

Notes from 8/9/11 Call Between GiveWell and Edesia

GiveWell: Alexander Berger and Elie Hassenfeld

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GW: What do you do?

We make ready-to-use foods, both therapeutic and supplementary. We make foods, but also do research, to improve production and distribution. We also support a network of local producers internationally to support local economies.

GW: Are foods ever donated, or always sold?

We have donated in the past. We normally sell products at cost. We are nonprofit because we want to give the NGOs we work with the best possible pricing so they can reach more children. We have donated product in an emergency in some cases when we have food in stock.

We use donations to sell our products at, or below cost. This way, all of our customers benefit and we can collectively reach more children.

GW: How do you determine this?

We don't need to determine anything because it is spread evenly among all customers. It would not be fair to select one emergency over another. All of our partners are doing critical, life saving work and should be treated equally.

GW: Do you have any documentation on this you could share?

N/a

GW: Who do you sell the products to?

Many organizations. Some large scale: WFP, UNICEF, US Government; some medium: ACF/Action Against Hunger, PIH; some small local organizations, who have individuals who are medically trained to use it.

GW: Do you have a breakdown of sales by type of food and recipient or type of recipient?

We have that and I can provide a general breakdown. We are not at liberty to put all the details out in the public necessarily, primarily for the privacy of our partner organizations. All of WFP's, UNICEF's and USDA/USAID's purchases are generally posted publically by the respective organizations.

GW: Do you ever not sell your products to an organization because you're not confident they will use them effectively?

Yes, we have done this. We work closely with new customers/partners to make sure that they have the capacity to do the appropriate type of programming. We don't want to refuse our product to an

organization that could get it to a patient that needs it, but we do sometimes counsel and advise our partners to seek alternatives if we think they aren't going to use the RUFs properly or if we feel they are not the most appropriate option for the beneficiaries in questions.

GW: How do you determine this? Any cases where you didn't sell it?

Organizations come to us and want to order Plumpy'nut. They give us details and we ask them who's going to distribute it, whose going to be using it, what's the severity of malnutrition? New partners generally speak with both our Customer Relations Manager and also our Nutritionist. Depending on how they answer and whose responsible for distribution, then we determine the best product or best alternative. These products aren't meant for every situation. There are other solutions for, say, 18 year olds who need food.

GW: How do you audit their answers to determine that the answers organizations are giving you are true?

We require evidence of nonprofit status. We require medical professionals' insight or support. We have conversations, and we rely on the reputation of the organization. We will also check websites and experience and we often meet new partners in person too.

GW: You sell the products at cost? Who pays delivery costs to the developing world?

Delivery cost is also paid by the customer/partner. We work to get the best pricing on shipping through relationships that we have with freight forwarders. It does depend on the partner; sometimes the partner has their own arrangement for shipping and sometimes they want us to handle the shipping through our freight forwarders.

GW: How do you monitor use of supplies?

For some orders, we physically follow up with the order; for example, we went to Haiti to track distribution of Plumpy'sup. We visited multiple sites (both camps and clinics) where our product was being distributed.

For our Nutributter grant from USAID, we've been working with those partners to monitor distribution. We've gone to Guatemala and seen distribution on site and monitored how it was going. Especially for Nutributter since it's a newer product, we wanted to monitor it more carefully. For some partners we send a questionnaire or follow-up calls/emails to see how distribution is going. We've also recently set up a survey which we use as well. In general, this is new for us but monitoring is something that we're growing because we see a need for more monitoring and evaluations and operational research.

GW: Can you tell us about your research?

One example is our work with Meds and Food for Kids in Haiti. We've helped them join the PlumpyField network. They were making a similar product for almost 10 years in Haiti to treat severe acute malnutrition (SAM), and they wanted to increase capacity and quality standards. We were able to link them to Nutriset to help make that happen and we also helped to advise them along the process. Just recently, they started producing Plumpy'nut with a new, more advanced

machine.

Additionally, the Haitian government has requested that they research a new product for school feeding, and we're working with them on that.

GW: What's the distribution of funding across sources of funding?

