CASE STUDY: INVESTING IN A CÔTE D'IVOIRE ENTREPRENEUR TO ENSURE CHILDREN'S FIRST FOODS ARE FORTIFIED

Global Alliance For Improved Nutrition (GAIN) Supports A Woman-Owned Local Enterprise To Produce And Distribute Nutritional Infant Cereal In Côte d'Ivoire

EXECUTIVE SUMMARY

Many children in Côte d'Ivoire are consuming an inadequate diet that lacks the important vitamins and minerals needed for healthy growth. Today, over thirty percent of Ivorian children under the age of 5 are considered stunted, and may never obtain the height lost in their early years, or gain the c orresponding body weight.

To help address the malnutrition issues facing young infants and children, the Global Alliance for Improved Nutrition (GAIN) sought to build a commercial business model in Côte d'Ivoire by building a partnership with a locally owned company, Protein Kissée-La (PKL), the first Ivorian company to manufacture infant cereal, and the international NGO Helen Keller International (HKI). This private-sector partnership focused on developing, manufacturing, and distributing low-cost sachets of a fortified, instant milk-based cereal, Nutribon, to the Ivorian population.

PKL would benefit from technical assistance for improving the quality of their product as well as obtain financing for constructing a new production facility. HKI would focus on changing social behavior to educate parents on the importance of feeding their children infant cereal fortified with necessary vitamins and minerals. In turn, GAIN would be able to reduce child malnutrition for the most vulnerable populations through increased access to locally produced and affordable fortified infant cereals.

Benefiting from GAIN's investment and nutrition expertise, PKL has contributed to improving the accessibility and affordability of fortified complementary foods for Ivorian infants and young children. However, this has not come without challenges. Civil war, rising costs, budget constraints, international competition and challenges in reaching vulnerable children has put pressure on the business model, resulting in short-term sacrifices and concerns with long-term viability of the product in the market.

Key Strategic Lesson

It is challenging to bring a high-quality product to the market that is affordable to consumers at the bottom of the pyramid. Nutritional quality and food safety comes at a cost.

Key Operational Lesson

Investments in production, distribution and marketing need to be balanced in order to ensure the product reaches its target markets.

INVESTMENT SNAPSHOT

Geographic coverage: Côte d'Ivoire

Project start: June 2009

Stakeholders: GAIN, Protein Kissée-La (PKL), Hellen Keller International (HKI)

Nutrient Products: Fortified instant milk-based cereal (Farinor Nutribon)

Addressed customers: Infant and young children ages 6 months to 24 years in low income populations of Abidjan and in rural poor regions

Project Goals: Increase accessibility and affordability of a nutritious fortified cereal by investing in a local producer

Total anticipated project cost: $11 million

GAIN contribution (% total project): $3.5 million (31%)Farinor

ABOUT GAIN. The Global Alliance for Improved Nutrition (GAIN) is an international organization launched at the UN Special Session on Children in 2002 to tackle the human suffering caused by malnutrition. We believe that everyone in the world should have access to an affordable, healthy and nutritious diet. We focus our efforts on children, girls and women because we know that providing these groups with sustainable, nutritious diets is crucial to ending the cycle of malnutrition. We act as a catalyst – bringing together alliances of governments, business and civil society - to find solutions and deliver results. Through this collaborative approach, we believe that malnutrition can be eliminated within our lifetime.

For Further Information

Magali Leyvraz
Global Alliance for Improved Nutrition
mleyvraz@ gainhealth.org

BACKGROUND & CONTEXT

Côte d'Ivoire, with a population of nearly 20 million people, consistently ranks in the lowest 20% of economic and health indicator surveys. Today, the average Ivorian is expected to earn $1,800 per year, live only 55 years, and has a 30% likelihood of chronic childhood malnutrition. Thirty percent of Ivorian children under the age of 5 are stunted, a condition associated with decreased cognitive function. Stunting negatively impacts the educational ability, work performance and ultimately income potential of future generations. Although there are many reasons for malnutrition among children in Côte d'Ivoire, food shortage is actually not one of them. According to UNICEF, Ivorian malnutrition stems from a lack of hygiene and poor feeding practices.

