

UN CAPITAL DEVELOPMENT FUND



Global Programme Finance for Food Security – F4F

June 2015

Programme Outcome

Enhanced food security and nutritional status of target population through more effective and resilient Local Food Systems

Programme Outputs:

Output 1: Local Governments are able to assess the Local Food Security Systems and identify priorities and the scope of their intervention;

Output 2: Relevant food security intervention pathways are integrated in the Local Development planning frameworks, actions are designed and their implementation is adequately monitored;

Output 3: A complete menu of financing mechanisms and investments addressing gaps in local food systems, is piloted and available to local governments and their stakeholders;

Output 4: Lessons learned and experiences on Local Food System development are collected, exchanged and discussed between Local Food System development stakeholders in LDC;

Output 5: Effective advocacy is taking place to promote the LFS approach within food security communities of practice as well as wider development community.

UN organizations
Ms. Judith Karl
UNCDF
Executive Secretary
Date & Seal

Sources of funding:

UNCDF Core	\$1,000,000
UNCDF Non Core Luxembourg*	\$250,000
UNCDF Parallel Booster Fund	\$2,200,000 \$ 1,000,000
FBSA	\$ 800,000
IFAD	\$ 400,000

* 2016 Thematic contribution (to be confirmed)

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Out of which:

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^a Total estimated budget includes both programme costs and indirect support costs

^b Funding Gap will be addressed through dialogue with development partners and sourcing additional funding from internal UNCDF sources.

^c With the parallel funding from the projects : LFI/Booster Fund, P2N-Mali, FSNP-Mozambique, Renforcement des capacités-Burundi

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Executive summary

The Finance for Food Security (F4F) programme is conceived to provide solutions for local Food and Nutrition Security in Africa and Asia through encouraging increased gender-sensitive public, public-private and community investments to fill missing links in the Local Food System (LFS). The programmatic goal is to ensure more effective food security interventions coordinated and facilitated through Local Government in LDCs with UNCDF support.

The Local Food System is the territorial framework for intervention; eight development pathways have been identified, by which the four pillars of Food security may be strengthened by targeting relevant stakeholders, bringing together, engaging and leveraging the capacities of the LGs, private businesses and civil society. F4F is an innovative program that strives to make an impact by ensuring that the Local Food System is improved through strategic investments.

The programme is to be implemented through four complementary components. In the first component, by developing adequate frameworks and tools to assess the performances, opportunities and limitations of the Local Food System, F4F supports the design of better adapted policies and support programmes, enabling LG to play a strategic role in Food and Nutrition Security. F4F is conceived to support the Local Food System (LFS) in remote areas, where individuals and communities face most constraints in terms of food insecurity. F4F addresses their lack of access to basic services, to public and private finance, to markets and skills. It works to break national and local barriers in order to spur productive, equitable growth, and to provide a sustainable means of increasing food production and strengthen the food system. The LFS approach would be first mainstreamed in ongoing programmes, then piloted at formulation stage.

The second component aims at supporting LG and stakeholders incorporating coherent Food and Nutrition Security interventions within Local Development plans and investments programmes. It identifies catalytic investments that could support a multiplier effect in the LFS. F4F is focused on unblocking the Public Expenditure System (PES, treasury transfer mechanism) and the domestic financial system (SPF, Structured Project Finance) to finance small scale investments for the poorest people and communities. It will also explore opportunities for creating Government to Persons (G2P) payments as a way of enhancing local resilience to food shocks. Improvements in the planning process and supporting tools will be developed, piloted and mainstreamed.

F4F supports local investments by providing strategic financing in the form of grants, loans, guarantees, equity, and/or quasi-equity, as well as advisory services and capacity building support. This flexible toolkit of instruments allows F4F to customize its interventions to specific situations and conditions, thereby maximizing its impact depending on the country and local situations.

The fourth component addresses the needs for a learning mechanism by developing a community of practice, connected with global initiatives. F4F works as a laboratory for testing pioneering and integrated approaches to improve the four pillars of food security. By catering lessons learned and emphasize on knowledge management the F4F aims to works as a “vector of change” to deepen the impact of its most successful interventions. F4F has a strong component of monitoring, evaluation and impact assessment, with in-depth analysis of selected projects and mechanisms. It is committed to thorough evaluation of the results and impact of its work, not only to strengthen the design and focus of its future projects, but also to identify innovative, replicable solutions for food security that can be scaled up by the public and private sectors.

F4F considers the experiences from its work to be a public good. By systematizing and disseminating the wealth of knowledge captured from its projects, it allows governments and development organizations, to adapt its most promising and innovative development solutions and take them to

scale, multiplying their overall impact. Through its various events, UN publications and other products, F4F acts as a great contributor to innovative knowledge in the food security field.

F4F benefits from associated tools that have already produced results and lessons learned both in the public sector (LOCFOOD1), the private sector (LFI2) and directly with communities. F4F also builds on the lessons learned of joint LDFP-FIPA programs in the field of food security in Niger. Food security is an area where strong synergies can be built at national and global level between UNCDF's respective strengths in Local Development Finance (Local Economic Development, Local Public and Private Investment, Fiscal Decentralisation) those synergies are specified in the annex.

Background

1.1. Situation analysis

Achieving Food and Nutrition Security is a significant challenge for the developing world and critical to alleviating poverty. This challenge is likely to remain at the top of the post 2015 SD agenda). Food security will certainly remain on the top of the agenda in the coming years and is critical to the years ahead towards a sustainable future and a solid foundation for future generations. It directly impacts people's health and education and their ability to work and generate income, assert their rights and achieve equality (MDGs 2, 4 and 5). In developing countries, women and girls are the most susceptible to the impact of food insecurity because they have less access and control over resources than men (MDG 3).

Significant progress has been made globally in recent years to reduce the number of people affected by hunger and food insecurity and accelerate progress towards the achievement of MDG 1 to halve the proportion of hungry people by 2015. The FAO estimates that figures for the chronically hungry in the developing world has reduced from almost a billion people in 1990-1992 to 791 million in 2012-2014¹. The importance of this continued effort to improve food security is highlighted by the inclusion of food security as one of the key challenges to be addressed by the Sustainable Development Goals (SDGs), in particular ending hunger, achieving food security and improved nutrition, and promoting sustainable agriculture (Goal 2). The cross-cutting nature of food security, with its impact on human health, educational attainment and access to economic opportunities, means that it also has significant implications for the achievement of other SDGs, such as ending poverty (Goal 1), ensuring healthy lives (Goal 3) and ensuring sustainable consumption and production patterns (Goal 12). The differentiated needs and roles of women and men in contributing to food security means that a gender perspective will be crucial to ensuring food security for all.

Regional disparities in food and nutrition security remain strong however and progress has been more modest in some parts of the world, in particular in Sub-Saharan Africa. Conflict, natural disasters but also market imperfections continue to pose significant challenges towards eradicating hunger. Recent events such as the floods in Mozambique and Malawi, the Ebola crisis in West Africa and conflicts in South Sudan, Mali, Northern Nigeria and Central African Republic have highlighted the precarious state of food security and once again called attention to the need for sustainable solutions to food security that go beyond humanitarian interventions and top-down approaches.

Whilst disasters and catastrophic events are difficult to predict, a territorial approach to food security may hold the key to addressing food security issues at the local level and building a foundation to improve the general resilience of communities and households to food risks. The rationale for a

¹ FAO (2014). *The State of Food Insecurity in the World, 2014*. Retrieved from: <http://www.fao.org/3/a-i4030e.pdf>

territorial approach is explained by the greater stake local actors can have over food and nutrition security, if the food system on which they depend (from production to consumption) is anchored locally. The main challenges in many LDCs is however the lack of capacities of local governments to integrate food security concerns into planning and budgeting cycles and the absence of inter-governmental transfer systems that would allow local authorities to make investments to improve food security at the local level.

Over the past years, UNCDF has implemented several local development projects with food security components. Past and current projects, such as the ones implemented jointly with the Belgian Fund for Food Security (BFFS) in Mali and Mozambique, show that addressing food security requires a stronger involvement of local actors, including local authorities, producers, farming organisations and rural households. The local level is of particular relevance in LDCs where climate zones can vary drastically within a country, production opportunities and systems are numerous, and transport links and general infrastructure are weak. A Local Food Systems (LFS) approach, as advocated by the present programme, allows us to consider all the elements of the local system in which foods are grown, produced, processed, distributed and consumed, within a determined territory. It is a holistic approach that not only recognises the broad range of stakeholders and the complexity of the food system, it also emphasises the importance of factors of proximity for ensuring a more sustainable approach to eradicating hunger and improving nutrition.

1.2. Defining Food and Nutrition Security

Food and Nutrition Security is a broad term defined in different ways by a number of international organizations.

Internationally Food and Nutrition Security is defined as the ability of people to secure adequate food on a day-to-day basis. The Food and Agricultural Organization (FAO) provides a clear and widely accepted definition:

“Food security exists when all people, at all times, have physical and economic access to sufficient, safe and nutritious food for a healthy and active life”.

