

# Non-Profit Food Distribution: Working with Businesses to Reduce Undernutrition in Nigeria

In Nigeria, undernutrition is causing vast social and economic damage. To address this, poor people must have better access to a diet rich in essential nutrients. Markets are a key source of food for a growing proportion of poor people, but a number of constraints prevent businesses from providing nutrition-rich foods that reach the poorest communities. In the short term, supporting non-profit distribution systems is the most effective way to work with businesses to improve the diets of poor people. However, undernutrition is so widespread that non-profit distribution cannot reach all those affected. Policymakers and donors need to increase and sustain public funding for non-profit distribution while exploring other ways to bridge the gap.

## The challenges for businesses

Reducing undernutrition in Nigeria is a crucial priority for improving health and productivity. The past decade has seen little improvement in rates of stunting and other indicators of chronic undernutrition. In 2008, the rate of stunting in children under three was nearly 40 per cent, while vitamin A deficiency contributed to 25 per cent of child and maternal deaths in 2003. Reducing undernutrition requires increasing poor people's access to a nutrient-rich diet, especially foods containing vitamin A, iron, and other essential micronutrients. Policymakers are looking to do this by working with businesses to improve the way markets work. But to do so, they need to understand what businesses can and cannot do, and how to help overcome the constraints they face.

## Why can't businesses address the problem on their own?

Research from the Institute of Development Studies (IDS) shows that businesses struggle to achieve commercial sustainability when selling nutrient-rich products to the people who need them most. Businesses cannot provide these foods at prices that poor people can afford as a result of four main constraints:

- **Consumers have low awareness about nutrition** and the importance of a healthy diet. This means they are not willing to pay higher prices for nutrient-rich foods, compared to less nutritious alternatives. This is especially difficult for poor people, who have very limited spending power.
- **Low sales volumes mean that distribution companies have few incentives to deliver to areas where the majority of residents are poor.** Moreover, it is more expensive to deliver food to rural areas, which are worst affected by undernutrition.
- **It is hard to convince consumers that products have added nutritional value.** Most of the time, it is not possible to distinguish a nutrient-rich product from alternatives. Product labelling is not reliable, and false claims and fraudulent products are very common.
- **A fragile business environment**, including very low consumer trust and poor enforcement of rules and contracts, makes it hard for businesses to recover their investment in nutrient-rich foods. ➔



Primary school students eat lunch at their school in Osun state, Nigeria as part of a school feeding programme established to improve the nutritional status of school children.

## Case studies: challenges faced by food manufacturers

The constraints faced by businesses are illustrated by the experiences of two medium-sized food manufacturers in Nigeria: Lisabi Mills and Dala Foods.

Lisabi Mills has been at the forefront of developing packaged traditional foods and fortified products in southern Nigeria. The company uses branding and premium ingredients to convince consumers of the nutritional value of its products; however, this makes them unaffordable to the poor.

Dala Foods is a leading manufacturer of packaged traditional foods in northern Nigeria, and focuses on lower-income consumers. Despite having developed a fortified product for non-profit distribution, the company has not been able to sell fortified products to consumers because of low demand and the challenges of distribution.

Despite Dala Foods and Lisabi Mills both being committed to reducing undernutrition, neither company was able to provide nutrient-rich foods to poor people at an affordable price without public support.

For more information, see 'Further reading'.

## Advantages of non-profit distribution

Non-profit distribution means that public institutions such as governments or donor agencies fund the purchasing of food from businesses and support distribution networks that deliver these products (generally for free) to people suffering from undernutrition. Examples of these systems in Nigeria include distribution of ready-to-use therapeutic foods funded by donor agencies, and school feeding programmes funded by state-level governments.

Non-profit distribution can circumvent the business constraints described earlier, because it:

- **Bypasses low awareness:** Providing products to people for free sidesteps the problems of low awareness and unaffordability. Non-profit distribution can also incorporate communications activities that increase public awareness about the importance of good nutrition.

