Private Sector and the Fight Against Malnutrition

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What is the World Bank Institute?

- The capacity building arm of the World Bank Group: institutional strengthening, training, dialogues, implementation support.
- Committed to supporting the development objectives of the World Bank Group, namely sustainable poverty reduction.

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Focus of the Business, Competitiveness and Development team

- Corporate Responsibility and Competitiveness
- Business and the Millennium Development Goals
- Private Sector Governance and Anti-Corruption

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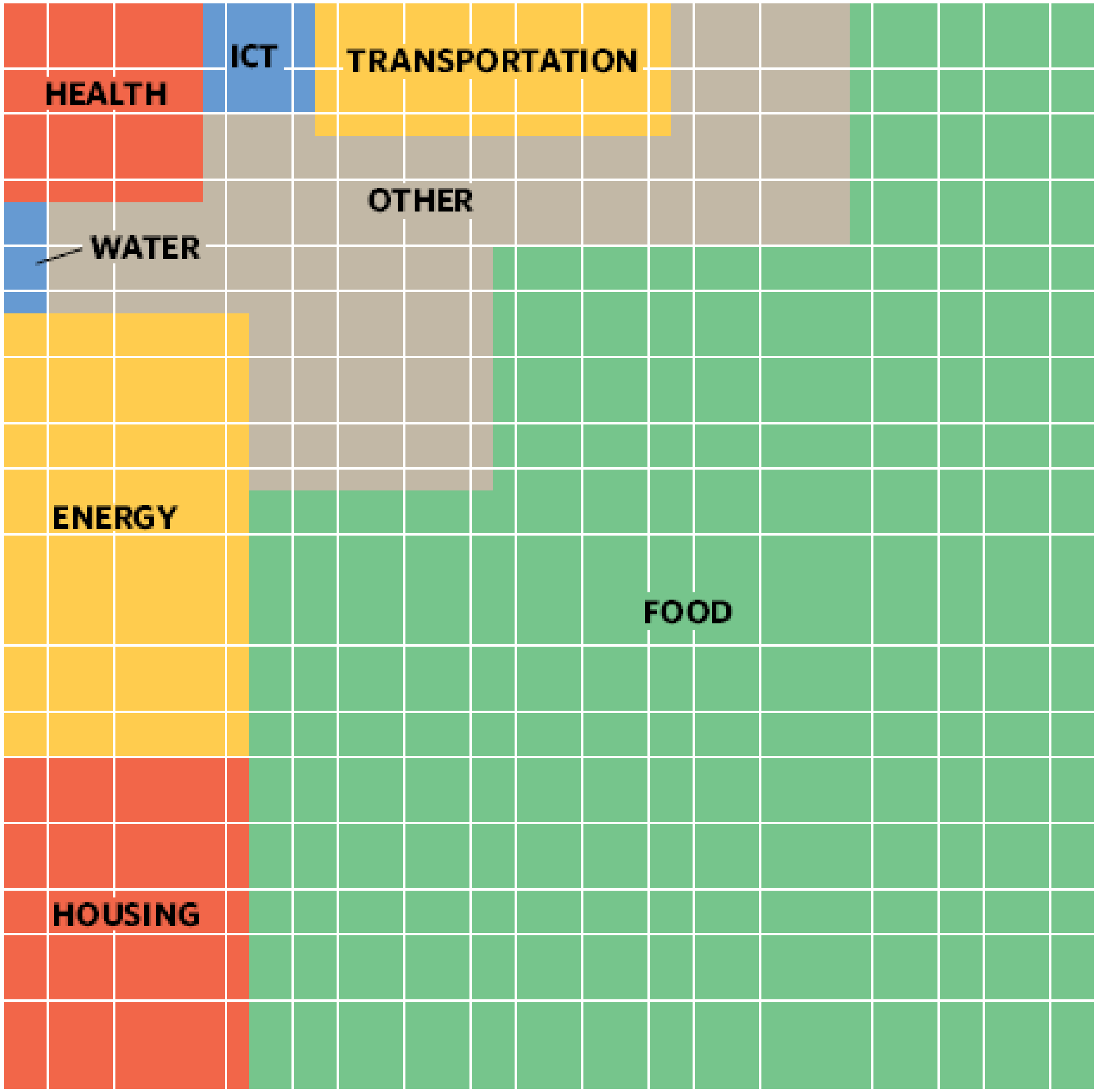
Estimated BOP market by sector