There are four important dimensions also referred to as the four pillars of Food and Nutrition Security:

- **Availability** of food. Food supplies must be sufficiently adequate to feed the population. Food availability thus covers food production (domestic production or imports), productivity, processing and marketing, post-harvest management;
- **Stability** of the food supply, without fluctuations or shortages from season to season or from year to year. Food stability thus relates to a series of factors such as seeds and food stocks, disaster mitigation and management etc;
- **Accessibility** to food or affordability. People must have physical, social and economic access to sufficient food. Where appropriate, access thus includes food safety nets for vulnerable groups in combination with income generating activities; and,
- **Utilization**: food must be safe, culturally accepted and nutritious. Nutrition security is described as a situation where all people at all times have the ability to utilize biologically sufficient nutrients to live an active and healthy life. The nutritional dimension is integral to the concept of Food and Nutrition Security.

When one or more of these pillars are weak or missing, permanently or temporarily, people suffer from food insecurity, a condition that affects large sections of population in least developed countries. Global figures indicate that 791 million people are estimated to suffer from chronic hunger, 2 billion suffer from micronutrient deficiencies, an estimated 200 million children are undernourished, and malnutrition is a contributing cause for 45% of child deaths and is stunting for 165 million children.

There is an overall consensus on FNS goals and targets, and food security, nutrition, and sustainable agriculture will occupy a prominent role in the Sustainable Development Goals post-2015.

1.3. The territorial dimension of Food and Nutrition Security

FAO and other agencies have stressed the need to better incorporate the territorial dimension into the strategies tackling food insecurity and vulnerability.

Food Security may be characterized at different territorial scales. The four pillars of Food and Nutrition Security have different meanings depending on the scale. It is therefore important to distinguish food security at national, local, and household levels in order to understand the specific challenges related to food security at each level.

Food and Nutrition Security at the national level refers to the condition whereby the nation is able to manufacture, import, retain and sustain food needed to support its population with minimum per capita nutritional standards. Theoretically, food security can be achieved at national level, pushing production in the most fertile and productive areas and promoting at the same time inclusive local development. Achieving Food and Nutrition Security requires not only access to food, but also linkages to basic health care services, clean water and sanitation, appropriate information, skills training to insure that food is better utilized. In the long term, it requires support to agriculture and employment creation, investments in favourable trade policies among other. Food and Nutrition Security cannot be ensured without inter-sectorial coordination between ministries of Agriculture and ministries of Health, Education.

At the local level, three scales have to be considered:

- The “Meso” level refers to a perimeter that could vary according to the scale of the sub-national territorial unit considered. This is the level linking with the Local Development and Local Governance framework. Food and Nutrition Security is defined as the condition whereby all residents, women and men, in any specific territory can obtain safe, culturally accepted, nutritionally adequate diets through a sustainable system that maximizes the community’s self-reliance. It involves more or less complex exchange mechanisms.
- The “Community” level refers to availability of food among small groups of people, with few local monetary exchanges, and often intensive barter, food exchange and other coping mechanisms. At this level Food and Nutrition Security is defined as the condition whereby all residents in a community, women and men, can obtain safe, culturally accepted, nutritionally adequate diets through a sustainable local food system and an environment that maximizes community self-reliance.
- The household level refers to the basic units acting as economic agents within an integrated livelihood strategy. This is the level where physical indicators of food and nutrition security may be assessed. As defined by FAO, at this level, Food and Nutrition Security refers to the ability of the household to secure, either from its own production or through purchases, adequate food for meeting the dietary needs of all members. Intra-household food distribution is also an important dimension, where the gender aspects play a strong role. Of important note here, is to take into careful consideration the different roles and responsibilities that women and men play within these communities. This varies from place to place. In some cases while men grow field crops, women are responsible for foods consumed in the home and raising small livestock. In other cases women work the fields and men tend to be pastoralists. Training women in hygiene and sanitation could make a difference in the provision of good nutrition and health at the community and household level.

The intricate linkages between the factors of Food and Nutrition Security at the different scales call for complementary multi-level policies and programmes. Durable solutions can be better provided at the

local level while at national level, enabling policy and regulatory environments are necessary.

1.4. The central issue: needs for investments in food security at local level

Investment, both public and private, in boosting the food production sector is seen as the cornerstone of FNS strategies; this is based on the universal recognition of direct relationships between agricultural productivity, hunger, poverty, and resilience. In Sub-Saharan Africa, and according to the FAOSTAT Data, dietary energy has increased, but not steadily and not fast enough. This can be easily explained by a long tendency of sub investment in the rural areas. In its “*How to feed the World in 2050*” report, FAO calculated that developing countries will need to invest, both for the public and the private sectors, USD 83 billion per year (net of the renewal cost of existing equipment) or USD 209 billion including this cost, a 50% increase on levels effective at the time of the report.

Small scale farming households, who constitute the bulk of rural population in LDC, suffer from a lack of productive assets (land, capital, equipment, skills and access to technology, access to funds and assurance). Markets are poorly performing and often biased towards export, central urban markets and large-scale investments. Credit and other key inputs are easier to obtain for export crops than for food crops destined to domestic consumption. This means that programmes that solely focus on value chain financing do not always contribute to food security.

On the other side of the scale, microcredit and other financial instruments provide financial and other services to people who are often overlooked by the traditional banking sector. But the mechanisms are rather designed to support quick turnover income generating activities than to finance small to medium scale sustainable agricultural investments. Small agricultural entrepreneurs are often left underfinanced. This also has implications for gender equality, as the majority of rural women depend on agriculture for their livelihoods, and make crucial contributions in the sector of agriculture, rural enterprises, and are also central to household food security and nutrition. Yet women are disproportionately affected by the unequal distribution of access to productive resources, which also leads to their exclusion from financial mechanisms to support their agricultural activities and agricultural entrepreneurship at the local level.

The success of agriculture also depends on the performance in the non-agricultural economy, especially investments in core infrastructure, such as energy and transport. Not all small farmers can make their livelihoods in the agriculture sector, some need to move to off-farm activities, affecting the production/consumption balance.

For women, their traditional responsibilities as food growers, water and fuel collectors, and caregivers, makes them especially vulnerable to environmental hardships. For examples, many women and girls must walk miles to access clean water, reducing their time to engage in other productive activities such as education and employment, and thereby reducing the potential for healthier and more productive households. In this context, investments, both public and private, in boosting food production must also be gender-sensitive to take into careful consideration the different roles and responsibilities of women and men within their communities.

The increase in production and yields, often at the heart of agricultural development policies, is not enough to solve the food security problem as it only addresses the first pillar of food security (availability) at household level. For instance, building links between production and consumption areas, (addressing transport and marketing and other food chains issues) is needed to create a local development dynamic and hence key public investments may help integrating small-holders farmers into the Food and Nutrition Security strategies. Another example is the important role food security is playing in terms of social protection and the necessity for related strategies to take into account the most vulnerable groups and to target them accordingly.

In order to ensure well targeted strategic public investments, a strong and committed public system has to be in place at the local level to define priorities, invest and maintain investments. Public funding and enabling environments are necessary if private investment is to be developed to the levels required, especially because investment in agriculture-related activities is perceived as especially risky.

Many issues are compounded by the low effectiveness both of public and private funding. Some of the key issues in public funding are:

- Limited capacity of the poorest developing countries to fill the funding gap with their own budgetary resources;
- Inadequate targeting of public funding in key investments to boost agricultural production and Food and Nutrition Security;
- Limited effectiveness and sustainability of large centralized ODA project driven public investments;
- Lack of funding directed to bolster the conditions for private investment in agriculture;
- Inadequacy of existing public investment frameworks to deliver the adequate public-private investment linkages necessary to support food supply chains.

Behind the weakness of the public investment are some key capacity issues:

- Lack of proper understanding of the mechanisms of food insecurity and proper identification of catalytic investments;
- Lack of complementary innovative gender-sensitive funding mechanisms;
- Low empowerment level of local levels public bodies and limited capacities for effective planning and budgeting.

By focusing only on the symptoms and not identifying the underlying causes and pathways to address hunger and food insecurity, interventions risk promoting ill adapted or unsustainable actions, while missing opportunities to promote innovation in identifying and scaling up appropriate solutions.

As put forward by an international expert panel², innovating tools for the use of public resource are needed to fill the gap in funding and also to catalyze private investment and alleviate the constraints on its development. F4F seeks to address the funding issue through a holistic and systematic gender-sensitive answer at local level to make the Local Food System work.

1.5. Enhancing the role of local governments in tackling Food and Nutrition Security challenges

UNCDF believes that local governments are ideally placed to address several variables of food and nutrition security:

- Due to the decentralization process, they have increasing responsibilities in planning, implementing and supervising local development in general;
- They contribute to the provision and maintenance of basic infrastructure essential for the production, stocking and distribution of food;
- They have influence on land and resource tenure issues;
- They support local organization and stakeholders dialogue;
- They may monitor environmental situation and food security locally;
- They may invest directly in public infrastructure or public-private partnerships (PPPs) in support of food production and food security;
- They may create enabling environments to attract private investment in support of food production and food security;

² Innovative financing for agriculture, food security and nutrition. Report of the high-level expert committee to the leading group on innovative financing for agriculture, food security and nutrition. December 2012

- They provide social safety net services to the most vulnerable;
- They may promote and implement gender supporting policies;
- They support interventions to mitigate environmental degradation and vulnerability to climate change and environmental shock;

Increasingly, local governments are called to incorporate food and nutrition security within the local development planning, and to establish specific mechanisms to coordinate, implement and monitor corresponding interventions.

