

Mixing It Up: How Social Innovation Can Enhance Nutrition Programming



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A Case Study of the GAIN Global Premix Procurement Facility

A2Z Program Integration and Innovation Meeting
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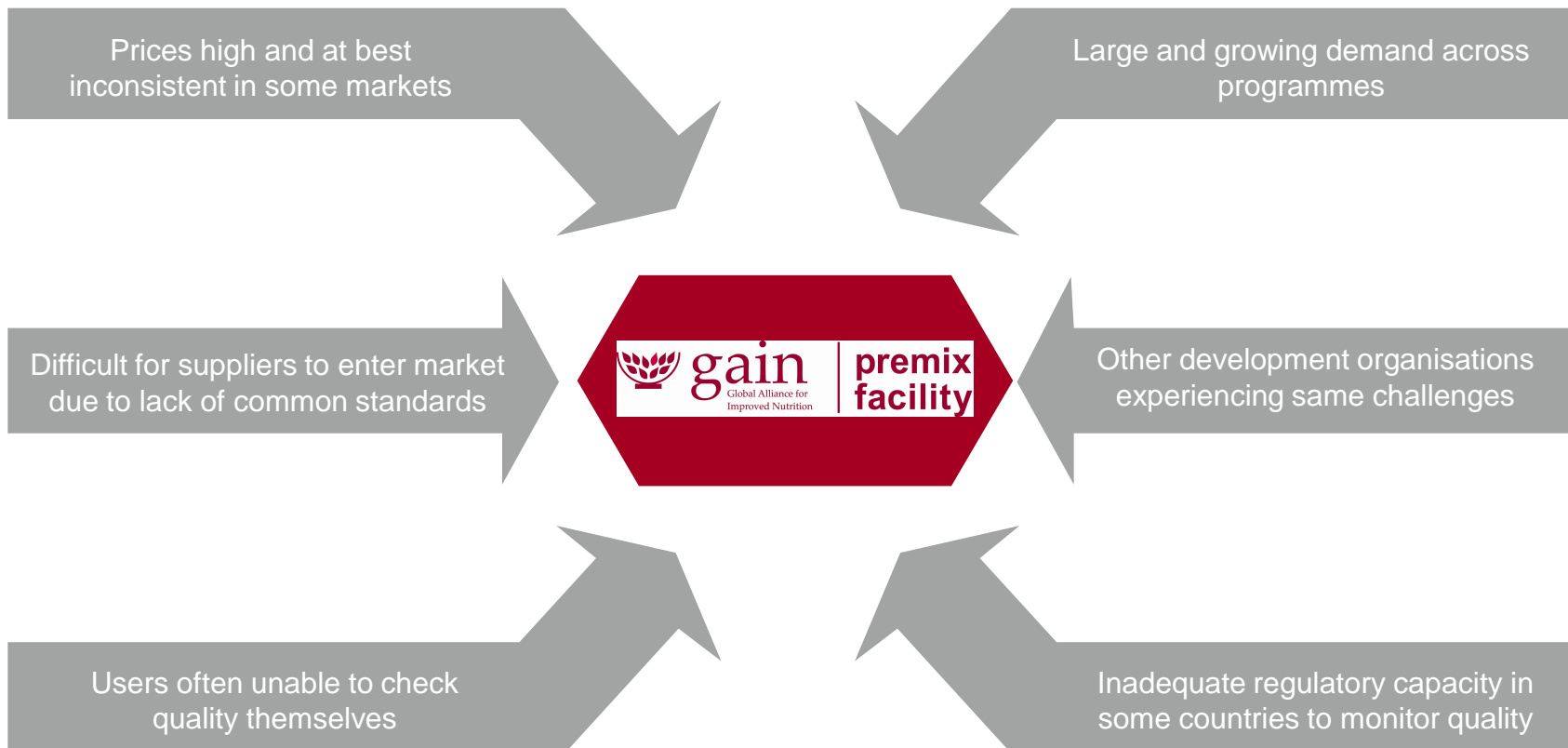
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INVESTING IN PARTNERSHIPS TO STOP MALNUTRITION

The Need for Innovation

GAIN recognised that a 'bottleneck' on the success of its programmes was the availability and affordability of good quality micronutrients.



What is Premix and why is it important?

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Premix is a commercially prepared blend of essential vitamins and minerals used to fortify food in order to combat micronutrient deficiencies.

