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Sustainable food value chains for nutrition, a practical approach for transforming agrifood systems for healthy diets in Europe and Central Asia

Executive Summary

Agri-food systems in the region face a number of nutritional challenges that manifest themselves in poor diets and malnutrition. While progress has been made on all Sustainable Development Goal (SDG) targets, the region is not on track to achieve targets for nutrition indicators. Healthier diets are relatively more expensive than poor diets in a region where inequalities prevail, and poor diets and unhealthy eating habits exacerbate the incidence of non-communicable diseases. Critically, a proportion of the Europe and Central Asia population is still being left behind despite efforts to promote healthy diets via sustainable agri-food systems.

This document provides background information for a roundtable discussion on practical approaches and instruments to improve healthy diets while leaving no one behind, with an emphasis on nutrition-sensitive value chain development. It argues that the sustainable food value chains for nutrition approach is sound for understanding nutritional challenges and proposing solutions. As implementing those solutions is also a challenge, it also argues that risk-based due diligence mechanisms can contribute to materializing those solutions – especially by the private sector, which represents the powerhouse of agri-food systems. The implementation of this novel agenda requires not only research and development, but also capacity development, policy alignment and a raised level of ambition that ensures no one is left behind.

Suggested action by the Regional Conference

The Regional Conference may:

- upscale the use of the nutrition-sensitive value chain approach to identify nutritional challenges and potential solutions;
- support the development of voluntary tools, mechanisms or instruments that encourage the adoption of responsible business conduct and enterprise, risk-based due diligence focusing on nutritional approaches;

Documents can be consulted at www.fao.org

- build nutrition-sensitive value chain capacities among agricultural and other extension services to transform agrifood systems and fill gaps in understanding practical techniques for the production of nutrition-rich and diverse food;
- embed in ongoing food policy alignment efforts (including trade policy) a concept of “value” that moves beyond a purely economic focus to one that encompasses nutrition, health, social and environmental values; and
- raise the level of ambition for nutritional outcomes by targeting not only economically active groups, but also the nutritional needs of vulnerable groups.

In supporting the implementation of the above recommendations, Members request FAO to:

- assist countries in Europe and Central Asia upscale the use of the nutrition-sensitive value chain approach as part of the agrifood systems transformation, and as an integral part of the four priorities of the region and the implementation of the FAO Strategic Framework 2022-31;
- develop voluntary tools, mechanisms or instruments that encourage the adoption of responsible business conduct and enterprise risk-based due diligence, focusing on nutritional approaches;
- provide technical assistance to existing extension and advisory services in Europe and Central Asia countries for the delivery of nutrition sensitive solutions in value chain development;
- promote the establishment of an international measurement standard for true pricing based on a scientific consensus process and in alignment with governments and stakeholders;
- facilitate knowledge sharing and capacity development and promote investment in nutrition sensitive value chain approach; and
- identify and share best practices of social protection measures that improve access to healthy diets leaving no one behind.

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I. Introduction

1. One of the organizational principles of the FAO Strategic Framework 2022-31 is better nutrition for all. In addressing the SDGs, it focuses in particular on SDG Target 2.1 concerning ending hunger, achieving food security, improving nutrition and ensuring equal access for all to nutritious food and healthy diets. The 2021 United Nations Food Systems Summit¹ (UNFSS) reinforced and advanced the global appreciation of the vital importance of sustainable food systems in increasing the level of food security and nutrition and facilitating access to healthy diets.

2. This background document focuses on the nutritional challenges of sustainable agrifood systems and acknowledges the possibilities for nutrition to be an entry point for policy-making and for interventions at the project level. Moreover, it argues that addressing sustainable food value chains from the perspective of nutritional outcomes is a useful way to transform agrifood systems that leave no one behind. Hence, the content of this document considers opportunities to accelerate the development of nutrition-sensitive food value chains that minimize the risk of stakeholder exclusion.²

3. Some countries in the Europe and Central Asia (ECA) region are not on track to achieve targets for the United Nations-agreed SDG nutrition indicators by 2030.³ There is a need for multifaceted solutions involving more than one driver. It also will be important to shift to healthy diets that include sustainability considerations that contribute to improving the health of the environment.

