

The debate on the role of value chain development in agri-food systems transformation



Food and Agriculture
Organization of the
United Nations

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**Keynote presentation at the Symposium
“The role of value chain development in agri-food
systems transformation”**

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Content

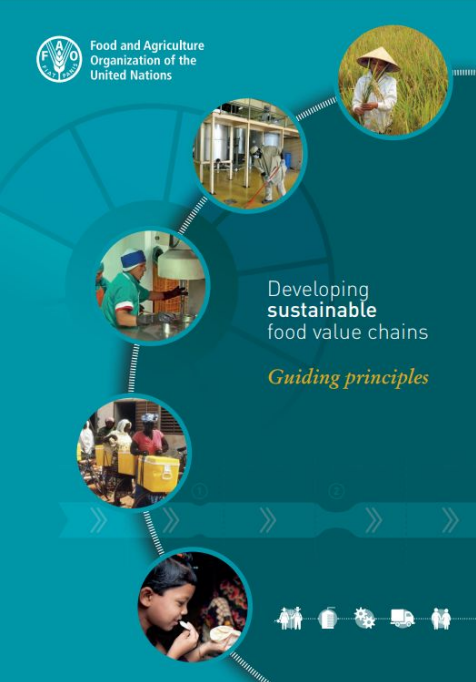
1. Agri-food systems transformation at FAO
2. Value chains as complex adaptive systems (the SFVC framework)
3. From agri-food systems to value chains and back
4. A systems-based approach to VC development in practice

1. Agri-food systems at FAO

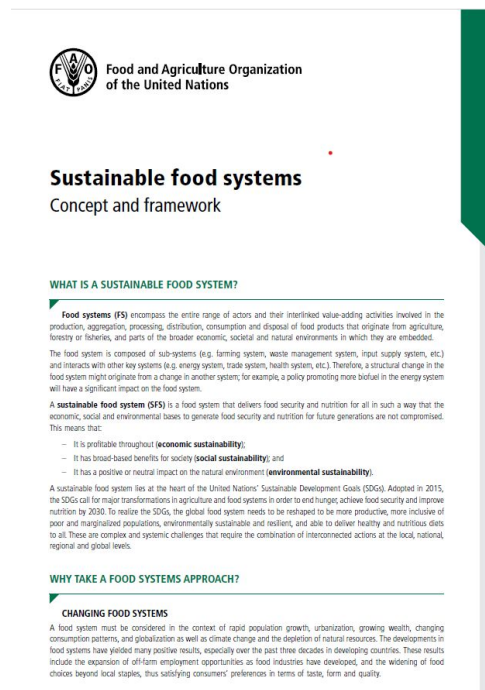
FAO's commitment to agrifood systems transformation through a systems approach

“The four betters - better production, better nutrition, better environment and better life demonstrate how FAO intends to support achievement of the SDG agenda and reflect the interconnected economic, social and environmental dimensions of agri-food systems while encouraging a strategic and systems-oriented approach” **FAO Strategic Framework 2022-31**

