

A New Framework for Public-Private Partnership for Nutrition

Improving food and beverage industry alignment with societal needs

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Key messages

- > Food systems are central to the challenges of malnutrition in its three modalities, as well as to the approaches to address them; the private sector – from multinationals to smallholder farmers – is the engine that drives food systems.
- > The food and beverage (F&B) industry plays a unique role in shaping consumer access and choice, and improving its alignment with societal needs will contribute to addressing the triple burden of malnutrition.
- > There are four critical areas in which F&B companies can contribute the most to nutrition outcomes: product portfolio, product labeling, marketing communications and practices and availability and affordability for low-income consumers.
- > Key to improving this alignment is a systemic, locally driven approach that addresses these critical areas, encompasses all three modalities of malnutrition and includes both ‘do good’ and ‘do no harm’ actions.
- > A new framework for Public-Private Partnership for Nutrition (PPP4N) offers a holistic approach to more effectively engaging the F&B industry in the journey to a world free from malnutrition.



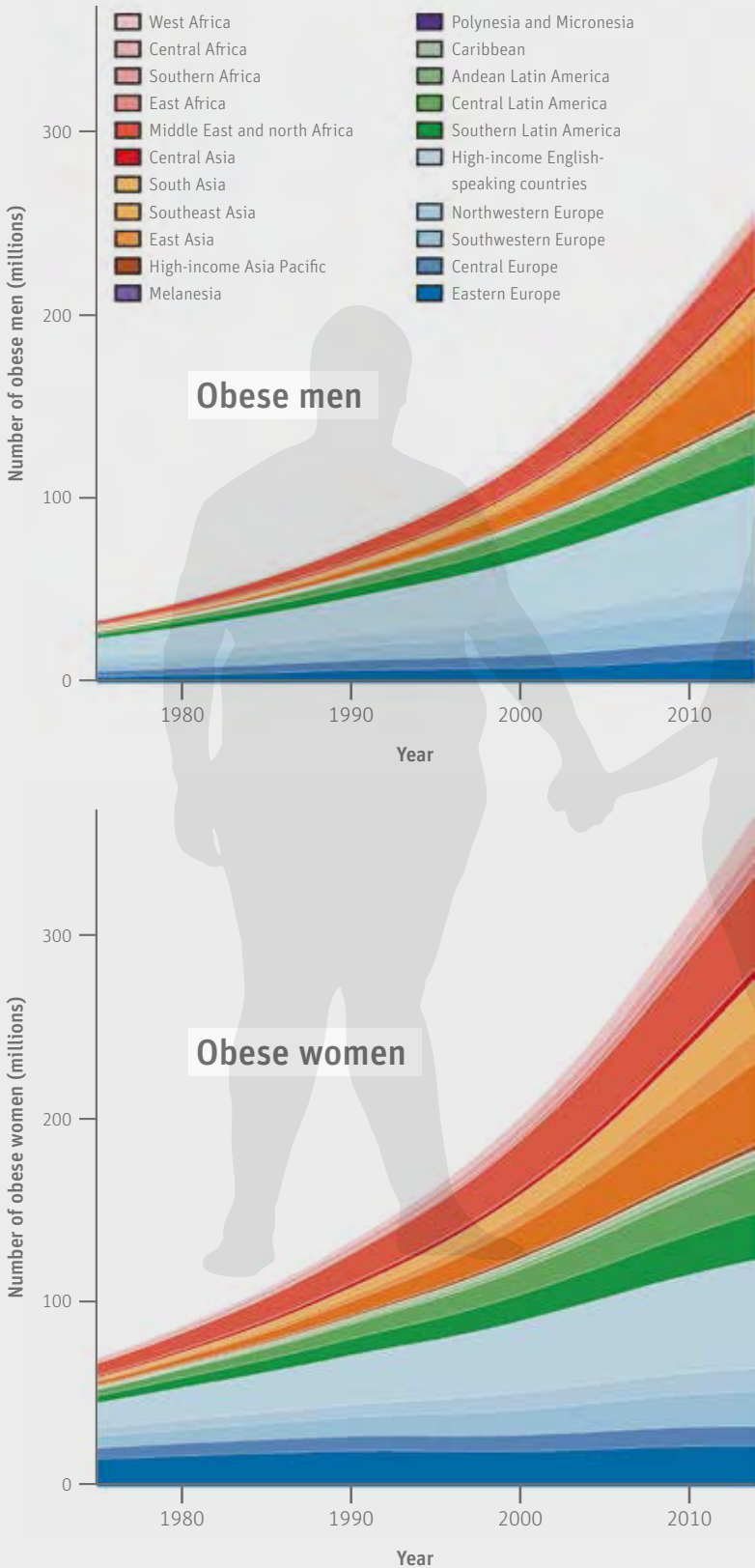
The food and beverage industry plays a unique role in shaping consumer access and choice

