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## **PSE FOR NUTRITION: A GUIDE TO BUILDING EFFECTIVE PARTNERSHIPS**

FEED THE FUTURE MARKET SYSTEMS AND  
PARTNERSHIPS ACTIVITY  
OCTOBER 2023



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FROM THE AMERICAN PEOPLE

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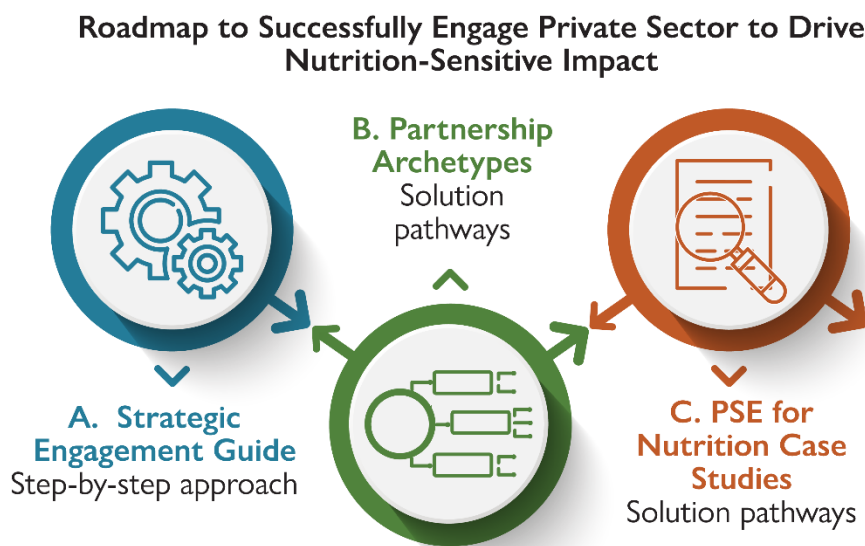
# ABOUT THIS RESOURCE

This Guide is a resource for establishing effective private sector engagement (PSE) to drive nutrition-sensitive impact—specifically dietary diversity, diet quality, and food safety. It is designed for USAID and implementing partner audiences and includes:

**Section I: PSE as a Core Modality to Drive Nutrition-Sensitive Impact**, which provides an overview of the topic, establishing what PSE for Nutrition is, why it is important, and the impact such engagement can deliver—highlighted across a set of notable case studies. This section is a useful primer for all development practitioners.

**Section II: Defining a New Nutrition-focused Engagement**, which provides a summary framework for going from concept to partnership. This section identifies lessons learned about key factors that contribute toward successful partnerships, from both partnership case studies and the piloting of this guide. The section situates the framework across USAID’s program lifecycle and will be useful to practitioners considering or proceeding with design or delivery of a PSE for Nutrition initiative.

**Section III: Detailed Operational Roadmap to Successfully Engage the Private Sector to Drive Nutrition-Sensitive Impact**, which describes the individual steps required to deliver impactful and strategic engagements within the prospecting and design phases of the partnership lifecycle. These steps may be conducted by different stakeholders and at different stages within or outside the program cycle. As such, the roadmap may be used in a modular fashion. The roadmap has the following elements, which are intended to be used together:



- A. **THE STRATEGIC ENGAGEMENT GUIDE** is a “how-to” **guide** to developing an effective partnership encompassing problem definition, partner identification, solution pathway selection, and partnership development.
- B. **THE PARTNERSHIP ARCHETYPES** are a menu of **partnership models or blueprints** to guide the design process of co-creating a partnership or collaboration with a company (or companies) to advance nutrition-sensitive objectives. Most engagements, or partnerships, will fall within one of these seven archetypes. The archetypes provide a common framework for conceptualizing and comparing the main PSE for Nutrition technical and partnering approaches.
- C. **THE PSE FOR NUTRITION CASE STUDIES** provide real-life examples of partnerships with nutrition-sensitive impact and how these partnerships were formulated. They provide **technical and partnering lessons** that will be relevant for anyone considering establishing a new program with similar objectives.

# ACRONYMS

ADF	Aliko Dangote Foundation
AGP-AMDe	Feed the Future Agribusiness and Market Development
AIF	African Improved Foods
AMS	Bühler's African Milling School African Milling School
ATNI	Access to Nutrition Index
BAA	Broad Agency Announcement (USAID)
BMGF	Bill and Melinda Gates Foundation
CDCS	Country Development Cooperation Strategy
CEO	Chief Executive Officer
CMA	Cereal Millers' Association
CoD	Cost-of-Diet
CSB	Corn Soya Blend
FACT	Fortification Assessment Coverage Toolkit
FMAN	Flour Millers' Association of Nigeria
FMCG	Fast-moving Consumer Goods
FMITI	Federal Ministry of Industry, Trade, and Investment
GAIN	Global Alliance for Improved Nutrition
GDA	Global Development Alliance (USAID)
GDP	Gross Domestic Product
ICDS	Integrated Child Development Services
JKUAT	Jomo Kenyatta University of Agriculture and Technology
MF Index	Micronutrient Fortification Index
MNC	Multi-National Company
MT	Metric Ton
NF	Nutritious Foods
NGO	Non-Governmental Organization
PAD	Privatization and Development (project)
PDS	Public Distribution System
PPP	Private-Public Partnership
PSE	Private Sector Engagement
R&D	Research and Development
RFA/RFP	Request for Assistance/Request for Proposal
RUSF	Ready-to-Use Supplementary Food
RUTF	Ready-to-Use Therapeutic Food
SAPFF	Strengthening African Processors of Fortified Foods
SBCC	Social Behavioral Change Communication
SME	Small- and Medium-Sized Enterprise
SUN	Scaling Up Nutrition
UNDP	United Nations Development Programme
UNICEF	United Nations Children's Fund
USAID	United States Agency for International Development
VAT	Value Added Tax
WFP	World Food Programme
WSUP	Water and Sanitation for the Urban Poor

# CONTENTS

ACKNOWLEDGEMENTS .....	I
ABOUT THIS RESOURCE.....	II
<b>I. PSE AS A CORE MODALITY TO DRIVE NUTRITION-SENSITIVE IMPACT.....</b>	<b>I</b>
The Potential of Private Sector Engagement (PSE) for Nutrition .....	2
Examples of PSE for Nutrition Delivering Impact.....	3
Lessons for Future PSE for Nutrition Initiatives .....	4
A Common Framework for Partnership Design Models (Archetypes).....	4
<b>II. DESIGNING A NEW NUTRITION-FOCUSED ENGAGEMENT .....</b>	<b>7</b>
The Strategic Engagement Guide in Summary .....	8
Considerations when Building Relationships with the Private Sector .....	9
How to Use the Rest of this Guide.....	11
<b>III. DETAILED OPERATIONAL ROADMAP TO SUCCESSFULLY ENGAGE THE PRIVATE SECTOR TO DRIVE NUTRITION-SENSITIVE IMPACT .....</b>	<b>12</b>
<b>A. STRATEGIC ENGAGEMENT GUIDE.....</b>	<b>13</b>
I. Define the Target Nutritional Problem(s).....	14
II. Identify Strategic Partners.....	17
III. Select Archetype(s).....	21
IV. Begin Partnership Co-Creation .....	23
<b>B. PARTNERSHIP ARCHETYPES.....</b>	<b>24</b>
OVERVIEW OF PRODUCER-FACING ARCHETYPES .....	24
I. Stimulate NF Product Development.....	24
II. Drive Biofortified NF Production Capacity.....	25
OVERVIEW OF CONSUMER-FACING ARCHETYPES.....	26
III. Catalyze Innovative NF Distribution to Lower-Income Consumers.....	26
IV. Promote Public Sector Channels for NF.....	28
V. Activate Government Engagement in NF Market Development and Demand Creation.....	29
OVERVIEW OF ENABLING ENVIRONMENT ARCHETYPES .....	30
VI. Facilitate Public-Private Dialogue for NF-Enabling Policies and Infrastructure.....	30
VII. Leverage Private Sector Technical Expertise to Build Public Institutional Capacity in NF Production and Processing ..	32
<b>C. PSE FOR NUTRITION CASE STUDIES.....</b>	<b>34</b>
CASE STUDY: CONSUMER-FACING ARCHETYPE, ACTIVATING GOVERNMENT-LEVEL PUBLIC-PRIVATE PARTNERSHIP IN NUTRITIOUS FOODS MARKET DEVELOPMENT AND DEMAND CREATION.....	34
CASE STUDY: ENABLING ENVIRONMENT ARCHETYPE, GALVANIZING PSE TO BUILD CAPACITY IN NF PRODUCTION AND PROCESSING: AFRICAN MILLING SCHOOL.....	41
CASE STUDY: ENABLING ENVIRONMENT ARCHETYPE, FACILITATING PUBLIC-PRIVATE DIALOGUE: SAPFF NIGERIA .....	46
CASE STUDY: PRODUCER-FACING ARCHETYPE, STIMULATING NF PRODUCT DEVELOPMENT: GUTS AGRO INDUSTRY, ETHIOPIA .....	54
<b>IV. CONCLUSION.....</b>	<b>61</b>

# I. PSE AS A CORE MODALITY TO DRIVE NUTRITION-SENSITIVE IMPACT



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# The Potential of Private Sector Engagement (PSE) for Nutrition



Existing food systems are currently unable to ensure safe and nutritious foods (NF) for all. In order to achieve Sustainable Development Goal 2: zero hunger and all forms of malnutrition—availability and affordability of NF need to be increased. Inequities in access to NF should be reduced, especially for vulnerable populations in low- and middle-income countries.

As the engine of production, distribution, and marketing of NF, private sector actors are a critical vector in addressing this problem. However, barriers to market entry for NF remain high, profit margins low, and significant sales volumes are needed to achieve viable business models. There is often insufficient proof of concept for the commercialization and marketing of NF, and market diagnostics for product development are suboptimal. These factors preclude private sector investment in nutrition at scale and require complementary activities by market enablers and governments to maximize potential PSE impact.

In this guidance document, NF include the following food groups: unprocessed and processed foods (such as fruits, vegetables, legumes, eggs, animal-sourced foods) and fortified and biofortified foods (e.g., zinc-fortified rice).

An increasing number of successful private sector collaborations deliver nutrition-sensitive outcomes, which powerfully demonstrates the efficacy of applying a PSE modality to the nutrition space. These partnerships or engagements provide a roadmap for future initiatives that seek to deliver similar results. They highlight valuable lessons for practitioners, both in terms of the underlying technical approach and how to engage private sector actors most effectively.

These examples of success and other codified strategies, such as USAID's [Private Sector Engagement Policy](#), show that donors have an expanding toolkit of ways to work with the private sector to leverage their strengths in solving development problems. While finance or grants to support innovation and piloting new business models may be appropriate, case examples demonstrate a far broader set of ways to engage.

## Nutritious Food Solutions to Nutritional Problems

Many nutritional problems are the result of lack of dietary diversity, dietary quality, and food safety. These can often be addressed by improved accessibility, availability, and affordability of NF. For instance:

- Many micronutrient deficiencies can be improved through access to micronutrient-rich foods (foods naturally rich in vitamins, fortified, or biofortified foods).
- High stunting rates for children under 5 (0–59 months) are due in part to low nutritional quality of complementary foods (low breastfeeding rates and high infection loads being other main causes). This can be improved by increased diversity and quality of complementary foods.
- Women often eat last and least, not benefiting from the little availability of the more NF (meat, eggs, dairy, legumes) in poor households. Especially during pregnancy or lactation, when their nutrient requirements are highest, women face multiple food taboos. Increased access to foods such as dairy products, protein-rich legumes, and fortified foods can contribute to reducing nutrient deficiencies.

PSE is not the panacea for all nutrition problems, for which causality is complex and is highly rooted in poverty and social inequality. Childhood stunting and wasting for instance relate to high disease burden, intergenerational malnutrition impacts, as well as inadequate breastfeeding practices. Some of these nutritional problems are better addressed by governments, donors, and civil society.

However, given private sector actors play a critical role in the manufacture, distribution, and retailing of NF, **there are a number of specific instances where PSE is appropriate or necessary to drive change.**

## Examples of PSE for Nutrition Delivering Impact

Four case studies were conducted as part of this review to highlight what success can look like:

CASE STUDY	IMPACT AND APPROACH IN BRIEF
<p>Oil Fortification in Rajasthan, India</p> <p><a href="#">Page 34</a></p>	<p><b>Impact:</b> Fortified edible oil has contributed to significant reductions in vitamin A deficiency (1% of children 5–19 years with vitamin A deficiency in Rajasthan compared to 21% across India) and has enabled edible oil manufacturers to increase sales by 10–15%.</p> <p><b>Approach in Brief:</b> The Global Alliance for Improved Nutrition (GAIN) has played the role of convenor across public and private sector actors to support the state of Rajasthan’s nutrition agenda. Success was driven through effective partnership with the Government of Rajasthan and through incentivizing all industry players to ensure a sustained supply of fortified oil by offering opportunities to boost their reputations and eliminating business impediments. Tailored approaches were used to engage larger companies—such as Ruchi Soya, one of India’s largest domestic edible oil producers—and smaller firms.</p>
<p>Bühler’s African Milling School (AMS) in Kenya</p> <p><a href="#">Page 41</a></p>	<p><b>Impact:</b> A groundbreaking initiative strengthened the technical capacity of professional millers throughout East Africa, translating into improved quality and reduced cost of NF in the region in the immediate-term and strengthened capacity for innovation and industry development over the long-term.</p> <p><b>Approach in Brief:</b> Bühler’s African Milling School (AMS) in Nairobi, Kenya, offers comprehensive and intensive training in the food industry. Its program offers theoretical and practical training to millers and food technologists, enabling them to efficiently operate food processing plants throughout the region and improve local capacity for food fortification. AMS was established in 2015 by Bühler, a global leader in food processing technologies and production equipment. To date, it has trained more than 1,000 students.</p>
<p>Strengthening African Processors of Fortified Foods (SAPFF) in Nigeria</p> <p><a href="#">Page 46</a></p>	<p><b>Impact:</b> The supply of Nigeria’s sugar fortified with vitamin A expanded coverage of the Nigerian population from 31% to 96%. The supply of wheat flour fortified with iron and folic acid expanded its availability from 54% to 92% NF. The supply of cooking oil fortified with vitamin A increased by 28%.</p> <p><b>Approach in Brief:</b> The Strengthening African Processors of Fortified Foods (SAPFF) project, funded by the Bill &amp; Melinda Gates Foundation, sought to increase the coverage of fortified foods by incentivizing food processors to comply with existing standards. In Nigeria, the project elevated the fortification agenda to the highest level of government and industry, facilitated an overarching joint regulatory framework on fortification, developed policy papers to help advocate for improved fortification legislation, and designed a recognition scheme to incentivize self-regulation. Nigeria’s main</p>



	private sector partners include: the Aliko Dangote Foundation, Olam Group, the Dangote Group, Flour Mills of Nigeria Group, and Dufil Group, with over 19 companies engaged in the collaboration.
<p>Guts Agro Industry (Guts Agro) in Ethiopia</p> <p>Page 54</p>	<p><b>Impact:</b> A leading Ethiopian NF company—Guts Agro Industry (Guts Agro)—developed new nutritious chickpea-based foods for Ethiopian consumers, grew topline sales by 10%, and supported increased farmer incomes through its sourcing model.</p> <p><b>Approach in Brief:</b> Guts Agro partnered with USAID and the World Food Programme (WFP) to receive technical assistance, market access, and financial support to develop new commercial nutritious products for the Ethiopian market (delivered through a door-to-door distribution model) and ready-to-use supplementary food (RUSF) for the institutional sector. These activities fed into USAID’s larger goal of stimulating agriculture-led economic growth through agribusiness and market development. The nutritious products for the commercial market have seen traction and growth. The development of the RUSF product was later paused.</p>

## Lessons for Future PSE for Nutrition Initiatives

The brief descriptions captured above highlight some implications for practitioners who are considering engaging the private sector as a means to drive nutrition-sensitive impact:

1. **PSE for Nutrition can address a broad range of nutritional problems:** While all the examples share the same broad goal, the approaches described seek to address quite different nutritional challenges and target populations.
2. **Effective PSE takes many different forms:** The examples included showing the potential of bilateral and multi-stakeholder modes of engagement and the potential to focus more narrowly on a subset of innovative companies or working across the broader private sector.
3. **These approaches can work but are context specific:** The successful approaches adopted by implementers were appropriate and relevant for the respective contexts and market systems in Rajasthan (India), Ethiopia, Nigeria, and Kenya.

The broad range of options and considerations—different focus on nutrition problems to solve, different ways to consider engaging the private sector, and the need for context-specific solutions—can act as a barrier to designing new collaborations or initiatives. USAID Mission Officers or implementing partner professionals need the relevant experience and guidance to identify approaches that will succeed.

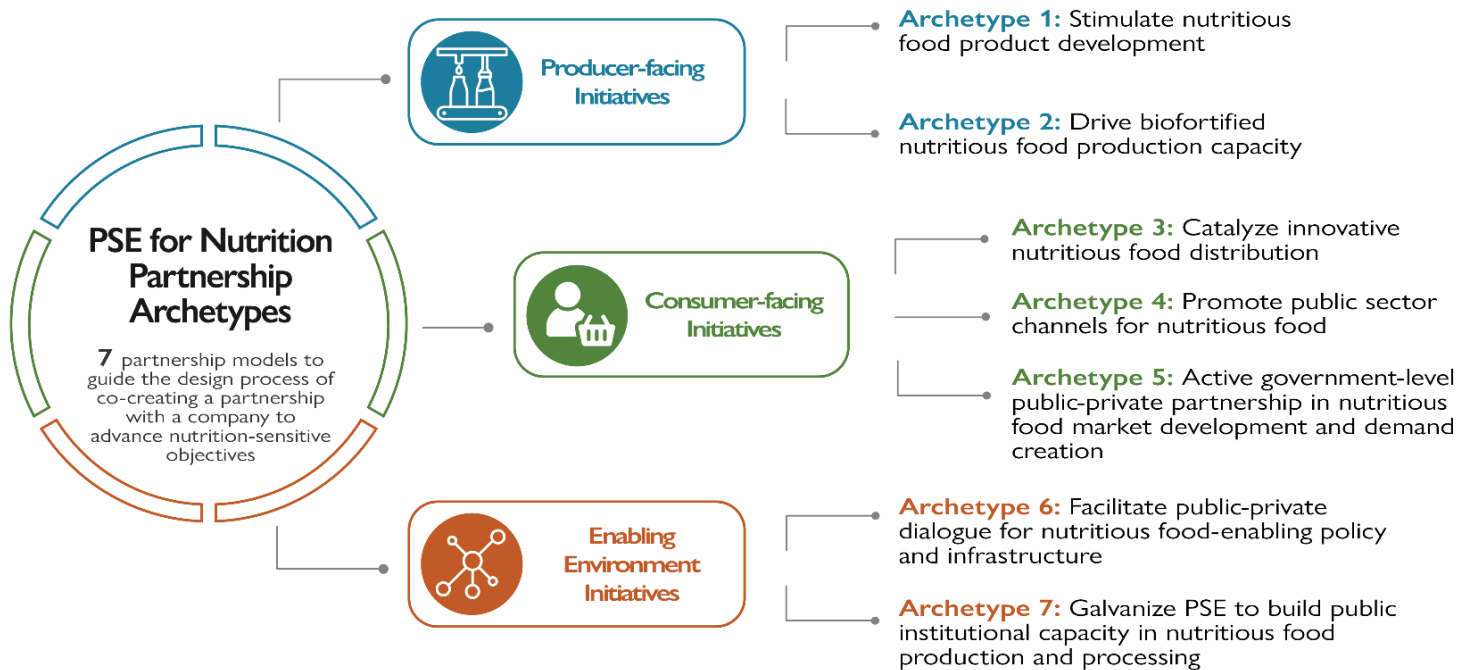
## A Common Framework for Partnership Design Models (Archetypes)

Through assessing numerous real-life instances of successful engagement with the private sector to drive nutrition-sensitive impact, we have identified a set of core approaches that can be applied to the design of new collaborations. These partnership models—which we have called Archetypes—are intended to provide a common language for technical experts and non-experts alike to discuss the main options available for structuring new nutrition-focused partnerships. In facilitating access to NF, there are three systemic constraints that PSE is particularly well-placed to address:

- **Producer-facing initiatives**, which focus on the supply side of the food system, address constraints to the private sector’s ability to produce and process NF, reduce food loss, and develop new products;
- **Consumer-facing initiatives**, which focus on demand-side constraints in the food system, address constraints to the private sector’s ability to improve the desirability and accessibility of NF for vulnerable populations and grow the market for NF; and
- **Enabling environment initiatives**, which focus on enabling environment constraints in the food system, specifically in the interaction between private sector stakeholders and government actors, advocate for stronger government dialogue and coordinated action with business, facilitating the development of policy strategies and building public institutional capacity.

**What are Archetypes?**  
 Archetypes are a shorthand for describing partnership models or blueprints to guide engagement with the private sector to advance nutrition-sensitive objectives.  
 Each archetype seeks to address a different barrier to equal access to NF in the market system, leverage different types of private sector partners and engage them in different ways, address different constraints of the private sector actors, and have different success metrics. Selection of the appropriate archetype (or combination of archetypes) is a critical decision when driving PSE for Nutrition outcomes.

Based on a review of USAID and other donor initiatives that leverage PSE for Nutrition, these three broad categories can be more specifically defined around seven archetypes as shown in the diagram below.



The following table is a summary of the partnership archetypes. [Section B](#) contains further guidance.

