Ready-to-Use Therapeutic Food: Market Outlook

UNICEF Supply Division

February 2019
This update provides information for the period 2017-2020 on ready-to-use therapeutic food supply and increased supplier diversity. It highlights UNICEF’s procurement approach to meet programme country requirements and to introduce alternative formulations. UNICEF procures up to 75-80 per cent of global funded RUTF demand a year, which still only covers 23 per cent of the estimated needs of children suffering from severe acute malnutrition.

1. Summary

- UNICEF procures 75-80 per cent of the global demand for ready-to-use therapeutic food (RUTF) a year, averaging between 30 to 35,000 metric tons (MT) of RUTF paste, suitable to treat between 2.1 to 2.5 million children.\(^1\) However, recent spikes in emergencies in the Horn of Africa, West Africa, and Yemen in 2017 resulted in UNICEF increasing its procurement volume to 53,000 MT, suitable to treat up to 3.8 million children, and it procured just under 48,000 MT of RUTF in 2018. Despite such high volumes through UNICEF, it still only covers 23 per cent of the global estimated number of children suffering from severe acute malnutrition (SAM).

- The RUTF supplier base has expanded substantially over the last ten years. UNICEF now procures RUTF from 21 different suppliers, of which 17 are located in countries with high levels of malnutrition. The global RUTF production capacity currently exceeds the global funded demand and is sufficient to respond to increasing the treatment coverage of children with SAM.

- The interest in non-peanut-based RUTF is increasing, particularly from Asian countries where peanuts are not a staple food in local diets. To increase the treatment of children affected by SAM that have not had access to treatment, UNICEF encourages the validation and access to alternative RUTF formulations.

- The weighted average price (WAP) for RUTF continues to decrease due to increased procurement volumes, competition, and supplier diversity. The WAP for RUTF procured for export for use in programme countries decreased by 23 per cent over ten years, from USD 57.00 per carton in 2008, to reach USD 44.10 per carton in 2018, making it more affordable. The WAP for locally-produced products decreased by 16 per cent over the same period, even though locally-produced RUTF remains higher priced than imported RUTF.

- UNICEF launched its new April 2019-March 2021 procurement tender seeking to maintain a healthy supplier base in programme countries close to beneficiaries, as well as to increase programme coverage by trying to make RUTF more affordable, and more acceptable, with alternative formulations.

2. Brief Background and Procurement History

An estimated 51 million children under-five suffer from acute malnutrition (wasting) globally.\(^2\) About 16.4 million children suffer from its extreme form, SAM, and require specialised therapeutic feeding care, of which an estimated one million children die annually as a consequence of acute malnutrition.\(^3\) Severe infectious diseases such as tuberculosis, diarrhoea, and measles, as well as sudden onset food insecurity, are among the leading causes of SAM.\(^4\) The development of RUTF, combined with the adoption of community-based management and treatment of acute malnutrition, has greatly increased the effectiveness and efficiency of therapeutic feeding care. It also enabled increased beneficiary access and beneficiary caseload coverage. UNICEF procures RUTF for country programmes and partners in two forms:

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\(^1\) One MT contains 72 cartons of RUTF. One carton (92gr. x 150 sachets) is sufficient to treat one child with 10-15 kg of RUTF over 6-8 weeks.


• RUTF paste: A lipid-based energy dense, micronutrient paste, using a mixture of peanuts (or alternatives i.e. chickpeas, lentils, rice), sugar, oil, and milk powder, suitable for children between the ages of 6-59 months.\(^5\)
• RUTF biscuits: An energy dense, nutrient-fortified wheat and oat bar suitable for older children.

UNICEF procures other related nutrition products including therapeutic milk (F-75, F-100),\(^6\) multiple micronutrient powder (MNP), vitamin A supplementation,\(^7\) and complex of minerals and vitamins (CMV), which are not described in this note.