The challenge

Despite the progress made over the past few decades, malnutrition remains a leading global challenge and a major obstacle to achieving the Sustainable Development Goals. Eighty-eight percent of all countries face a serious burden of at least two of the three forms of malnutrition – undernutrition, micronutrient deficiencies and overweight/obesity.¹ Worldwide, stunting still affects 155 million children, and 52 million children are wasted. Two billion people are micronutrient-deficient, while another 2 billion adults and 41 million children are overweight or obese.¹ The global community is off-course to meet the agreed-upon global nutrition targets.

Central to the challenges of malnutrition in its three modalities, as well as to the approaches to address them, are food systems. Food systems – the set of processes of production, processing, marketing, distribution, purchasing and consumption of food, together with the consumer practices, resources and institutions in these processes – are major determinants of food quality and choices and consequently nutritional status and health. The

FIGURE 1: Obesity and overweight are now a global epidemic affecting 2 billion people



Worldwide obesity has nearly tripled since 1975

39% of adults worldwide are overweight or obese

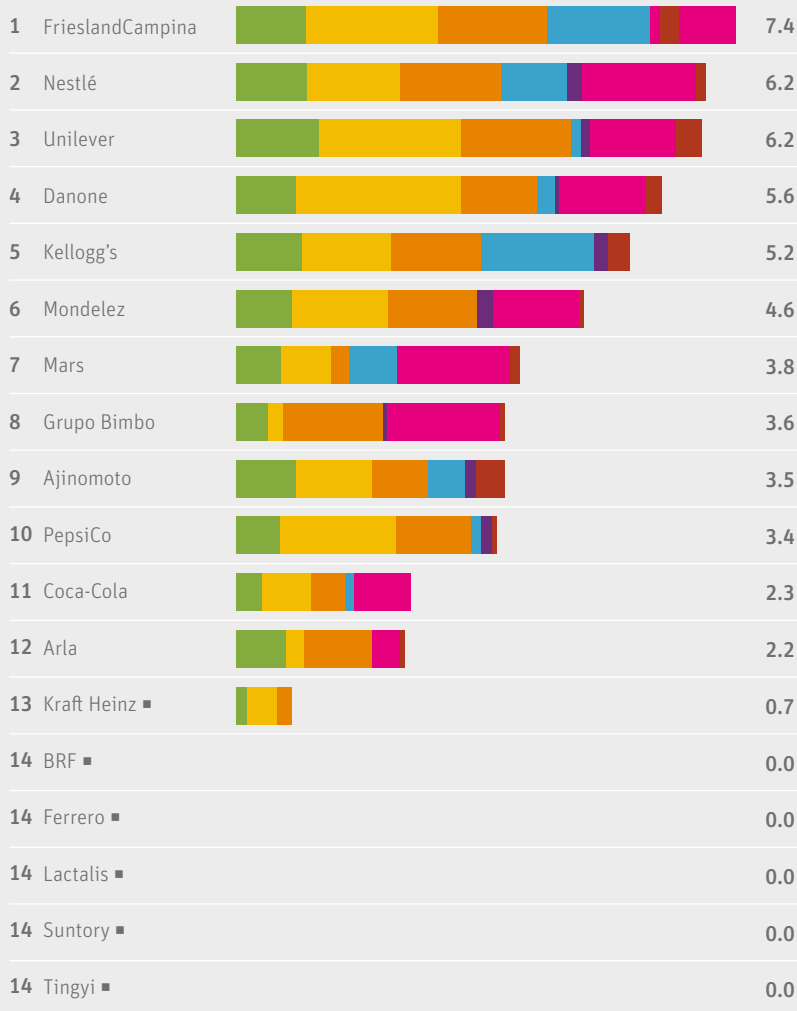
68% of global deaths are caused by noncommunicable diseases

2/3 of NCD-associated deaths occur in LMICs

US\$ 2 trillion annual global cost of obesity and overweight to societies

Source: NCD Risk Factor Collaboration (NCD-RisC); WHO; World Bank; McKinsey Global Institute.