Before age six months, GAIN strongly supports exclusively breastfeeding infants. It is estimated about 800,000 children's lives (13% of all deaths) could be saved every year among children under 5 if all children 0–23 months were optimally breastfed. GAIN supports breastfeeding because it is a no-cost feeding option that has a number of health benefits, not only for the baby but also for the mother. These include protection for the baby against illness due to the nutrient and antibody supply in breast milk and the decreased risk of different cancers and bone complications for women who breastfeed.

At around six months infants start to need supplemental nutrition in addition to exclusively breastfeeding or formula. In countries where stunting is highly prevalent the promotion of breastfeeding and appropriate complementary feeding could prevent about 220,000 deaths among children under 5 years of age.[1] In many societies infant cereal is one of the first foods consumed by infants to supplement breast milk and combat malnutrition. Cereal is introduced around age four to six months and typically is consumed through age two. Without fortification, the micronutrient content of cereal (especially after milling) is very low and only provides a small proportion of the daily requirements. Adding the appropriate amount of nutrients to widely consumed commercialized cereals has proven effective in combatting dietary deficiencies in infants and young children. Fortified cereal allows infants and young children to consume a variety of nutrients in their meals so that even if the amount of food they consume is low, their growing bodies can benefit from high amounts of vitamins and minerals.

In 2008 the Global Alliance for Improved Nutrition (GAIN), recognized the opportunity to address infant and young child malnutrition in Ivorian children ages 6 to 24 months by investing in locally produced fortified foods. However, even with the benefits of consuming fortified food, marketing of commercial infant cereal is highly restricted based on the history of major international brands using exploitative practices and marketing commercial formula to women in the developing world.

Today, the WHO and Health Ministries are cognizant of the importance of encouraging breastfeeding and limiting inappropriate and exploitative marketing of nutritional products to young children. Many fortified infant cereals are relatively expensive and are imported from abroad. If made locally, they often don't meet standards of quality or fortification requirements. By increasing the quality, affordability and amount of fortified cereals available in the marketplace, GAIN would be able to increase the amount of nutrients young children were consuming.

ABOUT MALNUTRITION AND FOOD FORTIFICATION

Malnutrition is a global issue that affects billions. The term malnutrition refers to both undernutrition and overnutrition. Undernutrition indicates a lack of the necessary energy, protein or micronutrients while overnutrition and obesity mean too much energy, fats or specific micronutrients.

Vitamins and minerals, also known as micronutrients, are a critical component of good nutrition. In particular, folate (vitamin B9), iodine, iron, vitamin A, zinc, and other B vitamins including thiamin (vitamin B1), riboflavin (vitamin B2), niacin (B3), cobalamin (vitamin B12) and pyridoxine (vitamin B6) are important for healthy and productive populations. Without them, children develop birth defects, blindness and an inability to learn properly, among other long-term disabilities.

Food fortification is the process of adding vitamins and minerals to staple foods, like cereal and condiments. With GAIN support, more nutritious foods and condiments such as wheat flour, maize meal, salt and vegetable oil are now available in over 28 countries.

OBJECTIVES AND APPROACH

Woman Entrepreneur Takes on Commercial Giants

Although infant cereal has been around and consumed for over one hundred years in Côte d'Ivoire, a dynamic female entrepreneur envisioned a convenient fortified cereal product that could be sold at a low enough price to make it accessible to all families with young children.

Twenty years ago, Madame Marie Konate sat in her kitchen in Abidjan contemplating how families could feed their young children nutritious meals quickly, easily, and most importantly, inexpensively. Her business plan began with a black-and-white sketch of a small sachet of

[1] World Health Organization Media Center Fact Sheet http://www.who.int/mediacentre/factsheets/fs342/en/)

infant cereal. Konate started her business in the early 1990s with only 600 Euro, one machine and a rented stand in her local market. Under her fervent leadership, Protein Kissée-La, also known as PKL, grew into an established local competitor to major international food giants such as Danone and Nestle. PKL would be the first Ivorian company to successfully bring commercial fortified cereal to market. PKL offers a cheaper, local alternative to families wanting to feed their children nutritious cereal.

For those consumers at the base of the pyramid, affordability is key to reaching the infants and children who most needed the additional nutrients. Due to this positioning in the market, GAIN saw an opportunity to partner with Madame Konate and PKL in launching and producing a new fortified infant food locally in Abidjan.