3. Innovation

Currently all RUTF procured by UNICEF is based on peanuts, sugar, milk powder (providing 50 per cent of the proteins), oil, vitamins, and minerals. It complies with the Joint Statement issued in 2007 by the World Health Organization (WHO), the World Food Programme (WFP), UNICEF, and the United Nations System Standing Committee on Nutrition (UNSSCN), which endorsed community-based management of acute malnutrition (CMAM).\(^8\) Since 2015, UNICEF has requested manufacturers to propose products based on using alternative ingredients for review and future consideration, including non-peanut based ingredients or alternatives to milk. Not only can alternative ingredients generate cost savings in producing RUTF, but non-peanut recipes also increase acceptability in many countries where peanut-based products are not popular. Some alternative RUTFs use different legumes and cereals instead of peanuts (typically, soy, chick pea flour, lentils, or oats). These formulations, known and referred to under the category of “renovation” products, have a similar texture to peanut-based paste. They also comply with the compositional guidance of the 2007 Joint Statement, and most can use the existing machinery in RUTF manufacturing facilities.

Other pipeline products, categorized as “novel” products, replace milk protein with amino acids to meet protein requirements, and increase iron and vitamin C compared to the standard composition. Some manufacturers are also trialling products which fall into the “innovation” category, that use alternative sources of protein to milk in formulations that may be more culturally adapted and increase local acceptance. These include using insect proteins and egg powder. Both such products require validation and considerable investment before they are at a stage of prototypes to be assessed. Other products have been trialled containing fish powder in a wafer form. Both “Novel” and “Innovation” products currently do not comply with the “Joint Statement”. The procurement of these alternative formulations will be subject to the issuance of subsequent official guidance on evidence requirements for the validation of the use of such products to treat SAM.

4. Current Market Situation

UNICEF is the main procurer of RUTF, procuring up to 75-80 per cent of global demand. The World Food Programme procures a similar volume of lipid-based nutrition products as UNICEF, but it procures predominantly ready-to-use supplementary food (RUSF). RUSF is used in supplementary feeding programmes to complement WFP food ration allocations to address moderate acute malnutrition (MAM). It is not used in therapeutic feeding programmes and the treatment of SAM, for which UNICEF mainly procures RUTF. UNICEF and WFP account for 70-75 per cent of the global procurement of these products. USAID/FFP have been channelling an additional five to ten per cent of global procurement of RUTF and RUSF volumes through UNICEF and WFP respectively as contributions-in-kind since 2012. Through UNICEF, USAID’s in-kind contributions support the therapeutic feeding needs of 25 countries in Africa, in addition to Afghanistan, Bangladesh, Haiti, Myanmar, Pakistan, and Yemen. The remaining global volumes are procured directly by governments, other UN agencies, such as the UN High Commissioner for Refugees (UNHCR) and WHO, as well as other organizations such as Action Against Hunger (AAH), the International Committee of the Red Cross (ICRC), and Médecins Sans Frontières (MSF). In 2017, the total volume of RUTF and RUSF procured reached an estimated 144,500 MT, having increased by 29,000 MT from 2016 (115,000 MT). This volume represents approximately 70 per cent of the total global production capacity of lipid-based nutrition products (Figure 1).

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\(^5\) Lipids are a class of organic compounds, such as fatty acids or derivatives, and include natural oils, that are insoluble in water but soluble in organic solvents.
\(^6\) UNICEF. Therapeutic Milk Market and Supply Update. UNICEF, Copenhagen, April 2018.
\(^7\) UNICEF. Multiple Micronutrient Powder Supply and Market Outlook. UNICEF, Copenhagen, September 2016.
\(^8\) UNICEF. Vitamin A Supplementation: Market and Supply Update. UNICEF, Copenhagen, June 2018.
UNICEF manages RUTF as a non-stock item that is made to order due to several factors, including its short shelf life of 24 months, typically large order sizes, high number of orders, product bulkiness, and the cost of holding finished product inventory. Considering the geographical spread of UNICEF’s supplier base, and that most manufacturers have a buffer production volume in advance of orders, UNICEF does not need to pre-position stocks of RUTF for emergency preparedness. The combined global production capacity for RUTF and RUSF is now estimated to have reached over 208,000 MT and is more than sufficient to meet sudden increased demand from emergencies.