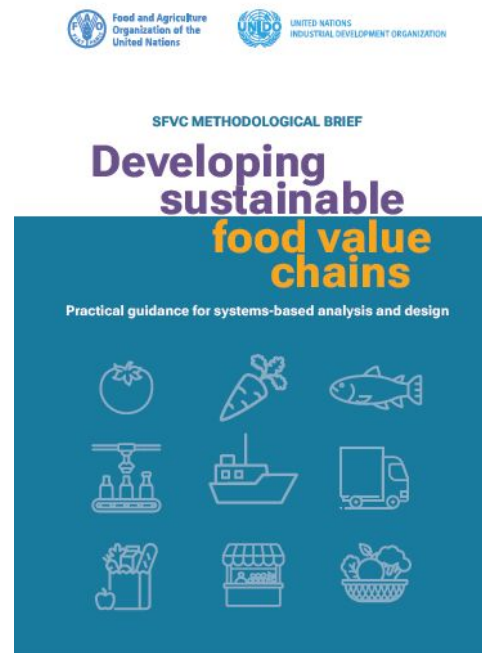




2014



2018



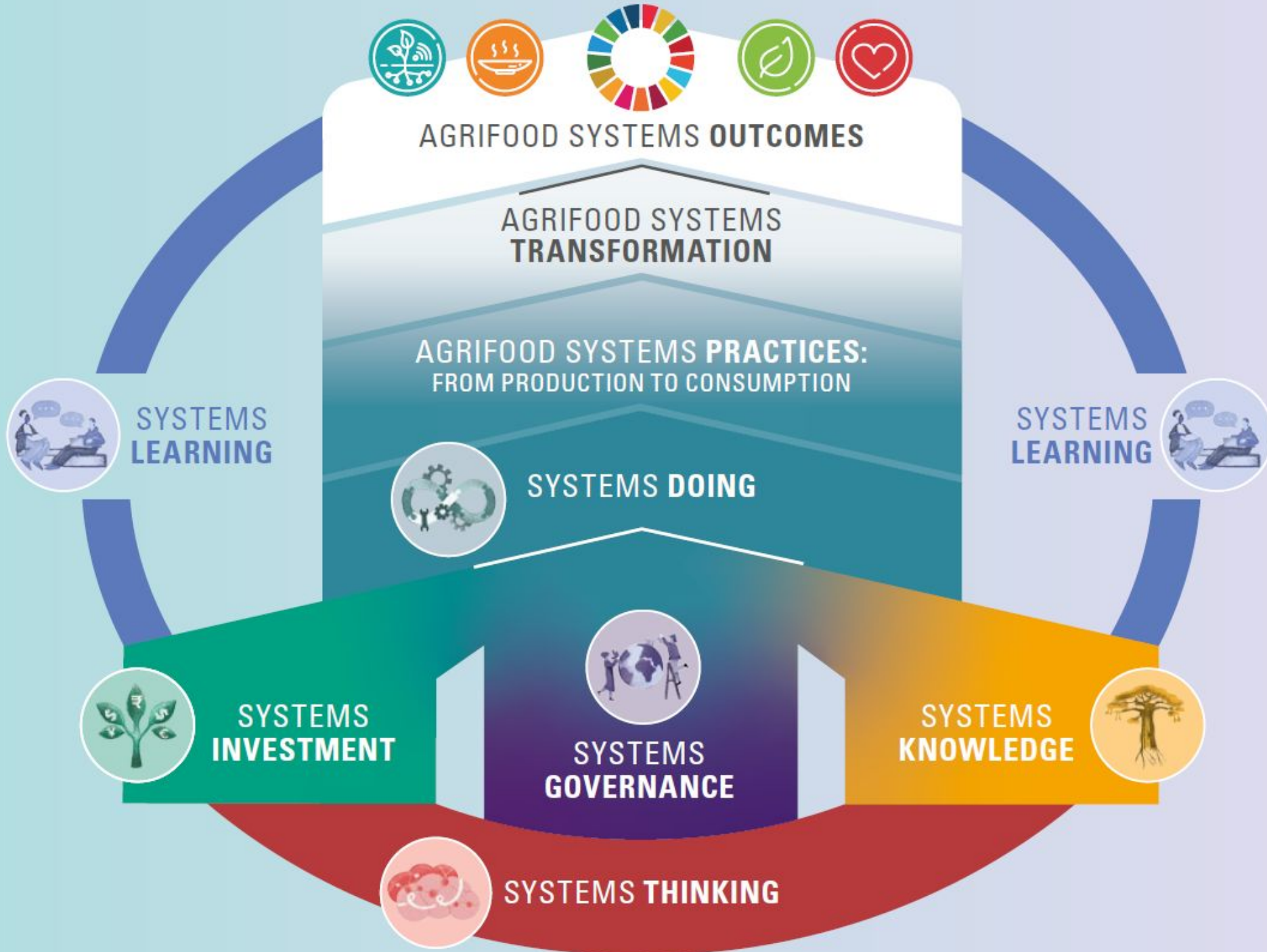
2024



2025

LEADERSHIP

INNOVATION



2. VCs as complex adaptive systems

Value chain development misconceptions:

- VCD has a narrow work area, it's a one-trick pony
- VCD only looks at linear (farm-to-fork) linkages
- VCD only looks at the economics, at the business side
- VCD work is qualitative, not linked to rigorous quantitative analysis
- VCD only looks at one commodity, so no significant impact on wider food system
- VCD is not systems-based and does not lead to sustainable impact

Shifts from traditional to systems-based value chain development:

FROM

Individual problems

Symptoms

Traditional M&E

Expert-driven

Tech-centric

Direct project delivery

Log frames and outputs

TO

All critical constraints

Root causes

Collaborating, learning, adapting

Stakeholder driven

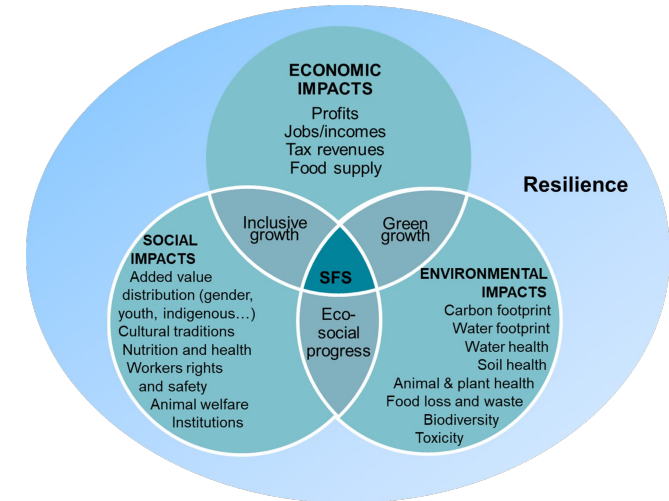
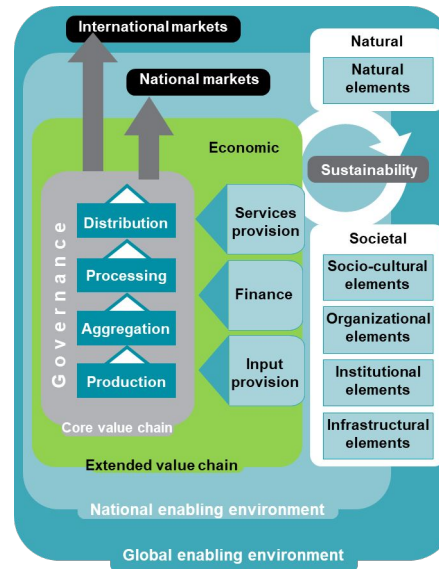
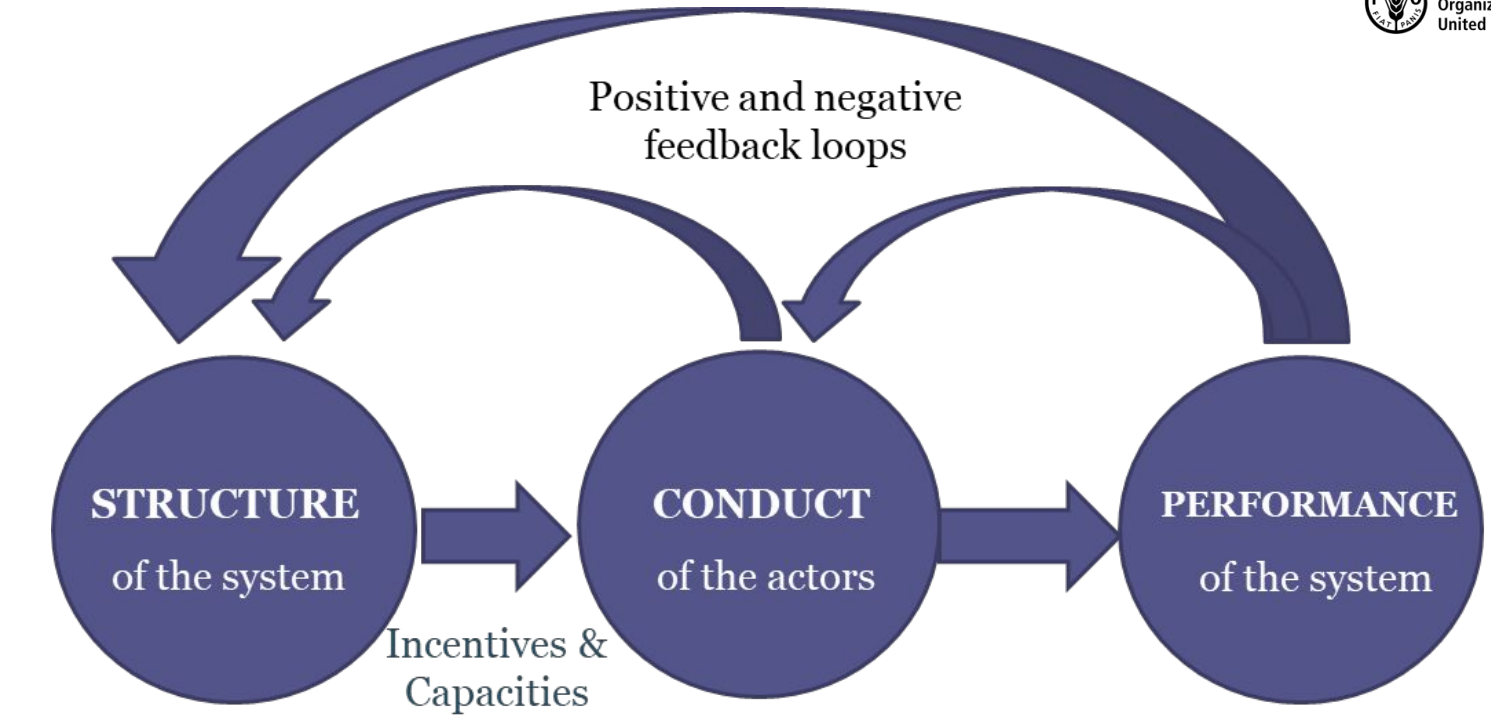
Human centric