We're funded through orders, grants (like from USAID, some of which are more research-focused), and private donors.

We're working on our first annual report for FY2011 and we'll have more information on that soon. Individual donors played a big role in start-up capital and are now playing an increasing role in helping us to raise funds to allow us to meet more emergency needs.

GW: How much of your production is therapeutic vs. supplementary?

This varies according to need. We have recently shifted towards therapeutic foods because of the acute emergencies around the world. However, overall to date more than half of our production has been for supplementary products.

We are aware there's a need for more research for supplementary foods. We only started production a year and a half ago. We hired a nutritionist 6 months ago to contribute to that research.

GW: You make different products for therapeutic and supplementary foods?

Yes, we make four different ready-to-use foods.

Plumpy'nut[®] – Nutriset's original RUTF. It should be used under medical supervision to treat severe acute malnutrition. That's the most researched and most proven product. This is 2-3 packets a day for 4-10 weeks which depends on severity and mid-upper arm circumference and height-for-weight of child.

As we move away from treating the worst cases, to prevention, Nutriset has invested research on that. They started Plumpy'sup[®] (formerly known as Supplementary'Plumpy[®]), which is less expensive and is appropriate for treating moderate acute malnutrition. It's fewer packets and requires a shorter treatment period.

We also make Plumpy'doz[®] which comes in a cup, and it's a targeted intervention for a geographical area. There's a time in Sub-Saharan Africa called the "hunger season" in between crops and meeting kids' nutritional needs then is difficult. Plumpy'doz has been used, mostly by MSF and some by WFP, in that way.

There's also Nutributter[®] in which we are still awaiting conclusive evidence – this takes many years, mostly because it is harder to prove longer term decrease in mental and physical stunting. It is given one packet a day for a minimum period of 4 months for very young kids. It's for any child, to promote healthy growth and development. It's for the children aged 6 -24 months. Those are the most critical months of a child's life (conception until 2 years – the first "1000 days"). Those are the years we target with all our interventions.

GW: How do you differ from other producers like MANA and Valid Nutrition?

We're different from MANA because we partnered with Nutriset to follow the legal protocol in order to make the most recommended product for treatment of SAM. When our founder and executive director started this, the goal was to give back to Tanzania, where her father is from, in a sustainable way. She reached out to Nutriset, and started production with a local partner in Tanzania.

Our executive director identified a gap in U.S. food aid and the need for a U.S. producer to fill that gap since no producer was doing this in the U.S. For the U.S. government to provide food aid, it needs to be produced in the U.S., except for emergency response.

Valid Nutrition is a different because their founder, Steve Collins, was influential in developing the key protocols for Community-based treatment of Acute Malnutrition (CMAM) for this they should be commended as this is a critical part of the process of treating SAM. They have a different kind of license from Nutriset.

Because there's a patent, we reached out to Nutriset.

GW: How much of your product is given as US food aid?

We have produced 615 MT of Nutributter for USAID during this year and last (average 307 MT each year) and anticipate to produce a similar amount next year under the same grant. We produced 330 MT of USAID RUTF (a Plumpy'nut equivalent) as part of the response to the famine in East Africa. To date this has represented about 25% of our total production.

GW: So are Valid Nutrition and MANA not making Plumpy'nut?

Valid Nutrition is producing locally and they have an agreement with Nutriset to produce RUTF foods locally. They engage in a lot of the distribution. Their model is more similar to Project Peanut Butter in Malawi.

I'm not sure exactly how Valid does their distribution. We focus more globally and try to fill gaps where there aren't local producers.

MANA is producing their own version of RUTF in the US. Their product is different. To our knowledge they're not producing anything beyond RUTF. It is something that they developed recently, based off of Plumpy'nut.

We went with Nutriset because it's a proven product and it was the legally viable avenue.

GW: Are there quality differences with your product and MANA?

We cannot really speak in regards to MANA's product.

GW: Do you perform quality audits of your products?

MSF, UNICEF, WFP, and USAID have all done so. We have a HACCP quality plan in place. Our

quality manager maintains and implements the quality management system. It has a high emphasis on traceability and analysis of all raw materials and each batch of final product.