4. Participants at the UNFSS adopted a food systems approach, aligned with the SDGs, that embraces the complexity of our world to deliver the transitions we need. It reaffirmed that people, planet and prosperity are at the heart of the 2030 Agenda for Sustainable Development. It proposed five interrelated action areas, as set out in the Secretary General's Statement of Action at the UNFSS (United Nations, 2021e). These action areas draw attention to what food the world should be producing and how our food should be processed, distributed, marketed and delivered to consumers, leaving no one behind. Nutrition is key for Action Area 1 (nourish all people), but for better nutrition to be achieved, complementary action is required under all action areas. Opportunities exist in the ECA region to capitalize on the game-changing and systemic solutions identified during the two-year process culminating in the UNFSS (United Nations, 2021a) and address the region's nutritional needs, as confirmed by statistics and trends detailed in the United Nations Food Systems Summit national food systems transformation pathways (United Nations, 2021b) and the *Regional Overview of Food Security and Nutrition 2021* (FAO, 2021a).

5. This background document presents the relevance of the nutrition-sensitive value chain (FAO, 2018) approach proposed by the Rome-based Agencies.⁴ Related gaps and deficits are identified in order to inform recommendations for ECA countries to transform agrifood systems towards better nutritional outcomes in an inclusive manner.

6. Section **Error! Reference source not found.** gives an overview of nutritional challenges, and Section III shares potential available solutions. Considering the magnitude and complexity of the challenges ahead, Section IV argues in favour of game-changing solutions and presents the nutrition-sensitive value chain approach. Boosting the demand and supply of nutritious food entails economic, social and environmental trade-offs. In this sense, this document encourages the adoption of a responsible approach to value chain development, leaving no one behind and ensuring affordable,

¹ For more information on the United Nations Food Systems Summit, see <https://www.un.org/en/food-systems-summit>.

² A framework that address the gender aspects of value chains and responsible supply chains also has been developed by FAO. See <https://www.fao.org/publications/card/en/c/CB7780EN/> and <https://www.fao.org/policy-support/tools-and-publications/resources-details/en/c/1175525/>.

³ The indicators are these: 2.1.1 prevalence of undernourishment; 2.1.2 prevalence of moderate or severe food insecurity in the population, based on the Food Insecurity Experience Scale (FIES); 2.2.1 prevalence of stunting (height for age <-2 standard deviation from the median of the World Health Organization (WHO) Child Growth Standards) among children under 5 years of age; and 2.2.2 prevalence of malnutrition (weight for height >+2 or <-2 standard deviation from the median of the WHO Child Growth Standards) among children under 5 years of age, by type (wasting and overweight). For more information, see <https://sdgs.un.org/goals>.

⁴ Other approaches are available that provide solutions to other aspects of value chains in a complementary manner, such as FAO's Gender Sensitive Value Chains. For more information, see <https://www.fao.org/policy-support/tools-and-publications/resources-details/en/c/1175525/>.

healthy diets for all. Finally, Section **Error! Reference source not found.** puts forward a number of recommendations for the Regional Conference.

II. Regional nutritional challenges

7. Before the COVID-19 pandemic started, the region was making progress towards achieving the SDGs. Extreme poverty was already less than 1 percent, on average, during the period 2010-2015, and Georgia and North Macedonia, which were among the few countries with relatively higher rates (12.2 percent and 10.4 percent in 2010, respectively) had reduced it by half. Poverty, according to national poverty lines, had been reduced substantially since 2010.

8. Statistics and trends featured in the *Regional Overview of Food Security and Nutrition 2021* present analyses of nutritional challenges. According to the report, the number of undernourished people in the region was 24.4 million in 2000, accounting for 3 percent of the world total (FAO, 2021a). Useful progress towards the target, however, is evidenced in the region's most vulnerable countries during the past 20 years, with Azerbaijan and Uzbekistan, for example, achieving significant reductions in the numbers of undernourished (FAO, 2021a). Obesity and iron deficiency anaemia are particularly acute challenges, and the prevalence of overweight among children aged 6 to 9 is highest in Mediterranean countries. People living with overweight, severe obesity and other health issues have an increased risk for severe COVID-19 outcomes, and the region is strongly affected by the overconsumption of foods high in salt, fat or sugar, which is also associated with the way foods are processed and/or meals are prepared. Furthermore, the consumption of fruits and vegetables in the region is below the global average. World Health Organization (WHO) figures have shown that unhealthy diets have accounted for an estimated 86 percent of deaths and 77 percent of the disease burden in the ECA region recently (FAO, 2021c).

