

# Ending hunger and achieving food security for all

7 July 2020, 4:30 PM - 6:00 PM, Conference Room

## International Trade Centre (UN/WTO) submission response to the guiding questions

### Question 1

1. Which areas and socio-economic groups are especially vulnerable to poor nutrition and food insecurity and what are ways to ensure that food systems transformations leave no one behind?

According to the FAO report on the state of Food Security and Nutrition (2019), we are witnessing a slow increase of hunger in almost all regions in the world. Although this is occurring at a slow pace, there are significant risks that the objective of ending hunger in 2030 will not be attained. Hunger is increasing in almost all subregions of Africa, where the prevalence of undernourishment has reached levels of 22.8% in sub-Saharan Africa, and to a lesser extent in Latin America. Concerning undernourishment, Southern Asia is still the sub region where undernourishment is the highest at almost 15%. As opposed to hunger, the population of undernourished people is distributed unevenly across regions with a prevalence of undernourished population in Asia (more than 500 million). However, the number of undernourished has been increasing steadily in Africa where it reached almost 260 million people in 2018, with more than 90% living in sub-Saharan Africa.

ITC operates within a framework of inclusive and sustainable development, guided by the United Nations Sustainable Development Goals. To ensure inclusiveness in interventions aimed at addressing food security and nutrition, the International Trade Centre is implementing a market systems approach – Alliances for Action- that targets the entire value chain with focus on gender and youth. The International Trade Centre's (ITC) Alliances for Action (A4A) is an initiative that promotes inclusive and sustainable agricultural value chains through a model that works holistically across targeted agricultural value chains to increase producer resilience to shocks whether environmental, economic or health. ITC A4A works with farmers, MSMEs and cooperative enterprises to capture market opportunities through the strategic positioning of diverse agricultural products in the responsible production and consumption market segment. It focuses on the development of value-added products and market innovations to maximize the income generating opportunities in the local, regional and international markets. Through its multi-stakeholder partnerships, it results in coordinated bottom up private public dialogue and investments. This integrated support addresses aspects of living incomes, producer association competitiveness, agricultural productivity, value addition and MSME empowerment to embrace change and adapt. It also supports climate change adaptation through crop, market and income diversification – all factors which will be essential to build resilience, economic empowerment and food security.

Through its Alliances for Action program, ITC is helping populations including women, youth and rural populations to enhance food security and nutrition by adopting a holistic approach, which targets exports as well as domestic markets of both food crops and cash crops. Providing support to cropping systems as a whole allows supporting smallholder farmers in the sustainable production of cash crops as well as crops, which are essential for the household food security and nutrition. This approach makes a tangible impact, by empowering several socio-economic groups including women, youth and small producers and companies and by promoting climate-smart practices, value addition and product-market diversification. The results are leading to better trade and growth, shock resilience and higher incomes.

## Question 2

2. **What fundamental changes are needed to make our food systems an engine for inclusive growth and contribute to accelerating progress towards ending hunger and achieving food security for all in the Decade of Action?**
  - a) How could they be designed and implemented to generate synergies and strengthen existing ones with other Goals and Targets?
  - b) What are some of the possible trade-offs from these changes and how can they be mitigated?

Food systems and commodity dependent Smallholder farmers are undergoing a triple crisis: Climate Change, Price Volatility and Economic Shock as well as a health crisis. As part of ITC's Alliances for Action program, four broad strategies have been identified to help small farmers go beyond resilience and survival and into growth in the long term.

