

Nutrition-Sensitive Value Chains: Considerations for Project Design



**Steering Committee Meeting & Workshop
Linking Agrobiodiversity, Value Chains,
Climate Adaptation, and Nutrition
April 20, 2017
Rome, Italy**

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The Presentation

- Overview of value chains and nutrition:
A project and smallholder perspective
- Nutrition-sensitive value chains (NSVC):
Analytical framework, pathways, and design suggestions
- Study Overview and Work in Nigeria

Online consultation:

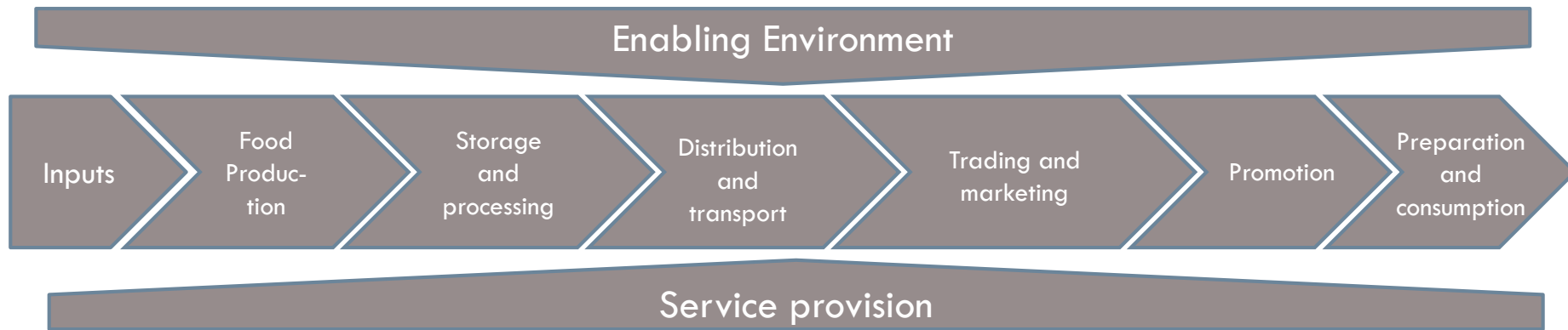
“How can value chains be shaped to improve nutrition?”
FAO’s Food Security and Nutrition Forum

English: www.fao.org/fsnforum/activities/discussions/NSVC

Forum: www.fao.org/fsnforum



What is a value chain?



Challenges for smallholders in VC

VALUE CHAINS

- High production costs
- High transaction costs
- Low share of final price
 - Weak connections to input/output markets (infrastructure)
 - Small, disperse, unorganized
- Low capacity to meet market requirements
- Weak bargaining power vs. lead firms
- Risks linked to specialization

NUTRITION SENSITIVE VALUE CHAINS

SH as producers:

- Trade-off: Income/Nutrition:
 - Commodity selection
 - Market outlets (local, ntl, export?)
- Food safety/food loss
- Nutrition signalling
 - Nutrition value, biofortification, contamination

SH as consumers:

- Affordability
- Availability
- Acceptability
- Low nutrition awareness

Opportunities for smallholders in NSVC



Nutritious foods:

- Increasing / potential demand – profitable market
- Comparative advantage of SHF: labour intensive crops
- Countercyclical crops/Intercropping: year-round availability of nutritious foods
- Link with and complement gender, climate change, etc.

Key themes of nutrition-sensitive VC

- Focus on food value chains:
 - ... to shape food systems (availability, affordability, diversity of food)
 - ... to improve diet quality (multiple VC, “food basket”)

- Target groups:
 - Producers and other VC actors
 - And*
 - Consumers (smallholders, others)

