



**gain**<sup>®</sup>  
Global Alliance for  
Improved Nutrition

# **Simplifying premix procurement & ensuring sustainable supplies**

FFI: Celebrating and Equipping  
Progress Through Partnerships  
Cape Town  
2-3 Dec 2014

## GAIN Premix Facility

- Certification process
- Procurement (forecasted and aggregated demand)
- Extended credit

## Examples of National Systems for Procurement

- Kyrgyzstan
- Ghana
- Ethiopia
- Tanzania

## **GAIN Premix Facility (GPF)**

# The need for innovation

There was a 'bottleneck' on the success of fortification programs: availability and affordability of quality micronutrients

GAIN Premix Facility launch

GAIN launched as a Nutrition Alliance

2003-2005

2006-2008

2009

Expansion of Fortification programmes

High and inconsistent prices

Lack of industry-wide standards

Inability of users to check and monitor quality

Large and growing demand across programs

Upfront cost of acquiring micronutrients

# Simplifying premix procurement from multiple angles

The GAIN Premix Facility (GPF) was established to support national fortification programs and make premix procurement more effective

## Challenges in Premix Procurement

Quality of premix varied due to inconsistent approach & standards

Decentralized procurement drove different price and service outcomes depending on the buyer and supplier

Micronutrient costs are a high proportion of ongoing fortification costs and some projects struggle to finance purchases upfront



Certification facility



Procurement facility



Credit facility

Offering a comprehensive service from initial product development and premix formulation through to delivery

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



**Powdered blend of  
Vitamins and  
Minerals**



**Typical Microfeeder  
dosing wheat flour  
with premix**



**Typical Packaging:  
25kg Aluminium  
Bags**

**Upfront  
Supplier  
Audits &  
Certification**

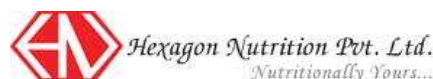
**Security of  
Supply  
Chain  
Sources**

**Independent  
Analysis of  
Premix**

**Technical  
Investigation  
on Quality  
Issues**

# A global, centralized procurement platform

Leading global and regional blenders make up the current GAIN premix facility supplier pool



**In addition to premix suppliers , the GPF has a certified a pool of vitamin and mineral manufacturers in order to have several mechanisms in place at different points in the supply chain**

<b>Certified Vitamin and Mineral Manufacturers</b>	
Ajay Europe, SARL	Lianyungang Debang
Aland (Jiangsu) Nutraceuticals Co Ltd	Lonza Ltd
Akzo Nobel Functional Chemicals Pte Ltd	LycoRed
BASF SE	Macco Organiques s.r.o
Beijing Vita Sci-Tech Co Ltd	Natural Enrichment Industries
Calibre Chemicals	NCPC Hebei Welcome
Canton Laboratories Pvt Ltd	Northeast Pharmaceuticals
Crown Technology, Inc	PD Navkar
Dr. Paul Lohmann GmbH KG	Piramal Healthcare
DSM Nutritional Products Ltd	Polydrug Laboratories Pvt Ltd
Eskay	Prayon SA
G.H. Chemicals Ltd	Salvi Chemical Industries Ltd
Industrial Metal Powders Pvt Ltd	Shanpar Industries Pvt Ltd
Israel Chemical Ltd	Sri Krishna Pharmaceuticals
Jiangsu Brother Vitamins Co Ltd	Sudeep Pharma Ltd.
Jiangxi Tianxin Pharmaceutical Co Ltd	The Wright Group
Jubilant Organosys Ltd	Vista Organics Pvt Ltd
K&S Kali and Eire Ltd	Xiamen Kingdomway
Lasons India Pvt Ltd	Zhejiang Hangzhou Xinfu Pharmaceutical Co
Lehmann and Voss	Zhejiang Medical Co Ltd



