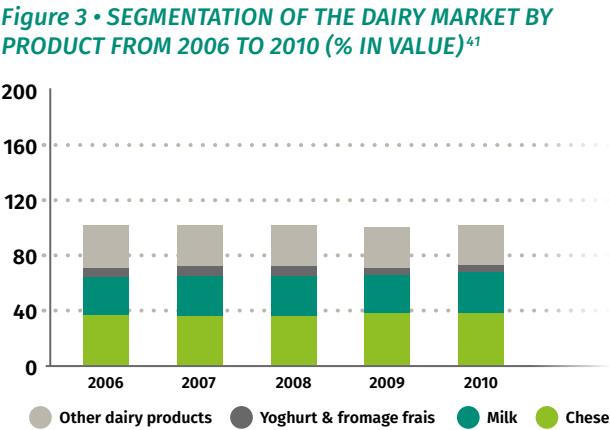


Table 6 • KEY INFORMATION ON EGYPT'S FMCG INDUSTRY – 2014⁴²

FMCG SECTOR	BRAND SHARES (SHARE IN %)	DISTRIBUTION (%)	LOWEST PRICE RANGE (EGP)
CHEESE	Domty: 12% El Manzala: 11% Obour Land: 9%	Modern grocery retailers: 34% Food specialists: 32% Small grocers: 26%	Domty feta cheese (125 g): 2% Obour Land (500 g): 6%
YOGURT	Juayna: 27% Danone: 23% Lactel: 9% Beyti: 6% Nestlé: 6%	Modern grocery retailers: 44% Food specialists: 27% Small grocers: 23%	Danone (105 g): 2% Almarai (105 g): 2% Nestlé (105 g): 1% Juayna (110 g): 2%
MILK	Bkhero (Juayna): 22% Juayna: 16% Nido (Nestlé): 11% Beyti: 5% Almarai: 4%	Modern grocery retailers: 40% Food specialists: 16% Small grocers: 32%	Almarai (1 l): 10% Bkhero (1 l): 8% Juayna (1.5 l): 14%

Drinking milk remained the highest-growth dairy segment in 2012 in terms of value (growth of 26%) and volume (increase of 18%), despite the decline in domestic raw milk supplies. Loose milk represents 72% of the Egyptian milk market and has been shown to carry certain health risks. Accordingly, the dairy industry is working to increase the market share of packaged milk from its current level of 28% to 80% by 2020.⁴³

Awareness campaigns are run regularly on Egyptian television to raise people's awareness about the downsides of loose milk and to encourage them to use packaged milk. The campaigns have shown good results so far leading to a reduction in loose milk consumption. Although around 80% of the Egyptian population as a whole consumes loose and non-pasteurised milk, this percentage is decreasing, which could open up new avenues for business ventures in the sector.⁴⁴ When it comes to yogurt, 40% of the market comprises packaged products and 60% is homemade (artisanal) yogurt. However, the rate of conversion from artisanal to packaged yogurt is faster than that of loose milk to packaged milk. Yogurt continues to be the most dynamic segment in the dairy sector. Forecasts predict that yogurt will increase its share of the dairy market from 14%, recorded in 2010, to 20% in 2020.⁴⁵ The BoP tends to opt for

yogurt in smaller packs or unpackaged, as it is considered to be cheaper and fresh. To meet the predicted future demand, companies like Danone and Juayna are investing in their upstream activities and expanding their dairy farms to increase the supply of raw milk.

The biggest seller in the cheese sector is unprocessed cheese, accounting for 74% of the total value of cheese sales in 2014. Soft cheese showed the fastest growth in terms of both value (24%) and volume (16%).⁴⁶ Packaged cheese accounts for 30% of overall cheese sales, much of which comprises soft cheese. Due to increasing food prices, many customers are now opting for cheaper brands. This has prompted companies like Egyptian Dairy and Foodstuff Co. to expand its Greenland range of economy brands to reach BoP consumers in rural and semi-rural areas. It has been observed that BoP consumers tend to buy medium-sized packs of cheese as they offer better deals.

Domty is more likely to be consumed by upper-middle class consumers, whereas the BoP is more likely to opt for Obour Land. There is a general trend among manufacturers towards producing cheese that is affordable to the BoP, which, as growth is expected in low-tier brands, enables them to increase their market share.⁴⁷

DAIRY AND THE BoP IN EGYPT – INSIGHTS FROM OBOUR LAND, JUHAYNA AND BEYTI

Milk and yogurt

Few milk and yogurt brands dominate the BoP market. The leading milk brand in the BoP market is Bkhero, which represents almost 50% of Juayna's milk sales and has the highest market share in the overall milk market. In addition, Bkhero has the highest market share in the economy milk market, with an 80% market share. Its 500 ml pack is sold to customers for EGP 4.25.

Juayna milk and yogurt brands are distributed through various channels including key accounts, wholesalers and retailers. The company reaches the BoP through its intensive distribution channels that include 33 branches, 50,000 sales outlets and more than 1,000 trucks, large and small. The small trucks facilitate distribution to the BoP, restocking local kiosks equipped with special Juayna refrigerators, and they find it easier to access tight-knit suburbs and villages. A new milk factory installed in Asyut is helping to ensure (a) the inclusion of the BoP in the production process by sourcing milk locally and (b) the distribution of products to the BoP in Upper Egypt.

A problem with dairy distribution is the fact that it requires major investment, which signi-

ficantly affects product end-prices. A successful strategy for distributing economy brands to the BoP is to use cheaper distribution models like wholesalers. This approach was adopted for Kol Youm, a new economy milk brand from Beyti that was launched on the market in 2015. Packs of Kol Youm are priced at EGP 4.25 and are now distributed in BoP markets through wholesalers.

Dairy products are not usually included in the subsidy system. A challenge for companies that do sell with subsidies is that they sometimes receive subsidy payments as late as 120 days. When production surpluses occur, some dairy companies sell their surplus stock to the government, which then distributes the products to the poor.

It is worth noting that milk bought in Egypt is used for cooking as well as drinking. The upper-middle and upper classes drink premium milk brands such as Juayna and Almarai, but use economy milk brands like Bkhero in cooking because it is cheaper. The middle and lower-middle classes drink economy brands, but use loose milk for cooking as it is cheaper and tastes fatty.