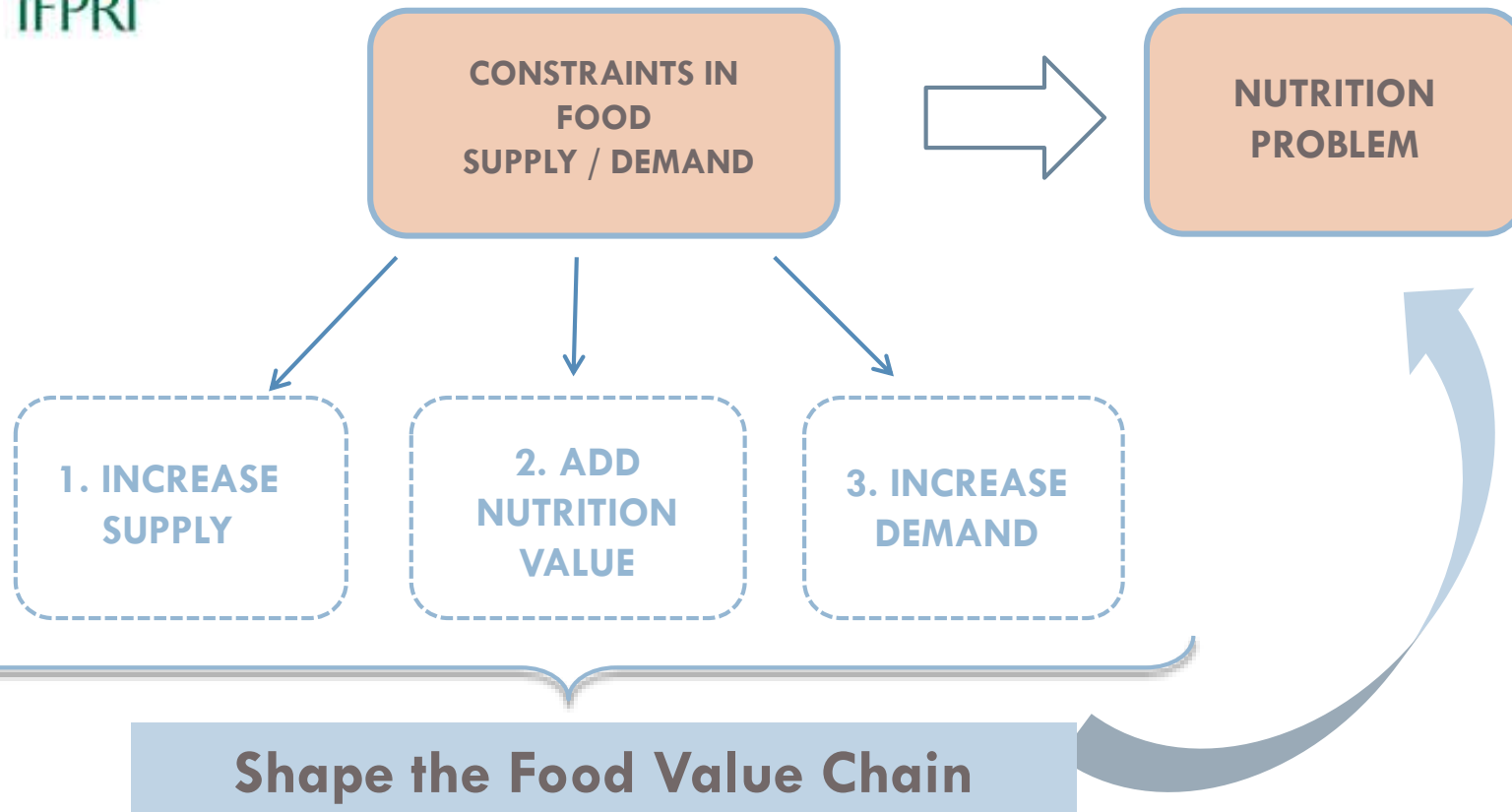
- Shift focus from supply to (also) demand:
 - Virtually all impact pathways require actions on the demand side: BCC, nutrition education, etc.

