



Meds & Food for Kids: Concerns of a Small Producer

Starved for Attention:
The Neglected Crisis of Childhood Malnutrition

Doctors Without Borders/
Columbia University

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Meds & Food for Kids (MFK)

Preventing & Treating Malnutrition in Haiti



- MFK prevents and treats malnutrition in Haiti by developing, producing, and distributing nutritious foods that it makes in Haiti, with Haitian labor, and, when possible, with Haitian raw materials.

Organizational Background



- Operations began in 2003
- Nutriset provided recipe and donation of premix, Project Peanut Butter's Dr. Mark Manary provided guidance, and Rotary provided a seed grant
- Offered treatment to > 3,000 children
- RUTF now officially incorporated into national strategy for treatment of MAM/SAM
- Aflatoxin awareness and abatement

- Washington University's Olin School of Business: Social Entrepreneurship and Innovation Competition, 2006
- World Bank: Development Marketplace, 2007
- Inter-American Development Bank: Innovation Competition, September 2008

Concerns of a Small-Scale Producer



- *Support for National Production*
- *Certification Process*
- *Unpredictable Demand*

Why would anyone try to make RUTF in Haiti?



- Difficult Business Environment
 - Poorest country in Western Hemisphere
 - Transparency International's dubious award
 - #1 in Kidnappings
 - ~50% Illiteracy
 - >80% unemployment
 - No/Negligible public provision of electricity
 - No public provision of water
 - No public provision of sewer
 - Roads impassable much of the time
 - Government regulations
 - Ports and customs
 - Declining agricultural production
 - Undeveloped agricultural sector



Across the globe, empty bellies bring rising anger

New York Times
April 18, 2008

Haiti food aid lags, hunger deepens

Associated Press
July 20, 2008



Concerns of a Small-Scale Producer:

Certification Process



- *Is certification even possible in Haiti?*
 - *Facility?*
 - *Machinery?*
 - *Emulsifier?*
 - *Packaging?*
 - *Franchise?*

Concerns of a Small-Scale Producer:

Demand



Total Addressable Market

- ~1.3 million children < 5 yrs.
- ~9% MAM/SAM
- ~120,000 could benefit from RUTF
- Minimum of 1,200,000 kg of RUTF needed

Concerns of a Small-Scale Producer:

Demand



- 2005 ~ 1,000 kg
- 2006 ~ 3,000 kg
- 2007 ~ 10,000 kg
- 2008 ~ 60,000 kg est. (MFK, PIH, Unicef)
- 2009 ~ ?!
- 2010 ~ ?!?!
- 2011 ~ ?!?!?!
- 2012 ~ ?!?!?!?!

Concerns of a Small-Scale Producer:

Demand



- Expressed interest = HUGE
- Secured contracts = \$0
- Tomorrow's production = ?
- Capacity Utilization ~ 15% (1:7)

- CONSEQUENCES OF DEMAND VARIABILITY?

Concerns of a Small-Scale Producer:

Demand



- Capital Expenditures?
 - Should we make them? Based on what?
- Raw Material Inventories?
 - What are appropriate levels?
 - Too high? It spoils.
 - Too low? We stock out.
 - Lead time ~ 4 months!!!
- Employees
- Peanut Farmers >> what to tell them?

Concerns of a Small-Scale Producer:

Demand

- How to reduce price in RUTF?
 - SCALE!!!
 - 5 MT to 15 MT reduces cost by almost 50%