Box 4 • COMPANY INTERVIEW SUMMARY – DAIRY

Table 7 • SUMMARY OF FINDINGS FROM THE FOCUS GROUPS ON DAIRY PRODUCE

THEMES	CAIRO	UPPER EGYPT
AVAILABILITY Which products are available? Are they often sold out? Where do consumers buy products? How do consumers reach outlets? Are outlets located far away/crowded? Does the BoP demand products that are not currently available?	<p>Many products are available through the subsidy system. The new subsidy system exposed the BoP to a range of food items that were previously out of reach. Many brands of cheese, yogurt and packaged milk are available for consumption.</p> <p>'We prefer Domty. We consume the small pack at work and the big pack at home. If not Domty, then we eat Obour Land.' – focus group participant</p> <p>Cheese is a core component in the three daily meals of the BoP. The BoP usually shops in small, local grocery stores, which often accept ration subsidy cards. When the subsidy programme produce is sold out, the BoP buys it from other sources. The BoP representatives interviewed know about the military outlets, but do not go there as they consider them to be too crowded.</p> <p>Visits to a couple of local grocery stores revealed that dairy products are not widely available due to the lack of required refrigerators, which are often too expensive to buy and run. Small markets in the area sell dairy products.</p>	<p>Brand options and product availability are different from those offered in Cairo. The BoP segment has limited choice: two brands of cheese (sometimes one), one brand of yogurt, and no access to packaged milk. The BoP shops in small grocery stores in local villages, and they would like to shop at military outlets to be able to buy food cheaper. However, only one such outlet is available in the area and it is located far from the village.</p> <p>'Yes, we eat Lactel. We don't have time these days to make homemade yogurt. As for milk, we don't find packaged milk in the shops very often. Those of us who breed cows drink the milk we get from them. Others buy loose milk from local sellers' – focus group participant</p> <p>The brands that are able to reach the refrigerators of grocery stores are the ones that residents know about. The impact of advertising is not as strong as distribution. Lactel was recognised by people living in this area because it is the only brand available. The same goes for Obour Land and another brand called Gebnety.</p>
AFFORDABILITY Are products affordable for the BoP? Is the BoP forced to buy small packs at higher prices because larger packs are unaffordable for them?	<p>The BoP consumes small packs of cheese at work and medium-sized packs at home. They believe cheese is affordable and necessary. The BoP may consume yogurt once a week, but wish to consume it more. Many reported that they would consume yogurt more frequently if it were more affordable.</p> <p>Both loose and packaged milk are consumed, the two types generally costing more or less the same. While milk is perceived to be a luxury, it is still considered a necessity. In order to consume milk in small quantities, the BoP adds small amounts of milk to tea or coffee every day (the same goes for children).</p> <p>'We would love to give our children a full cup of milk instead of just some in their tea, and give them yogurt instead of soft drinks. But we cannot afford milk and yogurt.' – focus group participant</p>	<p>The culture in Upper Egypt is different to that of Cairo. Women tend to stay at home, while men tend to take breakfast before going to work and have an early lunch at home. This being the case, there is little demand for very small packs of cheese.</p> <p>The BoP do, however, see packaged cheese as a necessary foodstuff. Those living in rural areas in Upper Egypt pay slightly higher prices for packaged cheese compared to those in urban Upper Egypt or even Cairo. The situation of yogurt consumption in this region is the same as that of Cairo.</p> <p>There is a perception that villagers consume raw milk. However, this is not the case among those interviewed. Only farmers who breed cows have access to raw milk. Those who wish to consume packaged milk usually find that it is not available locally, and even when it is, it is not affordable.</p>
AWARENESS From where does the BoP obtain information about products? Is the BoP aware of health and safety issues related to products?	<p>As mentioned previously, the new subsidy system exposed BoP consumers to different kinds of products and brands that they had not had access to before. There was some awareness of the health issues associated with loose milk. However, participants expressed a preference for loose milk as it is seen to have a curd-like quality, which is perceived as a positive trait.</p>	<p>Knowledge about the different kinds of products and brands available is very limited, and accessing such products all depends on the informal distribution of goods. Knowledge of the health issues associated with products is also very limited.</p>
ACCEPTANCE Are products accepted (e.g. are people open to eating packaged dairy products)? What are the BoP's perceptions regarding product quality? Which (if any) cultural traditions are important for products?	<p>While all products are accepted, loose milk still seems to be more culturally accepted. That said, packaged milk is perceived to be higher quality (or more hygienic).</p>	<p>There is a demand for packaged milk, but awareness of certain issues relating to the consumption of milk in general is still lacking and needs to be addressed. In general, yogurt and cheese feature in local people's diet.</p>

OPPORTUNITIES IN THE DAIRY SECTOR

From a BoP perspective, the dairy sector is full of promise. The industry's collaborative effort to increase the market share of packaged milk from almost 30% to 80% by 2020 is an obvious opportunity for many dairy companies to expand their operations and increase their market shares – especially among BoP consumers who drink loose milk. Reducing loose milk consumption will help to protect the BoP against the health hazards associated with consuming unsafe milk.

Dairy-based products are an affordable source of protein and nutrients. Making them more available could improve BoP diets. The BoP consumers interviewed indicated that they would consume more milk if it was affordably priced and was easy to obtain in small supermarkets. Few companies target the BoP with yogurt products, which, given the increasing popularity of packaged yogurt in urban and rural areas, seems a wasted opportunity. Cheese is a strategic product for the dairy sector, as BoP consumers eat it as part of their breakfast, lunch and dinner. However, there are still bottlenecks in cheese supply. An opportunity therefore exists for companies to make low-priced cheese available to BoP consumers by selling it in stores local to them.

In the interviews it became apparent that, even though bulk retailers receive a discount from dairy producers, the savings do not get passed on to BoP consumers. The lack of cold storage facilities also clearly inhibits availability. Moreover, training last-mile distributors to address issues related to acceptance and awareness – getting them to promote the transition from potentially low-quality loose milk and yogurt to their safer packaged equivalents – is also proving challenging.

In the dairy sector the focus should be on ensuring the distribution of packaged milk, cheese and yogurt products to BoP consumers – especially those living outside urban areas. Key challenges that need to be resolved are the development of innovative cold chain solutions and the operation of a comprehensive distribution system that does not add excessively to the cost of the product being distributed. Inspirational examples from around the world of how these issues are being overcome are highlighted in the section on value chain opportunities in Chapter 7 below.

BoP FMCG CASE STUDY ON PERSONAL CARE PRODUCTS

In Egypt access to safe drinking water and basic sanitation services is uneven, and strong geographic and socio-economic disparities prevail. In addition, the insufficient adoption of appropriate hygiene practices leads to outbreaks of water-related diseases. It has been calculated that, in Egypt, 9.1% of the deaths of children below the age of five are caused by water-related diseases.⁴⁸ Sanitation and personal hygiene are therefore important markets for the BoP.

There is a growing market for personal care products in Egypt in general, but also among low-income segments. Euromonitor International found that, in 2014, the bath and shower products sector grew by 8%, with Unilever Mashreq leading the sector with a 19% market share.⁴⁹ Unilever's Lux and Good Morning bars of soap, with 7% and 9% of the market share respectively, are Egypt's biggest selling brands and are accessible for the Egyptian BoP. Table 8 presents the main market players, distribution channels and price points.

Table 8 • KEY INFORMATION ON THE FMCG INDUSTRY IN EGYPT IN 2014⁵⁰

FMCG SECTOR	BRAND SHARES (SHARE IN %)	DISTRIBUTION (%)	LOWEST PRICE RANGE (EGP)
BATH AND SHOWER	Good Morning (Unilever): 9% Lux (Unilever): 7% Camay (P&G): 5%	Modern grocery retailers: 38% Small grocers: 34% Health and beauty specialists: 15%	Camay (125 g): 3% Lux (125 g): 4%
ORAL CARE	Oral-B (P&G): 30% Signal (Unilever): 21% Colgate (Colgate-Palmolive): 14% Close-up (Unilever): 11%	Modern grocery retailers: 25% Small grocers: 30% Health and beauty specialists: 43%	Close-up (100 ml): 9% Signal (100 ml): 9%

The economic downturn and inflation that followed the 2011 revolution in Egypt prompted most companies operating in this sector to run promotions and offer discounts, especially on bars of soap for the BoP. There is a general trend among consumers – and especially among young people – to include health, hygiene and personal care products as part of their regular shopping. However, companies in this sector recognise that consumers at the BoP are not able to pay much for discretionary goods and often prefer recognisable brands. It is estimated that the sales of bar soap will grow by approximately 40% over the 2015–19 period.⁵¹

Direct selling to the BoP is sometimes used to make personal care products, especially deodorants and cheap fragrances, available to poor

consumers. Companies using this approach employ saleswomen from poor areas to sell their products door-to-door.

Sales of oral care products increased by 11% in 2014,⁵² and Unilever and P&G are the current market leaders (Table 8). Oral care products are usually targeted at the upper and middle classes and the higher tiers of the BoP. Many poor families are not very aware of the importance of oral care and often invest the small amount of income they allocate to discretionary goods on more basic hygiene products like bath and shower products. Accordingly, the target market for branded oral hygiene products is currently the highest-income group in the BoP segment.

