I. INTRODUCTION

1. Nutrition is at the heart of the Agenda 2030 for Sustainable Development, not only in terms of SDG targets (with over 56 indicators highly relevant for nutrition), but also in terms of the importance of good nutrition as a key input to achieve each and every SDG. With the 2016 proclamation of the UN Decade of Action on Nutrition by the UN General Assembly, a unique opportunity has been given to governments and the development community to work together for the coming ten years towards the eradication of hunger and the prevention of all forms of malnutrition worldwide. Against this background, the Rome-based agencies (RBAs) have initiated in 2015 a Working Group on Sustainable and Inclusive Value Chains for Nutrition to promote knowledge management and partnerships at headquarters, country and international levels. This includes, inter alia, provisions for a common conceptual framework and diagnostic tools to navigate through the complexity of food systems and identify opportunities to move from principles to action.

2. The CFS’s mandate encompasses the entire food system and provides an inclusive international and intergovernmental platform for stakeholders to work together to ensure food security and nutrition for all. As such, the CFS provides a great opportunity for dialogue on the virtues of nutrition-sensitive approaches to inclusive value chains for food and nutrition outcomes at scale. This background document is based on the substantive preparatory work and consultations in anticipation of the CFS special event organized by the RBAs. The event will bring together country representatives, the RBAs and other multilateral and bilateral cooperation agencies, civil society, foundations, academia, research institutions, and the private sector, to exchange views on areas of convergence, potential tensions and trade-offs, as well as the need and scope for supportive policies, institutions, infrastructures and programmes.
II. CONTEXTUAL CHALLENGES

3. Nutrition challenges faced worldwide by Member States are complex. Most countries are burdened by multiple forms of malnutrition, as undernutrition, micronutrient deficiencies, overweight or obesity, which may co-exist within the same country, household or individual. Globally, more than two billion people are affected by one or more micronutrient deficiencies and more than 200 million children are stunted or wasted. At the same time, 1.9 billion people are now overweight or obese. Beyond the ethical dimensions of this complex problem, the human, social and economic costs to society at large are estimated at USD 3.5 trillion each year, in terms of lost productivity, health, and well-being, decreased cognitive abilities and reduced fulfilment of human potential.

4. A healthy diet is key to preventing malnutrition in all its forms as well as a range of non-communicable diseases and adverse health conditions. With the increasing focus on nutrition as part of SDGs, dietary patterns are increasingly appraised not only on their health- and nutrition-promoting characteristics but also in terms of sustainability and ability to mitigate climate change. Different dietary patterns drive different production systems and have different emission and resource footprints. Increasing evidence suggests that dietary patterns that have low environmental impacts can also be consistent with good health. However, rapid urbanisation and changing lifestyles have led to a shift in dietary patterns, partly due to changes in the food systems, influenced by a long tradition of agricultural policies and investments biased towards staple crop production mainly based on rice, wheat and maize; high levels of food loss and food waste especially along value chains for nutritious but perishable commodities such as fruits and vegetables, dairy, and fish; and increased presence of processed foods and drinks. Every aspect of the food system influences the availability, accessibility and affordability of diverse, nutritious foods and thus the ability of consumers to choose healthy diets. This is why a systemic approach is needed to ensure that food consumed is adequate, nutritious, diverse, wholesome, acceptable, safe, and affordable.

5. It is now widely accepted that a more effective way to address these challenges beyond targeted nutrition interventions and beyond actions in one sector, such as health or agriculture, is a multi-sectoral approach. This involves complementary interventions in agriculture, public health, education, trade, industry and other sectors of relevance to a sustainable food system, i.e. one that ensures food security and nutrition for all in such a way that the economic, social and environmental bases to generate food security and nutrition of future generations are not compromised. It takes active commitment of all relevant stakeholders, including governments and intergovernmental organizations and their technical and financial partners at national and international levels, civil society, private sector, and academia, to contribute to the global nutrition agenda and the United Nations (UN) Sustainable Development Goals (SDGs).