Premix containing
iron and B vitamins



Typical Packaging
Material: Aluminium
PE multi-laminar
bags



Typical Microfeeder
dosing wheatflour
with premix

Consistent quality is critical to the nutritional impact of fortified food:

1. Drives bioavailability of micronutrients to the body
2. Stability of the vitamins is essential to ensure delivery over time
3. Hygienic production environment is required to prevent microbiological contamination – critical issue for infants and children
4. Homogeneity of the premix affects homogeneity of the product
5. Flowability of the premix is essential to ensure proper dosing
6. Chemical byproducts in micronutrients must be within safe limits

Premix affordability is critical to program sustainability

1. Cost of premix can limit participation in the fortification programs
2. Financing of purchases can be a limiting factor to ongoing sustainability of programs

GAIN premix facility (GPF)

The GAIN premix facility was implemented to ensure consistent delivery of good quality, affordable micronutrients.

Challenges in Premix Procurement

Quality of premix varied due to inconsistent approach & standards

Decentralised procurement drove different price and service outcomes depending on the buyer and supplier

Micronutrient costs are a high proportion of ongoing fortification costs

Some projects struggle to finance purchases upfront

GAIN premix facility

Certification Facility
(Certification Agent: Intertek)

Procurement Facility
(Procurement Agent: Crown Agents)

Credit Facility

Grant Facility

Ensuring Premix Quality

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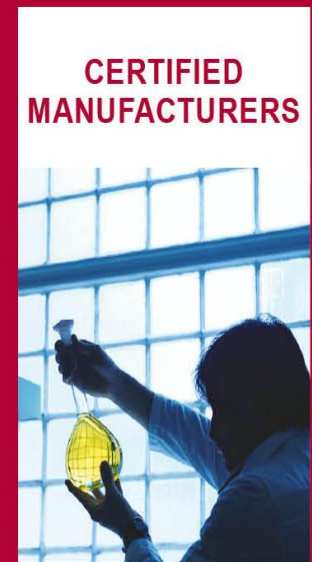
The GPF has a multi-pronged approach to ensuring the quality of premix and micronutrients being procured.



Ensuring Affordability

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All requirements are procured through a competitive tender process, with pooling of demand across countries and programs as much as possible.



Customer places an order for premix via GAIN premix facility website

Procurement agent organizes a competitive tender between approved blenders

Winning blender sources raw material from approved manufacturers

Assisted Financing

A global Revolving Fund has been established to allow tailored credit arrangements for specific programs and customers.

GPF pays suppliers for
premix on standard
payment terms
*(using money from
Revolving Fund)*

Food Producers /
Associations pay for
premix on extended credit
terms to GPF
*(reimbursing the
Revolving Fund)*



Premix
Supplier

GPF
Revolving
Fund

Food
Producers &
Associations

Two typical models can be applied:

Extended
Credit Terms

GPF can offer extended
credit terms of up to
180 days

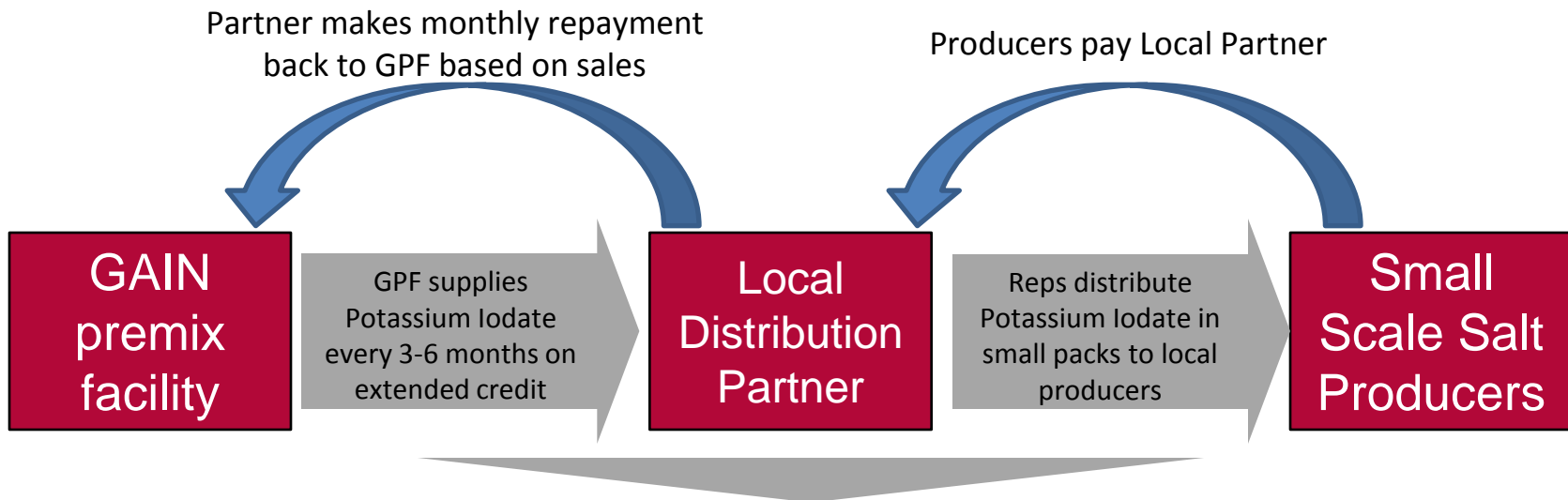
Consignment
Stock Model

Where appropriate,
GPF can supply premix
on a 'pre-financed',
consignment basis
where it is paid for only
after it is used in
production

Example: Revolving Supply Model in Ghana

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The GPF is working with a local partner in Ghana on a revolving model to supply affordable Potassium Iodate (KIO_3) to small scale salt producers



Key Benefits of this Approach:

- Salt producers are cottage scale so were not able to access reputable, international suppliers. This model ensures that KIO_3 is accessible and always available in Ghana in small quantities for industry
- KIO_3 is always procured in a competitive way from quality certified suppliers
- A cost recovery system is in place, supported by credit, to support long term sustainability of salt iodisation, without relying on donations.

Learning from the Process of Innovation

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The GPF was implemented based on a robust fact base and by utilising leading practices in procurement and certification.

- Significant research was essential to **establish a knowledge base and expertise** on the global premix and micronutrient market
- Close collaboration with GAIN's Business Alliance partners and institutional partners was important to develop a collaborative model which **added value for all players**
- By working with specialist organisations who have **core competencies in procurement and certification**, we were more quickly established credibility and scale
- The power of the model is that it is **scalable and replicable** and can grow its impact beyond GAIN's own programs – it is being used by customers as diverse as small scale food producers to major UN organisations.
- There is potential to **leverage the same core competencies** which have been established with the model to include other commodities and activities in the future.

Impact to Date

The GPF has made quicker than expected progress since launching in July 2009:

- Certified 16 blenders and 20 micronutrient suppliers. *Biannual selection process – 20+ additional micronutrient suppliers currently being assessed*
- GPF has sourced more than US\$11 million worth of premix orders since launching
- Delivering premix into 19 countries in Africa, Central and Southern Asia and Eastern Europe
- Established partnership with major aid agencies such as the World Food Programme and UNICEF



So far, the GPF is estimated to have reached more than 100 million consumers in developing countries with affordable vitamins and minerals of certified quality

Why is the GPF a successful innovation?

The GAIN Premix Facility is a unique, scalable intervention which fills a recognised constraint on nutrition programs.

Reach	<ul style="list-style-type: none"> • A efficient way to reach many people with improved nutrition • Relevant solution to program and consumer needs 	<p>A simple, innovative process,</p> <p>good for public health,</p> <p>good for GAIN and its partners</p>
Leverage	<ul style="list-style-type: none"> • The model is leveraged many times beyond GAIN's programs and initial investment 	
Partnership Approach	<ul style="list-style-type: none"> • Collaboration across the public and private sector to achieve scale 	
Sustainability	<ul style="list-style-type: none"> • Long term objective is for intervention to become sustainable through cost recovery mechanism 	

How can we foster innovation?

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- **Bring in expertise from a variety of fields:** PH, Business, economics, communications, legal, science and those with specific knowledge of the problems with current models in the context of the cultural and political realities
- Take the time to brainstorm ideas and **build a pipeline of ideas**
- **Consider incentives for managing risks** when trying something new
- **Expect and embrace failure:** 50 to 70 per cent of all new product innovations fail at even the most successful companies.
- **Learn from success and mistakes** – Regularly taking the time to deconstruct and document what did and didn't work and why is helpful the next time.

Thank you!



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