As intermediary levels, local governments are in the best position to act in the framework of national policies, while representing the interests of local population, and facilitating dialogue and social construction.

Local governments due to their proximity to the communities and households, are the best level where key dimensions of the food security can be addressed: the territorial dimension, participatory approaches, and sector integration.

Besides direct intervention in the territories under their jurisdiction, local governments have also an important role to play in developing locally adapted policies and interventions, in complementarity with national policies and international agencies: so that they can provide inputs in improving national policies. This function requires clear coordination between institutional levels, and the integration of the local action framework into national planning.

In order to play this most important role, local government face endemic issues of lack of funding, capacities and human resources. Local governments must be equipped with the capacity to analyze food security issues, identify appropriate interventions, develop partnerships and policies, monitor and evaluate, coordinate local plans etc. They need skills, personnel and funding to manage interventions, an appropriate legal and institutional framework, and an enabling policy and institutional environment.

Local authorities must be in a position to identify the most effective actions and investments to foster Food and Nutrition Security in a sustainable way, as well as to face crisis situations.

It is also essential that local authorities recognize the importance of their role and grasp the full spectrum of possible mechanisms available to them with which they can mitigate food insecurity and strengthen the four pillars of food security, beyond the focus on crisis situations. The Finance for Food Programme, in accordance with UNCDF broader mission, will focus its action on the development of skills, tools and investment mechanisms to enhance the role of local government.

Local Food Systems as framework for intervention

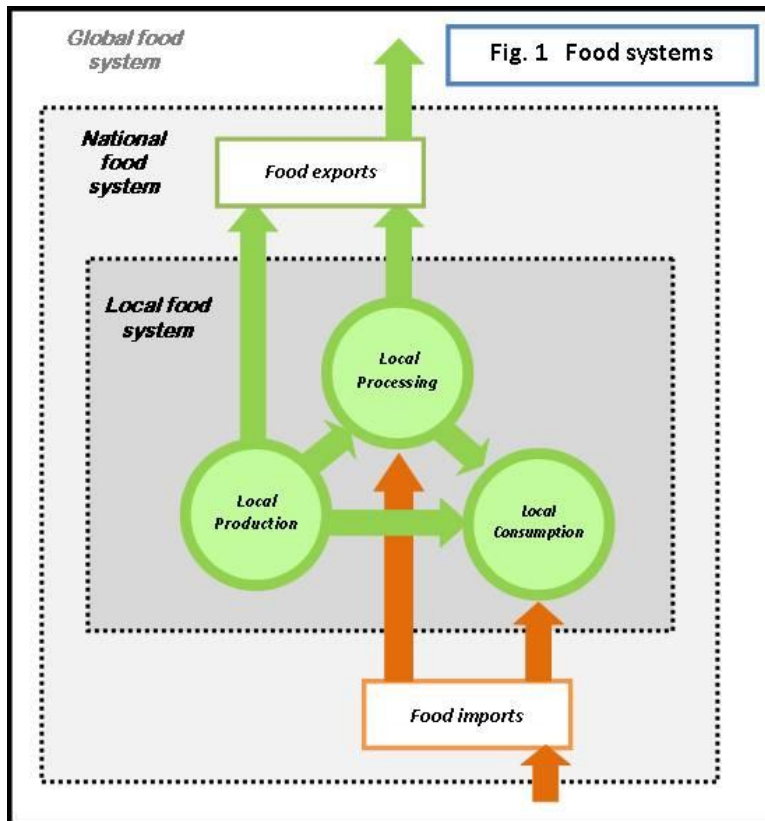
2.1 Definition

The concept of Local Food System provides a useful framework to understanding the role of Local Development in supporting Food and Nutrition Security. The territorial dimension was noted by a FAO's Expert Meeting on territorial approaches to Food and Nutrition Security as a critically overlooked dimension of food security planning, implementation, and learning.

There is no generally accepted definition of a local food system. FAO defines the "food system" as: *"All biological processes (or agro biodiversity) as well as the physical infrastructure involved in feeding a population: growing, harvesting, processing, packaging, transporting, marketing, consumption, and disposal of food waste and related items. It also includes the inputs needed and outputs generated at*

each stage of the process.³ In other words, food systems combine food production (agricultural systems), with the diverse set of institutions, technologies, norms and practices that govern the way food is processed, transported, marketed, accessed and consumed.

The local food system concept refers to a territorial dimension of the food system. It is being largely used, without a commonly accepted definition, in the context of approaches towards sustainable food



production, food sovereignty, and the protection of agro biodiversity. French authors refer to “*Localized Agrifood Systems (LAS)*”⁴. In North America and Europe, it is almost synonymous with the development of short food chains aimed at reducing intermediation between producers and consumers.

In the context of Food and Nutrition Security in LDC, a practical definition of the Local Food System can be proposed as:

Local Food Systems encompass the interaction of actors, processes and resources determining how food is made available to the population in a defined territory.

Fig. 1 schematizes the key characteristics of a local food system. The **territory** defines the

limits of operation of the system. Local specificities determine many characteristics and dynamics of the system.

The **internal organization** of the system includes a series of processes: growing, harvesting, processing, packaging, transporting, marketing, consumption, and disposal of food and food-related items, as well as the provision of inputs needed to ensure these operations.

The operation of the system is ensured by a series of **actors**: producers, traders, processors, retailers, consumers interact with each other. The **governance** mechanisms are the institutional and organizational arrangements put in place to regulate how the actors operate and interact.

The Local Food System is linked to neighbouring systems in other territories, embedded in larger scale systems with which **food and inputs are exchanged**.

Final **outcomes of the system operation** may be summarized in terms of the 4 pillars of food security:

- Availability of the food supply: the direct outputs of the local food system are the types and amounts of food made available to the population within the territory. They result from the

³ http://www.fao.org/fileadmin/templates/FCIT/PDF/FoodAgriCities_Oct2011.pdf

⁴ Systèmes agroalimentaires localisés : état des recherches et perspectives. Cahiers Agricultures vol. 17, n° 6, No vembre - Décembre 2008

balance between local production, exports and imports, waste and losses. How much of the food made available originates within the territory, leads to considerations about self sufficiency, a key dimension of the concerns towards what is called, at national level, “food sovereignty”.

- Stability of the food supply: a key dimension of the system performance is its ability to ensure stable supplies from different sources available and to respond to shocks and pressure (from natural, social and economic sources) which defines its resilience.
- Accessibility is a function of the socio-economic characteristics of actors within the system, and its organisational and institutional arrangements.
- Utilization is linked to the capacity of the system to ensure the conditions of nutrition security; it is also in good part, a socio-cultural construct.

Finally, Local Food Systems are **dynamic arrangements**: their capacity to evolve and adapt reflects the efficiency of their components and the corresponding operational and governance mechanisms.

The local food system concept provides therefore, the locus of information critical to addressing vulnerability and building resilience from the Local Development point of view. Adopting a systemic approach to local food security requires a good understanding of the determinants of the system performance. Five key interacting dimensions must be well understood in order to define adequate entry points for intervention:

- The characteristics of the territory;
- The organization of food chains;
- The livelihood systems determinants and their influence on production and consumption characteristics;
- The governance mechanisms and the policy environment;
- The socio economic environment.

2.2 Territorial determinants of the food system

Local Development processes occur in a defined territorial area, generally predetermined by the political organization of the country. A territory is not only a political construct; it is also, in all cases, a socio-cultural entity, characterized by a sense of identity and it is institutionally regulated.

Some characteristics of a territory determine to a large extent, the nature and organization of its food system:

- The resources base in terms of natural resources and climate, define some specific potential and constraints to food production;
- The tenure system defines how land, water and other key resources are made available;
- The infrastructure includes a series of manmade physical resources key to the possibilities of producing, processing, stocking and distributing food;
- The social organization within the territory conditions the relationship between actors, and defines what it is customary to consider as its “social capital”.
- The governance system includes policy and regulations, and the organizational set up to enforce them in the territory.