PARTNERSHIP ARCHETYPE	DESCRIPTION
<b>Producer-facing initiatives</b>	
1. <b>Stimulate NF product development</b>	<ul style="list-style-type: none"> <li>Supporting companies to produce commercially viable nutritious products addressing the dietary needs of low-income consumers at marketable price points</li> <li><b>Case study:</b> <a href="#">Guts Agro, Ethiopia</a></li> </ul>
2. <b>Drive biofortified NF production capacity</b>	<ul style="list-style-type: none"> <li>Enabling a market-based approach to research and development (R&amp;D), commercialization, and marketing to develop a value proposition to farmers and other food system players to enable commercially sustainable adoption of biofortified products at scale</li> <li>Considered as a separate archetype to address particular challenges of building demand among consumers and producers for this segment</li> </ul>
<b>Consumer-facing initiatives</b>	
3. <b>Catalyze innovative NF distribution</b>	<ul style="list-style-type: none"> <li>Supporting the private sector to commit to and engage in distribution of NF products to harder-to-reach, lower-income segments through innovative channels developed with other partners</li> </ul>
4. <b>Promote public sector channels for NF</b>	<ul style="list-style-type: none"> <li>Connecting local private sector suppliers to public sector channels to increase the security of supply, stimulate local investment, reduce cost, and expand access to NF</li> </ul>
5. <b>Active government-level public-private partnerships (PPP) in NF market development and demand creation</b>	<ul style="list-style-type: none"> <li>Catalyzing a partnership between public and private sector players to create demand for NF has the potential to leverage the unique strengths of both partners—influencing consumer knowledge and awareness while tapping into consumers’ emotional, underlying, or subconscious motivations, as well as their desire for value for money</li> <li>This archetype is cross-cutting and also falls under enabling environment initiatives</li> <li><b>Case study:</b> <a href="#">Oil Fortification, India</a></li> </ul>
<b>Enabling environment initiatives</b>	
6. <b>Facilitate public-private dialogue for NF-enabling policy and infrastructure</b>	<ul style="list-style-type: none"> <li>Creating space and building trust to enable transparent dialogue between public sector authorities and private companies can help strengthen policy creation (e.g., regarding food safety) and contribute to a robust enabling environment, as long as care is taken to avoid the risk of corporate lobbying</li> <li><b>Case study:</b> <a href="#">SAPFE</a>, Nigeria</li> </ul>
7. <b>Galvanize PSE to build public institutional capacity in NF production and processing</b>	<ul style="list-style-type: none"> <li>Leveraging private sector technical expertise offers an opportunity to close capacity gaps in the public sector, which can inhibit implementation and regulatory oversight (e.g., enforcement agencies may lack technologies, capabilities, and tools to enforce regulations effectively, and technical food safety guidance to local businesses may be absent)</li> <li><b>Case study:</b> <a href="#">AMS</a>, Kenya</li> </ul>

# II. DESIGNING A NEW NUTRITION-FOCUSED ENGAGEMENT



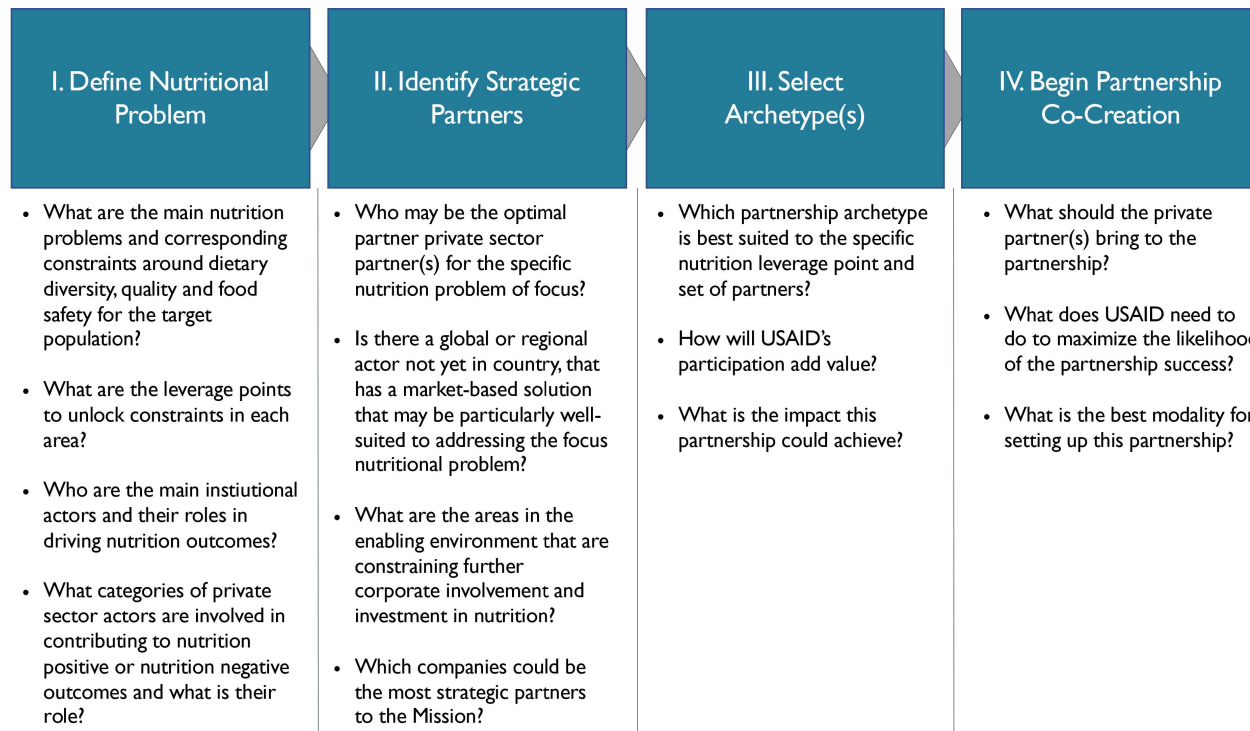
PHOTO BY FINTRAC, INC.

# The Strategic Engagement Guide in Summary

There are four steps to establishing a new nutrition-focused collaboration with the private sector. Each step has a set of strategic, technical, partnering, or procurement questions for a USAID Mission officer to address. Depending on the Mission context and when these questions are being considered, it may be that some of these parameters have already been defined through pre-existing assessments or analyses. In other instances, it may be necessary to commission a new upfront analysis before a partnership or engagement design process can begin.

Details on every step described in this section—**additional questions that may need to be addressed, sources of information to use, advice and tips for the execution of each step**—is described in **Section III** of this document.

## Questions to Answer When Designing a New PSE for Nutrition Initiative



### Checklist at Each Stage

- |  |  |   |  |
|--|--|---|--|
| <ul style="list-style-type: none"> <li>• <i>Priority specific nutritional problem and target population segment</i></li> <li>• <i>Number of people affected within the target population and the health or developmental challenge that results</i></li> <li>• <i>Potential market and enabling environment leverage points</i></li> <li>• <i>Types of private and institutional actors currently or potentially involved</i></li> </ul> | <ul style="list-style-type: none"> <li>• <i>Understanding of prospective private sector partners' market position, strategy for growth, and data that validates motivation</i></li> <li>• <i>Identification of applicable relevant success cases from other countries</i></li> <li>• <i>Identification of enabling environment factors that are most constraining corporate investment</i></li> <li>• <i>Assessment of whether bilateral or multilateral partnership is preferred</i></li> </ul> | <ul style="list-style-type: none"> <li>• <i>Specific partnership archetype(s) best suited to address the nutritional issue of focus with the identified partners</i></li> <li>• <i>Optimal role of USAID and its added value in this partnership</i></li> <li>• <i>Level of anticipated impact</i></li> </ul> | <ul style="list-style-type: none"> <li>• <i>Overall (co-created) design of the partnership</i></li> <li>• <i>Specific roles and responsibilities of all partners (co-created)</i></li> <li>• <i>Relevant procurement modality</i></li> </ul> |
|--|--|---|--|

## Considerations when Building Relationships with the Private Sector

While primary and secondary research will strongly influence a potential partnership’s technical strategy and activity design, the success of any collaboration with the private sector will hinge upon relationship health. As such, as a key part of any strategic design or partnership prospecting process, a USAID Mission or implementing partner will want to build relationships with prospective private sector partners based on the following:

- **Alignment:** a shared understanding of objectives, working culture, and expectations
- **Commitment:** a shared satisfaction with each partner’s engagement level and dedication to the goals of the partnership
- **Trust:** a mutual belief in the truthfulness, competence, and reliability of each partner
- **Mutuality:** a reciprocal dependence built upon shared rights and responsibilities
- **Performance:** a shared perception of progress toward the partnership’s outcomes
- **Efficiency:** the mutual ability to accomplish activities in a partnership with a minimum amount of unnecessary time, resources, and effort

The table below highlights some of the partnership factors that helped drive success and align incentives across the four case studies.

CASE STUDY	FACTORS THAT FACILITATE EFFECTIVE COLLABORATION IN NEW PARTNERSHIP DESIGN
<p>Oil Fortification in India <a href="#">Page 34</a></p>	<p>Strategic leverage points to engage the private sector can include reputational aspects (e.g., Ruchi Soya aspired to be a responsible industry leader) and more business-linked incentives—such as eliminating business impediments (e.g., controls on oilseed stock limits) as an inducement to action.</p> <p>An effective convenor needs to develop long-term relationships across public and private sector partners and be able to provide support in response to specific needs. Providing relevant data to all stakeholders is a valued contribution.</p>
<p>Bühler’s African Milling School (AMS) in Kenya <a href="#">Page 41</a></p>	<p>Strong company commitment and ownership of the initiative are driven by a combination of clear business incentives in the short-term (reputational benefits) and the long-term (developing a cadre of sophisticated milling professionals with loyalty to Bühler products).</p> <p>A champion with a personal passion can provide the energy and momentum necessary to generate internal corporate commitment to advancing a shared-value engagement.</p>
<p>Strengthening African Processors of Fortified Foods (SAPFF) in Nigeria <a href="#">Page 46</a></p>	<p>Companies typically have limited interest in engaging in food fortification issues. Additional “hooks” are needed to successfully initiate conversations that lead to engagement. The closer these are to core business issues and the company’s overall competitiveness, the higher the likelihood of interest in partnering.</p> <p>Engaging with multiple levels within a company (from CEO to technical managers) ensures both corporate commitment and follow-through, but significant time and effort are needed to build trust and to prove the business case for the private sector.</p>
<p>Guts Agro Industry in Ethiopia <a href="#">Page 54</a></p>	<p>In broad terms, the private sector partnership was successful due to the alignment of objectives between stakeholders, frequent engagement and collaboration between all parties, and the transparency of Guts Agro with the public sector partners.</p>

The following lessons emerged when testing this resource with USAID and its partners and may be useful to consider in prospecting and co-creating nutrition-focused partnerships.

Lesson	Recommendation
I. During partnering discussions, there can be a temptation to lead with assumptions rather than questions	Approach potential partners with curiosity. Establish motivations and priorities with open questions. Identify shared objectives through open discussion rather than starting with a “pitch.” Understand that multiple meetings may be required to establish trust and overlapping interests.
II. Direct partners to leverage pre-existing case studies and archetypes to provide a shared language	<p>Existing case studies and successes in other markets can be useful for providing a starting hypothesis or can offer design inspiration for a potential collaboration. Partnership models or archetypes can guide collaboration exploration and help structure initial meetings with prospective partners.</p> <p>Opportunities that span multiple partnership archetypes may be identified, though these may carry higher levels of complexity and risk.</p>
III. Consider breaking up the approach into multiple processes if needed	<p>It may be necessary to answer the questions required to develop a successful collaboration through separate processes at separate times. A process to establish the underlying nutritional challenges may happen at one point in the process, while engagement with private sector actors to assess motivation might take place at another step.</p> <p>It may be that a variety of implementing partners are well-suited to addressing certain questions through their ongoing work and that USAID may need to conduct a limited analysis to address only a few remaining information gaps, if any at all.</p>

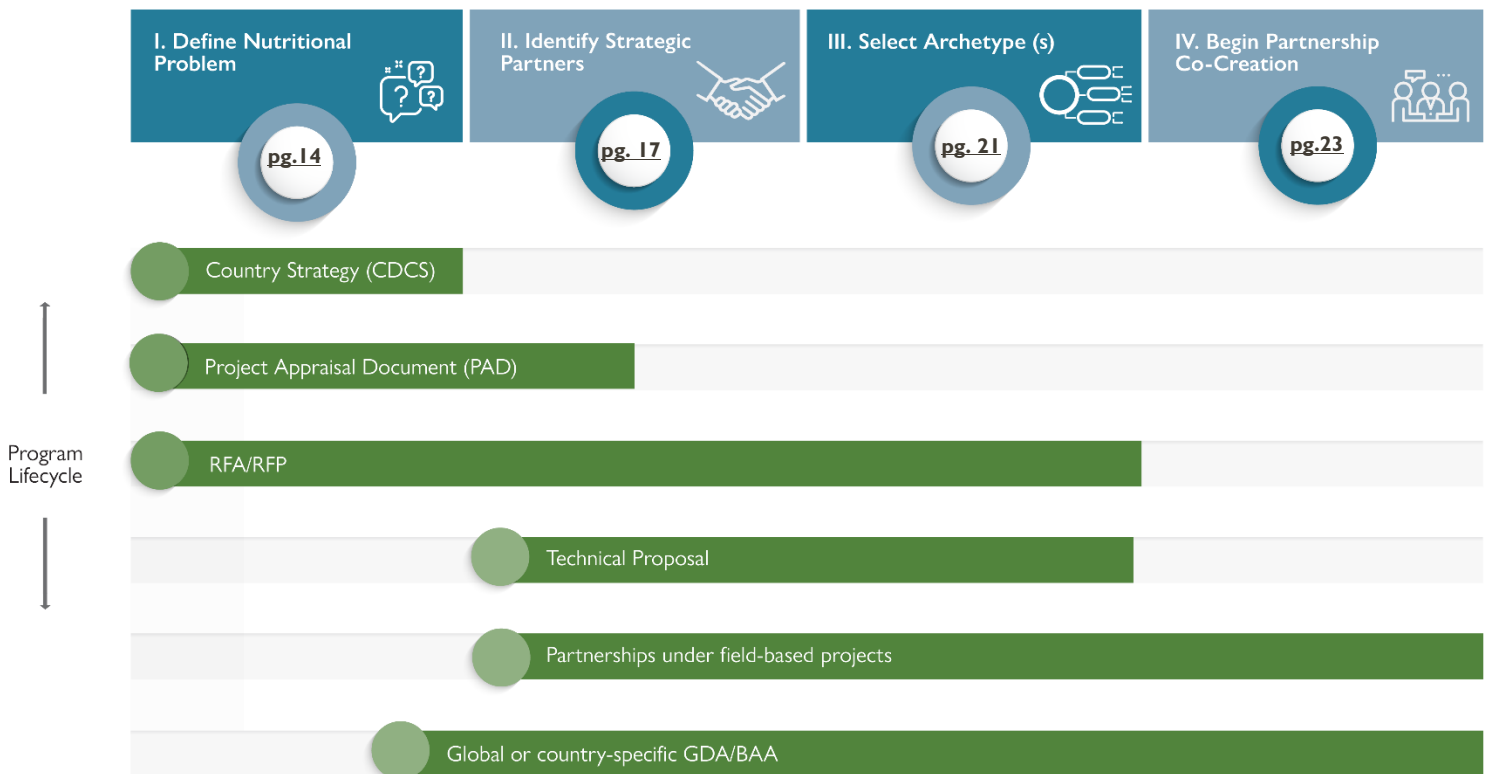
# How to Use the Rest of this Guide

This document is intended for use by various target audiences at USAID and among its implementing partners. Users could include nutrition experts, PSE experts, USAID Mission officers, USAID/Washington professionals, and field-based and headquarters-based implementing partners.

Specific sections of the operational roadmap will have greater relevance to particular user groups based on the strategic process they are undertaking.

The diagram below shows which sections of the partnering guide will be most useful during which steps of the program lifecycle. It should be noted that while the graphic represents the typical alignment between the partnering guide and the program lifecycle, there are likely to be various situations which can present as exceptions. For example, there may be opportunistic instances where high-potential firm partners present themselves to USAID or the implementing partner rather than the development practitioner identifying the company as part of an upfront strategic opportunity identification analysis.

## Relevance of Section III: Detailed Operational Roadmap for Users During Program Life Cycle





# III. DETAILED OPERATIONAL ROADMAP TO SUCCESSFULLY ENGAGE THE PRIVATE SECTOR TO DRIVE NUTRITION- SENSITIVE IMPACT



PHOTO BY FINTRAC, INC.

# A. STRATEGIC ENGAGEMENT GUIDE

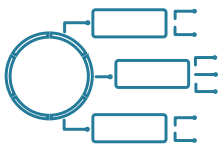
The Strategic Engagement Guide has four steps:



The purpose of the first step is to help Missions and implementing partners **define the target nutritional problem(s)** for PSE in their respective countries. Market-based interventions are likely to complement nutrition-specific interventions, such as treatment of wasting, breastfeeding counseling, or micronutrient supplementation, which target vulnerable population groups.



The purpose of the second step is to **identify strategic partners in the market system** that USAID could engage in through partnership. A set of questions will help Missions and implementing partners to assess the roles, motivations, and influence of both public and private actors within the food system and to identify factors constraining corporate involvement and investment in market-based solutions for nutrition. In homing in on these dynamics, development practitioners can identify the corporate partners that will allow USAID to have the greatest impact at scale.



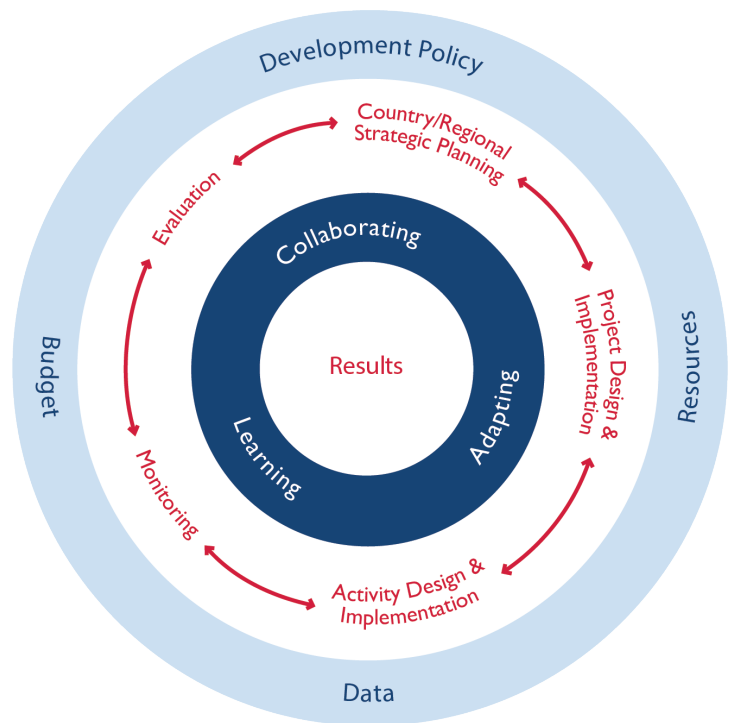
Once the most impactful potential corporate partner (or set of partners) is identified, the objective of the third step is to **select a partnership archetype model** that best channels the partner's assets and commercial incentives toward solving the target nutritional problem(s). A set of questions will help development practitioners consider how and whether USAID's participation under such a partnership archetype is essential to the potential corporate partner for market facilitation and/or risk mitigation.



The purpose of the fourth step is for Missions and implementing partners to **co-create partnership design** in collaboration with the chosen corporate partner(s) under the selected partnership archetype model. A set of questions will help guide discussions to define shared value objectives, partnership activities, and the Mission's and private sector partner's intended role and contributions to implementation.

This guide allows for varying time and resource constraints and can be used at any point in the program cycle.

In addition, the guide could be used as part of a broader country strategic planning process or the design of a flagship procurement to evaluate opportunities to engage the private sector within the ongoing project portfolio in the context of developing, updating, or implementing a PSE Action Plan, or in response to outreach by a specific company.





## I. Define the Target Nutritional Problem(s)

This step allows Missions and implementing partners to establish the target nutritional problem(s) they seek to address through a market-based solution. By doing so, it enables USAID to identify entry points to help expand corporate involvement and investment in confronting the defined nutritional problem, using partnership or broader engagement to achieve nutritional outcomes. There are three key questions to be answered:

### A. WHAT ARE THE MAIN NUTRITIONAL PROBLEM(S) AND CORRESPONDING CONSTRAINTS AROUND DIETARY DIVERSITY, QUALITY, AND FOOD SAFETY FOR THE TARGET BENEFICIARY POPULATION<sup>1</sup>?

#### Detailed questions:

1. Which micronutrient deficiencies in the target areas can be overcome by increased market access to micronutrient-rich foods?
2. For which population groups<sup>2</sup> is the minimum dietary diversity insufficient for the household, women, or children?
3. Which nutrient gaps are identified by cost-of-diet (CoD) modeling<sup>3</sup> and can be overcome by increased market access to NF, improving availability, accessibility, and affordability, as well as affecting consumer preference?
4. For which key NF groups is the estimated intake of vulnerable populations significantly lower than the recommendation?
5. Are there availability and/or affordability challenges for these NF in the target area (e.g., due to production constraints)?
6. Is NF accessibility challenging for the target population (e.g., due to distribution constraints)?
7. Is the lack of NF demand a key constraint?

