GAIN Premix Facility, a Global Premix procurement solution

UNICEF Supplier meeting
3-4th of October 2011
The GAIN Vision, Mission, Goal

• GAIN stands for the Global Alliance for Improved Nutrition

• Driven by the vision of a world without malnutrition

• GAIN’s mission is to reduce global malnutrition through food fortification and other sustainable strategies aimed at improving the health and nutrition of populations at risk, particularly women and children

• GAIN’s target is to reach 1 billion people with improved nutrition, including 500 million women and children
GAIN evolution

2003-2005: Start-up

2006-2008: Leaves UN

2009: Scale-up

- GAIN launched as a Nutrition Alliance
- Hosted in UN system

- Expand existing programs (FFP, IYCN, Premix Fund)
- New Program areas: GAIN Premix Facility
- Nutrition and Infectious Diseases

- GAIN restructuring
- Swiss Foundation
- Expands Food Fortification (FFP) Program
- Launch Infant Young Child Nutrition (IYCN) Program
- Launch Universal Salt
- Launch GAIN Business Alliance

www.gainhealth.org
GAIN Projects Worldwide

Africa

Asia

South America

Salt Iodization
National Food Fortification
Infant and Young Child Nutrition

interventions in over 27 countries, fortifying staple foods, condiments, and complementary foods with vitamins and minerals
GAIN supports population based and targeted nutrition programs, all of which contribute to the target of reaching 1 billion people.

The GAIN premix facility procures affordable, quality micronutrients across all of GAIN’s targeted and large scale fortification programs.
What is Premix and why is it important?

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

**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
The Need for Innovation

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

- Prices high and at best inconsistent in some markets
- Large and growing demand across programmes
- Difficult for suppliers to enter market due to lack of common standards
- Other development organisations experiencing same challenges
- Users often unable to check quality themselves
- Inadequate regulatory capacity in some countries to monitor quality
The GAIN premix facility was implemented to make premix procurement more effective for organisations fortifying food.

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
- Technical Assistance
  (product development and premix formulation)
Ensuring Premix Quality

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

- Upfront Supplier Audits & Certification
- Security of Supply Chain Sources
- Independent Analysis of Premix
- Technical Investigation on Quality Issues
The process is simple and efficient – Customers simply place an order, triggering a competitive bidding process amongst the approved suppliers.
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)

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

The GPF is working with a local partner in Ghana on a revolving model to supply affordable Potassium Iodate (KIO3) 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 KIO3 is accessible and always available in Ghana in small quantities for industry.
- KIO3 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.
GPF Sales Value by Type of Premix

- Other Dry Premix: 5%
- Potassium Iodate: 6%
- Oil Premix: 11%
- Flour Premix: 18%
- CSB+: 60%
Impact to Date

The GPF has been operating since 2009 – the model is proven to work and is adding value to programmes supported by GAIN and our partners.

- Established global supply base of 16 certified premix blenders and 28 certified micronutrient suppliers.
- GPF is estimated to have reached **102 million consumers** with affordable premix of certified quality.
- Delivering premix into 27 countries in Africa, Central and Southern Asia and Eastern Europe.
- Established partnership with major aid agencies such as WFP and UNICEF.

Up to date, the GAIN Premix Facility has sourced more than US$14m worth of premix and straight micronutrients in 27 countries.
Learning from the Process of Innovation

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.
Why is the GPF a successful innovation?

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

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<th>Reach</th>
<th>Leverage</th>
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<td>• A efficient way to reach many people with improved nutrition</td>
<td>• The model is leveraged many times beyond GAIN’s programs and initial investment</td>
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<td>• Relevant solution to program and consumer needs</td>
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<th>Partnership Approach</th>
<th>Sustainability</th>
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<td>• Collaboration across the public and private sector to achieve scale</td>
<td>• Long term objective is for intervention to become sustainable through cost recovery mechanism</td>
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A simple, innovative process, good for public health, good for GAIN and its partners
Thank you!