Supporting small scale salt producers is essential for achieving USI

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Background
The strategies of the 1990s have brought us to an unprecedented level of salt iodization, availability and household access in many countries. Although significant success has been achieved, more effort is required to reach the goal of universal salt iodization (USI). This is especially important since the population with little (or no) market access to iodized salt may be in greatest need for protection against IDD. In many countries, the ability to produce and market iodized salt profitably by small and some medium-scale salt producers continues to pose the main challenge to achieving USI. Thus, the strategies used to achieve the current near 70% level of household access to iodized salt worldwide may not necessarily reach the remaining 30% of the population.

We would like to stimulate discussion on this issue and to offer ideas on how development assistance might ensure improved and sustainable procurement services for the small producer, and alleviate the producer’s barriers to entering into a wider market. It is necessary to identify the obstacles and define initiatives to address them. These can be done with an entrepreneurial stance and take national issues into full account. Addressing this issue is complementary to current plans to increase iodized salt production and sale by large and medium producers, since all are required to achieve the USI goal and to sustain it.

The Challenge
Key difficulties identified in the ‘sector’ of small producers are:

- They are not (usually) part of large producer associations with the benefits that implies. They have limited markets for their product. Their physical assets are limited to the most rudimentary tools and processes. They usually have primitive packaging arrangements. Even when combined with neighbors, their influence on the market and the access to better equipment, adequate packaging materials and other raw materials is limited.

- Combined with these physical and economic constraints, they are subject to external influences of the weather and the need for regular harvests, facilities for cleaning and grinding to make a better, clean product, and transport and quality assurance needs.

- The vicious circle of poverty combined with the primitive methods of the livelihood combine to prevent them from expanding and growing and to have fair and competitive access to a wider market.

- In many countries, iodized salt for domestic animals has not markedly expanded. Even where adequate legislation is in place, it often does not extend to iodization of salt for processing food. In many regions, it is not uncommon for a household to have two types of salt (iodized and not; and there is no separation of salt for human and animal use). Emphasis on salt for animals is not only important to the animal and the farmer, but to the producer since it opens a larger market and more opportunities.

- Even where the small producer attempts to improve the product, the limitations on advertising and promotion, on access to low cost freight systems, and improved packaging and procurement of needs at fair prices, remains a major obstacle.

Lessons learned over 20 years... and applying them to work with small producers
Supply of iodized salt is vital, of course, but it must be matched with a demand pull; thus investment in education and information is vital. The small producer needs help, and sometimes even protection, to compete with the larger entities and stay viable in the economy. Associations of small producers are often able to improve market access and sustain sales of the product. They may even be able to assist in combining processes of cleaning and packing.
Sustained and secure markets are needed. Equally important is a sustainable and secure procurement chain for raw materials and expendables, including potassium iodate in convenient sized packages and prices, plastic bags and storage facilities, equipment and supplies, preventive maintenance efforts, training and orientation and management assistance. Combinations and/or cooperatives of small holders can reduce some costs, but, most importantly, they can offer the product to a wider audience and compete with the larger producers’ penetration of the market place.

Provision of supplies, equipment, capital goods and expendables from development sources has a key role to play, but they must be time bound and have firm plans for self sustaining momentum. A major lesson learned is the need for stable, secure and fair procurement procedures, with particular emphasis on those for the small and smallest of producers. The larger producers have access to markets for their raw materials and resources to sell their products over distance. A procurement and support system for the poor and small holder would assist in ‘leveling the playing field’.

All interventions through foreign collaboration need to have assurance of national ownership and national ability to sustain the effort over time. There is no accurate way to judge the time period that might be involved and each situation needs to be analyzed on its own merits and demands. Interventions by assistance from foreign agencies need to consider customs, culture and practice. Small producers have different interests: they want to stay in business, feed a family, improve their lives and their time is equivalent to money. We need to take those factors into account when discussing development plans. The urge to assist everything should be resisted, but the thought of doing nothing is not honorable.

**A focus on assuring a procurement and supply system for small producers**

In most countries of concern, the small producer needs help to stay in business, stay productive, make a profit and have access to good tools and supplies.