#### Suggested information sources:

- National Nutrition Strategies (longer-term focus)<sup>4</sup>
- National Nutrition Action Plans (shorter-term focus)<sup>5</sup>
- National Nutrition Survey<sup>6</sup>
- Country Nutrition Profiles:
  - UNICEF
  - Global Nutrition Report<sup>7</sup>
  - Food System Dashboard<sup>8</sup>
- INDEXX Project on Dietary Diversity
  - Household
  - Women
  - Children 6–23 months
- WFP Cost-of-Diet Studies (e.g., Fill the Nutrient Gap)

### B. WHAT ARE THE LEVERAGE POINTS TO UNLOCK THE CONSTRAINTS IN EACH AREA?

#### Detailed questions:

1. Has the supply of NF increased over time, and/or do supply-side constraints appear to be a concern?
2. Are limitations in NF availability for target populations due to insufficient NF production or distribution challenges?

#### Suggested information sources:

- Food Fortification Initiative reports on fortified staple foods
- Production statistics, Ministry of Agriculture

<sup>1</sup> This may include pre-determined geographies, e.g., specific zones of influence in Feed the Future countries.

<sup>2</sup> Keeping in mind the 1,000-day window is a key priority for USAID's Center for Nutrition.

<sup>3</sup> The CoD tool models the amount and combination of local foods needed to provide a typical family with an adequate diet meeting their macro and micronutrient needs and allows for modeling of potential interventions to estimate impact on improving the quality and affordability of the diet. The CoD is most useful when chronic undernutrition and micronutrient deficiencies have been identified as nutritional problems and when the availability or affordability of NF are likely to be among the underlying causes. <https://www.spring-nutrition.org/publications/tool-summaries/cost-diet>.

<sup>4</sup> Determine the strategic goals, objectives, and strategic approaches to address nutrition problems in the country.

<sup>5</sup> Set priorities for action and investments across relevant sectors for both nutrition-specific and nutrition-sensitive interventions.

<sup>6</sup> For instance, a Demographic and Health Survey, Multiple Indicator Cluster Survey, or National Micronutrient Survey, including nutrition-related data on anthropometric, biochemical, environmental, and social indicators.

<sup>7</sup> <https://globalnutritionreport.org/resources/nutrition-profiles/>.

<sup>8</sup> The Dashboard brings together all factors/indicators along the food system that impact diet and nutritional status. It is based on global data bases. While richer information may be available at country level, the Dashboard can rapidly point the Mission in a specific direction for which, if available, additional context-specific information can be obtained locally. The latest national surveys and UNICEF reports may provide additional information on micronutrient deficiencies.

3. Are biofortified crops available?
4. Are mandatory/voluntary food fortification and/or national food-based dietary guidelines in place? What are current levels of compliance? What enforcement mechanisms exist?
5. Are public sector channels/markets active, and do they procure significant volumes of NF?
6. Are quality control/quality assurance monitoring mechanisms and regulations in place for food producers, and is enforcement evenly distributed across the industry?
7. Are there fiscal and regulatory incentives and disincentives to support food industry investment in NF and discourage unhealthy food production and promotion?
8. Do public institutions have the relevant technical capacity to support the NF sector?

- Horticulture sector reports for fruit and vegetable availability
- Reports of technical agencies such as GAIN
- Reports of the National Food & Drugs Board or Food Quality and Safety Authority
- HarvestPlus reports
- The Food Systems Dashboard, country profiles on supply of key food groups, mandatory food fortification

**For consideration:** The leverage points create openings to catalyze change by identifying alignment of private and public sector interests, relevant market-based solutions (e.g., related to distribution or demand creation), and policy or regulatory approaches (e.g., by establishing food safety policies). The main categories of policies and regulations could include food quality and safety policies (e.g., good manufacturing practices<sup>9</sup>, food safety standards, marketing principles<sup>10</sup>), regulation and incentives such as duties and taxes (e.g., import taxes for fortification premix, processing equipment, or input subsidies), and enforcement modalities (e.g., fortification compliance regulations). In addition, fiscal incentives and disincentives aimed at consumers, producers, and retailers should be considered (e.g., excise or sales taxes on sugar-sweetened beverages).

## C. WHO ARE THE MAIN INSTITUTIONAL ACTORS, AND WHAT ARE THEIR ROLES IN DRIVING NUTRITION OUTCOMES?

Detailed questions:

1. Who are the main institutional actors, and what are their respective roles in:
  - Setting nutrition-related policy and drafting relevant regulations,
  - Making public investment decisions,
  - Stimulating private sector investment,
  - Strengthening the capacity of public and private sector actors in the nutrition sector,
  - Building consumer understanding of NF,
  - NF procurement?
2. What is the political influence of these actors? Do other political bodies (e.g., Prime Minister's Office, Office of the President, other Ministries) need to be involved to instigate change in a particular area?
3. How are nutrition-related decisions made? What is the process for changing policies? How are decisions made as to what incentives to adopt?
4. What relevant policies and regulations that affect the nutritional issue of focus are in place,<sup>11</sup> and what are their effects?

Suggested actors to consider:

- Ministry of Trade & Industry
- Chambers of Commerce
- Agricultural research institutes
- Ministry of Education for school feeding
- Ministries of Health/Social Affairs for social protection or food distribution

<sup>9</sup> Practices required to conform to guidelines recommended by agencies that control authorization and licensing of the manufacture and sale of food and beverages.

<sup>10</sup> Such as the International Code of Marketing of Breastmilk Substitutes (<https://www.who.int/publications/i/item/9241541601>) and the recommendations for Marketing of Food and Non-Alcoholic Beverages to Children (<https://www.who.int/publications/i/item/9789241500210>).

<sup>11</sup> These include fortification policies, trade policies, and import/export regulations (e.g., import taxes on premixes).

## Checklist Before Moving to Next Stage

- ✓ Priority specific nutritional problem(s) and target population segment(s)
- ✓ Scale of the nutritional problem(s)—the number of people affected within the target population(s) and the health or developmental challenge(s) that results
- ✓ Potential market and enabling environment leverage points
- ✓ Types of private and institutional actors currently or potentially involved



## II. Identify Strategic Partners

This step aims to identify the potential corporate partners to help USAID achieve the greatest nutritional impact at scale. By understanding the roles of different private sector actors within the food system and their influence on the nutritional problem(s) identified in Step I, Missions and implementing partners can strategically select partners best positioned to successfully offer a market-based solution. Surfacing the commercial incentives of these actors will enable development practitioners to understand where business interests naturally align with nutrition objectives and, in doing so, will offer guideposts on how USAID can effectively facilitate increased private sector involvement and investment in nutrition, including correcting market failures in situations where the commercial interests do not align with nutrition-sensitive initiatives.

The following key questions should be considered:

### A. WHICH MAY BE THE OPTIMAL PRIVATE SECTOR PARTNER(S) FOR THE SPECIFIC NUTRITIONAL PROBLEM(S) OF FOCUS?

Detailed questions for consideration:

1. Which companies (including multi-national companies (MNCs), large regional/domestic players, relevant small- and medium-sized enterprises (SMEs)/social enterprises), investors, and digital enablers impact identified leverage points, and what is their estimated market share? This is likely to include millers, edible oil producers, and producers of processed foods, such as nutritious snacks or complementary foods for children over 6 months.
2. What is the size and capacity of these private sector actors?
3. What are the different roles of these actors in aggregation, processing, distribution, and retail (including marketing and messaging)?
4. How does each firm's or investor's current role facilitate or hinder the nutrition issue(s) identified in [Step I](#)?
5. What aspects of each company's business model and growth strategy can be leveraged for USAID's nutrition objectives?
6. Are the products of these companies nutritious or harmful?
7. How can each company be incentivized to contribute toward or to expand its involvement in increasing accessibility, affordability, availability, and desirability of NF for USAID's target beneficiaries? What existing incentives are driving the company's interest in the space? In other words, where do the company's core business interests most align with USAID's nutrition objectives?
8. Among the identified firms, investors, and digital enablers, would USAID be able to partner to achieve the most systemic impact at scale?

Suggested information sources:

- Sector/industry associations (especially for information on national players)
- Chambers of commerce
- Food and beverage market research reports
- Consumer insights reports (such as those provided by Nielsen)
- Horticulture sector reports
- Private companies considered for partnership (conversations, also their annual business reports, websites)
- Civil society actors, consumer rights groups, and other actors in this space (ATNI<sup>12</sup>)—to verify company's positive or negative impact on nutrition

**For consideration:** This step involves understanding the existing and potential impact that specific categories of firms could and do have on nutrition and which companies' business interests are best aligned with USAID's objectives. As companies may positively or negatively impact the nutrition of target populations, potential negative impacts (e.g., sugar-sweetened beverages, unhealthy snacks, breastmilk substitutes) should be investigated. The aim of detailed business model questions is to validate companies' incentives and likely commitment/investment. Once Missions and implementing partners have used the tools in [Section II](#) for potential partner identification, they can apply the Center for Nutrition's screening tool to identified partners. The screening tool will help to ensure that potential partners are not actively contributing to harmful nutrition behaviors.

<sup>12</sup>Access to Nutrition Initiative, <https://accesstonutrition.org/>.

## B. IS THERE A GLOBAL OR REGIONAL CORPORATE ACTOR NOT YET IN COUNTRY THAT HAS A MARKET-BASED SOLUTION THAT MAY BE PARTICULARLY WELL-SUITED TO ADDRESS THE FOCUS NUTRITIONAL PROBLEM(S)?

Detailed questions for consideration:

1. What can be learned from successes elsewhere? What is the scale/impact achieved that can serve as a target or benchmark?
2. Which global/regional private sector actors have successfully increased accessibility, affordability, availability, and desirability of NF across the globe (See below for examples)?
3. Which companies are relevant innovators/social enterprises? What groundbreaking innovations have launched in similar contexts? What are relevant opportunities for digital innovation?
4. Why are these firms not present in the focus country?
5. What would need to be true to incentivize them to enter the target country market?

Examples of companies by archetype:<sup>13</sup>

- Archetype 1: FMCG<sup>14</sup> companies fortifying their products (e.g., [Unilever—fortified salt and margarine](#), [Nestle—fortified stock cubes](#), [Cargill—fortified vegetable oil and flour](#))
- Archetype 2: [Seed companies involved in HarvestPlus](#), [Nestle Nigeria](#), [Sylva Foods Zambia](#)
- Archetype 3: [Danone \(social enterprises in Bangladesh and Senegal\)](#), [SPAR \(fresh vegetable supply through rural hubs in South Africa\)](#), [Unilever \(India shakti model\)](#), [SmartLife Kiosks in Kenya](#)
- Archetype 4: [Africa Improved Foods \(Rwanda\)](#), [Nutraset and Valid International Ltd \(ready-to-use-therapeutic foods/RUTF\)](#)
- Archetype 5: [Unilever in Nigeria \(demand creation for fortified stock cubes\)](#), [Cargill and Ruchi Soya in India \(demand creation for fortified oil\)](#)
- Archetype 6: [Aliko Dangote Foundation in Nigeria](#), [SUN Business Networks \(GAIN and WFP\)](#), [Business Platform for Nutrition Research \(GAIN\)](#), [GSMA on mNutrition](#)
- Archetype 7: [Bühler](#), [BASF](#), [Cargill](#)

Suggested information sources:

- GAIN Marketplace for Nutritious Foods, Business Platform for Nutritious Research
- ATNI
- Scaling Up Nutrition (SUN)

**For consideration:** There are two broad motivations to address this question—firstly, to identify relevant lessons from other companies that have tried to address the focus issue, and secondly, to identify additional potential partners that could be uniquely effective in addressing the nutritional problem(s) with a market-based solution.

<sup>13</sup> See next section for archetype descriptions.

<sup>14</sup> Fast-moving consumer goods (FMCG).

## C. WHAT ARE THE AREAS IN THE ENABLING ENVIRONMENT THAT ARE CONSTRAINING FURTHER CORPORATE INVOLVEMENT AND INVESTMENT IN NUTRITION?

### Detailed questions:

1. Is there a gap in dialogue or coordinated action between public and private stakeholders around key enabling environment issues for access to NF, dietary diversity, and food safety (e.g., regarding enforcement of fortification compliance, setting of appropriate tariffs for processing equipment or premix, food safety standards for processors)?
2. If there is no coordinated action, where is this gap, and how may it be overcome?
3. Which specific policies and regulations need to be modified to encourage corporate involvement and investment in nutrition, and how?
4. Which public actors listed in [Step 1 C](#) and their associated policies or regulations, stimulate or constrain private sector involvement and investment in market-based solutions to address nutritional problem(s)?
5. What kind of institutional support from these public actors would be essential to USAID's potential efforts in expanding specific types of private sector involvement and investment in market-based solutions for nutrition?
6. How might different firms or investors benefit from joining forces with competitors to improve the enabling environment for nutrition-related business?

### Suggested actors to consider:

- Ministry of Trade and Industry
- Chambers of commerce
- Industry/sector associations
- Private companies considered for partnership
- Donor coordination groups
  - SUN country platform and/or business network

**For consideration:** This analysis could involve understanding what key regulations, structures, competition, taxes, etc., hinder further private sector investment in the NF sector.

## D. WHICH COMPANIES COULD BE THE MOST STRATEGIC PARTNERS TO THE MISSION?

### Detailed questions for consideration:

1. Would a bilateral partnership with one key influential market leader or a coalition/platform bringing together multiple actors be more impactful?

**For consideration:** Depending on their market positions, growth strategies, and sustainability commitments, different corporate actors will offer different pathways for USAID to achieve impact and scale through bilateral partnerships. Furthermore, there are instances where a multi-stakeholder partnership may offer Missions and implementing partners the best opportunity to address pervasive issues in the pre-competitive space in a way that could benefit all industry players (such as regulatory constraints or import duties on equipment). Pursuing multi-stakeholder partnership opportunities requires significantly more effort to bring multiple corporate actors together. However, these kinds of engagements can mitigate a Mission's risk of being perceived as "picking winners" and may offer USAID the influence to catalyze change at the industry level in that country. Missions and implementing partners may also decide to engage in bilateral partnerships—for instance, if the company in question is a first mover in the nutrition-sensitive space, if other companies are reluctant to join until they see others commit, or if the selected company has a particularly strong influence in the sector.

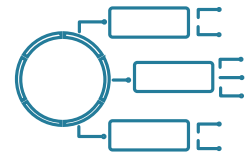
Discussions with potential corporate partners at this prospecting stage—especially where competitors are involved—may be affected by a reluctance to disclose business details to a broader audience and the need to be carefully managed to ensure trust continues to be built among all potential partners (See also [USAID Investment Support Programs' Guide to Private Sector Partnerships in Agriculture Value Chains](#)<sup>15</sup>). Anticipating the challenges of obtaining business metrics, Missions and implementing partners should determine what information is critical to their decision-making.

<sup>15</sup> <https://www.marketlinks.org/sites/default/files/media/file/2020-10/Private-Sector-Partnerships-In-Agriculture-Value-Chains.pdf>.



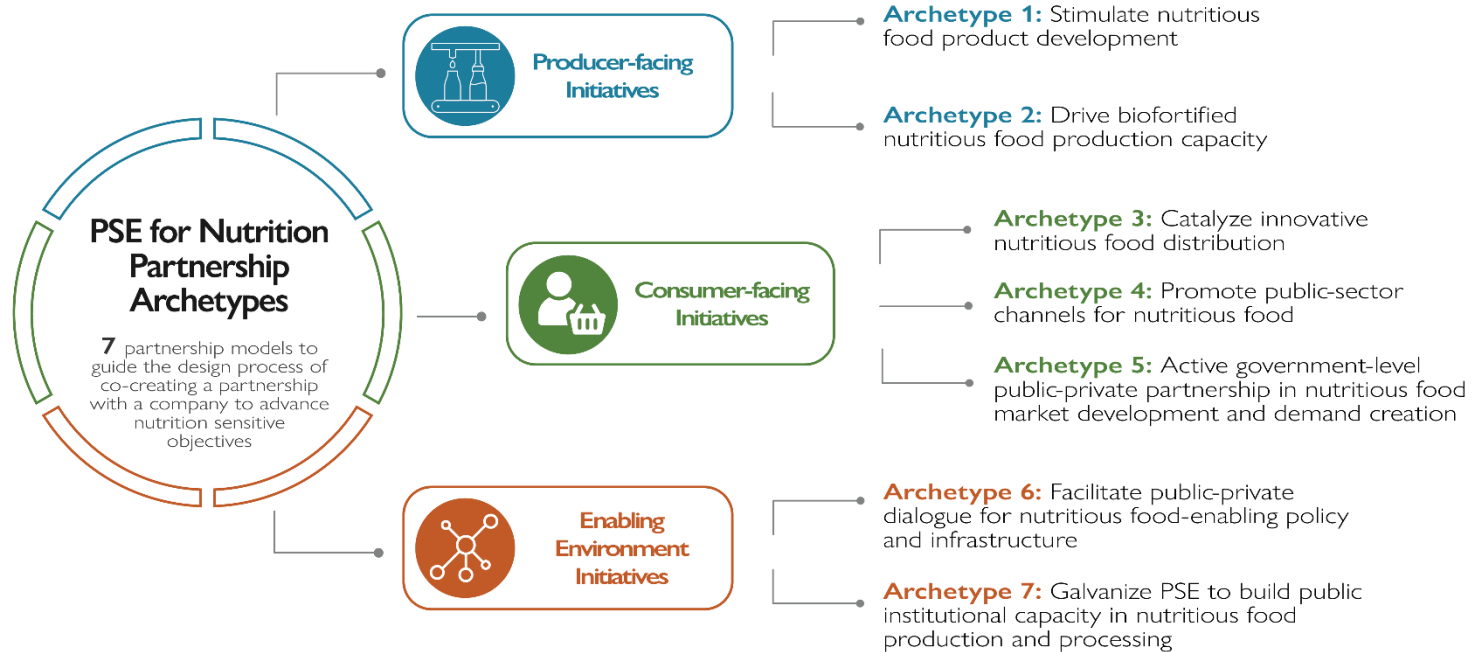
## Checklist Before Moving to Next Stage

- ✓ Private sector actors best suited as partners for jointly addressing the nutritional issue(s) of focus identified, with the largest likelihood of systemic impact at scale (including understanding prospective partners' current market position and strategy for growth and other data that validates their motivations)
- ✓ Identification of applicable relevant successes from other countries
- ✓ Identification of which enabling environment factors are most constraining corporate involvement and investment in nutrition
- ✓ Assessment of whether a bilateral partnership or a coalition/platform of multiple actors is optimal



### III. Select Archetype(s)

This step aims to assess which partnership archetype or combination of archetypes is best suited to engage with the selected private sector partner(s) to address the identified nutritional problem(s). The details of the archetypes are described in [Section B](#) below. At this stage of the strategic engagement identification, the Mission or implementing partner may have entered into discussions with the prospective partner(s). The suggested detailed questions should serve as guidance for the evolving conversations, helping develop the partnership framework prior to co-design (See [Begin Partnership Co-Creation](#) below). It is worth noting that a partnership may span more than one archetype, depending on the range and complexity of the nutritional challenge(s).



Specific questions to consider at this stage of the process follow.

#### A. WHICH PARTNERSHIP ARCHETYPE IS BEST SUITED TO THE SPECIFIC NUTRITION LEVERAGE POINT AND SET OF PARTNERS?

Detailed questions for consideration:

1. Which archetype is best suited to the identified nutritional issue(s)?
2. Which archetype corresponds best to private sector motivations to sustainably achieve the desired nutritional outcome?
3. Does this partnership archetype have the potential to catalyze business decisions that go beyond business-as-usual with NF production, distribution, and marketing?

#### B. HOW WILL USAID'S PARTICIPATION ADD VALUE?

Detailed questions for consideration:

1. Is USAID's participation essential to mitigating the risk for the potential partner to test a new business model (e.g., enter a new market, develop a new product line, target a new consumer segment)?
2. Are USAID's assets (e.g., reputation as an impartial broker, convening power, network of smallholder farmers, productive relationships with national and local governments) critical to the potential partner?
3. Could the potential partner initiate the investment or practice independently without USAID's support?

## C. WHAT IS THE IMPACT THIS PARTNERSHIP COULD ACHIEVE?

Detailed questions for consideration:

1. What is the desired and estimated impact of this engagement (e.g., target sales, product volume, beneficiaries)
2. What is the pathway to scale during the life of the partnership and beyond?
3. Which aspects of market facilitation will ensure systemic change?

### Checklist Before Moving to Next Stage

- ✓ Specific partnership archetype(s) best suited to address the nutritional issue of focus with the identified partners selected
- ✓ Optimal role of USAID and its added value in this partnership confirmed
- ✓ Level of anticipated impact determined



## IV. Begin Partnership Co-Creation

Once the strategic engagement opportunity has been confirmed, the private sector partner(s) determined, and the appropriate archetypes identified, the Mission or implementing partner will proceed to co-design the detailed engagement with the private sector partner(s) and to define each organization's intended role and contributions to implementation. While the detailed questions proposed for consideration will be addressed through joint discussion with the corporate partner(s) and other stakeholders, Missions and implementing partners can refer to the USAID Investment Support Programs' [Guide to Private Sector Partnerships in Agriculture Value Chains](#) for more detailed guidance and "how-to" considerations.