**4.1 Demand**

UNICEF has procured RUTF since 2000. The growing number of pilot programmes and the subsequent endorsement of CMAM in 2007 by WHO, WFP, UNICEF, and UNSSCN, resulted in the demand for RUTF through UNICEF to increase to a yearly average of between 30,000-35,000 MT from 2013 to 2016. This volume corresponds to the treatment of approximately 2.1 to 2.5 million children in over 60 countries, driven by emergencies and programmatic acceptance (Figure 2). In 2017, the demand spiked to reach 52,850 MT due to the multiple emergencies occurring in the Horn of Africa, Nigeria, South Sudan, and Yemen, amongst others. The high level of procurement continued through 2018 to reach 47,700 MT. Nevertheless, supply through UNICEF still only covers approximately 23 per cent of the global estimated SAM caseload of 16.4 million children. RUTF supplies from other sources, notably from AAH, MSF, USAID, and others, correspond to an additional five per cent of the global estimated SAM caseload. In other words, most children suffering from SAM, globally, remain untreated.

**Figure 2 UNICEF RUTF Procurement, Forecast, and Number of Countries Supplied 2000-2020**

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10 One MT contains 72 cartons of RUTF. One carton (92gr x 150 sachets) is sufficient to treat one child with 10-15 kg of RUTF over 6-8 weeks.

RUTF is a product mainly used for emergencies, and as such, country demand forecasts can be inaccurate. In 2013, UNICEF and partners established the Nutrition Dashboard (NutriDash) to help address these challenges. NutriDash is a web-based database with access limited to key partners. It is used to collect and strengthen nutrition programme information, and used to support programme management, advocacy, and mobilize resources, as well as to improve country demand forecasting. It helps countries to project supply requirements and ensure timely delivery.

UNICEF expects demand could increase further as a result of higher coverage rates, improved management approaches to acute malnutrition, as well as a growing focus on hunger and malnutrition to meet the Sustainable Development Goals (SDGs). The SDGs, adopted by the UN General Assembly in September 2015, seek to end all forms of malnutrition by 2030, including achieving the World Health Assembly (WHA) targets to bring childhood wasting below five per cent and reducing stunting by 40 per cent by 2025. It will require the rapid expansion in the reach and coverage of targeted feeding programmes, notably CMAM and use of RUTF. The World Bank estimates nutrition interventions could save up to 3.7 million child lives and 65 million fewer stunted children, compared to a 2015 baseline, should programmes reach their targets by 2025.

### 4.2 Supplier Base

From 2000-2007, the RUTF market had a single qualified international supplier producing RUTF for export, from which UNICEF sole-sourced supply to meet demand. In response to growing country programme demands and programme preferences for locally produced RUTF for in-country use, for reasons of economic development and supply chain efficiencies, the sole-source supplier established local franchises in programme countries. This coincided with increased demand from a growing number of countries. Local franchises increased local supply availability and supported broader economic and development goals by providing employment, the transfer of technical, production, supply chain knowledge and expertise, in addition to increasing global production capacity. UNICEF also sought to diversify the supply base beyond local franchises, and encouraged independent quality suppliers, particularly in programme countries to enter the market. To measure progress, UNICEF adopted a supply outcome target to source 50 per cent of RUTF procurement from suppliers located in programme countries by 2016.

To facilitate these efforts, UNICEF developed manufacturing and product standards as well as a strong quality assurance system to help mitigate the risks of microbiological contamination associated with peanut- and milk-based products (i.e. Enterobacteriaceae, Salmonella). UNICEF also strengthened country demand forecasts and used competitive bidding in tenders to improve market efficiency and leverage competition. UNICEF apportioned total forecasted quantities among suppliers with production facilities that meet UNICEF’s technical requirements and product specifications, while balancing evaluation criteria between pricing, quality, and the capacity to respond to demand to maintain a healthy market. As a result, the number of UNICEF RUTF paste suppliers increased from one supplier in 2007 to reach 20 suppliers as of December 2018, of which 17 (85 per cent) are suppliers based in countries with high concentrations of malnutrition. One supplier supplies RUTF in biscuit form (Table 1).