GAIN's investment in Côte d'Ivoire was called the Projet de Promotion de l'Alimentation de Complètement Enrichie du Jeune Enfant, also called PACE.

PKL's role in the partnership as a business was to source, produce, market and distribute high-quality nutritional cereal for infants and young children. In addition to the investment to PKL, GAIN and PKL brought in Helen Keller International, a non–governmental organization for social marketing to encourage widespread adoption and behavior change. PACE was a commercial business model partnership, functioning with little to no government involvement. GAIN did not have any field team in-country but would rely on PKL for all value chain activities and Helen Keller International (HKI) for social marketing.

Through their investment in PKL GAIN assisted in reformulating the original cereal product into one fortified with the amount of vitamins and minerals that young children need, and repackaging it in more affordable daily serving sachets—all through an established local company being driven by a dynamic CEO.

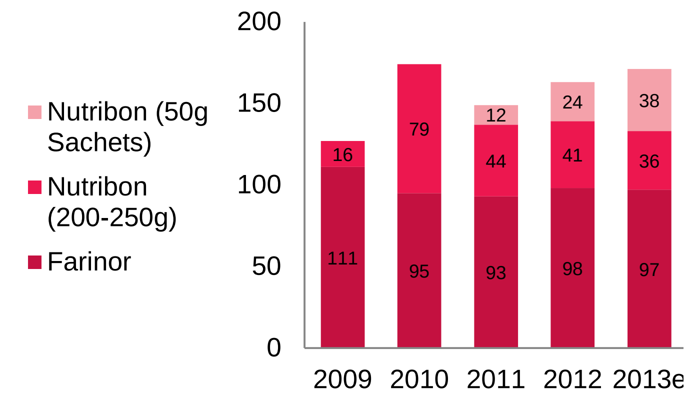
Unfortunately, in 2011, soon after the partnership started Civil War broke out and the crisis soon escalated into a full-scale military conflict. In Abidjan Madam Konate and her employees faced heavy fighting and sporadic bursts of violence. Production decreased significantly and the cost of raw materials ramped up. Building a new facility and bringing a new product to market seemed a faraway dream when the daunting task of rebuilding a whole city lay before them.

GAIN Partners to Develop a High Quality, Affordable, Financially Sustainable Product

When the project began in 2008, PKL had already penetrated the complementary instant cereal market with its flagship product, called Farinor. PKL was an established player in the market and the Farinor brand had developed positive brand equity in the Abidjan region. The GAIN investment was intended to build on the success of Farinor by improving the product formulation and nutritional content, becoming code compliant with the World Health Organization (WHO), and reaching a new segment of the population through smaller, less costly packages. This product line extension was branded Farinor Nutribon (Nutribon).

The PKL business proposal and plan was based on large production investment early on—in product quality, quality control and production capacity--followed by small marketing and distribution investments in the later phases. This seemed like the best approach since PKL's factory needed fundamental improvements in order to manufacture the 50g sachets and produce the required volume to break even. As a result, about 80% of the $2 million GAIN investment went to constructing the new plant and purchasing new equipment, with only 13% allocated to distribution and 7% to marketing.

Figure 1: Production by Product Type (kg)



GAIN did not invest in branded marketing of the new product because they did not want to discourage breastfeeding and they needed to adhere to the WHO code on marketing to this sensitive population. Instead GAIN and PKL relied on HKI to implement social marketing. HKI health workers would promote fortified cereal use in clinical visits and workshops, educating Ivorians on infant and child feeding practices. While HKI demonstrated how to prepare (unlabeled) Nutribon, PKL planned to follow up by distributing sachets to participants. In addition to relying on HKI for social marketing, the business plan assumed that Nutribon could be distributed largely through existing infrastructure and that once it was on the shelves it would attract consumers mainly due to its low price point.

