Food Value Chain Consultations

Consultative workshop on sustainable food value chain focusing on food processing, manufacturing and retail

22nd April 2021

WORKSHOP REPORT

Attendees:

Full list of attendees is available in the end of the report

Workshop objectives:

- Introduce the value-chain approach as adopted by the One Planet-International Resources Panel Task Group.
- Provide key findings of the analysis of the food value chain with the focus on processing, manufacturing and retail.
- Understand the role of the processing/manufacturing companies and retailers in the food value chain and its dependencies on other stages.
- Understand what initiatives/solutions currently exist at this stage of the food value chain to:
    - define the opportunities for their scale-up and replication;
    - identify gaps and challenges to be addressed;
    - identify actions needed by stakeholders at other stages of the food value chain to improve resource efficiency of the food sector.

Full presentation of the meeting is available here

MAIN MESSAGES

- The application of the 'Value-Chain Approach' to analyse the food sector showed that the middle stages of the food value chain -- controlled by food companies across processing and packaging, retail and food services -- are structurally powerful and have a disproportionate influence across both primary production and final consumption. Actors at these stages have a huge impact on the activities at either end in determining both what food farmers sell and what food consumers buy.
- Processing/manufacturing companies are in a powerful strategic position and strongly influence what food is produced and consumed. Shift to local processing units that implement soft processing techniques, and are able to value local species and seasonal raw materials should be considered. Enabling policy environment that is coherent at national and local levels is important for this shift.
- Retail industry has a strong strategic position (interaction with both farmers, processing/manufacturing companies and consumers). Actions that support sustainable sourcing/reliable certification schemes, reduction and avoidance of food loss and waste, extended contractual relationship with suppliers and joint action towards raising awareness and education

of consumers is important in order to leverage the retail industry towards sustainable production and consumption along the food value chain.

- Middle stages of the food value chain are represented by both consolidated and vertically integrated big companies as well as SMEs. Policy measures adapted to the realities of each that enable the shift to sustainable consumption and production of food should be considered.

SETTING THE SCENE

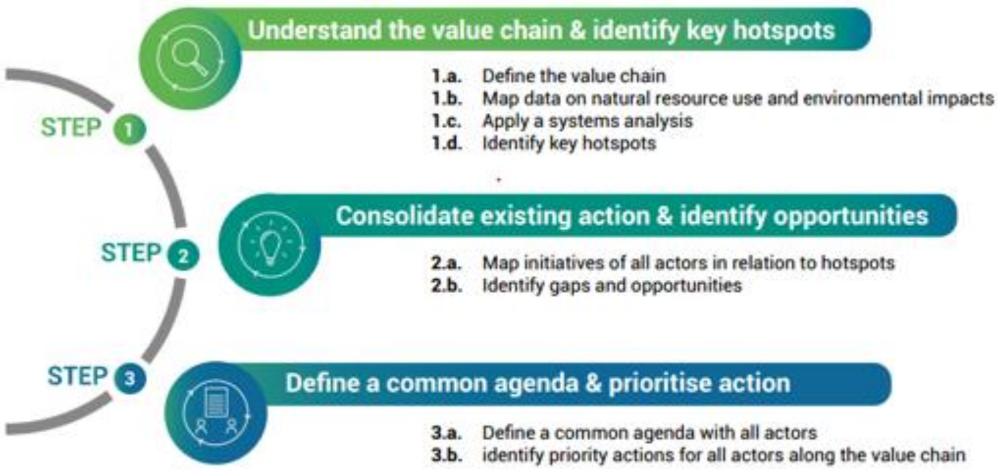
- Strengthening the science-policy interface by adopting the value-chain approach is one of the key elements in strengthening multilateral cooperation on Sustainable Consumption and Production (SCP).
- As part of this process, the One Planet network has planned a series of multi-stakeholder consultations to take place in 2021, focused on high-impact sectors of food, construction and plastics.
- These consultations build on the findings of the One Planet-International Resources Panel Task Group on catalysing science-policy action on SCP, presented in this report "Catalysing Science-Based Policy Action on Sustainable Consumption and Production: The Value-Chain Approach and its Application to Food, Construction and Textiles".
- This is the first consultations series that is focusing on the food sector and dedicated to "Innovative business and policy solutions" along the food value chain. It consists of 5 workshops focusing on the prioritized stages of the food value chain.
- The outcome document of these workshops developed jointly with the participants will be the basis for the collaborative development of the common agenda for action in the food sector.
- This is the third workshop of the series dedicated to food processing, manufacturing and retail. Full information on the food value chain consultations can be found here.
- The work on the value chain approach in high-impact sectors will inform further discussions on a post-2022 strategy on sustainable consumption and production lead by the Member States.

