

Ready-to-Use Therapeutic Food: Current Outlook

UNICEF Supply Division

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Ready-to-Use Therapeutic Food - Current Outlook

A more recent note covering RUTF exists. Please visit <https://www.unicef.org/supply/reports/ready-use-therapeutic-food-rutf-market-outlook>

1. Summary

- UNICEF's annual Ready-to-Use Therapeutic Food (RUTF) procurement has increased from 6,000 MT to 29,000 MT since 2009 (suitable to treat 440,000 children in 2009 to 2 million children in 2012).
- The number of RUTF manufacturers has also substantially increased. UNICEF now procures RUTF from 20 different manufacturers, 11 of which are located in countries with high levels of malnutrition.
- Despite the increase in volume and manufacturer diversity, the weighted average price (WAP) of RUTF has only modestly decreased, as locally produced product remains higher priced than international procurement. Further price reductions, however, are anticipated with increased procurement volumes and improved competition.
- The health and safety risks of RUTF and therapeutic milk are a concern due to the potential hazard of microbiological contamination. As a result, a review of microbiological specifications and increased rigour in product manufacturing, sampling and frequency of analysis are required.
- UNICEF has launched a new tender process for 2014 procurement, and intends to continue increasing the share of locally produced and procured RUTF.
- UNICEF anticipates purchasing 34,000 MT of peanut-based RUTF during 2014. Demand for non-peanut-based RUTF is also expected from Asian countries where peanuts are not part of the natural diet.

2. Brief Background and Procurement History

An estimated 52 million children under-five (8% of the global under-five population) suffer from acute malnutrition (wasting) globally. 19 million children suffer from its most extreme form, severe acute malnutrition (SAM), and require specialised therapeutic feeding care.^{1,2} An estimated one million children die annually as a consequence of acute malnutrition.³ Severe infectious diseases such as diarrhoea, measles, pneumonia, meningitis, malaria and sudden onset food insecurity are among the leading causes of severe acute malnutrition.⁴

The development of RUTF, combined with the adoption of community-based management and treatment of acute malnutrition, has greatly increased the effectiveness and efficiency of therapeutic

¹ Onis, Mercedes de, David Brown, Monika Blössner, et al., *Levels and Trends in Child Malnutrition: UNICEF-WHO-The World Bank Joint Child Malnutrition Estimates*, The United Nations Children's Fund, the World Health Organization and the World Bank, Geneva, 2012 at http://www.who.int/nutgrowthdb/jme_unicef_who_wb.pdf.

² Black, Robert E., Cesar G Victora, Susan P Walker, et al., *Maternal and Child Undernutrition and Overweight in Low-Income and Middle-Income Countries*, The Lancet, London, June 6, 2013 p.12 at <http://download.thelancet.com/pdfs/journals/lancet/PIIS014067361360937X.pdf?id=410a13c7e856fa01:6f44046e:13f5b430bf3:-33e01371627961918>.

³ WHO, *Community-Based Management of Severe Acute Malnutrition: A Joint Statement by the WHO, WFP, UNSSCN, UNICEF*, WHO, Geneva, May 2007, p.2 at http://www.who.int/nutrition/publications/severemalnutrition/978-92-806-4147-9_eng.pdf.

⁴ Emergency Nutrition Network (ENN), *Causes of Malnutrition: Fact Sheet*, Emergency Nutrition Network, Oxford, 2011, p.2 at <http://www.unicef.org/nutritioncluster/files/Module5CausesOfMalnutritionFactSheet.pdf>.

feeding care. It has also enabled increased access and beneficiary caseload coverage.⁵ RUTF procured through UNICEF comes in two product forms:

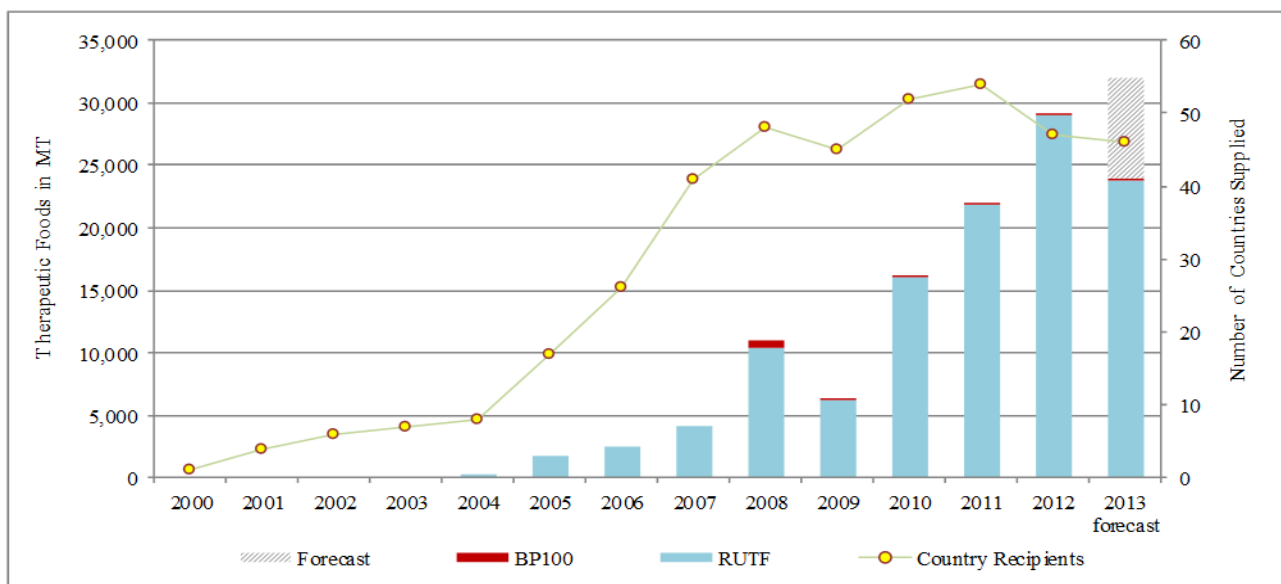
- RUTF Therapeutic Spread: An energy dense, micronutrient paste based on a mixture of peanuts, sugar and milk powder (suitable for children 6 – 24 months).
- RUTF BP100: An energy dense, nutrient-fortified wheat and oat bar (suitable for older children).

3. Current Market Situation

3.1. Demand

UNICEF started procuring RUTF in 2000. The growing number of pilot programmes and the subsequent endorsement of a community-based management approach to acute malnutrition in 2007 by WHO, WFP, UNICEF and the United Nations System Standing Committee on Nutrition (UNSSCN), resulted in the demand for RUTF through UNICEF increasing to nearly 29,000 MT (Figure 1). The increased quantity represents the treatment of more than 2 million children in 47 countries and has been driven by recent emergencies and greater programmatic acceptance.⁶ Nevertheless, current supply through UNICEF only covers 10% of the estimated global caseload of SAM.

Figure 1 UNICEF Procurement of RUTF and Number of Countries Supplied 2000-2013



Source: UNICEF Supply Division.

UNICEF estimates that 2013 RUTF demand will reach 32,000 MT. It will likely increase further due to greater demand from higher coverage rates, an improved management approach to acute malnutrition, and a growing focus on hunger and malnutrition as a result of the UN’s Post 2015

⁵ WHO, *Community-Based Management of Severe Acute Malnutrition: A Joint Statement by the WHO, WFP, UNSSCN, UNICEF*, p. 2.

⁶ 1 MT contains 72 cartons of RUTF. 1 carton (92gr. x 150 sachets) treats 1 child (10-15 kg RUTF over 6-8 weeks): UNICEF, *Ready-to-Use Therapeutic Food for Children with Severe Acute Malnutrition*, UNICEF Policy Advisory Unit, Position Paper N°1, New York, May 2012, p. 3.

development agenda.⁷ A joint study by UNICEF, WHO and the World Bank found Africa remains the only region with an expected increased prevalence in acute malnutrition. From 9.6 million under-five children in 1990, there were 13.4 million children estimated to be affected by wasting as of 2011.⁸

3.2. Supplier Base

UNICEF RUTF suppliers have increased from one (2000-2007) to currently 20 manufacturers (2013), 11 of which are local suppliers based in countries with high concentrations of malnutrition (Figure 2). UNICEF expects the number of manufacturers to continue to increase in target regions. However, during this same period, a number of manufacturers ceased production of RUTF as a result of cost-inefficiencies in product manufacture and geographical location.