GAIN made the first large production investment in 2009 towards a new packaging machine, delivery vehicles, packaging design, and reformulation of the product. This was a critical first step since it gave PKL the ability to package 50g sachets where they were previously only able to make 200g and 250g sachets. By reducing the

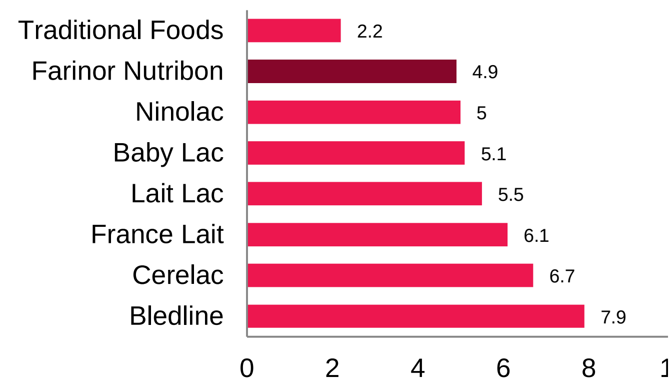
Introducing 50g sachets improved access and affordability to nutritious, fortified food

size the product became available at a more affordable price point.

The next investment went into purchasing additional motorbikes to distribute Nutribon to the poorer areas of Abidjan, which lack paved roads. With this relatively small investment, PKL would have access to both key target segments: low income consumers in Abidjan and rural non-poor consumers. The last, but largest, investment was financing the construction of a new production facility. The new plant is expected to triple Nutribon and Farinor production by 2016.

This newly branded and reformulated product, Nutribon, was launched in 2011 and is sold through traditional retail channels including grocery stores, pharmacies, convenience stores, and roadside stands

Figure 2: 2013 Price (FCFR)/Gram



Improving Quality While Maintaining Affordability

Working with GAIN, PKL enhanced the nutrition, quality and packaging of their products in order to become the affordable alternative to international branded fortified cereals

GAIN and PKL aimed to launch a new product that was of comparable quality to international competitors, but at a much more reasonable cost. With help from GAIN, PKL boosted Nutribon's vitamin and mineral concentrations, more than doubling content of some nutrients, including Vitamins A and C. Nutribon offers superior nutrition at a lower price compared with its competitors' products, such as Bledina and Cerelac. Other competitors, Lait Lac, Babylac, and Ninolac have prices that are higher for their levels of quality compared to PKL.

At the same time, affordability for rural and lower income consumers was also a priority, with the original 50g sachet price set at $0.25 per sachet (two servings). However, prioritizing quality called for higher priced input, which cut into Nutribon's margins, and, in turn, created tension with the goals of product affordability and financial sustainability. PKL had to raise the price slightly to cover those costs in addition to the cost of the redesigned, smaller packaging. Packaged in 50g sachets or 200g boxes, the product retails for $0.31 and $2.00, respectively, and is specifically targeted towards low-income consumers.

Increasing Production Capacity

The new production facility for PKL will almost triple the amount of production of cereal.

The new PKL cereal factory, built with almost half of GAIN's 80% investment in production, is expected to triple Nutribon and Farinor production by 2016, if not earlier. This investment is also expected to improve profitability by improving production yield, reducing product handling, and improving production process and quality.

Identifying an appropriate equipment supplier, negotiating terms, and delivering equipment initially delayed the start of production. Capital budgeting for expansion was under-estimated by $1.4 million due to civil unrest, high inflation and under-estimation of costs, causing construction delays. Yet, even with these roadblocks the facility construction was completed in early 2014.

Expanding the Geographical Reach of Distribution Network

The distribution network has increased, but it still does not extend far outside of Abidjan, in part due to

civil war in 2011, but also due to cost constraints of reaching rural markets.

The GAIN partnership invested in additional motorbikes to distribute Nutribon to the poorer areas of Abidjan, which lack paved roads. With this relatively small investment, PKL had access to both key target segments: low income consumers in Abidjan and rural non-poor consumers.

To distribute to consumers in rural areas PKL mainly planned to leverage existing relationships with pharmacies and mini-markets in those areas. While this is a good starting point, PKL's current coverage is still only about 10% of rural areas largely due to the fallout from the civil war where the countryside was cut-off from Abidjan and other major cities. Coordination with the government, which had minimal to no involvement in PACE, would have allowed PKL to leverage government distribution channels.

GAIN's requirement for PKL to reach to segments of low-income consumers in Abidjan and rural non-poor consumers is straining PKL's existing distribution network. With a majority of the total investment going towards this goal, the next question is how to accelerate distribution and marketing of Nutribon in order to increase sales in line with increased production capacity. With several innovative ideas for marketing, PKL is now searching additional investments to be able to grow its market.