Facilitating systems change

Theories of change and
outcomes

SFVC

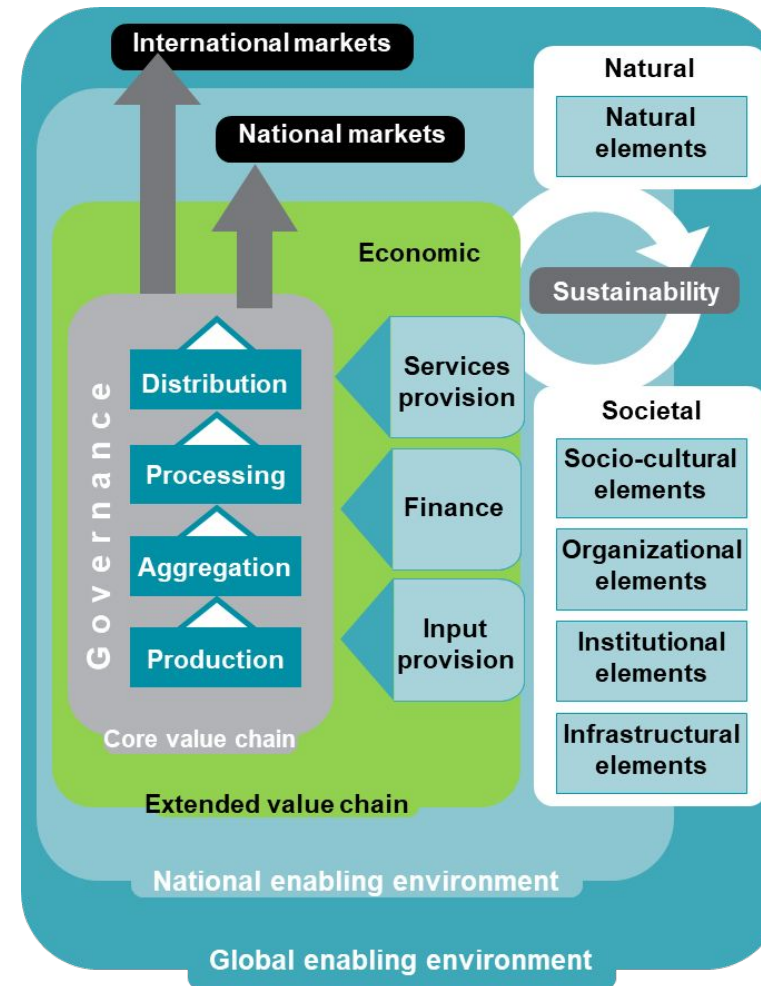
How do we see (value chain) development?



SFVC

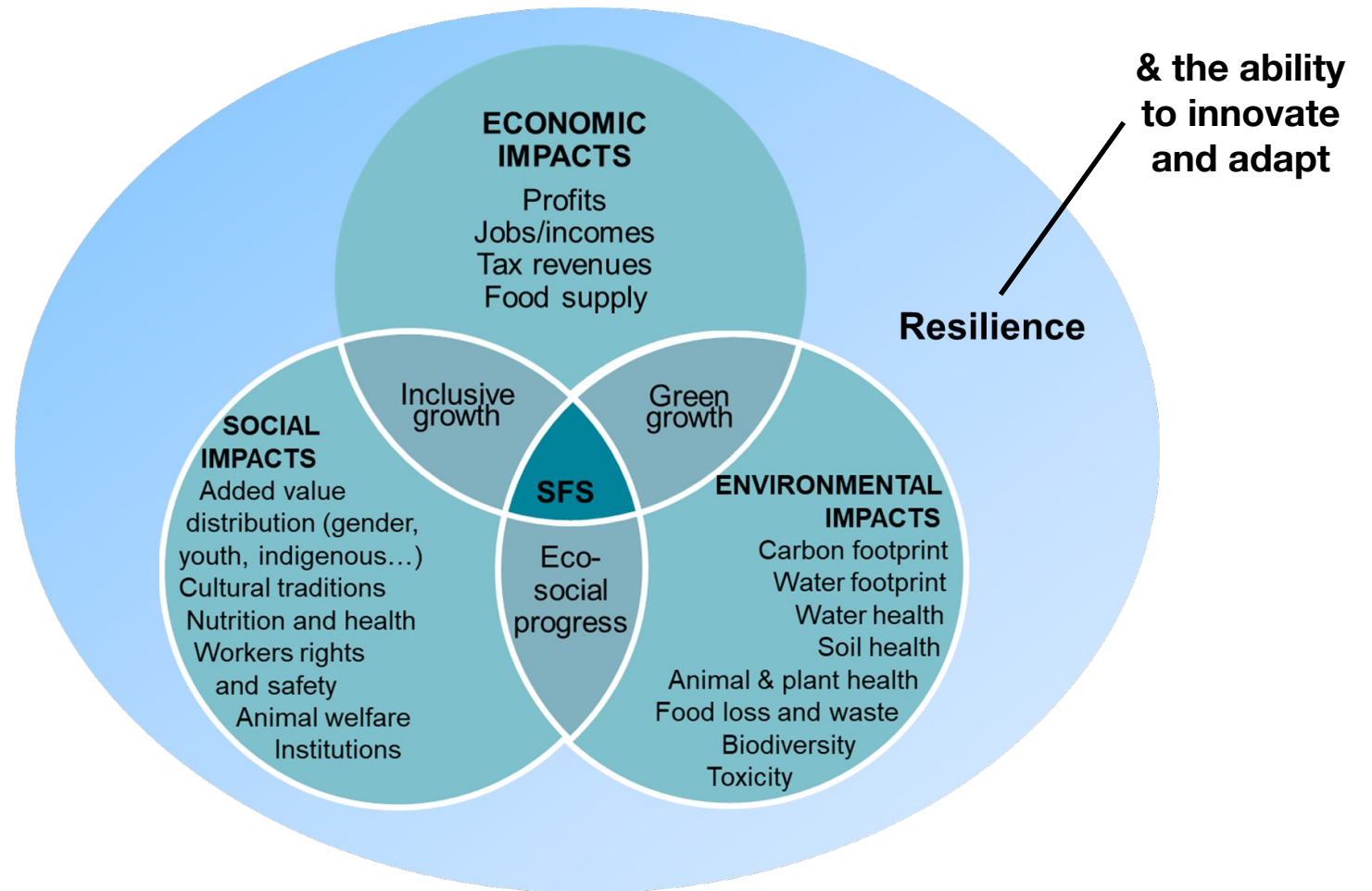
How do we see a value chain?