9. Maternal mortality, an important measure of the overall effectiveness of health care delivery systems, was below the global target in almost all United Nations Economic Commission for Europe (UNECE) countries. In countries that had a relatively high maternal mortality in 2012, the level had decreased substantially. For both neonatal mortality and mortality in children younger than five, almost all UNECE countries had rates below the global SDG targets. In the few countries with rates above the targets, infant and child mortality had fallen significantly in recent years. Finally, and despite efforts at narrowing disparities and positive income growth for the poorest populations in many countries, income inequality (SDG 10) continues to be a cause for concern.

10. Securing agrifood system sustainability in the ECA region entails protecting citizens and the climate. Gaps and deficiencies exist in related sustainability agendas, with the region's most challenging food security issues being, as noted, overweight, obesity and inequalities (FAO, 2021b). These stem from and result in problems of both access to and the availability of healthy diets in the region. Food access is constrained, on one hand, by the higher cost of healthy diets compared with poor diets (FAO *et al.*, 2021) and, on the other hand, by a poor understanding of how to achieve better nutrition and healthier diets. The supply and demand of diverse food should somehow stay in balance so that higher demand for healthy diets does not increase its relative price vis-à-vis poor diets. In addition, agrifood systems transformations should be environmentally sustainable.

11. All forms of malnutrition are covered in the ECA *Regional Overview of Food Security and Nutrition 2021*, as are current dietary patterns and the costs of diets for individuals, society and the planet. Nutrition challenges are shown to exist in all parts of the region, including Western and Eastern Europe, Central Asia, and the Caucasus. Poor diets and unhealthy eating habits across the region exacerbate non-communicable diseases. The region's current capacity to meet the SDG 2.1 target referred regarding malnutrition remains in question. A proportion of the ECA population is still being left behind, despite efforts to promote healthy eating via sustainable agrifood systems.

III. Nutrition-sensitive solutions

12. Regionally tailored solutions are needed to address the spectrum of nutrition challenges in the region. UNFSS game-changing solutions and initiatives highlighted by the UNFSS national food systems transformation pathways offer scope and potential within the region.

13. Some national pathways, for example, highlight strategic engagement to improve food quality or prioritize the development of food quality improvements. Others make references to improving nutrition, with special attention to women, children, immigrants and asylum seekers. Emphasis has been placed on raising awareness among the population on food safety and good nutrition, with particular emphasis on younger people. It has been recognized that resilience can be built through investment in agrifood systems that are nutritionally sensitive. Some national pathways in the region also draw attention to intervention channels that can help contribute to the transformation of food value chains and agrifood systems at large.

14. Nutrition-oriented game changers identified in the run-up to the UNFSS (United Nations, 2021a) include, *inter alia*:

- nutrition-sensitive agriculture services implemented by agricultural extension staff, advisers and lead farmers (frontline staff);
- increases in the production and consumption of vegetables for livelihoods and health;
- increases in fruit and vegetable consumption through consumer-level subsidies; and
- strengthening and mainstreaming true cost accounting to redefine value in agrifood systems.

15. Additional complementary support helping ECA agrifood systems to address nutrient deficiencies is developed by the nutrition-sensitive value chain technical working group of the Rome-based Agencies (RBAs). Their efforts represent a flagship for the ECA region. A host of practical tools promoting healthy diets already have been launched by the RBAs. The nutrition-sensitive value chain (FAO, 2018) framework, also known as sustainable food value chains for nutrition, is a common framework adopted by the RBAs as the result of a collaboration for the development of sustainable agrifood systems for healthy diets.

16. A key approach for the ECA region is the European Union Farm to Fork Strategy (European Commission, 2022), designed and delivered through a policy framework that places healthy eating and nutrition at the heart of wider strategic growth goals, as set out in its European Green Deal commitments for the SDGs. The Farm to Fork Strategy states that it “addresses comprehensively the challenges of sustainable agrifood systems and recognizes the inextricable links between healthy people, healthy societies and a healthy planet.”