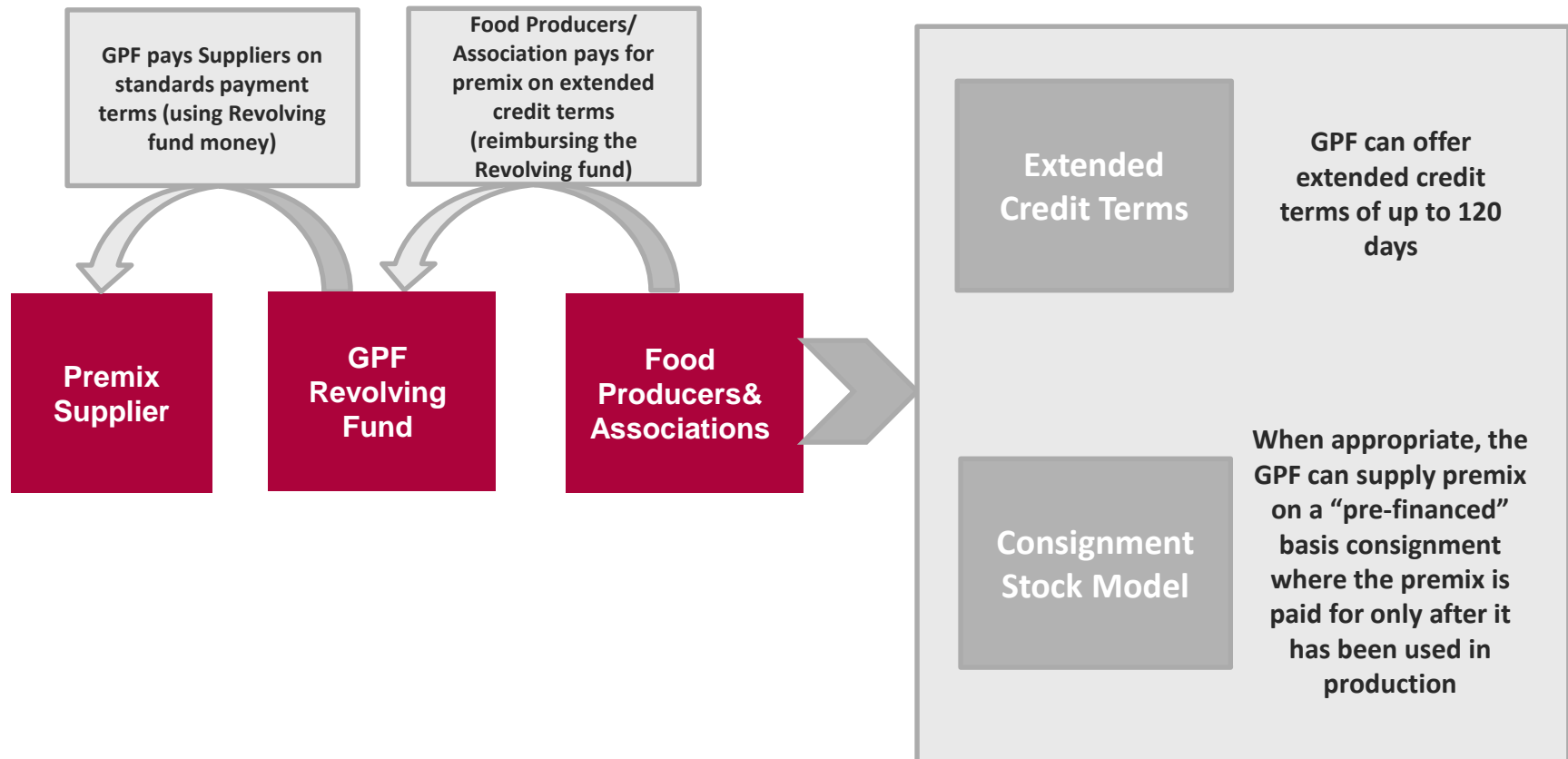
# Order process – from quotation to delivery

The process is simple and efficient – customers simply place an order, triggering a competitive bidding process amongst the approved suppliers

