

NUTRITION PROGRAMMES FOR WORKERS IN COMMODITY VALUE CHAINS

THE BUSINESS CASE



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ABOUT GAIN

The Global Alliance for Improved Nutrition (GAIN) is a Swiss-based foundation launched at the UN in 2002 to tackle the human suffering caused by malnutrition. Working with governments, businesses and civil society, we aim to transform food systems so that they deliver more nutritious food for all people, especially the most vulnerable.

ABOUT NEWFORESIGHT

NewForesight is a strategy consulting firm dedicated to driving change. It partners with leading clients from the private, public and not-for-profit sectors who want to find structural solutions to some of the most critical sustainability challenges of our generation and turn them into market opportunities.

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GAIN Briefing Paper Series

GAIN Briefing Papers provide essential information in a succinct, accessible form to support informed decision-making by stakeholders in the food system to improve the consumption of nutritious, safe food for all people, especially the most vulnerable.

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SUMMARY

Nutrition programmes within commodity value chains provide a unique opportunity to improve health outcomes for workers, farmers, their households, and communities. They bring benefits to communities, businesses, governments, and markets (Figure 1). In order for these programmes to be viable in the long term, businesses need to be willing to invest, and the business case for doing so must be understood. GAIN and NewForesight undertook a study to understand the business case for worker nutrition programmes in companies' value chains, working with Touton and Ferrero in Ghana, Lenny's Apparels Ltd and garment buyers in Bangladesh, and APPL Plantations and Unilever in India.

Across all three studies¹, companies producing, trading and buying cocoa, garments, and tea believed that there is a strong business case for nutrition programmes in their value chains. The motivation for implementing the programmes has changed over time, ranging from a financial return on investment, to brand differentiation and reputation, to the sustainability of the sector. Worker nutrition programmes in commodity value chains were most sustainable where they linked to existing sustainability initiatives or company objectives. For more detailed insights, visit www.gainhealth.org/impact/programmes/workforce-nutrition.

KEY FINDINGS

- **The business case for workforce nutrition programmes goes beyond revenues, costs and profits** in all three sectors. Companies were motivated by factors ranging from those that were essential for the future of the company or value chain (e.g. a sustainable cocoa value chain), to benefits for workers, to good corporate citizenship.
- **A financial return on investment** provided stronger motivation for companies involved in the production of tea and garments, where workers were employed directly, and it was easier to capture efficiency or profitability benefits of nutrition interventions.
- **Brand differentiation and reputation were important**, particularly where companies were closer to the end consumer, as for consumer-facing tea, cocoa, or garment companies.
- **The business case was more compelling where the intervention strengthened the sustainability of the sector or value chain**, for example healthy workers being key to a healthy value chain.
- **Internal champions were important in making the case for nutrition**, from the CEO and HR manager in Lenny Fashions' garment factory to the cocoa project manager in Touton.
- **Nutrition programmes are more affordable and sustainable when integrated into strategies or initiatives addressing other priority issues for the sector or company**, such as an existing health programme or lunch provision. As nutrition is not always a priority within a sector, this makes the interventions feasible, relevant and sustainable.
- **Tea estates and garment factories provide existing infrastructures** through which to deliver nutrition interventions, making programmes more effective and sustainable.

¹ Tea, garment and cocoa sector studies available at: <https://nutritionconnect.org/index.php/resource-center/making-case-nutrition-programmes-within-commodity-value-chains>

BACKGROUND AND OBJECTIVE

One in three people globally suffers from at least one type of malnutrition (1), a challenge reflected in the UN Sustainable Development Goal 2 target to end malnutrition in all its forms. Malnutrition brings significant losses in productivity and human potential, posing challenges to employers in both high- and low-income settings (2). Robust evidence suggests that workforce nutrition programmes² bring benefits to employers, such as reduced absenteeism (3, 4), enhanced productivity (Ibid) and returns on investment of up to 6:1 (2, 5).³ The value chain is an effective entry point, as it provides an established and organised delivery channel through which to deliver nutrition interventions. GAIN's nutrition programmes in commodity value chains focus on increasing access to and demand for healthy food and communicating about nutrition.