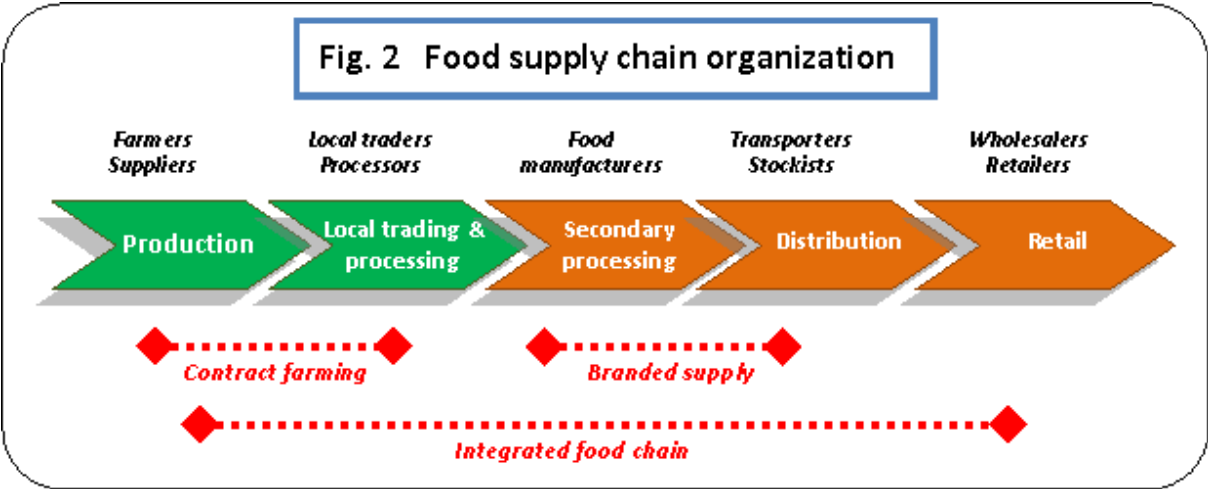
Understanding the key characteristics of the territory is a necessary starting point. In order to seize the complexities and dynamics of the local food system, the territorial determinants set the scene and indicate the scope of potentials and constraints that the Local Development process must address.

2.3 Food supply and food value chains

The actors in a food system interact in a complex web or “food network”. In order to grasp and organize this complexity, the concept of food supply chain is commonly used. A food supply chain can be readily identified for a specific food item: it is the succession of processes and exchanges which allow specific food items to move from producer to consumer via the processes of production, processing, distribution, retailing and consumption. The chain is moved by the combination of push (the supply) and pull factors (the demand²) and is the locus where economic interaction operates.

There is a high variety of food supply chains. They can be more or less complex in the number of steps and actors involved; they can be entirely local or stride across national and global systems. They vary also in terms of their internal organization: actors may be more or less integrated, horizontally (as in a commodity based farmer organization) or vertically (coordinating various links of the chain); the governance arrangements can be more or less formal. Some supply chains are commercial in their nature and objectives, others not.

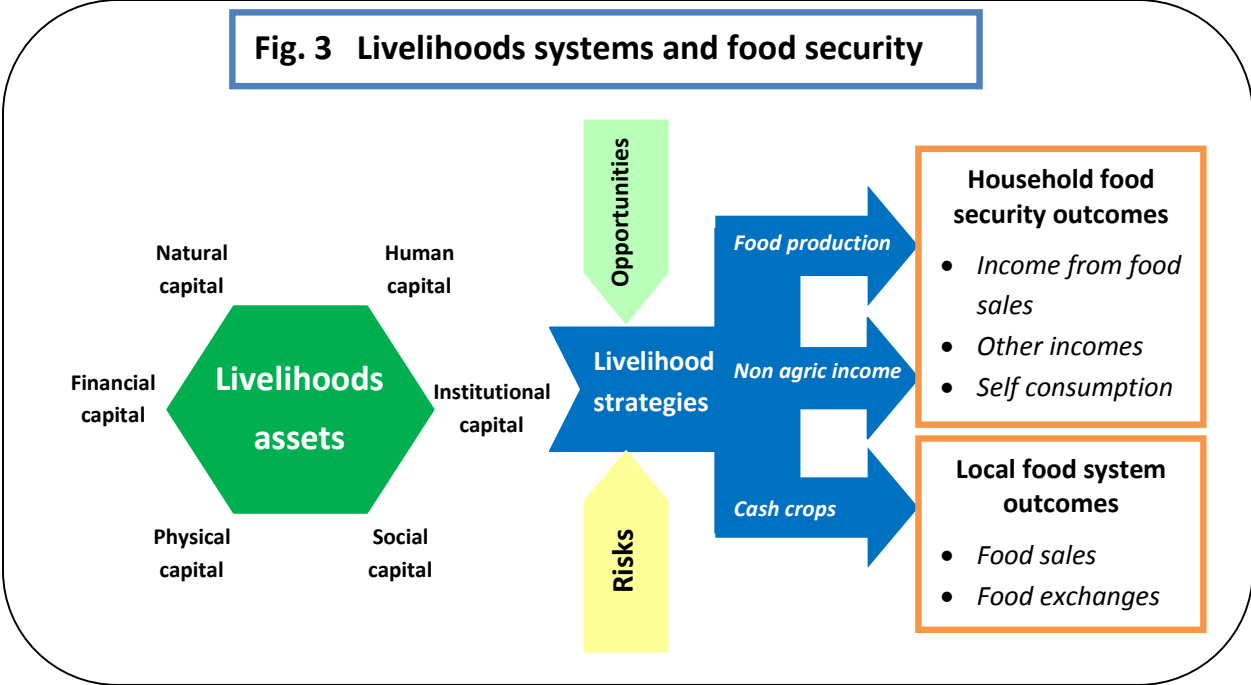
Fig. 2 below schematizes the main components of a food chain. The food supply chain concept can be analyzed from a **value chain** point of view whenever the chain organization is geared towards generating economic added value through the incremental value of a resultant product along the chain. For agricultural products, value addition can take place through multiple processes such as processing, packaging, differentiation of a product base etc. How value added is shared among the actors along the chain depends on the organization and power balance among them. Understanding the combination of food supply chains articulating a Local Food System, and how they interact between themselves and with the other components of the system, is key to designing appropriate development interventions.



2.4 Livelihood and food production systems

The way all actors define their participation in food supply chains, is determined by their livelihood strategies. Those strategies are the outcome of the decision making process each person or household, as an economic actor, follows in order to satisfy the basic and other necessities of life. Such strategies are determined by the capabilities of each actor in terms of assets and resources and its perception of opportunities and risks. The livelihood system is therefore the way a person or household manages the available resources and assets in order to satisfy its needs. It is characterized by a combination of activities ensuring the generation of income as well as self-consumption items.

The livelihood assets are usually classified in terms of natural resources and land (natural capital), human resources (labour, capabilities and skills), financial resources, social links (social capital), infrastructure and equipment (physical capital). The governance, regulatory and policy environment (institutional capital) is also determinant.



The links between livelihood system and the local food system are direct: depending on their choices and abilities, households will participate in the food supply chains as producers of marketable surplus, consumers, traders, processors, investors or a combination of functions. The performance of the system as a whole is therefore linked to the capabilities and strategies of each actor as expressed in its livelihood strategy. The outcomes of livelihood strategies which are determinant for the food security at household level are the generation of income and self-consumption production; at local food system level, combined outcomes determine availability of food for sale and distribution.

Food producing units are further characterized by their food production system, which is a sub system within the livelihood system. Food production systems are the combination of processes through which households and economic units combine available assets in order to produce food for sale, exchange and self-consumption. In the case of primary (agricultural) production systems, the scope and outputs are defined by natural conditions, availability of land, labour, financial capital, social capital and the opportunities of market.

Livelihood strategies and their food production subsets will vary considerably within the local territory, according to the asset base of each household or economic unit. The ones facing most limitations in terms of assets, will generally have fewer options, be the most vulnerable, and tend to guide their strategies chiefly by minimizing risk. Risk reduction strategies generally include combining self-consumption with surplus sale, and diversifying income sources. Households with a stronger assets base will be more open to risk taking in order to maximize revenue. Livelihood strategies will evolve with changes in the resource base (which may be affected by climate change, among other processes), internal changes (such as outmigration of household members) and new incentives from the socio-economic and institutional environments.

A broad understanding of the main types of livelihood systems present in the territory, with their

underlying logic, constraints and opportunities is therefore essential in order to focus interventions adequately.

2.5 The socio-economic context

In terms of food production and consumption, economic units respond to the incentives created by food markets through food pricing and marketing mechanisms. Livelihood strategies in terms of decision making about which foodstuff to produce, sell, barter, stock or purchase will be responsive to these market messages, in terms of cost/benefits perceptions and in the context of the resilience and risk aversion of the decision makers. Cost benefit perception at this level has to be interpreted in a broad sense, encompassing many social and cultural aspects.

At the level of food supply chains, collective marketing strategies are the responses to the potentialities and constraints of markets built locally by chain actors. The tradeoffs between local marketing and “export” towards more distant markets, and between different marketing options are key determinants, more so than at household level, where many more factors come into the balance. The social context of the territory influences the way economic actors, both as single household level decision makers, and as actors of food chains, will perceive opportunities and risks. For instance, the balance power between actors in the supply chain will be strongly affected by their respective social capital and levels of organization, among other factors. Participation in a supply chain has a cost, and there may be also social and cultural barriers.

In a general sense, one may apprehend the perception of messages from the markets as incentives to individual and collective decision making.