$5 trillion



Source: IFC/ WRI report, *The Next 4 Billion - Market size and business strategy at the base of the pyramid*, March 2007

Multi- Sectoral Partnership

gain
Global Alliance for Improved Nutrition

WORLD BANK INSTITUTE
Promoting knowledge and learning for a better world

Expertise in malnutrition and vitamin and mineral deficiencies	+	Expertise in private sector development, Multi-sectoral partnerships and corporate responsibility

GAIN BUSINESS ALLIANCE

World Bank Institute's role

Capacity Building

through

Learning tools/ programs for Business Alliance (BA) members	Development of case studies - showcasing best practices	Raising awareness on the vital role of business in fighting malnutrition worldwide

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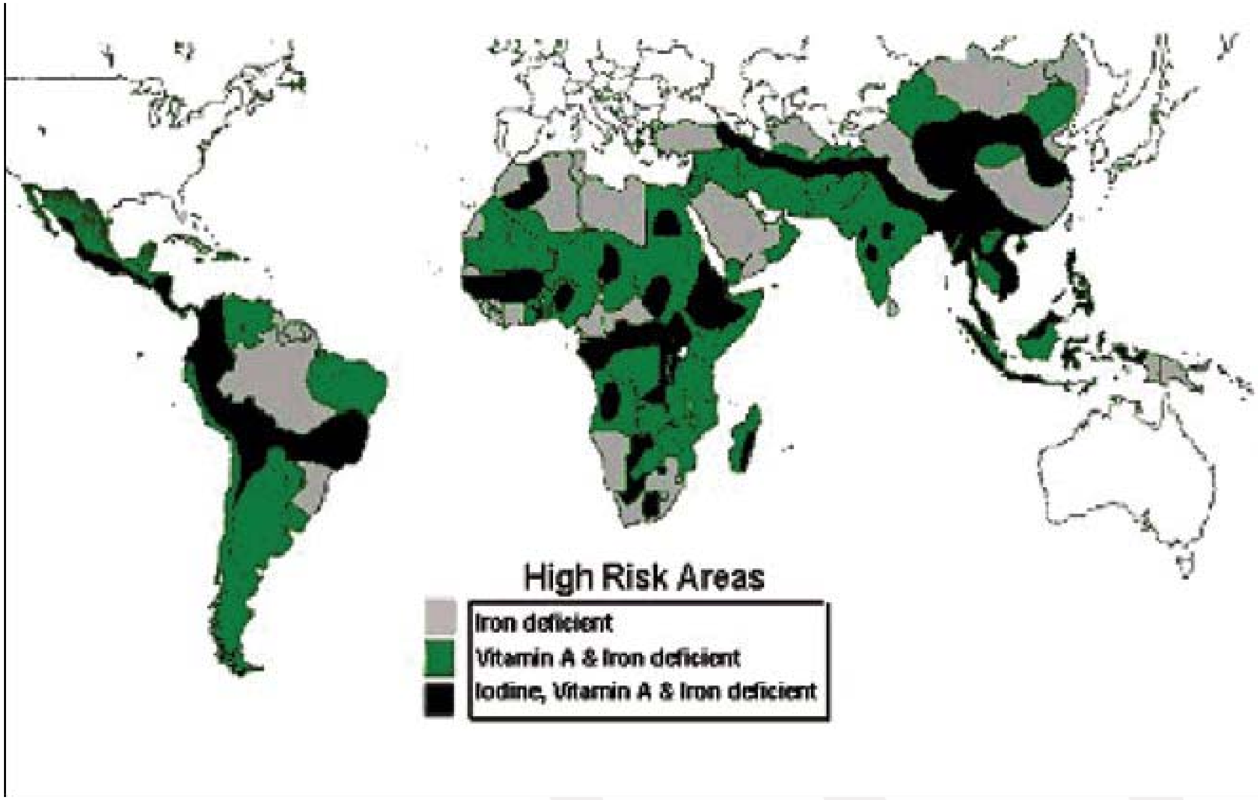
Areas of the world having micronutrient deficiency risk



USAID (as cited in Fischer T et al. (2004), *New Directions for a Diverse Planet: Proceedings of the 4th International Crop Science Congress*, Brisbane, Australia, 26 Sep–1 Oct 2004.