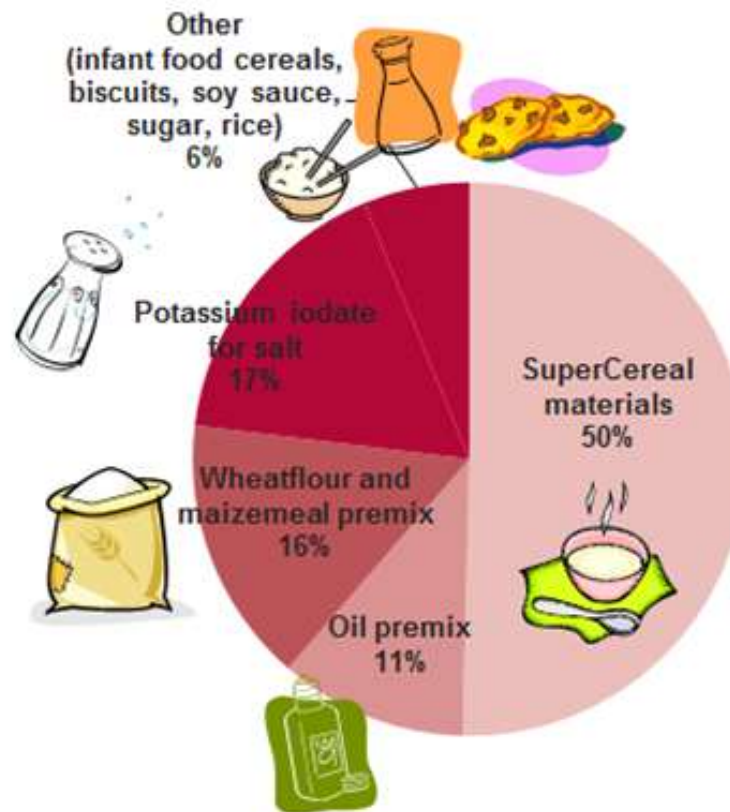


# Assisted financing mechanisms

**A global Revolving Fund has been established to allow tailored credit arrangements for specific programs and customers**



The GPF supplies a large choice of fortificants used in food fortification programs.