2.6 Gender dimension of the local food system

Women cannot be excluded from production and consumption patterns in food systems. Currently, about 45 percent of the population depends on the sector of agriculture, fishing, forestry and hunting for livelihood. Women constitute about 43 percent of the agriculture labour force, producing a significant proportion of the world’s food crops⁵. Their roles and responsibilities range from cultivating, as paid or unpaid workers, to earning wages as workers in (on and off) farm-enterprises, in addition to their roles in feeding and ensuring the nutritious and dietary comfort of the household.

Yet women face many challenges, especially at the local level, that limit their capacity to contribute to agricultural production and taking on an active role in shaping rural economies. They face discrimination in accessing productive resources such as credits and financial services, and usually earn lower wages than their male counterparts. Women are more likely than men to be engaged in part time or seasonal activities and often work without remuneration on family-owned farms. They are also often responsible for the collection of fuels and water, which often requires them to travel to far-away distances, and are the primary caretakers of children and the elderly, which constraints their time to participate and scale their economic activities.

All these factors, in addition to women’s disproportional disadvantage in ownership of productive assets, access to critical services, livestock, labour and education further exacerbates the ‘gender gap’ at the local level. It not only reduces their productivity and diminishes their contribution to the agriculture sector, but also affects the well-being of the family, especially with regard to food and nutrition.

Critically, the ‘gender gap’ also imposes a high-cost productive losses for communities at the local level.

⁵⁵ FAO (2011). The State of Food and Agriculture 2010-11: Women in Agriculture – Closing the gap for development. Rome, FAO

Ensuring that women have access to the same productive resources would increase yields in agricultural productivity, reduce poverty, and promote inclusive economic growth. Including women could also raise agricultural outputs in the developing countries, which would reduce hunger around the world. Research shows that countries with lower levels of gender inequality⁶ tend to achieve higher average cereal yields than countries with higher levels of inequality.⁷ In 34 countries surveyed, evidence confirms that if gender yield gaps⁸ of 20–30 per cent were closed and domestic production increased by 2.5–4.0 per cent, the number of undernourished people could decline by 12–17 per cent.⁹ FAO estimates that 870 million people in 2010–2012 were chronically undernourished, among them, the vast majority live in developing countries where women face continuous barriers in accessing and managing productive resources¹⁰.

The gender gap also exists at consumption level, due to common distortions in the distribution and utilization of food at intra-household level.

Bridging the gender gap would contribute to the growth of the economies and communities, while also bringing significant development advances and spill over effects to all individuals. To this end, it is important to secure solutions for local Food and Nutrition Security in Africa and Asia that are gender-sensitive. This means that women should be part of the design of the interventions to ensure that they are contributing to the 4 pillars of food security; that they are active beneficiaries of the programme; and that they are taken into consideration when targeting interventions (see section 3.10 for further details).

2.7 The food system governance mechanisms

There is generally no such thing as a discrete governance mechanism of food systems; rather a combination of sector level policies and regulations which have an impact on Food and Nutrition Security as an outcome. A 2011 FAO workshop on the subject proposed a definition: “*Governance for food and nutrition security relates to formal and informal rules and processes through which public and private actors articulate their interests, and decisions for achieving food and nutrition security (at local, national, regional and global level) are made, implemented and sustained*”.¹¹

Governance systems are of a multi-actor, multi-sector and multi-dimensional nature. Several levels of governance are embedded: global, national and local levels are relevant for discussion. Local food systems are not subject to specific, isolated governance mechanisms and processes: the specific formal and informal rules and enforcement mechanisms in place at local level are influenced by the upper level system; the interaction is either positive, encouraging local initiatives to regulate food system towards better performance (characterizing an enabling governance environment), or it can be counterproductive (as in national regulations discouraging agricultural intensification because of lack

⁶ Gender inequality is a measure used by the Social Institutions and Gender Index (SIGI), a composite measure of gender discrimination based on social institutions, constructed by the OECD Development Centre.

⁷ The State of Food and Agriculture 2010–11. Women in Agriculture: Closing the Gender Gap for Development, FAO, 2011

⁸ Women farmers typically achieve yields that are 20–30 per cent lower than men. However, the vast majority of studies suggest that women are just as efficient as men and would achieve the same yields if they had equal access to productive resources and services. Bridging this gender yield gap would boost food and nutrition security globally. Source: FAO

⁹ The State of Food and Agriculture 2010–11. Women in Agriculture: Closing the Gender Gap for Development, FAO, 2011

¹⁰ FAO (2013) Policy on Gender Equality Attaining Food Security Goals in Agriculture and Rural Development, Rome, FAO.

¹¹ FAO (2011) Good Food Security Governance: The Crucial Premise to the Twin-Track Approach. FAO workshop report, Rome, FAO

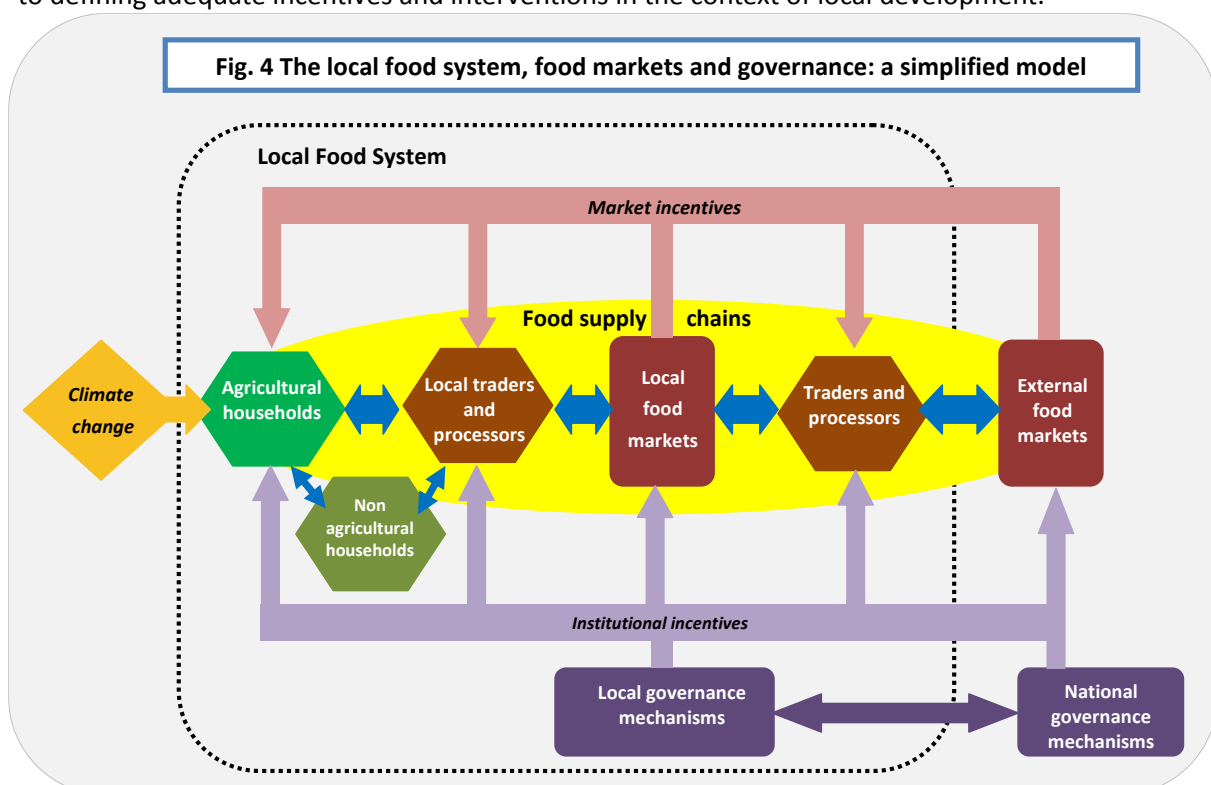
of tenure security, to take a common example).

The levels where formal regulations and policies interact with informal governance correspond with two basic building blocks of the local food system:

- At household level, high grades of informal self-regulation guide the decision making of households and economic units; the regulatory framework will provide them with a series of incentives, positive and negative, that will influence their decision making and therefore, the Food and Nutrition Security outcomes at household level;
- At food supply chain level, organizational frameworks are sustained by a combination of informal and formal regulations; no collective action is possible without some basic agreement on internal rules regarding the way actors in the chain interact, and enforcement mechanisms. Trust between actors is built on the enforcement of these internal rules. A set of incentives is created by the formal governance environment at that level, formal regulations shaping how collective decision making is being made and in definitive influencing economic and Food and Nutrition Security outcomes of the supply chain.

The local governance level is the one interacting most directly with economic units and food chain organizations. Given the cross-sectoral nature of issues surrounding the production, processing, distribution, access, use, and recycling and disposal of food, Local Governments have the potential to play a key role in coordinating and promoting food security interventions and local development. The way governance measures and mechanisms may influence the operation and performance of the local food systems, may be interpreted as a set of institutional incentives. These incentives may be through regulations, public investments, and support to social mechanisms. They may target directly the decision making parameters of households and food supply chain organizations, or act indirectly through the market. Targeting the right incentives requires building on local knowledge and processes of meaningful stakeholder participation in the identification of key governance gaps and strengthening of local governance capacities, in order to build adequate structure of incentives.