GW: What is the shelf life of your products?

Plumpy'nut, Plumpy'sup and Plumpy'doz all have a 2 year shelf-life. Nutributter has an 18 month shelf-life.

GW: How does your spending break down across different areas of production, research, and distribution?

That will be included in our annual report.

GW: Do you have publications from your research, e.g., products for school feeding?

Not yet. This is new for us. However, we plan to in the future, likely in partnership with Universities and implementing NGOs.

GW: You focus in Latin America?

Yes, especially Guatemala and Haiti. They're closer to us, which makes focusing there more efficient. The situation is less dire than East Africa, but still a lot of problems. There are alarmingly high rates of stunting due to chronic malnutrition. We're working to test new products more suitable for that region.

We're looking into potential local production somewhere in Latin America – possibly in Guatemala - but we're still in the exploratory phase and not ready to say anything concretely as of yet.

GW: How are you responding to the situation in East Africa?

We're now producing 21 hours a day. We're doing a lot of awareness building and fundraising around the issue. There was an unfortunate delay between need and the issuing of orders, mostly because of the lag in funding. We are using fundraising to help to decrease that dangerous lag time.

It's mostly Plumpy'nut that we're sending. We've already sent some Plumpy'nut to Ethiopia.

GW: Are you going to donate the RUTF you're producing now?

It looks like we're going to be able to spread the savings to all of our distribution partners. We're bringing down our prices significantly so that they can purchase more, which essentially means that we're donating a portion of the product across the board. That way we're not favoring one organization over another.

GW: Would you raise the price if you had a shortage in funding?

In general, if we're short of funding, we find a way. To date, we have used fundraising to subsidize the cost of the product so that we do not have to raise the price. There are many other creative ways we are working on to allow us to keep our prices low, other than fundraising.

We've been following what's going in East Africa and we knew there was need there long before famines were declared and it made mainstream media. We talk to WFP and UNICEF all the time and follow what they're doing. We produced product even though we didn't have orders in places because we thought it was worth taking the short-term risk to fill the order when the time came.

GW: Have you now drawn down the whole stockpile?

Yes, we have.

GW: Why do you need funding to produce more orders? How does that work?

Our partners like UNICEF rely on funding – they use the funds to buy our products. If we have funding we can further reduce prices, if not, we have to get creative. If our partners do not get funding then we have no orders to work on.

GW: If you got more funding today, what would it go towards?

We would like to invest in equipment to increase our capacity by adding another line.

GW: Are there other major producers we should know about?

Nutriset in France is the first and largest producer of Plumpy'nut and related products. The next two biggest are Hilina Enriched Foods in Ethiopia and S.T.A. in Niger and an additional 10 members of the Plumpyfield Network. Producers of similar peanut-based RUTF products in the U.S. include MANA and Tabatchnick Fine Foods; Challenge Dairy developed its own milk-based RUTF.

GW: How would the WFP choose between buying from Edesia or going to Nutriset?

Mostly on price, but logistics also matter. The decision might depend on shipping cost and transit time; for example, our shipping costs and transit time to Haiti are lower.

GW: Do you know how your prices compare to other players?

All UNICEF and WFP tenders are public information. Our price is competitive with other global producers. Products made in developing countries often cost more, however, there are other positive externalities to take into account (ie. economic development, technology transfer, agricultural link to market, lower transport cost and delivery time, etc).

GW: You said products from developing country producers often cost more. Might someone approach you for product just because your price is lower?

We usually don't fill orders where there's a local producer. If a customer/partner comes to us but we know there's a local producer, we check with the local producer first. We are also very mindful of global situation.

GW: Can you share examples of this?

Sure. A partner recently approached us wanting to purchase Plumpy'nut for Bangladesh. We directed them to check with the producer in India first – Nutrivita – and they ended up purchasing from there instead. However, we *will* send our products to countries where there is a local producer, in times when the demand is so great that the local producer cannot meet all of it. This has happened previously in Niger, DR Congo and Ethiopia.