

## Impact Story 19:

# Facilitating an enabling environment for food fortification in Pakistan

### THE OPPORTUNITY

Pakistan is facing a crisis in terms of malnutrition, with overt and hidden hunger being widespread across the country. According to the National Nutrition Survey- 2018 (NNS-2018) over half of the households (63.1%) were found to be food secure.

The national prevalence of stunting was 40%, and 18% of children nationally were wasted. Anaemia and iron deficiency anaemia are common in non-pregnant women of reproductive age (43% and 21%, respectively), and among children 6-59 months of age, 49% were iron deficient. Most of the women of reproductive age (80%) and children aged 6-59 months (63%) were deficient in vitamin D, while a large proportion of women reproductive age (26%) had severe vitamin D deficiency (<8.0 ng/mL). Vitamin A deficiency among women of reproductive age was 27% and 52% among children aged 6-59 months was 51.5%; Zinc deficiency was also observed in both women and children, with a prevalence of 22.1% and 18.6% respectively. Iodine deficiency was present among both women of reproductive age and children aged 6-12 years.

Individually, these forms of undernutrition can have long-term effects on children's cognitive development, scholastic achievement and economic productivity in adulthood. Taken together, these co-occurring deficiencies are even greater cause for public health and economic concern.

Food fortification is a safe and cost-effective strategy for improving diets and preventing or correcting micronutrient deficiencies. But industries delivering fortified foods are subjected to very high (around 60%) rates of import duties and taxes.



### THE SOLUTION

The benefit cost ratios—the ratio of the economic benefits relative to its costs—of food fortification are impressive. On a weighted average basis, every \$1 invested in fortification generates \$27 in economic return from averted disease, improved earnings, and enhanced work productivity. Wheat flour and oil/ghee are key food vehicles consumed in Pakistan and the fortification of wheat flour with iron, zinc, folic acid and Vit-B12 and fortification of oil/ghee with Vit-A & D has significant potential to contribute towards ending malnutrition in the country

#### **Creating an enabling environment for food fortification in the country:**

A series of actions were undertaken by the project, that included:

- Advocacy with the Policy makers for securing “Exemption of premix from import duties & Taxes
- Industry Engagement for establishment of Robust “Premix Revolving Fund”
- Enhancing Production & Regulatory Capacities

The activities were informed by evidence on the policy, business and regulatory environment. Three distinct evidence initiatives were informative. First, the project assessed the premix distribution system to understand the current fortification premix market in Pakistan, including existing suppliers, volumes and distribution system. The assessment also calculated potential demand for fortification premix generated by large scale food fortification program until 2021 and identified alternative pre-mix suppliers. Second, we examined costs, profit margins, and risks under different distribution mechanisms. Third, in July 2016, the project commissioned a study to quantify the costs of adding premix to wheat flour production. The project consulted with government, academia, and industry in devising and implementing the study. Partners included the Ministry of Health (MOH), Chamber of Commerce and Industry, National Fortification Alliance (NFA), Pakistan Flour Mills Association (PFMA), Pakistan Vanaspati Mills Association, National Institute of Food Science & Technology (NIFSAT) the University of Agriculture. Results showed that taxes and duties on pre-mix made up 57% of the cost of fortification.



## THE IMPACT

**Reduced fortification cost:** To foster a common understanding of the problem, the project mobilized stakeholders including the Ministry of National Health Services & Regulations (MNHSRC) and the National Fortification Alliance (NFA) to provide information on the importance of elimination of import taxes and duties on premix that represented 57% of fortification costs. As a result of high-level advocacy efforts led by GAIN, the Government of Pakistan granted an exemption (100%) on all import duties and taxes on fortification premixes removing a major barrier for industry, and potentially reducing consumer costs. Specifically, the Government of Pakistan decided to officially exempt all fortificants (premix formulas to add vitamins and minerals to foods) from import taxes. This exemption went into place July 2016. This study was also used by the government and the DFID Food Fortification Project to determine the cost of fortified products.

**Enhancement of Production & Regulatory Capacity:** An industry assessment was conducted to evaluate the operational readiness of the industry vis-à-vis fortification equipment. Based on the needs identified, the project provided 33 wheat flour mills with micro feeders to fortify flour during production. The equipment was installed, and the mills purchased premix through the Revolving Fund and started fortifying. To ensure that fortification is conducted appropriately, two complementary strategies were deployed. First, staff from 54 target mills from Pakistan Flour Mills Association (PFMA) and Pakistan Vanaspati Manufacturers were trained on internal quality controls. Second, government oversight was strengthened by training field staff from the relevant regulatory authorities from 28 districts on external quality control and market surveillance of fortified/nutritious foods.

**Industry Engagement for Establishment of a Premix Revolving Fund:** The Premix and Quality Revolving Fund was proposed for Wheat Flour based on the findings from the options analysis (mentioned below under evidence generation), the project supported the PFMA to pilot a Premix Revolving Fund that would supply the inputs to fortify wheat flour through a financially viable business-oriented model. The project imported 3.2 MT of fortification premix (that was sufficient to fortify 14,000 MT of wheat flour) to start wheat flour fortification and identified a local distributor to store and distributed the premix as per PFMA's request. With this seed quantity, GAIN established a robust industry managed "Premix Revolving Fund" under the PFMA management. This has enhanced the industry ownership with the premix supply chain.

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