VALUE-CHAIN APPROACH AND ITS APPLICATION TO THE FOOD SECTOR

- The One Planet-International Resources Panel Task Group on catalysing science-policy action on SCP has been established at the request the Member States at the 4th United Nations Environment Assembly
- The Task Group aimed to catalyse science-based policy action on SCP, thereby providing actionable insights on the management of natural resources in relation to the 2030 Agenda for Sustainable Development. To achieve this, the task group took a sectoral focus and applied the 'Value-Chain Approach'.
- The 'Value-Chain Approach', as developed by the Task Group, is a methodology for catalysing science-based policy action on sustainable consumption and production which identifies key points of intervention within economic systems to reduce natural-resource use and environmental impacts through a common agenda for action.
- By applying a systems lens, the socio-economic drivers and barriers that influence value chain operations of different sectors are identified, taking into account the complex feedback loops influencing the operations and behaviours of actors along the value chain. This approach shows

that the key points of intervention are often not the same as where natural resource use and environmental impacts take place, making systems analysis essential.

- The 'Value-Chain Approach' identifies where the greatest opportunities for a shift to sustainable consumption and production exist, shapes corresponding actions by building on current knowledge and available data and engages the relevant actors.
- The Approach consists of three main steps:



- The Task Group has applied various steps of the 'Value-Chain Approach' to three high-impact sectors: food, construction and textiles.
- When it comes to the sector of food, application of Step 1 has demonstrated that[1]: "*while the majority of natural resource use is taking place at the primary production stage, a systems lens that considers drivers of food systems shows us that primary producers have a limited ability to shape food systems and change their production practices. Analysis shows that the middle of the value chain, controlled by food companies across processing and packaging, retail and food services, is structurally powerful and has a disproportionate influence across both primary production and final consumption. While these stages of the value chain don't use the most resources themselves, they have a huge impact on the activities at either end in determining both what food farmers sell and what food consumers buy*".
- The analysis of the food value chain identified <u>three core challenges</u>:
    1) <u>How we produce food</u>: The majority of natural-resource use and environmental impacts takes place during production. Changing production practices is critical to using resources more efficiently and sustainably, while causing less damage to the environment.
    2) <u>How much food we produce and consume</u>: One-third of all food produced is either lost at the production, transportation or processing stages, or wasted downstream in the food at the retail, food service and consumption stages.
    3) <u>What types of food we produce and consume</u>: Different types of food can embody large differences in the natural resources used and environmental impacts caused along the stages of the value chain including production processing, transportation, and disposal.

[1] Full analysis available [here]

- Initial application of Step 2 of the Approach was based on the reporting data of the One Planet network. The One Planet network activities related to food were mapped in relation to the stage of the value chain that they target. Most activities of the Network take place at primary production (23%) or individual consumption (19%) stages. The middle stages of the food value chain, including food processing and packaging, transport and logistics, retail and food service, represent only 25% of the total. A significant amount of these activities within this 'middle part' of the food value chain can be seen at the food service stage. Only 9% of activities happening at food processing & manufacturing stage (3%) and retail stage (6%).

Policies targeting Processing, manufacturing and retail (based on 12.1.1 reporting data)

- Concentration of policy measures at the two ends of value chain
- Nearly 60% of the measures proposed at either input/production phase or consumption phase.
- Processing is almost entirely absent from reported Sustainable Consumption and Production policies on food, indicating a significant gap.
- Measures here concern only packaging, not looking at the transformation and processing of food products and its role within the food value chain.
- Policy measures targeting retail account for 16%, most being:
  - regulatory measures, mostly through procurement e.g. eliminating single-use plastics, increasing volume of organic food, sustainability requirements in tenders
  - voluntary or information-based measures directly targeted at consumers, e.g. promoting eco-labels

EXISTING ACTION AT PROCESSING, MANUFACTURING & RETAIL STAGES OF THE FOOD VALUE CHAIN

The discussions of the workshop focused on existing initiatives/solutions at processing, manufacturing and retail stages of the food value chain. Through the discussion a number of enablers, challenges & gaps that exist at these stages were identified.

Opportunities & enablers

- Support to regenerative farming techniques from the actors at processing and manufacturing stage of the food value chain presents an important opportunity to reduce the impact of resource use at the primary production.
- Addressing food design through the decisions on what primary raw ingredients to use, how they are grown (e.g. regenerative agriculture) and how to turn them into a nutritious food product with reduced environmental impact is an opportunity to explore for processing and manufacturing companies.
- Diversified approach to addressing food loss and waste at the retail stage is an important opportunity. Improved ordering strategy, stock management, product range, optimization of product lines are important entry points for retail in avoiding and reducing food loss and waste.
- Repurposing and donating surplus food is another way for the retail industry to reduce emissions of the food value chain (i.e. circular economy).
- Retail is in a strategic position to educate consumers and raise awareness on such issues as food loos and waste; sustainable sourcing and deforestation. This opportunity is strengthened through

collaboration and definition of the same goals with other companies in the industry, the suppliers and other actors along the food value chain.