Fig. 4 below summarizes a concept of the local food system key elements, and how they interact to affect final outcomes in terms of food supply. This simplified model affords a more systematic approach to defining adequate incentives and interventions in the context of local development.



The Local Food System assessment may be organized around that conceptual model so that decision making may be informed by:

- A clear and functional understanding of existing local food supply chains, their stakeholders, links to external systems, performance, and limitations.
- An assessment of opportunities and limitations of current local and external food markets, and the need to improve or generate incentives to improved investments in the food supply chains;
- An assessment of the impact of existing governance and regulatory mechanisms, both internal and external, in order to identify the opportunities for generating a more enabling environment and zooming on strategic incentives.

The understanding of these key features will set the base for choosing the most appropriate Local Food System development pathways (see further).

2.8 The dynamics of local food systems

A well performing food system can be defined as one that ensures the 4 dimensions of Food and Nutrition Security in equitable form for all sectors of the territory's population. Generally, related policies will focus on aggregated indicators at the level of the territory. Using a system approach, it is clear that while average food supply balance and food availability per caput indicators, routinely used in statistics, are useful for comparative analysis, they hide two important dimensions: the factor of self-consumption, and the great inequalities between and within households in terms of rights to food. The inequalities are traduced in different adaptation strategies, and different outcomes.

The way households engaged in primary production may adapt their livelihoods strategies in order to increase availability of food surplus, or to maintain it in the face of climate change and other stresses, may be summarized in three main processes:

- **Intensification** describes the process by which more output is obtained from a fixed amount of production factor (one will talk of land or labour intensification); intensifying the input per unit of land will require increased inputs in labour and or/capital and vice-versa.
- **Diversification** describes the introduction of an increased variety of foodstuff as outputs of the system; it is very commonly a risk reduction strategy, directed at coping with the uncertainties of climate and markets.
- **Specialization** is the inverse trend when a household reduces the diversity of its outputs, generally to seize the opportunity of concentrating on a livelihood option perceived as more profitable. It is often associated with increased involvement in specialized value chains and may increase risk.

For households not engaged exclusively in agriculture, similar processes may be at work in terms of non agricultural sources of income depending on whether the household decides to diversify its sources of incomes, intensify its involvement in existing ones, or specialize in some specific activity. Decreased food production needs to be balanced by increased monetary returns.

Whatever the strategy chosen to increase food availability at local level, the balance between food self sufficiency and food imports will depend on whether a sufficient amount of food surplus is produced. This surplus may be ensured by a variable number of households choosing the paths of development presented above. In social terms, increased food outputs may be obtained through a process that is either socially inclusive (with most agricultural households able to participate in food supply chains and partake of its added value) or not.

Social exclusion works both against agricultural households unable to take part in the value chains, and against landless households whose livelihood options do not allow generating sufficient income. The total number of agricultural households may be reduced in the process without social exclusion, if the

reduction is linked to a number of households adopting alternative livelihoods that ensure their access to adequate access to food. Inclusive development interventions therefore require a clear understanding of livelihood rationales and how climate trends, market and institutional incentives may impact households differently.

2.9 Food and Nutrition Security development pathways

As a way of explaining the rationale of intervention priorities, the classification of specific actions into coherent food security development pathways is consistent with the proposed framework for local food system development. Interventions may be classified according to the main pathways of Food and Nutrition Security development chosen, and for each of those pathways, according to actors that are the main target, and the level of organization.

Interventions targeting food **availability** generally act at the level of food producing (agricultural) households, combining a series of actions directed at improving their productivity and the **stability** of the food output. These interventions may, or not, be combined with support to the articulation and performance of the food supply chain.

Interventions targeting food **accessibility** may be grouped in two fundamentally different pathways. One pathway addresses economically active households, whether food or non food producing, in order to help them increase and stabilize their income flows. The other addresses the most vulnerable, resource poor households, unlikely to ensure stable and sufficient self production or income generation, with different modalities of safety nets, cash transfers and food aid.

Finally, interventions targeting **utilization** deal with the issues linked to the quality, diversity and good utilization of food sources to ensure adequate nutritional status. They concern themselves also with intra-household food distribution issues. This pathway often largely overlaps with public health, water and sanitation and related issues. Only direct nutritional and food safety interventions are specifically considered within Food and Nutrition Security interventions frameworks.

Stability outcomes are linked to actions at several levels.

Integrated Food and Nutrition Security approaches are increasingly advocated.

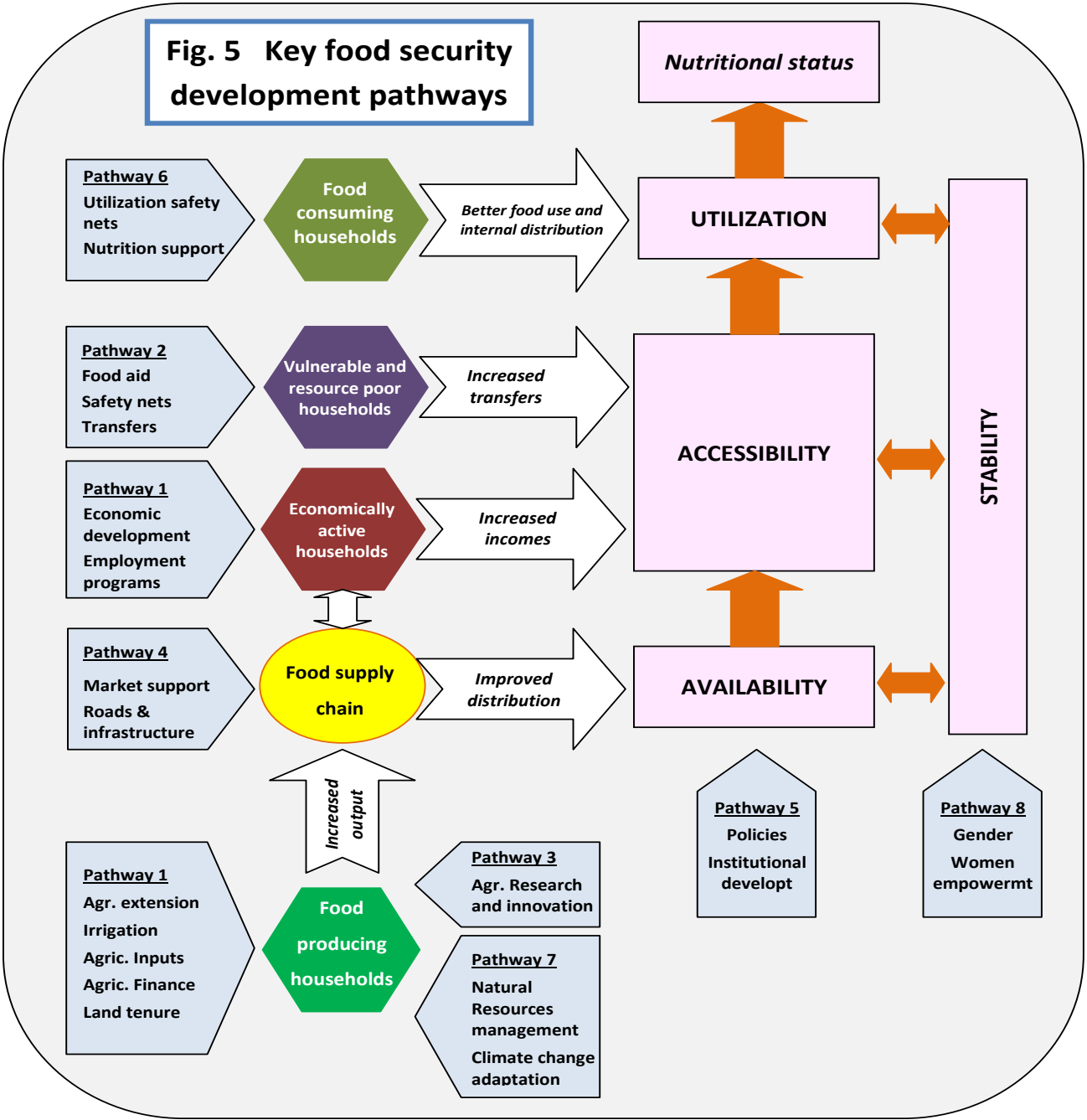
The Food Security Learning Framework has proposed a classification in 8 dimensions of Food and Nutrition Security development, which may be followed as guideline, although the dimensions do overlap each other in some extent in terms of the types of intervention¹².

1. The first pathway seeks improved livelihoods, chiefly from increased food outputs and reduced losses from agricultural households; it targets both food producing and non agricultural households, and impacts food availability and accessibility;
2. The second pathway addresses vulnerable populations and concerns household resilience, which can be achieved by more stable livelihoods and may be supported by safety nets, transfers and food aid. It impacts accessibility.
3. The third pathway targets agricultural research and innovation, focused on greater productivity, resilience and nutritional value of food crops. It has an effect on availability and stability.
4. The fourth includes interventions addressing the efficiency and effectiveness of food supply chains and markets; it has an effect on availability, and through added value, on accessibility.
5. The fifth is a transversal dimension, dealing with the policy environment and institutional support to Food and Nutrition Security.