FIGURE 2: Performance of the 18 largest F&B companies on the issue of addressing undernutrition



ATNI 2018 undernutrition sub-ranking

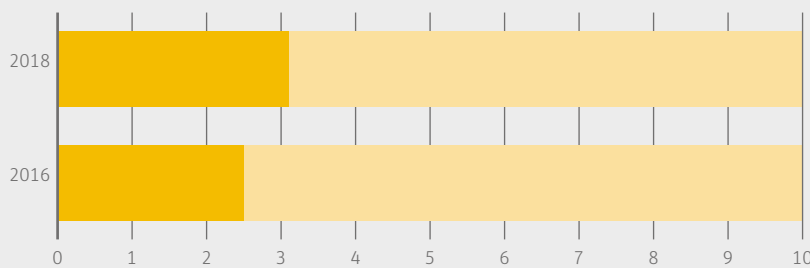
■ Did not provide information to ATNI

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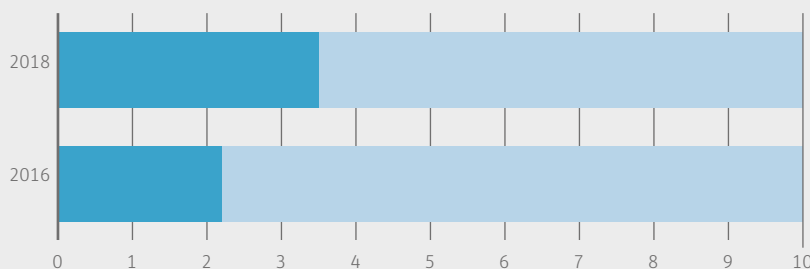
of over 23,000 products marketed by F&B global leaders can be classified as 'healthy'

5 out of 18

F&B global leaders have shown commitment to BoP-targeted strategies



ATNI average scores for 'products to fight undernutrition' in 2016 and 2018



ATNI average scores for 'accessibility and affordability of products to address undernutrition' in 2016 and 2018

Source: ATNI 2018.

FIGURE 3: Limited alignment of the F&B industry with societal needs is one of the factors contributing to the triple burden of malnutrition



private sector – from multinationals to smallholder farmers – is the engine that drives food systems, with the food and beverage (F&B) industry playing a unique and powerful role. The F&B sector has a disproportional impact on nutrition and health outcomes, as the ‘nutrition transition’ in low and middle-income countries (LMICs) has shown, with increased consumption of sugar, fats, refined grains and highly processed foods.² In LMICs, F&B industry products represent a growing share of local diets, driven by urbanization, rising incomes, maturing supply chains and increasing demand for processed foods due to their convenience and extended shelf life. Though taking place at a faster pace in cities, this transition is increasingly reaching rural areas.

The associated global obesity epidemic,³ which has engulfed high-income countries (HICs) and LMICs alike, is costing the world an estimated US\$2 trillion annually.⁴ Noncommunicable diseases (NCDs) now account for 68% of all deaths worldwide,⁵ with three of the four most prevalent ones – cardiovascular diseases, cancers and diabetes – being associated with diets.⁶ As highlighted in the recent World Health Organization (WHO) *Saving Lives, Spending Less* report, NCDs have become an issue of equity, disproportionately affecting LMICs. Two-thirds of NCD-associated deaths occur in LMICs, which also happen to be where two-thirds of overweight or obese people live. More than 340 million children and adolescents aged 5–19 were overweight or obese in 2016. Should present trends continue, child and adolescent obesity will surpass moderate and severe underweight by 2022.⁷ Some estimates put the toll imposed by obesity and associated diseases on national healthcare systems in developed countries at up to 20% of total healthcare spend.⁴ The global community may well have reached a tipping point

with the accumulating evidence on the global and serious nature of overweight and obesity and their major contribution to the increasing burden of NCDs and premature death. Urgent, comprehensive and systematic action is called for now to reverse this tide, as highlighted in **Figure 1**.

“Noncommunicable diseases have become an issue of equity”

Together with consumer choices and lifestyles, the F&B sector’s influence on these trends and burden is undeniable. Moreover, the industry’s contribution to reducing undernutrition and micronutrient deficiencies has been insufficient, with numerous missed opportunities to help address these burdens across countries and markets. The ATNI Global Index 2018 points out that less than a third of more than 23,000 products marketed by the top F&B companies in the world can be classified as healthy.⁸ Only five out of 18 surveyed F&B giants have shown commitment to marketing strategies aimed at reaching undernourished populations. **Figure 2** shows the performance of these 18 companies on the issue of addressing undernutrition. **Figure 3** shows the causal chain linking the industry’s limited alignment with societal needs with malnutrition and its burden on health systems.