Over time, some small producers will be amalgamated into larger production units, and some will merge into cooperatives or organizations of mutual interest. Many will remain independent. Their major requirement is access to a secure procurement and supply system within their financial capacity that can be sustained over time by a blend of sources of support.

A procurement system for this group of producers should consider the need for:

- access to expanded markets
- equipment and maintenance support
- expendable supplies like bags and potassium iodate
- quality assurance improvements
- protection from unfair trade practices
- access to the existing procurement process nationally.

In each situation, it is necessary to plan for maintenance and replacement, secure channels at fair prices for expendables and ensure collaboration from authorities, both public and private. For instance, in some countries where procurement of potassium iodate is handled centrally and repackaging is a factor, the size of the package might be looked at to accommodate the small holder. The same comment would apply to sources of plastic and burlap bags.

Some development agencies respond to this obvious need by arranging for procurement and gift of the potassium iodate in an effort to quickly accelerate iodized salt production. Some have provided operating equipment without charge. While these gestures may enable a quick increase in production, the introduction of the product free of charge or with subsidized budgets may not take the market into account, and may distort the market or upset current collaborative efforts of other producers. Also, this approach needs to be complemented with a longer term strategy, as well as a package of support to institutionalize and sustain procurement for USI within countries.

How can we direct assistance to and support small producers without disrupting market processes, while at the same time attempting to increase production of iodized salt and access to it, and, most importantly, to build self reliance and national commitment? What can be done to increase profit in order to sustain production at this level? To focus alone on ‘increasing production’ will bring only short term benefits with the potential of longer term disillusionment.
Recommendations

1. The issues looked at in this paper arise in all countries, regardless of level of achievement, but we ought to focus on the countries with the most severe problems in achieving U5I.

2. A major first step is to recognize the problems and the challenges and to include in the process from the beginning the salt producers, processors and government officials. No national discussion can be successful unless it includes all of these key players. Importers and suppliers of iodization equipment and potassium iodate should also be part of the process.

3. There is need to create or reinforce a national procurement process that includes purchase of equipment, as well as supplies and quality assurance support. Development agencies can assist in management, design and some start-up costs. This requires an economic analysis and an entrepreneurial approach.

4. Many governments, and a large number of those on the list of priority countries, have subsidy payment schemes designed to assist low income groups. Working with the government to provide a subsidy for the smallest producers/processors that ensures fair competition, but gives economic breathing room to the poorest groups, should be explored. Government purchases for schools, health services, and other local basic services should support the lowest income groups. Micro-credit organizations could be encouraged to enter this field of development.

5. Reach agreement with major producers to combine their separate procurement processes into a national pool which would: (a) negotiate attractive prices; (b) assist the middle and small producer to obtain smaller quantities in a pattern matching his economic capacity; and (c) assure fair prices to all. This could include equipment and bulk supplies, as well as sources of technical assistance and potassium iodate. Development agencies could assist in assuring equity and good management and offer support in communications and education. Again, this requires an entrepreneurial approach and a sound business plan based on good practices.

6. Create a revolving fund in which all have a stake and which would allow for one of the UN Agencies to arrange international procurement at reduced rates, with the domestic purchases of iodized salt constantly replenishing the fund. The fund could negotiate with producers of potassium iodate for a good price, and could also help with equipment. There are examples of this approach in Myanmar, Nicaragua, Bolivia, and Egypt, among others.

7. Form cooperatives to assist the small producers but also to allow for other services beneficial to the families and communities. In Senegal, for example, it might be a way to sustain interest of the small producer to iodize salt, if the resulting income not only paid for the cost of production, but also schools and social services.

8. In some exceptional cases it might even be considered worthwhile to buy all the bad raw material (salt) and with an aggressive market strategy, create a demand for iodized clean salt at similar prices, while solutions to disposition of the costly bad raw material are sought.

9. Seek to develop alternate sources of employment of small producers, to allow for either their absorption into larger companies or to accommodate them, if put out of business, by the expansion plans of other traders.

10. Seek ways to have salt from small scale producers enter the market for food processing, especially local market products.

11. Help the small pan holders and small scale producers with education and promotional marketing tools for village use and local market creation. This includes involvement with local services providers in health, education, welfare, women’s literacy efforts, fish processing, etc.