Technical Support on Premix Procurement Systems and Salt Producer Association Business Plans in the East Asia and Pacific Region

Request for Expressions of Interest:
Seeking individuals or institutions interested in providing technical support to salt producers, salt producer associations and government bodies with oversight for national salt iodization programmes on premix procurement systems and salt producer association business model.

Introduction
Ensuring sustainable access to quality potassium iodate (KIO₃) is an essential aspect of a successful salt iodization programme. A KIO₃ procurement system is characterized by a number of features, including: (i) forecasting or estimating requirements of salt producers, (ii) bidding and ordering from supplier(s), including quality assurance (iii) payment to supplier, and (iv) stock management and distribution. In several counties in the East Asia and Pacific (EAP) region (e.g. the Philippines and Indonesia), salt producers have elected to undertake all of the above steps themselves while in other countries (e.g. Lao PDR), salt producers have come together to procure and distribute KIO₃ as a group, with or without the assistance of an external agency. In this scenario, the legal status, stability and management of the ‘group’ is a key determinant of the success of the procurement system. In some cases, financial assistance is provided whereby an external source, such as UNICEF or the Government, has provided ‘seed capital’ for initial supplies, or subsidized the cost of KIO₃ for some period of time. There are a minority of situations where the Government or another external donor fully pays for KIO₃. A more sustainable system however involves full cost-recovery from salt producers i.e. salt producers pay for the KIO₃ either at the time of ordering or on delivery. Thus, KIO₃ procurement systems generally involve streamlined and consolidated procurement, stock management and distribution and a payment scheme, with or without external funding support.

There have been several experiences with the design and implementation of KIO₃ procurement systems and cost recovery models. The Global Alliance for Improved Nutrition (GAIN), has attempted to establish and support sustainable mechanisms for procurement and distribution of fortification premix, such as potassium iodate, in several countries. As part of this work, GAIN established the GAIN Premix Facility (GPF) which provides a “one-stop” purchasing service including a centralized procurement service which obtains competitive bids for consolidated orders of premix from different groups, a quality assurance process and extended credit terms. In addition, GAIN has developed a “revolving fund model” which includes (i) premix supplier(s), (ii) a revolving fund agent, (iii) a distributor, and (iv) fortified food producers. Five countries have been supported to implement the revolving fund model, with local adaptations and varying success. A summary of case studies of these experiences can be found here, starting on page 62. https://issuu.com/sight_and_life/docs/salf_magazine_01_16.

Seeking expressions of interest:
In order to support national salt iodization programmes in the East Asia and Pacific (EAP) region, the Iodine Global Network (IGN), on behalf of the UNICEF East Asia and Pacific Regional Office (EAPRO),
proposes to hire a consultant or consulting firm to provide strategic and technical support to four countries in the region (Cambodia, Lao PDR, Mongolia and Myanmar), wishing to strengthen their existing KIO₃ procurements systems or support the salt producers association involved in these supply chains to develop a more sustainable business model. See Annex 1: Country Programme Requirements (Annex 1) for more details.

We are seeking experienced consultants or consulting firms to visit the four countries mentioned below to undertake the following broad activities (more detailed requirements per country are noted in Annex 1: Country Programme Requirements (Annex 1) below:

1. In close consultation with national stakeholders, UNICEF and IGN, develop a workplan which details the activities to be carried out, the timeline and expected deliverables. This should be based on email and telephone communication with national stakeholders, UNICEF and IGN to understand the current situation with regards to the salt iodization programme, in particular the existing premix procurement systems and salt industry business model, to identify particular areas needing support.
2. Undertake preparation activities by reviewing materials shared from each country and collecting all available information from industry sources and the internet. Develop a list of material to be gathered in-country, persons to meet and issues you wish to discuss. Estimate required duration of country visit.
3. Undertake a 5-10-day visit to each country as needed, to collect necessary information and hold necessary discussions to develop recommendations for the particular areas needing support. The overall objective is to develop recommendations for establishing or strengthening the KIO₃/premix procurement system and/or the salt association business model, in order to improve the effectiveness and sustainability of the national salt iodization programme and contribute to production of iodized salt that meets national standards.
4. Present recommendations to all relevant national stakeholders including government at the end of the visit.
5. Upon completion of the consultancy, submit a final report detailing the national situation, the consultant’s recommendations, including background and justification for those recommendations, and recommendations for next steps.