#### Table 1 UNICEF Supply Arrangements for RUTF in 2016-2019 – Continued Next Page

<table>
<thead>
<tr>
<th>Supplier</th>
<th>Type of supply</th>
<th>Start</th>
<th>End</th>
<th>Product</th>
</tr>
</thead>
<tbody>
<tr>
<td>Amul Diary (Kaira), India</td>
<td>International</td>
<td>mid-16</td>
<td>Mar 19</td>
<td>RUTF Paste</td>
</tr>
<tr>
<td>Compact, India</td>
<td>International</td>
<td>Apr 16</td>
<td>Mar 19</td>
<td>RUTF Paste</td>
</tr>
<tr>
<td>Compact, Norway</td>
<td>International</td>
<td>Jul 17</td>
<td>Jul 19</td>
<td>RUTF Biscuits</td>
</tr>
<tr>
<td>Compact, South Africa</td>
<td>International</td>
<td>Apr 16</td>
<td>Mar 19</td>
<td>RUTF Paste</td>
</tr>
<tr>
<td>DABS Nigeria</td>
<td>Local</td>
<td>Apr 16</td>
<td>Mar 19</td>
<td>RUTF Paste</td>
</tr>
<tr>
<td>Diva Nutritional Products, South Africa</td>
<td>International</td>
<td>Apr 16</td>
<td>Mar 19</td>
<td>RUTF Paste</td>
</tr>
<tr>
<td>Edesia, USA</td>
<td>International</td>
<td>Apr 16</td>
<td>Mar 19</td>
<td>RUTF Paste</td>
</tr>
<tr>
<td>Hilina, Ethiopia</td>
<td>Local</td>
<td>Apr 16</td>
<td>Mar 19</td>
<td>RUTF Paste</td>
</tr>
<tr>
<td>InnoFaso, Burkina Faso</td>
<td>Local</td>
<td>Apr 16</td>
<td>Mar 19</td>
<td>RUTF Paste</td>
</tr>
<tr>
<td>Insta Products, Kenya</td>
<td>International</td>
<td>Apr 16</td>
<td>Mar 19</td>
<td>RUTF Paste</td>
</tr>
<tr>
<td>Mana Nutritive Aid, USA</td>
<td>International</td>
<td>May 16</td>
<td>Mar 19</td>
<td>RUTF Paste</td>
</tr>
</tbody>
</table>

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<table>
<thead>
<tr>
<th>Supplier</th>
<th>Type of supply</th>
<th>Start</th>
<th>End</th>
<th>Product</th>
</tr>
</thead>
<tbody>
<tr>
<td>12 Meds for Kids, Haiti</td>
<td>International/Local</td>
<td>Apr 16</td>
<td>Mar 19</td>
<td>RUTF Paste</td>
</tr>
<tr>
<td>13 Nuflower Foods and Nutrition, India</td>
<td>International</td>
<td>mid-16</td>
<td>Mar 19</td>
<td>RUTF Paste</td>
</tr>
<tr>
<td>14 Nutriset, France</td>
<td>International</td>
<td>Apr 16</td>
<td>Mar 19</td>
<td>RUTF Paste</td>
</tr>
<tr>
<td>15 NutriVita Foods, India</td>
<td>International</td>
<td>Apr 16</td>
<td>Mar 19</td>
<td>RUTF Paste</td>
</tr>
<tr>
<td>16 Project Peanut Butter, Malawi</td>
<td>Local</td>
<td>mid-16</td>
<td>Mar 19</td>
<td>RUTF Paste</td>
</tr>
<tr>
<td>17 Project Peanut Butter, Sierra Leone</td>
<td>Local</td>
<td>mid-16</td>
<td>Mar 19</td>
<td>RUTF Paste</td>
</tr>
<tr>
<td>18 Samil Industry, Sudan</td>
<td>International/Local</td>
<td>May 16</td>
<td>Mar 19</td>
<td>RUTF Paste</td>
</tr>
<tr>
<td>19 Société de Transformation Alimentaire, Niger</td>
<td>Local</td>
<td>Aug 16</td>
<td>Mar 19</td>
<td>RUTF Paste</td>
</tr>
<tr>
<td>20 Société JB, Madagascar</td>
<td>International/Local</td>
<td>Apr 16</td>
<td>Mar 19</td>
<td>RUTF Paste</td>
</tr>
<tr>
<td>21 Valid Nutrition, Malawi</td>
<td>Local</td>
<td>Jun 16</td>
<td>Mar 19</td>
<td>RUTF Paste</td>
</tr>
</tbody>
</table>