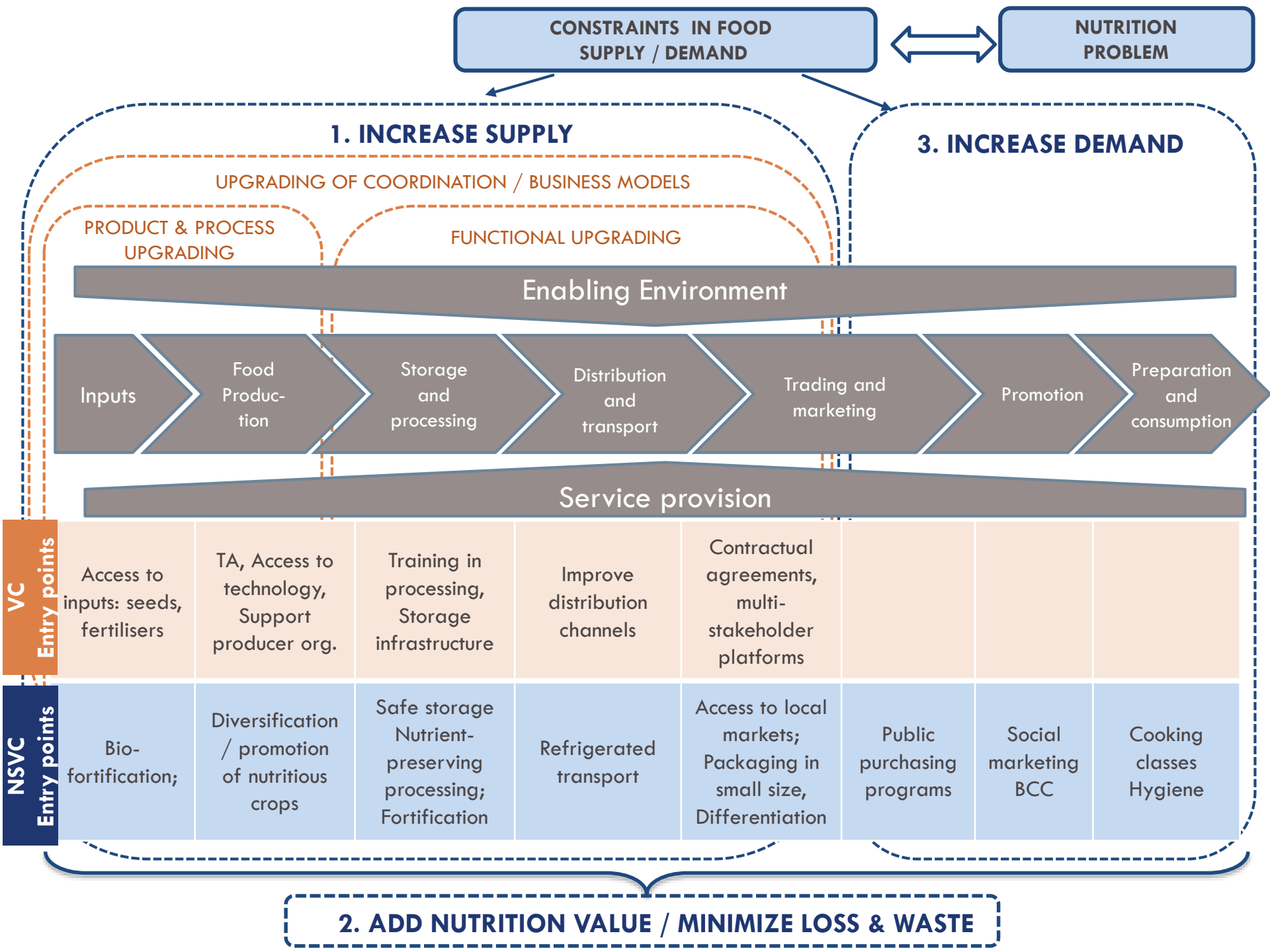


NSVC: Analytical framework



“Value Chain for Nutrition”
Approach





CONSTRAINTS IN FOOD SUPPLY / DEMAND

NUTRITION PROBLEM

1. INCREASE SUPPLY

3. INCREASE DEMAND

UPGRADING OF COORDINATION / BUSINESS MODELS

PRODUCT & PROCESS UPGRADING

FUNCTIONAL UPGRADING

Enabling Environment

Service provision

Inputs

Food Production

Storage and processing

Distribution and transport

Trading and marketing

Promotion

Preparation and consumption

VC
Entry points

Access to inputs: seeds, fertilisers

TA, Access to technology, Support producer org.