Levers and moves for improvement

Five key levers can be employed by society to improve the F&B sector’s contribution to nutrition and health: **(1)** incentives; **(2)** a favorable enabling environment; **(3)** consumer education and



Food environments are often crowded with nutrient-poor products

demand; (4) safety net procurement; and (5) direct pressure and accountability from consumers, grassroots organizations, high-value employees and investors. Incentives through various policies can be strong inducers of positive action by private-sector actors. Tax policy, for example, can both incentivize increased availability of affordable nutritious foods and discourage production and consumption of poor-quality foods. A favorable enabling environment, primarily instituted by the public sector, can reward F&B players that contribute to public health and discourage or penalize those that do not. Consumer education and demand can pull the whole food value chain towards sustainable diets and compel companies to offer a nutritious, sustainable and ethical product portfolio. The recent clean-label movement in HICs⁹ illustrates the power of consumers to catalyze major industry shifts. As institutional buyers such as national governments and multilateral agencies step in to ensure that the poorest of the poor are covered, they contribute to the viability and sustainability of nutrition-minded companies. Last but not least, the voice of society through various actors and channels can both inhibit the most egregious corporate missteps in the short term and promote long-term steering and investment in a nutrition-positive direction. An auspiciously growing trend are right-minded nudges on firms from large individual and institutional investors, including asset managers and pension funds, as highlighted by a letter from the CEO of BlackRock, the world's largest asset manager, to his fellow executives in the companies in BlackRock's portfolio.

A number of industry initiatives and public-private partnerships have made valuable contributions to improving nutrition outcomes through product reformulation, improved labeling standards, restrictions on marketing and distribution to vulnerable groups and disincentives to consumption of poor nutritional value products of such as sugar-sweetened beverages. In LMICs,

these efforts have concentrated on food safety or fortification of staple foods (flour, rice, oil) and condiments with micronutrients. Some of them, including the OBAASIMA program in Ghana, have applied a demand-driven approach, with the use of a 'quality seal' logo to distinguish products meeting nutrient profile (sugar, salt, saturated fat) and fortification standards.

Today, LMICs grapple with the full spectrum of malnutrition challenges, with a persistent burden of undernutrition and micronutrient deficiencies combined with a rising tide of overweight and obesity. The aforementioned tipping point of awareness may well represent a leapfrogging opportunity for LMICs as their food systems develop and their maturing F&B industries have the chance to better align their strategy and investments with societal needs, thus avoiding the enormous burden this misalignment has imposed elsewhere. Key to this alignment is a systemic approach that applies the five key levers, encompasses all three modalities of malnutrition, includes actions that both promote the consumption of nutrient-dense foods and reduce that of poor-quality products, and addresses the critical areas in which F&B companies can make the greatest difference to nutrition outcomes: product portfolio, product labeling, marketing communications and practices and availability and affordability for low-income consumers.

The opportunity

Improving alignment of the F&B industry with societal goals is an overdue imperative with substantial benefits:

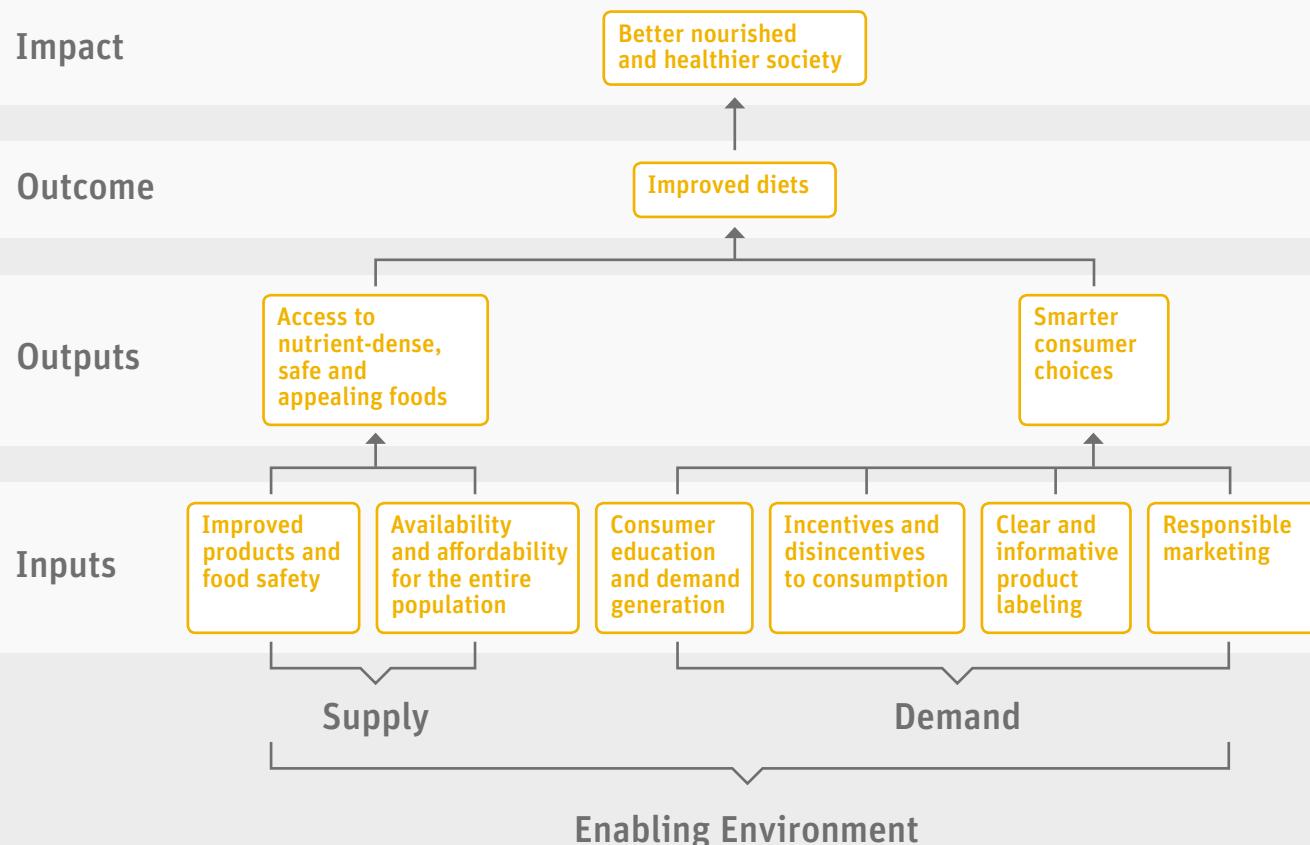
- > Greater availability of nutritionally improved F&B products in LMIC markets
- > Greater accessibility of nutritious products to undernourished populations and the population in general
- > Better informed consumers making healthier choices
- > Greater transparency and accountability in the local food system
- > A stronger local F&B industry that is more attractive to investors, impact-oriented or otherwise
- > A better nourished and healthier society.

Figure 4 shows the simplified theory of change linking improved F&B industry alignment with societal needs to a healthier society.

This provides the motivation for a new framework for **Public-Private Partnership for Nutrition (PPP4N)**. PPP4N's design is based on the following principles:

FIGURE 4: Limited alignment of the F&B industry with societal needs is one of the factors contributing to the triple burden of malnutrition

The Theory of Change



- > Build on the successes and lessons from relevant efforts so far, including initiatives to address malnutrition in all its forms and to increase transparency and accountability in the food system

- > Take an 'inside-out' rather than 'outside-in' approach, flexibly engaging local players in a co-design process in which priorities and strategy are defined by local societal needs, public policies and contextual realities

- > Engage all relevant agencies (health, industry, trade, agriculture, development, regulators) and capitalize on all public-sector levers (credit, taxes, procurement, subsidies, education)

- > Follow an 'engage first, regulate later' approach to the F&B industry and a 'carrots and sticks, plus feed'

logic – a de-risking combination of incentives and accountability with capacity building through infusions of intellectual capital (technical and management advisory support and training) and financial capital (loans, equity investment, hybrid financing) to locally operating F&B companies

- > Involve the development and academic sectors, including consumer unions, and empower individual consumers through education and access to nutritious foods
- > Include a transparent, publicly accountable governance system, with independent verification, monitoring and evaluation.

The scope of PPP4N is defined by the three dimensions on which it engages F&B companies:

TABLE 1: Illustrative components of a full-blown PPP4N implementation

Area	Nutrition-positive front	Nutrition-negative front
Product Portfolio	Fortification	Reduction in NCD-inducing ingredients
	New product development	Prevention of foodborne disease
	Product reformulation	
Product Labeling	Nutrition facts labeling	Removal of unsound claims
	Quality seals	
	Front-of-pack labeling	
Marketing Practices	Increased marketing of local nutritious products	Restrictions on marketing to children
	Responsible marketing across all media and channels	
	Behavior change campaigns	
Distribution	Product and pricing strategy to reach vulnerable populations	Sugar/sugary beverage taxation
	Subsidies/tax incentives for nutritious foods	Restrictions on unhealthy food distribution in schools and other public sector channels
	Voucher programs	