While PKL may not have a large enough distribution network and strong enough marketing presence to sell the additional volume, it actually may benefit from the slower production ramp up—impacted by the country's civil unrest—which could give the company additional time to strategize and act on new solutions for distributing and marketing Nutribon.

PKL has increased distribution to rurual areas and thousands of Abidgjan shops using motorcycles

Bringing a New Product to Market

The industrial benchmark for successful market penetration of a new consumer product may take around eight years. In this case, GAIN and PKL have accomplished this in a much shorter timeframe.

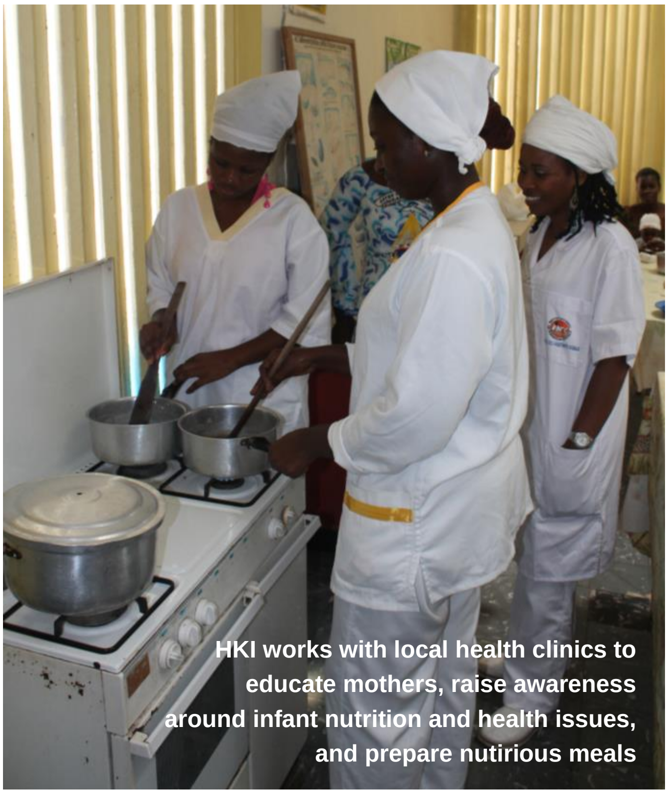
The initial assumption that the newly packaged 50g packets of Nutribon would compete purely on price is working well in Abidjan where category awareness is high. However, Nutribon is struggling in rural areas where category awareness is low. HKI was intended to provide social marketing benefits to Nutribon in these rural areas through workshops, but the WHO prohibition against promoting branded products during public education and awareness campaigns meant there was limited success. At the same time, the initial marketing costs allocated to the new product were estimated only at $0.025 per unit. This appears to be an underestimation given that PKL was not only introducing a product line extension, but was also targeting a new consumer segment that was unfamiliar with this type of product. The marketing approach was based on two key assumptions: one, that Nutribon would compete purely on price, which itself does not require much marketing spend and two, that in areas where fortified complementary food awareness is low, PKL could leverage HKI's social education campaign. Both assumptions seemed to hold when selling to the low-income population in Abidjan but appeared to breakdown when selling to the rural areas.

In Abidjan, Nutribon was able to take advantage of existing product category awareness that its two largest competitors, Cerelac (by Nestle) and Bledina (by Danone), have created. In addition, the low cost strategy proved effective as consumers were able to essentially 'sample' the cheap 50g sachet and once they determined that it met quality needs, they would continue to buy more. However, in rural areas, where awareness for fortified complementary foods is low, Nutribon is often the only product on shelves at pharmacies and struggles to achieve the same sales volumes per retailer as in Abidjan.

Influencing Policy Change & Competition

The WHO breastfeeding code was passed in June 2013 and steps toward setting a country standard for fortified foods have started to be discussed.