Training in processing, Storage infrastructure

Improve distribution channels

Contractual agreements, multi-stakeholder platforms

NSVC
Entry points

Bio-fortification;

Diversification / promotion of nutritious crops

Safe storage
Nutrient-preserving processing;
Fortification

Refrigerated transport

Access to local markets;
Packaging in small size,
Differentiation

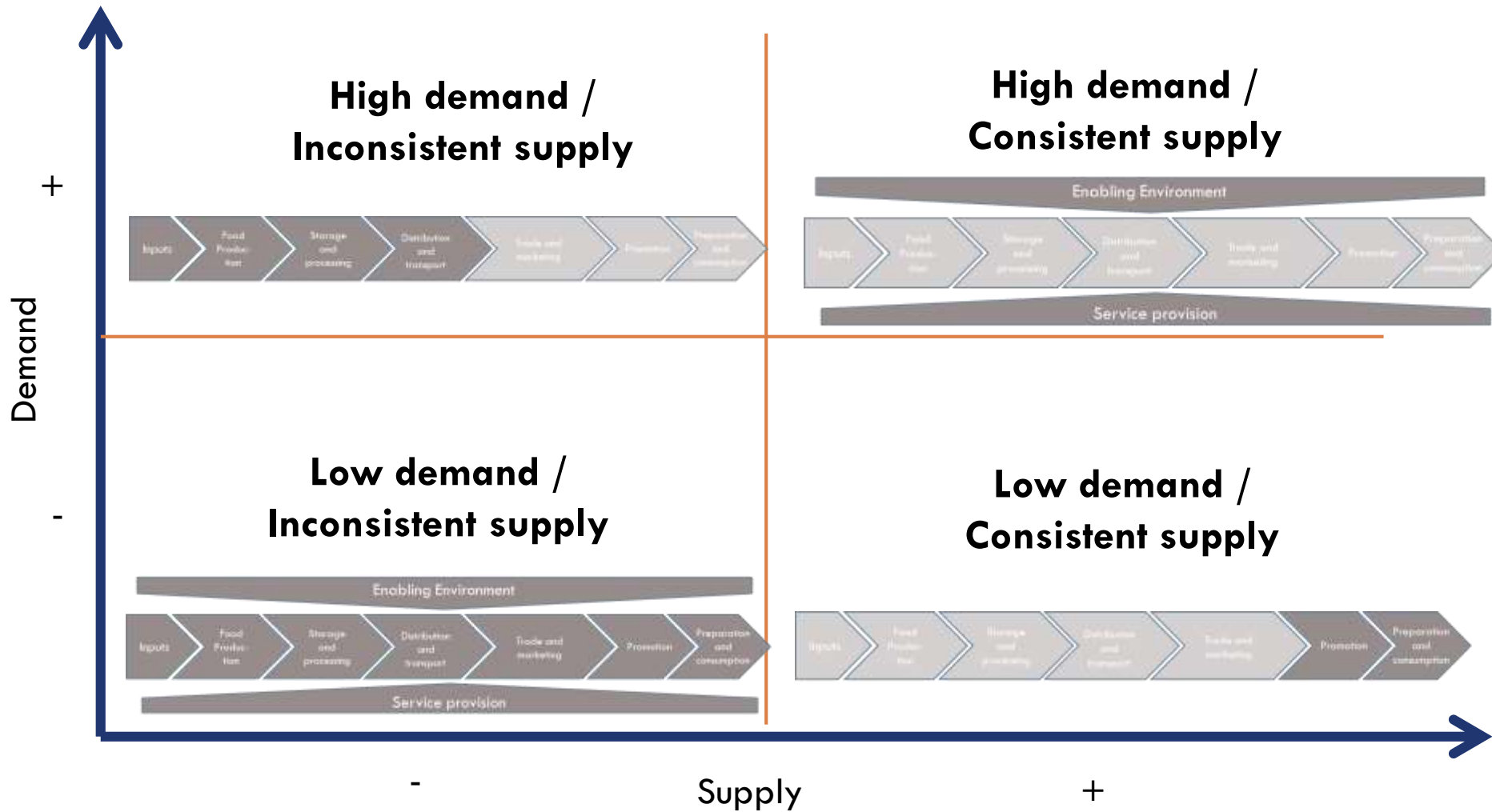
Public purchasing programs

Social marketing
BCC

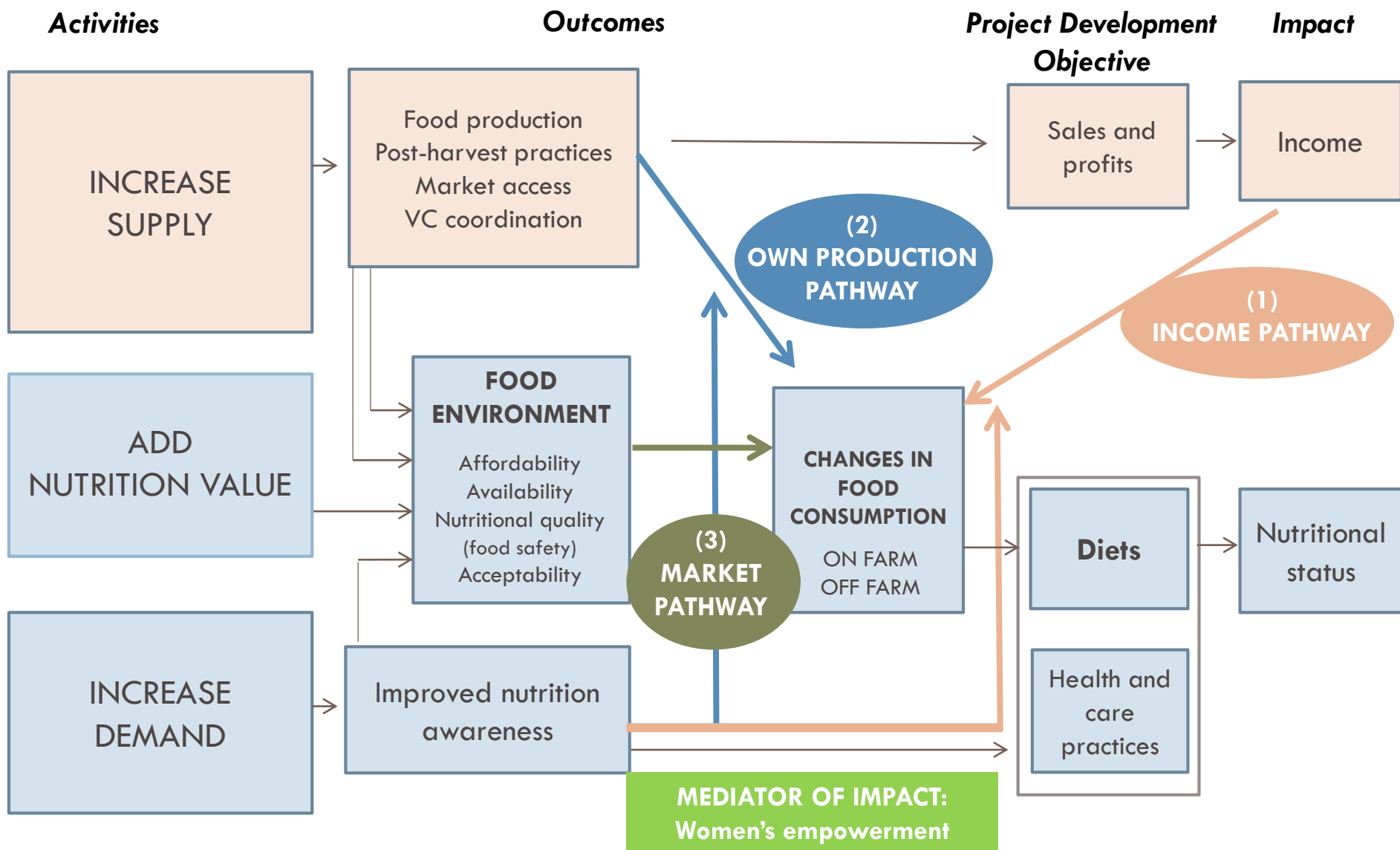
Cooking classes
Hygiene

2. ADD NUTRITION VALUE / MINIMIZE LOSS & WASTE


NSVC Strategies by Scenario



NSVC Impact Pathways



Adding Nutrition to VC Project Design

STEPS	VALUE CHAIN	 NUTRITION SENSITIVE VALUE CHAIN
OBJECTIVE	Income	Nutrition / Diet
TARGET GROUP	Producers	Consumers (including smallholders)
COMMODITY SELECTION	Market potential Poverty reduction potential	Nutrition improvement potential: <ul style="list-style-type: none"> - Identify nutrition problem - Commodities meet additional “business sense” criteria (income generation, mkt demand)