These are:

- **Establish integrated, climate-smart production systems** with food crops, cash crops and agroforestry. Diversification makes it easier to adapt to climate change and means better soil quality and productivity. Diversified crop production also improves livelihoods and the welfare of farmers by mitigating income risk, ensuring food security and improving household nutrition.
- **Explore new markets and value addition to generate better returns**, more income streams and new commercial channels. Targeting several market channels at the same time, focusing on local economies as well as export, and branching out into new products can bring in more customers while diversifying market and price risk.
- **Expand alliances for investment, innovation and equitable value distribution**. Investments by buyers, financiers and the public sector in adaptive technology could help farmers become more efficient, scale up productivity and increase their incomes. A relationship of trust and transparency between buyers, producers and value chain operators can also reduce the asymmetries in the distribution of profit.
- **Shrink the distance between farm and table**. Engage directly with consumers and shift to digital tools and platforms. Digitalization of working procedures and new online delivery platforms enable producers to get better organized. This means they can reach local, regional and international markets and win new customers. It also responds to the growing demand for responsible production and consumption and bridges the gap between producers, buyers and consumers.

In agribusiness, economic transformation must translate to sustainable returns for smallholder farmers and the micro, small and medium-sized enterprises that contribute to food production across the value chain. However, farmers and farmer organizations cannot do it alone, and their voices are often not represented well enough or not heard. Collective action is key to inclusive, sustainable, productive and commercial alliances engaging individuals, as well as associations, institutions, businesses and policymakers.

The Alliances for Action proposed strategy of intervention allows the reconciliation of major tradeoff between SDGs, as it targets both how to ensure sufficient production and enhance productivity as well as the environmentally and socially sustainable principles. SDGs 1 and 2 are addressed at the same time while ensuring decent work and economic growth (SDG 8), responsible production and consumption (SDG 12), Climate action (SDG 13), SDG 15 thanks to the introduction of Agro-forestry by means of establishing Public Private Partnerships (SDG 17)

### Question 3

**How might COVID-19 facilitate or complicate the implementation of needed food systems changes?**

- a) Will it aggravate and/or reduce vulnerabilities?
- b) What are the changes in design and implementation of policies affecting food systems which are necessary to prevent and better deal with food security and nutrition impacts of infectious disease outbreaks and pandemics in the future?
- c) What of the current immediate actions we are seeing will contribute to the long-term resilience of food systems?

As highlighted in ITCs publication "Unsung Heroes: How Small Farmers Cope with COVID-19"; The COVID-19 crisis has triggered a much-needed reality check. It has brought to the surface the issues and inequalities inherent in our 'business as usual' mode and magnified its interdependencies, risks, strengths and weaknesses. It is now clearer than ever that the way we produce, trade, organize our supply chains, work, travel, consume and generally operate must change if we want to mitigate the short-term impact and prepare a better future.

ITC has undertaken broad consultations across its food systems project beneficiaries in ACP and Latin American countries. The core narrative across these countries, their regions and value chains is a shared one. The story is one of small producers who are very vulnerable to economic and environmental shocks; low incomes and volatile commodity prices; and livelihoods with high labor and operating costs, and limited investment and profit. Triple threat: Climate, prices, health Family farmers are now looking at a triple livelihood crisis: climate, prices and global health.

In relation to COVID-19, ITC's A4A projects use a two-pronged strategy to address the crisis: emergency responses to withstand and survive the crisis on one hand, and urgent, strategic measures for long-term growth and economic recovery.

A healthy population starts with nutritious food. This requires healthy, productive farmers as well as enabling policies and sustainable, effective supply chains. Producers who have not seen demand shrink during the pandemic may be better positioned to survive economically. But demand alone is not enough. The road to recovery will be difficult. Little financial liquidity or support is available to farmers, who typically have low incomes and no possibility to telework. Many are vulnerable to the virus because of their age, and many are still recovering from other crises. Some governments continue to tighten restrictions to slow the spread of COVID-19, meaning farmers will face even more challenges accessing markets to sell their produce or buy necessary inputs. MSMEs and Farmers might also struggle with high prices for the food they need, because of limited purchasing power.

As part of the ITCs Alliances for Action program, four broad strategies have been identified to help small farmers be more resilient and survive in the short term.

