



## Rethinking Food Markets and Value Chains for Inclusion and Sustainability

### Initiative Lead and Co-Lead

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### Primary CGIAR Action Area

Systems Transformation

### Estimated 2022 - 2024 Budget

\$30 - \$30 M

### Challenge

The food sector constitutes about one fifth of the global economy and is the world's largest source of income and employment, but - owing to market failures and weak value-chain integration - has been unable to provide decent livelihoods and food security for hundreds of millions, while degrading the environment by overusing resources. These challenges remain despite great progress in recent decades in reducing poverty and food insecurity, driven in good part by agricultural productivity growth and modernization of food supply chains. Poverty disproportionately affects rural populations, whose livelihoods depend largely on agri-food-related economic activity. Women comprise almost half of the agricultural workforce and many run small-scale farm and non-farm businesses. More than half of developing-country working youth are employed in the agri-food sector. Both women and youth face greater barriers in access to resources. Market concentration, urbanization, and requirements to meet production, sanitary, dietary, and environmental standards of modern food value chains impede market participation for hundreds of millions of small-scale producers in developing countries, whose livelihoods are constrained by poor access to market information, finance, insurance, roads, storage, logistics, and digital services. On the demand side, both rural and urban poor are harmed by policy and market failures that limit their access to affordable nutritious foods. Growing food markets, associated with urbanization and changing dietary patterns, and use of digital technology in delivery systems provide opportunities to change market dynamics and reorient policies to foster inclusive domestic and global value chain integration, create many decent jobs, and provide affordable nutritious food to a growing population, while substantially reducing the food sector's environmental footprint.

### Objective

The Initiative aims to contribute to the One CGIAR Research Strategy objectives of ending hunger and enabling affordable access to nutrition-adequate diets for all, reducing rural poverty, and offering equitable livelihood opportunities for women and young people, while addressing the climate crisis. This Initiative will pursue these objectives by providing the necessary knowledge base to influence policy and market behavior to foster process innovations for efficient value-chain integration for fairer income sharing, greater job creation, and adoption of sustainable practices.

The Initiative will deliver on this promise by influencing policies and behaviors of national governments and international organizations, as well as key players among agri-food producer and trader organizations, private businesses, and financial institutions. Together with these scaling partners, the initiative will provide evidence on the effectiveness and scalability of piloted bundles of interventions in at least 6 value-chain contexts to show how improved market information and infrastructure, greater competitiveness, better targeted incentive schemes, digital innovation, inclusive finance and agribusiness models, skills and entrepreneurship development, and product innovation can help build better integrated and more inclusive local, regional, and global agri-food systems.

By endowing foodsystem actors with global, national, and market-specific evidence and insight on the potential for scaling and long-term sustainability of interventions, the Initiative aims to influence decision-making for the creation of inclusive value chains and contribute to lifting at least 10 million people out of poverty and creating 15 million remunerative employment opportunities for women and youth while reducing ecological footprints of supported food value chains by 25%.

### Theory of Change

o The initiative aims to induce change in market behaviors and policies to achieve inclusive value-added sharing, large-scale remunerative job creation, food security, and adoption of sustainable production and distribution practices along food value chains.

o This initiative contributes to this overall objective by generating evidence on the potential for piloted and scaled-up interventions and investments to address market inefficiencies and policy and institutional shortcomings that stand in the way of inclusive and sustainable food value chain development. The interventions and investments to be tested and scaled will focus on innovations in production processes, value-chain organization, market institutions, and policy processes. Bundles of production and process innovations will be tested for effectiveness, scalability, and relevance to foster adoption of interventions that inclusively link small-scale farms and food businesses to rural and urban domestic, regional, and global markets. Innovations include, inter alia, the application of green and digital technologies in supply chain processes, inclusive agri-business models, infrastructural improvements, innovative forms of inclusive finance and insurance, improved production and handling practices, and setting of appropriate food quality and sustainability standards. In choosing innovations for research focus, emphasis will be placed on facilitating empowerment and benefit-sharing by smallholders and small- and medium-size enterprise (SME) entrepreneurs and workers, especially for women and youth.

o Scaling will be achieved by actively engaging innovation and scaling partners from governments, producer organizations, private businesses, financial institutions, and development agencies. Market and food systemwide analyses of trade-offs and policy reforms (including repurposing of present agricultural support measures) will inform decision-making to create the right business environment for scaling to national, regional, and global levels.

o The Initiative will closely collaborate with other One CGIAR Initiatives to enhance impact through complementarity with other interventions for food system transformation. These include: SHIFT-Sustainable healthy diets through food system transformation; National strategies and policies for driving transformation; Informing sustainable development pathways with foresight and metrics; Urban and peri-urban agri-food systems; Levering gender & social equality; Protecting human health through One Health approach; Resilient Aquatic Foods for Healthy People and Planet; Market intelligence for more equitable and impactful genetic innovation; Transformational agroecology across food, land and water systems; Harnessing digital technologies; and Regional Integrated Initiatives corresponding to targeted market contexts of this Initiative.

