Greening the Blue: Sustainable supply of RUTF

RUTF Pre-tender Industry Consultation
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Objectives of the Session

1. Overview of Sustainable Procurement in UNICEF
2. The three pillars of sustainability and children
3. Results of Sustainability Survey of RUTF supplies
4. Sustainability approach for 2018 RUTF tender
5. Horn of Africa achievements
6. Best practice: sustainability inspiration from RUTF suppliers
Overview of Sustainable Procurement in UNICEF
The Three Pillars of Sustainability

<table>
<thead>
<tr>
<th>Social Progress</th>
<th>Environmental Protection</th>
<th>Economic Growth</th>
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<tbody>
<tr>
<td>• Human &amp; labour rights</td>
<td>• Preservation of natural resources, ecosystems, and biodiversity</td>
<td>• Best value for money (price, quality, availability, functionality, and innovation)</td>
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<td>• Gender equality</td>
<td>• Reduction of ecological footprint</td>
<td>• Life cycle costing</td>
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<td>• Poverty and inequality reduction</td>
<td>• Reduction of greenhouse gas emissions</td>
<td>• Economic development</td>
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<td>• Social inclusion</td>
<td>• Waste management</td>
<td>• Employment</td>
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<td>• Promotion of small and medium enterprises (e.g. local, youth or women-owned businesses)</td>
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<td>• Good governance</td>
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- Best value for money (price, quality, availability, functionality, and innovation)
- Life cycle costing
- Economic development
- Employment
- Good governance
Sustainable Procurement amplifies outcomes for children

- **Input:** Select eco-friendly products
  - **Outcome:** Healthier and cleaner future for children

- **Input:** Promote ‘*doing good is good business*’, developing local supplier base
  - **Outcome:** Fair labor conditions and human rights, positive impact on children and young people

- **Input:** Improve resource efficiency
  - **Outcome:** More value for money for governments and more resources for children

- **Input:** Ethical & responsible procurement
  - **Outcome:** Prevent exploitation of children, violation of human rights and environmental damage
UNICEF SP policy launched

First set of tools developed

1st webinar provided

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First set of tools developed

1st webinar provided

Product specific sustainability survey (e.g. RUTF)

Qualified social auditors in house

Local market assessment in Kenya

Timeline

Progress to date

Cover other essential, strategic supplies & countries

Scale up support to disadvantaged groups, e.g. youth and women.

Integrate labour/human rights, child safeguarding in quality management system

Timeline

2017

Feb. 2018

Mar. 2018

2019 and beyond

Operational tools and guidance

Capacity development

Market readiness assessment

Strengthen social accountability in supply chains

Formalise & harmonise the framework

Continuous update tool and add new resources

Training throughout 2018

Refresher & advanced training

Cover other essential, strategic supplies & countries

Scale up support to disadvantaged groups, e.g. youth and women.

Integrate labour/human rights, child safeguarding in quality management system

Timeline

Progress to date
How UNICEF is applying SP across its supplies (1) - Immunization devices

- Shipping from Europe, Middle East and Asia
- More than 2/3 demand in Africa but no African suppliers
- Generated over 30,000m³ (5,500 tons) of contaminated waste in 2016, requiring disposal.

UNICEF procure 40% of the world volume demand of Auto Disable Syringe

Value: > $30 million
How UNICEF is applying SP across its supplies (1)  
- Immunization devices

**Actions taken**

Evaluating the comparative volumes and overall weight of the technically acceptable products to assess:

i. The volume of product to be shipped around the world and associated environmental impact

ii. The weight of the product and packaging that needs to be disposed of

Both elements are under the control of the producer in terms of design.
How UNICEF is applying SP across its supplies (1) - Immunization devices

**Outcome**
- 12% reduction of contaminated waste from prior awards.
- 6% reduction in transport volumes, reducing CO2 output from transportation.
- 6% of awards going to new manufacturers in UNICEF programme countries, contributing to stimulation of local market.

**Next steps**
- 20% of awards to new producers in UNICEF Program countries by 2021.
How UNICEF is applying SP across its supplies (2)
- Education supplies

• UNICEF supplies 200 tonnes of re-usable plastic bags as part of ‘Education in a box’ kit every year.

• Plastic bags are estimated to take 500 years to decompose.

• UN Environment indicates that 80% of all litters in our ocean is made of plastic, and it costs at least USD 8 billion in damage to marine ecosystems.

• Many African countries introduced plastic ban or tax in recent years.
How UNICEF is applying SP across its supplies (2) - Education supplies

**Actions taken**

- Market research on more eco-friendly alternative materials.
- Identified two potential materials: bio-degradable and compostable.
- The 2017 tender evaluated and tested the both materials.
- UNICEF selected the compostable bags and started including in Education supplies.
How UNICEF is applying SP across its supplies (2) - Education supplies

**Outcome**

• Minimise negative environmental impacts:
  - Plastic takes 500 years to decompose vs. compostable materials take 180 days to decompose.
  - Eliminating 200 tonnes of plastic waste.

• The new compostable bags are as durable as the previous plastic bags. Maintained the same design also.

**Next steps**

• Drive down the cost by creating the demand for compostable materials.
• Foster innovation for faster and cheaper manufacturing of compostable products.
Results of Sustainability Survey of RUTF Suppliers
Overview of the survey

• The survey was sent to the current UNICEF suppliers in March 2018.

