

*“ Soaring food prices should not only be seen as a threat because they also represent an opportunity for a new start to agriculture in developing countries. A twin-track approach is called for – emergency assistance to the poorest and steps to help developing world farmers take advantage of the new situation...”*

UNITED NATIONS

Valid Nutrition (VN) provides the world's poorest people and those suffering from hunger with essential, nutritionally rich food, perfectly designed to alleviate and prevent malnutrition. We make these foods from a range of ingredients grown by local farmers and our production adds value to local crops, increasing demand and encouraging agricultural diversity. By addressing hunger whilst at the same time improving agriculture, this innovative model makes VN uniquely placed to respond to the present major global hunger crisis.

Welcome to the first of a regular newsletter that VN will be sending to our supporters twice yearly. It is intended to provide an update on developments within VN and to keep you abreast of our progress towards meeting our challenging goals.



### *Inside our June issue:*

Valid Nutrition registered as an Irish Charity

Nutriset grants licence to Valid Nutrition

Three year grant support by Irish Aid

New website set for launch

New factory operational in Malawi

New partner announced for Kenya

Further progress in African countries



## VN Achieves Charity Status

In December 2007, the Irish Revenue Authorities approved the registration of VN as an Irish Charity. This is a major milestone that provides tax exempt status on all VN worldwide income. VN offices and business leadership will now be increasingly based in Ireland.

## Licence Granted to Valid Nutrition

Nutriset (the only other producer of ready to use therapeutic food worldwide) granted a licence to VN in December 2007. This was another important milestone that enables VN to manufacture, ready to use therapeutic pastes under licence, thereby avoiding any potential issues in relation to patent infringement.

## Three Year Funding Support for Product Development

Irish Aid, through which the Irish Government channels support for the developing world, granted VN substantial funds over three years for the development of cheaper formulations of ready to use therapeutic foods, and also research new products specifically for use in under-nutrition associated with HIV/AIDS and chronic malnutrition. A number of research projects are already underway in Kenya, DRC and Zambia under the leadership of a recently recruited and highly experienced Research and Development Manager based in Nairobi. The funding has also enabled the recruitment of a Food Technologist who will join VN in July. *Onno Korver*, a retired senior executive who worked with Unilever for over 30 years in research and development has kindly agreed to provide pro bono advice and support to VN on our research programs.



## Increase in Resources

VN's management resources have been stretched in the last two years somewhat hindering the speed with which we can roll-out the provision of ready to use therapeutic food to those who need it. Recently however, our resources have been increased thanks to donations and loans from a number of trusts and private individuals. This has allowed us to strengthen the management structure through the appointment of a Business Support Manager and an Administrative Manager. This will help to underpin the major growth program planned for 2008/09.

The VN Executive Management Committee was strengthened this year through the addition of *Bernd Olejak* who, prior to his recent retirement, was a senior Marketing and Sales Executive working with Unilever for over 30 years. Bernd will provide pro bono part time advisory support to VN on marketing and sales matters. *Howard Dalzell*, who has worked as Concern Worldwide's Policy Director and has over 30 years practical experience in development and humanitarian assistance, has also joined the Committee as an adviser. We are delighted with these additions.

## Communications

Earlier this year we published a VN brochure and this has now been widely circulated. Its purpose is to clearly explain who VN are and what our mission is. At the end of May, we launched a new website at [www.validnutrition.org](http://www.validnutrition.org) that provides extensive information on VN together with access to articles on developments in international nutrition. The brochure can be obtained either in hard copy or as a PDF electronic version through the website.



## Progress Report: Malawi

Continued growth and the need for improved facilities resulted in a decision to move to new rented factory premises in January 2008. This move and the investment required to increase capacity and upgrade facilities was made possible thanks to donations from the Eranda Trust and a five year bank loan from Charity Bank UK. The facility is now operating extremely well and currently producing sufficient ready to use therapeutic food to provide life saving treatment to over 3,000 children per month. In order to be able to supply large agencies including UNICEF, Clinton Foundation, MSF and USAID, the new facility requires UNICEF certification. We expect to achieve this milestone in mid 2008. We have recently increased our local staff through the addition of a very experienced Quality Control Manager.



### Other key recent developments in Malawi included:

- Award of a Concern Tender to meet their requirements for ready to use therapeutic food for distribution in Malawi for 2008;
- Milk powder prices (which represents some 40% of our input costs) doubled in price in the last 12 months thus putting pressure on both margins and price;
- The ongoing cost reduction program however, has received a boost with the Malawi Authorities granting us exemption from import duties on imported materials and equipment and also permitting us to recover all value-added-tax payments.

We were happy to have had visits earlier this year to our Malawi operations from Baroness Chalker, and also members of the Irish Hunger Task Force.



## Progress Report: Kenya

We are delighted to announce that VN has entered into a significant collaboration with Insta Products EPZ. Insta are a well established manufacturer and supplier to USAID, UNICEF and the World Food Program of corn-soya flour based products used in feeding support programs throughout Africa. Insta will manufacture, sell and market VN therapeutic pastes throughout East Africa either exporting from their Kenyan factory or through the establishment of new factories and collaborations with third party food manufacturers. Insta and VN will also undertake joint research into the development of cheaper therapeutic products and the expansion of the range of products to include nutritional pastes specifically designed for the treatment and prevention of under-nutrition.

## Other Countries

We are planning to further develop our operations in **Zambia** where following the increasing roll-out of the community based therapeutic care programs, the local market demand, is increasing rapidly. This will involve investment in upgrading facilities and capacity and, as in Malawi, obtaining UNICEF certification of such facilities.

In **Ethiopia**, VN is progressing discussions with a well known local food manufacturer with a view to establishing a similar model to that operating in Kenya. Initial discussions aimed at establishing local production with third party manufacturers have also started in a number of other African countries.



## Donors and Funding

*Valid Nutrition would like to take this opportunity to thank all its supporters, and especially its donors, for all their support and help. Particular thanks to Irish Aid, Concern Worldwide, David Rocksavage, the Elysium Trust, the Eranda Foundation, the Tula Trust, the Charity Bank and all others who have been especially supportive during this last year. VN are not surprisingly in need of continued financial support (an additional £200k per annum) to enable us to extend our operations in order to meet the huge humanitarian needs in under-nutrition. Any help and support in achieving our challenging goals would be appreciated.*

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