III. MAKING INCLUSIVE VALUE CHAINS WORK FOR NUTRITION

6. Achieving positive nutritional outcomes requires consideration not only of the way food is produced, but also how it is processed, distributed, marketed and consumed. In this context, an inclusive value chain (VC) approach is emerging as a useful framework to unpack the complexity of food systems and identify entry points for policy, investment, and capacity development. Such a framework can help identify the roles and motivations of different VC actors, the needed enabling policy and regulatory environment, and the impact of such cross-cutting issues as gender and climate change. Although VC interventions have historically focused on increasing economic returns, they also play an important role in shaping food systems as they influence both food supply and demand (see Box 1). Creating nutrition-sensitive value chains (NSVCs) is a way of maximizing the contribution of sustainable agriculture to improved nutrition.
Box 1. Benefits of Inclusive Value Chains

Benefits of inclusive value chains for farmers and rural enterprises include the potential to: (1) greatly increase agricultural output and incomes; (2) climb the “value ladder” by producing fruits, vegetables, dairy, and animal-source foods of higher standards—where they can have an advantage—to satisfy diversifying diets; (3) generate needed jobs in rural communities through the multiplier effects of increased value chain development, from production to distribution.

Benefits for consumers include: (1) a greater supply of more diverse, nutritious foods; (2) year-round access to previously seasonal foods; (3) increased food safety, especially in the long term due to strong business incentives to minimize food safety problems; (4) reduced food costs due to competition and longer supply chains that allow sourcing from productive zones farther afield and those with the greatest comparative advantages.

Source: T. Reardon in Growing Food for Growing Cities (Chicago Council, 2016)

7. From a NSVC perspective, value is not only defined as economic value, but also as value relevant for nutrition. By applying a nutrition lens to the different elements of a VC, opportunities to improve nutrition can be identified at each stage. In Figure 1 below, the analytical framework for NSVC development starts by identifying the nutrition problem, and its relation to the excessive or insufficient consumption of key foods that compromise diet quality. Specific commodities can then be identified as having promising potential to address the nutrition problem, particularly if one considers the development of VCs for multiple commodities that together can create a healthier food system. Once potential commodities have been identified, additional analyses can map the specific constraints in supply or demand of these nutritious commodities. Based on whether the constraints are on the supply or demand side of the VC, three development strategies and policies in three main areas could be adopted. Figure 1 identifies entry points and relates these actions to the elements of the VCxii.

a) **Strategies and policies to enhance the supply of nutritious food**: A standard VC development strategy can be applied, such as product and process upgrading (product quality, efficiency of production, productivity, etc.), functional upgrading (opportunities for value addition, such as processing and packaging), improved coordination among VC actors in the same VC segment (horizontal VC linkages) or on different VC segments (vertical VC linkages).

b) **Strategies and policies to enhance the demand for nutritious food**: Here the strategy works to create market demand, with interventions taking place in the downstream stages of the chain and focusing on actions such as promotion (e.g. social marketing, behavior change campaigns), purchasing power (e.g. linking with nutrition-sensitive social protection programmes), preparation and consumption (e.g. cooking classes).

c) **Strategies and policies to add nutrition value and minimize food loss and waste**: Strategies here are specifically concerned with preserving or enhancing food safety and nutritional value along the value chain, through actions such as biofortification, nutrient-preserving storage and transport, food fortification during processing, and nutrition signaling and labelling. In addition, strategies and policies to reduce food loss and waste across the value chain are also important. Food loss and waste occurs upstream in the chain at stages of production, aggregation and processing (most typically in developing countries), as well as downstream at the level of the consumer (end use). The negative impact of lost or wasted food in terms of food and income security, as well as the corresponding environmental food print, are increasingly documented.

Figure 2 provides an overview of the intervention types as they relate to whether constraints on getting more nutritious foods into the system, and developing the respective VC, are more on the
supply or demand side, or both. xiii

Figure 1: Strategies and policies for nutrition-sensitive value chain development

8. Strategies are often interconnected and interdependent. For example, demand may be constrained by low nutrition awareness (which would require actions to stimulate demand), by low purchasing power that compromises affordability of nutritious products (which could require intervening in the demand and/or supply side of the VC), or both. Therefore, a systemic perspective is needed, as well as a combination of strategies and actions that can take into account the dynamics of both market systems and food systems as a whole.
From strategies to impact: How do NSVCs contribute to nutrition?

9. These strategies and policies can consistently work to incorporate nutrition-promoting actions within the VC. But through what impact pathways do these interventions actually improve nutrition? And which are particularly relevant for the nutrition of those value chain actors who are both producers and consumers, yet are among the most vulnerable, such as small farmers?

   a) **Income pathway**: VC development can raise incomes and improve economic returns through, improved efficiency, value addition, greater sales and profits or employment generation. These increases in income for VC actors can then be used to improve their diets through increased purchases of nutritious foods.

   b) **Own-Production pathway**: For producer households, increasing production of more nutritious foods can also give them the possibility of consuming more nutritious foods out of their own production.

   c) **Market pathway**: By leveraging the potential of markets for nutrition, NSVC can catalyze improvements in the overall food environment. Acting on demand and supply can contribute to increased availability, affordability, safety, nutritional quality and acceptability of foods in the marketplace. This pathway broadens the impact to the wider set of consumers that can benefit from a more nutritious food system.