Due in part to GAIN and HKI highlighting the issue of malnutrition, the government is beginning to pay more attention to the problem, which has not always been seen as a top priority. On the policy front, the government of Côte d'Ivoire adopted the WHO's Code on Marketing Breast-Milk Substitutes in June 2013 with the support of HKI and GAIN. However, HKI (acting as point of contact with government) has had limited success in bringing Nutribon into the National Nutrition Program. While there are a couple of public clinics that do provide Nutribon to visiting young mothers, there has been a slow adoption process elsewhere. Without in-



HKI works with local health clinics to educate mothers, raise awareness around infant nutrition and health issues, and prepare nutirious meals

country field staff GAIN has had limited interaction with the government and there has been little progress towards establishing a national standard for fortified food products

Fully commercial business model created competitive pressure on existing Consumer Packaged Goods (CPG) firms, improving affordability across the market.

Despite a very challenging political and economic situation in Côte d'Ivoire, the GAIN-PKL partnership succeeded in influencing the broader industry of infant nutrition. Since launching the 50g sachets, PKL has improved access and affordability for rural and lower income consumers, producing 38 thousand kilograms of 50g sachets in 2013 alone.

Competitors have responded to this success by expanding 50g sachet offerings and reducing prices, with Nestlé recently lowering its price for its infant cereal Cerelac by 10%. As PKL has increased its distribution into rural areas, competitors have followed. It is worth nothing that CPG competitors' products are not required to be aligned with WHO Code. Despite these constraints, PKL's Nutribon has captured significant market share and its presence in the marketplace at an affordable price point has altered existing CPG behavior.

CHALLENGES AND OPPORTUNITIES

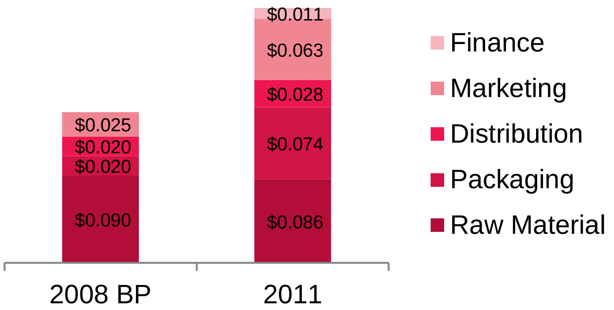
Maintaining Affordability Amid Rising Costs

While product meets standards for nutritional quality, the rising cost of raw materials has impacted both affordability and financial sustainability.

GAIN and PKL established a fixed price in their initial agreement, but civil unrest, raw material inflation, and increased distribution costs threatened the sustainability of the project. Rather than passing on all of the cost increases to consumers, PKL and GAIN agreed to raise prices only slightly, from $0.25 to $0.31 per 50g sachet, which resulted in narrower margins. Ultimately this price increase reduced affordability for consumers but helped the sustainability and viability of the business. Despite the price increase, at current input prices, Nutribon is still unlikely to break even until 2018.

With regard to long-term sustainability of the investment, it is critical to balance the consumer needs for high-quality and affordable fortified products with business sustainability. In a market-driven environment, when faced with competing priorities, balancing these priorities is crucial, and in some cases impossible, in order to achieve the overall success of the business. Given its low contribution margins, and that PKL is likely to reach the breakeven point much quicker, PKL has a strong incentive to raise prices.

Figure 3: Cost Structure (per 50g sachet)



Due to the low contribution margin of the Nutribon product, PKL will need to roughly triple sales volume for Nutribon to be profitable. Increasing costs due to inflation and product mix changes forced PKL to sell product at higher price than originally anticipated (variable costs per unit increased by 69% from 2008 to 2013). The PKL business model is highly sensitive to price point and variable costs. However, PKL could theoretically increase Nutribon price substantially, based on analysis of competitor prices and nutritional qualities, without losing significant market share.

Mitigating Risk in an Unstable Environment

Due to civil war and the need for additional funding, goals for achieving volume targets and capacity expansion have not been met.

Only a year after the PACE contract was signed in 2009, Côte d'Ivoire fell once again into civil war. Abidjan soon became the focal point of disruption and virtually shut down for five months in 2011. As a result, PKL fell behind in the construction of its new factory and lost several months of production. The original business plan was ambitious and optimistic and had not taken into account the adverse effects political instability could have on the business. To its credit, PKL launched the 50g Nutribon sachets in 2011 despite the turbulent political climate. However, given the surrounding environment, PKL was unable to meet the original production targets and amended their goals accordingly.