Source: UNICEF Supply Division

UNICEF will continue to be the main buyer of RUTF for the foreseeable future, as it is an essential and core product in the treatment of SAM at community level. However, the price of RUTF is limiting the generation of additional demand even though the market has a sufficient number of suppliers. UNICEF’s procurement strategy is to meet programme needs with quality-assured products acceptable to beneficiaries, at the lowest acceptable price, while sustaining a healthy, diverse, and geographically well-spread, responsive, good manufacturing practice (GMP)-approved production capacity. UNICEF launched its April 2019-March 2021 tender in December 2018, in which it seeks to:

- Maintain a healthy diverse supplier base in programme countries close to beneficiaries, and the ability to respond to emergencies
- Provide products of assured quality in line with international standards
- Support the increase in coverage by making RUTF more affordable, and more acceptable with alternative formulations
- Enhance competition, and achieve gains in affordability by reducing the global weighted average price of RUTF by more than ten per cent below the 2018 threshold by March 2021
- Support and promote RUTF sustainable procurement

4.3 Sustainable Procurement

Sustainable procurement (SP) is an approach to procurement that incorporates the three sustainability pillars of social, economic, and environmental impact considerations. It goes beyond the more familiar “green” public procurement, to ensure that all products and services procured support local economic and social development, with the least environmental impact, and the best value for money (VfM).

In February 2018, UNICEF released its Procedure on SP (SUPPLY/PROCEDURE/2018/001). The procedure constitutes UNICEF’s policy on SP and is applicable across all UNICEF offices engaged in supply planning and procurement, wherever feasible and applicable, whether for goods or services, or for programmes or office assets, read more here.\(^{14}\)

Through its new tender, UNICEF will document the RUTF industry’s current sustainability practices and collect information it can use to establish a baseline with a focus on the three pillars. To support the many initiatives already planned and implemented by RUTF manufacturers, UNICEF will monitor progress in sustainability with due consideration for the health of the market and affordability of the finished product.

UNICEF’s share of RUTF procurement from suppliers based in programme countries has steadily increased. Apart from a decrease from 50 per cent in 2012 to 25 per cent in 2013 on account of updated quality requirements for finished products, procurement from suppliers based in programme countries increased to 37 per cent in 2015 (Figure 2). UNICEF exceeded its target to source at least 50 per cent of RUTF from suppliers located in programme countries at the end of 2016 by reaching 56 per cent, and maintained this level in 2017, and increasing it to reach 64 per cent in 2018 (Figure 3).

**Sustainable Procurement Considerations**

In implementing SP, UNICEF will seek to include green manufacturing quality management system and social considerations, SP criteria in tender commercial evaluations, and specific supply targets to develop local industry capacity in programme countries.

In applying SP, many UNICEF procurement decisions will face trade-offs between SP’s three (economic, social, and environmental) pillars, and present key operational challenges, especially between environmental and social considerations, with the latter often being more difficult to quantify. The absence of evidence to make any informed trade-off decisions will be part of the challenge. The other challenge will be the difficulty to make value judgments to prioritize one pillar over the other. However, solutions will be situation specific and priorities based on readiness, market influence, and targeted objectives.