Figure 2: UNICEF Supply Arrangements for RUTF in 2013

	Supplier	Type of supply	Start	End	Product
1	Compact AS, Norway	Global	15.02.11	14.02.14	BP 100
2	Compact Pvt. Ltd, India	Global	01.01.13	31.12.13	Therapeutic Spread
3	Diva Nutritional Products (Pty) Ltd, RSA	Global	01.01.13	31.12.13	Therapeutic Spread
4	Edesia, USA	Global	01.01.13	31.12.13	Therapeutic Spread
5	Hilina, Ethiopia	Local	01.01.13	31.12.13	Therapeutic Spread
6	InnoFaso, Burkina Faso	Local	01.07.13	31.12.13	Therapeutic Spread
7	Insta Products Ltd, Kenya	Global	01.01.13	31.12.13	Therapeutic Spread
8	Mana Nutritive Aid Products Inc., USA	Global	01.01.13	31.12.13	Therapeutic Spread
9	MFK, Haiti	Local	01.01.13	31.12.13	Therapeutic Spread
10	Nutriset SAS, France	Global	01.01.13	31.12.13	Therapeutic Spread
11	NutriVita Foods Pvt. Ltd, India	Global	01.01.13	31.12.13	Therapeutic Spread
12	Power Foods, Tanzania	Global	01.01.13	31.12.13	Therapeutic Spread
13	Project Peanut Butter, Malawi	Local	01.01.13	31.12.13	Therapeutic Spread
14	Project Peanut Butter, Sierra Leone	Local	01.01.13	31.12.13	Therapeutic Spread
15	Samil Industry, Sudan	Local	01.01.13	31.12.13	Therapeutic Spread
16	Société JB, Madagascar	Global	01.01.13	31.12.13	Therapeutic Spread
17	Société de Transformation Alimentaire, Niger	Local	01.01.13	31.12.13	Therapeutic Spread
18	Tabatchnick Fine Foods Inc., USA	Global	01.01.13	31.12.13	Therapeutic Spread
19	Valid Nutrition, Malawi	Local	01.01.13	31.12.13	Therapeutic Spread
20	Vitaset SA, Dominican Republic	Global	01.01.13	31.12.13	Therapeutic Spread

Source: UNICEF Supply Division.

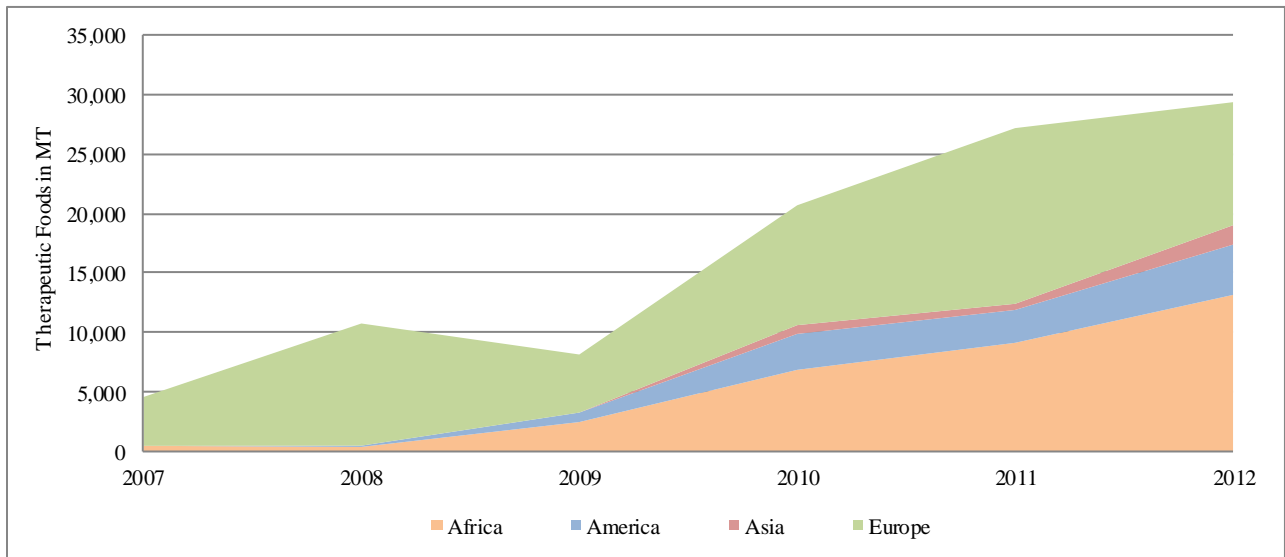
Procurement of RUTF by UNICEF from manufacturers based in Africa and Asia reached 50% share (15,000 MT) of total procurement in 2012 (Figure 3). However, despite the successfully increased volume and larger supplier base, the decrease in WAP for RUTF has been relatively modest by comparison (~10%) (Figure 4). The cost of procuring RUTF from local manufacturers is comparatively higher than from international manufacturers by 11% (Figure 5). Local production requires the importation of most ingredients and packaging materials from international suppliers.