- **Defrays costs of distribution:** Public support covers or defrays the high cost of distribution, allowing businesses to focus on procurement and manufacturing.
- **Guarantees nutritional quality:** By purchasing and distributing food products, public agencies can impose controls and checks to ensure that the products are of high nutritional quality.
- **Improves the business environment:** Non-profit distribution can provide stable and predictable demand that encourages businesses to invest. But this requires that funders guarantee purchasing over several years.

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Funding is the key challenge for non-profit distribution. Scaling up support from donors and the government is an immediate priority to address the urgent need. However, given that chronic undernutrition affects more than 11 million children in Nigeria, public support will never be enough to provide total coverage.

Given limited funding, non-profit distribution should target the most vulnerable groups such as infants, the poorest people, and the most remote populations. In parallel, other types of partnerships between public organisations and businesses need to be explored to fill the gap. Experience from other countries suggests that such partnerships could involve public funding for nutrition awareness campaigns and the use of social enterprises (commercial organisations whose primary purpose is to meet the needs of the poor while also covering costs). While gathering evidence on the effectiveness of other approaches, non-profit distribution is, in the short term, the most feasible and effective way for policymakers to work with businesses to ensure that nutrient-rich foods reach the poorest people.

## Ready-to-use therapeutic foods in Nigeria

Ready-to-use therapeutic foods (RUTF) are specialised products distributed through large non-profit systems run by public agencies, particularly UNICEF, which regulates the nutritional quality of these products. Providing RUTF has proved to be a highly effective way to treat severe acute malnutrition (SAM). UNICEF aims to buy enough RUTF for 1.1 million children in Nigeria between 2012 and 2017. However, this is insufficient, as 3.5 million children in the country suffer from SAM.

At present, the entire supply of RUTF in Nigeria is imported. A large Nigerian food manufacturer expressed interest in making the product in Nigeria. However, it is not prepared to make an upfront investment without a guarantee that UNICEF and other public agencies will purchase sufficient quantities to secure a return on its investment. At present, neither UNICEF nor donors such as the UK Department for International Development (DFID) will provide this guarantee, so domestic production is stalled. The lesson is that non-profit distribution can offer a large and secure market that is valued by businesses, but this requires long-term guarantees.

## Policy recommendations

Federal and state governments in Nigeria, along with donor agencies and NGOs working on food security and nutrition, need to:

- **Prioritise reducing undernutrition** by increasing access to nutrient-rich foods within a broader approach that also includes access to health services and sanitation.
- **Establish and fund non-profit distribution programmes** that deliver nutrient-rich products, targeting the most vulnerable and poorest populations, especially the rural poor and infants.
- **Provide predictable, multi-year funding for such projects** to enable businesses to make upfront investments.
- **Undertake advocacy** to convince donors and the federal and state governments in Nigeria of the importance of non-profit distribution, and to sustain this commitment over the long term. Large businesses may also contribute through corporate social responsibility programmes.
- **Pilot and investigate other types of public-private partnership**, such as nutrition awareness campaigns and social enterprises that can help businesses reach populations with better access to markets and higher spending power.
- **Evaluate the nutritional impact of non-profit distribution and other types of partnerships.** This should focus on learning which approaches are most effective and efficient, and under which circumstances.



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## Further reading

Lybbert, T.J. (2011) 'Hybrid Public-Private Delivery of Preventative Lipid-Based Nutrient Supplement Products: Key Challenges, Opportunities and Players in an Emerging Product Space', *SCN News*, 39:32–39.

Nwuneli, N.; Robinson, E.; Humphrey, J. and Henson, S. (2014, forthcoming) 'The Role of Businesses in Providing Nutrient-Rich Foods for the Poor: Two Case Studies in Nigeria', *IDS Evidence Report*, Brighton: Institute of Development Studies..

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## Credits

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