¹² The Food Security Learning Framework : the M&E harmonization workgroup of Food Security Partners. July 2 013.

- 6. The sixth pathway deals with support to improved nutrition and dietary quality of food outputs. It is the key axis for utilization.
- 7. The seventh dimension is related to the management of natural resources and adaptation to climate change, which has a direct effect on the resilience of food systems and therefore the stability of food supply.
- 8. The last pathway deals with gender issues and the empowerment of women in households, organizations, supply chains and institutions; it impacts at all level, and has a particularly important effect at all levels on stability of food security. For instance, internal food distribution within households is a key dimension of utilization linked to gender issues, as is, the prioritization of some food items for self consumption at production level.

Under each pathway, a series of actions are possible. All are not necessarily feasible at local government level. Fig. 5 summarizes how the different intervention pathways focus on key components of the food system, and impact on the 4 dimensions of Food and Nutrition Security.



3 Local Development and Food and Nutrition Security

3.1 Local Food System stakeholders

The Food and Nutrition Security determinants acting at different scales are also linked to specific sets of stakeholders. At local level, different stakeholders are playing roles; they can be broadly classified in four categories:

- The **Public Sector** is mainly represented at the meso level by the Local Governments (LGs). Within the decentralization process in many countries, Local Governments have been set up as new entities in charge of local development, and a transfer of functions has taken place to empower them. Their expected contributions are mainly in the institutional sphere (through policies, regulations and law enforcement) and through the provision or facilitation of public investments, mostly in infrastructure (public physical capital). Local Governments responsibilities can be classified as: institutional (producing standards for development, regional development), social (satisfying essential basic needs), economic (maximize economic benefits at local level), and environmental responsibilities (assessment and regulation of social and physical environment). But they do not receive sufficient additional resources and they have limited capacity to mobilize resources. This lack of resources is crucial, both in agriculture and others basic sectors (health, education, roads). Depending on the countries; it could be one or several LGs that work together to set up a Food and Nutrition Security policy, as most of the time, food security requires creating linkages between rural and urban areas.
- The **Private Sector** is composed by agro-businesses, traders, and farmers that are investing financial capital in the local economy. Some of these private investments are mostly related to food security, especially those which unleash the potential of local economies through both traditional basic farmers and industrial infrastructure projects such as energy projects, transport, warehouses, industrial parks, logistic platforms, food processing plants, etc.
- **Civil Society** or Non State actors are made of citizens and people organized into constituencies, associations and groups to make their voices heard. It is a heterogeneous category composed of NGOs, cooperatives, producer groups and other community-driven groups, including consumer groups, and women-led groups seeking to influence agriculture, food security and nutrition policies and actions

The different types of stakeholders intervene and articulate with each other in complex ways. Food and Nutrition Security is at bottom a multi-stakeholders, multi-sector process. Food security cannot be achieved by only targeting the public sector. It requires by essence the involvement of all key stakeholders. In many LDCs the private sector is very weak with limited relations with the civil society groups. Improving the food system to make it sustainable for food security at the local level also requires targeted investments and a clear understanding of how stakeholders are involved in local policies for Food and Nutrition Security.

3.2 Taking responsibility for food security: the role of local government

The concept of Local Food Systems (LFS) as articulated above may provide an integrative framework to support effective multi-dimensional and multi-sectoral interventions in the local space, and Local Governments are ideally placed to adopt territorially integrated approaches that are needed to define, diagnose and support the operation of LFS.

Yet Local Governments may neither be ready to assume the responsibility to promote Food and Nutrition Security in their jurisdictions, nor may they be empowered by national policy and legislation to assume such responsibility. Particularly in LDC, local authorities may be conceived by the Law as purely managerial entities in charge of delivering sector-specific sets of functions, rather than as political entities with an integrated mandate for the welfare of their communities. Also they may

operate in a political environment that does not encourage, and may actually prevent, the emergence of local leadership. Under such conditions, the challenge of Food and Nutrition Security will continue to appear beyond the scope of work of local authorities, even when their action may actually affect food supply and distribution systems directly or indirectly through, for example, the regulation of agricultural land conversion or the construction and management of market and transport infrastructure.

Yet, the need is growing, in both developed and developing countries, for local authorities to play a greater role to improve Food and Nutrition Security in both urban and rural jurisdictions. Local authorities need to adopt policies that generate incentives to those involved in food supply and distribution activities by promoting private investment at all stages of the food production and consumption chain, getting involved in food supply and distribution themselves (e.g. by facilitating urban agriculture and by providing the necessary planning, infrastructure, facilities, services, information, and regulations) and coordinating public and private development initiatives in the food sector.

3.3 A typology of potential Local Food and Nutrition Security investments

The key issue to be solved is the availability, robustness and sustainability of domestic financial mechanism to finance investments at local level. In order to improve the effectiveness of funding for local food systems, this is necessary to strengthen the capacity to identify the best way to invest available resources in order to catalyze development and achieve key Food and Nutrition Security outcomes. The analytical framework delineated in section 1 affords the possibility of defining in a systematic way, the possible institutional incentives that may be supported by Local Governments in order to increase the performance and resilience of Local Food Systems.

One way of typifying the investments is to use the 8 different Food and Nutrition Security development pathways defined by the Food Security Learning Framework. By crossing this typology, with the broad classification into public and private funding, an outline of potential interventions may be summarized. The investments are classified in three broad types according to the key driving stakeholder category:

Public investments are directed at public service provision; the distinction between public and private investments is generally linked to the notion of public goods. Typically public investment is expected in aspects critical for unleashing the natural resources potential for food security and ensuring sustainability; also in boosting farmer production through classic and core infrastructure projects such as water and energy projects, transport, warehouses, food processing plants. Most public goods need to be financed by local governments and by money from central sectors flowing to the local level. Others require a partnership between the public and the private sector.

Private investments are targeting the provision of marketable services and driven by the private investors with a view of returns on the investments. They can be fully funded by the private sector if finance is available through the bank system. In all cases, the distinction between public and investment becomes blurred where private initiative needs public incentives to remove key constraints.

Household level investments are targeting individual economic units and may combine the household own resources with private and public funding. They include a combination of labour, land and finance from the household in any case.

Table 1: overall typology of Food and Nutrition Security development pathways and interventions

Food and Nutrition Security development pathway	Food and Nutrition Security outcome expected	Rationale of intervention	Examples of public investment (not limitative)	Examples of private investment (not limitative)	Examples of household level investment (not limitative)
Food security pathway 1: Improved livelihoods, with a focus on agricultural productivity of agricultural households	Increased stability of food output	Reduce harvest failure, post harvest losses and other aspects of vulnerability to climate change, resource degradation etc	Public transport, energy, Irrigation, storage, soil conservation, and other public infrastructure Facilitating private investment Agricultural extension services	Credit and micro-credit	Adoption of sustainable agricultural practices, post harvest management etc
	Increased availability and stability of food output (household and market) through intensification of existing food production	Increase productivity of land and labour by improving resources base access and management (land, water, labour, capital, organization)	Public transport, energy, irrigation, storage infrastructure Increased access to agricultural inputs Support to farmers organization Facilitating private investment Agricultural extension services	Credit and micro-credit Input supply chains, seed banks	Adoption of intensification practices
	Increased availability and stability of food output (household and market) through diversification of food production	Increase the variety of food items produced and marketed	Introduction of new food crops, or access to new market opportunities for existing cash crops Increased access to agricultural inputs Support to farmers organization Facilitating private investment Agricultural extension services	Credit and micro-credit Input supply chains, seed banks	Introduction of new crops
Food security pathway 2: Increased resilience of vulnerable populations	Improved accessibility through improved non agricultural revenue	Increase resilience of vulnerable households by diversifying their non agricultural income sources	Public transport, energy, storage and other infrastructure for non agricultural activities Employment support programmes Micro grants Facilitating private investment	Credit and micro-credit Private infrastructure Trade	Incorporation of new non agricultural income generation activities
	Improved accessibility through transfers and safety nets	Ensure vulnerable households against chronic, periodic or occasional food insecurity	Food distributions Food stocks Cash transfers (conditional or not), vouchers Food for work programmes	Charities funding	
Food security pathway 3: improved research Improved availability through increased	resilience of production systems Improved nutrition quality of food	food system	Farmer field schools Food quality control laboratories	Private research and extension (as in contract Participatory, on farm research	