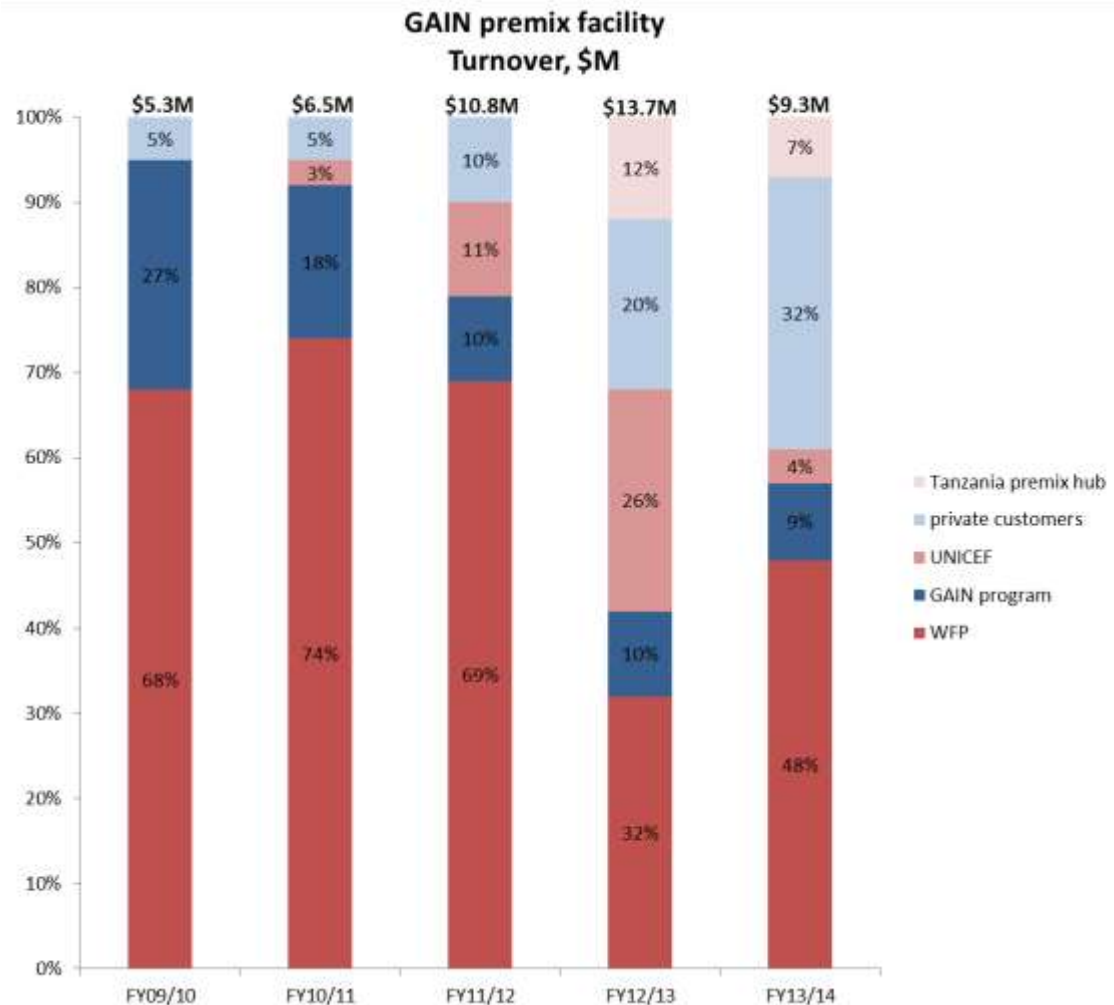


Types of fortificants sourced through the GAIN premix facility

# GPF Sales – customer profile

The GPF directly supplies to both private and public partners.

While the supply to the GAIN programs has remained stable over the past 3 years, we notice an increase in private customers' requests, being **food producers and governmental agencies**.



# Micronutrients used through various fortified products

## Staple foods:

Wheat & Maize flour, Vegetable oil, Rice, Sugar



## Iodised Salt



## Fortified blended food

Ex. Super Cereal





# Micronutrients used through various fortified products

Micronutrient  
powders for home  
fortification



Fortified biscuits



Fortified foods for  
infants and young  
children



Condiments  
fortified with iron

Ex. Soya sauce  
& Fish sauce



# QA/QC: procurement of ready-to-use test kits

In 3 years, the GPF has sourced **250 iCheck devices** which were delivered in **24 countries**.



GAIN and BioAnalyt's aim is to provide validated, portable and easy-to-use test kits to stakeholders active in analyzing vitamins and minerals in foods.

# Achievements to date (Sept. 2014)

- Established global supply base of 20 certified premix blenders and 40 certified micronutrient suppliers.
- Established partnership with major aid agencies such as WFP and UNICEF.



● LOCATION OF GPF DIRECT CUSTOMERS

● LOCATION OF CONSUMERS REACHED BY GPF VIA THE WORLD FOOD PROGRAMME

To date, the GAIN premix facility has sourced around US\$ 47m worth of premix and straight micronutrients in over 40 countries. Every year, it is estimated that over 150 million consumers are reached in developing countries with affordable premix of certified quality.



**This model creates value for its partners and customers by improving accessibility and affordability of certified quality vitamins and minerals**

## Consistent Quality

- Stringent supplier selection process
- Sampling and analysis of product
- Security in the supply chain