- Retail is a very important player in the value chain for its power and interactions with other value chain players. Some of the solutions to reduce food loss and waste have been through setting clear targets and making the economic case; contractual arrangements with suppliers and allowing for greater flexibility of contracts between suppliers and buyers; better collaboration between the different players; finding collaborative ways to prevent food loss and waste; repurposing crops that don't meet cosmetic standards; connecting food banks with upstream and downstream players; and supporting the adaptation of new technologies.

Challenges & Gaps

- Even though, the analysis has shown that the actors at the middle stages of the food value chain are consolidated and vertically integrated, 70% of the food trading, processing, manufacturing and retailing is comprised of Small-Medium Enterprises (SMEs). Most of these SMEs are not supported by the policy environment, especially in developing countries.
- Credible certification is a challenge for the actors along the food value chain. This problem can be addressed through pre-competitive collaboration based on internationally acknowledged documents.
- Affordability of sustainable food remains a challenge as it includes costs such as for certification that mainly falls burden on the primary producers. These costs have to be reflected by other actors in the supply chain but also other stakeholders like NGOs or financial institutions. All of them have to commit to similar actions so the burden is not just on the growers but all relevant stakeholder in the agricultural sector.
- Policy environment that enables the retail and processing and manufacturing industry to source sustainable products that are not linked to deforestation is needed.
- Fragmentation of initiatives and solutions makes it difficult to understand what works and where, which reflects on funding opportunities. Leveraging multi-stakeholder collaborations and platforms to identify solutions is one of the ways to address this issue.

List of Initiatives Shared at the Workshop

- Regenerating Nature, UNILEVER
- Sustainability Report 2020, Shoprite, South Africa
- Food Waste Coalition, Consumer Goods Forum
- Shared Responsibility, Roundtable for Sustainable Palm Oil
- Circular Economy Platform, European Commission
- EU Platform on Food Losses and Food Waste, European Commission
- Food Initiative, Ellen Macarthur Foundation
- Soy Manifesto - Measures to end the use of soy produced on deforested land by French supermarkets Carrefour, Casino, Auchan, Lidl, Metro, Système U, Mousquetaires and Leclerc
- Refining hotspots assessment in the food and beverage processing sector in Argentina, and shaping action to address them, UNEP

List of Attendees

	Organisation	Expert's name
1	BRS Convention	Kei Ohno Woodall
2	Carrefour	Scarlette Elizee
3	Consumer Goods Forum	Aliya Kumekbayeva
4	Ellen MacArthur Foundation	Emma Chow
5	ENEA- Italian National Agency for New Technologies, Energy and Sustainable Economic Development	Milena Todorova Stefanova
6	ENEA- Italian National Agency for New Technologies, Energy and Sustainable Economic Development	Chiara Nobili
7	Food and Agriculture Organization of the United Nations (FAO)	Florence Tartanac
8	Food Lovers Market	Siglinda Losch
9	Foundation for Food & Agriculture Research	Lucyna Kurtyka
10	Fundación Chile	Flavio Araya Mourgues
11	Fundación Chile	Claudia Razeto Pavez
12	GAIN – Global Alliance for Improved Nutrition	Penjani Mkambula
13	Global Sustainable Seafood Initiative	Eva Mudde
14	INRAE	Yuna Chiffoleau
15	Instituto Tecnológico de Costa Rica	Marianela Gamboa Murillo
16	ISEAL Alliance	Vidya Rangan
17	Mauritius - Ministry of Environment	Sarita Meeheelaul
18	Mauritius – Ministry of Environment	Moonawwara Outim
19	Ministry of Agriculture of Chile	Daniela Acuña Reyes
20	National Technical University, Mendoza, Argentina	Alejandro Pablo Arena
21	Pinpoint Sustainability	Nicola Jenkin
22	Roundtable for Sustainable Palm Oil	Inke van der Sluijs
23	Shoprite	Sanjeeb Raghubir
24	Sweden Food Agenda	Marie Gidlund
25	Swedish University of Agricultural Sciences	Elin Röös

26	UNFCCC	Angela Wagner
27	UNILEVER	Alejandro Amezquita
28	United Nations Environment Programme	Rhoda Wachira
29	United Nations Environment Programme	Sheila Kabui Karue
30	United Nations Environment Programme	Daniela Liebetegger
31	WWF Colombia	Camila Paula Cammaert Gutierrez
32	WWF France	Michael Mulet
33	WWF South Africa	Mkhululi Silandela