The following key questions will guide this process:

### A. WHAT SHOULD THE PRIVATE PARTNER(S) BRING TO THE PARTNERSHIP?

Detailed questions for consideration:

1. Which modalities and activities are required to enable USAID and its corporate partner(s) to overcome challenges, catalyze change, and pursue additional opportunities?
2. Which of the company's specific expertise, capabilities, and experience should be leveraged to achieve improved accessibility, availability, affordability, and desirability of NF for USAID's target populations in the country? This can include R&D, relevant commercial networks, dealers, distribution channels, marketing capabilities, or digital solutions.
3. What is the scope and size of the corporate partner resources that need to be committed to successfully operationalize the selected archetype?

### B. WHAT DOES USAID NEED TO DO TO MAXIMIZE THE PARTNERSHIP'S SUCCESS?

Detailed questions for consideration:

1. What kind of staff engagement, country or subject-matter knowledge, and financial resources must USAID deliver to achieve its shared objectives with the corporate partner?
2. What needs to be done to steward the partnership? What are decision-making modalities, communication channels, and relevant processes for managing the relationship?
3. How can USAID facilitate and nurture trusted and productive relationships among the partner company and other actors in the market system to enable the introduction and ensure the long-term sustainability of the market-based solution?
4. What challenges should USAID anticipate? (For example, misalignment of calendars between Mission and company operational/fiscal year planning.)
5. How can USAID safeguard fair play in the market and avoid creating a competitive advantage through this partnership?

### C. WHAT IS THE BEST MODALITY FOR SETTING UP THIS PARTNERSHIP?

Detailed questions for consideration:

1. Can the partnership activities and resources be embedded into or aligned with ongoing projects?
2. Does this new partnership require a procurement approach through a Global Development Alliance (GDA), Broad Agency Announcement (BAA), or other buy-in mechanism?

### Final Checklist

- ✓ Co-created design of the partnership
- ✓ Specific roles and responsibilities of all partners defined
- ✓ Relevant procurement modality identified

## B. PARTNERSHIP ARCHETYPES

### OVERVIEW OF PRODUCER-FACING ARCHETYPES

#### I. Stimulate NF Product Development



**BARRIERS TO NUTRITIONAL OUTCOMES AND JUSTIFICATION FOR MARKET-BASED APPROACH:** A market-based approach will ensure that companies produce commercially viable nutritious products addressing the dietary needs of low-income consumers at marketable price points. Commercial viability of NF will ensure scalability and crowding-in by additional market entrants.



**ROLE AND INTEREST OF THE PRIVATE SECTOR IN ADDRESSING NUTRITIONAL CHALLENGE(S):** With developed markets becoming saturated, food and beverage companies are looking to emerging markets to drive top-line growth. Whereas production and marketing of NF often involve increased input costs, they also offer opportunities for localized sourcing and aligning with host government objectives for shorter and more reliable supply chains, thus generating a license to operate.



**TYPES OF POTENTIAL PRIVATE SECTOR PARTNERS:** Private sector partners in this archetype are likely to be larger regional and MNCs whose interests lie in developing new revenue streams (e.g., AB InBev, which has recently invested in developing a nutritious drink from by-product grains<sup>16</sup>) or national SMEs looking to diversify their product portfolios (e.g., Guts Agro in Ethiopia, which developed a nutritious chickpea-based *shiro* product<sup>17</sup>—See [Case Study](#) section). Examples of target categories can include fruit and vegetable snack products, fortified staple foods (e.g., flours, dairy products), or specialized food products (e.g., RUTF, fortified protein-energy supplements for pregnant women, or fortified complementary foods for infants (6–23 months)).



**FACTORS CONSTRAINING THE PRIVATE SECTOR FROM INVOLVEMENT AND INVESTMENT:** To overcome lower price points and lower profit margins in targeting lower-income consumers and often higher input costs for NF, the private sector needs to validate the potential of large market volume for a new product to be commercially viable before committing investment. Developing new NF products that are profitable and attractive to consumers requires considerable R&D investments. Establishing localized supply chains in new commodities may also carry higher operational risk and may require building supply chain relationships with less experienced processing intermediaries.



**USAID'S ROLE IN ALLEVIATING CONSTRAINTS THROUGH ENGAGING OR PARTNERING WITH THE PRIVATE SECTOR:** USAID's engagement focuses on de-risking private sector innovation (e.g., grants for early-stage ideation of innovative products) and testing new business models (e.g., partnering to establish proof-of-concept). Specific activities could include:

- Providing grant support for an initial market and consumer insight assessment to ensure that the NF in question is attractive to this consumer segment; this could also include an assessment of pricing, merchandising, and distribution channels (See Archetype 3), and will also leverage USAID's networks and relationships with smallholder farmers
- Enabling subsequent awareness and marketing campaigns (See Archetype 5)

<sup>16</sup> Source: AB InBev, Life Refreshment. <https://ab-inbev.eu/life-projects/life-refreshment/>.

<sup>17</sup> Source: <https://www.youtube.com/watch?v=T9ZXyfq-2Hk>.

- Enabling a human-centered design approach<sup>18</sup> to both product development and distribution (See Archetype 3)
- Providing grants/guarantees to de-risk initial R&D investment and product testing
- Providing support to build efficient localized supply chains for the new product



**EXPECTED RESULTS AND METRICS:** The expected outputs include: the number of companies supported, the number of new products developed with USAID’s support, and the number of market assessments conducted to inform product development. The expected outcomes include the incremental volume (measured in metric tons (MT)) of new NF produced and, ideally, the estimated number of lower-income consumers who gain regular access to NF as a result of the intervention.<sup>19</sup>

## II. Drive Biofortified NF Production Capacity



**BARRIERS TO NUTRITIONAL OUTCOMES AND JUSTIFICATION FOR MARKET-BASED APPROACH:** In emerging markets, many rural consumers may have limited access to formal markets and/or professionally processed products, limiting their ability to purchase biofortified products. This population group often experiences severe nutritional deficits. Biofortified food production offers farming households at or close to subsistence level access to micronutrient-rich staples. Consumption of biofortified crops in usual staple food amounts can deliver up to 50–100% of daily micronutrient needs of specific minerals and vitamins and can measurably improve micronutrient status and health.<sup>20</sup> However, rollout to date has been primarily driven by public sector and non-governmental organization (NGO) efforts with insufficient crowding-in of private sector investment. It has been challenging to make the business case to farmers for biofortified seed adoption because farmers unfamiliar with biofortified crops' benefits are not willing to pay a premium for biofortified seed unless there are additional agronomic benefits (e.g., higher yields). Also, consumers in informal markets do not want to pay a premium for biofortified foods. A market-based approach to R&D, commercialization, and marketing is necessary to develop a value proposition for farmers to enable commercially sustainable adoption of biofortified products at scale.



**ROLE AND INTEREST OF THE PRIVATE SECTOR IN ADDRESSING NUTRITIONAL CHALLENGE(S):** In some emerging markets, seed companies seek to drive top-line sales growth and increase the market share of purchased rather than re-used seed. Effective marketing, in combination with the right agronomic characteristics, offers seed companies a way to differentiate biofortified seeds from lower-quality, indigenous seed. For example, certain HarvestPlus zinc-fortified rice varieties have higher yields than open-pollinated rice varieties. In other markets, larger food and beverage off-takers may see an opportunity to build biofortified crops into their sourcing model, offering a differentiated proposition to consumers and a visible commitment to government.



**TYPES OF POTENTIAL PRIVATE SECTOR PARTNERS:** Partners are likely to fall into three categories: 1) input companies that develop and sell seed (e.g., Bombay Super Hybrid Seeds in India), 2) seed multiplication entities that produce seed (including both private sector players and other entities, such as research institutes), and 3) food and beverage companies that are seeking to develop biofortified supply chains (e.g., Tuskys Supermarket in Kenya).

<sup>18</sup> This approach, commonly used in design and management frameworks, develops solutions to problems by involving the human perspective in all steps of the problem-solving process. Championed in the development space by IDEO.org, this approach uses tools and techniques originally applied in the private sector to design products and services, and create products, services, and experiences that improve the lives of people living in poverty ([www.ideo.org/tools](http://www.ideo.org/tools)).

<sup>19</sup> For instance, based on a Fortification Assessment Coverage Tool (FACT) survey, as developed by GAIN.

<sup>20</sup> Source : <https://www.harvestplus.org/home/biofortification-evidence/>



**FACTORS CONSTRAINING THE PRIVATE SECTOR FROM INVOLVEMENT AND INVESTMENT:** Input companies and food companies building upstream supply chains face various barriers when trying to convince small-scale farmers to transition to improved seed varieties. Most issues relate to the high cost of accessing and marketing to these users. These barriers can be more acute in biofortified categories depending on the yield, price, and other seed attributes.



**USAID'S ROLE IN ALLEVIATING CONSTRAINTS THROUGH ENGAGING OR PARTNERING WITH THE PRIVATE SECTOR:** Given the extensive R&D investment made in this space, USAID can engage by: 1) enhancing the connection between local R&D efforts and commercial actors to ensure product development drives toward commercial viability and 2) working with relevant private sector actors (e.g., seed companies, food and beverage companies) to test new business models and effective marketing of the attributes of biofortified products. Specific activities could include:

- Undertaking market diagnostics to understand the needs and potential constraints of farmers (including large-scale farms and cooperatives) and end consumers, leveraging USAID's smallholder farmer relationships
- Connecting biofortified food producers to the public sector market to increase uptake and create consumer familiarity with biofortified foods (See Archetype 4)
- Building on USAID's relationships with local and national government to strengthen distribution channels and effectively market biofortified products, including catalyzing connections between the private and public sectors (See Archetype 5) and establishing standards and regulations around biofortified crops (See Archetype 6)



**EXPECTED RESULTS AND METRICS:** The expected outputs include the number of companies supported, the number of new biofortified products developed with USAID's support, and the number of market diagnostics undertaken. The expected outcomes include the incremental volume (in MT) of biofortified crops produced, the number of farmers (both cooperative and larger-scale) planting biofortified seed, incremental sales of biofortified seed, and the number of target consumers purchasing these crops.

## OVERVIEW OF CONSUMER-FACING ARCHETYPES

### III. Catalyze Innovative NF Distribution to Lower-Income Consumers



**BARRIERS TO NUTRITIONAL OUTCOMES AND JUSTIFICATION FOR MARKET-BASED APPROACH:** Lower-income segments (especially in rural areas) are difficult and expensive to reach because of challenging logistics, with costs of product distribution challenging commercial sustainability. Government- or NGO-led initiatives are insufficient in depth or breadth in addressing the needs of this population, highlighting the need for solutions that engage the private sector.



**ROLE AND INTEREST OF THE PRIVATE SECTOR IN ADDRESSING NUTRITIONAL CHALLENGE(S):** Given the need for top-line growth and the scale of the low-income consumer segment in emerging markets, companies understand the need to tailor products and marketing channels to this consumer segment. If they do not, market growth is capped. Emphasizing nutritional benefits of their products may offer an opportunity to differentiate their brand or improve customer loyalty. Nevertheless, companies will still need to tap into other consumer needs, such as convenience and near-home availability, to effectively drive growth. The role of the private sector is to commit to and engage in distribution of products to these segments through innovative channels developed with other partners.



**TYPES OF POTENTIAL PRIVATE SECTOR PARTNERS:** Partners are likely to fall into two categories: 1) larger local companies/MNCs (e.g., the partnership between French dairy company Danone and Grameen Bank in Bangladesh to produce and sell fortified yogurt to rural consumers<sup>21</sup>), and 2) smaller social enterprises (e.g., SmartLife Kiosks in Kenya, set up by Unilever, IDEO,<sup>22</sup> WSUP,<sup>23</sup> and GAIN to provide clean drinking water and a basket of NF through home delivery to lower-income consumers<sup>24</sup>).



**FACTORS CONSTRAINING THE PRIVATE SECTOR FROM INVOLVEMENT AND INVESTMENT:**

Operationalizing business models to reach low-income consumers efficiently often requires new distribution models and/or partnerships. Furthermore, such models tend to be context-specific, making it hard to replicate successful models in other contexts. The commercial case for these models often requires a longer-time scale to prove, making longer-term executive commitment critical. Finally, distribution is hyper-local; this is exacerbated in regions where some consumers (e.g., women) face challenges traveling from home to procure goods and services.



**USAID'S ROLE IN ALLEVIATING CONSTRAINTS THROUGH ENGAGING OR PARTNERING WITH THE PRIVATE SECTOR:**

Given the difficulties of achieving commercial sustainability when aiming to reach lower-income consumers, USAID's engagement offers the potential to successfully address the challenges related to achieving sufficient scale in a lower-income market, although it will be important to build on numerous lessons learned.<sup>25</sup> USAID's engagement is likely to focus on de-risking innovation and testing new business models. Specific activities can include:

- Undertaking an assessment of existing distribution channels and consumer habits and needs regarding food and special product procurement; offering grants for early-stage ideation of innovative distribution approaches
- Reducing up-front risk by subsidizing initial set-up costs of distribution channels, including identifying linkages to suitable local partners (e.g., local NGOs, local public institutions)
- Leveraging USAID's strong relationships and networks with smallholder farmers to strengthen the capacity of last-mile distributors<sup>26</sup> in procurement, sales efficiency (e.g., through training services, enhancing sales management platforms, or centralized purchasing), and access to finance
- Using USAID's convening power to engage with partners to identify and test innovative ways to reduce costs and increase transaction value. This could include leveraging digital innovations (e.g., aggregation platforms for a portfolio of fortified and nutritious processed foods from various producers, web-based solutions for small shopkeepers), localizing the final processing stages of the product to lower production costs, bundling products, or cultivating customer peer groups to increase transaction sizes

Given the inherent challenges in building a commercially viable distribution strategy for lower-income consumers, it will be critical from the start for USAID to understand the company's motivations, to engage in joint design, and to agree on how to assess impact during roll-out (in line with the best practices outlined in [ISP's Guide to Private Sector Partnerships in Agriculture Value Chains](#)).

<sup>21</sup> Policy Brief, Global Panel on Agriculture, Food Systems and Nutrition, 2018.

<sup>22</sup> <https://cantwait.ideo.com/>.

<sup>23</sup> Water & Sanitation for the Urban Poor (WSUP), <https://www.wsup.com/>.

<sup>24</sup> "Where Business and Nutrition Meet - Review of Approaches and Evidence on Private Sector Engagement in Nutrition," PATH MQSUN+, 2018.

<sup>25</sup> "Reality Check at the Bottom of the Pyramid," Erik Simanis, Harvard Business Review (HBR), June 2012; "Is the Bottom of the Pyramid really for you?," Ashish Karamchandani, Mike Kubzansky, Nishant Lalwani, HBR, March 2011; "Failure or Success Waiting to Happen? The Case of Grameen Danone" and "Finding the Path Forward: The Case of Grameen Danone," Priya Bapat, Humanitas Global Development, June 2011.

<sup>26</sup> "Last-Mile Distribution – State of the Sector Report," Hystra, Global Distributors Collective.





**EXPECTED RESULTS AND METRICS:** The expected outputs include the number of companies supported, the number of local partnerships established in support of distribution to lower-income consumers, and the number of assessments undertaken. The expected outcomes include the incremental volume (MT) of NF distributed through channels aimed at the hard-to-reach and the estimated number of lower-income consumers who gain regular access to these foods as a result of the intervention.

#### IV. Promote Public Sector Channels for NF



**BARRIERS TO NUTRITIONAL OUTCOMES AND JUSTIFICATION FOR MARKET-BASED APPROACH:**

Public sector procurement<sup>27</sup> can be a powerful tool to promote healthy dietary patterns among target populations by delivering NF to lower-income and remote-living consumers who otherwise may not have access to or be able to afford products in the commercial food market.<sup>28</sup> For instance, school feeding programs reach 305 million children in low- and middle-income countries.<sup>29</sup> Similarly, community- and institutional-based treatment of acute malnutrition of children makes use of commercially produced RUTF. Connecting these demand opportunities to local private sector suppliers will increase the security of supply, stimulate local investment, and, by reducing cost, expand access and food security. Also, public institutional channels can serve as a guaranteed market for companies to justify their investment in NF while establishing other commercial channels.



**ROLE AND INTEREST OF THE PRIVATE SECTOR IN ADDRESSING NUTRITIONAL CHALLENGE(S):**

Companies in emerging markets see public sector channels as attractive end-users and are willing to invest in local NF production capacity to meet demand in this segment. The role of the private sector is to produce high-quality products according to specific contracting requirements of the end-users.



**TYPES OF POTENTIAL PRIVATE SECTOR PARTNERS:** Categories of potential partners include national SMEs/larger companies engaged in processing and food fortification (e.g., millers, dairies) and fresh produce aggregators—especially of nutrient-dense foods such as legumes and biofortified foods—and biofortified crop producers. There are also examples of social enterprises set up by both public and private stakeholders—such as Africa Improved Foods (AIF) in Rwanda, with long-term contracts in place to serve WFP and the Government.



**FACTORS CONSTRAINING THE PRIVATE SECTOR FROM INVOLVEMENT AND INVESTMENT:**

Procurement guidelines, regulatory barriers, and priorities around short-term cost competitiveness mean public sector channels cannot be guaranteed at the time of investment. Private companies may not always be well placed to determine how best to engage with and access these markets. Local companies, especially SMEs, may not have the capacity to comply with food safety and quality requirements and be competitive through formal procurement processes. At the same time, governments (e.g., Ministry of Education) may not be aware of the potential in engaging with local suppliers to include nutritious and biofortified foods into institutional distribution channels.



**USAID’S ROLE IN ALLEVIATING CONSTRAINTS THROUGH ENGAGING OR PARTNERING WITH THE PRIVATE SECTOR:**

USAID’s engagement could focus on facilitating linkages between national NF producers and public procurement authorities. Specific activities can include:

<sup>27</sup> Including the provision of food at institutions (e.g., schools, healthcare facilities, nursing homes, military bases) and safety net programs (such as in-kind food assistance and restricted cash transfers).

<sup>28</sup> “Leveraging the Power of Procurement for Nutrition,” P. Milani, 2020.

<sup>29</sup> WFP School Feeding Strategy 2020–2030.

- Leveraging USAID’s relationships with governments and its convening power to facilitate PPP between local governments and national or multi-national corporations to catalyze investment in NF production orientated around assured sources of public sector demand
- Identifying national NF producers or aggregators that are suitable candidates to fulfill public procurement contracts and address capacity gaps
- Strengthening the capacity of governments in developing nutrition procurement standards for institutional markets (e.g., limitations on trans fats, sodium, and sugars)



**EXPECTED RESULTS AND METRICS:** Expected outputs include the number of companies establishing supply relationships with the public sector. The expected outcomes include the number of targeted people accessing NF as a result of this intervention, the volumes of units sold, the number of long-term purchase contracts, and expanded access to products through reduced cost and localized supply.

## V. Activate Government Engagement in NF Market Development and Demand Creation



### **BARRIERS TO NUTRITIONAL OUTCOMES AND JUSTIFICATION FOR MARKET-BASED APPROACH:**

While public sector information related to nutrition and health messages aims to improve the consumption behavior of target segments through social and behavior change communication (SBCC) campaigns, its effectiveness is often sub-optimal, with gaps in evidence and limited attention to cost-effectiveness, sustainability, or scalability.<sup>30</sup> While the public sector has typically focused on influencing knowledge and self-awareness, private sector marketing efforts tend to tap into emotional, underlying, or subconscious customer motivations<sup>31</sup> to market their branded products, as well as consumers’ desire for value for money. Collaboration between public and private sector players to create demand for NF has the potential to leverage these unique strengths.



### **ROLE AND INTEREST OF THE PRIVATE SECTOR IN ADDRESSING NUTRITIONAL CHALLENGE(S):**

The primary interest of private companies in partnering around SBCC is in driving awareness and sales of their nutritious products. These companies meaningfully benefit from government effectively communicating both the importance of nutrition and the types of products that consumers should consume to benefit from a balanced and diversified diet. In most instances, government is a more trusted source of communication on issues of health and well-being than any individual company. Therefore, aligning themselves with government nutrition priorities can offer companies license to operate by demonstrating tangible ways in which they support government efforts in this space. The role of the private sector is to commit to and engage in the joint development of broader campaigns, contributing technical expertise and other resources (such as marketing materials, digital solutions, etc.).



**TYPES OF POTENTIAL PRIVATE SECTOR PARTNERS:** Categories of potential partners include larger national and regional companies, as well as MNCs with strong marketing credentials and a product portfolio focused on NF. There are some examples of companies independently engaging in broader behavior change campaigns to encourage healthy consumption and increased intake of their particular product. For instance, Unilever launched the Green Food Steps campaign in Nigeria, which focused on encouraging adolescent girls and mothers to cook more iron-rich nutritious meals by incorporating Knorr iron-fortified stock cubes and leafy greens into traditional stews.<sup>32</sup> Better harnessing such efforts into multi-lateral and pre-competitive initiatives alongside government has the potential to drive enhanced trust and scale. In India, GAIN worked with one of the largest edible oil producers in the country, Ruchi Soya, and the Indian federal and state

<sup>30</sup> “Evidence of Effective Approaches to Social and Behavior Change Communication for Preventing and Reducing Stunting and Anemia,” SPRING; “Identifying determinants of effective complementary feeding behavior change interventions in developing countries,” C. Fabrizio, M. van Liere, G. Pelto, 2014.

<sup>31</sup> Sight and Life, <https://sightandlife.org/resource-hub/magazine/double-burden-of-malnutrition> ; <https://sightandlife.org/resource-hub/magazine/consumer-insights>

<sup>32</sup> “The Effect of the “Follow in my Green Food Steps” Program on Cooking Behaviors for Improved Iron Intake,” R. Lyon et al, 2018.

governments to build private sector interest and subsequent demand for fortifying oil, creating incentives for other oil producers to follow Ruchi Soya's example (See [Case Study](#) section).