## Competitive Costs

- Pooling of volume across projects
- Competitive bidding process

## Assisted Financing

- Credit terms for approved customers
- Pre-financing of 'revolving' stock model

## Lead-time

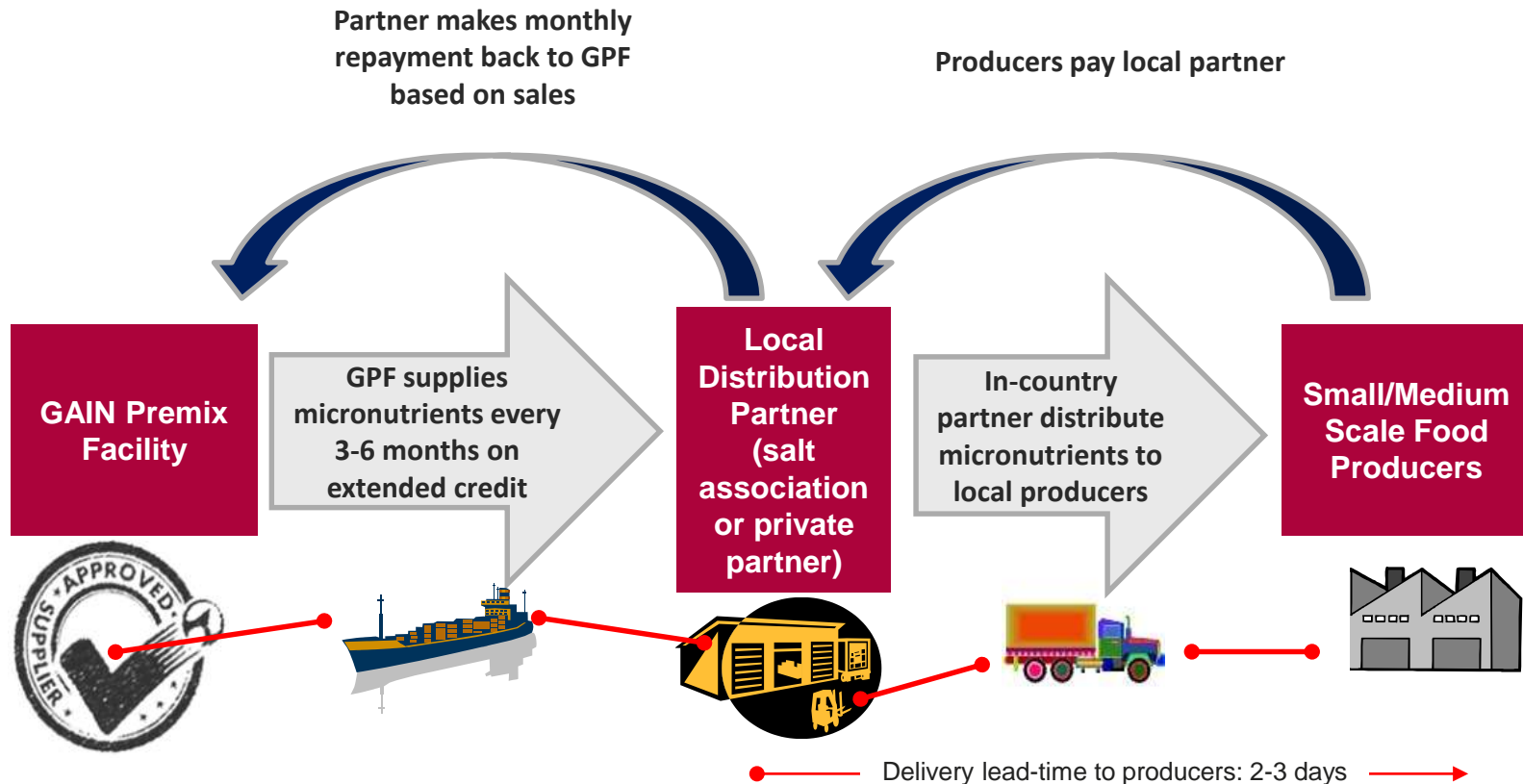
- Easier access and more responsiveness through local distribution partner

**A simple process,  
good for public health,  
good for our customers**

## Examples of national systems for procurement

# Revolving distribution models – Ghana and Kyrgyzstan

In Ghana and Kyrgyzstan the GPF helped set up local distribution partners to facilitate access to affordable, quality micronutrients for small scale food producers