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### Highlights

With direct engagement of scaling and innovation partners, key bottlenecks to efficient food market and value chain development will be identified and options for scaled-up investments and innovations for inclusive agri-food system transformation will be tested to empower food system actors to resolve bottlenecks in at least 6 country/market contexts.

Actionable policy advice will be provided on how to prioritize and reorient regulatory frameworks and incentive schemes for the scaling and promotion of sustainable practices, job creation, affordable and diverse food availability, and fair income sharing along agri-food value chains.

An improved integrated database measuring incomes, employment, environmental footprint, and degree of policy support across the agri-food system will fill a critical information gap for assessing the potential for and trade-offs associated with scaling of interventions and innovations for inclusive and sustainable food value chains.

Global, regional, and national level analyses will give direction on how to repurpose and reorient existing agricultural support and trade policies to create appropriate market incentives for sustainable production practices, technology transfer for value-chain innovation, and creation of inclusive linkages within and between domestic and global food value chains.

Evidence will be provided on how e-commerce platforms and other digital innovations can be leveraged to efficiently integrate food value chains and create greater income and decent employment opportunities for smallholders and SME entrepreneurs and workers, especially for women and youth amongst them.

### Work Packages

Scope of Work		3-year Outcomes
Policy coherence and market reform for inclusive and sustainable transformation of food markets and value chains	This workstream will fill an important knowledge gap by developing an integrated global database for measuring income and employment generation, environmental footprint and policy support across the agri-food system. It will underpin global, regional and national model-based analyses to assess options for policy reform and potential for scaling of specific interventions and innovations.	National policymakers, international organizations, and market actors make active use of the Initiative's innovative tools for food market diagnostics and policy analysis, driving evidence-based policy and investment decisions that improve the performance of food markets in terms of value-added sharing, employment creation, affordability and diversity of available foods, and environmental outcomes.
Making globally integrated value chains inclusive, efficient, and environmentally sustainable	This action-oriented workstream will identify incentives, inclusive business models, and trade measures for developing more efficient and environmentally sustainable value chains integrated in international markets. This work package will further study modalities for fair value-added sharing for domestic producers, distributors, and workers, especially women and youth.	In at least two developing countries, the effectiveness and scalability of pilot interventions and investments have been shown to have improved the efficiency and sustainability of food value chains connected to international markets and the incomes of smallholders and SMEs participating in those value chains.
Evaluating market and value-chain process innovations for job creation and income opportunities in domestic and regional markets for nutritious foods (including fruits & vegetables, and aquatic foods)	This workstream will test pilots of market innovations solving value-chain bottlenecks in domestic markets for fresh, packaged, and processed nutrition-rich foods. Food market and policy analyses will identify scaling conditions and gains for job creation and income growth (especially for women and youth), poverty reduction, food security and nutrition.	In at least two developing countries, domestic market actors, including SMEs, significantly improve economic opportunities for women and youth and reduce food loss and waste by addressing key value-chain gaps in domestic markets for fresh, packaged, and processed nutrient-rich foods (such as fruits, vegetables, and aquatic foods).
Innovations and policy design for development for cross-food market services to leverage new employment and income opportunities	Cross-food market services, including wholesaling, finance, insurance, e-commerce/procurement, logistics, consumer delivery, and digital technologies connecting these are crucial for the inclusive development of agri-food value chains. The potential for scaling process and market innovations for developing cross-value chain service will be identified, prioritizing opportunities for SMEs, women, and youth.	In at least two developing countries, the research has influenced policy and investment decisions that leverage digital technologies in critical food-market services in logistics, wholesaling, finance, and/or e-commerce/procurement to improve market access, employment and income generation, especially for women and youth working in small-scale farms and agri-food businesses.