#### FACTORS CONSTRAINING THE PRIVATE SECTOR FROM INVOLVEMENT AND INVESTMENT:

Companies may hesitate to engage in hybrid campaigns that involve partnering with government due to concerns around the time and resources required if they cannot directly track the increased product sales resulting from this investment. Effective mobilization of such multi-stakeholder initiatives may require competitors to work together—the business case for investing in such pre-competitive efforts may require validation. In parallel, the public sector may be reluctant to collaborate with the private sector as they would want to avoid the appearance of promoting a specific company's products, underlining the importance of engaging with sector and industry associations wherever possible.



**USAID'S ROLE IN ALLEVIATING CONSTRAINTS THROUGH ENGAGING OR PARTNERING WITH THE PRIVATE SECTOR:** USAID's engagement is likely to focus on facilitating linkages between larger-scale companies and public authorities in charge of organizing relevant information campaigns (e.g., the Chamber of Commerce, Ministry of Health, or Ministry of Agriculture and Trade). Specific activities can include:

- Leveraging USAID's relationships to identify a consortium of companies that are suitable candidates for PPP engagement, given their track record in running successful marketing campaigns, their NF product portfolios, and their interest in PPP. Collaboration could be set up through business associations or several representatives of a given sector to avoid being seen as endorsing one company and providing it with a competitive advantage
- Engaging with public health authorities to encourage private sector collaboration through consortia/multi-lateral partnerships
- Utilizing USAID's convening power to catalyze integrated public-private SBCC by bringing partners together, acting as a neutral broker, developing common goals, specific roles, and responsibilities of each side, and agreeing on resource commitments, implementation, and monitoring modalities
- Providing additional support as needed to the government partner (e.g., in improving the capacity of public agricultural extension officers to build farmer demand for biofortified seeds)
- Stimulating innovation through grant support for demand creation challenges for public-private consortia, leveraging solutions in nudging and digital and social media promotion



**EXPECTED RESULTS AND METRICS:** The expected outputs will include the number of new partnerships between private companies and the public sector and the number of joint campaigns developed and rolled out. The expected outcomes will include an increase in customer demand for these foods (e.g., measuring sales increases following the campaign period) and increased consumer understanding of the nutritional and health benefits of these foods (measured through consumer surveys).

## OVERVIEW OF ENABLING ENVIRONMENT ARCHETYPES

### VI. Facilitate Public-Private Dialogue for NF-Enabling Policies and Infrastructure



#### BARRIERS TO NUTRITIONAL OUTCOMES AND JUSTIFICATION FOR MARKET-BASED APPROACH:

While government plays a critical role in developing policies that regulate private sector production and marketing of NF (particularly around food standards and food safety), as well as establishing enabling services such as infrastructure, certain policies may unduly inhibit private sector activity in a sector. These policies can inadvertently increase operating constraints for private companies, make target market segments less attractive, or discourage companies from increased investment. In addition, unstable regulatory environments and inconsistent enforcement can create challenges for private sector companies looking to produce and market NF. Creating space and building trust to enable transparent dialogue between public sector authorities

and private companies can help strengthen policy creation and contribute to a robust enabling environment, as long as care is taken to avoid risk of corporate lobbying.



#### ROLE AND INTEREST OF THE PRIVATE SECTOR IN ADDRESSING NUTRITIONAL CHALLENGE(S):

Private sector level of commitment will be tied to the efficacy of such dialogue to facilitate coordinated action around enhanced regulatory frameworks and enforcement. Involvement will also be tied to confidence that the governance and structure of such dialogues effectively represent the broader private sector and not designed to benefit a subset of actors. The role of the private sector will be to share its perspectives on policy and infrastructure constraints limiting operations (e.g., weak power grids in marketplaces or industrial parks leading to cold chains not functioning properly for storage of fresh produce) or impeding regulatory compliance (e.g., engaging in a dialogue around importation taxes or value added tax (VAT) for premises used for food fortification).



**TYPES OF POTENTIAL PRIVATE SECTOR PARTNERS:** Specific private sector partners are likely to consist of a range of national companies (large national food companies and smaller operators) and relevant business and sector associations. Often, engagement of senior executives from these companies is critical to demonstrate corporate commitment to a transparent dialogue. A particular characteristic of this archetype is the importance of including a broad variety of voices across the private sector to avoid the risk of corporate lobbying for particular interests. For instance, a Leadership Forum for Food Processing and Nutrition in Nigeria (See [Case Study](#) section) brings together global leaders, such as Aliko Dangote and Bill Gates, on an annual basis to discuss critical issues related to fortification with their industry counterparts, government, and development partners (e.g., Bill and Melinda Gates Foundation).



**FACTORS CONSTRAINING THE PRIVATE SECTOR FROM INVOLVEMENT AND INVESTMENT:** Private companies, in particular smaller national players, may feel that engaging with the public sector, and in particular regulatory authorities, is inefficient, time-consuming, and has the potential to generate adverse scrutiny of its operations. Further, shifting government priorities and regulations may make it less productive for companies seeking to collaborate than those choosing to proceed independently. In addition, governments may be reluctant to engage in dialogue with the private sector due to the risk of accusations of corruption, nepotism, and the potential exposure to lobbying.



#### USAID'S ROLE IN ALLEVIATING CONSTRAINTS THROUGH ENGAGING OR PARTNERING WITH THE PRIVATE SECTOR:

USAID's engagement is likely to focus on improving the business enabling environment, primarily by hosting and facilitating public-private dialogue to create stable and consistent regulation that advances an NF agenda. The added value of USAID's engagement lies in being an impartial broker providing a neutral space for actors to openly discuss and collaborate on long-term policies that benefit the target population, ensuring the dialogue does not descend into lobbying for solutions that benefit the private sector at the expense of the public good. Specific areas of focus can include leveraging USAID's convening power to bring together public and private sector players around a common policy and agenda. Focus areas can include:

- Policies, standards, and regulations that improve food quality and safety (e.g., good manufacturing practices, food safety standards, marketing principles); regulations and incentives, such as duties and taxes (e.g., import tax waivers for premix, equipment, or input subsidies); and effective enforcement modalities (potentially including self-regulation by business associations)
- Fiscal incentives and disincentives aimed at consumers, producers, and retailers. Disincentives can include excise or sales taxes on unhealthy items such as sugar-sweetened beverages and junk food or removal of industry tax benefits for the development and marketing of unhealthy products
- Infrastructure-related concerns and constraints (e.g., energy provision, water supply, and roads) that inhibit expansion of operations, compliance with regulations or standards, or other barriers

- Building consensus around these focus areas, for instance, by investing in studies to develop shared and data-driven understanding of specific issues
- Sharing experiences across countries and Missions of building an enabling policy environment for NF



**EXPECTED RESULTS AND METRICS:** Specific expected outputs can include the creation of a public-private sector platform to discuss needs, obligations, and best practices for an enabling environment for NF, and the number of companies engaging with the public sector through this platform. The expected outcomes will include the number of NF-supportive policies adopted, the efficacy of regulatory enforcement (volume of product meeting safety, quality, or fortification standards), and the number and amount of investments in NF-supportive infrastructure development.

## VII. Leverage Private Sector Technical Expertise to Build Public Institutional Capacity in NF Production and Processing



**BARRIERS TO NUTRITIONAL OUTCOMES AND JUSTIFICATION FOR MARKET-BASED APPROACH:** Government must have the capacity to effectively enforce regulations and provide technical guidance in the NF sector. This includes having an evidence-based strategy and plan, access to technical experts for implementation and evaluation, and adequate resources and authority to act in the required areas. However, in certain emerging markets, there are capacity gaps in the public sector which can inhibit implementation and oversight provided. For instance, enforcement agencies may lack technologies, capabilities, and tools to effectively enforce regulations, and technical food safety guidance to local businesses may be absent. Appropriately leveraging private sector technical expertise is one opportunity to build this capacity, particularly where it leverages skills and approaches from other markets.



**ROLE AND INTEREST OF THE PRIVATE SECTOR IN ADDRESSING NUTRITIONAL CHALLENGE(S):** Offering effective support to public sector agencies can be one avenue for companies to strengthen their license to operate. For companies prioritizing NF and food safety in their proposition, enhanced government capacity in working with supply chain intermediaries can improve the enabling environment, their ability to operate, and increase their willingness to invest in market development. The role of the private sector is to provide specific technical expertise.



**TYPES OF POTENTIAL PRIVATE SECTOR PARTNERS:** Specific private sector partners are likely to comprise larger companies, most likely MNCs, with best-in-class expertise in technical areas, such as food processing, food safety, marketing, or distribution. For instance, Bühler is actively engaged in the set-up and running of the Kenya-based African Milling School, which offers comprehensive and intensive training in the food industry, aiming to develop the next generation of millers and transfer know-how to maintenance, quality control, and operations management staff—See [Case Study](#) section. In India, Cargill assisted industry and government partners to design and implement risk-mitigation standards in food supply chains.<sup>33</sup>



**FACTORS CONSTRAINING THE PUBLIC SECTOR FROM INVOLVEMENT AND INVESTMENT:** Companies may not see an entry-point for engaging with the public sector in capacity building, may not have the relevant relationships or networks within public institutions, or may struggle to find relevance among a broader NF policy agenda. Further, unless operationalized transparently, such efforts can risk the appearance of lobbying for specific regulatory outcomes.



**USAID'S ROLE IN ALLEVIATING CONSTRAINTS THROUGH ENGAGING OR PARTNERING WITH THE PRIVATE SECTOR:** USAID's engagement will likely focus on dialogues with the relevant public institutions to

<sup>33</sup> "Where Business and Nutrition Meet - review of approaches and evidence on private sector engagement in nutrition," MQSUN+ Report, PATH, 2018.

identify capacity gaps and on enlisting companies with the relevant expertise and investment capacity. Specific activities could include:

- Leveraging USAID’s relationships with government to identify capacity gaps in public institutions that limit effective support of national NF production and processing
- Identifying suitable private sector partners (with relevant expertise and commercial interests in that country) to help address capacity gaps. This could include strengthening technical training institutes to offer courses that reflect best-in-class technologies and are better tailored to the needs of employers or bringing in relevant food safety expertise to support capacity strengthening of enforcement agencies
- Brokering the actual partnership, including defining roles and responsibilities of both private and public partners, and monitoring progress
- Support for upgrading data gathering and tracking systems for monitoring and evaluating nutrition trends and disparities, where private companies can leverage experience in consumer data collection



**EXPECTED RESULTS AND METRICS:** The expected outputs will include the number of established partnerships between public institutions and private companies and the number of people trained (e.g., extension agents, students). The expected outcomes will include the incremental resources invested by private companies in strengthening public sector capacity and the actual improved capacity (measured, for instance, by increases in employment rates of graduates of technical training institutes or by increases in perceived quality of support provided by extension agents).

## C. PSE FOR NUTRITION CASE STUDIES

### CASE STUDY: CONSUMER-FACING ARCHETYPE, ACTIVATING GOVERNMENT-LEVEL PUBLIC-PRIVATE PARTNERSHIP IN NUTRITIOUS FOODS MARKET DEVELOPMENT AND DEMAND CREATION

#### Overview

The successful rollout of fortified edible oil in India presents several relevant lessons on how to effectively increase the availability, accessibility, and desirability of nutritious foods (NF) at the country level. While many public and private sector actors have played a role in this journey, this case study focuses on the importance of a neutral advocate to engage with private sector producers to ensure supply and with public sector actors to create demand from public institutions like schools. In this case study, the role of convenor is taken up by the India country office of the Global Alliance for Improved Nutrition (GAIN).

Specifically, this case study highlights two elements of engagement that ultimately ensured fortification of all edible oil in Rajasthan, whether distributed through public or commercial distribution channels. The first element is the partnership established by the State Government of Rajasthan with GAIN in support of the government's agenda to provide adequate and healthy foods to its population (in this case, fortified oil via the public distribution system). The second element focuses on incentivizing all industry players to ensure a sustained supply of fortified oil by offering opportunities to boost a company's reputation and eliminate business impediments. Tailored approaches were used to engage larger companies—such as Ruchi Soya, one of India's largest domestic edible oil producers—and smaller producers.

Thanks to a long-term, holistic, and strategic engagement across the entire system to stimulate supply and boost demand, with consistent support from GAIN, fortified edible oil contributed to significant reductions in vitamin A deficiency (1% of children of 5 to 19 years with vitamin A deficiency in Rajasthan compared to 21% across India<sup>34</sup>) and enabled edible oil manufacturers to increase sales by 10–15%.<sup>35</sup>

#### Key Takeaways

Successful uptake of fortification by an entire sector (in this case, edible oil) requires multi-faceted engagement. This case study covers elements of several partnership archetypes, namely stimulating NF product development, facilitating public-private dialogue, promoting public sector channels, and government-led public-private partnerships (PPP) in market development and demand creation.

An effective convenor needs to develop long-term relationships across public and private sector partners and be able to provide support in response to specific needs. Providing relevant data to all stakeholders is a valued contribution.

Strategic leverage points to engage the private sector can include reputational aspects (e.g., Ruchi Soya aspired to being a responsible industry leader) and more business-linked incentives—such as eliminating business impediments (e.g., controls on oilseed stock limits) as an inducement to action.

Decisions related to food supply and distribution to its populations are highly political for a government, hence the need to avoid any risks related to supply stockout, accusations of undue private sector influence, or potential negative impact on food attributes (taste, smell, color).

<sup>34</sup> Source: Comprehensive National Nutrition Survey, 2016-2018, quoted by D. Gulati, GAIN India, in "Staple Food Fortification in Rajasthan: A Note."

<sup>35</sup> Source: personal information D. Gulati, GAIN India.

## Defining the Nutritional Problem

Micronutrient deficiencies are a significant public health problem in India, with serious consequences and a devastating impact on people's health and productivity.<sup>36</sup> Given the relatively high purchase and consumption of edible oil in the country (10–18 kilograms (kg)/per capita/per annum) regardless of households' socio-economic class, ethnic group, or geography, fortifying edible oil offers an effective way to achieve results at scale.

The provision of food to its population is a highly prioritized topic in India. The Government of India runs the world's largest public distribution system (PDS), reaching over 60% of the entire population. For instance, in all public-funded schools, children receive mid-day school meals, while Integrated Child Development Services (ICDS) is present in *anganwadi* (community health centers) in every village, where pregnant and lactating women and children under six receive take-home food rations and cooked porridge for children.<sup>37</sup> School meals are prepared in large-scale centralized kitchens across the country, run by private organizations, such as Akshaya Patra,<sup>38</sup> which runs 52 kitchens, reaching 1.8 million children with mid-day school meals per day. GAIN identified that these public channels offer a significant opportunity to enhance the nutritional status of a large part of the Indian population and offer a market opportunity for fortified products, such as edible oils.

## Process of Engagement

**PROSPECTING:** In 2013, GAIN started engaging with policymakers and industry regarding micronutrient deficiencies and the potential solutions, which include dietary diversity, supplementation, and fortification. Edible oil fortification came up as a cost-effective approach in several Indian states, including Madhya Pradesh, which has a high production of soybean oil, and Rajasthan, which is an important producer of mustard seed oil. GAIN identified the partners most relevant for public distribution of food, namely the state government's Department of Food and Civil Supplies (Principal Secretary and Additional Food Commissioner); the Department of Medical, Health, and Family Welfare (Principal Secretary); the Department of Rural Development and Panchayati Raj<sup>39</sup> (Principal Secretary); the Finance Department (Principal Secretary); the Women and Child Department (Secretary); Animal Husbandry, Fisheries, and Dairy (Secretary); and the Commissioner for Mid-day Meals. The lead government champion was the Principal Secretary of the Department of Food and Civil Supplies.

GAIN discussed with these champions the option to include fortified foods in its PDS, aiming to reduce vitamin A and D deficiencies in vulnerable groups. In the case of Rajasthan, GAIN presented micronutrient deficiency and fortification impact data from renowned national scientific institutions (the Indian Council of Medical Research and the National Institute of Medical Statistics) to build the state government's support for distributing fortifying foods through ICDS. However, the Department of Food and Civil Supplies in Rajasthan was hesitant in mandating this requirement without being reassured there were no risks to supply.

**DESIGN:** Designing an effective approach required stimulating supply and boosting demand, primarily through public market channels. A key factor of success was helping state governments to identify the necessary incentives to convince industry partners.

GAIN started contacting the big edible oil companies directly to encourage them to adopt fortification practices. Ruchi Soya, one of India's largest producers, was initially concerned about the cost factor, the lack of a clear model of success, unclear regulations, and the lack of customer awareness.<sup>40</sup> GAIN engaged with company management multiple times over 6–8 months,

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<sup>36</sup> "Towards Mandatory Fortification of Edible Oils in India," D. Gulati, GAIN India.

<sup>37</sup> This includes morning snacks in the form of milk/banana/egg/seasonal fruits/micronutrient fortified food followed by a hot cooked meal. For children under 3 and pregnant and lactating women, take home rations (THR) in the form of premixes/ready-to-eat food are provided (<https://fortification.fssai.gov.in/snp>).

<sup>38</sup> <https://www.akshayapatra.org>.

<sup>39</sup> System of local self-government of villages in rural India.

<sup>40</sup> Source: interview with Sanjeev Asthana, Ruchi Soya CEO, April 16th, 2021.



presenting the public health rationale for fortification and examples of successful initiatives from developed markets. The point that ultimately convinced Ruchi Soya to start fortifying its oils was the public relations value in positioning the company as the leading example of a responsible enterprise that cares for its consumers' health and that it would be followed by other industry players. In addition to the public relations value, it became clear to Ruchi Soya that the cost of fortification was minimal and that the discussions GAIN was undertaking with the government to mandate the use of fortified foods in PDS might contribute to increased sales volumes.

At the same time under the leadership of the Principal Secretary, GAIN and the Rajasthan Department of Food and Civil Supplies worked together to design a successful approach to get smaller oil processors (those selling oil in bulk) on board. As the preparation of legislation for mandatory oil fortification would take years, most of the smaller players required another strong sector-wide incentive to commit to voluntary oil fortification. The State Government of Rajasthan decided to revive a dormant regulatory mechanism which allowed them to impose limits on processors' oilseed stock reserves (a market control measure to avoid hoarding and driving up prices). Regular stock controls were imposed on all players, creating discomfort in the sector.

**IMPLEMENTATION AND EXIT:** The state government instructed oilseed stock reserve inspections to put some pressure on more than 200 oil mill owners. These private sector players then requested the government to remove these stock limits, providing the state government with an opportunity to bring industry together for negotiations. As a result in February 2016, the State Ministry of Food and Civil Supplies organized a sector-wide meeting attended by 500 representatives of edible oil producers and packers. During this meeting, the State Ministry requested that all millers voluntarily fortify all edible oil sold within Rajasthan with vitamins A and D. The state government hinted, though did not promise, that if the entire sector would comply, they might be able to lift the stock limit requirement.

Following the meeting, government inspectors carried out follow-up checks, verifying whether companies were adding nutrients to their oils. After approximately two months, the vast majority of processors (80%) had started fortifying their products. A second sector-wide meeting was held in June 2016, at which the state government announced it would withdraw the stock limit requirement. During this time, GAIN seconded staff to the office of Food and Civil Supplies of the State of Rajasthan, undertaking training of oil processors in quality assurance and developing a database of oil mills.

In parallel, large oil processors, such as Ruchi Soya, had already started fortifying some of their products. In 2013, Ruchi Soya began fortifying its premier branded oil produced in two smaller-scale plants in Rajasthan. GAIN provided technical assistance that enabled the company to absorb the cost increase of premix through increased processing efficiency. The example of larger players fortifying their oil also helped encourage small companies and convinced them that fortification did not have any adverse impact on product attributes.

Ruchi Soya also joined GAIN in convincing policymakers that industry had the capacity to scale up and provide a non-interrupted supply of fortified edible oil, providing the confidence needed for the state government to mandate the use of fortified oils in ICDS and PDS meals and take-home rations. The company also participated in media sensitization workshops organized by GAIN to ensure that messaging around fortified oil was accurate.

The Principal Secretary of the State Ministry of Food and Civil Supplies ensured political leadership support throughout the entire process, especially from the Chief Minister of Rajasthan, who aspired for Rajasthan to be the second Indian state (after Gujarat) to have "voluntary mandatory" oil fortification.<sup>41</sup> In February 2016, at the time of the first sector-wide meeting, the Chief Minister of Rajasthan sent a note of appreciation to the edible oil industry players to express recognition of their efforts to fortify their products. This served as an important morale boost across the industry and was widely quoted in the media. In July 2016, Rajasthan became the second state in India to require fortification of all edible oil.

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<sup>41</sup> This term was used successfully in the local context, indicating that while fortification was voluntary, the efforts affected the entire sector, ensuring a level playing field.

**MONITORING FOR RESULTS:** GAIN monitored the tonnage of fortified oil sold (through data reported by fortifying companies once every month) and the quality of the fortified products (by testing samples of each company’s oil quarterly at GAIN’s cost for the first year of fortification). While larger companies’ direct rationale for engagement was not related to anticipated short-term sales increases, there was an expectation that the initiative would not hurt sales.

### Assessment of Partnership

MSP assessed the partnership from the perspectives of the Ruchi Soya CEO and the Principal Secretary of the Department of Food and Civil Supplies of the Rajasthan State Government, based on interviews held on April 16, 2021.