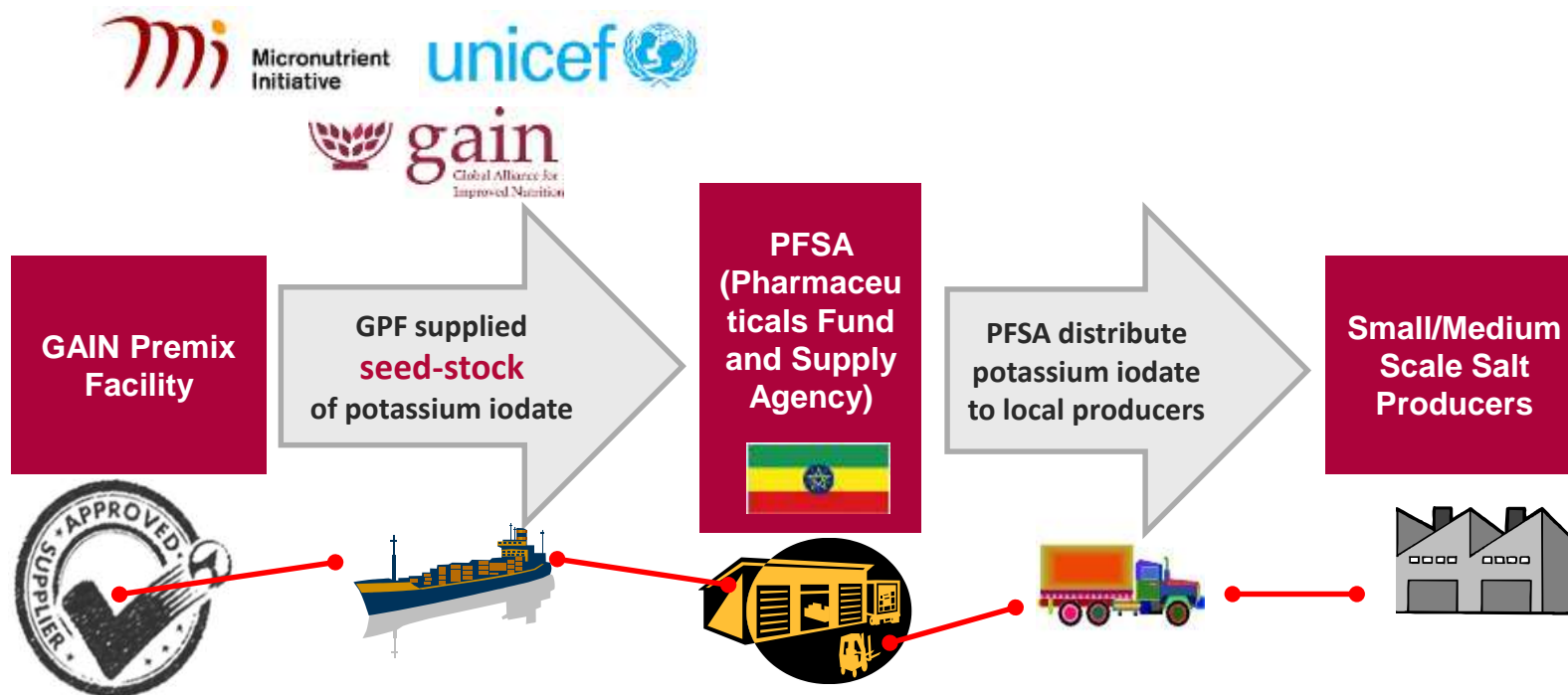
# Ghana potassium iodate supply model

*“In Ghana, salt producers have struggled to access a reliable source of potassium iodate and this has been a significant barrier to salt iodization efforts. The Ministry of Trade & Industry is collaborating with the GPF on a new supply model which reliably delivers **small pack sizes of affordable, good quality Potassium Iodate** to any producer’s doorstep **within 24 hours**. It is a relevant and effective solution to some longstanding problems.”* - Andrews Quashie, Project Coordinator Potassium Iodate Distribution System, National Salt Iodization Committee, Ghana