(systems foundation)



A set of interconnected market systems linked to a commodity, embedded in a broader enabling environment and with a history, a dynamic, and a future

SFVC
How do we
see the
performance
of a value
chain?



SFVC Sustainability heatmaps

Economic Sustainability	Social Sustainability	Environmental Sustainability
Net income	Job-related income distribution	Electricity use
Trend in net income	VA distribution	Fuel consumption
Return on sales	Poverty	Renewable clean energy use
Return on investment	Discrimination	Carbon footprint
Number of jobs in full time equivalent (FTE)	Women's economic involvement	Water and ice consumption
Number of FT jobs	Gendered division of labour	Water pollution
Number of wage labour jobs	Gendered access to resources	Soil erosion
Number of family/self-employed jobs	Women's decision-making & leadership	Soil fertility
Average wage for hired workers	Food availability	Associated species
Average wage for proxy family labour	Food accessibility	Vulnerable ecosystems
Total value of net wages	Food utilization (nutrition, safety)	Endangered, threatened and protected (ETP) species
Direct value added (VA) at VC level	Food supply stability	Genetic resource use
Indirect VA at VC level	Labour rights	Stock status and dynamics
Total VA	Child and forced labour	Plant biosecurity
Contribution to trade balance	Job safety and security	Plant growing practices
Rate of integration	Job attractiveness	Animal biosecurity
Net impact on public finances	Collective action	Animal husbandry
Private investment	Coordination of transactions	Feed and fertilizer use
Nominal protection coefficient	Social cohesion	Use of drugs and chemicals
Direct resource cost ratio	Cultural traditions	Air pollution
Consumer surplus	Policy and regulations	Inorganic waste pollution
Consumer evaluation	Access to finance	Organic waste pollution
Consumer preference	Access to natural resources	Food loss
Price relative to substitutes	Access to information	Food waste
Resilience		
Redundancy	Diversity	Connectivity
Collaboration	Learning and adaptation	Participation and inclusion
Key		
Not concerning	Concerning	Highly concerning