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### Impact Area Contributions

<b>Nutrition, health &amp; food security</b>	Better integrated and inclusive value chains contribute to making nutrition-rich foods more affordable and accessible for poor and food insecure households. Promotion of product innovation, standard setting for food quality and safety, and reducing food loss and waste will also help underpin better nutritional outcomes
<b>Poverty reduction, livelihoods &amp; jobs</b>	Influencing policy and market behavior change to promote efficient value-chain integration, improved market access for smallholders and SMEs and adoption of inclusive agribusiness models will contribute to poverty reduction, improved livelihoods, and the generation of millions of remunerative, mostly off-farm, jobs
<b>Gender equality, youth &amp; social inclusion</b>	Inclusive value-chain integration can provide millions of women and youth the prospect of making a decent living by creating many new, mostly off-farm, job and income opportunities. Promoting skills development, entrepreneurship, and adoption of sustainable and digital technologies, helps close existing gaps, generate equal opportunities and empower women and youth.
<b>Climate adaptation &amp; greenhouse gas reduction</b>	Cost-effective and productivity-enhancing investments and innovations that contribute to climate adaptation and reduction of greenhouse gas emissions are tested for scaling up. Evidence is provided on how food market incentives (taxes, subsidies, food standards, labelling) can be reset to promote the diffusion of such investments and innovations along value chains.
<b>Environmental health &amp; biodiversity</b>	A deeper understanding of the trade-offs between market efficiencies, income generation and environmental outcomes for use of environmentally sustainable and food loss preventing production and delivery processes will inform public and private sector agents how to redirect policies and investments in support of conservation of biodiversity and environmental health.

### Impact on SDGs



### Regions

Global	Central and West Asia and North Africa (CWANA), East and Southern Africa (ESA), Latin America and the Caribbean (LAC), South Asia (SA)
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### Countries



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### Innovations

Creation of a global knowledge platform of best practices of game-changing interventions for inclusive food system transformations informed by impact assessments on effectiveness and scalability of bundles of interventions and inclusive forms of value-chain integration.

New evidence is generated about actionable market and value-chain process innovations that link domestic and global value chains and foster food trade integration in inclusive ways.

Linking digital technologies for e-commerce and e-procurement platforms to improve supply chain integration, market access for smallholders and agri-food SMEs and employment generation for women and youth.

Scaling of systemwide concerted and publicly-guaranteed certification schemes for food quality and sustainability which will also foster fairer value-added sharing and use of environmentally sustainable practices in production and distribution across food supply chains.

Development of an integrated global agri-food system database and related modeling tools to assess potential for and trade-offs associated with the scaling of interventions and innovations for job and income generation and reducing environmental footprints along food value chains.

### Key Partners

<b>Demand</b>	Government	National government agencies in selected pilot cases, typically including Ministries of Food and Agriculture, Environment, Commerce, Finance, Labor, Transport and Infrastructure, and Social Protection, as well as food regulatory agencies and National Agricultural Research Institutions.
	Multilateral	FAO, IFAD, and others
	Other	Donor partners
	Private Sector	Producer and trader organizations, individual private companies, and private business networks will be identified relevant to pilots and selected country/value-chain contexts
<b>Innovation</b>	Academic, Training and Research	To be selected, but as examples may include Michigan State University (MSU), Wageningen University Research (WUR), AGRODEP, ReNAPRI, ICRAF, World Vegetable Center
	International NGO	To be selected, but may include AGRA, SNV, CRS, CARE and others identified as relevant to pilots and selected country/value-chain contexts
	National NGO	To be selected, as relevant to pilots and selected country/value-chain contexts
	Private Sector in Aid Recipient Country	Producer organizations, individual private companies, and private business networks will be identified as relevant to pilots and selected country/value-chain contexts
<b>Scaling</b>	Government	National government agencies in selected pilot cases, typically including Ministries of Food and Agriculture, Environment, Finance, Labor, Transport and Infrastructure, and Social Protection, as well as food regulatory agencies), and National Agricultural Research Institutions
	International NGO	International NGOs to be identified as relevant to pilots and selected country/value-chain contexts, but - as examples - may include CARE, SNV, Rikolto, CRS
	Multilateral	IOs to be selected, but - as examples - may include WTO, FAO, OECD, SICA, African Union, ECA, SAARC
	Private Sector	Global processors, retailers, inputs suppliers, digital service providers, financial service providers; small and large domestic firms (to be identified relevant to pilots and selected country/value-chain contexts)
	Public Private Partnership	Multilateral development banks (e.g. IFAD, ADB, AfDB, IDB, World Bank) and national development banks in partnership with private sector scaling partners to be selected as relevant to pilots and selected country/value-chain contexts

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