17. Lessons from the implementation of the Farm to Fork Strategy could offer international value. The Farm to Fork Strategy consists of the coordination of a coherent, common sustainable food system policy for nearly half a billion people from 27 distinctly different and relatively well-developed, interconnected sovereign states. Farm to Fork Strategy logic also has a strong influence on European Union neighbours. The Farm to Fork Strategy’s foci on nutrition standards are foreseen, for instance, to help direct the transformation of agrifood systems for non-European Union countries through stabilization and association agreements in the Western Balkans.

18. As a result of the COVID-19 pandemic, the Eurasian Economic Commission’s board has recently taken steps to establish a working group on the operational supply of agricultural goods among the Eurasian Economic Union (EAEU) countries that seeks to attend food deficits in these countries’ internal markets in times of crisis. While the current emphasis is on trade and economic, veterinary, sanitary and epidemiological circumstances, it offers a forum in which the availability of healthy diets across its Members may be included in trade policy debates.

19. The ECA region is tasked with translating its high-level nutritional know-how into game-changing actions on the ground in all countries. More nutrition-sensitive solutions need to be enacted, creating more nutritional success stories that show how ECA agrifood systems can become truly sustainable and that no one is left behind by the transformation.

IV. Changing the game for ECA agrifood systems

20. Strengthening nutrition-sensitive approaches for all requires comprehensive portfolios of policies, investments and legislations that operate along several pathways simultaneously. While

recognizing that these are complex and ambitious endeavours, *inter alia* because of the need to adopt multisectoral approaches, they also offer the best and only way for socioeconomic and environmental effects to be synergized and their undesirable trade-offs mitigated.

21. A matrix of intervention measures could offer opportunities for countries to select from a menu of policy and practical tools promoting nutrient-sensitive agrifood systems. A matrix of menu measures would need credible channels to work in that are accepted by stakeholders. National pathways are in place that can help put ideas into practice. These represent components of food value chains (food production, processing, distribution, marketing and delivery) in which interventions can occur to improve nutrition-sensitive approaches.

22. The way forward for sustainable ECA agrifood systems for healthy diets presented here involves building on existing support through proven policy outreach channels that have strong connections with food value chains.

4.1. *Game-changing value chains*

23. Value chains can be short or long, depending on whether they are measured by their geographic coverage or the number of transactions they embody. They can be formal contractual agreements or informal verbal agreements based on trust. They can be built from institutional arrangements, including certification and standards (e.g. organic certification, geographical indications, Fair Trade Certified, Slow Food). Value chains constitute a broad range of organizational arrangements that hold potential for creating better socioeconomic and environmental value-added outcomes (FAO, 2021b).

24. A critical mass of knowledge exists that can guide transformations of food value chains to contribute to better nutrition. Prominent thinking on this includes an overview by the Committee on World Food Security (CFS) that condensed RBA intelligence on achieving nutrition outcomes in value chains (CFS, 2016). CFS identifies four strategic options to upscale nutrition by modernizing approaches to value chain enhancement:

Confirm nutrition challenges and design support to boost the supply and demand of food to fill the diet gaps identified.	Adopt a commodity focus addressing multiple value chains , including food loss and waste, with the aim of improving diets in a holistic way.
Go beyond targeting economically active groups and leave no one behind by fulfilling the needs of nutritionally vulnerable groups.	Broaden the concept of value from a purely economic focus to one that encompasses nutrition , health, equality and environmental dimensions.

Source: (CFS, 2016)

4.2. *Boosting the demand and supply of nutritious food*

25. The consumption of diversified, nutritious food increases when people are better aware of its health benefits, when nutritious food becomes more affordable and desirable (either through higher incomes or lower prices), and when it is locally available. In this sense, while all agrifood system stakeholders play a role, key among them are producers, manufacturers, traders and consumers (women in particular). What they do, and how they do it, can be shaped by policy. Specific nutritional problems can exist for specific regions or population cohorts (e.g. iron-rich) that would require countries to establish dedicated interventions. Nevertheless, generic healthy diet requirements of relevance to the ECA region involve increasing the uptake of low-fat and plant-based foods, including fruit and vegetables.⁵ Raising awareness of the benefits of healthy diets is key, along with efforts to make them more available and affordable to vulnerable groups, especially taking into consideration