Some SP elements, notably under the social pillar, may put some pressure on short-term costs that generate longer-term savings, such as investments in fairer employment working conditions, or health and safety, which would be offset by increased motivation, productivity, and reductions in work-related injury and absenteeism. To achieve higher tangible economic benefits and VFM, UNICEF and industry will strive to manage procurement decisions based on longer-term perspectives, considering the advantages of environmentally, socially sound products and services, and better performing staff, bring in the long-term.

**Figure 3 UNICEF RUTF (Paste) Procurement by Production Region of Origin 2007-2018**

![](chart)

Source: UNICEF Supply Division

The key advantages programmes can have from increased local production capacity include improved local availability and acceptability, government endorsement, supply chain cost efficiency, and reduced delivery lead-times. UNICEF compared two
of its recent emergency response peak periods of demand in the Horn of Africa, covering the period of April to September in 2011, with the same period in 2017.\textsuperscript{15}

In 2011, UNICEF had to source all its RUTF supply, 8,335 MT (9,167 MT gross) off continent, spending USD 6.5 million on freight including 4.5 million on international air freight alone. By contrast in 2017 during the peak of the emergency response, UNICEF was able to source 48 per cent of its 6,372 MT (7,009 MT gross) RUTF supply from manufacturers in the Horn of Africa, eliminating the need for the use of air freight. As it sourced a greater share of its supply nearer the areas of need in 2017, it contributed to cost-reduction of 21 per cent in USD per MT\textsuperscript{*}, reducing the average cost per MT by USD 830.30, from USD 4,003 in 2011, to USD 3,173 in 2017, due to reductions in net product prices, and as supply relied on cheaper overland and sea freight costs, rather than far more expensive international air freight as compared to 2011. The reduction in average freight cost per MT was USD 556.00, which is a 79 per cent reduction from USD 710.00 in 2011, to USD 154.00 in 2017, and which in turn, contributed to an 89 per cent reduction in carbon emissions (Figure 4).

**Figure 4 Influencing Markets Near Programme Countries in Emergencies**

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>RUTF Cartons</td>
<td>603,970</td>
<td>461,775</td>
</tr>
<tr>
<td>Metric Tons</td>
<td>8,335 net</td>
<td>6,372 net</td>
</tr>
<tr>
<td>Off Continent</td>
<td>100 %</td>
<td>52 %</td>
</tr>
<tr>
<td>Local Markets</td>
<td>90 %</td>
<td>48 %</td>
</tr>
<tr>
<td>% Sea Freight</td>
<td>0 %</td>
<td>0 %</td>
</tr>
<tr>
<td>% Air Freight</td>
<td>10 %</td>
<td>60 %</td>
</tr>
<tr>
<td>% Road Freight</td>
<td>0 %</td>
<td>40 %</td>
</tr>
<tr>
<td>Costs / $ / MT\textsuperscript{\textbullet}</td>
<td>4,003.00</td>
<td>3,173.00</td>
</tr>
<tr>
<td></td>
<td>Variance = -21 %</td>
<td>Variance = -79 %</td>
</tr>
<tr>
<td></td>
<td>...of which Freight</td>
<td>...and in % $ per MT</td>
</tr>
<tr>
<td></td>
<td>Variance = -79 %</td>
<td>Variance = -73 %</td>
</tr>
<tr>
<td></td>
<td>CO\textsubscript{2}Emission</td>
<td>Variance = -89 %</td>
</tr>
<tr>
<td></td>
<td>7,890 MT CO\textsubscript{2}e\textsuperscript{\textbullet}</td>
<td>867 MT CO\textsubscript{2}e</td>
</tr>
</tbody>
</table>

Source: UNICEF Supply Division

**Note**: Cost per MT is gross, inclusive of freight, pallets, and procurement costs, 9,167 MT for 2011 (8,335 MT net), and 7,009 MT for 2017 (6,372.net).