10. There are two critical mediators of impact across the three pathways. First, women’s empowerment and gender equality. Given the implications of women’s time allocation, decision making and control over resources for household nutrition, as well as their own health and nutritional status being crucial for child nutrition, women’s empowerment and gender equality are essential for catalyzing the effects of these pathways. Second, nutrition awareness. Without nutrition awareness and appropriate knowledge and practices, increases in income and production will have limited effects on changing food choices and diets, and so limited impact on improving nutrition. Behaviour change communication and nutrition education and information are essential to turn changes in production and income into changes in consumption.

11. Although VC development holds great potential to contribute to nutrition, for VCs to become nutrition-sensitive, some fundamental conceptual changes are needed. Foremost, nutrition considerations need to be placed at the heart of VC development. This can be done even while recognizing the need to promote commodities that also make good business sense, have or can have good demand, and can be produced sustainably in a gender-sensitive way. Taking these issues into account highlights a number of considerations for sustainable NSVC development: (i) Commodity selection: focus on foods that not only have market potential but that can also fill the nutrition needs of the target population; (ii) Target group definition: include not only the producers, but also the consumers of the foods produced; (iii) Market outlet selection: leverage the potential of markets for nutrition and target the markets where the nutritionally vulnerable consumers purchase their food, such as local/traditional markets; (iv) Demand-side interventions: broaden the concept of demand to encompass not only market pull, but also shape actions to address other barriers that may limit the consumption of nutritious foods (e.g. nutrition awareness, acceptability issues).

IV. TENSIONS, TRADE-OFFS, CONVERGENCE AND OPPORTUNITIES

12. There are many encouraging examples of mainstreaming nutrition concerns into strategies for human capital development (health and education) and more generally into relevant country led processes towards inclusive growth and poverty reduction. At the same time, especially in light of the SDGs, strategies to improve nutritional outcomes may not have a neutral impact on other social, economic or environmental outcomes. These impacts may be positive (win-win strategies) or they may be negative (counter-productive). Perceived from a broader sustainable food value chain perspective, strategies to improve nutritional outcomes will be sustainable only if at the same time they lead to food systems that are commercially/fiscally viable, inclusive and green. Furthermore, traditional approaches to VC and market systems development, on the one hand, and nutrition improvement and
social protection, on the other hand, have distinct characteristics that when integrated into a sustainable NSVC approach need to be well-aligned. Past and ongoing efforts have not only brought to light various areas of convergence, tension and trade-off, but also revealed the need and scope for supportive policies, institutions, and programmes that are coherent. The latter in turn requires far more collaboration between various ministries and between public and private sector actors, than has been the case in the past. Issues of convergence and tension can be identified in at least four areas:

a) **The selection of target beneficiaries**: Should programs focus on the nutritionally vulnerable groups, where nutritional impact can be maximized, or on economically vulnerable groups, where poverty impact can be maximized? These groups may overlap but are not identical. While productivity improvements can improve nutritional status, including of the most nutritionally vulnerable groups, through improved incomes or cheaper food, this is not a certainty. On the other hand, focusing on improved nutrition for the most nutritionally vulnerable groups, such as pregnant and lactating women and children under the age of two, may require trade-offs in terms in resource allocation. Hence the need for purposeful partnerships for the sake of efficiency, complementary, coherence and coordination of interventions.

b) **The intervention approach**: Nutrition approaches traditionally work mainly through the public sector, using community-based service delivery or socially-based incentives to directly change food consumption behaviour. Value chain development approaches traditionally work mainly through the private sector, with a facilitating role by the public sector, in changing food consumption behaviour in a more indirect way. In order to avoid tensions that may result when combining distinct approaches in sustainable NSVC development, a careful alignment of priorities and resources, as well as good coordination of interventions, is essential.

c) **The commercialization of food**: Nutritionally vulnerable households are often rural farming households who consume some of their own food, and use food markets to both sell and purchase food. Nutritional programs may promote such households to grow nutritional crops for which market opportunities are scant, whereas value chain approaches may promote the reverse, or promote the sale of nutritious crops for income subsequently used to purchase less nutritious foods for household consumption. On the other hand, income is needed to pay for medical and school costs, both of which also influence the nutritional status. While a focus on crop diversification and crops that are both nutritious and marketable can represent a win-win strategy, trade-offs may be necessary in some cases. Likewise, special attention should be paid to ensuring that female actors along the agricultural value chains are not crowded out as result of increased involvement of men and increased commercialization of otherwise nutrition-sensitive activities traditionally under the control of women.