APPROACHES TO EXPAND THE REACH OF PERSONAL CARE PRODUCTS - UNILEVER

Unilever has several brands that include the BoP as a target market (Lipton, Knorr, Rexona, Signal, Lifebuoy, Lux and Sunsilk), some of which are personal care items. To reach the BoP, Unilever has developed innovative distribution models in Egypt.

One approach, launched in 2012, is called Zeinab and is modelled on Unilever's Shakti project, implemented in India in 2001. The Zeinab project addresses the problem of women's unemployment in BoP markets and, at the same time, provides sustainable incomes for poor women in Egypt. The project currently provides in-kind finance for 2,000 women micro-entrepreneurs in Alexandria. The in-kind finance comprises a basket full of the brands mentioned above (as well as Lipton Tea and others), which the women entrepreneurs sell door-to-door in poor areas. The initial basket of products is given to women free of charge; thereafter they buy the basket from Unilever at a bulk-purchase cost. The women are allowed to sell other products except those of competitors. They also receive business and soft skills training. Unilever has been working with NGOs to implement the project. Zeinab supports Unilever's core business, solves the problem

of the availability and affordability of certain personal care products for poor consumers, and engages the poor as distributors.

The second approach, named Safeer, employs young men in Egypt as distributors of Unilever products. In this way, Safeer improves the availability of certain personal care products that are often lacking in local grocery stores and reduces youth unemployment in rural areas and small villages. The project launched at the end of 2012 with around 39 young distributors and by mid-2013 was working with 450. The young men use tricycles to distribute Unilever products to small grocery shops in poor villages.

The third approach, Irada w Noor, is dedicated to empowering visually-impaired people. This project engages 30 blind young men and women working in telesales and door-to-door selling of Unilever products distributed through pharmacies in poor areas in Cairo and Alexandria. As a result, Irada w Noor increased Unilever's distribution coverage, decreased costs and increased the employability of the visually impaired.

Table 9 • SUMMARY OF FINDINGS FROM THE FOCUS GROUPS ON PERSONAL CARE PRODUCTS

THEMES	CAIRO	UPPER EGYPT
AVAILABILITY Which products are available? Are they often sold out? Where do BoP consumers buy the products? How do BoP consumers reach outlets? Are they far away/crowded? Does the BoP demand products that are not currently available?	<p>Personal care products are generally available and recognised by the BoP.</p> <p>'We go to work. We are not housewives. So we have to smell good outside the home.' – focus group participant</p> <p>Rexona anti-perspirant deodorant is the most widely recognised and used brand, and it is available in the grocery stores visited, although in limited stock. Lux and Camay soap and Signal toothpaste are other known brands. Due to the economic climate, soaps tend to be used instead of shampoos. Soaps are widely available in grocery stores.</p>	<p>Only soaps are available and the brands available are the same as those in Cairo. Deodorants are not demanded or available.</p>
AFFORDABILITY Are products affordable for the BoP? Which product pack sizes do the BoP buy?	<p>Soaps are affordable and their purchase is often incentivised through promotions and product bundling. BoP consumers usually buy soap in packs of four or six to reduce costs. As deodorants are often hard to find in local grocery stores, the BoP buys them from chemist shops (which are more expensive outlets) for around EGP 3.</p> <p>Toothpaste is also available in limited quantities at grocery stores but, again, is widely available in chemist shops at higher prices. The BoP usually buys big tubes as they last longer.</p>	<p>The BoP buys soap in packs of four or six bars to save money. However, in rural upper Egypt soaps are sold at a slightly higher price than in urban areas, costing at least EGP 1.</p>
AWARENESS From where does the BoP obtain information about products? Is the BoP aware of health and safety issues related to products?	<p>The BoP recognises all the brands targeting their segment. Many soap and shampoo brands are recognised, but only one brand of deodorants (Rexona) is recognised as it is the only one available to them, is the most widely used and has a positive word-of-mouth reputation. The same goes for Signal for toothpaste.</p>	<p>The BoP only recognises Lux, which is also the only brand available in local grocery stores.</p>
ACCEPTANCE How do people perceive the products? Are they accepted?	<p>Hygiene is important to Egyptian women and especially to those active in the labour market. Soaps and deodorants are expensive for the BoP, but they are considered a necessity. Toothpaste is accepted, but mothers buy it for their children more than for themselves.</p>	<p>Soaps are demanded and accepted. Deodorants and toothpaste are not used by adults or young people.</p>

PERSONAL CARE OPPORTUNITIES

The focus group interviews clearly indicated that there are differences in the preferences of rural consumers on the one hand and urban consumers on the other, despite the underlying trend towards an increasing focus on hygiene and personal care and thus increasing demand. The focus group in Cairo was mostly concerned with affordability and availability, as access to personal care products was limited in traditional grocery stores. This forces consumers to buy personal care products in chemist shops at higher prices. In Upper Egypt, aside from soap, there is limited demand for personal care products. General availability is also very limited.

Consequently, market opportunities exist in personal care products for the BoP, which could be tapped by improving distribution in both urban and rural areas and introducing new products in rural Egypt. Developing partnerships with companies to introduce oral hygiene products for the BoP and raise awareness about oral care could be important from an oral health perspective – especially in view of the fact that BoP parents indicated in the focus groups that they mainly buy these products for their children. In general, partnerships on health and hygiene are often necessary to create behavioural change. To build these partnerships, distributors and other stakeholders who are in direct contact with BoP consumers would need training and education. They also need affordable products, which are, at present, often lacking in the portfolio of products targeted at the BoP.

Findings and opportunities

This section highlights the current dynamics of the BoP FMCG sector, then discusses findings for the two focus sub-sectors of dairy produce and personal care products and, finally, looks more broadly at the potential for inclusive innovation and BoP sector development across the value chain.

From the research, four observations stand out:

- 1 There are significant differences in demand, affordability and availability between BoP consumers in Cairo and those in Upper Egypt, which underlines the fact that BoP consumers in Egypt are not a homogenous segment. BoP consumers should therefore be addressed using a multi-segment approach that takes full account of the location and local market dynamics.
- 2 There is also clear evidence of a poverty penalty in rural areas in Egypt. The cost of distribution outside Cairo (and other large cities in Egypt) adds to prices in the country's rural areas, where income levels are generally lower. As a result, this consumer segment has lower purchasing power, which acts as a disincentive for retailers and others considering whether to invest in strengthening their distribution channels. BoP consumers, especially in rural areas, are therefore left to rely on the informal sector of open markets, micro grocery outlets/retailers and street pedlars, where the supervision of quality and the hygiene of products are limited. Raising standards in these local markets would be the most sustainable solution to strengthen local economies, but also requires significant resources.
- 3 Private sector companies in the dairy and personal care FMCG sectors examined herein are already involved in a number of initiatives and strategies targeting BoP consumers. Even though the companies did not wish to share detailed information on their operations and strategies, clear evidence exists showing that a number of companies (especially the more major players and multinationals) have a strategic focus on the BoP. Interviews also revealed that Egyptian and international companies already have a number of innovative projects underway that target the BoP. These projects should be studied further to gather best practices and understand the challenges arising.
- 4 BoP consumers' diets are often a cause for concern because, as food prices rise, the foods and food groups they consume tend to become less diverse. The government food subsidy cooperative system and the military shops play an important role in offering FMCGs to BoP segments and in promoting diversified consumption. Although the subsidy system was recently restructured, making a greater range of products available, these improvements have primarily benefited the BoP segment in urban areas. Moreover, given the long time it takes for subsidy payments to be effected, some companies are not interested in supplying the stores, which is having a negative impact on the overall performance of the scheme. The economic sustainability of food subsidies is also a concern.

