

WFP Armenia- Creating Sustainable Nutrition-sensitive Food Value Chains

In Armenia, the gains resulting from the macroeconomic progresses and structural reforms implemented over the last decades have not reached in the same way all the population, with those worst off being left behind, particularly small-holder farmers and women. This social inequality is also followed by the uneven geographical development of the country, with the northern provinces of Armenia being those most affected by high level of food insecurity. Part of the economic growth that is being experienced by the country stems from the agricultural sector that has had relatively strong performances since 2001 and which has contributed to the increased food availability in the country; although this is characterised by low diversification and quality standards, and high productions costs. Thus, constraining the access of those most vulnerable to nutritionally diversified healthy food at affordable prices.

The reason for this can be found in the lack of a nutrition-sensitive food value chain whereby the market-offer of nutritious food, low purchasing power, inefficient supply chain mechanisms and existing consumption habits all negatively impact the access to nutritionally diversified food and negatively reflect on the food security and nutrition situation of the most vulnerable groups of the Armenian society.

As a result, despite the macroeconomic progresses and structural reforms implemented during the last decades, the lack of access to affordable and nutritionally diversified food, social inequalities and uneven territorial development have led to:

- **Food insecurity** levels that are stagnant and mostly represented in the provinces of Tavush (22.6%), Shirak (24.2%), Lori (19,5%) and Armavir (16.5%) all of them being higher than the national average (16%);
- In these same regions, food insecurity is most often also accompanied by poor dietary intakes which in turns lead to high level of **malnutrition**;
- Across the country, one in three people still live below the **poverty** line.

THE FOUR DRIVERS OF INEFFICIENCY OF THE EXISTING FOOD VALUE CHAINS IN ARMENIA THAT WFP AIMS TO TACKLE:

INEFFICIENT PRODUCTIVITY

Low productivity, the limited use of modern technologies and the fragmentation of the agricultural sector all negatively impact the quality, quantity and affordability of locally-produced nutritionally diversified food. This also translates into the physical, economic and social marginalisation of most small-holder farmers which pursue subsistence-oriented livelihoods and unhealthy diets.

INEFFECTIVE SUPPLY CHAINS

Lack of aggregating systems for smallholder farmers negatively impact effective supply value chains, resulting in limited capacity in post-harvest handling, storage and low levels of food quality and safety standards. Coupled with the inefficient engagement of local producers with formal buyers and retailers, these gaps adversely affect the quantity, availability and diversification of affordable high-quality crops in local markets.

LACK OF NUTRITION AWARENESS

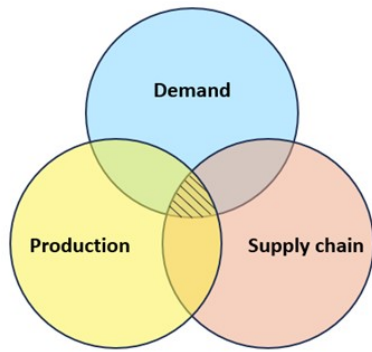
Limited dietary and nutrition education leads Armenian households, particularly those in rural areas, to follow traditional diets dominated by staples and carbohydrates. This in turns negatively reflects on the local market demand of nutritionally diversified food, which in turn doesn't stimulate the production of such commodities by local farmers.

LOW PURCHASING POWER

The inefficient productivity of the agricultural sector leads to high production costs, low sales in local markets and therefore undermines the purchasing power of local farmers. Regional disparities and existing poverty rates also negatively impact the access to nutritionally diversified food and pushes the most vulnerable groups of the population being food insecure and malnourished.



THREE PILLARS OF THE NUTRITION-SENSITIVE FOOD VALUE CHAIN

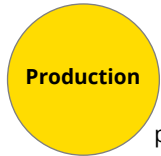


WFP's nutrition-sensitive food value chain aims at supporting local producers improving the production of targeted commodities that are contributing to the nutritional diversification of food across Armenia. Increased productivity gains and sales will positively impact the creation of labour opportunities and make nutritionally diversified food more affordable.