**Note**: CO\textsubscript{2}e: Carbon dioxide equivalent.

UNICEF could also see how the effects of sourcing an increasing share of supply from local manufacturers in response to the emergency stimulated local markets. The two suppliers in Ethiopia and Kenya increased their combined RUTF production capacity by 125 per cent compared to 2011. They increased their overall number of employees by 76 per cent, and the proportion of female employees (which had been 36 per cent) by five per cent. The social and economic impact and benefit of relying on local production strengthened a wider vision and understanding of sustainability through using, and leveraging, UNICEF’s supply function. Growing local production and technical capacity during humanitarian responses can further leverage procurement and supplies as a key programme input to assist and enable long-term economic development.

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4.4 Pricing

The WAP for internationally procured RUTF for export has steadily decreased since 2008 from USD 57.00 per carton to reach USD 44.10 in 2018, representing a decrease of 23 per cent over ten years. WAP fluctuations in 2013 and 2014 compared to previous years reflect updated product safety and quality requirements. Many suppliers had to make improvements to production facilities and production processes, which increased production costs. The sharp decrease in WAP in 2015 was due to a global oversupply of dry skimmed milk and fluctuations in the exchange rate between the USD and Euro (Figure 5).

Figure 5 UNICEF WAP for International and Local RUTF Paste Procurement 2007-2018

Source: UNICEF Supply Division

Note*: One carton contains 150 sachets of 92 gr. 72 cartons make up 1 MT.

Note*: UNICEF local WAP based on ex-works (EXW) local production prices.

Note*: UNICEF international WAP based on Free Carrier (named place) (FCA) export prices. Euro-based FCA export WAP is recalculated on an aggregate of USD value procurement.

The WAP for RUTF procurement from local suppliers (both franchisees and independent suppliers) producing RUTF for in-country use are comparatively 12-14 per cent higher than from international suppliers (Figure 4). Whilst the importation of finished RUTF products is tax exempted, given their programmatic purpose and the nature and health status of the beneficiary case load, local production requires the importation of most packaging materials and ingredients such as milk, peanuts, and the vitamin-mineral mix from international suppliers. In many instances, the import duties on these ingredients and materials contribute to higher pricing, rendering locally produced RUTF more expensive than the landed cost of imported RUTF. Many local producers also have difficulty to attract investment capital to expand and increase production. They also face challenges with high interest rates on capital loans, long cash conversion cycles, and less convenient access to quality testing labs. Despite these challenges, the trend in WAP follows a similar trend to international procurement. It decreased from USD 60.00 per carton in 2009 to fall below USD 49.00 in 2017, representing a decrease of 20 per cent over eight years.

For further information, UNICEF publishes a retrospective list of RUTF prices for each supplier having held, or holding a long-term arrangement (LTA) with UNICEF. Published prices include discounts and scale pricing suppliers offer to UNICEF.16

5. Issues and Challenges

- Ensuring RUTF product quality assurance is critical to UNICEF. The possible presence of microbiological contaminants in peanut- and milk-based foods poses potential hazards given the nature and health status of the intended beneficiary children. Current microbiological standards follow the latest advice in consultation with the United Nations Food and Agriculture Organization (FAO) and WHO on the microbial safety of lipid-based ready-to-use foods for the management of MAM and SAM. Codex Alimentarius issued the Code of Hygienic Practice for Low-Moisture Foods in 2015. Maintaining good hygienic practices, hygienic design of equipment, proactive maintenance programmes, as well as the control of incoming materials, and the physical separation of ingredient materials within the low-moisture food establishment based on specific hygiene requirements, will help prevent the contamination of low-moisture foods with pathogens in production of RUTF.

- Since 2007, the number of new international and local supplier entrants in the market has led to a decrease in RUTF WAP. However, UNICEF still considers the cost of RUTF too high to mainstream the products into existing national health and nutrition programmes. The WAP for locally produced RUTF also remains higher compared to RUTF produced in non-programme countries.