3. From agri-food systems to value chains and back

From agri-food system to value chains

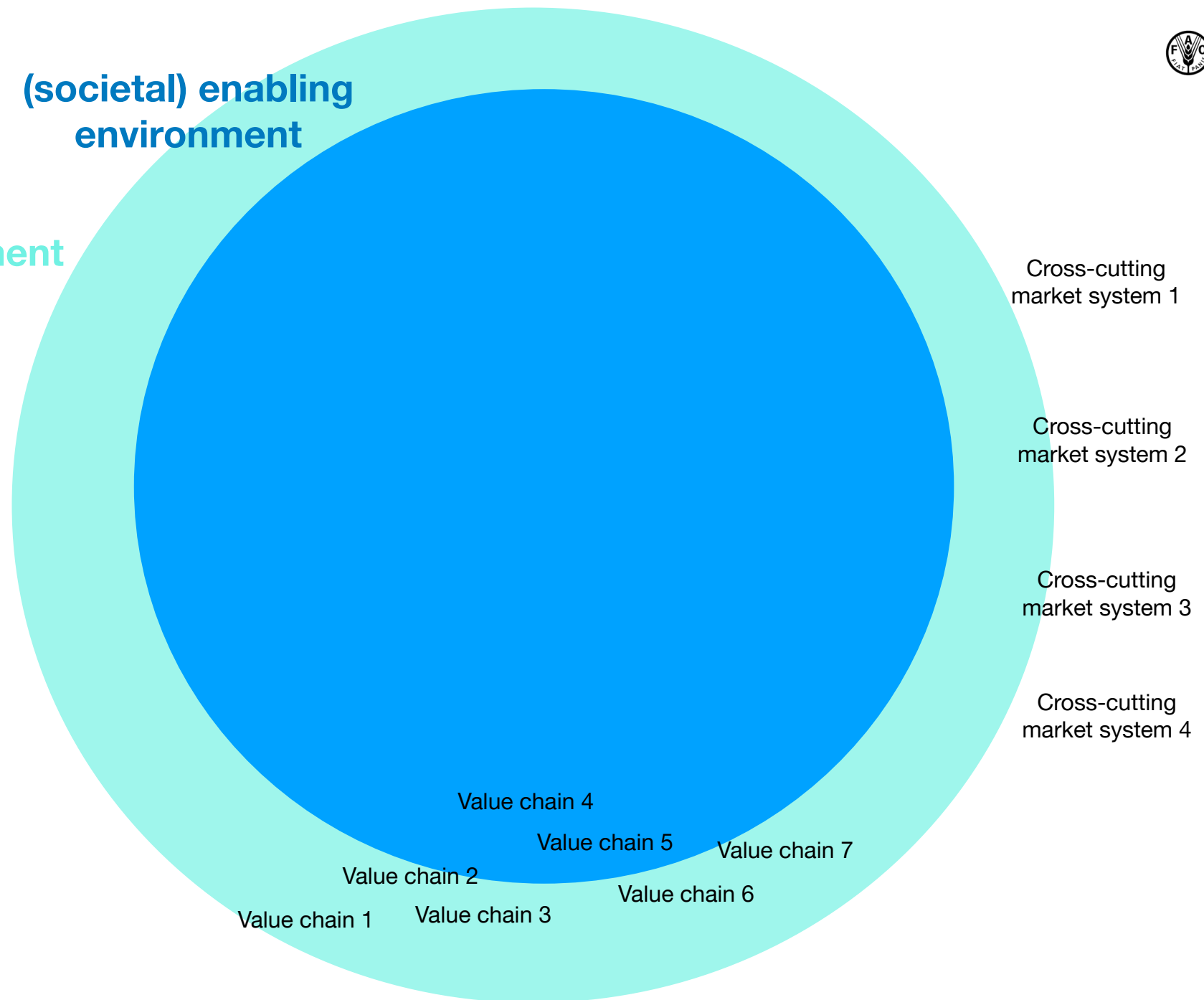
- The process toward agri-food systems transformation usually starts with national level activities, i.e., facilitating enabling environment changes through capacity building, organizational change and policy change (e.g., Zambia's Comprehensive Agricultural Transformation Support Program - CATSP)
- Next, a national level analysis is conducted (rapid food systems analysis, food systems pathways, Hand-in-Hand studies, UN common country analysis, etc.)
- Next, key performance issues in agri-food systems that emerge from the analysis are prioritized by government (strategic intent)
- Next, entry points for addressing these performance issues (sub-systems, elements, links) are identified

□ **value chains are (remain) a common entry point!**

From value chains to agri-food system

- Value chain development contributes to agri-food systems transformation:
 - Directly within VC (already selected for its potential impact)
 - Spill-over effects on other VCs:
 - Actors working across VC (farmers, processors, retailers)
 - Support/input providers supporting multiple VCs
 - Enabling environment changes affecting other parts of the agri-food system
- The VCD framework/approach can be used at agri-food system level (next slides)

Broadening
the SFVC
framework to
the structure
of a food
system...



Four entry points to SFS development

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- 1 - Business models
 - 2 - Market systems
 - 3 - Territory/landscape
 - 4 - Value chains



Geographical boundaries

Broadening the SFVC framework to the structure of a food system...

