



OMNI **Opportunities
for Micronutrient
Interventions**

micronutrient update

TECHNICAL SERIES

Engaging the Private Sector in Micronutrient Programs

Key Points

Constrained by increasingly limited resources and faced with the immense task of continuously protecting more than 2 billion people who are at risk of micronutrient malnutrition, traditional public health delivery systems can no longer be solely responsible for sustaining the control and prevention of micronutrient deficiencies. New collaborative relationships between the public and private sectors are needed to successfully implement sustainable micronutrient programs.

For governments and other public agencies, alliances with the private sector offer new sources of capital, technical expertise in production and marketing, and a business-like approach to solving problems. For the private sector, alliances with governments and public agencies offer channels for industry input into the legislation and public investments which shape the private business environment.

Overview of Public and Private Sector Goals

Investments in the elimination of micronutrient malnutrition are based on compelling arguments for alleviating human suffering and promoting social justice, as well as on clear demonstrations of economic return. The World Bank estimates micronutrient malnutrition may depress Gross Domestic Product (GDP) by as much as 5%. Consequently, public investments in education, health, and other sectors will not yield projected human and economic returns without improved micronutrient status throughout the population. Likewise, private sector investments are less likely to generate potential profits without the increased worker productivity and consumer purchasing power resulting from the elimination of micronutrient malnutrition.

Recent success in fortifying (iodizing) much of the world's edible salt supply has yielded a rich body of experience in policy, legislation, and program implementation. While these achievements are impressive, there are indications that public sector skills and resources alone are not sufficient to eliminate micronutrient malnutrition. Legislation is often not translated into market reality. Regulations are frequently not supported by adequate monitoring and enforcement. Successful pilot programs are rarely expanded to national scale. Consequently, while the capacity to fortify products has increased dramatically in a number of countries, there remain questions about the quality of production, distribution, and marketing. These are questions that historically have been solved most successfully in the private sector.

When informed about specific barriers, public policy can provide focused incentives for private investment in fortified products. To be cost-effective, it is crucial that public resources be focused on reducing barriers *as perceived by industry*. In many countries, public funds provide low-interest loans for new plant and equipment. International agencies have provided fortificant at no charge for a limited "start-up" period while governments have offered reduced tariff on imported fortificant. Reform to simplify regulations involved in registration of new products can lower start-up costs for fortified products. A public "Seal of Approval" for fortified products can offer a marketing edge for companies investing in fortified products. For example, the Government of the Philippines launched its successful *Sangkap Pinoy* Seal Program

as a strategy to encourage food manufacturers to fortify their products with micronutrients at levels approved by the Department of Health — the seal currently helps consumers identify food products that are fortified and certified by the government. Also, in El Salvador, the symbol of a greenhouse is used on every package of salt that is fortified with iodine to inform consumers of products that are approved by the government. Purchasing preferences for fortified products by schools, military, social welfare, and other government programs are another powerful incentive. Governments can also offer special access to public transportation and distribution systems or public communication and media networks.

Fortification programs provide examples of successful collaboration between the private sector and the public sector. In Venezuela, fortification of wheat flour and pre-cooked corn flour with micronutrients was brought to the government's attention through a private sector initiative, and the fortified products have been successful in the marketplace ever since. Likewise, the private sector initiated the fortification of wheat flour in Ecuador. In Honduras, sugar producers were brought into the process of fortifying sugar with vitamin A at the very beginning, thus ensuring success with the country's sugar fortification effort. While in Guatemala, sugar fortification, which was imposed by the government, took a longer time to achieve. And in Zambia, through advocacy on the part of USAID's OMNI Project with the government and the country's one sugar refining company, vitamin A will be added to the next harvest of sugar in Spring, 1998.

Public and Private Sector Communication

Collaboration requires continuous communication among prospective partners. Without the benefit of private sector input, public policy is often unsuccessful in creating an environment that stimulates business interest. Lacking public sector input, private industry is not challenged to assume a greater role in developing solutions. A recent survey indicates that most public officials are not comfortable developing relationships with private companies and many have not communicated goals for micronutrient elimination to their counterparts in the private sector. Consequently, most food industry executives are unaware of the impact of micronutrient malnutrition or their potential role in the solution of these widespread conditions.

Recent research reveals that public officials and private executives generally endorse the concept of public-private dialogue. However, they are unaware of channels of communication or mechanisms for collaboration that might allow the dialogue to move forward. A first step to bridging this communications gap may simply involve establishing an ongoing forum where public and private sectors can exchange information and explore common goals. For the public sector, this provides a platform to raise industry awareness and gain concrete commitments. For the private sector, it is an opportunity to demonstrate corporate responsibility and advocate for an enabling investment environment. In addition to exchanging information and developing trust, an ongoing dialogue can focus on solutions to specific barriers such as: low awareness of fortification benefits among industry, medical, and other professionals; limited consumer demand; arbitrarily enforced regulations; and counter-productive economic policies such as price controls or high tariffs.

Collaboration in Quality Assurance

Successful quality assurance is a partnership effort involving raw materials, and suppliers, importers, processors, traders, merchants, and consumers, as well as public officials. Enforcement of standards is not the sole responsibility of one sector. A priority task for a public/private forum is defining collaborative roles and allowing each sector to focus on the contribution and strengths in which they have the comparative advantage. For example, the public sector may be best suited to monitor health impact and administer the regulatory and enforcement systems. Industry can best focus on quality control at the production level and quality assurance at the distribution and retail levels. Enforcing the rights of consumers may be best implemented by civic groups who can mobilize the grassroots community for quality assurance activities.

Collaboration in Market Research and Marketing

Private investment decisions are based on reliable market data. The public sector has researched the extent and the impact of micronutrient malnutrition. However, simply describing a health problem is not sufficient for private sector decision making. While epidemiology offers some information on the size, age, and behavioral characteristics of the target population, it must be further developed into data describing a commercial market, a consumer need, and a business opportunity. Working cooperatively, public officials and private managers can determine what types of information already exist in various public and private institutions and design cost-efficient approaches to collecting and developing further reliable data, thus creating "win-win" situations for both sectors.

Both public officials and private executives regard low consumer and professional awareness as a major barrier to investment. Consequently, developing collaborative communications aiming to raise awareness can be an effective first step in partnership. Joint public-private communications have the unique potential to associate public sector concern for scientific integrity and consumer safety with private sector focus

on maximum persuasion and impact. These messages may be more credible across a number of both public and private institutions resulting in expanding both the audience size and the impact of the messages. Each sector can contribute its unique strengths. The public sector has special access to public media, can provide recognized public symbols and personalities, or harness the education system to support fortified foods. The private sector is often more experienced with message development and production, media outreach, and leveraging target audiences, and has greater resources to do so.

An example of successful collaboration in market research and marketing comes from Bolivia, where a pilot program to fortify sugar with vitamin A used information gathered from consumers and retailers to make decisions about packaging, pricing, distribution, promotion, and other marketing issues. In-depth consumer surveys provided information on food preferences and eating habits, and interviews with shopkeepers and vendors helped assess their willingness to sell fortified sugar. A communications campaign was then designed to market the fortified sugar, including advertising, point-of-sale materials, and community education materials for health workers and primary school teachers.

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