BOX 1: KEY DEFINITIONS

A nutrition programme in a value chain uses existing channels to reach workers/farmers and their households (for example, smallholder farmers in the cocoa sector, or factory workers in the garment sector) with different types of support for improving their nutrition.

The business case is the overall sum of costs and benefits, financial or otherwise, for different stakeholders surrounding the nutrition programme (Figure 1).

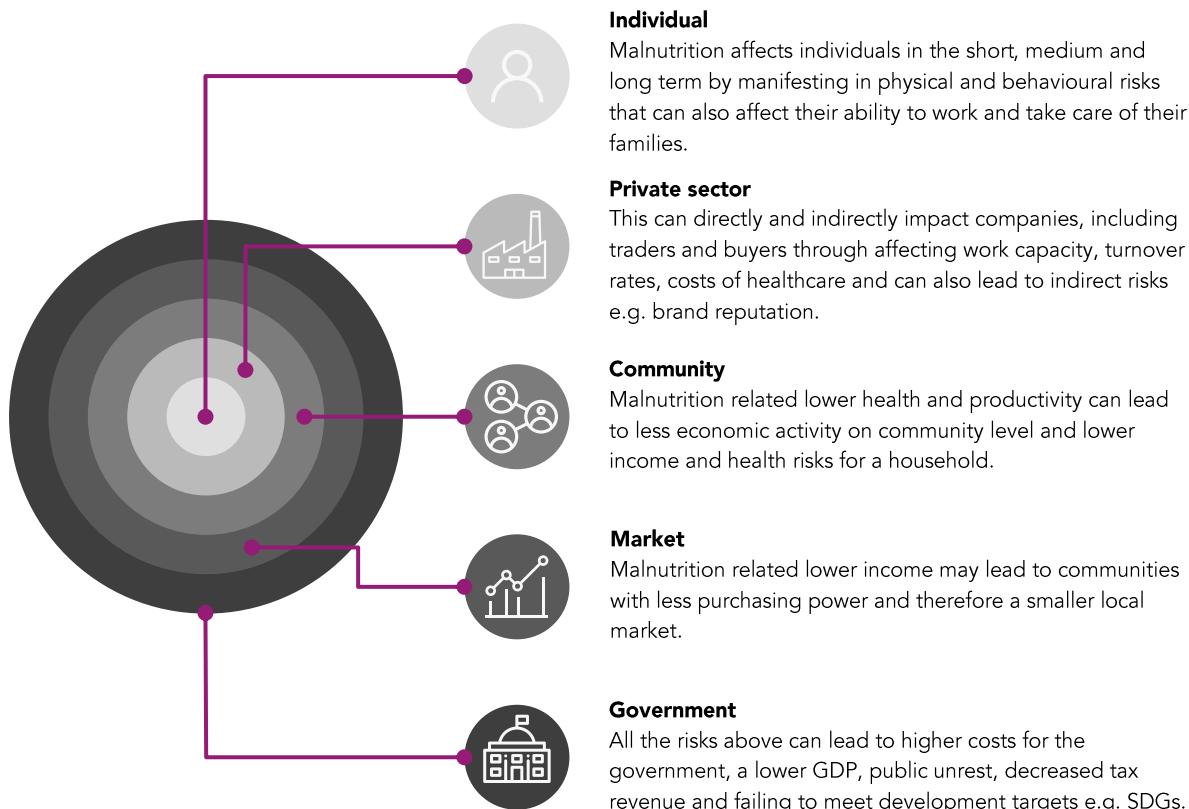


Figure 1: Poor nutrition has consequences at all levels (Source: Authors)

² Workforce nutrition programmes are a set of interventions that operate through the existing structures of the workplace to address fundamental aspects of nutrition amongst employees or supply chain workers.

³ Workforce Nutrition evidence briefs available at: <https://www.gainhealth.org/resources/reports-and-publications/evidence-workforce-nutrition-programmes>

In order for these programmes to be economically viable in the long term, and to make the case for investing in them, it is important to understand the business case for them. Working with producers, traders and buyers in the cocoa, tea and garment sectors (Figure 2), GAIN and NewForesight carried out market research and an in-depth analysis to probe companies' motivations for investing in nutrition programmes in commodity value chains. They also aimed to better understand what GAIN and others can do to support private sector players wanting to invest in nutrition in their value chains.