AREA	DETAILS <sup>42</sup>
Alignment <sup>43</sup>	<ul style="list-style-type: none"> <li>• Ruchi Soya assessment: having GAIN as a neutral catalyst worked very well (“someone has to nudge and push”); Ruchi Soya is very supportive of the government’s intent to have fortification become mandatory.</li> <li>• Rajasthan state government assessment: GAIN “sensitized them” to the importance of fortification, provided technical support, and also partnered with the state government to identify how to convince all players sector-wide to fortify their oil; with regard to Ruchi Soya and other larger industry players, once they “started realizing the benefits and publicizing fortification, it became fashionable.”</li> </ul>
Commitment <sup>44</sup>	<ul style="list-style-type: none"> <li>• Ruchi Soya assessment: the “personal passion” of GAIN India’s representative was key; with regards to government, Ruchi Soya was pleased that policymakers were open to discussion and learning about the industry’s capacity to scale up fortified oil supply. Once they gained this confidence, policymakers were very committed to mainstreaming fortified oil into public distribution.</li> <li>• Rajasthan state government assessment: “the passion and patience” of GAIN India’s representative and her team helped overcome the fact that “fortification was nobody’s business before.” With regards to Ruchi Soya, the government appreciated their willingness to engage and felt that the company was very receptive to the push toward fortification.</li> </ul>
Trust <sup>45</sup>	<ul style="list-style-type: none"> <li>• Ruchi Soya assessment: the relationship with GAIN was trust-based; it helped that GAIN is a globally recognized not-for-profit institution and not a competitor; with regards to government, having discussion based on analysis ensured “willing partners,” and overall, Ruchi Soya saw the partnership as a “win-win.”</li> </ul>

<sup>42</sup> Ruchi Soya and Rajasthan State Government representative assessments based on interviews held on April 16th, 2021.

<sup>43</sup> Defined as a shared understanding of objectives, working culture, and expectations.

<sup>44</sup> Defined as shared satisfaction with each partner’s engagement level, dedication to the goals of the partnership.

<sup>45</sup> Defined as mutual belief in the truthfulness, competence, and reliability of each partner.

	<ul style="list-style-type: none"> <li>• Rajasthan state government assessment: GAIN did a good job of involving and informing the political leadership in an impartial way, based on data and studies from Indian institutes; getting the private sector on board required meeting their need “for a level playing field,” and addressing initial concerns (e.g., regarding the potential adverse impact of fortification on their product attributes).</li> </ul>
<p><b>Mutuality<sup>46</sup></b></p>	<ul style="list-style-type: none"> <li>• Ruchi Soya assessment: GAIN brought a clear-cut understanding of the public health issues, the technical aspects of fortification, as well as an understanding of the global market; government provides the policy side, which is key in fortification, and it also has the resources for necessary scientific research which is needed to achieve “larger objectives.”</li> <li>• Rajasthan state government assessment: very positive, having GAIN provide the needed data and analysis enabled the creation of a common fact base; with regards to industry, the government appreciated the assurance of larger players that they could provide an “uninterrupted supply” of fortified oil.</li> </ul>
<p><b>Performance<sup>47</sup></b></p>	<ul style="list-style-type: none"> <li>• Ruchi Soya assessment: GAIN’s role was critical in accompanying all partners, providing training, and overall industry advocacy; working with government to mandate use of fortified oil in mid-day meals was a “big ticket play;” Ruchi Soya observes that all state governments are now much more focused on health and nutrition issues.</li> <li>• Rajasthan state government assessment of all partners: moving toward “voluntary mandatory” fortification ensured near sector-wide industry compliance and also meant that there was less need to focus on consumer sensitization.</li> </ul>
<p><b>Efficiency<sup>48</sup></b></p>	<ul style="list-style-type: none"> <li>• Ruchi Soya assessment: need to be very targeted in the partnership process to be effective and efficient; the process doesn’t need to be “long and tortuous” (with regards to all partners).</li> <li>• Rajasthan state government assessment: having GAIN provide resources seconded to the government office maintained momentum and ensured follow-up with industry; with regard to the private sector, while large players such as Ruchi Soya “agreed on request” to get full compliance, for smaller players, a transition period was needed, with continued encouragement of industry’s efforts.</li> </ul>

<sup>46</sup> Defined as reciprocal dependence built upon shared rights and responsibilities.

<sup>47</sup> Defined as shared perceptions of progress toward the partnership’s outcomes.

<sup>48</sup> Defined as the mutual ability to accomplish activities in a partnership with a minimum amount of unnecessary time, resources, and effort.

## Key Lessons Learned

AREA	DETAILS
<p><b>What went well in this initiative?</b></p>	<ul style="list-style-type: none"> <li>Effectively leveraging GAIN's role as a neutral partner to engage at different levels, on both the supply and the demand side, from discussions with government stakeholders to negotiations with the private sector.</li> <li>Leveraging existing public sector channels (large and well-organized school feeding programs and food distribution through ICDS) successfully built demand.</li> <li>Identifying the right “ask” from industry players (in this case, lifting limits on oilseed stock reserves) and supporting the state government to leverage this industry request in negotiations to ensure oil fortification (as a quid pro quo, whereby the industry is asked to fortify in return for the limit being dropped).</li> <li>Identifying a few larger companies as industry leaders (Ruchi Soya) to become champions and early adopters so they can tell their story credibly can reassure government that there are no risks to supply, can demonstrate to smaller players there are no risks to product quality, and that all industry players—both large and small—are equally implicated in the fortification measure.</li> <li>Avoiding financial incentives such as subsidies for fortificants—based on lessons learned from wheat flour fortification, where a phased subsidy created dependencies and its subsequent removal threatened sustainability—oil fortification was introduced without a premix subsidy.</li> <li>Communicating carefully with the media through sensitization workshops to avoid propagation of incorrect and potentially harmful messaging; media focus was subsequently on fortification logos rather than on specific brands.</li> <li>Showcasing successes from one state to increase uptake across the country.</li> </ul>
<p><b>What were the key challenges, and what went wrong?</b></p>	<ul style="list-style-type: none"> <li>Local activists expressed concern that fortification was an agenda being pushed from outside the country; GAIN needed to provide reassurance that there was no pressure from multi-national premix companies and that fortification was a complementary public health strategy to dietary diversification or supplementation.</li> </ul>
<p><b>What could have been improved?</b></p>	<ul style="list-style-type: none"> <li>More focus on creating consumer engagement, not just to generate demand, but to raise consumers' awareness about the health benefits of fortification and reduce activist pressure and perception of influences by foreign agendas.</li> <li>Even more focus on recognizing private sector efforts by state governments.</li> </ul>

## Impact

The edible oil industry in Rajasthan and Madhya Pradesh has indicated increases in sales of 10–15%<sup>49</sup> as a result of the partnership because of the use of fortified oil in the PDS.

In 2017, due to GAIN's advocacy and building on the momentum created in Rajasthan and Madhya Pradesh, fortification of foods distributed through public channels became mandatory nationwide.<sup>50</sup>

Because of the public-private engagement in edible oil fortification, including sector-wide voluntary fortification of edible oil with vitamin A since 2016, Rajasthan has significantly reduced vitamin A deficiency—the latest Comprehensive National Nutrition Survey of India (2016–2018) indicated<sup>51</sup> deficiency levels among children between 5 and 19 years of age of only 1% in Rajasthan (compared to an average of 21% in other states).

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<sup>49</sup> Source: GAIN India.

<sup>50</sup> India's National Ministry of Women and Child Development put out a circular for mandatory use of fortified edible oil, fortified wheat flour, and double-fortified salt in the foods distributed via the Integrated Child Development Services India-wide. That same month, the National Ministry of Education put out a circular with a similar message for mandatory use of the same fortified foods, as well as fortified rice, in the preparation of mid-day school meals for all public schools in India.

<sup>51</sup> <https://nhm.gov.in/WriteReadData/1892s/1405796031571201348.pdf>.

## CASE STUDY: ENABLING ENVIRONMENT ARCHETYPE, GALVANIZING PSE TO BUILD CAPACITY IN NF PRODUCTION AND PROCESSING: AFRICAN MILLING SCHOOL

### Overview

The Bühler's African Milling School (AMS) in Nairobi, Kenya, offers comprehensive and intensive training in the food industry. Its program offers both theoretical and practical training to millers and food technologists, enabling them to efficiently operate food processing plants throughout the region and improve local capacity for food fortification. The AMS was established in 2015 by Bühler, a global leader in food processing technologies and production equipment, and to date, has trained more than 1,000 students.

### Defining the Nutritional Problem

The consequences of malnutrition are a significant concern for policymakers in Kenya, where out of a total under 5 population of 7 million, 1.82 million children (26%) suffer from stunting.<sup>52</sup>

In Kenya and throughout the region, small and medium-sized enterprise (SME) processors play an important role in the food system. However, they often lack the technical capacities to improve the nutritional quality and food safety of their products. There are significant opportunities for these processors to boost their operational efficiency with regard to yield, quality, and energy use and to improve maintenance standards in their plants for longevity and improved sanitation.

In addition, local food technology laboratories across the region can also benefit from access to best-in-class equipment and practices, increasing consistency of production and leading to higher quality results. For example, AMS staff conduct research on wheat product enrichment for bakeries to minimize the cost of production while improving the nutritional quality of baked goods.

### Process of Engagement

**PROSPECTING AND DESIGN:** Bühler has been active in Africa since 1961, selling machinery and supporting processing in the food sector. The business case to set up the AMS was driven by long-term commercial benefits (developing a cadre of milling professionals loyal to Bühler processing equipment, contributing to revenue streams in the long-term), which would solidify Bühler's market share in the region and position them for additional expansion. This main business incentive was complemented by shorter-term reputational benefits (becoming a recognized driver of operational milling excellence in the region, becoming a center of grain processing expertise for Africa and the Middle East). The opening of the school was also

### Key Takeaways

Strong company commitment and ownership of the initiative are drive both the short-term (reputational benefits) and the long-term (developing a cadre of sophisticated milling professionals with loyalty to Bühler products).

A champion with a personal passion can provide the energy and momentum necessary to generate internal corporate commitment to advancing a shared-value engagement.

Flexibility is necessary to adapt and expand the course offering to the needs of the local market, leveraging partnerships with other training providers, companies active in sectors of interest, and programs working with SME processors.

There are opportunities for an initiative like AMS to strengthen institutional capacity and private processing capacity by engaging with local universities and research institutions. Public partners' budget constraints have limited this type of support in the past.

<sup>52</sup> Kenya National Bureau of Statistics (KNBS) et al., 2015.

driven, to a lesser extent, by the personal passion of the founder, Martin Schlauri, who headed Bühler’s Grain Milling Business Unit and then became the first Managing Director. He recounts, “I started dreaming of having an African Milling School five years ago. Apart from the fact that I, myself am a trained miller, I pride myself on my communication with many customers whom I have built excellent relationships with over many years. Listening to their needs was key. I consistently received strong messages that many of our customers at Bühler wanted to build more new mills, but they were restricted, as they did not have the skilled staff to operate them.”<sup>53</sup>

There are relatively few dedicated milling schools worldwide,<sup>54</sup> and their offer is typically not best suited to the needs of African millers and food processors—either because of high tuition fees, focus on higher-level management capabilities, or language constraints. AMS, therefore, “filled a very special and desperately required niche in the African market. Being centrally located in Nairobi in Kenya, the AMS is the only school in its class that caters to the English-speaking countries of Africa<sup>55</sup> and is 100% dedicated in turning experienced mill workers into world-recognized, professional millers.”<sup>56</sup>

To set up the school, Bühler followed existing procedures for registration. As most technical and vocational education and training establishments in Kenya are private, the AMS needed to obtain a certification from the Technical and Vocational Education and Training Authority to enable the school to function, as well as a certification from the National Industrial Training Authority.

The school includes a state-of-the-art mill for practical training on wheat, maize, and local grains milling and a fully equipped laboratory, which enables learning about quality control when processing grain to flour. In addition, the school offers nutrition-specific training on topics such as improving the fortification efficiency of maize flour and wheat flour. The Analytics Laboratory also offers analytical services and consulting for the characterization of grains and finished products. Its methods are based on established standard procedures implemented by renowned research institutes. These services include conducting reference samples for comparison with the client’s laboratory to ensure equipment calibration. The laboratory also plays a critical role in product development. For example, Bühler has developed a process to produce a highly nutritious, locally sourced, and ready-to-eat instant maize meal. Variations with maize, sorghum, millet soya, and flavored and fortified varieties are available on the market.

The AMS is funded by a combination of fee-based revenue streams (student fees, payments by companies using the school’s laboratory facilities, payments by companies and/or other organizations for tailored short-term courses, etc.), and Bühler’s financial contribution.

**IMPLEMENTATION AND EXIT:** To date, AMS has trained more than 1,000 students from over 24 countries, offering courses on a range of topics depending on the experience level of the student. AMS has a staff of 40, of which two are from outside the region. In the first AMS class in 2015, there were 27 students of nine nationalities from 14 different mills.<sup>57</sup>

Of note is that the course offering addresses local millers’ most urgent, achievable, and impactful needs, such as practical machinery maintenance and operation. For a company sponsoring a student at AMS, courses such as these directly impact key operational metrics, like out-turn and throughput ratios, which are at the core of their businesses. These core-operating courses also incorporate topics related to fortification and nutrition that may achieve broader social objectives and help companies operate in compliance with local regulations, but these are not standalone courses. Instead, the nutritional topics complement the foundational operational courses in topics such as grain and flour analytics. It is important to note that developing a successful curriculum depends on a deep understanding of the core operating needs of milling companies.

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<sup>53</sup> Source: “The African Milling School” in “Milling and Grain,” Darren Parris, May 2015.

<sup>54</sup> Including the Swiss Milling School, Kansas State University, Ocrim in Italy, and regional solutions such as NABIM in the United Kingdom, a school in Morocco, one in India and one in South Africa.

<sup>55</sup> AMS now also offers training in French, Portuguese, Swahili, and Arabic.

<sup>56</sup> Source: “The African Milling School” in “Milling and Grain,” Darren Parris, May 2015.

<sup>57</sup> Source: Ibid.

Since its inception, AMS has expanded its course offering in response to market needs, based on feedback from students and sponsoring organizations, engaging in a range of partnerships to increase and diversify the curriculum. This ensures that the curriculum is relevant and in demand by students and their companies. For instance, in 2018 and 2019, a sector-wide training was developed in partnership with SAPFF,<sup>58</sup> offering training on fortification to all industry players. In response to the COVID-19 pandemic, AMS prepared a sector-wide virtual training event, first tested in Nigeria in May 2021.

The AMS's partnerships address both curriculum and client development needs. In Kenya, the AMS has partnered with the Boma International Hospitality College to teach students about flour varieties and grades for baking in Boma facilities. It also partnered with the Cereal Millers' Association (CMA), offering joint training and webinars for CMA members, such as a food safety training course organized in 2018 with the International Association of Operative Millers Mideast and Africa. It has also partnered with the Swiss School of Milling and a government-run vocational training facility in Stuttgart, Germany, to enable prospective students from the region to benefit from localized training, lowering costs of capacity strengthening without compromising on quality. It is important to note that new partnerships need to be considered on an ongoing basis for the school to remain relevant and to creatively expand its offering.

Bühler remains committed to running AMS, given the clear business and reputational benefits and the proximity to its core business. However, to date, the school has required constant financial support from Bühler. While the COVID-19 pandemic put certain initiatives on hold, Bühler plans for AMS to become financially self-sustaining within two years through a combination of revenue streams, including student fees and payments from renting lab and other school facilities to external partners. In addition, AMS aims to become a Center of Excellence for the region, in line with the Government of Kenya's ambition to become a leader in education and training for the East African region.

**MONITORING FOR RESULTS:** The AMS focuses on ensuring that annual intake is at full capacity and monitors graduation rates and numbers. AMS also follows up with graduate millers at their companies to observe career progression.

### Key Lessons Learned

Note that relationship health was not assessed in this case study since the initiative was driven by Bühler alone.

AREA	DETAILS <sup>59</sup>
<p><b>What went well in this initiative?</b></p>	<ul style="list-style-type: none"> <li>• Strong company commitment and ownership because of the clear business rationale for the initiative.</li> <li>• Initiative is built on Bühler's strong technical capabilities and qualifications, with partnerships to close any gaps in know-how, equipment, etc.</li> <li>• Fills gap in the market offering, enabling regional processors to benefit from training adapted to the local context rather than sending staff abroad for training.</li> <li>• Flexibility to market needs in terms of adapting and expanding course portfolio.</li> </ul>

<sup>58</sup> Strengthening African Processors of Fortified Foods, a project funded by the Bill and Melinda Gates Foundation, implemented in Kenya, Nigeria, and Tanzania by TechnoServe, Inc.

<sup>59</sup> Commentary based in part on interview with Stefan Lutz, Head of African Milling School, on April 12<sup>th</sup>, 2021, and on secondary research (sources referenced throughout the case study).



**What were the key challenges, and what went wrong?**

- The school is not yet financially self-sustaining, with exploration of additional revenue streams paused by the COVID-19 pandemic.
- There has been limited collaboration with Kenyan universities and research institutes (e.g., JKUAT,<sup>60</sup> government coffee research institutes), which would further embed AMS in the local training landscape and strengthen capabilities of public sector researchers, primarily due to funding constraints on the public sector side.

**What are opportunities for USAID to support a future engagement under this model?**

- Provide guidance to the private sector on government engagement (e.g., identifying critical messaging, key contacts, alignment of interests).
- Provide guidance on connections to relevant local players who might be future users of the school's services (e.g., local millers and sector associations).
- Support relevant curriculum development on nutrition topics.
- Coordinate multi-stakeholder action around critical issues for the food industry and nutrition (e.g., aflatoxin levels in Kenya).
- Create more effective linkages with local universities, research, and lab facilities (e.g., grants to facilitate local researcher collaboration and/or research on topics relevant to the private sector and nutrition) to build public sector capacity.
- Expand private sector virtual training capabilities to increase student enrollment and reduce cost per student.
- Support school expansion (for instance, to eventually become a regional Center of Excellence).

## Impact

In a relatively short time, Bühler's initiative has become an established and welcome addition to the training and capacity-strengthening landscape in the region. As stated by one of AMS's clients, "In the milling industry, there existed a vacuum in the development of skilled resources, and Bühler has made a very timely investment by bringing the African Milling School to this region. The industry shall now be able to tap into a broader pool of skilled artisan millers, which will enhance the efficiency of mill operations and, at the same time, improve the quality of milled products offered in the market. Trained millers shall also gain better opportunities through their acquired skills and be well equipped to embrace innovation." (Rajan Shah, CEO, Capwell Industries Limited, supervisor of two AMS trainees).<sup>61</sup>

Another client, the largest miller in Africa, appreciates not just the technical aspects of AMS's offering but also the personal growth experienced by students. The miller states, "well-trained millers push to achieve optimum extraction rates, increased mill utilization, consistent product quality, and help gain a competitive advantage on new product development. This is now becoming a key issue for our customers. As great as it is for me to witness their [students'] self-development, it is further gratifying that their progression has been seen to have made a great impact, not only within the capacity of their milling duties but also to some benefit, it has had a rippling effect upon the other millers, helping to create an environment of continuous improvement and discipline" (Colin Halliday, Nigerian Flour Mills).<sup>62</sup>

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<sup>60</sup> The Jomo Kenyatta University of Agriculture and Technology.

<sup>61</sup> <https://www.atma.asn.au/latest-news/buhler-african-milling-school-officially-opens>.

<sup>62</sup> <https://www.iaom-mea.com/graduation-at-the-african-milling-school-in-kenya/>.

Standard benchmarks in the milling industry agree that a professionally trained miller who can create and implement mill flow charts; align, maintain, and clean machinery correctly; and analyze product data; can, at a minimum, add a 2% value to the mill. For a midsize mill processing 220 MT of grain per day, this would mean over \$300,000 in additional revenues, signifying a high rate of return on the company's investment of \$4,800 per year for their employee's two-year training course.

## CASE STUDY: ENABLING ENVIRONMENT ARCHETYPE, FACILITATING PUBLIC-PRIVATE DIALOGUE: SAPFF NIGERIA

### Overview

The Strengthening African Processors of Fortified Foods (SAPFF) project seeks to increase the coverage of fortified foods by increasing the compliance of food processors to meet national food fortification standards in Nigeria, Kenya, and Tanzania. SAPFF focuses on mandated fortified food vehicles, including wheat flour, maize flour, edible oils, and salt. Its goal is to raise compliance levels from an average base of below 50% to over 80%.

SAPFF is funded by the Bill and Melinda Gates Foundation (BMGF) and has been implemented by TechnoServe, Inc. since 2016, with a total budget of \$10 million. SAPFF's approach focuses on four interconnected elements: 1) creating a business case for food fortification, 2) enhancing the enabling environment, 3) maximizing profitability and competitiveness, and 4) encouraging consistent regulation and enforcement. This case study focuses in particular on the enabling environment component in Nigeria, which aims to strengthen governance and advocacy for fortification programs by elevating the fortification agenda to the highest level of government and industry, facilitating an overarching joint regulatory framework on fortification, developing policy papers that help advocate for improved fortification legislation, and designing an appropriate recognition scheme to incentivize self-regulation.

Private sector partners in Nigeria include the Aliko Dangote Foundation (ADF), Olam Group, the Dangote Group, Flour Mills of Nigeria Group, and Dufil Group, with over 19 companies engaged in the project.<sup>63</sup> In order to highlight the perspective of both the private sector and public sector partners, interviews were conducted with the Olam Group, BMGF, and ADF. Olam was able to describe its motivations on the commercial aspects of the project, while BMGF and ADF offered perspectives on their roles as conveners using political capital and influence.