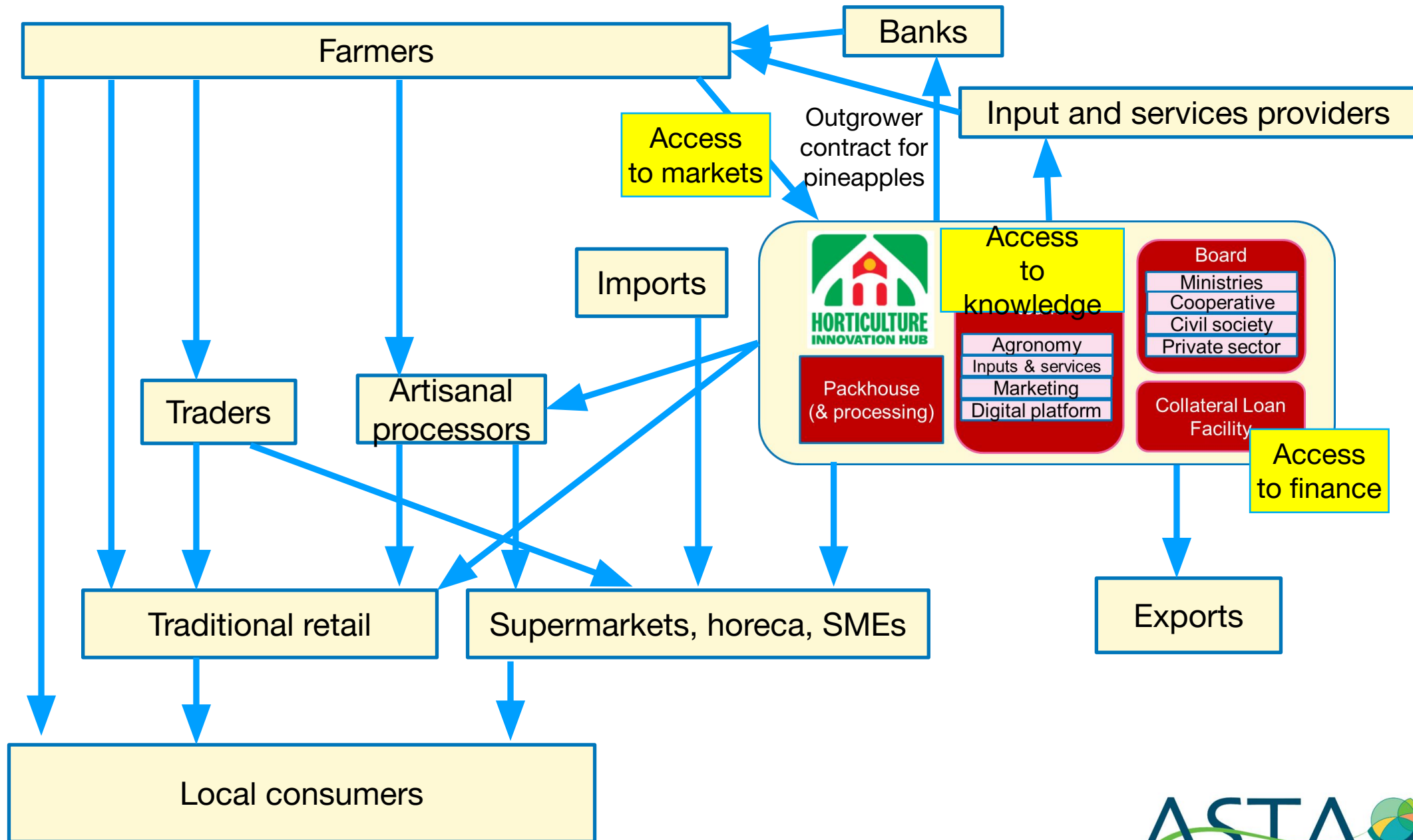
4. A systems-based approach to VCD in practice

Systems approach to value chain development: six core pract

	SYSTEMS THINKING	MINDSETS THAT SEE SYSTEMS	Apply holistic frameworks Frame the challenge wide enough Look at the broad set of SDG impacts, trade-offs
	SYSTEMS KNOWLEDGE	DATA AND EVIDENCE FOR SYSTEM-CHANGE	Collect the data that are relevant Identify root causes Look at behavioural change – be human-centric Conduct early experiments
	SYSTEMS GOVERNANCE	JOINED-UP EFFORTS ACROSS SECTORS	Bring the right set of stakeholders together Make sure all have a voice Implement a co-creation process Build trust
	SYSTEMS DOING	IMPLEMENTING ACTIONS THAT HARNESS INTERCONNECTIONS	Develop a vision & theory of change Design integrated solutions Collaborate – co-implement Be innovative
	SYSTEMS INVESTMENT	RESOURCES DIRECTED TO LONG-TERM TRANSFORMATION	Develop blended finance solutions De-risk Find ways to scaling through leverage points
	SYSTEMS LEARNING	CONTINUOUS LEARNING AND ADAPTATION	Appl a systems MEL Look at outcomes and impacts Implement a process of trial and error