• All 22 suppliers responded.

• The purpose of the survey was to:
  o collect intelligence on sustainability practice in the RUTF market;
  o identify the current baseline.

• Follow-up questions were sent as part of the Request for Information in May 2018.

• The response to the survey and the RFI do not affect the evaluation of the upcoming tender.
Does your company have an environmental management certificate (ISO14001 or equivalent)?
Does your company have an environmental management policy?

Among companies answered ‘no’, one company demonstrated concrete initiatives being taken to reduce environmental impacts and provided measurable results.
Does your company have a waste management operational procedure?

- **61%** of suppliers have a operational procedure for waste management.

- Three respondents out of nine suppliers who do not have a waste management operational procedure said:
  - currently being developed to be implemented fully from July 2018
  - they have a Waste Stream Team and a Waste Stream Tracking Log.

> Even being outsourced, a standard operational procedure for the internal staff to correctly bin and store various wastes generated in a factory is necessary to avoid contamination.
Disposal method of hazardous & non-hazardous waste

• 9 out of 22 suppliers responded this question partially.
• 13 suppliers answered that the data was not available.
• No clear overview of how much hazardous and non-hazardous is generated from the factories annually.
• No clear overview of disposal methods used.
Bio-degradable materials used for packaging

• Primacy packaging (sachets): No commercially viable solution available for packaging made of bio-degradable material → Call for actions.

• Secondary packaging (cardboard box): Wide variance among suppliers and solutions exist in the market → Scope for improvement.

• Inner layer (plastic): Wide variance among suppliers and solutions exist in the market → Scope for improvement.
Local sourcing of ingredients and packaging materials

- Sugar: 25%
- Peanuts: 20%
- Palm oil: 12%
- Vitamin premix & Mineral premix: 8%
- Soya oil: 6%
- Packaging: 29%

All of the current LTA holders source some ingredients and/or packaging materials locally. → Scope for improvement
The current baseline

1. Less than 20% of suppliers have ISO 14001 or equivalent.
2. 55% of suppliers have an environmental management policy.
3. Only partial measurements of environmental impacts.
4. 61% of suppliers have a standard operational procedure for waste management.
5. Only partial data on waste generation figures and not a clear overview of disposal methods.
6. All suppliers source materials locally.
7. 4 out of 22 suppliers have a company policy that incorporates social accountability principles (No Child Labor, Freedom of Association and Collective bargaining, No Discrimination, etc.)
SUSTAINABLE PROCUREMENT

1st phase

2nd phase

3rd phase

Living and breathing SP

Future State

Frameworks

Develop strategy and road map

Map current status of suppliers for RUTF

SP policy framework and SD procedures adapted to RUTF supply

SP mapped in key stages of Nutrition supply and procurement

SP strategy communicated and promoted to partners and suppliers

SP embedded in all offshore and local procurement

UNICEF as a leading contributor to UN SP implementation

Enabling

Partnership

Measure key areas of SP already occurring in RUTF production

SP policy framework and SD procedures adapted to RUTF supply

Map current status of suppliers for RUTF

Develop strategy and road map

Future State

1st phase

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Sustainable RUTF

Local raw materials

Manufacturing is GHG minimum & a Socially responsible employer

Final product is of high quality and in demand

Storage uses renewable resources

Distribution has a low ‘food miles’

Packaging is re-used or recycled

No waste is left after consumption

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Sustainable RUTF
RUTF suppliers are inspirational in their work with local farmers
- Improve farming yield
- Educate farmers
- Enhance production practices
- Improve quality to international standards
peanut shells and the brown testa (skin) of peanuts as biofuel for power
Food miles of RUTF: The Horn of Africa Case study
Summary of the findings

- RUTF procurement from offshore suppliers decreased to 52% in 2017 in comparison to 100% in 2011,

- UNICEF procured 48% of RUTF supplies from Suppliers near Programme Countries (Insta Products EPZ (Kenya) and Hilina Enriched Foods (Ethiopia),

- The Nutritional Emergency Response of 2017 was in line with the UNICEF three sustainability procurement pillars
The two Nutritional Emergencies of 2011 and 2017 in the 3 Horn of Africa (HoA) countries were of comparable scale.
Economic Benefits: 2011 vs 2017

Reduction in International air charters contributed in lowering the cost of RUTF freight by 78% in 2017 compared to 2011.
Total CO2 emissions reduced by 87% in 2017 compared to 2011 representing 5,243 MT of CO2 emissions savings in 2017.
Social benefits: 2011 vs 2017

Capacity of Suppliers in the HoA countries:

- RUTF production in the HoA Suppliers increased by 125% in 2017 compared to 2011,
- Employment opportunities in the HoA increased by 76% compared to 2011.
- Number of female employees increased by 5% in 2017 compared to 2011.
Conclusion

This study demonstrates that the UNICEF strategy of 2014-2017 was the right strategy contributing to UNICEF Sustainable Procurement Pillars of Economic, Environmental and Social benefits.
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Resources and reference for UNICEF Nutrition Sustainability criteria

SA8000  Social accountability standard

FAO SAFA Guidelines  
(Sustainability Assessment of Food and Agriculture Systems)

ISO 14001 standard
Questions?
Thank You