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Tetra Pak – Food for Development

- Nigeria among top 20 countries in which 40% under-five children chronically malnourished.
- Nasarawa School Feeding Program.
- Supply of Nutri-Sip and fortified cassava drink since developed.
- 400’000 children by the end of 2006 and when at scale will cover 25 million children all over Nigeria.
- Business case with IMD and WBI.
- Efficacy study with HKI and Cornell.
- Communication tool.
- Development model.

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Nasarawa School Feeding Program

- Launched 2004; Fall 2005 – 74,000 children receiving Nutri-Sip (containing 30 vitamins/minerals) five times a week
- Vital leadership of first President Obasanjo and then the Governor of Nasarawa State
- 100% financing by federal and state funds with Tetra Pak technical support, and support of Solae in adapting product

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Format of Program

- Original supply from South Africa and issues with lengthy supply chain and local criticism of imported product
- Led to commitment to development of local “cassava value chain”
- “Agriculture-to-consumer” model, as well as recycling of packaging
- School feeding component + agricultural development component + entrepreneurship component for local food processing ► genuinely local supply chain.

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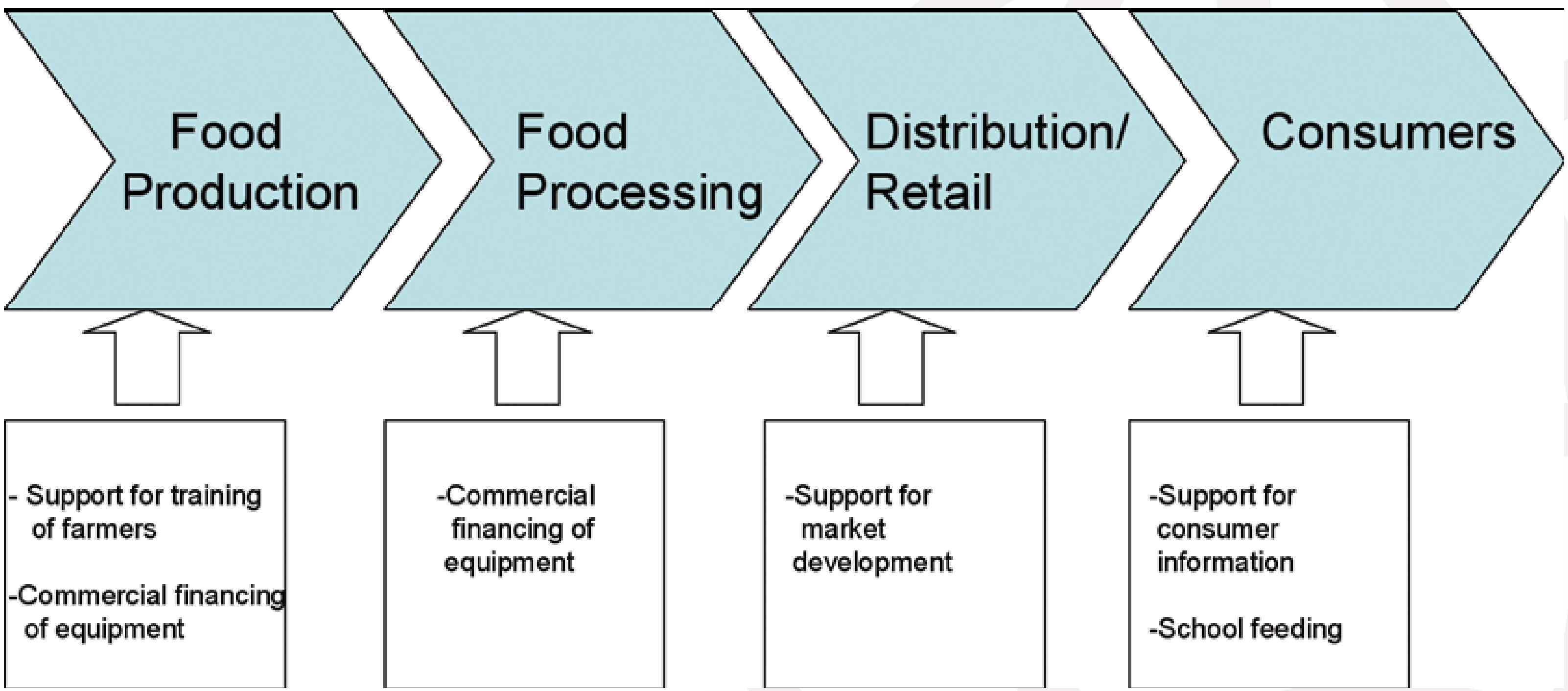
Steps required for the sustainability of the value chain producing liquid nutritional drinks in Nigeria