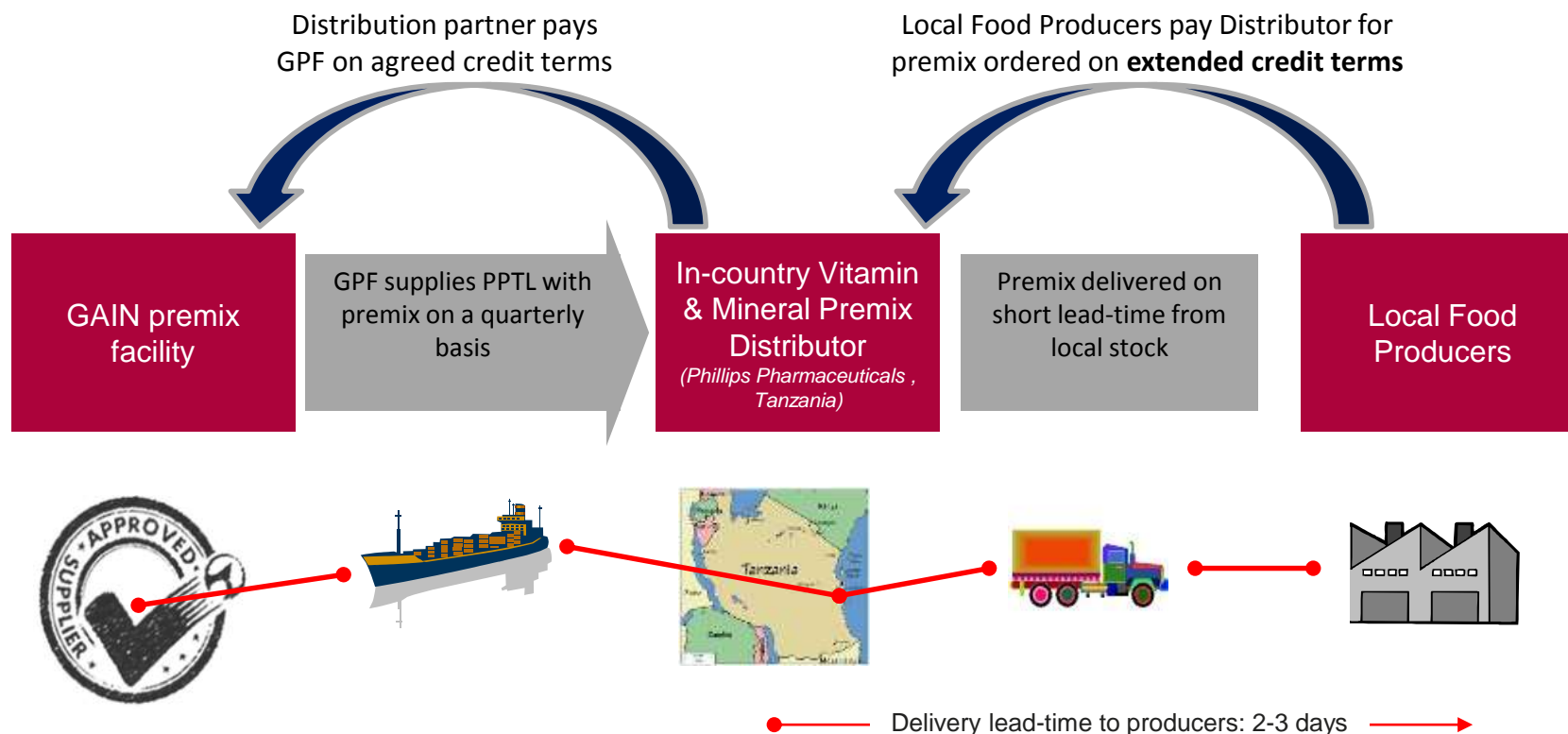
# Potassium iodate supply system in Ethiopia

Following GAIN assessments, the supply system became operational in January 2013, using donated seed-stock from MI, UNICEF and GAIN. Eight months later, using recovering costs, the PFSA supply system launched a tender for 14 MT of potassium iodate or enough for 55 million nationwide.



# Prepositioning premix stocks closer to end users: premix hubs

Local stockholding and distribution of premix means a more responsive service to food fortification programs



# Tanzania food fortification supply model

Forecast total premix usage by miller every quarter for next 6 months

GPF ships premix every 2-3 months to Local Distribution Partner on consignment terms (pay upon consumption)

Miller requests delivery each month – Distributor delivers and notifies GPF of delivery

GPF invoices Distribution Partner on 90 days terms. Distributor pays GPF

Distributor invoices miller on 60 days credit terms. Miller pays Distributor.

## ➤ **High quality premix available in Dar es Salaam**

Premix suppliers approved based on a stringent, multi-stage selection process.

## ➤ **Cost Competitiveness**

**Premix stock that is available in Dar es Salaam was procured through a competitive bidding process to get the best possible price.**

## ➤ **A simple and efficient process**

**Multiple vitamin and premix compliant with DEAS 767:2011 :** Quick delivery is ensured (max 3 days) from the hub to the factory. i.e. stock management handling costs will be reduced.

## ➤ **Assisted financing support**

All food producers can benefit from extended payment terms of up to 60 days.

## ➤ **Subsidized premix**

Get a reduced price with the taxes exemption obtained and subsidy provided by grant funds/HKI.

# Tanzania food fortification supply model at a glance

## Within 18 months (March 2013-Sept 2014)

267 metric tons of Wheat flour Premix were supplied to produce **445,000 metric tons of fortified flour**  
6,400 kg of Vitamin A 1,7 Mio were supplied to produce **128,000 metric tons of fortified oil.**

In 2012/2013 the estimated population reached is **9 million people**

## M&E

Shows a constant level of quality in the premix and fortified product which reflects a commitment of all partners involved in this program and a constant engagement of industries.



# Questions? Feedback?



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