In summary, the government is working to mitigate the serious food sector challenges that affect the BoP. However, to ensure the long-term sustainability of solutions, private sector involvement would be beneficial. Developing new, innovative and inclusive business models has an important role to play in creating win-win situations for BoP consumers, private sector companies, and other stakeholders looking to seize the opportunities inherent in the BoP market.

VALUE CHAIN OPPORTUNITIES

Presented below from a value chain perspective are the opportunities identified in the two focus sectors of dairy produce and personal care products as well as the innovative and inclusive business models recommended for realising them. International examples are included to illustrate potential approaches.

Product development

Developing products and services that are unique to the BoP market is an essential part of successfully serving BoP consumers. Indeed, many companies in emerging and developing markets have, over time, been successful in adjusting and reimagining their existing products to meet BoP market demands. A key point to make here is that targeting products for BoP markets is not just a matter of making them cheap; it is also about making them right in terms of taste, nutrition, availability, demand, etc.

In Egypt Juhayna has positioned its Bkhero milk brand in the economy market in an effort to lead the transition from loose to packaged milk. Recently, Beyti also launched its low-cost Kol Youm milk brand on the same market, the first time the company has developed a product specifically for the economy and BoP market segment. Obour Land is producing larger packs of cheese to meet the steady demand for cheese among BoP consumers.

It is useful for the private sector companies and other stakeholders working to develop innovative responses to market opportunities in Egypt to consider inspiring international projects, such as those presented below. Nutrition in particular is one area where Egyptian companies can look at building partnerships that focus on enhancing the nutritional value of their products.

Nestlé: A large proportion of the BoP population suffers the consequences of vitamin deficiency. To tackle this issue, Nestlé developed a strategy that sought, through its 'popularly positioned products' for emerging consumers with low incomes, to provide BoP consumers with nutritional guidance and fortified foodstuffs. For the latter, Nestlé adds low-cost micronutrients to certain of their products without increasing their price or reducing the products' quality in any way.

Sourcing of raw materials and FMCG production

Another important aspect of incorporating BoP people in FMCG value chains is to get them involved as suppliers of raw materials. Danone and Juhayna are already in the process of increasing both the quantity and quality of locally produced milk that they procure for their dairy production. There is significant potential to expand this type of activity. Examples of projects to this regard (described below) include the Tetra Pak and DeLaval project in Bangladesh and the Danone Milk Collecting Communities (MCC) project in Egypt.

Tetra Pak and DeLaval joined forces with local stakeholders in Bangladesh to create a collection network, consisting of dairy hubs, to increase the collection of locally produced milk for industrial processing. The dairy hubs link together smallholder farmers from several villages, enabling them to access the benefits of being part of a larger community. For each hub, milk-processing companies helped dairy farmers to organise the supply of their milk through village milk collection points. Mechanised milking machines were provided to improve animal productivity, and field service staff provided training and support through frequent on-farm visits. The results from the first hub set up showed that farmers increased their monthly income and milk yields.

Danone's MCC project in Egypt similarly sought to increase milk production and quality by improving access to veterinary services, distributing revenues in a fairer way, and so on. The idea is quite simple: Danone sets up the MCCs in Egypt and provides dairy farmers with a range of services (weighing, milk analysis, storage, etc.) to help them improve their production. As a result, Danone secures its supplies of better-quality milk and ensures a healthy and sustainable ecosystem around the supply chain. Also, one of the project's social impacts was the recruitment and training of local managers to run the centres. In total, more than 200 households were directly impacted by the project, and their incomes have increased.

Dina Farms is a local company that started out as a milk farm but, through a process of forward integration, took charge of the production and distribution of its milk. For BoP projects to succeed, stronger links along the value chain are often needed. There are a number of innovative and inclusive agricultural enterprises in Egypt that would benefit from support

on forward integration, as this would enable them to expand their impact further down the value chain. In short, the benefits of projects to include the BoP in the production end of the value chain help to increase food quality and safety, while generating additional revenue for small-scale farmers and other employment opportunities.

Packaging innovation

BoP consumers tend to buy goods in smaller quantities such as single-serving packs, which are more affordable for those lacking liquidity. Many companies have consequently pursued a strategy of making goods more attractive and affordable to local consumers by offering single-serving packs. The research also clearly shows that, in Egypt, Unilever, Procter & Gamble and others tailor their products to the needs of the BoP by modifying pack sizes and keeping prices low, with the aim of increasing BoP consumption of their products and maintaining brand loyalty. The focus group interviews held in Egypt revealed that some BoP consumers use bar soap for washing their hair. They also revealed a desire for personal hygiene products that could offer significant potential for packaging and products/brands developed exclusively for BoP consumers. Companies in Egypt could be supported to explore ways of developing new and innovative packaging as part of their product development process for the BoP that reflects global best practice and BoP preferences. Sustainable packaging options should be an important focus area in order to mitigate the negative impacts of the waste generated by single-serving packaging. At present, global companies are testing, among other things, more sustainable packaging materials, bulk sales with innovative financing options to bring down costs for BoP, and sales through different types of vending machine.

Distribution and retail

BoP markets in Egypt and elsewhere are often located in areas with inadequate infrastructure, leading to high distribution costs and limited availability in these areas. However, there are examples of companies that, by thinking outside the box, have managed to develop innovative retail and distribution solutions.

In Egypt the Kheir Zaman food retail chain appears to be the first significant attempt to find an innovative solution for food distribution to BoP consumers. Since starting their operations in 2006, the Kheir Zaman/Metro chains now have a total of 96 outlets.⁵³ Kheir Zaman's work with suppliers is an example of inclusive business in action, as procuring from small producers is integral to the business model. As part

of its procurement relationship, Kheir Zaman provides its suppliers (from both the formal and informal economy) with manuals and support to help them improve their services, covering areas such as packaging issues and product quality. It also offers stable, long-term procurement contracts and encourages and supports businesses to move from the informal to formal sector.

Kheir Zaman initially targeted people living above the poverty line in Greater Cairo, but has since expanded its operations to areas outside urban centres. There is, however, still a need to extend distribution and product availability to BoP consumers living outside urban areas, while at the same time making products affordable.⁵⁴

Another relevant example comes from the Philippines. Sari-Sari stores are small neighbourhood retail outlets set up by local female micro-entrepreneurs that they run from their own homes. Today, more than 1,000,000 women entrepreneurs have set up Sari-Sari shops,⁵⁵ creating a huge and extensive distribution network of local outlets through which FMCG producers can reach BoP consumers.

The interviews revealed that Unilever is looking at ways to overcome the challenges it faces in selling and distributing its personal care products to the BoP. In addition, the Cairo focus group participants explained that, as local grocery stores tend not to stock soap, shampoo and deodorants, they are forced to buy these products from pharmacies, which charge higher prices. Unilever's Zeinab distribution model, which makes these products available to women in their homes and at competitive prices, therefore helps them to overcome the problems with availability in local shops.

Addressing the same problem, Unilever's Safeer model is getting the company's products onto the shelves of local grocery stores by employing young men as micro-distributors, and its Irada w Noor model is reaching chemist shops in poor areas and villages.

In the interview with Juhayna, the company explained the efforts it has made and challenges it has faced in increasing the reach of its distribution channels outside Lower Egypt and the urban areas of the Nile Delta. Since the last-mile cool chain in Egypt is a challenge for distributing packaged milk, yogurt and other dairy products to BoP consumers at affordable prices, Juhayna and other Egyptian dairy companies and relevant stakeholders could look to West Africa for inspiration. The dairy company Fan Milk operates

a unique distribution network, which has become one of the West African firm's most important success factors. In order to reach as many customers as possible, Fan Milk has recruited a large number of vendors to sell their ice cream and dairy products directly on the street. The network currently comprises more than 20,000 independent micro-entrepreneurs who sell Fan Milk products from iconic, branded blue bicycles equipped with cool boxes.