SAPFF drove impact by delivering customized technical assistance, conducting sector-wide training, strengthening the enabling environment, and building private sector commitment. There has been a notable improvement in fortification levels by participating companies to date (from 25% to 33% for edible oils, from 56% to 90% for wheat flour, for example). This is

### Key Takeaways

Companies typically have limited interest in engaging on food fortification issues. Additional “hooks” are needed to successfully initiate conversations that lead to engagement. The closer these are to core business issues and the company's overall competitiveness, the higher the likelihood of interest in partnering.

Where government has limited capacity for enforcement of fortification requirements, companies should be encouraged to self-regulate. Setting up solutions that allow companies to be recognized for their efforts and compete with their peers creates positive incentives that encourage sustained participation. Appropriate framing of discourse is critical—the CEO Forum created a narrative that was appreciative of everyone's efforts and was a space for all stakeholders to convene.

Companies are keen to see a level playing field—they tend to fear that adherence to fortification requirements will make them less competitive by increasing their costs, especially when there is no consumer pressure for fortified products.

Engaging with multiple levels within a company (from CEO to technical managers) ensures both corporate commitment and follow-through, but significant time and effort is needed to build trust and to prove the business case for the private sector.

<sup>63</sup> Apple and Pears (Oil), BUA (Sugar), Dangote Flour Mills – now operated by Olam (Flour), Dangote Sugar (Sugar), Dufil (Flour), Envoy (Oil), Golden Oil (Oil), Flour Mills of Nigeria - Velleumbra factory (Flour), Flour Mills of Nigeria – Pure factory (Flour), Flour Mills of Nigeria - Standard factory (Flour), Flour Mills of Nigeria – Eagle Flour Mill factory (Flour), Olam (Flour), Grand Cereals (Oil), Honeywell (Flour), Presco (Oil), PZ Wilmar (Oil), Sudit Oil (Oil), Transtell (Oil), Rom (Oil).

equivalent to approximately 1,900,000 MT of additional fortified food production annually in edible oils and wheat flour. Estimates indicate nutritional benefits to 100 million individuals in edible oils and wheat flour.

## Defining the Nutritional Problem

Although national programs supported by development partners have emerged in Nigeria to promote the fortification of staple foods, their struggle to meet regulatory standards has limited their impact. By increasing compliance, SAPFF improved access to nutrients and ensured higher levels of impact by focusing on key food staples, such as wheat and maize flour, edible oils, and salt. These fortified products have the scope and scale to make a large impact, especially for base-of-the-pyramid consumers, allowing them to leave the cycle of malnutrition and live healthy, productive lives.

In Nigeria, 37% of children aged 6–59 months are stunted, 22% are underweight, and 68% are anemic. More than half (58%) of all women aged 15–49 are anemic.<sup>64</sup> High levels of vitamin and mineral deficiencies depress the Nigerian gross domestic product (GDP) by more than \$1.5 billion annually via higher mortality and morbidity rates along with decreased productivity.<sup>65</sup> Food fortification to control these deficiencies has been implemented in Nigeria for nearly three decades.<sup>66</sup> Though these programs have been long-standing, prior to SAPFF, compliance with Vitamin A standards, for example, only ranged from 25% for vegetable oil, 29% for sugar, to 56% for cereal flour.<sup>67</sup>

## Process of Engagement

**PROSPECTING:** BMGF had been supporting fortification efforts in Nigeria since 2000, with a focus on strengthening public sector capacity. However, after more than a decade with modest results, the foundation was interested in a new approach. A mutual friend introduced Aliko Dangote to Bill Gates, who recognized their shared interest in health and nutrition and spawned a fruitful friendship, which formed the basis for SAPFF.

Their decision to incorporate the private sector was a natural outcome of their shared perspectives. Bill Gates wrote of Aliko Dangote in *Time* magazine, “I know him best as a leader constantly in search of ways to bridge the gap between private business and health.”<sup>68</sup> Ultimately, SAPFF prioritized mobilizing the private sector around this issue because of the key role that food processors play in ensuring that widely available staple foods are adequately fortified with basic nutrients and vitamins.

Based on its previous nutritional work in Nigeria, BMGF selected mandatory fortified foods for SAPFF to address. Then, in order to prioritize a list of private sector partners, SAPFF undertook a landscape assessment of the large key players<sup>69</sup> in the relevant food vehicles (who jointly account for approximately 70% of volumes) to identify those with an opportunity to improve adherence to fortification standards. The landscape assessment included measuring the relative volumes produced by key players and laboratory analysis of samples of these companies’ products to assess fortification compliance.

Initially, the project’s goal was to strengthen the ability of food processors to comply with fortification standards, so SAPFF reached out to the relevant technical staff in the prioritized companies (e.g., factory managers, millers). However, conversations focused on fortification compliance were generally difficult and typically did not lead to engagement—reactions tended to be defensive and suspicious as the initiative was focused on a lack of compliance with regulations.

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<sup>64</sup> Source: 2018 Nigeria Demographic and Health Survey.

<sup>65</sup> Source: World Bank.

<sup>66</sup> Salt iodization was made mandatory in 1992, and by 2005, coverage of iodized salt reached 98%; and rates of iodine deficiency disorders decreased dramatically. Fortification of cooking oil with vitamins, and flours with multiple micronutrients has been mandated since 2002.

<sup>67</sup> Source: “Executive Summary: Business Case for Fortification Study,” study conducted by Sahel Capital and supported by TechnoServe, Inc.; average compliance levels at baseline.

<sup>68</sup> Source: “Philanthropists join forces to fund Africa’s cash-strapped health sector.” UN.org. August–November 2017.

<sup>69</sup> To achieve impact at scale, smaller players with more localized reach were not included in SAPFF.

After one year of attempting to engage with companies, SAPFF broadened the scope of conversations beyond fortification compliance and strategically sought buy-in with company leadership. To engage at an executive level, the program pitched concepts to help companies build their broader competitiveness. This approach was more successful—companies were more willing to discuss how they could strengthen their operations (and ultimately increase market share) and partner, especially as some of their concerns around fortification resulted from a fear of becoming less competitive. There was a high level of interest in receiving technical assistance focused on operational improvements, especially those provided by recognized technical experts.<sup>70</sup> Even so, building the confidence that would result in a commitment to a partner took a long time (over one year in some cases) and required a range of tactics.

Like other companies, Olam decided to participate because of the offer to contribute technical assistance to increase competitiveness. Initial discussions between SAPFF and Olam took five to six months and involved engaging at the technical and executive levels to prove the value of technical assistance and support to improve operational efficiency. Once Olam leadership decided to engage, the initiative entered its portfolio of strategic projects, which received dedicated senior management support.

**DESIGN:** While building individual relationships with company executives was becoming more effective to achieve the desired scale, there was a need to elevate the discourse to secure broader commitment across the industry. To engage the sector more widely, SAPFF leveraged BMGF and ADF to create an additional avenue to increase the appeal and adoption of fortification among senior executives. The hope was also to convene government stakeholders on fortification-related issues (e.g., tariffs, enforcement). Positioning fortification as a trade and economic issue created traction with government and industry leaders.

To drive home this point, in early 2018 the CEO Forum was conceived with BMGF and the ADF as joint conveners, together with the Federal Government of Nigeria and TechnoServe, Inc. BMGF saw the Forum as a platform to allow different actors to converge and drive a common issue, providing “voice and visibility” for the private sector and allowing companies to be seen as government allies. The Forum was intended to celebrate companies’ successes in fortification and highlight the CEOs who were the driving forces behind those efforts. Furthermore, BMGF was interested in enabling the transparent sharing of data and driving accountability among peers in the private sector. ADF viewed the Forum as a way to emphasize the importance of fortification and leveraged its high-level contacts to ensure participation of many CEOs. The intent was to drive behavior change within the organizations through public endorsements by CEOs who would be accountable for these commitments and encourage a corporate culture that did not previously emphasize nutrition compliance. To secure CEO participation, Bill Gates and Aliko Dangote were confirmed as keynote speakers, which built interest in the event and elevated the conversation.

Aliko Dangote appealed to his peer CEOs by emphasizing the economic benefits of improved nutrition. He said, “Employers today no doubt feel the consequences of malnutrition, already identifying an inadequately skilled workforce as a major constraint to their businesses. But as corporate leaders, we can change this trend and prepare for our future—using tools already at our fingertips ... Real change will require leadership from the very top, including from my fellow CEOs around the continent.”

In particular, the creation of a “Micronutrient Fortification Index” (MF Index) appeared to trigger the competitive spirit among companies and the need to be seen as compliant by the marketplace. Developing the MF Index was triggered by an industry request during the inaugural Forum in June 2018 to conceptualize a cost-effective strategy that provides commercial incentives for processors to comply with established national standards. With the MF Index, companies are scored against a set of criteria focusing on personnel, production, public engagement, procurement, partnership, and governance. After a year of development, the MF Index was discussed with the private sector at the Forum in 2019 and endorsed by Bill Gates and Aliko Dangote. Those parties saw the MF Index as a way to keep industry interested and engaged beyond the Forums, focusing on positive incentives and recognition for participating companies.

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<sup>70</sup> The Aliko Dangote Foundation also used this argument when reaching out to CEOs to engage them in SAPFF.

**IMPLEMENTATION AND EXIT:** During the first Forum in 2018, all participating Group CEOs publicly signed commitment letters to confirm that their companies would become fully compliant with fortification regulations. Subsequent Forums (in 2019 and 2020) have continued to gain traction, with the last one attended by the Vice President of Nigeria. To enable effective discussions during the CEO Forums, SAPFF conducted a range of studies to create a common set of data and information required for policy formulation and resetting of priorities by all stakeholders. A series of policy briefs was then developed by SAPFF with input from government and technical experts to distill issues and articulate the benefits, opportunities, and challenges facing food fortification in Nigeria. The private sector provided input on the topics for the Forum and participated in panels and discussions at the CEO Forum events.

As a result of the discussions in the Forum, the Federal Ministry of Industry, Trade, and Investment (FMITI) subsequently convened an Inter-Ministerial Roundtable in November 2019 to discuss the policy briefs, helping a diverse group of government stakeholders (including the Federal Ministry of Health and the Budget and National Planning Federal Ministry) develop joint ownership of the food fortification issue. With support from the Global Alliance for Improved Nutrition (GAIN), the three leading regulatory agencies<sup>71</sup> also started to work together to create a joint regulatory framework outlining a uniform approach to monitoring and enforcement. This had been previously lacking and was highlighted as an issue by private stakeholders during the 2018 Forum.

With the adoption of the MFI, the industry supports self-regulation, and the government's job of monitoring and enforcement is simpler. "The private sector remains the engine of growth for the Nigerian economy," said Aliko Dangote, "By creating a common set of compliance standards while also giving companies the tools they need to effectively fortify their foods, we are creating a sustainable path to delivering Nigerians food that will help them live healthier, more productive lives. Better nutrition for our consumers means better health and economic development for our nation."

**MONITORING FOR RESULTS:** SAPFF's goal of improving nationwide access to fortified foods was measured by FACT<sup>72</sup> surveys, national compliance data, and the program's baseline and end-line surveys. Beyond simply assuring regulatory compliance, this data was also useful to participating companies as it enabled them to prove that they met applicable regulations on nutrition. Robust, trusted data and analysis on topics, such as processing performance, enable companies to become more responsive and implement corrective measures to improve operational efficiencies. The data also enables prioritization of efforts and facilitates better diagnostics that can inform appropriate technical support.

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<sup>71</sup> The National Agency for Food Drugs Administration and Control (NAFDAC), the Standards Organization of Nigeria (SON), and the Federal Competition and Consumer Protection Commission (FCCPC).

<sup>72</sup> Fortification Assessment Coverage Toolkit (FACT).

## Assessment of Partnership

AREA	DETAILS <sup>73</sup>
Alignment <sup>74</sup>	<ul style="list-style-type: none"> <li>• ADF: Aliko Dangote and Bill Gates are personal friends; the two foundations have a shared interest in health and nutrition and a desire to partner with the private sector, so this was a natural fit.</li> <li>• BMGF: Bill Gates and Aliko Dangote already had an established partnership; TechnoServe, Inc., shares the same approach to engaging the private sector.</li> <li>• Olam: While the company had been aware of micronutrient deficiency in Nigeria, a broader call to action was needed to build a compelling case and showcase the concept. The company was interested in creating a state-of-the-art premix facility, which was the first of its kind in West Africa, with technical support from SAPFF.</li> </ul>
Commitment <sup>75</sup>	<ul style="list-style-type: none"> <li>• ADF: ADF knew that BMGF had been supporting regulatory agencies with their fortification efforts for over a decade.</li> <li>• BMGF: BMGF recognized the convening power of ADF and its shared commitment to nutrition through programs such as its Aliko Dangote Foundation Integrated Nutrition initiative, a five-year, \$50 million program to treat one million severely acute malnourished children and reach one million vulnerable households.</li> <li>• Olam: The technical support from SAPFF was “tremendous” and catalytic to the establishment of its premix facility.</li> </ul>
Trust <sup>76</sup>	<ul style="list-style-type: none"> <li>• ADF: There was a strong relationship with BMGF and respect for BMGF’s long history of engagement in Nigeria and in the sector.</li> <li>• BMGF: Trust and rapport building was critical and accomplished through CEO engagements, sector-wide training, technical assistance, and peer-to-peer mechanisms, which gave credibility to the partnership. Data and evidence “brought people together.”</li> <li>• Olam: Building trust took some time, as any joint investment requires people to talk together to create trust. Driving a pure fortification agenda was not a constructive way to start a relationship with the private sector.</li> </ul>
Mutuality <sup>77</sup>	<ul style="list-style-type: none"> <li>• ADF: Having BMGF and SAPFF engage on this project enabled ADF to play a stronger role in encouraging compliance across the sector; also, BMGF can support/fund regulatory agencies, which ADF cannot do.</li> </ul>

<sup>73</sup> Aliko Dangote Foundation and BMGF assessments based on interviews held on April 15, 2021; Olam assessments based on interview held on May 5, 2021.

<sup>74</sup> Aliko Dangote Foundation and BMGF assessments based on interviews held on April 15, 2021; Olam assessments based on interview held on May 5, 2021.

<sup>75</sup> Defined as shared satisfaction with each partner’s engagement level, dedication to the goals of the partnership.

<sup>76</sup> Defined as mutual belief in the truthfulness, competence, and reliability of each partner.

<sup>77</sup> Defined as reciprocal dependence built upon shared rights and responsibilities.

	<ul style="list-style-type: none"> <li>• BMGF: Aliko Dangote is a critical stakeholder and an optimal partner as he is both CEO of key food processing companies and leads ADF.</li> <li>• Olam: The onus is now on all industry players to come together and keep moving the fortification and good nutrition agenda forward to keep building the size and impact of the initiative.</li> </ul>
<b>Performance<sup>78</sup></b>	<ul style="list-style-type: none"> <li>• ADF: The partnership produced “good results” in terms of getting the industry to self-regulate; the CEO Forum created a platform for industry to better engage the government directly on areas of shared interest for the first time.</li> <li>• BMGF: Industry reputation, a sense of shared ownership, and recognition for doing the right thing were able to motivate processors to self-regulate and drive cultural change throughout the sector.</li> <li>• Olam: Using the CEO Forum as a space where the government was open to discussion “was huge,” especially as the Vice-President attended; without this event, there wouldn’t have been this level of larger government support.</li> </ul>
<b>Efficiency<sup>79</sup></b>	<ul style="list-style-type: none"> <li>• ADF: The project was relatively easy once other CEOs were on board. However, earlier in the project, fortification was competing with other easier-to-grasp agendas for executive time, attention, and resources.</li> <li>• BMGF: Early challenges with engagement could have been avoided if there had been more executive buy-in earlier in the project.</li> <li>• Olam: SAPFF demonstrated strong value addition, as it was able to drive the agenda for industry players faster and more efficiently. By bringing in experts and relevant stakeholders, SAPFF brought weight and had a forceful effect.</li> </ul>

### Key Lessons Learned

AREA	DETAILS
<b>What went well in this initiative?</b>	<ul style="list-style-type: none"> <li>• Creating a sustainable solution that keeps companies interested in fortification compliance by engaging them in competition for recognition and building visibility.</li> <li>• Leveraging respected industry leaders to become champions of the initiative (while Aliko Dangote was able to play a unique role as both a key food processing stakeholder and Chair of ADF, there are industry champions in all country contexts, with sector associations that can play a convening role).</li> <li>• Using data as a critical entry point to understand critical issues and priorities can help earn trust if used appropriately.</li> </ul>

<sup>78</sup> Defined as shared perceptions of progress toward the partnership’s outcomes.

<sup>79</sup> Defined as the mutual ability to accomplish activities in a partnership with a minimum amount of unnecessary time, resources, and effort.



	<ul style="list-style-type: none"> <li>• Focusing on the operational competitiveness of the food processing industry (rather than just nutrition and/or compliance) was useful in securing stronger buy-in.</li> <li>• Contributing a needed and missing fact base to policy discussions through studies and policy briefs.</li> </ul>
<p><b>What were the key challenges, and what went wrong?</b></p>	<ul style="list-style-type: none"> <li>• Effectively engaging with companies on food fortification took a long time and required significant effort in positioning the topic as an urgent priority issue to address, demonstrating added value, and building trust.</li> <li>• Government engagement was initially limited, with other agendas taking priority over fortification; it is critical to reflect the economic returns from effective fortification in government budget allocations.</li> <li>• Inconsistent and unreliable data didn't allow private sector partners to make effective decisions. This created confusion and weakened their incentive to participate. It was essential that SAPFF bridge that gap and provide the partners with reliable data upon which they could make informed decisions.</li> <li>• There was initially a lack of clarity between government agencies about goals and responsibilities. This made monitoring and enforcement difficult.</li> </ul>
<p><b>What could have been improved?</b></p>	<ul style="list-style-type: none"> <li>• SAPFF could have pivoted more quickly to broader engagement with companies on how to build their operational competitiveness with fortification, which is one of the many approaches to achieve broader commercial objectives.</li> </ul>

## Impact

SAPFF has had a significant impact on improving the fortification compliance levels of participating companies to date.

- The supply of sugar fortified with vitamin A increased over 200%, expanding its availability from 31–96% of the Nigerian population.
- The supply of wheat flour fortified with iron and folic acid increased by 68%, expanding its availability from 54–92% of the Nigerian population.
- The supply of cooking oil fortified with vitamin A increased by 2%.
- The availability of iodized salt was maintained at 9% of the Nigerian population.

In addition, the MFI supports industry self-regulation and simplifies the government's job of compliance monitoring and enforcement. Started with four companies in 2019, by 2020 the Index was in use by 15 companies and is anticipated to be voluntarily adopted by the whole sector. As stated by Alhaji Olalekan Saliu, Executive Secretary of the Flour Millers' Association of Nigeria (FMAN), "The next level of action for FMAN is we envisage industry-wide application of the MF Index."<sup>80</sup>

The CEO Forum is now established as a regular high-profile annual event, with CEOs reaffirming their commitment to food fortification and publicly showcasing compliance information. FMITI is now leading government partners to design a strategy to engage SMEs in edible oil fortification and also engaging with customs/ports to stop the inflow of non-fortified oils.

<sup>80</sup> Quote from December 2019, highlighted in the 3<sup>rd</sup> annual Nigeria Food Processing and Nutrition Leadership Forum (CEO Forum).

Participating companies have benefited from the momentum. For Olam, engaging in SAPFF (both the technical project and the CEO Forum) “opened their eyes as to what they could do.”<sup>81</sup> Apart from establishing a local premix facility thanks to support from SAPFF, Olam is now exploring how to expand the nutritional content of other product categories, going beyond fortification (for instance, introducing added bran to their pasta products to increase fiber content) and becoming a trendsetter in Nigeria.

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Quote from December 2019, highlighted in the 3<sup>rd</sup> annual Nigeria Food Processing and Nutrition Leadership Forum (CEO Forum) Fleet Management, May 5<sup>th</sup>, 2021.

## CASE STUDY: PRODUCER-FACING ARCHETYPE, STIMULATING NF PRODUCT DEVELOPMENT: GUTS AGRO INDUSTRY, ETHIOPIA

### Overview

Founded in 2005, Guts Agro Industry is a leading Ethiopian nutritious food processing company. The company has been a supplier of corn soya blend (CSB) to the World Food Programme (WFP) since 2008, procuring raw materials locally from farmer cooperative unions. In 2015, Guts Agro invested in two commercial products (*shiro* and *kolo*) and one institutional product, a ready-to-use supplementary food (RUSF). The commercial products were both sustainable and successful over the long-term, while the institutional product had challenges due to a lack of investment to achieve scale. This ambition to expand into new product lines could not be realized without support for establishing new sourcing relationships with producers, for de-risking investment in new processing equipment, and for new product formulation.

In 2015, with support from WFP and USAID, Guts Agro piloted RUSF for young children (6–59 months) with wasting. In parallel, Guts Agro also diversified into two other nutritious chickpea-based commercial products aimed at the consumer market, including a seasoned *shiro* (local porridge) powder and a dry-roasted snack food branded *or kolo*. WFP and USAID were particularly well-suited to collaborate with Guts Agro as both organizations were already involved in an initiative to establish local processing of a chickpea-based RUSF.