- **Ensuring farmers remain healthy and safe.** Producers have turned to a range of tools and strategies to ensure their survival and mitigate the short-term effects of the pandemic. The top priority is ensuring that farmers remain safe. Protect farmers' health. Quarantine is not an option in this line of work, so keeping farmers healthy is a challenge.
- **Build a solidarity network for Farmer's welfare beyond health:** Although many producers are in isolated rural areas, they are on the frontlines of the global food supply chain. Safeguarding their welfare equates to ensuring Farmers and workers have reliable access to sufficient quantities of affordable, nutritious food. Farmers in some Caribbean states see the pandemic as an opportunity to boost domestic sales, as food imports may be restricted.
- **Keep information flowing and PPD both ways:** Up-to-date, accurate information about the pandemic, both national and regional, is central to formulate action plans and deliver solutions.
- **Enhance marketing and trade opportunities:** Strategies under consideration include increasing local product supply streams; boosting interregional trade; strengthening export protection; developing private-public sector partnerships; and enabling public policy responses.

As part of the ITCs Alliances for Action program, four broad strategies have been identified to help small farmers go beyond resilience and survival and into growth in the long term.

These are:

- **Establish integrated, climate-smart production systems** with food crops, cash crops and agroforestry. Diversification makes it easier to adapt to climate change and means better soil quality and productivity. Diversified crop production also improves livelihoods and the welfare of farmers by mitigating income risk, ensuring food security and improving household nutrition.
- **Explore new markets and value addition to generate better returns,** more income streams and new commercial channels. Targeting several market channels at the same time, focusing on local economies as well as export, and branching out into new products can bring in more customers while diversifying market and price risk.
- **Expand alliances for investment, innovation and equitable value distribution.** Investments by buyers, financiers and the public sector in adaptive technology could help farmers become more efficient, scale up productivity and increase their incomes. A relationship of trust and transparency between buyers, producers and value chain operators can also reduce the asymmetries in the distribution of profit.
- **Shrink the distance between farm and table.** Engage directly with consumers and shift to digital tools and platforms. Digitalization of working procedures and new online delivery platforms enable producers to get better organized. This means they can reach local, regional and international markets and win new customers. It also responds to

the growing demand for responsible production and consumption and bridges the gap between producers, buyers and consumers.

## Question 4

**What knowledge and data gaps need to be filled for better analyzing current successes and failures in food systems and the trade-offs and synergies, across SDGs, in implementing food systems changes to fix these failures?**

The following present examples of data and information tools that should be further up scaled and institutionalized given their relevance as public goods:

- **Broad analysis on the effect of SMEs in the Food System.** Consistent with its focus on Micro, Small and Medium Enterprises (MSMEs) ITC publishes the ITC *SME Competitiveness Outlook* which provides an in-depth analysis on a particular topic related to the competitiveness of small and medium-sized enterprises (SMEs) – from their contribution to inclusive growth to their participation in regional value chains. This year the SMECO will focus on the effect of Covid-19 on SMEs, including in agriculture. To support the publication, ITC is conducting a wide survey of developing country SMEs globally and through projects located across the ITC portfolio. The report will combine data analysis, academic insights, thought leader opinions, and case studies to provide guidance for policymakers, business managers, and trade and investment support institutions. In addition, the reports contains country profiles for over 80 countries with statistics on the competitiveness of SMEs.
- **Participatory Monitoring of Food Systems Assistance.** Monitoring and evaluation for Food Systems overall differ from those of traditional delivery models of international assistance. Adequate measurement systems are needed to focus on institutional learning and to drive evidence-based decision making. Bottom up participatory approaches that involve a diversity of stakeholders -as implemented by ITC's Alliances for Action programme- are ways in which the diversity of Food Systems can be recognized and captured. Based on ITCs experience, Food System partners need to agree on the relevant indicators – in addition to participate in the M&E. They need to identify and address gaps by communicating findings to the appropriate decision-making authorities in the partnership. In summary, defining and measuring success (and failures) requires these feedback loops to be agile and responsive to contextual change. International development agencies may need to adapt not only partnership strategies but also measurement systems to accommodate emerging opportunities and challenges in moving the partnership agenda forward.
- **Real Time Monitoring of Covid-19 Related Trade Measures.** In order to enable MSMEs in developing countries widen their market channels and reach the international, regional or local markets, updated and comprehensive information on tariff and non-tariff barriers would contribute to enhanced transparency and preparedness of MSMEs to enter markets. There are many different initiatives in this area, including the ITC *Market Access Map*. The portal offers market transparency and facilitates the analysis of trade-related policy issues. Another set of data and information is the one related to non-tariff barriers. ITC has developed a database on