⁷ Deen, Thalif, *Keeping Food Security Central to UN's Post-2015 Agenda*, IPS News Agency, Rome, 14 June 2013 at <http://www.ipsnews.net/2013/06/keeping-food-security-central-to-u-n-s-post-2015-agenda/>.

⁸ Onis, Loc. cit.

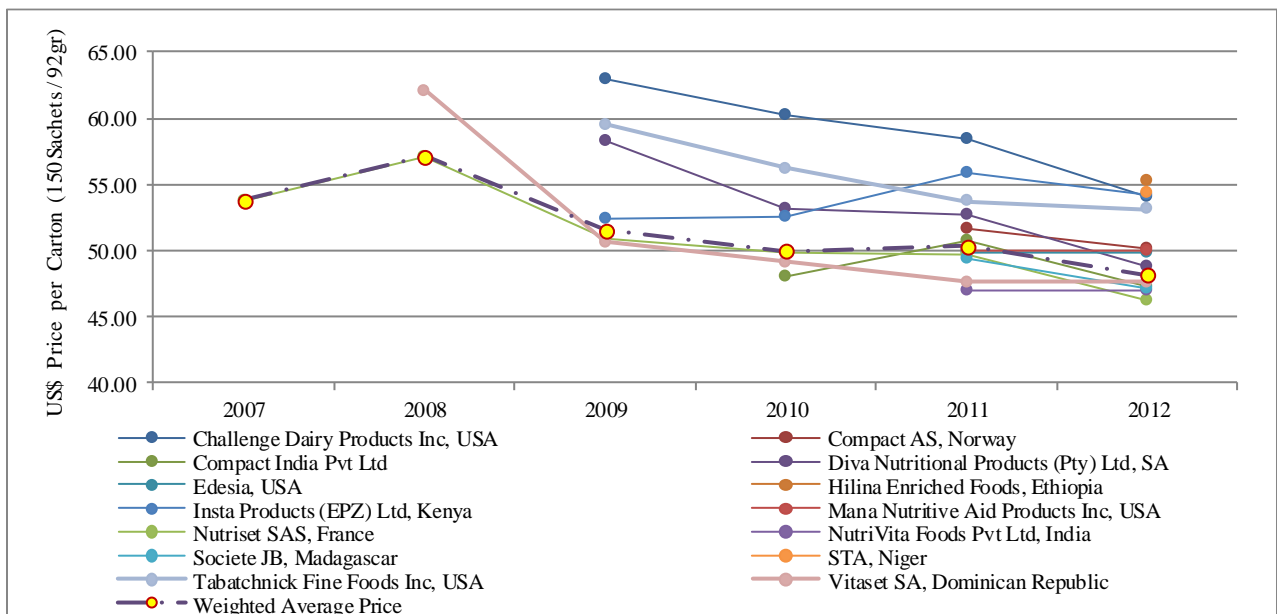
Import duties on ingredients and materials contribute to the higher pricing, rendering the landed cost of international imports less expensive than locally produced varieties.

Figure 3 UNICEF Procurement by Production Origin



Source: UNICEF Supply Division.