WFP will also support local producers throughout the supply chain process to improve the storage, processing and packaging of local productions. This will support the increased quality and diversification of food that can be accessed in markets, while minimising losses.

Key to the sustainability of the nutrition-sensitive food value chain is the creation of a market for nutritionally diversified, affordable, high-quality food. This will be ensured by strengthening the linkages between producers and the retail sector, creating local markets and stimulating the population's demand for more diversified healthy food.

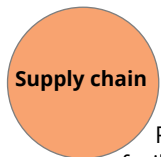
I. Increase production of diversified nutritious and high quality crops



Expected Results: Increased access to nutritionally diversified food at affordable prices through the support to local producers increasing their productivity of diversified nutritious crops.

In partnership with UN sister agencies, national and international partners, local producers will be supported with both productive input and capacity strengthening activities, using at best the different partners' synergies and comparative advantages. First, local farmers will receive quality seeds and seedlings, machineries and green innovative technologies such as greenhouses, hydroponics and solar panels. This to increase agricultural productivity, curb production costs and increase the quality of products. Second, to overcome the fragmentation of local agricultural productions and increase the access to markets, local producers will be encouraged to join aggregating systems to increase their bargaining power, providing them with best practices on sustainable diversified agricultural productions, while also supporting these actors strengthen the linkages with the financial sector and increase their access to financial resources and credit schemes.

II. Establish effective and efficient supply chains



Expected Results: Enhanced storage, processing and packaging of food commodities to reduce wastes and improve food quality and safety standards. This will enable the commercialisation of local productions to a wider variety of consumers, promote competition and stimulate economic growth.

Producers will be first supported with infrastructural investments to put at their disposal warehouses and storage facilities, so to overcome the existing inefficiencies regarding the storage, processing and movement of agricultural input from the producers' lands to the market. By doing so, the supply chain process will add product value to local productions whereby producers will be able to aggregate their commodities, ensure safety storage practices, process food components and ultimate packaging procedures to increase the quality of the food to be commercialised and minimise wastes. Producers will also be trained on how to follow the different steps of the supply chain process mentioned above, the formulation of prices as either individual sellers or aggregated entities, the management of their productions and on how to receive safety and quality certifications for their products.

III. Ensuring and strengthening linkages to markets and the retail sector



Expected Results: Ensure the sustainability of the nutrition-sensitive food value chain via the creation of a market for nutritionally diversified food. The population of Armenia will become more aware of healthy consumption diets and reflect this into an increased demand of healthy, nutritionally diversified food. Local producers will have strengthened linkages with the retail sector to widely distribute their productions and increase the overall access to nutritionally diversified food at affordable prices.

To do so, WFP will capitalise on its parallel investments in nutrition activities and school feeding to stimulate the consumers' demand to absorb the supported increased availability of more affordable, nutritionally diversified food. By raising the population's awareness on healthy consumption habits and using the Home-grown School Feeding programme as one of the engaged actors in local markets, WFP will empower community members and schools alike to become stable consumers. Thus, inverting the vicious cycle of malnutrition and food insecurity in Armenia. As importantly, WFP's contemporaneous investments aim to create and strengthen the linkages between local producers and the retail sector to ensure the distribution of their products into markets. This will be done by consolidating and supporting the demand from both the public and the private sector, for instance through agri-businesses, millers and supermarkets and via the development of procurement platforms that bring together a consortium of public and private partners for national distributions and international exports.

NEXT STEPS TO IMPLEMENT THE NUTRITION-SENSITIVE FOOD VALUE CHAIN IN ARMENIA

WFP will first launch a result-based design phase to best identify beneficiaries, commodities and key strategic stakeholders within the public and private sector, government, community-based organizations and donor community. This will set the conditions for the future scale-up and to best direct investment within a comprehensive framework in the form of an end-to-end business plan.

As importantly, WFP will launch a small-scale "testing prototypes" in the community of Berd, Tavush, to generate findings and lessons-learned to inform larger scale-ups and the required work that will need to be conducted at policy and strategic levels in collaboration with cross-sectorial government institutions, ministries, think tanks and the private sector.