⁵ Vast information on policies that increase fruit and vegetable consumption were identified during the International Year of Fruits and Vegetables. For more information, see <https://www.fao.org/fruits-vegetables-2021/en/>.

the high incidence of poverty and income inequalities in the region. In this sense, trade policy plays a fundamental role in making diversified nutritious food (notably, fresh, nutritional food) available all year long. Leaving no one behind (LNOB) considerations imply that healthy diets should not be a privilege of better-informed households with higher incomes but a basic human right across the region.

26. On the supply side, policies should promote diversification in production based on the nutrition problem and its relation to excessive or insufficient consumption of key foods that compromise diet quality, value addition and trade (FAO, 2021b). Some dietary transformations were proposed in the run-up to the UNFSS through game changers (United Nations, 2021a), including supporting systemic food systems change through nutrition-sensitive agricultural extension services. Indeed, a poor understanding of nutritious food among extension workers and other value chain stakeholders inhibits the likelihood of the higher production of nutritious and diverse food. In this sense, building the capacity of existing extension services to create and share nutrition solutions tailored to national or local needs offers entry points for working with both demand and supply actors in food value chains. Useful tools are available to increase awareness among extension services on practical ways to mainstream nutrition considerations. These include the Global Forum for Rural Advisory Services nutrition-sensitive extension training modules (GFRAS, 2022) and e-learning courses from the RBAs to help extension services boost nutrition-sensitive value chain understanding.

4.3. *Encouraging a responsible approach*

27. In recent decades, global concerns have emerged about the negative social, economic and environmental impacts of agrifood systems, including regarding land grabs displacing local communities, monoculture degrading biodiversity, or the increasing consumption of cheap and unhealthy food. A number of principles, guidelines and tools have been proposed by various constituencies to address these issues, each of which targets different audiences. For example, the CFS Principles for Responsible Investment in Agriculture and Food Systems (CFS-RAI) and the CFS Guidelines on Food Systems and Nutrition (GFSN) were developed by a broad range of actors, including governments, businesses, civil society, and they target all stakeholders. The European Union's Code of Conduct for Responsible Food Business and Marketing Practices (European Union Code of Conduct)⁶ was developed in a multistakeholder setting. The OECD-FAO Guidance for Responsible Agricultural Supply Chains (OECD-FAO Guidance) (OECD/FAO, 2016) was designed with the support of a multistakeholder advisory group and has become an internationally recognized framework for companies. Together, such initiatives serve as evidence that agrifood systems stakeholders not only seek to understand how sourcing can impact society and the environment but also take steps to address their deficiencies.

28. Addressing environmental and social risks in agricultural supply chains and encouraging development is the main objective of the OECD-FAO Guidance, the leading global sector standard on due diligence, risk and development. Adopted in 2016, the OECD-FAO Guidance was developed jointly by the Organisation for Economic Co-operation and Development (OECD) and FAO following a two-year process led by a multistakeholder advisory group that included governments, investors, agrifood companies, farmers' organizations and civil society organizations, among others. To allow for wider stakeholder engagement, the process also involved a public consultation that featured contributions from an array of stakeholders (OECD, 2022).

29. The OECD-FAO Guidance provides a common framework and globally applicable benchmark for the application of responsible business practices in agricultural supply chains. It covers several areas that are key to business and development in the agricultural sector, illustrating impacts in areas such as food security and nutrition, human and labour rights (including child labour), gender, climate change and natural resource depletion (including deforestation), governance, animal welfare,

⁶ The European Union Code of Conduct is highly relevant for this document, as its first aspirational objective is the provision of balanced and sustainable diets for all European consumers, thereby contributing to reversing malnutrition and diet-related non-communicable diseases in the European Union.

land tenure rights, technology and innovation, and many more. The OECD-FAO Guidance builds itself from established standards for responsible business conduct, including the OECD Guidelines for Multinational Enterprises, the UN Guiding Principles on Business and Human Rights (UNGPs), the Voluntary Guidelines on the Responsible Governance of Tenure (VFGGT) and the CFS-RAI.