TABLE 2: The PPP4N framework value proposition for the various stakeholders

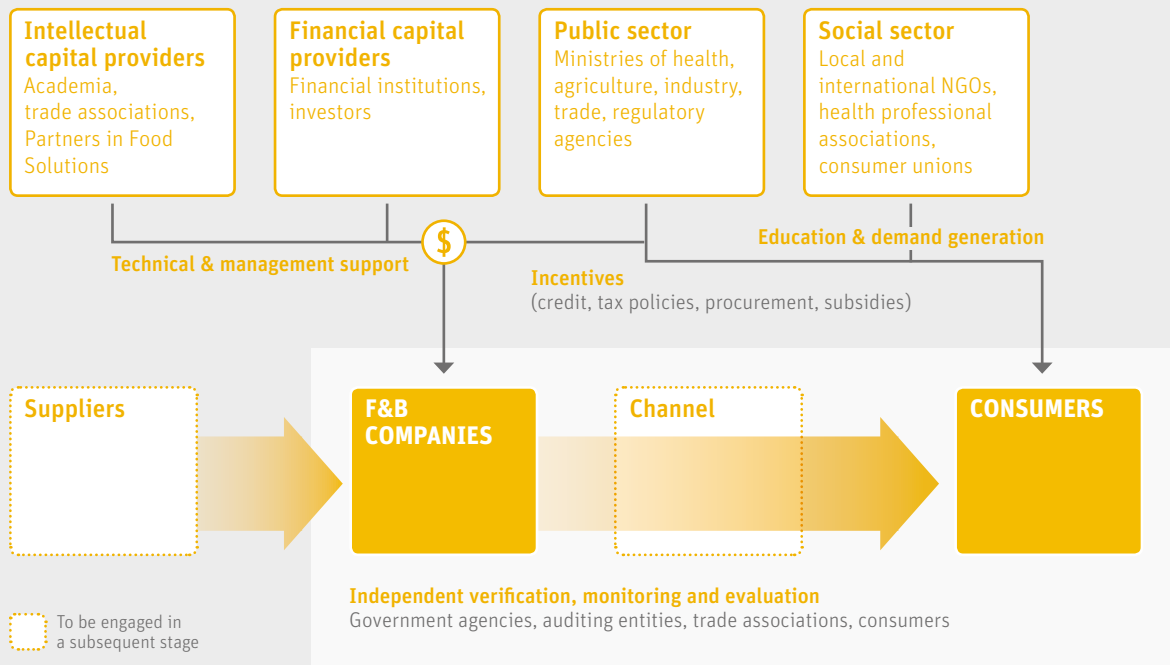
Stakeholder	Value proposition
Public sector	<ul style="list-style-type: none"> > Progress towards SDGs 2, 3, 12 (sustainable consumption and production) > Substantial savings on publicly funded healthcare > A better nourished, healthier and more productive society
F&B companies	<ul style="list-style-type: none"> > Increased demand for value-added, nutritious products > Access to intellectual and financial capital for innovation and growth > Greater consumer trust and brand recognition > Improved contribution to social good through a shared value approach
Consumers	<ul style="list-style-type: none"> > Awareness of and access to healthier food and beverage options > Enhanced education on nutrition for health > Improved overall nutrition, health status and life expectancy
Financial and intellectual capital providers	<ul style="list-style-type: none"> > Socially responsible investment opportunity in a growing industry > Alignment with mission and strategic goals (impact investors, venture philanthropists, intellectual capital providers)
Development partners	<ul style="list-style-type: none"> > Alignment with mission and strategic goals > Potential funding/project opportunities > Greater engagement with the private sector, including intellectual and financial capital providers

- > **Three malnutrition burdens:** undernutrition, micronutrient deficiencies and overweight/obesity
- > **Four core areas:** product portfolio, product labeling, marketing practices and distribution
- > **Two action fronts:** *nutrition-positive* ('do good': increase consumption of or educate about nutritious foods and diets) and *nutrition-negative* ('do no harm': discourage/reduce consumption of or educate about unhealthy food products, ingredients and diets and address misinformation on nutrition).

Thus, a full-blown PPP4N implementation will address malnutrition in its three modalities, all four core areas, and actions on both the nutrition-positive and nutrition-negative fronts, as illustrated in **Table 1**. The value proposition for the various PPP4N stakeholders is shown in **Table 2**.

The approach

PPP4N is best suited for LMICs combining reasonably good governance, a maturing F&B industry and a significant burden of malnutrition. Countries with poor governance lack the capabilities to effectively implement the framework, while an

FIGURE 5: PPP4N framework implementation

already mature industry is much more locked into portfolios and strategies driven by their capital investments over many years. Implementing PPP4N requires collaboratively engaging stakeholders from all sectors and civil society, as illustrated in **Figure 5**.