d) **M&E systems**: Measuring nutritional outcomes at the household level (e.g., dietary diversity, levels of stunting,) and measuring value chain development outcomes at the system level (e.g., sales, incomes) are distinct and not always clearly linked to each other, but both are necessary in order to monitor and evaluate NSVC development outcomes. The main challenge is to have a clear theory of change on how value chain level outcomes link to nutrition level outcomes. This, together with the adoption of a scaling up mindset, will require M&E systems based on effective process and result indicators tailored to defined scaling-up trajectories.

13. The overall message that emerges is that NSVCs have the potential to enhance food security and nutritional outcomes by generating benefits for farmers and other agribusiness entrepreneurs as well as consumers, in both rural and urban areas, provided that tensions are addressed and opportunities for convergence are explored at various levels (for more details, see summary of key messages and some case examples such as Home Grown School Meals programmes provided in the attachment to this note).
V. GETTING TO SCALE

14. Scaled-up food security and nutrition outcomes are key not only to achieving targets set under SDG2, but also to the sustainability of many other goals under Agenda 2030. The already-accumulated experience from nutrition actions and inclusive value chains development over the past few decades offer useful lessons from which to learn. In many places, innovative pilots have been developed, some of which have provided valuable proof of concepts, while others have turned out to be unsustainable. Elsewhere, successful interventions are having a snowball effect, helping to bring actions to scale, even as it remains a challenge to ensure sustainability in the context of a changing environment. When moving from pilots to scale, the challenges of replication of best practices, which tend to be site specific, are compounded by the fact that larger scale operation usually requires complementary interventions beyond the mandate or resources of the initiator or facilitator of the successful pilot, hence the need for purposeful partnerships.

15. Despite the encouraging progress made, a more systemic and proactive approach to scaling up is therefore needed. This will involve replication, adaption and/or expansion of successful models of interventions to reach more people in the broader context of inclusive and sustainable agri-food systems. Getting to scale requires a common understanding of what works, what does not and why; a mobilization of champions to create space in terms of policies, institutions, fiscal or other financial resources, culture; a concerted exploration of scaling up trajectories in the context of country-led processes; and, on the basis of these trajectories, the design of knowledge-based M&E systems for planning, management, learning and accountability.

16. Successful scale up requires purposeful multi-stakeholder and multi-sectoral partnerships. This involves a systematic identification of actors, processes and products, a good understanding of incentive systems, tensions and trade-offs, as well as of the challenges and opportunities along the value chain. Good practices should be identified, as well as lessons learned, from targeting, commodity development, and activities that improve access to assets, markets, and services; allocate resources; sequence interventions; take advantage of opportunities for public-private partnerships and policy dialogue; and monitoring and coordination.

VI. THE WAY FORWARD

17. The RBA Working Group on Sustainable and Inclusive Value Chains for Nutrition has undertaken to contribute to interagency engagement at headquarters, national and international levels, in partnership with relevant CFS stakeholder groups and other partners. More specifically, this includes: (a) at headquarter level, to promote knowledge management and partnerships for sharing and cross-learning activities, including the identification of good practices and lessons of relevance to VC approaches as related to food security and nutrition, organization of (or participation in) joint events, and generation of knowledge products. The RBAs will work with like-minded partners to jointly develop, with a scaling-up mind set, the theory of change and NSVC framework and to promote this framework at country level; (b) at country level, to provide advisory services and technical support to country and regional teams in the design and implementation of country programmes and other initiatives to which the lessons and good practices on nutrition-sensitive value chain approaches can add value; and (c) at international level, to inform an evidence-based dialogue in the international policy arena relative to SDG targets on food security and nutrition, in light of field experience and evaluation evidence on inclusive and nutrition-sensitive value chain approaches.

18. Action areas for follow up may include support to investment and policy processes, institutional capacity development, generation of knowledge products, guidance tools, and joint learning and advocacy, all in the context of relevant country-led processes and international policy fora. Continued research is needed to provide more evidence for a common understanding of how to better develop value chains for nutrition and identify context-specific pathways linking value-chain activities to nutrition; including the conditions required for value chains to bring about an increased
consumption of nutritious foods, the constraints preventing consumption requirements from being met; and the intervention designs most likely to be effective at alleviating these constraints.

