

Valid Nutrition Supporter Newsletter

Issue No: 7 November 2011



Welcome to the seventh edition of the Valid Nutrition newsletter - aimed at providing our supporters with an update on the continued progress and further developments within VN during the past six months and our future plans to address the challenges and opportunities ahead.

VALID NUTRITION—PUNCHING ABOVE OUR WEIGHT!

While in the last edition we reflected upon and acknowledged the considerable challenges faced by Valid Nutrition, our supporters have since reminded us of the equally important need to reflect upon and acknowledge the excellent progress and real results which VN has achieved in just a few short years. These include :

- Our Founder, Dr. Steve Collins, with the support of Concern Worldwide and Irish Aid, has created a breakthrough model for the effective treatment of malnutrition (CMAM) which is now adopted in some 55 countries worldwide.
- After an initial investment of only \$300k, VN has now almost 4,000 MT of world class manufacturing capacity available locally in Malawi and Ethiopia, together with several new recipes set to radically improve impact, cost effectiveness and revenue generation.
- VN has driven competition, reducing prices and successfully fostering the development and extension of local production of RUTF in Africa
- 10 million sachets of VN RUTF were produced and distributed in 2010 alone – resulting in close to 100,000 children being treated and thousands of lives saved
- 4 new RUF formulations have been developed – based overwhelmingly on locally available crops, not subject to patent and significantly less expensive!
- VN have fostered and developed unique links with indigenous Small Holder Farmers.
- With support from Gorta and Irish Aid, VN are continuously improving our RUTF output capability in Malawi, while providing skilled employment and a multiplier benefit to the local economy.

Therefore, while the challenges ahead are still many, an exciting opportunity exists to create huge social and economic impact through harnessing VN's pioneering approach, innovative capability and distinctive social business model. As we endeavour to scale up production to meet growing demand, accessing sufficient cash to enable us to fund raw material purchases is a constant problem. We are however convinced that our commercial approach, which aligns a revenue model with social impact, is a "game changing" sustainable long term solution to the malnutrition problem. Despite the challenges, we are determined to demonstrate this.

MALAWI

As the photograph shows, the new Chemistry and Microbiology Laboratory at the Factory in Malawi (generously co-funded by **Gorta** and **Irish Aid Malawi**) is really taking shape and VN will shortly have all testing facilities and equipment in place. Pending a review period, we will then be in a position to place final orders for other minor equipment and consumables by the end of January 2012.

This important investment will help VN to achieve many efficiencies including:

- Faster testing and approval for release of finished product to the customer;
- Superior proactive quality monitoring of factory hygiene, raw material ingredients and finished product
- A reduction in expensive external analytical costs and the working capital tied up in ingredients and finished product awaiting tests prior to use/distribution;
- The factory will have the ability to conduct in-house testing improving knowledge of both product and process.



VN welcomes the fact that an exciting new local manufacturer, **AFRI-NUT**, is about to start producing and supplying peanut paste right beside us in Kanengo, Lilongwe. AFRI-NUT is a progressive Social Enterprise, with a vision very much aligned with that of VN and involving Ex-Agris, Twin Trading, Cordaid and NASFAM (Malawian Smallholder Farmers Association).

The **Irish Dairy Board** have recently very generously donated a container of Skimmed Milk Powder to the factory which will arrive in Lilongwe in November and VN have secured a new credit line with them which will enable direct supply from Ireland at a much more competitive base price.

The innovative **Smallholder Farmers Research Project** being conducted by VN with support from **University College Cork** and funded by **Irish Aid**, to identify the impact of local purchasing of RUTF ingredients on smallholder family incomes, food security and livelihoods is progressing on schedule.

Finally, the **World Food Programme** have confirmed that following their recent audit of the Malawi Factory and completion of all outstanding conformance issues, VN are now fully compliant and from their perspective, certified for international supply. The audit was carried out by WFP though UNICEF and MSF are working together with them to a single standard. Although UNICEF have stated that for the time being, they do not see a need to source internationally ex Malawi, we believe that access to export volume is essential for long term viability and are endeavouring to develop such opportunities with other customers.

We are honoured that **Jan O'Sullivan TD, Irish Minister of State**, with responsibility for Trade & Development, visited our factory in June and saw at first hand the impact our local production operation is making.

ETHIOPIA

Valid Nutrition's (VN's) third party manufacturing collaboration with Valsek in Ethiopia is due to commence production very shortly. Even before the current crisis in the Horn of Africa, demand in Ethiopia has always been strong. We are very confident that whatever can be produced at the newly commissioned factory will be desperately needed. In fact, if we can quickly get to producing just 1 M.T per day that would mean **2,500** children with Severe Acute Malnutrition could be treated every month. We are currently in discussion with UNICEF on certification for the Valsek plant. This is a really exciting development and brings much needed supply and competition to Ethiopia.

VN has been chosen as a partner within the recently announced World Food Programme (WFP), USAID & PepsiCo Chickpea RUSF project in Ethiopia. This inclusive business approach engages local producers and manufacturers, contributes to economic development, and creates the opportunity to develop low-cost nutritious products for local consumers.

We are also pleased to inform that **Valid International** is part of a consortium of agencies that have just been awarded a large USAID funded nutrition project in Ethiopia that aims to strengthen nutrition across national, regional and local level nutrition programs and policies. The project: '**ENGINE**' (Empowering New Generations to Improve Nutrition and Economic opportunities) – includes considerable operational research for VI that will focus on examining the most effective mechanisms of addressing under-nutrition in the country. There is huge potential here for collaborative work with VN, particularly linked to the partnership with World Food Programme (WFP), USAID & PepsiCo for a new formula RUSF discussed above.