In addition to understanding the operating environment, it is also important to anticipate and build in flexibility for changes that may occur during the ramp-up process, such as the need to adapt product lines to consumer preferences. While some of the product adjustments and associated costs were not predictable, others could have been accounted for in the original cost estimates. For example, initial packaging costs were estimated based on the inner packaging used in other PKL products; this was a poor comparison and did not provide a realistic estimate, because this packaging was of lower quality, a different size, and it did not include any printed text or branding.

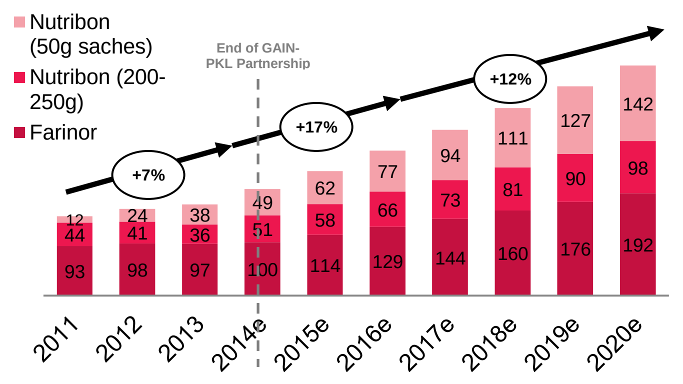
In summary, building sufficient flexibility and contingencies into the business plan regarding key cost items, including marketing, packaging, and product design, can help companies to be proactive rather than reactive to market and environmental changes, and thus better equipped to provide alternatives to raising prices which may alienate target consumer segments.

OUTCOME AND LOOKING AHEAD

PKL expects to increase sales volume as new production capacity comes online in 2014, but it faces challenges to achieving long-term financial sustainability.

PKL operates in a dynamic business environment and will continue doing so after the GAIN-PKL partnership ends in 2014. Although Côte d'Ivoire is today recovering from the civil war and unrest, there is a generally positive outlook for 2015, with a shift towards reconciliation and

Figure 4: Sales Volume by Product Type (kg)



economic development. Nutribon is positioned today as a high-quality, low-priced product in the market.

Going forward, the attention will fall primarily on PKL. For PKL, the most immediate challenge is developing an effective strategy to fully use the additional capacity of the production facility. In order to address the latter, PKL is currently looking for ways to increase product marketing and rural distribution.

Key Operational Lesson

It is challenging to bring a high-quality product to the market that is affordable to the neediest of consumers. Nutritional quality and food safety comes at a cost with pressure on margins.

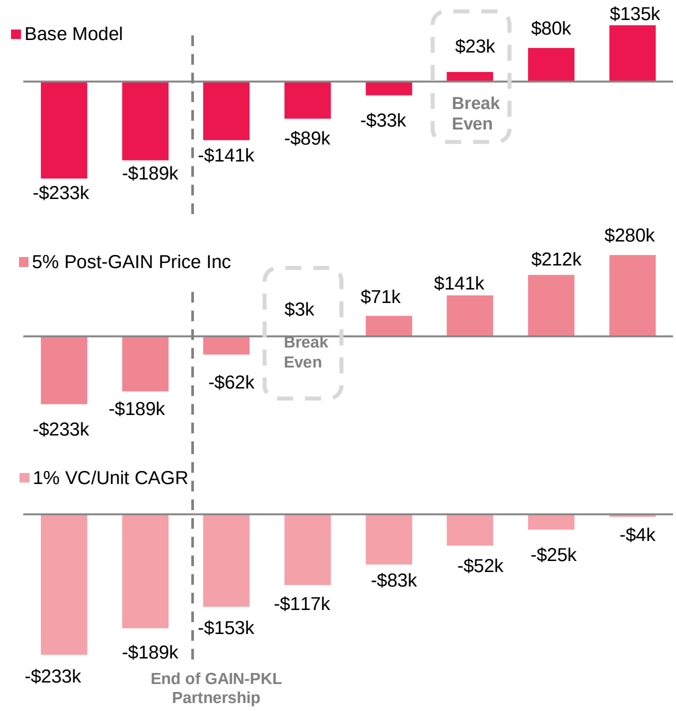
In establishing the GAIN investment, PKL prioritized quality and affordability over sustainability. This created tension between these priorities, and has put the overall sustainability of the business in question. With the 20/20 vision of hindsight, one can see that packaging and marketing costs were predictable and could have been more accurately predicted at the beginning of the project. It is mainly the high cost of designing and creating the new packaging—as well as inflation, over which PKL had no control—that ramped up packaging costs. Compared to the Boston Consulting Group (BCG) benchmark, Nutribon's price structure was heavily skewed towards packaging and marketing. However, with the production facility completed and upfront costs for package design and package production equipment no longer an issue, the increased production capacity and increased market share should relieve the tension between quality and affordability vs. profitability and sustainability. PKL has to increase market share from 25% to 40% in order to reach breakeven by 2018. The crucial issue of just how to make this great leap in market share is something PKL must explore with any of its post-GAIN investment partners.

