

Web Annex 1:

Institutionalization of Cost and Affordability of Healthy Diet Indicators in FAO

1. [*The State of Food Security and Nutrition in the World \(SOFI\) 2020*](#) brought global attention to the fact that, in both rich and poor countries, low disposable income relative to the high cost of food is one of the most serious impediments to accessing healthy diets that are essential for a healthy, active life and for preventing all forms of malnutrition. The analysis in SOFI 2020 showed that, if we look beyond meeting dietary energy requirements and also consider nutritious foods from several food groups and greater dietary diversity within groups, **3 billion people cannot afford the cheapest healthy diet.**
2. FAO and its SOFI partners (International Fund for Agricultural Development (IFAD), United Nations Children's Fund (UNICEF), World Food Programme (WFP) and World Health Organization (WHO) established a partnership with Tufts University in order to generate evidence for SOFI 2020. They estimated the cost of three diets for all countries (energy sufficient diet, nutrient adequate diet, and healthy diet), using the least expensive combination of retail items whose food composition achieves the specific criteria for each diet. Affordability of each of these diets was measured by comparing their estimated cost with people's income.
3. The affordability of healthy diets is a crucial measure of people's economic access to diverse, safe, and nutritious foods that contribute to healthy diets in alignment with global dietary recommendations. The likelihood that people will face food insecurity and different forms of malnutrition increases when they cannot afford a healthy diet. Meeting the food security and nutrition targets of Sustainable Development Goal (SDG) 2 will require that every person can afford and thus be able to obtain adequate quantities of nutritious foods for a healthy diet.
4. FAO is focusing attention on the pursuit of healthy diets and transformations of food systems to ensure healthy diets are affordable for all, all year round. FAO is encouraging Governments to put the affordability of healthy diets at the centre of their agricultural policies, social protection, and investment decisions. To increase affordability, Governments need to address the drivers of the cost of nutritious foods, through policies throughout the food system, in the realms of food production, food supply chains, the food environment and consumer demand.
5. Systematically monitoring the impact of these policies requires regularly measuring the cost and affordability of healthy diets. To this end, FAO has initiated a process to institutionalize the computation of cost and affordability of healthy diet indicators for each country, every year. This will allow FAO to continue publishing updated information on the cost and affordability of healthy diets in the global and regional SOFI Reports, starting with a first update in the 2021 edition of the global SOFI.
6. The main challenge to this effort is the absence of a continuous monthly or annual internationally comparable reporting system for nutritious food items, such as fruits and vegetables. Currently, only the global office of the International Comparison Programme (ICP) at the World Bank reports prices for 176 economies on these nutritious food items and the frequency is only every five years. World Bank ICP price data collected for the year 2017 were used for the computation of the affordability of healthy diets in the 2020 edition of SOFI. However, the next available wave of World Bank ICP price data will not be published until 2023, when the ICP price data for 2021 will be released.

7. To address this challenge, FAO is pursuing a two-track strategy for updating the cost and affordability of the healthy diet indicators and institutionalizing these indicators in FAO's regular monitoring and reporting system.

8. In the short-term, FAO will annually update the cost of healthy diets by applying national Food Price Indices or Food Consumer Price Indices (CPI) to the cost of the diets computed in 2017. This will be done for the 2021 edition of SOFI.

9. In the medium-term, FAO aims to expand the coverage of the Food Price Monitoring and Analysis (FPMA) Tool, currently maintained by the Markets and Trade Division (EST), by collecting retail price data of additional nutritious food items, thus obtaining more complete information at a sufficient level of detail. To this end, FAO will build on a range of existing and ongoing efforts. The FPMA Tool will be leveraged, extended and enhanced, in collaboration with the Statistics Division (ESS) Data Lab for Statistical Innovation, by building an automatized mechanism that will constantly web-scrape different websites and constructing datasets through text-mining and machine learning techniques. This will supplement and eventually substitute the more time consuming and costly manual data collection.

10. To initiate the formulation of this medium-term plan, FAO is partnering with Tufts University over the next five months to identify a set of country-appropriate targeted sentinel food items in non-staple food groups that constitute nutritious foods, such as fruits and vegetables, and that would be sufficient as a proxy for healthy diets. These sentinel foods could be included as part of an expanded collection of price data within FAO. The methodology and programming script using the expanded sentinel food price data will be developed and tested for adequacy in generating a proxy measure to the indicator of the affordability of diets on an annual basis.

11. A core FAO team will be trained in the methodology and calculation of the cost and affordability of healthy diet proxy indicators. This training will ensure adequate capacity to institutionalize the computation of healthy diets for each country every year, as well as corresponding indicators of cost and affordability where possible, with a view to continue publishing updated results in the annual SOFI report.

12. These initial activities over the next five months will enable FAO to fully delineate a medium-term plan and assess operational and budgetary needs in terms of infrastructures and human resources required to carry out the FAO institutionalization. FAO aims to fully institutionalize the cost and affordability of healthy diet indicators in its regular monitoring and reporting system within the next one to two years, depending on how soon the expanded FPMA food price data collection will be operational. Once operational, the data on cost and affordability of healthy diets will be also published in the Corporate Database for Substantive Statistical Data (FAOSTAT).