VC ANALYSIS	Standard VC Analysis: mapping of actors, margins, etc.	NSVC Analysis: <ul style="list-style-type: none"> - Demand from target group - Nutrition value (nutrient content, food safety and loss) -
STRATEGIES / INTERVENTIONS	Increase supply	Increase demand Add nutrition value

Overview of IFAD NSVC Project

- **Why is it important?**
 - Contribution of agriculture / food systems to nutrition
 - IFAD commitment to NSAPs and predominance of VC investments (>70% of projects with VC component)

- **What are we doing?**
 - Developing operational guidance to design and implement nutrition-sensitive value chain (NSVC) projects -
 - in ways that make sense for these types of *projects* (makes business sense, for smallholders)

 - Funding from BMZ

 - 3 phases (2015-2017)
 1. Analytical framework/approach
 2. Fieldwork in Indonesia and Nigeria
 3. Write up and disseminate guidance



The NSVC Project Design Project: Piloting the Approach in Nigeria and Indonesia

STEPS	CASP Project / SOLID Project Fieldwork	
OBJECTIVE	<ul style="list-style-type: none"> Increase incomes & food security, reduce vulnerability, particularly women and youth 	
TARGET GROUP	<ul style="list-style-type: none"> Smallholder farmers / Savannah Belt (north) & Maluku / North Maluku islands 	<p>LEARNING FROM THE PROCESS:</p> <ul style="list-style-type: none"> Reflect on approaches, methods, and tools appropriate for design
NUTRITION ASSESSMENT & COMMODITY SELECTION (Study 1)	<p>STEP ONE: Nutrition assessment:</p> <ol style="list-style-type: none"> Nutrition problem Food system analysis Food consumption patterns & diet gaps <p>STEP TWO: Commodity selection: 3 criteria</p> <ol style="list-style-type: none"> Market potential Poverty reduction potential Nutrition improvement potential 	<ul style="list-style-type: none"> Identify knowledge gaps
NUTRITION-SENSITIVE VC ANALYSIS and INTERVENTIONS (Study 2)	<p>STEP THREE: Value chain analyses (supply, demand, nutrition value) for selected commodities</p> <p>STEP FOUR: Identification of intervention options</p>	<ul style="list-style-type: none"> Validate / critique through workshops & other review Develop manual



THANK YOU

A Project Example: Mauritania



- Project design: Projet de Développement des Filières Inclusives (PRODEFI)
 - ▣ Period: 2017-2025
 - ▣ Budget: USD 45,6 Million
 - ▣ Beneficiaries: 50.000 households
 - ▣ Value chain: Vegetables