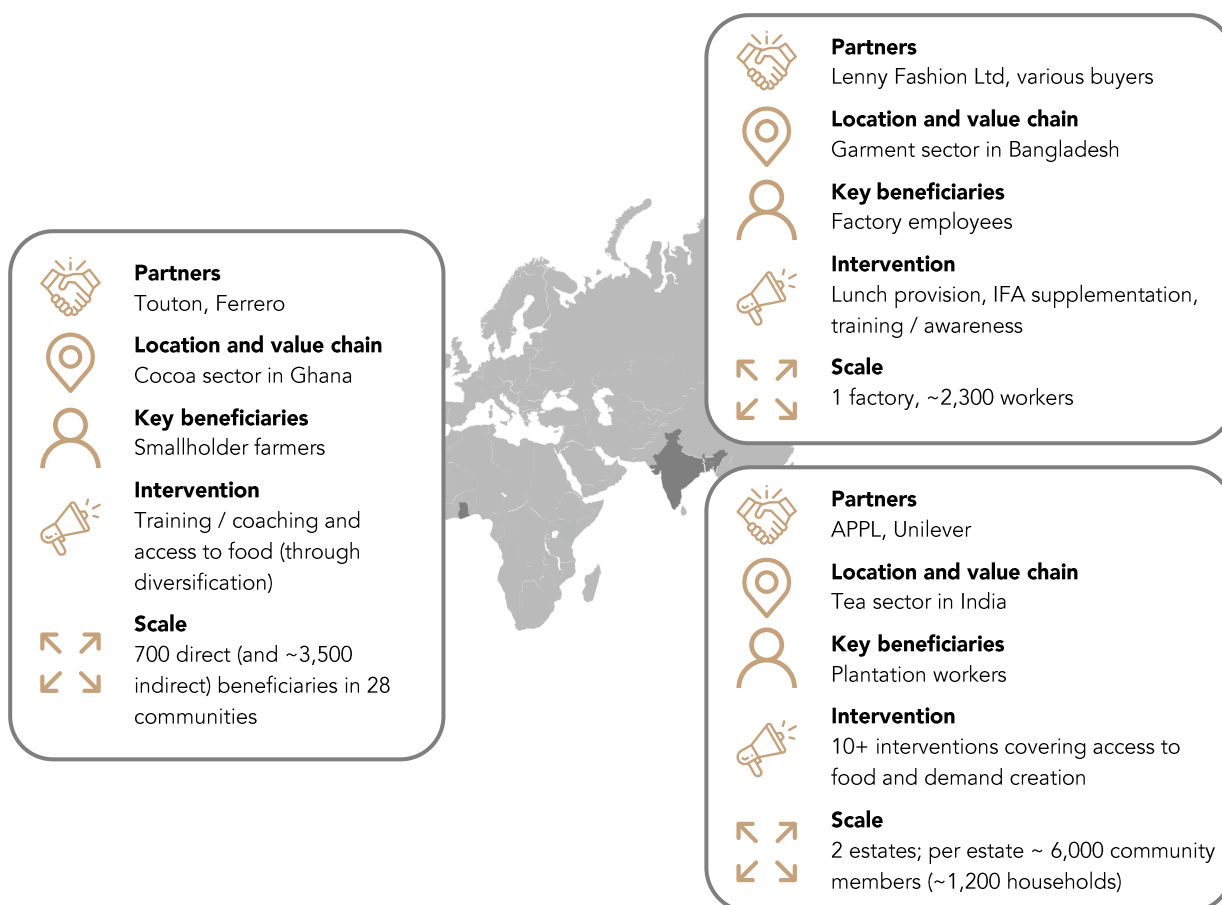


Figure 2: Nutrition programmes in Ghana, India and Bangladesh where the business case for workforce nutrition programmes was assessed

METHODOLOGY

This study aimed to do something that had not been done before: apply business case thinking to worker nutrition programmes in value chains, using a structured and systematic approach, with the aim of bridging the gap between practitioners (GAIN) and industry by introducing a common language. The study extended the definition of 'business case' beyond financial returns on investment to cover a broad range of possible motivations for companies to invest in nutrition in their value chains (Figure 3). Through in-depth key informant interviews with company and sector stakeholders across the value chain, NewForesight assessed the context, companies' motivations, and, where evidence was available, the impact of nutrition programmes. This was done using a standardised and

comparable methodology, further details of which will be the focus of a forthcoming paper in the GAIN Working Paper Series.