- Even though UNICEF RUTF procurement volume has increased and is sufficient to cover the needs of an estimated four million children, programmes must scale-up coverage further to meet the unmet needs of an estimated 12.4 million children that are severely malnourished. This would generate significant potential increases in future RUTF demand. UNICEF estimates the current RUTF global production capacity to be approximately 208,000 MT, and sufficient to respond to increasing the treatment coverage of children with SAM.

- To mitigate the risk of delays in timely RUTF delivery, notably from sudden surges in demand in response to emergencies, UNICEF encourages suppliers to hold a buffer stock of UNICEF tested and approved product.

- NutriDash issues yearly RUTF country demand forecasts. Data for the next year are now available and the 2019 forecast has been communicated to suppliers in the tender, but reliability is still limited given that RUTF is primarily used in emergencies and funding tends to be short-term and unpredictable. Longer-term, more structural, and more domestic funding is needed.

6. Steps Forward

- UNICEF launched its April 2019-March 2021 tender, seeking to maintain a healthy supplier base in programme countries close to beneficiaries, as well as to increase coverage by making RUTF more affordable and more acceptable with alternative formulations. Compared to previous tenders, the focus of this tender has shifted from market expansion to consolidating market achievements. UNICEF also expects further cost reductions can be found through sourcing local ingredients and by expanding ingredient varieties, achieve better economies of scale, and enhanced competition.

- Of the three categories of alternative formulations, “renovation”, “novel”, and “innovation”, included in the tender, only products considered under the “renovation” category, which replaces peanuts with different legumes, seeds, or cereals, comply with the existing composition as described in the “Joint Statement”. Products under the “novel” and “innovation” category currently do not comply. The procurement of these alternative formulations will be subject to the issuance of subsequent official guidance on evidence requirements, as well as demand materializing.

- UNICEF will continue to ensure ongoing technical support to local suppliers, to assist in product development and sustain RUTF procurement from programme countries, with a focus on high-burden countries where local manufacturing capacity and/or availability of more acceptable alternative formulations could incentivize governments to invest (more) in CMAM.

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22 UNICEF, WHO, WFP, Community-based Management of Severe Acute Malnutrition: A Joint Statement by WHO, WFP, the UN System Standing Committee on Nutrition, and UNICEF.
• UNICEF expects continuous product improvement from suppliers to achieve higher quality products, and will continue to focus on the quality assurance, the traceability of raw materials, and process control during production.
• In line with UNICEF’s food safety policy, UNICEF, together with partners including AAH, FAO, ICRC, MSF, USAID, WFP, and WHO, will continue to engage in reviewing product specifications. They will also work on appropriate testing sampling plans and strategies to monitor and control the presence of food safety risks in ingredients, production processes, production environment, and finished products.
• Through peer-to-peer exchanges, such as the Nutrition Supply Chain Practitioners Forum, held in June 2016 in Copenhagen, UNICEF will continue to strengthen national capacity to manage increased RUTF volumes, including storage and secondary distribution through supply chain optimization to reduce programme costs and prevent product wastage.
• To increase access and enable increased quality and coverage of nutrition programming used to prevent and treat nutritional deficiencies, UNICEF will continue to advocate that countries add RUTF and other essential nutrition commodities to their essential list of medicines, or other applicable essential health commodity lists, and classify RUTF as foods for special medical purposes. Furthermore, UNICEF will continue to advocate that countries fully integrate these products into their health system’s supply chain.
• In collaboration with country governments, other procurement agencies, and RUTF suppliers, UNICEF will continue to support the development of a Codex guideline for RUTF, which will provide a framework for governments to regulate in-country RUTF products and facilitate its proper use. The finalization of the guideline is anticipated by 2020.

For further questions or additional information, please contact:

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Other UNICEF information notes can be found at: http://www.unicef.org/supply/index_54214.html

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