non-tariff barriers by country. This type of data prove very useful to MSMEs to improve their understanding of the wealth of non-tariff barriers, which are still strongly affecting the development of intra-regional trade in Africa.

## Question 5

**What partnerships and initiatives are needed to harness synergies and/or reduce trade-offs in food systems?**

- a) What are the most critical interventions and partnerships needed over next 2 years, 5 years, 10 years?
- b) Can these be scaled up or adjusted to fit other contexts?
- c) How can private sector support investments for sustainable agriculture production and supply reduce food insecurity?

As evidenced by ITC's publication "Unsung Heroes: How Small Farmers Cope with COVID-19"; multilevel multidisciplinary partnerships are required to solve complex policy and development problems. Indeed, new development approaches in food systems increasingly rely on partnerships between public and private sectors to leverage private capital and utilize traditional grant-based funding more efficiently. Yet, there is little understanding about how these partnerships in value chains affect small producers. Effective targeting of partnership interventions requires a proper understanding of the production system at the local, regional and global levels. Achieving results in scale (to harness synergies and reduce trade-offs in food systems) relies on incentivizing and aligning partner interests, configuring an industry vision, and catalyzing investment to build productive capability and bargaining power of small producers. Whereas inclusion of small producers is often pursued as an objective, farm and non-farm employment and entrepreneurship opportunities arising from partnerships can provide more effective vehicles to poverty reduction and efficient food systems.

The International Trade Centre's Alliances for Action approach works with farmers, MSMEs and cooperative enterprises to capture market opportunities through the strategic positioning of diverse agricultural products in the responsible production and consumption market segments. It focuses on the development of value-added products and market innovations to maximize the income generating opportunities in the local, regional and international markets. It seeks to bridge the network, knowledge and information gaps and recognizes this as the fundamental 'building blocks' of the subsequent stages in partnership development approach.

ITC Alliances for action is structured in five phases including:

- Understand intervention spaces and partner characteristics through an action-oriented analysis of local, regional and global value chains
- Convene and Develop a shared vision involving multi-stakeholder platforms at industry- or sector-level and alliances of partners around a set of coherent partnership goals
- Transform and Incentivize partner investments by building capability of small and medium actors and MSME competitiveness
- Leverage targeted financing and support to catalyze investment by alliance partners towards achieving partnership goals and delivering on the overall industry vision

- Adopt a flexible approach to take advantage of new market opportunities, new champions and evolution of a trust-based collaborative model

This understanding of the context helps devise 'development PPP' models that are locally owned and market-driven, recognizes the risk-return options, and charts for the different upgrading trajectories possible for the local industry. To be successful, the promising upgrading strategies need to be transformed into a vision and fully owned by the relevant public and private stakeholders. The A4A convenes multi-sector alliances to align stakeholder interests and capabilities around a shared vision. At the country level, the alliances are, therefore, multi-stakeholder institutions that respond to both producers and buyer requirements and promotes multi-channel relations in the market system. The alignment of value chain stakeholders is essential because achieving the upgrading objectives requires coordination of investment and strategies by multiple actors, from small farmers to firms in the processing and export as well as government regulatory institutions. Multiplicity of actors and dynamic character of markets demand that flexibility and agility in how the alliances bring together the relevant public and private value chain actors to implement, monitor, and adapt the sector development and individual value chain partnership business plans.