The OECD-FAO Guidance Five-Step Framework for Risk-Based Due Diligence:

- is rooted in adapting business models to identify, assess, mitigate and prevent negative impacts in supply chain;
- prioritizes by severity and likelihood of the impact;
- considers leverage and impacts caused, contributed, or linked to business activities;
- is flexible, tailored to companies of different sizes, contexts, etc.;
- is dynamic – ongoing, responsive, and informed by stakeholder engagements; and
- views disengagement as a last resort.



Five-Step Framework for Risk-Based Due Diligence. Source: (OECD/FAO, 2016)

30. Since its launch, the OECD-FAO Guidance has been translated into 11 languages and is referenced in the policies and initiatives of more than 60 governments, in addition to the European Commission, the Group of Seven (G7) and the Group of 20 (G20), among others. In 2021, the OECD-FAO Guidance was embedded as a central agricultural reference for enterprises and due diligence in the Code of Conduct – the private sector commitment to the Farm to Fork Strategy.

31. While the public sector has a role in shaping agrifood systems transformation, the actual engine of growth is the private sector, including investment by smallholders. Enterprise due diligence and responsible business conduct are fundamental for agrifood systems transformation, including for the production of diverse and nutritious food, leaving no one behind. Based on empirical research, Barrett *et al.* (2012) identifies stages in the private firm selection of location and partners for value chain development that offer no guarantee of inclusive growth. FAO also has noted that Geographically Important Agricultural Heritage Systems, geographical indication and Slow Food Presidia make no specific reference to LNOB, or to healthy diets, for that matter (FAO, 2020). More recently, Meemken *et al.* (2021) found that most well-known voluntary sustainability standards are insufficient by themselves to advance equity objectives in agrifood supply chains. Novel responsible approaches are required to increase the availability of healthy diets, including through legislation that forces the adoption of responsible practices.

32. The European Union Code of Conduct was developed as a voluntary contribution from the private sector to the Farm to Fork Strategy and is an invitation for business associations and

companies to voluntarily “play their part in contributing to transforming the agrifood systems they are operating in within their sphere of influence,” (European Commission, 2021) including actions that improve the availability of healthy diets. The Code of Conduct represents an example of the private sector responding to the expectation that unless a proactive role is taken, stricter regulations may follow with legislation. It suggests that consumers, governments and civil society exert positive pressure on the business sector of agrifood systems for the voluntary adoption of responsible approaches.

33. Using the five-step framework to promote nutrition-sensitive supply chains would require the identification of potential negative impacts of supply chain operators on nutrition. Research should be conducted to identify them. Potential candidates include supply chains that may erode the availability of diverse and nutritious foods in local communities or that substitute locally produced food that is important for local diets with exotic commercial crops that are consumed elsewhere. The nutrition-sensitive food value chain approach could help in the identification of these negative impacts. For example, while conventional value chain selection entails a product or commodity focus, applying a nutrition-sensitive value chain coverage entails addressing multiple products and even the possibility of combining multiple value chains, both of which improve the availability of diverse and nutritious food (FAO, 2021b).

4.4. *Better nutrition and affordable healthy diets for all*

34. LNOB goals for nutrition-sensitive value chains can be advanced through the CFS proposal (CFS, 2016) to go beyond targeting economically active groups by fulfilling the needs of nutritionally vulnerable groups. These groups may overlap, but they 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. Focusing on improved nutrition for the most nutritionally vulnerable groups may require trade-offs in terms of resource allocation and agrifood systems outcomes, including environmental impacts and gains from trade – hence the need for purposeful partnerships for the sake of efficiency, complementarity, coherence and coordination of interventions (CFS, 2016).

35. Another game changer (United Nations, 2021a) aimed at providing nutrition for all is the option to increase fruit and vegetable consumption through consumer-level subsidies. This solution can be a subsidy for fruits and vegetables (in the form of a payment card or mobile phone application) that could be used to purchase fruits and vegetables. Commended by Chile’s Ministry of Social Development and Family, the LNOB concept of consumer-level subsidies tackles gaps in nutrition purchasing power.