- **Issue: seasonality in trade flows**

SUPPLY

DEMAND

LINK / TENSION

TRADE

NUTRITION

- | | | | |
|--|--|--|--|
| <ul style="list-style-type: none"> • Overproduction vs. production gap • Low access to inputs • Coordination PO | <ul style="list-style-type: none"> • Inadequate infrastructure/ equipment (local or imported) | <ul style="list-style-type: none"> • Market saturation • Low prices • Competition of imported produce | <ul style="list-style-type: none"> • Non-compliance hygienic standards • Quality of production available in market |
| <ul style="list-style-type: none"> • Limited consumption out of own production- 4 months | <ul style="list-style-type: none"> • Food loss • Contamination | <ul style="list-style-type: none"> • Low incomes • Unaffordable imported produce | <ul style="list-style-type: none"> • Poor access (NVG /Other) • Low nutrition awareness |

Investment opportunities

- | | | | |
|--|---|--|--|
| <ul style="list-style-type: none"> • Diversification • Bio-fortification • Stagger production • Target women | <ul style="list-style-type: none"> • Processing for conservation • Safe storage • Target women | <ul style="list-style-type: none"> • Coord. VC A • Production • Market out • Contractual ar • Institutional | <ul style="list-style-type: none"> • Consumers in GTF • Promotion local foods • Nutrition education • Cooking demonstrations |
|--|---|--|--|

IMPACT

PRODUCER

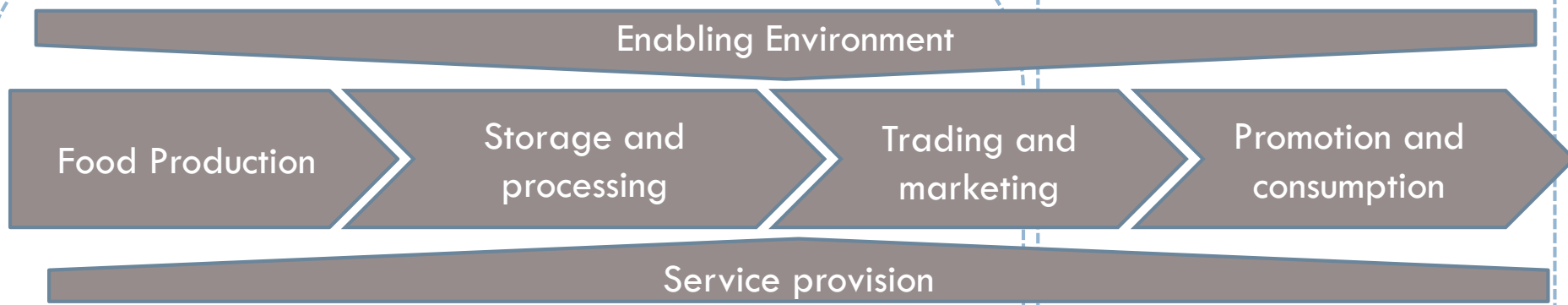
FOOD SYSTEM

- | | | | |
|---|---|--|--|
| <ul style="list-style-type: none"> • Increased availability from own production | <ul style="list-style-type: none"> • Increased availability due to longer conservation | <ul style="list-style-type: none"> • Increased incomes | <ul style="list-style-type: none"> • Increased nutrition awareness |
|---|---|--|--|

Increased availability, affordability, nutritional quality and acceptability of vegetables
 -> **Food System - Market pathway** – (ON and OFF Farm)

SUPPLY

DEMAND



LINK / TENSION

TRADE

NUTRITION

- | | | | |
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SUPPLY

DEMAND

Enabling Environment

Food Production

Storage and
processing

Trading and
marketing

Promotion and
consumption

Service provision

INVESTMENT OPPORTUNITIES

- Diversification
- Bio-fortification
- Stagger production
- Target women

- Processing for conservation
- Safe storage
- Target women

- Coord. VC Actors – GTF:
 - Production
 - Market outlets
- Contractual agreements
- Institutional procurement

- Consumers in GTF
- Promotion local foods
- Nutrition education
- Cooking demonstrations



IMPACT

FOOD SYSTEM PRODUCER

- Increased availability of nutritious food from **own production**

- Longer conservation of food (at home/ market)

- Increased **incomes**

- Increased nutrition **awareness**

Increased availability, affordability, nutritional quality and acceptability of vegetables
-> **Food System - Market pathway** – (ON and OFF Farm)