19. The development of nutrition-sensitive approaches to inclusive value chains will benefit from principles and guidelines resulting from CFS-led processes. At the same time, the proposed conceptual framework and collaborative approach—at headquarters, country and international levels—will also provide a useful testing and learning ground not only for the application of CFS-led principles and guidelines but also for the partnership which is required across institutional boundaries for achieving SDG2 and other goals under Agenda 2030.
ATTACHMENT:

summary of key messages and some case examples provided to illustrate some of the issues discussed in the main text with references to IFAD, WFP and FAO programmes

Key messages

1) The nutrition sensitive value chain approach provides a practical way to address the complexity of food systems and identify entry points (in terms of policy and investments) to ensure food systems contribute to improved food security and nutrition in a sustainable way.

2) Bringing a nutrition lens to value chains provides rich opportunities to scale up nutrition. This entails bridging and going beyond the traditional VC approach (commodity and market focused) and traditional approach to nutrition programming (public sector driven).

3) The main implications of making value chains nutrition-sensitive are:
   • Shifting from a focus on supply opportunities and market demands to one which takes into consideration consumers’ nutrition needs, and which may involve creating demand (for example, through social marketing or nutrition education campaigns).
   • Shifting from a commodity focus that addresses one value chain at a time to an approach which addresses various value chains including food loss and waste with the aim of improving diets in a holistic way.
   • Going beyond targeting economically active groups in a more inclusive way to also address the needs of nutritionally vulnerable and economically marginalized populations.
   • Broadening the concept of “value” from a purely economic focus to one which encompasses gender, nutrition, health and environmental dimensions.

4) Making value chains nutrition-sensitive requires a multi-stakeholder, integrated approach as a basis for concerted action amongst various stakeholders in terms of policy, research, strengthening partnerships and coordination, and information sharing. To make this system approach effective and sustainable, there must be specific incentives for every stakeholder.
Case examples provided to illustrate some of the issues discussed in the main text with references to IFAD, WFP and FAO programmes

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<th>Import Substitution in Mauritania</th>
<th>Homegrown School Meals</th>
<th>Women Traders in Rwanda</th>
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<td>IFAD implemented a project in Mauritania to strengthen smallholder value chains in order to stabilize the local supply of nutritious foods (vegetables) while at the same time strengthen local livelihoods and reduce import dependency. Vegetables consumed in the country face strong seasonality in supply, with 4 months of local over-production and 8 months of imported vegetables (unaffordable to poor smallholders). Through interventions on both the demand and the supply side, local production could make a stronger contribution to nutrition. Project activities included staggered and counter-seasonal production, biofortification, improved storage, processing and market infrastructure and operations, increased vertical coordination and consumer promotion. The project benefitted 50,000 households.</td>
<td>WFP implements various projects in developing countries to enhance the supply and consumption of nutritious foods through Home Grown School Meals (HGSM) and greater local market integration. In 2015, WFP provided meals to 17.4 million children in 62 countries, 37 of which had HGSM programs. HGSM provides locally produced and purchased food to school-aged children with the objective of maximizing benefits for children, farmers and communities. In Zambia, the RBA partnership is strengthening the cowpea and bean value chain benefiting smallholder farmers for WFP’s HGSM with a strong gender component. Farmers are adopting the FAO’s CASU conservation agriculture and WFP and IFAD are developing localized aggregation centers to increase the efficiency of the pulses value chain.</td>
<td>FAO implemented a project in Rwanda to empower women to engage in local value chains and regional trade for improved food security and nutrition. Poverty and enabling women remain two key connected issues to be addressed in Rwanda’s agriculture. Cross border trade in food products is 80% informal and 74% of these informal traders are women. The project contributes to nutrition by facilitating trade flows and improving the income of women, who play a central role in intra-household nutrition. The project mainly focuses on capacity building related to business skills and access to finance.</td>
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NOTES

i This discussion note was prepared by the Inter-agency Working Group on Sustainable Value Chains for Nutrition (SVCN), composed of staff and consultants from FAO, IFAD, WFP, Bioversity and IFPRI. The facts presented in this paper reflect findings from research and other relevant institutional publications. However, the views expressed and recommendations made in this paper are those of the authors and, while they may be in line with work-in-progress by these agencies and like-minded partners, they do not formally represent the institutional positions of the concerned agencies.


xii Source: De la Peña, I., Garrett, J. and Gelli, A. (Forthcoming).

xiii Source: Adapted from Gelli et al. (2015)


xvii There is growing interest in experiences and methodologies for getting to scale. For more reading on the subject see publications including, but not limited to Brookings/IFAD (2013 and 2014), IFPRI (2012), World Bank (2014). R4D (2014)