In the Egyptian context, testing the Fan Milk cool-chain distribution model in urban and peri-urban areas could be interesting. With additional training, the micro-entrepreneurs could also be a useful tool for promoting consumer acceptance of packaged milk and raising awareness about the quality issues associated with loose milk.

In Egypt interesting distribution models have already been implemented and piloted. The main challenges lie in scaling up these models and convincing more companies to address BoP retail and distribution. An important approach observed in other countries is the integration of small local retail and distribution actors in larger BoP distribution and retail systems, which in some cases involves franchising concepts. With regard to scaling up, it is worth looking at companies outside Egypt that have been able to scale up their distribution and retail channels, such as Natura (Brasil) and Sari-Sari stores (the Philippines). While Natura and Sari-Sari are developing innovative approaches, the more conventional players also have the muscle to expand access. For example, a different way to expand BoP access would be to leverage the growing focus among major retailers on hard retail stores.

Marketing and consumer relations

As noted previously, many Egyptian companies are already selling to the BoP. Findings from the interviews show that the level to which they strategically target this segment in their marketing and to which they know about the specific preferences of the BoP varies. Small local producers and retailers operating in BoP markets by default have strong local links, but often have insufficient capacity to scale up their operations. For larger companies, the BoP is often one segment among many, and their focus is generally more towards higher-income segments. An interesting avenue to explore is therefore supporting companies to collect market intelligence on informal markets and to involve BoP consumers in the development of marketing messages and even products. Several organisations have developed toolkits that offer companies a range of practical approaches

for engaging with the BoP (IDEO, BoP Learning Lab, BoP Inc., etc.). For new products, market creation is an important factor. To promote FMCG products with a health impact, diverse global examples exist of how companies or partnerships have delivered behavioural change campaigns to support their products. The Egyptian FMCG market – large and small actors and organisations alike – would also benefit from building partnerships for campaigns. As indicated previously, running a campaign on milk safety has great potential for encouraging safer consumption and developing the packaged milk market.

Waste and sustainable consumption

As mentioned previously, there are major waste challenges associated with the FMCG sector. Despite this, few of the scaled-up BoP FMCG initiatives delivered either in Egypt or in other countries have sought to tackle the issue. Even though waste management is traditionally a public sector concern and responsibility, FMCG producers also need to engage in tackling waste issues. In Egypt Procter & Gamble, in collaboration with a local organisation, has developed the SWEEP-Net project to address waste collection and counterfeit products (see Appendix for details). When developing FMCG projects, companies should be made aware of the waste issues related to their operations and be encouraged to develop sustainable packaging methods and potential partnership models with other organisations or public entities.

Partnerships and financing

When looking at global best practice, some issues cut across the value chain. From the examples provided above, it is clear that partnerships play a central role in developing new and inclusive business models with positive development aspects. Combining the strengths of private sector companies, governments, NGOs and other civil society stakeholders is often necessary so that risks can be shared and the capacities of the different stakeholders leveraged. It is therefore useful to support companies and other stakeholders to develop different types of partnership model, avoid pitfalls and incorporate best practices in their work.

Another cross-cutting issue is financing. Since FMCG products have low price points, purchasing them rarely requires consumer financing. However, financing for the development of inclusive business ventures and to support smaller local companies to grow is certainly required. Appendix provides examples of the funding bodies operating in Egypt that may be relevant for these purposes.

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Research and studies

TITLE	AUTHOR	INSTITUTION	CONTENT	SOURCE
Kheir Zaman: A New Player in Food Retail	Samir M. Youssef	UNDP, Growing Inclusive Markets (see below also), 2011	The study looks at Kheir Zaman, an Egyptian retail chain that is contributing to the development of retail trade among low-income people. In the process of giving them better purchasing opportunities, Kheir Zaman is also developing the capabilities of informal suppliers so they can be included in the mainstream formal economy.	UNDP
A few examples of consumer research that are relevant to low-income markets. Often not publically available	N/A	Nielsen and other consumer research bodies	Example: analysis of the small sachet market in Egypt.	http://www.nielsen.com/us/en/insights/news/2013/small-sachets-are-a-big-trend-in-egypt.html
Understanding the Social Entrepreneurship System in Egypt	Inji El Abd, co-founder of Social Enterprise Cairo	The Alliance for Social Entrepreneurship, 2012 Partners are: USAID, Ashoka, Synergos Institute, and Schwab Foundation for Social Entrepreneurship	This report presents a situational analysis of the social entrepreneurship ecosystem in Egypt. The report contains a literature review, interview reports and a list of relevant actors for further research.	http://a4se.org/wp-content/uploads/2013/04/Understanding-the-Social-Entrepreneurs-hip-4.4.2012-IE-HR-JW-IE.pdf http://a4se.org/resources-egypt/
A Practitioner's Guide for Social Entrepreneurs in Egypt and the Arab Region	Ehaab Abdou, co-founder of Fat'het Kheir and Nahdet El Mahrousa	The American University in Cairo, 2010	The guide presents a collection of reflections and tips for anyone aspiring to start new development projects or social enterprises. The guide builds on both personal experience and discussions with young social innovators and entrepreneurs in Egypt and across the region.	http://www.aucegypt.edu/research/gerhart/Documents/Practitioner's%20Guide.pdf
Regulatory Reforms Necessary for an Inclusive Growth Model in Egypt	Homi Kharas and Ehaab D. Abdou	The Brookings Institution, Global Economy and Development Policy Paper, 2012	This policy paper argues that legal and regulatory reforms that encourage intermediary support organisations and allow new forms of inclusive business to register and operate are a necessary first step towards a new inclusive growth model.	http://www.brookings.edu/~media/research/files/papers/2012/11/inclusive-growth-egypt-kharas/11-inclusive-growth-egypt-kharas.pdf

Research and studies

TITLE	AUTHOR	INSTITUTION	CONTENT	SOURCE
The base of the pyramid in egypt	Confederation of Danish Industry (DI) and Sustainable Business Consulting (SBC)	Commissioned by the Royal Danish Embassy in Cairo, 2009	This study investigates the potential for doing business at the BoP in Egypt. The study is based on a field trip as well as desk research, and it documents a variety of business opportunities within various sectors, including FMCG.	Study can be accessed upon request
The next billions: business strategies to enhance food value chains and empower the poor	World Economic Forum and Boston Consulting Group	World Economic Forum, 2009	The report documents a series of commercially viable business models that have proven effective for strengthening food value chains in developing countries, and offers recommendations for scaling. It presents examples of specific business approaches that can engage poor producers, consumers and entrepreneurs along the food value chain. It outlines design principles for companies interested in developing such initiatives, and suggests actions that all stakeholders can take to facilitate the expansion of these business approaches.	http://www3.weforum.org/docs/WEF_FB_FoodValueChainsAnd-Poor_Report_2009.pdf
Spotlight on egypt and turkey hard discounters	N/A	Jadara Capital Partners	The study focuses on hard discount retail in Egypt and Turkey – e.g. the Kazyon chain.	http://www.jadaracapital.com/en/location/downloadDocument/file/spotlight-on-egypt-and-turkey-hard-discounters
Empowering ngos in egypt: the need for a new legal framework	Raghda El Ebrashi, Founder and Chair of Alashanek ya Balady Association	Skoll Foundation	The article explores the legal problems facing NGOs in Egypt, including challenges for financial sustainability.	http://www.thisisafri-caonline.com/Analysis/Empowering-NGOs-in-Egypt-the-need-for-a-new-legal-framework
The social enterprise sector in egypt: current status and the way forward	Ehaab Abdou, Raghda El Ebrashi	Social Entrepreneurship in the Middle East, Palgrave Macmillan, UK, 2015	The research looks at four social enterprises in Egypt and provides insights on the contextual challenges they face, including macro and industrial factors. Policy recommendations are provided.	In Jamali, D. and Lanteri, A. (eds), Social Entrepreneurship in the Middle East, Palgrave Macmillan, UK
Social enterprise funding and sustainability: the need for conducive legislation in egypt	Ehaab Abdou, Raghda El Ebrashi	AUC Business Review, 2014	This research explores the legal challenges facing social enterprises that are seeking to be financially self-sustaining, and provides policy recommendations.	http://www.unprme.org/resource-docs/AUC-BusinessReviewIssue-4Fall2014BuildingTrust.pdf