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Challenges

- Very difficult business environments and lack of local capacity
- Struggle to maintain momentum and limit opportunities for corruption
- Burden on company to ensure results – going beyond technical assistant to project management
- Need for parallel development programs (from clean water to revising school curricula) – only one part of the puzzle

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Procter & Gamble

- History of Innovation
- R&D model - "Lock/Unlock" fortification system ensuring bio-availability
- External partners crucial e.g. UNICEF, government agencies, universities

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P&G Fortified Product Development

- Mexico – Choco Milk (1989) with iron, Vit C and 8 other micronutrients
- Philippines - Star Margarine (1990) Vitamin A Fortified
- Philippines – Nutri Delight launch (1999) Shift to local production, strong clinical results and partners
- Venezuela – “NutriStar” launch (2001) Strong social marketing, 90% market recognition in 3 months, 15% market share within 12 months
- Shift to Licensing model - Nicaragua (2004) Licensed local production and USAID social marketing
- Ying Yang Zing (2006) Commercial market testing

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Challenges

- Complexity of science – need strong R&D
- Leadership within firm
- Political and business environment – risks, shifts in P&G strategy, claims of competitors.
- Local production that cost effective and ensures nutritional impact
- Competition and level playing field

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China's Soy Sauce Fortification Program

- China 2002 census – 20.6% of women of childbearing age suffered from iron deficiency anemia (higher in rural areas)
- China Center for Disease Control take up micronutrient deficiencies agenda
- Selection of soy sauce vehicle – 80% of population consume soy sauce at average daily rate of 12.6 grams per person. Much cheaper than alternatives (fresh meat and iron tablets)
- "Two Wheels Turning Together" – CDC and manufacturers

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Zhenji Brew Company

- CDC certified producer for Hebei province and China's No.2 soy sauce producer
- Seeking public health benefits, market expansion and segmentation
- Iron fortified soy sauce unavailable in Hebei in 2001, but in 90% supermarkets by 2007
- Extensive marketing by CDC (with GAIN support), media and Zhenji (targeting consumers and retailers)– led to rapid rise in awareness.
- Zhenji's fortified sauce sales doubling each year and consumed by 8.4 million people October 2005-October 2006. Fortified sauce over 25% sales for 2006, anticipate profit in 2007, and now expanding fortified output capacity to 100,000 tons.

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- In first 2 years, 58.6 million residents (of a total population of some 300 million) of the target seven provinces and Beijing were using iron-fortified soy sauce, including 34.5 million individuals at risk for iron deficiency

- Expanding campaign – estimate 130 million at risk. Hope to reach 360 million through campaign.

- Carrefour agreement 2007 to give shelf space to fortified sauce at no charge in its stores in 8 Chinese cities.

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Challenges

- Consumer trust and loyalty
- Higher costs
- Return on marketing investment and size of market in reality
- Packaging and distribution challenges
- Negotiating firm and CDC/MoH commitment

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Keys to Success

- Commitment – in firm and partners
- Local capacity
- Complementary expertise, especially external validation and social marketing
- Local production and culturally aligned product
- Stable operating environment
- Results – monitoring and evaluation

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Going to Scale

"So we've learned a lot, we've done a lot, but the technology is still not out there. In fact, technology is not the issue – and process is not the issue, quality is not the issue, manufacturing is not the issue. Willingness to get it done is the issue.

The micronutrient problem identified 30 years ago. I don't know why these people are still suffering. There are solutions already – technical and business solutions. Why it hasn't happened is still the big question."

Procter & Gamble Manager

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Thank you!!!

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