Figure 4 UNICEF Price for RUTF^{9,10}

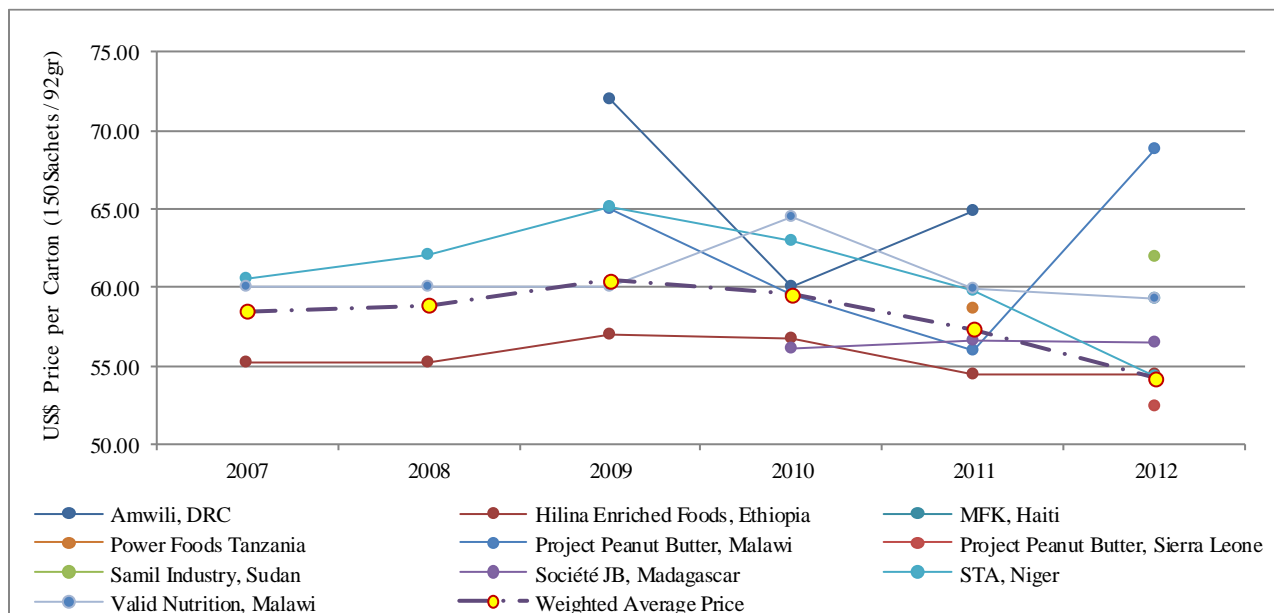


Source: UNICEF Supply Division.

⁹ Prices based on FCA export prices.

¹⁰ Euro-based FCA export prices recalculated on an aggregate of USD value procurement.

Figure 5 UNICEF RUTF Price for Local Manufacturers¹¹



Source: UNICEF Supply Division.

4. Issues and Challenges

- The entry of new manufacturers into the market has resulted in a modest drop in WAP, whether procured locally or internationally. WAP for locally manufactured RUTF remains particularly high compared to RUTF manufactured in developed countries.
- Despite the significant increase in volume of RUTF procured through UNICEF, which is sufficient to cover the needs of 2 million children and accounts for 10% of the current estimates of child SAM,¹² there is scope for programme coverage to be scaled-up further, generating potential increase in future demand.
- The presence of possible microbiological contaminants (Salmonella and Enterobacteria) poses potential hazards given the nature and health status of the beneficiary target groups.¹³ Current microbiological standards follow the latest expert advice from FAO and WHO, but further review of microbiological standards and specifications for the manufacture of RUTF is required, in addition to the implementation and monitoring of effective control measures and sampling plans throughout the manufacturing process.
- A sizeable portion of RUTF consignment delivery schedules have been experiencing substantial delays due to introduction of additional quality checks. On average, only 65% of consignments were delivered on time by manufacturers in 2012.

¹¹ Prices based on EXW local manufacturing prices.

¹² Onis, loc. cit.

¹³ UNICEF, *Microbial Safety of Ready-to-Use Lipid Based Therapeutic and Supplementary Foods: Conclusions and Recommendations of an FAO/WHO Technical Meeting*, WHO and FAO, Geneva, March 2013 at http://www.unicef.org/supply/files/5_S_Cahill_P_Embarek_-_FAO_WHO_-_Microb._Safety_of_Lipid_based_RUTF_03.2013.pdf.

5. Steps Forward

- UNICEF has launched its tender for 2014 procurement with a continued focus on peanut-based RUTF products and systematic analysis and certification.
- UNICEF will work with manufacturers to reduce local WAP further by looking at increasing volumes through local procurement.
- UNICEF will continue to refine its procurement strategy to support and increase the availability of RUTF as more countries adopt and scale-up the treatment of SAM.
- Efforts will also include continued work on strengthening capacity and management of increased RUTF volumes via all stages to include storage and distribution.
- In order to increase the confidence level in RUTF products, UNICEF, WHO, FAO and WFP are engaged in reviewing product specifications and developing an appropriate testing sampling plan and strategy to monitor and control the presence of Salmonella and Enterobacteria in ingredients, production processes, production environment and finished products.
- UNICEF will continue to encourage further studies to establish and set acceptable levels for such bacteria and clear testing protocols.
- UNICEF will also support development of alternative formulations of RUTF that are appropriate for particular countries.

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