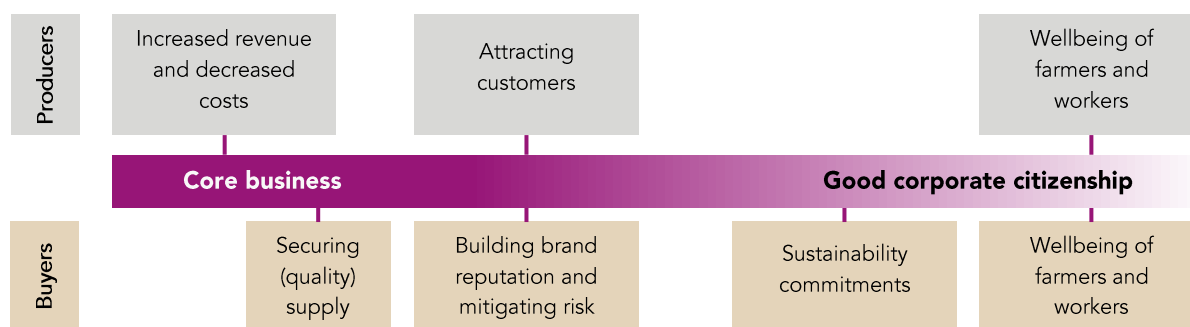


Figure 3: Business case motivation categories (Source: Authors)

FINDINGS

The findings suggest that companies' motivations – and therefore the business case - varied across and within sectors, extending well beyond revenues, costs and profits in all cases (Figure 4). Motivations range from factors that were essential for company's core business to good corporate citizenship. Key findings include:

- **Financial return on investment** was a stronger business case driver for companies involved in the production of tea and garments, where workers were employed directly and the benefits could be captured more clearly. For example, in the tea sector in India, APPL believes that improving workers' nutrition may result in increased productivity, decreased sick leave and decreased medical costs: they are currently gathering data to assess this. In Bangladesh, Lenny Fashions has measured an increased quality of products and productivity of line workers, a decline in sick leave and improved employee morale, leading them to extend the programme at their own cost.
- **Positioning the company as a sustainability thought leader** was a key part of the motivation for buyers in all sectors, and for traders/processors in the cocoa sector. Tea, cocoa, and garment producers/processors believed that implementing nutrition programmes in value chains made their company more attractive to their own customers (buyers) further down the value chain. Where companies were closer to the end consumer, brand differentiation and reputation were important drivers; this was the case for cocoa and garment buyers selling finished products to consumers.
- **Healthy workers contribute to a more sustainable value chain.** In Bangladesh, nutrition programmes were found to reduce anaemia by up to 32 percentage points among female factory workers through iron folic acid supplementation and more nutritious lunches (6). These findings further confirmed Lenny Fashions' perceptions of benefits to their workers, and support the productivity returns they reported. In Assam, Unilever expects better health outcomes to create financial benefits at the producer level, contributing to a more reliable and sustainable supply chain. The business case was stronger where the intervention was integrated with broader efforts to strengthen the sustainability of the sector or value chain. For example, for Touton and Ferrero in Ghana, nutrition programmes are an integral part of a broader set of interventions (e.g. aiming to improve

working conditions or environmental issues) which aim to create a more sustainable cocoa value chain.

- **Champions within companies were a catalyst for change:** the CEO and HR manager of Lenny's garment factory, a doctor and manager at APPL and the cocoa project manager in Touton all championed nutrition interventions and acted as focal points for coordination and alignment with partners like GAIN.
- **Companies face competing priorities, such as workers' rights, worker safety, housing and environmental sustainability.** Nutrition programmes are therefore more sustainable and feasible when integrated into existing services, for example peer education programmes, or the provision of food to staff. Overall, companies need financial and technical support from buyers to make the case for and support nutrition programmes.
- **Evidence is an important motivator.** For example, in the Bangladesh garment industry, Lenny Fashions' initial motivation was to attract buyers with Lenny's in-house capacity to deliver nutrition and health interventions to workers. Once the interventions were implemented and their impacts – including higher quality products, decreased sick leave, higher productivity, reductions in anaemia and improved worker morale – could be better analysed, more direct financial impacts became a compelling motivation for continuing the programme.