Making the PPP4N framework operational involves the following steps:

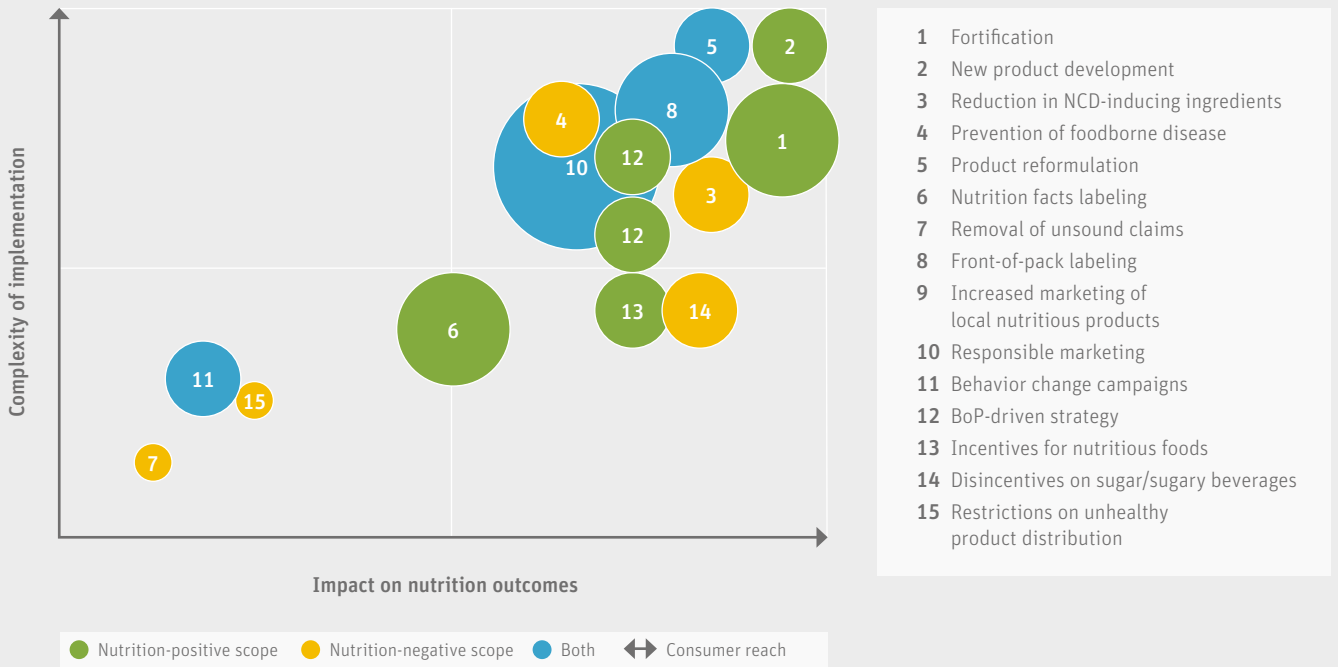
1. Engage the public sector at the highest relevant level possible (e.g., the country's 'Nutrition Czar'). Ensure relevant agencies, including the local regulator, are on board and ready to bring to bear incentives, consumer education and demand generation for nutritious products. Lay out the range of initiative options and co-develop the strategy based on local priorities, policies and programs (see **Figure 6**).
2. In the initial phase, for reasons of scale, reach and capability depth, engage multinationals and large national companies operating in the local F&B market. Bring to the table ideally between three and seven players with a relevant product portfolio to establish the scope and objectives of the PPP4N implementation. Mid-sized and small local companies are to be involved gradually at a later stage, once the PPP4N foundation has been laid.

3. Negotiate initiatives and priorities with the F&B companies into a multiyear roadmap that starts with a 12- to 18-month pilot with specific goals and targets (see **Figure 7**).

4. Establish clear governance, management and accountability systems for the implementation. The latter may benefit from the methods and tools developed by the Access to Nutrition Index (ATNI)⁸ platform.
5. Consider developing a brand architecture that can signal alignment with public health and nutrition priorities at both the company and product category levels.
6. Implement the pilot and refine planning for each stage based on the learnings of the preceding stage.