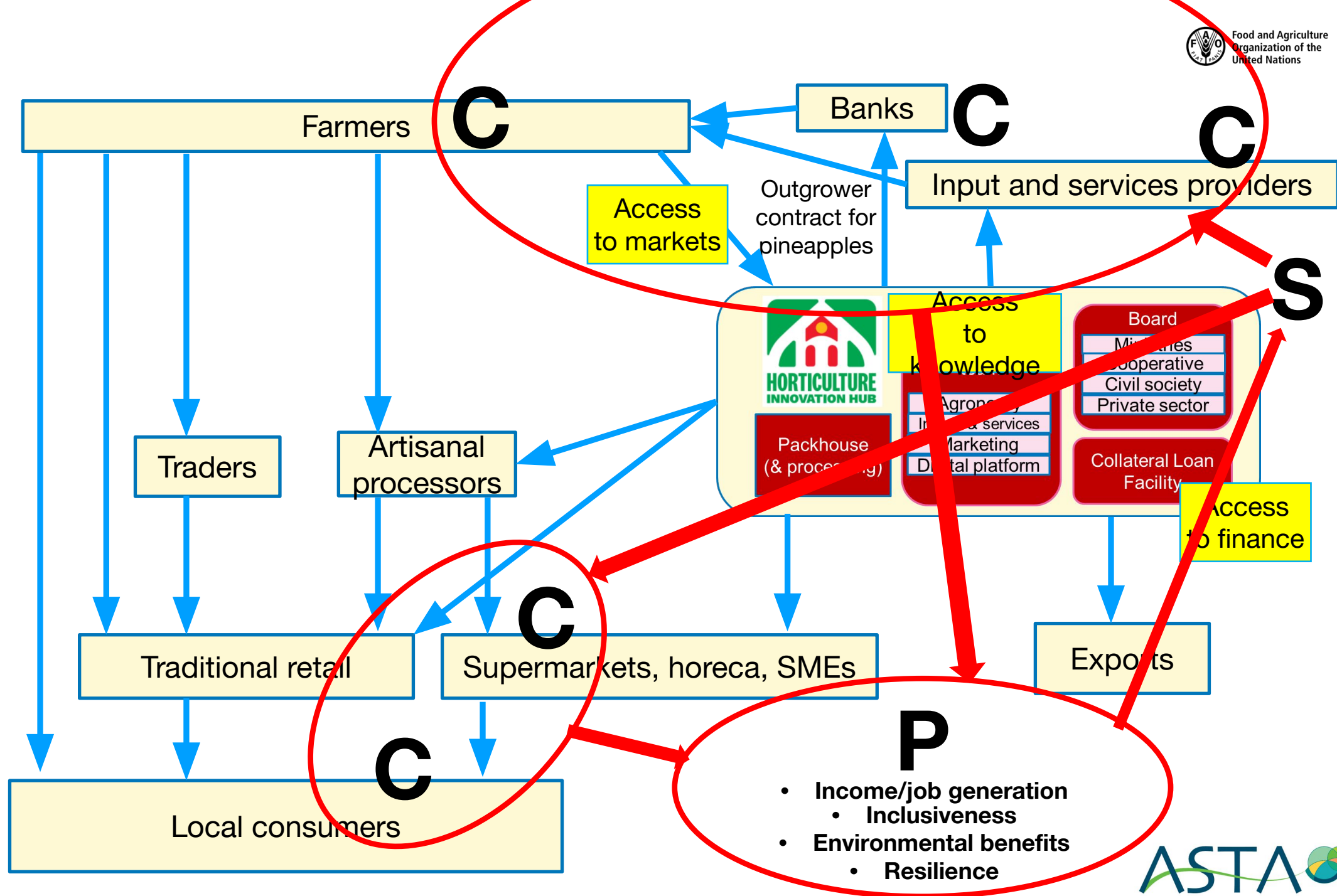


ASTA
Suriname project
pineapple VC





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Key insights from the project...

Opportunities emerging...

- Systems-based analysis and integrated solutions shift the impact of our work from incremental to transformational
- Broad partnerships change the game
- Innovations are exploding and can revolutionize VC development

Lessons learned....

- Financial sustainability and access to finance need to be thought through from the start
- Trust-building takes time, but is required and pays dividends
- Vision-focus and operational adaptation are a constant need



Conclusion

1. Modern VCD is systems-based and plays a key role in AFS transformation.
2. Normative work needs to provide practice-based technical guidance and learning opportunities for systems-based VCD (handbooks, technical network, knowledge platform, trainings, ...).
3. Programmatic and partnership-based approaches to VCD are needed to operationalize agri-food systems transformation that can be scaled up.



Question & Comments



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