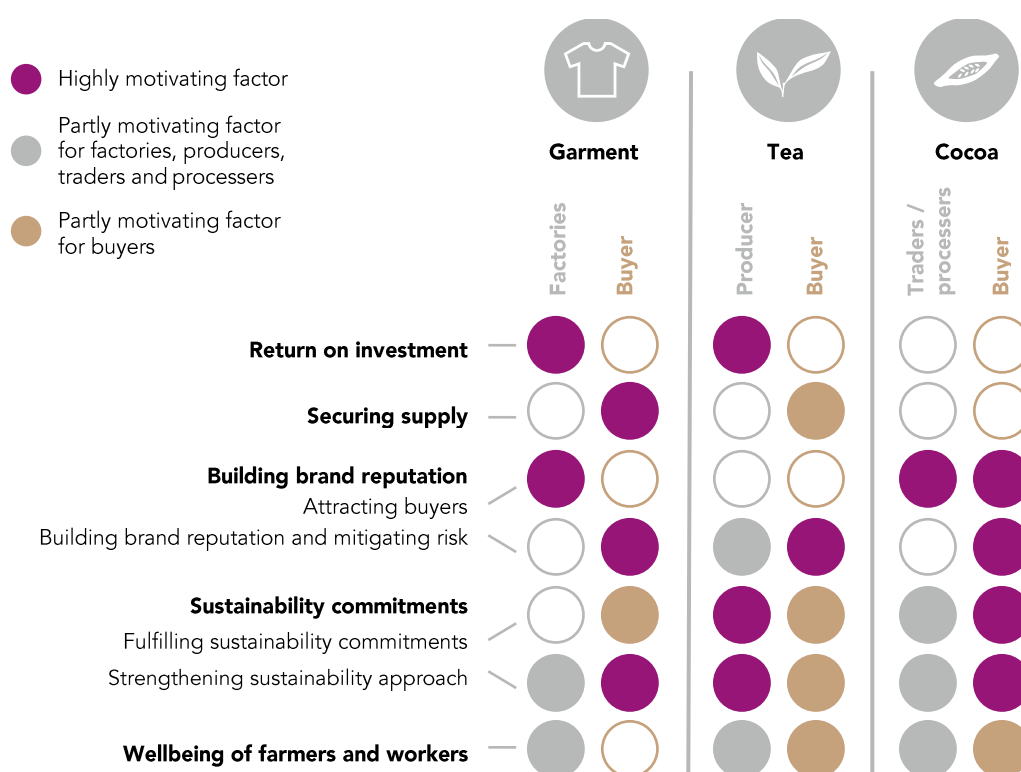


Figure 4: Motivations for companies to invest in nutrition programmes in their value chains, based on in-depth interviews

The study also revealed several areas in which businesses benefit from external support in order to start, continue, or scale up nutrition interventions:

- **Funding or co-funding.** In most cases, initial funding or co-funding will be needed, as sustainability departments often have a limited budget and competing priorities.
- **Expertise.** As nutrition is a relatively new topic to most companies they often need a partner with expertise to help develop programmes and to integrate the programme into their existing social and sustainability programmes in a meaningful way.
- **Evidence.** Companies often need evidence of results or a return on investment in order to make the case for continuing investment.
- **Awareness.** Many companies, NGOs and governments reported that increasing the awareness of key stakeholders in the sector could help stimulate private sector efforts to improve nutrition.

CONCLUSIONS

For all the companies involved in the case studies - Touton, Ferrero, Lenny Fashion, APPL, and Unilever - the business case for investing in nutrition programmes in value chains is clear, with specific motivations varying significantly according to sector context, company structures, and their implications. Nutrition programmes can be integrated into existing sustainability and business activities, making them attractive to companies unsure about starting completely new programmes. For companies interested in implementing nutrition programmes in their value chains, experiences from such frontrunning business bring valuable learnings which could be leveraged to ensure greater impact of future programmes.

FIND OUT MORE OR GET INVOLVED

See the other briefs in the series and find out more about GAIN's workforce nutrition programme at: www.gainhealth.org

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