KENYA

We regret that due to a change in circumstances, VN product is no longer being produced in Kenya. We are however looking at opportunities to get back into the East African market as soon as we can.

RESEARCH & DEVELOPMENT

Irish Aid and a German Foundation (**PRANA**) have generously granted VN the required additional funding that will enable us to optimize and complete work on our ground-breaking RUTF formula. The continued funding support received from Irish Aid will also assist VN in the completion of RUSF development work.

An RUCF trial paper has been submitted to the **American Journal of Clinical Nutrition** and an RUTF paper is also very advanced and will be submitted very shortly.

VN's PEOPLE

Back in April, an enthusiastic member of the VN Family arrived a few weeks earlier than anticipated - **Baby Cara Jo Katie Collins** (as pictured). Despite her early entrance to the world and a subsequent short stay in the neo natal unit in Cork, Cara is now thriving and we send her, big brother Seán, her mum Claire and dad Steve - our warmest congratulations on her birth.

More baby news is expected shortly as **Mary Doyle**, HR & Administration Manager, has departed on Maternity leave this month and is replaced by **Rhoda Keher**.

A fond farewell is extended by all to **Dr. Victor Owino** who leaves his role as VN's R&D Manager at the end of October. Some of Victor's responsibilities will be immediately covered by **Peter Akomo**, who has provided support to the Nairobi Office over the past year and we welcome Peter on board.

Leo Connolly, who has provided finance administration support on a part-time, consultancy basis to VN, will relinquish his responsibilities shortly, to be replaced by **Jack Coleman**. We are also very grateful to **Sam Packwood** who spent two months during the summer providing voluntary support to our finance team in Malawi.

Finally, VN would like to extend a warm welcome to **Dalitso Odalla** and **Fumbani Kagomo**, who have both recently joined the Malawi operation in the roles of Finance & Admin Analyst and QA Analyst respectively.



A WORD OF THANKS

VN would like to thank the team at **McConnells** Dublin for their support with a recent Brochure design and also the **Irish Dairy Board** for the donation of milk powder referred to above.

OTHER NEWS

In addition to our existing status as a registered Charity in Ireland, we have also now been granted **Charity Status** in the **UK**. We are delighted to announce that David, **Marquess of Cholmondeley KCVO**, has been appointed as a Director and Trustee of VN UK.

As part of the *Millennium Development Goals*, the **Scaling up Nutrition (SUN)** initiative is highlighting the need for and benefit of foods to prevent malnutrition within the critical **"First 1,000 days"**. This is the period from conception to second birthday when a child's brain and physiology is being hard wired. Without adequate nutrition, physical stunting and mental impairment occurs – and the damage is irreversible. If however, prevented, the personal and broader economic benefits are huge – and last a lifetime creating transformational social impact – plus earning power. Valid are now represented on one of the **SUN Task Forces (E: Private Sector engagement)** and Steve attended the global High Level Nutrition meeting at the United Nations in New York in September. Plans are already underway for Malawi to act as one of the lead countries in this initiative. We are very excited about this as both location and scope play to our strengths.

Steve Collins will be a key note speaker at the upcoming Community-based Management of Acute Malnutrition (**CMAM Conference**) to be hosted by the Government of Ethiopia in collaboration with the Emergency Nutrition Network (ENN). This takes place in Addis Ababa from 14th to 17th November.



VN's exciting collaboration with **Two Degrees** (www.twodegreesfood.com) continues to grow. VN RUTF from our Malawi factory has been supplied to both **Partners in Health** and **Relief International** in recent months as a result of this novel partnership and "one for one" concept. Two Degrees Bars are now available nationwide in the USA through Whole Foods Stores and sales are expanding rapidly.



FUNDING THE VISION

By combining a humanitarian ethos with a business vision to create a true social enterprise, Valid Nutrition believes that we can make a real breakthrough in how malnutrition is addressed. We are committed to ultimately financing ourselves from our own revenues. Unlike conventional businesses which in reality are responsible solely to shareholders, we are genuinely committed to putting our mission first. This means we can accept and operate at reduced profit margins.

However, as a social enterprise deliberately structured without shareholders so that all profits can be reinvested into making its products more affordable and more widely available, Valid Nutrition does face a number of challenges in this "start up phase". Principle among these is funding for core costs and working capital requirements. With CMAM and RUFs, we have a proven breakthrough in the treatment of malnutrition – and by expanding the sourcing and production of these innovative foods locally, we are building a sustainable model with powerful associated benefits to the local economies. We are confident that with additional funding, we will realise our vision.

Details of how to make investments or donations are available on VN's website - www.validnutrition.org – donations can also be made directly through the website.

We are extremely grateful for the funding that we have received from all our Donors. We also hugely appreciate the top quality resource and time that we get from our expert Advisers on a voluntary/pro-bono basis. Most of the exciting developments referred to above would not have been possible without such enlightened and generous support.



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VN are on facebook and we are tweeting too — so check us out and become a friend and follower !



VN WEBSITE

To keep in touch with the many exciting activities that VN is currently undertaking, why not visit us at

www.validnutrition.org

for up-to-date news and information.