Key Strategic Lesson

Investments in production, distribution and marketing need to be balanced in order to ensure the product reaches its target markets.

While clearly PKL needed new production equipment and a new facility to create the new, smaller packets of Nutribon and increase its production capability in general, the emphasis on and investment in scaling up production has come at a cost to distribution and marketing. Relying on PKL's reputation as a market leader with its Farinor cereal, PACE did not take into account the cost of bringing an entirely new product to market, especially in rural areas where even the category recognition, never mind the product recognition, is low. Goals of tripling production through the new improved facility needed to be created in tandem with concrete strategies and tactics—and a commensurate budget--for increasing distribution and marketing.

Figure 5: Net Income ($K)



But investments are not only financial ones. Companies and initiatives, such as PACE, invest in strategies and the tactics required to carry those strategies out. In the rural areas where Nutribon is the only fortified cereal on the shelf, PACE knew that low income and rural non-poor consumers needed to be educated about using fortified cereals in the first place. The involvement with HKI was an investment in the right social marketing strategy—aimed squarely at educating consumers on the fortified cereals category. PKL met distribution targets of 1.6 Metric Tons per year to HKI for use in (non-branded) social marketing campaign. Yet the plan for PKL to distribute its branded Nutribon packets immediately after HKI demonstrated how to use the unlabeled Nutribon never came off. GAIN, HKI and PKL had disagreements on how to carry out this part of the marketing strategy due to WHO's prohibition against using branded products at health demonstrations.

Looking Ahead

PKL is now well positioned to seek out a new future partner. With the country stabilizing and the return of public investment, partnership opportunities are a strong possibility. In addition, PKL will continue to work with institutional partners, such as USAID, which can be powerful resources in the fight that PKL set out to win two decades ago by aiming to eliminate infant malnutrition in Côte d'Ivoire permanently. Through GAIN, HKI, and PKL's efforts, Côte d'Ivoire has now joined the global effort to improve infant nutrition.

Though Nutribon is likely to face challenges to achieve long-term financial sustainability, there are levers that they can actively employ to accelerate the time to breakeven without necessarily increasing price. Possibilities include unlocking institutional markets by building private-public partnerships, unlocking rural markets by broadening the distribution network, and creating loyalty with existing consumers via marketing efforts. Given the cost of each of these options, PKL will likely need additional post-GAIN partnerships, or additional private bank loans, in order to secure the funding necessary to put these ideas into practice.

Today peace has returned to Abidjan, but not without widespread insecurity and economic instability. Still, Konate's dream of providing fortified cereal to young children remains intact. The new production facility, made possible by GAIN's investment, is nearing completion as the private sector slowly returns to normal in Abidjan. However, the company's investment in production came at the expense of marketing and distribution goals. Also, as international competitors are lowering prices, costs of raw materials are continuing to increase, and GAIN is nearing the end of its investment, the pressure to increase prices to make the company and product financially sustainable is mounting. However, despite a price increase, PKL's reformulated and repackaged fortified Nutribon provides superior quality at lower prices than its primary competitors, which include products from large Commercial Food Group (CFG) giants like Nestle and Danone.

CONTRIBUTING ORGANIZATIONS

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more information on GAIN, please contact Magali Leyvraz at mleyvraz@gainhealth.org; GBSN, please contact Lisa Leander at lleander@gbsnonline.org; and the Tuck Global Consultancy Program or the Tuck School at Dartmouth, please contact Kerry Laufer at Kerry.L.Laufer@tuck.dartmouth.edu.