Companies

The table below provides examples of companies along the value chain that could be relevant to involve in future FMCG projects. Relevant company types include, but are not limited to:

- food manufacturing companies;
 - distributors, wholesalers and retailers (for example, hard discount chains);
 - consumer market research companies;
 - stakeholders offering innovative marketing and behavioural change approaches;
- enabling technologies (examples from other countries include the installation of milk dispensers to promote milk sales among the BoP, and mobile awareness technology and marketing);
 - waste handling companies/organisations.

COMPANY	DESCRIPTION	SOURCE
Tatweer	Tatweer is a social business designed for the sole purpose of upgrading and developing underutilised trade channels, starting with the street kiosk. By establishing the largest network of kiosks at prime locations across Egypt, Tatweer plans to develop new outdoor media and merchandising concepts that aim to improve and formalise existing trade channels for marginalised communities in the country and across the Middle East.	http://because.bz/economic-empowerment/egypt-kiosks-getting-sustainable-upgrade http://www.itsafricastime.org/stories/season-3/giz-and-iban
Nawaya	In 2014 the social enterprise Nawaya created the Baladini Kitchen Incubator. Baladini worked to create a virtuous hub of inclusive food-based businesses in the Sakkara area with the end goal of improving the life quality of local rural communities and fostering healthy, nutritional practices for women and their families. The Baladini incubator offers women living in local areas a central space for the preparation of traditional and local food, which will be sold at urban markets.	http://www.inclusivebusinesshub.org/profiles/blogs/responsible-and-inclusive-business-hubs-your-local-support-for
Jadara Capital Partners	Jadara Capital Partners is an asset management firm investing in frontier emerging markets in the Middle East and North Africa, sub-Saharan Africa, South Asia, Central Asia, Eastern Europe and Latin America. It has carried out numerous studies such as Spotlight on the Base of the Pyramid (2015), Spotlight on Edita Food Industries in Egypt (2015), and Spotlight on Egypt and Turkey Hard Discounters (see below).	http://www.jadaracapital.com/en
Obour Land	Established in 1995, Obour Land is a leading Egyptian cheese manufacturer that specialises in the production, processing and packaging of white cheese. Today the company produces a large range of pack sizes from 80 g to 500 g.	http://obourland.com/
Juhayna	Juhayna Food Industries, established in 1983, is a leading Egypt-based manufacturer specialising in the production, processing and packaging of milk, yoghurt, juice and juice concentrate. Today the company has 209 different products on supermarket shelves. These products are produced at six separate manufacturing facilities, which have the industrial capacity to produce a total of 2,900 tonnes of products each day.	http://www.juhayna.com/

Companies

COMPANY	DESCRIPTION	SOURCE
Beyti/Almarai	The International Company for Agro-Industrial Projects, Beyti, is a leading Egyptian producer of dairy and juice products. Beyti was established in 1998 following the acquisition of the largest commercial dairy farm in Egypt from the Saudi Group Dallah Al-Baraka. Today, Beyti produces a number of agrifood products, including juices, natural milk, flavoured milk, a variety of spoonable and drinkable yoghurts, and cooking and whipping creams, for domestic consumption and export sales.	http://beytiegypt.com/
Unilever	Unilever runs several projects that seek to promote efficient distribution to BoP consumers by employing the BoP as salespersons, door-to-door sellers and micro-distributors.	http://www.unileverme.com/
Pico Group/Modern Agriculture Company (MACO)	MACO is a leading agricultural company in Egypt with a business model that is fully vertically integrated, covering the agricultural value chain from propagation and cultivation to export.	http://picocompanies.com/
Danone	The dairy sector is currently working to encourage consumers to switch from loose milk to packaged milk. To meet the expected demand, companies in the dairy sector are diversifying their milk supply portfolio. Danone, in partnership with Care International, is implementing a BoP strategy called Milk Collecting Communities (MCC), which enables the manufacturer to source its raw milk supplies in Egypt from local farmers. Small farmers are responsible for most local milk production in Egypt. This strategy enables Danone to diversify its sourcing of cheap raw milk and, at the same time, increases the capacities of poor farmers who learn new technologies for quality milk production.	http://danone10.danone.com/uk/rubrique/#shaping_the_future/sustainable_milk_7
Mansour Group/Kheir Zaman	Hypermarkets offer products at very competitive prices, but they are usually inconveniently located for the BoP. Kheir Zaman, a local supermarket targeting the BoP, has exploited this gap in the market. Kheir Zaman is a retail chain owned by Mansour Group that sites its stores in or near poor and/or rural areas in Egypt.	http://www.mansourgroup.com/Industries/ConsumerGoods http://mmd.mansourgroup.com/retail/metro/
Proctor & Gamble	The Mokattam Recycling School project was put together in 2000 by the social entrepreneur Dr Laila Iskandar, who at that time was Chairperson of CID Consulting and is now Egypt's Minister of Environment. The project's first phase was funded by UNESCO, but its ongoing second phase is being financially supported by Procter & Gamble (P&G), a multinational company that sells a number of shampoo brands in Egypt. The scheme works by engaging young people involved in waste picking in Cairo in the recovery of empty P&G-branded containers, which they bring to 'the recycling school'. P&G then pays the young people for their collected containers, which it crushes for recycling. This protects the company's brands by removing opportunities for fraudulent refilling. The income from the sale of the crushed plastic is used to pay teachers' salaries.	https://www.pg.com/en_EG/ http://www.sweep-net.org/two-one-model-cairo-capturing http://www.itsafricastime.org/stories/season-3/giz-and-iban