36. Social protection measures like consumer-level subsidies and cash incentives⁷ are effective elements of agrifood systems that help address the actual and perceived higher prices of healthy food. Healthy diets can have higher costs compared with poor diets (FAO *et al.*, 2021), and this is an obstacle that will leave people behind during nutrition-sensitive value chain upscaling. Addressing nutrition costs is thus a high FAO priority recognized in dedicated Transformation Pathway 4 from *The State of Food Security and Nutrition in the World 2021* (FAO and IFAD, 2021) to intervene along the food supply chains to lower the cost of nutritious foods and increase the affordability of healthy diets.

37. Holistic nutrition-sensitive value chain approaches should include measures to reduce the costs of healthy food, from production to consumption. This needs care to protect incomes and to facilitate equal access to value chains that do not leave people behind. Gaps exist in the ability of value chains to advance equity objectives (Meemken *et al.*, 2021), and effective LNOB remedial measures are needed within nutrition-sensitive value chains.

38. Making healthy food more prominent for all consumers, protecting society and the environment, and boosting economic returns for value chain actors is found in the UNFSS game

⁷ Cash incentives are monetary rewards to consumers who decrease their unhealthy food intake (Flores and Rivas, 2017).

changer to strengthen and mainstream true cost accounting to redefine value in food systems. Broadening the concept of value from a purely economic focus to one that encompasses nutrition, health, equality and environmental dimensions can be achieved through true cost accounting (United Nations, 2021d). Malnutrition and non-communicable diseases are costly externalities of the food system, and true cost accounting's systemic measurement of positive and negative costs and benefits can facilitate sustainable choices for governments and market players. With international precedents such as the United Nations' adoption of ecosystem accounting, true cost accounting could stay on the table for LNOB purposes during nutrition-sensitive value chain developments.

4.5. *Developing nutrition-sensitive value chain pathways*

39. A menu of nutrient-sensitive, game-changing solutions has been shown and can be applied in ECA countries to transform agrifood systems (United Nations, 2021c, 2021a). Such policy intervention tools can be enacted through Members' own food governance frameworks observed in the national pathways presented during UNFSS (United Nations, 2021b). These cover the Commonwealth of Independent States, Central Asia, the Caucasus and Europe, illustrating policy channels and food initiatives established in-country that can take advantage of nutrition-sensitive value chain (and vice versa).

40. Nutrition-sensitive value chains consider that nutrition needs to be placed at the heart of value chain 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 nutrition-sensitive value chain development:

- Commodity selection: Focus on foods that not only have market potential but that can also fill the nutrition needs of the target population.
- Target group definition: Include not only the producers but also the consumers of the foods produced.
- 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.
- 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 and desirability issues).

V. Policy recommendations to Members

41. Know-how about nutrition-sensitive solutions need to be enacted through the creation of more nutritional success stories that show how ECA agrifood systems can become truly sustainable and that no one is left behind by the transformation. Nutrition-sensitive solutions need to be multifaceted, involving more than one driver along several pathways simultaneously. Game-changing solutions need to provide and safeguard healthy diets for all, nutrition for the most vulnerable, safe food for everyone, reduced food loss and waste, and transparent markets and trade. These can be achieved through solutions built around nutrition-sensitive value chains that minimize the risks of exclusion.

42. This background paper has highlighted that addressing sustainable food value chains from the perspective of nutritional outcomes is a useful way to identify interventions that transform agrifood systems that leave no one behind. In particular, it recommends that Members:

Upscale the use of the nutrition-sensitive value chain approach to identify nutritional challenges and potential solutions

43. The nutrition-sensitive value chain approach is based on understanding the nutrition problem of consumption patterns and dietary quality. Specific food commodities can then be identified and prioritized that are able to address specific diet gaps associated with nutritional problems. Outcomes

also need to ensure that no one is left behind during the nutrition-sensitive value chain life cycle, and they need to target investments to improve supply chain efficiency, such as increasing the supply and demand for fruit and vegetables and reducing food loss and waste.