Though WFP and USAID each shared the objective of expanding domestically produced RUSF to combat malnutrition in Ethiopia, each organization played a unique role in helping to realize that vision. WFP provided technical assistance on the formula for chickpea-based RUSF and developed the business case to be pitched to prospective investors in the new integrated line needed for full-scale production of the RUSF and also *shiro* and *kolo* products. This aspect of WFP's role, as part of Enterprise EthioPEA, was agreed to be a critical component of product development beyond product formulation. Through its Feed the Future Agribusiness and Market Development (AGP-AMDe) program, USAID provided market linkages to farmer cooperatives to enable Guts Agro to source raw materials for all three product lines. USAID also de-risked Guts Agro's investment in the processing equipment required for the new products through co-financing. These activities fed into USAID's larger goal of stimulating agriculture-led economic growth through agribusiness and market development. As a motivated and committed local processor, Guts Agro was well-suited to partner with WFP and USAID, as the company's

### Key Takeaways

The partnership with USAID's Feed the Future Agribusiness and Market Development (AGP-AMDe) program was intended to test the feasibility of producing new nutritious foods (NF) for the Ethiopian market. While the pilot itself was successful in terms of enabling Guts Agro to develop and produce initial quantities of products for the commercial and institutional channels, there was insufficient focus on ensuring a sustainable business in the institutional channel, which would have required significantly more support and investments.

While the focus of the partnership was on new NF product development, to ensure long-term sustainability and enable the company to build a market, other elements (as described in other PSE archetypes) were also in play—strengthening Guts Agro's operational performance by connecting the company to suppliers and supporting the processors' scaling efforts to link to finance providers.

In broad terms, the private sector partnership was successful due to the alignment of objectives between stakeholders, frequent engagement and collaboration between all parties, and the transparency of Guts Agro with the public sector partners.

Despite a compelling business case, confirmed demand from WFP, and interest from a number of high-profile stakeholders in enabling Ethiopian processors to manufacture chickpea-based RUSF, ultimately it was the commercial products that Guts Agro developed which were able to achieve greater scale.

commercial interest of expanding into new smallholder-sourced chickpea-based product lines aligned well with both WFP's and USAID's nutrition and economic growth objectives. In order to highlight the perspective of both the private sector and public sector partners, interviews were conducted with USAID as the funder, ACDI/VOCA as the implementing partner, and Guts Agro as the private sector partner.

## Defining the Nutritional Problem

Malnutrition is a critical health problem in Ethiopia, with 38% of children stunted and 28% of child deaths associated with undernutrition. Of children under 5 (0–59 months), wasting is a serious condition affecting 10% of this group.<sup>82</sup> Anemia prevalence among children under 5 remains high at 57%. Among women 15–49 years, 26% are undernourished and 24% have anemia. Micronutrient deficiencies in iron, vitamin A, folic acid, iodine, and zinc remain the most common.<sup>83</sup> Chickpeas, rich in protein, iron, and folate, are a culturally accepted crop in Ethiopia and form the basic ingredient in traditional dishes such as shiro.

Through Enterprise EthioPEA, USAID and WFP sought to address child malnutrition and micronutrient deficiency by developing an innovative market-based solution to economic, food, and nutritional insecurity in Ethiopia.<sup>84</sup> As a result, USAID added chickpeas to its target value chains in its AGP-AMDe program. As an already established partner of WFP (for CSB), Guts Agro was interested in expanding commercial opportunities in the nutrition space by starting production of new NF, especially RUSF, which would be purchased by WFP.

## Process of Engagement

**PROSPECTING:** In 2011, joint high-level commitments were made at the World Economic Forum in Davos between USAID, WFP, and PepsiCo to improve the capacity of African countries to produce high nutritional value crops and products. Project Enterprise EthioPEA was born out of this high-level commitment aimed at establishing local processing of a chickpea-based RUSF to treat child malnutrition in Ethiopia. The PepsiCo Foundation allocated \$3.3 million to the initiative, with WFP leading product development and industrialization, while USAID engaged in working with smallholder chickpea farmers to increase their productivity and cash income.

USAID's investment was made through the AGP-AMDe program. Implemented by ACDI/VOCA, AGP-AMDe ran from 2011 to 2016 with an overall budget of \$50 million, and chickpeas were included as one of its priority value chains due to the interest expressed by PepsiCo.<sup>85</sup> Through Enterprise EthioPEA, WFP selected Guts Agro and two other companies as likely partners for the local production of RUSF based on their production and packaging technology.<sup>86</sup> With support from these companies, WFP developed the business case for manufacturing RUSF in Ethiopia as a guidance document for investors to set up a new manufacturing facility.<sup>87</sup> WFP also committed, alongside the Government of Ethiopia, to buy ready-to-use therapeutic foods (RUTF) in 2012 and RUSF in 2015.<sup>88</sup> Over time, WFP transitioned the relationship it had fostered with Guts Agro to the Government of Ethiopia directly, which eventually became Guts Agro's direct customer for the RUSF product.

WFP subsequently facilitated a first meeting between Guts Agro and USAID to advance efforts to source chickpeas locally for the RUSF product.

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<sup>82</sup> Source: USAID Ethiopia Nutrition Profile. 2018. <https://2017-2020.usaid.gov/sites/default/files/documents/1864/Ethiopia-Nutrition-Profile-Mar2018-508.pdf>

<sup>83</sup> Source: UNICEF.

<sup>84</sup> Source: <https://www.clintonfoundation.org/clinton-global-initiative/commitments/enterprise-ethiopea>.

<sup>85</sup> Source: AGP-AMDe Mid-Term Evaluation Report, February 2015; Agriculture Knowledge, Learning, Documentation, and Policy Project.

<sup>86</sup> Source: UNDP Growing Inclusive Markets Case Study – PepsiCo: Partnering with international development organizations to scale up chickpea production and fight malnutrition in Ethiopia.

<sup>87</sup> Business Case: Setting up a Ready-to-Use Supplementary Food Manufacturing Facility in Ethiopia, Cost Benefit Analysis of installing a medium-scale food processing unit in Ethiopia for production of chick-pea based Ready-to-Use Supplementary Food; WFP Ethiopia.

<sup>88</sup> Adde, Melat Lukas. "Role of informal institutions in Ready-to-Use-Food (RUF) supply chains in Ethiopia." University of Saskatchewan. 2018.

**DESIGN:** During the initial meeting, WFP, USAID, and Guts Agro explored the possibility of partnering to help the company source adequate chickpeas for the three products. Guts Agro had been purchasing raw materials from the open market. For various reasons (related to quality, transaction risk, and delivery time delay), this sourcing approach did not work. As a result, Guts Agro was willing to consider working with farmers more directly and collaborating with farmer cooperatives.

USAID saw Guts Agro as an important market outlet for smallholder farmers producing chickpeas, enabling farmers to increase incomes and improve livelihoods—a core objective of the Mission in Ethiopia. Furthermore, USAID recognized the ability of Guts Agro’s new product lines to boost nutrition outcomes, which also aligned with another key development objective.

USAID introduced Guts Agro to ACDI/VOCA as the implementer of AGP-AMDe, and the company applied to the program’s call for partnerships to seek support for sourcing chickpea and to de-risk their investment in processing equipment for the new product lines.<sup>89</sup> ACDI/VOCA was impressed by Guts Agro’s entrepreneurial spirit, commitment to nutritional program objectives, willingness to commit internal resources to the project, and desire to innovate.

**IMPLEMENTATION AND EXIT:** The collaboration between Guts Agro and USAID through AGP-AMDe ran for two years, from 2014 to 2016. Through a USAID-facilitated sourcing relationship (as part of the AGP-AMDe partnership), the company was able to procure chickpeas from Becho Woliso, Tulu Bolo, and Lome Adama cooperatives—which included a total of 52,000 smallholder farmers in the Oromia region—that met its volume, quality, and timing needs.<sup>90</sup> AGP-AMDe played a key role in brokering a productive and fair relationship between Guts Agro and the farmer cooperatives. The Guts Agro chickpea procurement nicely complemented other USAID efforts to improve smallholder farmer chickpea production in the region.

USAID also assisted Guts Agro with the expansion of its processing lines to support the company’s objective of expanding its portfolio of chickpea products. Through the partnership grant, Guts Agro proceeded to source the necessary equipment (milling machines, crushers/threshers, and packaging machines) and start production of the three new nutritious food product lines.

Under this framework, Guts Agro pioneered several innovations that would not have been possible without access to processing equipment, which the company could not secure on its own due to restricted access to commercial finance. The equipment enabled the company to begin production of new types of products and unlocked an innovative posture to adopting new strategies for product development and distribution. The company adopted a “food science” mindset to think through the flavors, textures, fortification, and marketing implications of three new products (e.g., teff chips).<sup>91</sup> Guts Agro also worked in areas such as distribution, where they created an inexpensive bicycle network to deliver products to rural areas.

Because of USAID’s initial investment, the company was also able to leverage a separate partnership with 2Scale,<sup>92</sup> an incubator program that manages a portfolio of public-private partnerships (PPPs) for inclusive agri-food business, originally focused on fortified CSB to get support in promoting the new shiro powder and kolo snack food to low-income consumers. Efforts included leveraging community women as distributors and developing marketing messages about the health benefits of the new products. By the end of the partnership period, proof-of-concept had been established for all three product lines, with Guts Agro sourcing 4,000 MT of chickpea for local processing from smallholders in the cooperative unions.

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<sup>89</sup> One of AGP-AMDe’s objectives was to stimulate innovation and investment, achieved through a grant-support fund of \$14.2 million, with grants typically accessed through a competitive solicitation process, specific requests from multi-stakeholder value chain platforms with which the program was involved, or requests from the Ministry of Agriculture routed through USAID. The grants were funded under a cost-share arrangement, with AGP-AMDe contributing 30-50%. Grants were awarded to industry associations, cooperatives, SACCOs, the private sector, public research institutions, and the Ethiopia Commodity Exchange. Source: AGP-AMDe Mid-Term Evaluation Report, February 2015; Agriculture Knowledge, Learning, Documentation, and Policy Project.

<sup>90</sup> Source: Making the provision of nutritious and affordable food a business. Caste Study in Ethiopia and Benin. Erasmus University. 2018.

<sup>91</sup> The establishment of a separate line at its factory dedicated to two types of chickpea meal enabled the creation of one shiro product, which is pure chickpea powder, while the other (Yanet Shiro) is Mitin Shiro (balanced), which is a ready-to-cook mix that includes various spices.

<sup>92</sup> Source: <https://www.2scale.org/en/past-partnerships/soy-maize-guts-agro-ethiopia-en>.

In parallel, Guts Agro started reaching out to potential financial partners to secure investment in an integrated production line that would enable the company to scale production of RUSF to meet WFP's needs in Ethiopia and potentially elsewhere in the region. WFP developed the business case for chickpea-based RUSF production in Ethiopia to attract potential investors and enable the setup of domestic RUSF production. This business case showed positive returns<sup>93</sup>. With support from both WFP and AGP-AMDe (who invited the company to investor meetings), Guts Agro reached out to a wide range of impact investors. However, the business case was not profitable enough to compensate the impact investors for the risk inherent in the enabling environment. As a result, none of those outreach and engagement efforts proved successful. Without the requisite investment for the acquisition of an integrated product line, Guts Agro could not meet the volumes demanded by WFP and ceased producing RUSF for the institutional market. On the other hand, the company continues to manufacture and sell commercial chickpea products and source from smallholder farmers.

**MONITORING FOR RESULTS:** AGP-AMDe utilized several standard USAID indicators to measure the progress and results of the market linkages it facilitated. In addition, Guts Agro measured financial results and key business indicators related to production amounts, transaction sizes, and the number of people purchasing their products. AGP-AMDe conducted regular monitoring visits, and USAID representatives also undertook frequent site visits.

### Assessment of Partnership<sup>94</sup>

AREA	DETAILS
Alignment <sup>95</sup>	<ul style="list-style-type: none"> <li>• Guts Agro: The partnership was broadly successful in that it both met its immediate goals and that Guts Agro continues to sell the commercial lines of NF products (shiro and kolo). The failure to attract external investment disappointed the Guts Agro team, though this was due to a challenging investment environment and insufficient planning for handover to an entity in Ethiopia that could continue providing investment sourcing support.</li> <li>• ACDI/VOCA: From the outset, Guts Agro was well aligned with nutritional project outcomes due to the volumes they hoped to reach, which were clearly outlined in the contract.</li> <li>• USAID: By virtue of being part of the G7 New Alliance for Food Security and Nutrition,<sup>96</sup> there was high alignment among all parties (e.g., USAID, Government of Ethiopia, Guts Agro). The investment commitment was aligned with USAID's objectives of improving food security and nutrition for Ethiopia's vulnerable populations and improving the livelihoods of smallholder farmers.</li> </ul>

<sup>93</sup> A manufacturing unit of 3,000 MT per annum, required upfront investment of ~ \$1.5 million, had a payback period of 6-7 years, in line with similar projects elsewhere, and had an internal rate of return of nearly 40%, and estimated after-tax profit of \$440,000 to \$700,000 per annum at full capacity. Source: Business Case: Setting up a Ready-to-Use Supplementary Food Manufacturing Facility in Ethiopia; WFP.

<sup>94</sup> Guts Agro assessment based on interview with Engidu Legesse, one of the co-founders of the company, held on April 12th, 2021; ACDI/VOCA assessment based on interview with Tedele Gelan and Vanessa Adams, held on May 10th, 2021.

<sup>95</sup> Defined as a shared understanding of objectives, working culture, and expectations.

<sup>96</sup> Launched in 2012 under the auspices of the G7 to create the conditions that will allow African countries to improve agricultural productivity and develop their agri-food sector by attracting more private sector investment in agriculture. Feed the Future serves as the principal vehicle through which the U.S. contributes to the New Alliance.

<b>Commitment<sup>97</sup></b>	<ul style="list-style-type: none"> <li>• Guts Agro: The level of engagement was frequent and consistent (e.g., check-in and monitoring visits); the company felt that both USAID and ACDI/VOCA were trustworthy.</li> <li>• ACDI/VOCA: Guts Agro was consistently successful in meeting its milestones and went out of its way to help with points like program communications (e.g., hosting visiting dignitaries).</li> <li>• USAID: Guts Agro showed a high degree of commitment from the outset and demonstrated tremendous follow-through from the initial prospecting steps.</li> </ul>
<b>Trust<sup>98</sup></b>	<ul style="list-style-type: none"> <li>• Guts Agro: USAID was very serious about nutrition and had undertaken research into the underlying issues and potential solutions.</li> <li>• ACDI/VOCA: The level of transparency from Guts Agro was unique among the other partners within the program. They were open with their challenges, which helped USAID to problem solve in collaboration with the company.</li> <li>• USAID: Both ACDI/VOCA and Guts Agro consistently demonstrated competence in meeting milestones and being reliable.</li> </ul>
<b>Mutuality<sup>99</sup></b>	<ul style="list-style-type: none"> <li>• Guts Agro: There was significant overlap in objectives. USAID was focused on improving farmer livelihoods, helping low-income consumers, and deploying new technologies, which aligned with Guts Agro's interest in expanding their business and ensuring a positive return on investment.</li> <li>• ACDI/VOCA: There was a sense of collaboration that began in the design stage of the project that continued throughout.</li> <li>• USAID: The circular nature of the program, where farmers would supply Guts Agro, which would then create products for the farmers, ensured that all parties' objectives and responsibilities were intertwined.</li> </ul>
<b>Performance<sup>100</sup></b>	<ul style="list-style-type: none"> <li>• Guts Agro: Both sides had their own measurement tools and progress indicators. While Guts Agro was interested in USAID's standard indicators, it also measured financial results and key business indicators related to production amounts, transaction sizes, and the number of people purchasing their products.</li> <li>• ACDI/VOCA: Both sides considered the project a success as it achieved the intended outcomes, and Guts Agro continues to source from smallholders.</li> <li>• USAID: The launch of these products demonstrates the success of the partnership, and the fact that the products continue to be in the market is a strong indication of the sustainability of the business model.</li> </ul>

<sup>97</sup> Defined as shared satisfaction with each partner's engagement level, dedication to the goals of the partnership.

<sup>98</sup> Defined as mutual belief in the truthfulness, competence, and reliability of each partner.

<sup>99</sup> Defined as reciprocal dependence built upon shared rights and responsibilities.

<sup>100</sup> Defined as shared perceptions of progress toward the partnership's outcomes.

## Efficiency<sup>101</sup>

- Guts Agro: Positive; the partnership process was efficient, as were the connections to the farmer cooperative unions for sourcing chickpeas.
- ACDI/VOCA: The start-up process took longer than anticipated, but this was not out of line with the overall context.
- USAID: The program was quite efficient and leveraged additional resources to reach high numbers of farmers. ACDI/VOCA would not have been able to reach 52,000 farmers without working through a processor like Guts Agro, which had a strong local network.

## Key Lessons Learned

AREA	DETAILS
<b>What went well in this initiative?</b>	<ul style="list-style-type: none"><li>• The partnership leveraged initial momentum and strong interest in domestic chickpea-based RUSF production stemming from high-level commitments made by PepsiCo at the World Economic Forum. The backdrop of the public commitments from PepsiCo, USAID, and WFP public announcements created an environment ripe for alignment with other ongoing agricultural development programs led by the Government of Ethiopia, USAID, and other partners. This demonstrates that with the proper alignment and follow through, highly visible commitments from the private sector, donors, and host-country government can help to advance action.</li><li>• Efficient development of three different NF product lines, covering both RUSF (to be sold to WFP) and new products (aimed at the domestic commercial market), all delivered the increased market share that Guts Agro sought while contributing toward improved nutrition. This demonstrates that targeted donor support to establish a commercial proof of concept can help to unlock further private sector involvement and investment when other critical conditions are present.</li><li>• USAID, WFP, and Guts Agro were able to develop a joint vision that led to shared value. By tying the nutrition outcomes to the commercial success of the product, USAID gave Guts Agro an incentive to invest its own capital in the nutritious product lines, which had a high opportunity cost.</li></ul>
<b>What were the key challenges, and what went wrong?</b>	<ul style="list-style-type: none"><li>• While the partnership delivered on its promises, enabling Guts Agro to successfully develop and test new products for both the commercial and institutional markets, the RUSF product was unable to achieve the intended growth, which required significant investment. This demonstrates the importance of ensuring that partnerships are advancing commercially viable products from the outset through the piloting and testing of concepts earlier in the investment cycle.</li><li>• Interest from potential funders was adversely affected by two external developments: 1) PepsiCo's decision to deprioritize its interests in Ethiopian chickpea production and 2) the establishment in 2017 of a state-of-the-art production facility for RUSF in Rwanda</li></ul>

<sup>101</sup> Defined as the mutual ability to accomplish activities in a partnership with a minimum amount of unnecessary time, resources, and effort.



through Africa Improved Foods (AIF), with the strong backing of multi-national players such as DSM, and investment from the International Finance Corporation, as well as the CDC Group (UK development finance institution) and FMO (Dutch entrepreneurial development bank). AIF has started to expand into regional markets, including Ethiopia, with its product offering of fortified complementary foods. It is also a supplier to WFP.

### What could have been improved?

- Increasing support for access to finance from the start of the pilot program to increase the probability of securing larger-scale investment for RUSF production equipment would have helped to catalyze investment and ensure the long-term sustainability of the initiative.
- Identifying up-front the risk of changes in incentives and interest levels of key actors (e.g., PepsiCo) and assessing the potential for attracting requisite investment to scale RUSF production (to adequately meet WFP's needs) would have helped to modify and expand support as circumstances change.
- Planning for post-project sustainability by preparing handover of stewardship to relevant government agencies that support the agri-business space (e.g., Agricultural Transformation Agency in Ethiopia) so that Guts Agro could receive support in seeking external, especially foreign, investment for future expansion of commercial products when the need arises.

## Impact

The partnership enabled the successful testing and introduction of new nutritious products for commercial and institutional markets, though the institutional product did not achieve the desired scale. The market linkages facilitated by AGP-AMDe between Guts Agro and farmer cooperative unions helped farmers increase incomes from chickpea sales. Guts Agro has seen annual revenue increase approximately 10% as a result of the two new commercial products.

The RUSF product did not ultimately materialize despite linkages to potential investors facilitated by AGP-AMDe and efforts by WFP and Guts Agro to connect with investors and funders (including outreach to foreign banks such as Rabobank and investment funds active in the region). Ultimately, Guts Agro was unable to secure the investment needed to establish an integrated production line and to scale up RUSF production levels required by WFP. However, the equipment purchased through the AGP-AMDe partnership was sufficient to support the growth of the commercial product lines. The company continues to manufacture consumer chickpea-based products for the Ethiopian market, which it distributes through its own door-to-door distribution channels and through ALLE Bejimla, a state-controlled wholesaler of foods and fast-moving consumer goods that targets restaurants and retailers.

## IV. CONCLUSION



PHOTO BY MORGANA WINGARD

After using the PSE for Nutrition Guide, Missions and implementing partners should have identified the focus priority nutritional problem(s), the target population segment, the alignment of private and public sector interests, and the potential leverage points that create openings to catalyze change within the system in order to unlock private sector involvement or investment in nutrition over the long-term.

The Guide should lead Missions and implementing partners through the process of identifying private sector actors best suited as partners for jointly addressing the identified priority nutritional problem with the largest likelihood of systemic impact at scale.

The Guide will also support Missions and implementing partners in selecting the specific partnership archetype(s) best suited to address the priority nutritional problem(s) with the identified partners, in defining USAID's optimal role and its added value in the partnership, and in considering whether a bilateral partnership or a coalition of multiple actors is optimal. Finally, the tool should guide Missions and implementing partners through the partnership design process—in co-creation with the corporate counterpart(s)—to jointly define all partners' specific roles and responsibilities and confirm the relevant procurement modality.



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