Inclusive business and social entrepreneurship

ORGANISATION	CONTENT/INITIATIVE	SOURCE
Global Compact	The Global Compact Network Egypt is a potential partner that has carried out different inclusive business initiatives, but has a more general CSR focus.	https://www.unglobalcompact.org/engage-locally/mena/egypt
Federation of Egyptian Industries – Environmental Compliance Office (FEI-ECO)	Runs CSR services for member companies and an annual CSR award programme. The award can be used to showcase best practice examples of BoP ventures that have a sustainability angle. The ECO has a food sector officer, which is a good entry point for dialogue on which food sector companies to involve and how.	http://www.eco-fei.org/csr.aspx
The Alliance for Social Entrepreneurship Partners are: USAID, Ashoka, Synergos Institute, and Schwab Foundation for Social Entrepreneurship	Series on social entrepreneurship that comprises three elements: • The Need of a Legal Framework for Social Investment in Egypt • How to Bring Social Entrepreneurship to the Community Knowledge and the Education System • The Case for Hybrid Social Business Models Captures relevant knowledge on hybrid business models, which could also be relevant for the FMCG sector.	http://a4se.org/ http://a4se.org/resources-egypt/
Synergos	Synergos is a global nonprofit organisation that helps solve complex problems of poverty and inequality by creating and promoting collaborative partnerships among business, government, civil society, and marginalised communities.	http://www.synergos.org/
Ashoka	Ashoka is the largest network of social entrepreneurs worldwide, with nearly 3,000 Ashoka Fellows in 70 countries, including Egypt. Ashoka has extensive knowledge of BoP models and could be an interesting partner for initiatives.	https://www.ashoka.org/
SWEEP-Net	SWEEP-Net is the Regional Solid Waste Exchange of Information and Expertise Network that works on reinforcing institutional and personal capacities for integrated resource and solid waste management in Mashreq and Maghreb countries. SWEEP-Net's objective is to set up a common regional platform for the exchange of best practices, expertise and experience, and the provision of technical assistance and policy advice in the field of resource and solid waste management. From a MENA perspective, it is an interesting network with a specific focus on waste management. The right-hand URL links to information on the P&G-supported Mokattam Recycling School project to collect and recycle shampoo bottles.	http://www.sweep-net.org/two-one-model-cairo-capturing
Schwab Foundation for Social Entrepreneurship	The Schwab Foundation for Social Entrepreneurship is a not-for-profit, independent and neutral organisation that works to advance social entrepreneurship and foster social entrepreneurs as an important catalyst for societal innovation and progress. The Foundation operates in Egypt.	http://www.schwabfound.org/
The Skoll Foundation	The Skoll Foundation drives large-scale change by investing in, connecting up and celebrating social entrepreneurs and innovators. The Foundation is active in Egypt – e.g. it is supporting the SEKEM initiative (see listed URLs).	http://skoll.org/ http://skoll.org/organization/sekem-group/ http://www.sekem.com/
Wamda	Wamda is a platform of programmes and networks that aims to accelerate entrepreneurship ecosystems across the MENA. Wamda's core competencies are in community development, media, research, and advisory services.	http://www.wamda.com/

Donors and organisations

INSTITUTION	INITIATIVE	CONTENT	SOURCE
Egyptian Chefs Association (ECA)	From Farm to Fork conference	Project addressing the problem of food waste and organised by GIZ RIBH, Chamber of Food Industries and ECA. Not a direct FMCG link, but interesting for its broader focus on food for the BoP.	http://www.egyptchefs.com/
CARE International Egypt	Milk Collecting Communities (MCC)	Danone, in partnership with CARE International, is implementing a BoP strategy called Milk Collecting Communities (MCC) that enables it to source its raw milk in Egypt from local farmers.	http://www.care.org.eg/
GAIN (Global Alliance for Improved Nutrition)		<p>Works on market-based nutritious solutions and has extensive knowledge of BoP markets, demand creation, nutrition, etc.</p> <p>GAIN could be an important partner on work to assess the nutritional profile of potential projects and it sometimes has resources to support projects.</p> <p>BoP Learning Lab works closely with GAIN and can link up with relevant people depending on a specific focus of the project at hand.</p>	<p>http://www.gainhealth.org</p> <p>Relevant cases of value chain innovation can be shared.</p>
Federation of Egyptian Industries (FEI) Chamber of Food Industries (CFI)		FEI is Egypt's largest business and employers' organisation covering most sectors, including food (CFI). CFI is a non-profit organisation under the umbrella of FEI. CFI is the official representative of the Egyptian food industry, with a member base of more than 3,000 companies. CFI is an access point to food sector members and sources of information on the food value chain and environment.	http://www.fei.org.eg/
Egyptian Junior Business Association (EJB)		EJB is an NGO with more than 650 senior businessmen and women members from different sectors.	http://ejb.org.eg/
Middle East Council for Small Business and Entrepreneurship (MCSBE)		MCSBE works to advance entrepreneurship and small business in Egypt and the Middle East. MCSBE is an affiliate of the International Council for Small Business (ICSB) covering Egypt, Jordan, Saudi Arabia and Morocco, and linking to the ICSB global network of affiliates and members from 70 countries around the world. Members of the MCSBE include representatives from government bodies, universities, business associations, banks, venture capital companies, donors, consulting companies, large corporations and entrepreneurial companies, business development service (BDS) providers, and development NGOs. If a MENA-wide approach is adopted, it may be useful to liaise with a cross-regional organisation like MCSBE.	http://www.icsb.org/project/mcsbe/
Center for International Private Enterprise (CIPE)	Various entrepreneurship programmes globally	CIPE's programmes around the world help entrepreneurs to become a driving force for reform, by working together and making their voices heard in the policy-making process through business associations and chambers of commerce. CIPE runs different programmes that could include FMCG projects for the BoP.	http://www.cipe.org/publications/detail/entrepreneurship-programs-cipe

Donors and organisations

INSTITUTION	INITIATIVE	CONTENT	SOURCE
USAID	The Alliance for Social Entrepreneurship Partners: Ashoka, Synergos Institute, and Schwab Foundation for Social Entrepreneurship	See the Alliance for Social Entrepreneurship entry above.	http://a4se.org/
UNDP	Growing Sustainable Businesses (2009–2013)	The Growing Sustainable Business initiative (GSB) facilitated business-led enterprise solutions to poverty. Using the GSB approach, UNDP brokered multi-stakeholder partnerships in developing countries to foster pro-poor investment that (a) developed new business models to reach the poor (b) extended the value chain to reach small entrepreneurs.	http://www.undp.org/content/dam/undp/documents/projects/EGY/Final%20Project%20Report.pdf
UNDP	Growing Inclusive Markets Initiative (GIM)	<p>Conceived in 2006, GIM is a UNDP-led global multi-stakeholder research and advocacy initiative that seeks to understand, enable and inspire the development of more inclusive business models around the globe, thus helping to create new opportunities and better lives for people within the world's low-income communities.</p> <p>A useful report produced by the initiative is Realizing Africa's Wealth – Building Inclusive Businesses for Shared Prosperity (see second link on right)</p> <p>Previously GIM had a focus on BoP markets and business development and hosted a BoP conference with BoP Learning Lab/Danida in which Mansour Group and other food companies participated.</p>	<p>http://www.undp.org/content/undp/en/home/ourwork/funding/partners/private_sector/GIM.html</p> <p>http://www.undp.org/content/dam/undp/library/corporate/Partnerships/Private%20Sector/UNDP%20AFIM%20Realizing%20Africas%20Wealth.pdf</p>
FAO		Offers data on food and agriculture related issues in Egypt.	http://www.fao.org/countryprofiles/index/en/?iso3=egy

Financing

ORGANISATION	CONTENT	SOURCE
SHEKRA	SHEKRA's work involves crowdfunding solutions in the MENA region. It runs an investors' network and various start-up programmes.	http://www.shekra.com/en/index.php
Ideavelopers	Ideavelopers is a venture capital firm that helps innovative start-ups to grow. They invest and support start-ups, provide risk capital to portfolio companies and support them with strategic advice and industry access. The firm mainly focuses on technology.	http://www.ideavelopers.com/
Cairo Angels	Cairo Angels is a forum for investors seeking high-potential start-ups. Although most of the investments to date have been in the tech arena, Cairo Angels aim to invest across all sectors and have a particular appetite for export-oriented products and services. Cairo Angels are especially interested in businesses from the agricultural, logistics and energy sectors, and they hope to see more women entrepreneurs applying. Cairo Angels are open to regional start-ups.	http://www.cairoangels.com/
Other impact investors	There are a number of impact investors in Egypt. Engaging some of them in supporting new business ventures with patient capital would be useful for the FMCG sector.	