<table>
<thead>
<tr>
<th>Timeline</th>
<th>Activity</th>
<th>Deliverable</th>
</tr>
</thead>
<tbody>
<tr>
<td>July 2018:</td>
<td>Recruitment of consultant</td>
<td></td>
</tr>
<tr>
<td>August 2018:</td>
<td>Preliminary dialogue between country stakeholders and consultant</td>
<td>Workplan, timeline and expected deliverables</td>
</tr>
<tr>
<td>August 2018</td>
<td>Desk review of four countries to be visited</td>
<td>List of information to collect and people to meet during country visits</td>
</tr>
<tr>
<td>September to December 2018:</td>
<td>Visits by consultant(s) to countries</td>
<td>Final reports per country detailing national context, recommendations and justifications and next steps</td>
</tr>
</tbody>
</table>

Criteria for Potential Consultants

- Qualification in supply chain or business management, accounting, or related field
- Expertise in salt production, refining and iodization or alternative food processing including fortification

---

1 For Myanmar Country Programme Requirements, activities 1 and 2a should be undertaken as preparatory activities and the country visit should be timed to coincide with the receipt of bids (activity 2b)
• Experience in working with government at national level and with industry bodies such as producers’ associations, particularly in developing countries
• Experience in supply chain management, particularly in less developed countries
• Demonstrated ability to convene stakeholders, and facilitate discussion, potentially between stakeholders with opposing mandates and perspectives
• Demonstrated ability to analyze situations and identify key issues
• Good writing and communication skills

Expressions of interest should include:
• A detailed background of the consultant or consultancy firm
• CV of the consultant or, if a consultancy firm, all personnel who will participate in this assignment
• Examples of previous work
• Estimated budget for completion of assignment, including fees, travel, per diem
• Confirmation of availability for the assignment within the timeframe indicated above

Please send Expressions of Interest to Karen Codling, IGN Regional Coordinator for Southeast Asia and the Pacific, kendling@ign.org

All expressions of interest should be received by 10 July 2018
Annex 1: Country Programme Requirements

The below notes briefly summarize the situation in countries requesting technical support for KIO₃ procurement systems and salt producer association business models and indicate general requirements for technical support for each country.

Cambodia

All domestic salt farmers in Cambodia are members of the Salt Producers Cooperative of Kampot and Kep (SPCKK). The SPCKK guarantees to buy all raw salt from its members, thus making it the sole domestic supplier of raw salt in Cambodia and leading to a large stockpile of salt in years with a good harvest. The SPCKK iodizes all salt they sell but do not process or refine the salt in any way. Salt boilers purchase raw salt from SPCKK and boil it to produce ‘refined’ salt. Boiled salt competes with imports of refined salt, mainly from Thailand. UNICEF has purchased a supply of KIO₃ as seed stock for a revolving fund managed by the Ministry of Planning. In parallel, SPCKK has purchased 8MT of KIO₃, enough for 18 months, and is currently using this to iodize all raw salt and to supply to boilers, in amounts proportional to the raw salt they purchase. The Ministry of Industry and Handicrafts has a plan to encourage the salt industry to upgrade and produce higher quality salt and to ensure it is all adequately iodized using a new logo and certification system.

Proposal for consultant:

1. Review the nature of the salt industry in Cambodia (demand for salt, trends in imports, price differences in qualities of salt, government requirements and incentives for upgrading)
2. Review the viability of the current business model of the SPCKK, specifically their supply vs sales and profits and losses over the years
3. Based on the above, advise the SPCKK on an improved business model that includes in-built incentives to members to produce higher quality salt, facilitates stock and cash flow management, responds to competition from imports and boiled salt and responds to new government requirements for quality and iodization.