Support the development of voluntary tools, mechanisms or instruments that encourage the adoption of responsible business conduct and enterprise risk-based due diligence, including a focus on nutritional approaches

44. Good practice toolkits have been developed that can be adapted for this purpose. Examples include the five-step risk-based due diligence framework of the OECD-FAO Guidance and the European Union Code of Conduct, which encourages value chain actors to adopt responsible approaches. Research would be required to identify relevant elements of the CFS-RAI, the CFS Voluntary Guidelines on Food Systems and Nutrition (VGFSN), the nutrition-sensitive value chain approach, the FAO Gender-Sensitive Value Chain (GSVC) Framework, the OECD-FAO Guidance, and the European Union Code of Conduct that can be combined for the development of a framework that improves the nutritional outcomes of private sector agrifood value chains, leaving no one behind.

Build the nutrition-sensitive value chain capacities of agricultural and other extension services to transform agrifood systems and fill gaps in understanding practical techniques for the production of nutrition-rich and diverse food

45. Strengthening existing extension services to create and share nutrition solutions tailored to national or local needs offers entry points for working with both demand and supply actors in food value chains. Europe and Central Asia countries' extension services could be trained and resourced for this purpose. Extension service examples range from the plant protection and veterinary agencies in Uzbekistan to the European Union Members' state-funded farm advisory services and national rural networks' work on transforming food supply chains (Giorgi, 2021).

Embed in ongoing efforts of food policy alignment (including trade policy) a concept of "value" that moves beyond a purely economic focus to one that encompasses nutrition, health, and social and environmental values

46. Healthier diets can have perceived higher costs compared with less-diverse diets of lower nutritional value, and this is a constraint that can be alleviated by the nutrition-sensitive value chain upscaling approach. Malnutrition and non-communicable diseases generate costly externalities of the agrifood system that are not reflected in food prices. Dedicated Transformation Pathway 4 from *The State of Food Security and Nutrition in the World 2021* promotes interventions along the food supply chains to lower the cost of nutritious foods and increase the affordability of healthy diets. Holistic nutrition-sensitive value chain development should include measures to reduce costs of nutritious food along value chains, from production to consumption, such as by strengthening and mainstreaming true cost accounting to redefine value in food systems. UN-level precedent exists for such a game-changing solution that can create win-win outcomes by helping nutritious food become more affordably priced while boosting economic returns for value chain actors. True cost accounting outcomes can therefore help reduce LNOB risks during nutrition-sensitive value chain development.

Raise the level of ambition for nutritional outcomes by targeting not only economically active groups but also the nutritional needs of vulnerable groups

47. Embedding the LNOB principle within the nutrition-sensitive value chain approach would further enhance the potential for SDG contributions by encouraging healthier diets for all. Social protection measures such as consumer-level subsidies and cash incentives are proven both by their results in increasing fruit and vegetable consumption and by helping address the actual and perceived higher price of healthy food. Raising the level of ambition includes stricter legislation that seeks to improve the nutritional value of food supply chains, as suggested by the European Union Code of Conduct, for it triggers the development and adoption of innovative, voluntary approaches.

48. In supporting the implementation of the above-mentioned recommendations, Members

Request FAO to:

- assist countries in Europe and Central Asia upscale the use of the nutrition-sensitive value chain approach as part of the agrifood systems transformation, and as an integral part of the four regional priorities for the region and the implementation of the FAO Strategic Framework 2022-31;
- develop voluntary tools, mechanisms or instruments that encourage the adoption of responsible business conduct and enterprise risk-based due diligence, focusing on nutritional approaches;
- provide technical assistance to existing extension and advisory services Europe and Central Asia countries for the delivery of nutrition sensitive solutions in value chain development;
- promote the establishment of an international measurement standard for true pricing based on a scientific consensus process and in alignment with governments and stakeholders;
- facilitate knowledge sharing and capacity development and promote investment in nutrition sensitive value chain approach; and
- identify and share best practices of social protection measures that improve access to healthy diets leaving no one behind.

49. These recommendations can be enacted through carefully crafted trial initiatives that are designed to inform and prepare the ground for mainstreaming or upscaling. Combined, they would strengthen countries' internal capacities to apply holistic nutrition-sensitive value chain approaches that involve all agrifood system stakeholders, supported by social protection measures. National pathways from Europe and Central Asia countries offer opportunities as intervention channels that can be updated to put such policy recommendations into practice and leave no one behind during the transformation of nutrition-sensitive food value chains and agrifood systems.

VI. References

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