Support entities – consulting, start-up incubators and accelerators

ORGANISATION	CONTENT	SOURCE
Inclusive Business Action Network (IBAN)	The Inclusive Business Action Network is as a facilitator and gateway to the global Inclusive Business Community. The network compiles and creates information and knowledge on sectors, regions and topics, such as studies, guidelines and market research. In addition, it offers dedicated online and offline learning formats as well as matchmaking events.	www.ib-an.net
BoP Learning Lab	The BoP Learning Lab is hosted at the Confederation of Danish Industry. Since 2007 the Lab has worked to collect and disseminate knowledge related to BoP markets. The Learning Lab has developed practical tools and, through workshops, study trips and other activities, has functioned as a platform for knowledge sharing and partnership development. The Learning Lab has also supported many company ventures, including FMCG projects.	http://di.dk/English/international/BOP/Pages/default.aspx
Inclusive Business Accelerator (IBA) Partnership between BoP Innovation Center, SNV (Netherlands Development Organisation), VC4Africa	The Inclusive Business Accelerator facilitates the acceleration of impactful entrepreneurship in BoP markets. IBA invests in components – IBA Global, IBA Local and IBA Online – to create a one-stop shop for businesses to innovate, grow, replicate and improve their IB strategy. IBA has a focus on the agriculture and food sectors.	https://iba.ventures/what-is-iba/
IceCairo	IceCairo is a social enterprise and part of the international icehubs network that started out with IceAddis in Ethiopia and IceBauhaus in Germany. IceCairo is a community-powered green-tech innovation hub.	http://www.icecairo.com/
VC4Africa Founding partners: Stichting Doen, Hivos, Argidius	Venture Capital for Africa is a platform for start-up funding. VC4Africa is the largest online community of entrepreneurs and investors dedicated to building game-changing companies on the continent. Entrepreneurs have access to free online tools, mentorship opportunities and private deal rooms. BoP Learning Lab is in contact with VC4 Africa, opening up the potential to position projects on the platform and link with impact investors.	https://vc4africa.biz/
Nahdet El Mahrousa	Nahdet El Mahrousa is an incubator for early stage innovative social enterprises in Egypt and the Middle East.	http://www.nahdetelmahrousa.org/
Injaz Egypt	Injaz Egypt is a non-profit organisation that strives to actively engage the Egyptian community in inspiring and educating current and future generations to become qualified employees and entrepreneurs who can help contribute to the growth of the country's local and global economy.	http://inzaj-egypt.org/
Startup MENA/Venture Scout	Startup MENA is an initiative of VentureScout (an international consultancy sourcing start-ups and innovation for corporates) and is funded by the Danish Foreign Ministry and Confederation of Danish Industry. Startup MENA boosts start-up ecosystems through tailored workshops for start-ups and entrepreneurs, connecting them with mentors, corporates and investors. Startup MENA's mission is to help develop the infrastructure required to establish self-sustaining start-up ecosystems that can foster innovation and growth in the MENA region that is internationally competitive.	http://www.startup-mena.com/
RiseUp Summit	RiseUp Summit is an annual event. The 2015 Summit aimed to connect entrepreneurs to resources, while reflecting and supporting the status and development of the entrepreneurship ecosystem in Egypt, the MENA region and Africa as a whole.	http://riseupsummit.com/

Support entities – consulting, start-up incubators and accelerators

ORGANISATION	CONTENT	SOURCE
Flat6Labs	Flat6Labs is a regional start-up accelerator programme in the MENA region that provides seed funding, strategic mentorship, a creative workspace, a multitude of perks and entrepreneurship-focused business training. It directly supports start-ups through its expansive network of partner entities, mentors and investors.	http://www.flat6labs.com/
Endeavor Egypt	Endeavor works to catalyse long-term economic growth by selecting, mentoring and accelerating the best high-impact entrepreneurs around the world. Endeavor helps high-impact entrepreneurs unleash their potential by providing an unrivaled network of seasoned business leaders, who provide the key ingredients for entrepreneurial success.	http://endeavoreg.org/
CID Consulting	CID Consulting offers integrated solutions in marketing communications, management and community development across the MENA region, North America and Europe. CID Consulting is based in Cairo and operates in industries such as education, ICT, FMCG, oil and gas, trade and economic development, government, solid waste management, and financial services.	http://cidconsulting.com/
Synergos Consulting	Synergos Consulting offers advisory and implementation support with a social purpose. Synergos Consulting enables companies to grow sustainable businesses and generate social value in emerging markets.	http://www.synergosconsulting.org/
GESR (Misr El Kher)	GESR is an initiative of the Misr El-Kheir Foundation in Egypt. It is rooted in the Foundation's commitment to (a) contribute to a knowledge-based economy and (b) identify technologies that can help to tackle socio-economic challenges in the fields of water, energy, food, health and education that are currently at the research stage and get them into production.	http://gesr.net/en/home-page

FOOTNOTES

1 IFC (2015) G20 Inclusive Business Framework. Available at: http://www.ifc.org/wps/wcm/connect/f0784d004a9b1f2ea5f0ed9c54e94b00/Attachment+G+-+G20+Inclusive+Business+Framework_Final.pdf?MOD=AJPERES

2 boplearninglab.dk. Report by Katrine Ruby Bødiker, Raghda Elebrashi and Sara Ballan

3 World Food Programme (2013)

4 Due to the limited time available to access poor areas, it was not possible to employ random sampling techniques that involve large sets of respondents. Consequently, the sampling technique used in this study is non-probability convenience sampling.

5 In the BoP literature several different versions of the 4A framework are shown to have been used.

6 Find out more about GAIN at www.gainhealth.org/

7 For more information, visit www.tetrapak.com/sustainability/food-availability/dairy-hubs

8 Available at <https://www.giz.de/fachexpertise/downloads/giz2012-0304en-growing-business-smallholder.pdf>

9 Fan Milk's website: www.fanmilk.com

10 A growing category of discount store.

11 Natura Brasil's website: <https://www.naturabrasil.fr/en>

12 Youssef, S. (2011).

13 Central Agency for Public Mobilization and Statistics (www.capmas.gov.eg – in Arabic)

14 CAPMAS (2014).

15 Euromonitor International (2015)

16 United Nations Development Programme, UNDP (2011). The ADCR 2011: Poverty in Egypt (2009). Arab Development Challenges Background Paper 2011/11. Author: Heba El Laithy

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19 2013 data from CAPMAS

20 BMI Research (2015), Egypt Food and Drink Report.

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24 Egyptian National Competitiveness Council (2013).

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26 WFP (2013).

27 Ibid.

28 Oxford Business Group (2013).

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30 WFP(2013).

31 Oxford Business Group (2013).

32 Ibid.

33 Computed based on data from HIECS, CAPMAS, 1990/1991, 1994/1995, 1999/2000, 2004/2005, 2009/2010.

34 Ibid.

35 http://danone10.danone.com/uk/rubrique/#shaping_the_future/sustainable_milk_7

36 Arthur (2011), and the Sekem webiste (www.sekem.com).

37 Ramzy, O., Ogden, J. R. and Ogden, D. T. (2011)

38 Youssef (2011).

39 BMI Research (2015), Egypt Food and Drink Report Q4.

40 Marketline (2012), Dairy in Egypt.

41 Ibid.

42 Compiled using data from Euromonitor International (2015).

43 Marketline (2010), and Euromonitor International (2015).

44 BMI Research (2015), Egypt Food and Drink Report.

45 Euromonitor International (2015).

46 Euromonitor International (2015).

47 Euromonitor International (2015).

48 Unicef, Egypt: http://www.unicef.org/egypt/immunisation_7135.html

49 Euromonitor International (2015).

50 Ibid.

51 Ibid.

52 Ibid.

53 Presentation, Mansour Foundation for Development (2015).

54 Youssef (2011).

55 See: www.hapinoy.com (2015).

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