Lao PDR

Laos has a potassium iodate revolving fund (PIRF) that was established in 2004. The fund is managed by the Lao Salt Producers Group (LSPG) with some input from the Ministry of Industry and Handicrafts. It includes centralized procurement of KIO₃ for all salt producers in the country and operates on a full cost-recovery model with payment on delivery. In general, the PIRF appears to be functioning well as evidenced by relatively high household coverage of iodized salt. However, a major stock out of iodate occurred in 2013 due to a breakdown in the forecasting and procurement system. A consultant in March 2016 recommended streamlining of the PIRF and giving consideration to procuring from the GAIN Premix Fund for more competitive prices. A new accounting management system was also recommended. It is not known to what extent the recommendations have been implemented.

Proposal for consultant:

1. Evaluate current operations of the PIRF and document its structures and procedures, including management, forecasting, procurement (including sources), distribution and cost recovery
2. Based on the above and a review of its accounts since inception, assess the strengths and weaknesses of the PIRF
3. Make recommendations to address any weaknesses identified
Mongolia
Mongolia recently passed legislation for mandatory food fortification which will come into effect in January 2020. A government resolution is currently under development which will indicate which foods will be covered under this legislation. It is expected that salt, wheat flour and milk will be required to be fortified. If so, the new legislation will replace a 2003 law for mandatory salt iodization but will be the first legislation for mandatory wheat flour and milk fortification. Mongolia currently does not have a PIRF for the salt iodization programme. Although the majority of salt is imported, already iodized, into Mongolia, it is assumed that domestic salt producers are purchasing KIO\(_3\) directly. However, the salt producers association currently has a supply of about 650kg of KIO\(_3\), purchased through a previous grant. A system for managing this supply is potentially needed, including cost recovery in order to create a revolving fund for a sustainable supply chain. Procurement systems for fortificant for wheat flour and milk fortification are potentially also needed, including a costing and sustainability plan. Industry have apparently requested free supplies of fortificant and government policy makers are skeptical that procurement of fortificant can be handled by industry.

Proposal for consultant:
1. Meet with industry associations or representatives of foods likely to be included in the mandatory fortification requirement and assess existing plans or existing systems for premix procurement
2. Assess with national stakeholders, whether there is a need to establish centralized procurement systems for fortificants for the salt, wheat flour and milk fortification programmes
3. If yes, facilitate discussions on the viability of a single system for all fortificants vs. individual stems for each.
4. Support discussions on the appropriate operating mechanisms for the system(s) e.g. management and mechanism of centralized forecasting and ordering, revolving fund or alternative payment mechanism, whether external management support is needed outside the producers’ associations etc.
5. Together with national stakeholder’s support, develop a mandate and TOR for the creation, and operation of the system(s) identified above to ensure the effective management of the fortificant supply chain from requirement forecasting to delivery to the user.

Myanmar
Myanmar’s salt iodization programme has faltered in recent years due to reduced political commitment. UNICEF fully funded the procurement of KIO\(_3\) for the programme from 1992 to 2009. Although a PIRF was formed in 1999, with membership of the Ministry of Mines, salt producers and UNICEF, UNICEF funding for KIO\(_3\) continued until 2009. Since then the fund was supposed to revolve but a review in April 2017 found that to March 2016, the value of the fund had been eroded by about 75%. The salt iodization programme is currently being revived and re-designed and the organization and management of the PIRF will need to be amended to address existing weaknesses and respond to the new programme strategic plan.

Proposal for consultant:
1. Review the report of the PIRF assessment undertaken in April 2017 to understand how the current PIRF is operating and its strengths and weaknesses and review the recently updated Strategic Plan of the IDD Programme. Develop recommendations for requirements of the PIRF.
2. Support the national IDD committee overseeing the salt iodization programme to re-establish the PIRF by:
   a. Drafting a TOR to request bids for a PIRF agent and/or distributor (operation of the PIRF could be as a single entity or procurement and distribution could be split)
   b. Support the IDD committee to review bids and select a suitable PIRF agent and/or distributor
c. Work with IDD committee and successful bidders to review the recommendations developed above and develop appropriate operating procedures for the PIRF including mandate, forecasting and procurement system and pricing policy

d. If necessary, provide orientation to PIRF agent and/or distributor on operations