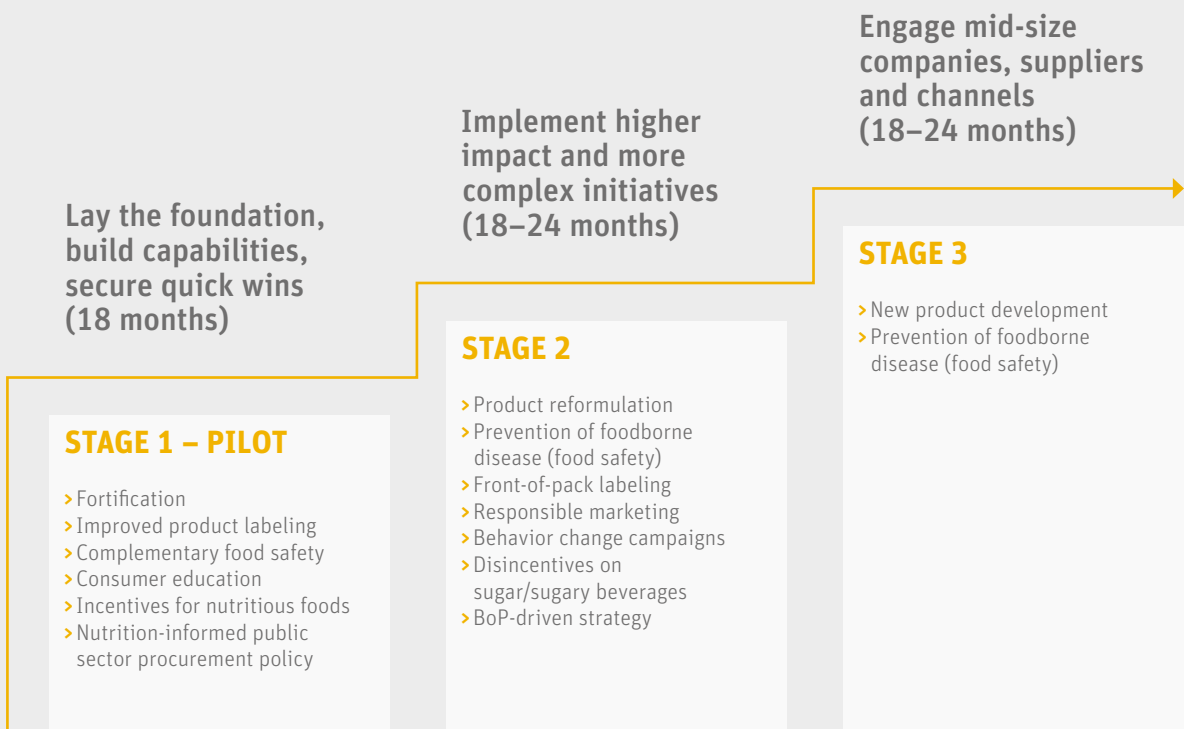
Although the supply chain feeding into F&B companies and distribution channels in the local food environment are important players, they should be engaged in a subsequent phase, once the PPP4N foundation has been established, given the complexity of successfully implementing the initial scope. An example of potential engagement of the supply chain would be sourcing of healthier or safer ingredients for product reformulations; distribution channels can play a role through

FIGURE 6: Illustrative contextual analysis of initiatives for prioritization



- 1 Fortification
- 2 New product development
- 3 Reduction in NCD-inducing ingredients
- 4 Prevention of foodborne disease
- 5 Product reformulation
- 6 Nutrition facts labeling
- 7 Removal of unsound claims
- 8 Front-of-pack labeling
- 9 Increased marketing of local nutritious products
- 10 Responsible marketing
- 11 Behavior change campaigns
- 12 BoP-driven strategy
- 13 Incentives for nutritious foods
- 14 Disincentives on sugar/sugary beverages
- 15 Restrictions on unhealthy product distribution

FIGURE 7: Illustrative PPP4N multiyear implementation roadmap



choice architecture and other point-of-purchase actions, private labels and pricing and eventually food service industry participation.

“The PPP4N framework is essentially a hypothesis to be tested and refined”

Let's fasten our seat belts towards a healthier world

The PPP4N framework is essentially a hypothesis to be tested and refined, and one among a number of potential approaches to engaging the food and beverage industry for societal benefit. It draws on past and recent experiences to inspire progress towards that goal. As of September 2018, an initiative to implement the PPP4N framework in Rwanda is being considered by the government of that country, under the auspices of the National Early Childhood Development Program, the cross-agency endeavor that coordinates all nutrition actions in Rwanda. The intent is to convene a task force consisting of representatives of several agencies and the Rwanda Consumer Association to prioritize initiatives and scope out a pilot implementation as part of a multiyear roadmap. The next step will be to bring some of the largest F&B companies marketing their products in the Rwandan market to the table to agree on pilot scope and targets.

Improving alignment of the F&B sector with societal needs – the goal of the PPP4N framework – is a long, winding and overdue journey, which will ultimately benefit all individuals in all countries, as consumers, suppliers, employees, or shareholders, as well as the planet. Let's embark on this likely bumpy ride and step on the gas: a healthier, happier and more productive world awaits us and future generations.

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