Food and Nutrition Security development pathway	Food and Nutrition Security outcome expected	Rationale of intervention	Examples of public investment (not limitative)	Examples of private investment (not limitative)	Examples of household level investment (not limitative)
productivity and Develop and disseminate innovations to support the Public research and extension services and innovation				farming)	
Food security pathway 4: expanded markets and value chains	Improved availability through effectiveness of food supply chain Improved accessibility through increase of value share of food producers	Improving the effectiveness of actors in the chain in order to meet food market opportunities in quality, quantity and regularity	Business development support services Value chain facilitation Certification support Public storage, marketing and other investments Facilitating private investment	Market information Private infrastructure Marketing Volunteer Certification Contract farming	Increased investment in competitive food supply chains Contract farming
	Increase production and incomes of food processing units	Expanding food markets through added value in processing	Food processing infrastructure Multifunctional platforms Business incubators	Food processing units	Increased investment in food processing
Food security pathway 5: improved policies and institutions for food security	Improved availability, accessibility, stability and utilisation through enabling policy and regulatory environment	Embedded governance systems provide enabling framework to the development of local food systems	Land tenure, water use and management, food quality, veterinary, input quality standards etc Enforcement system and control services Consultative platforms	Volunteer Certification	Advocating through participation in farmer organizations
Food security pathway 6: enhanced nutrition and dietary quality	Improve utilization by ensuring adequate diet and quality of food to consumers	Develop food safety system and awareness of nutrition standards Making quality food available (through pathway 1 and 3)	Investment in food safety in the chain Development of food control systems Food safety information School feeding programmes Nutritional education programmes	Volunteer Certification	Improving agro-diversity with nutritional food production
Food security pathway 7: enhanced management of natural resources and adaptation to climate change	Ensure long term availability and stability through the sustainable management of the natural resources base	Ensure the sustainable management of key public resources such as water, soil, forest, biodiversity	Resource protection (water sources, forest, agrobiodiversity etc) Payments for environmental services Resource tenure and management systems	Private reserves and resource protection	Adoption of sustainable management practices
Food security pathway 8: improved gender equality and women's empowerment	Improved availability, accessibility, stability and utilisation through empowering women in the household and in the civil society and institutional mechanisms	Ensure that women have equal access and control over food and incomes in the household Empower women leadership Gender awareness and	Land and resource tenure security Targeted investments investments allowing to ease the burden of domestic chores	Targeted investments Women entrepreneurs	Increased household investment in women's management skills and labour

Food and Nutrition Security development pathway	Food and Nutrition Security outcome expected	Rationale of intervention	Examples of public investment (not limitative)	Examples of private investment (not limitative)	Examples of household level investment (not limitative)
		education programmes in food system governance			

3.4 Improving food production systems

Increasing the quantity and stability of local food production is often the starting point and constitute pathway 1 in Local Food System development. Local Governments have an important role to play in stimulating food production in their territories. Responsibilities of agricultural support services are increasingly delegated to service providers, while government agencies are concentrating on policy and supervision roles. Food production systems as a key element of Local Economic Development are increasingly the object of Local Government investments. There is a strong need to identify strategic public investments likely to catalyze involvement of food producing households in value chains, and attract private investments in the same chains through the provision of financial services to production, and investments in transformation, stocking and distribution of locally produced food.

Four key types of investments are considered within this pathway:

- Public investment into public goods/support services such as transport, storage and other infrastructure likely to boost food production;
- Correction of market distortions such as poor offer of key agricultural inputs, lack of market information, absence of private extension services etc;
- Facilitating private investment in food production (avoiding investments excluding food producing households);
- Supporting and facilitating the provision of gender-sensitive private agricultural and business development support services to food producing households.

Pathway 3 (support to food production research) is closely linked to pathway 1, and in particular the facilitation of extension services, but is generally beyond the scope of individual Local Governments. Their role resides more in supporting the linkage of local processes to existing research facilities.

3.5 Improving resilience of vulnerable households

A number of vulnerable households may not be included, at least in short term, in food production development, because they lack sufficient access to key production factors in a way that cannot be remedied by public intervention: landless households, both urban and rural are the chief concern.

Support to vulnerable households fall under the broad concept of resilience, which is defined as the capacity to withstand and recover from shocks. In terms of food security, the resilience of the most vulnerable households can be approached from several strategic viewpoints:

- Asset building strategies: the poorest have diverse asset building strategies, generally combining a series of income possibilities within risk adverse strategies. Strengthening their asset base in terms of livelihoods but also social capital, tenure rights etc, is a basic approach too often neglected on the assumption that the poorest are only candidates for transfers.
- Savings: the worldwide experience in microfinance has shown how savings can be a pathway to the poorest, provided adequate tools and approaches are used; savings can also be made in non monetary assets.
- Asset transfer: asset transfers are different from cash transfers in that they are based on the direct transfer of livelihood assets, or on cash transfers for purchase of assets. They are aimed at impacting the livelihoods activity.

Safety net approaches are used to prevent the effects of vulnerability, either as transitory measures, or on a more long term base for specific households' categories. Safety net programmes combine several instruments, such as food for work, cash for work, direct cash transfers, conditional or not, school feeding programmes, etc. An increasing number of countries have experimented with the combination of safety nets transfers with key family practices, such as breast feeding, water and sanitation and

hygiene, preventive health measure etc. There is a growing amount of evidence on the impact, but also trade offs of such programmes.

The fact that some categories of households are more vulnerable than others does not mean that the only pathway open to them is through safety nets. There is increasing understanding that vulnerable households may be benefitted from inclusive economic development strategies, participate in value chains etc.

Pathway 2 target food security of vulnerable households; local governments may intervene through several types of investments:

- For households that have potential to develop non agricultural income generating activities, improving returns of labour and other investments is key to food accessibility; therefore, Local Economic Development investments targeting such economic activities contribute directly to food security; such public investments often requires synergies with microfinance support.
- Self consumption food production such as kitchen garden development programmes may be supported by public investment;
- Direct transfers, either in cash or kind, are part of social safety net to help chronically or periodically vulnerable households and destitute persons. They are also increasingly assumed by local governments.

3.6 Supporting food supply and value chains

Pathway 4 links local food production to markets, both locally and outside the Local Food System. The performance of local food supply chains and their transformation in value chains, generating added value and economic incentives for household and private investments, depend largely on the opportunities offered by markets. A key issue is that external markets generally offer greater incentives than local ones, and that given the choice, food producing households will market their surpluses for the best available price. Thus, supporting increased food production may not necessarily ensure increased food availability at local level.

Local Governments and their stakeholders must therefore strive to support the development of inclusive food value chains, open to small producers without excessive entry costs, while at the same time encouraging the development of attractive local markets. While most investments mentioned under pathway 1 obviously contribute to the performance of food supply chains, additional types of investments are possible in order to improve the attractiveness, efficiency and effectiveness of value chains:

- Support to the development of local food market opportunities: infrastructure investments and facilitation of private investment may contribute to the strengthening of “short” supply chains of the kind favoured in Local Food Systems in developed countries, where lower selling prices may be offset by reduced marketing costs (farmers markets, institutional markets etc);
- Support to the development of competitive and inclusive food value chains: attractive food market opportunities outside the local system must be supported and the inclusiveness favoured by public policies and investments.
- Attracting private investment such as financial services, normally reluctant to support food value chains, as exemplified by current experiences in warrantage systems.

In any case, public intervention is not only through direct investment, but also through the provision of enabling regulatory environment, and facilitating the linkage between potential value chain partners.

3.7 Building an enabling policy and regulation environment

Food supply chains development is affected by the policy and regulatory environment, which affects the way food producers perceive incentives, and how value chain stakeholders link to each other and

approach decision making. This is the object of development pathway 5. Increased regulatory responsibilities by Local Government mean that opportunities for intervention are multiplying such as:

- Improving resources tenure to encourage food production (in particular land tenure of women, see also pathway 8);
- Incentivize private investment in food value chains by fiscal and other mechanisms;
- Give regulatory support to participatory mechanisms;
- Protect smallholder agriculture from land eviction and exclusive processes where regulations apply.

Specific regulatory measures are better targeted and more effective within a coherent policy framework. Local food security policies are an important complement to national policies, because this is where the specificities of local food systems may be taken into account. They need to be properly embedded into the national framework.

3.8 Enhancing food utilization

Interventions targeting food utilization fall within development pathway 6. Improving nutrition through proper utilization is closely linked to adequate access to diversified and balanced food sources, and therefore not dissociate from the other pathways. Local Governments have diverse opportunities to influence food utilization and improve nutritional status, in particular of vulnerable households and household members (see also the role of women under pathway 8):

- Monitoring of nutritional status of women, children and vulnerable households;
- Awareness and training on nutrition of all key stakeholders, especially women;
- Empowerment of women in food utilization and nutrition within and outside households (see also pathway 8);
- Improvement of nutritional quality of specific crops (linked to pathways 1 and 3);
- Improvement of school and hospital diets and other institutional food programmes;
- Support to kitchen and school gardens (see also pathway 2).

Nutrition support programmes largely intersect with public health and education, as well as gender policies. Since social development is being increasingly transferred to decentralized bodies, such programmes are an inherent part of integrated Local Food System development.

3.9 Sustainability and climate change adaptation in Local Food Systems

Food production is by nature an activity highly dependent on the natural resources base and climatic conditions. Since soil conditions, climate and availability of water are the key natural determinants of agricultural systems, natural resources management processes and the impact of climate change are key factors in Local Food Systems development.

Sustainability of food production systems may be threatened by a combination of factors which are heightened by climate change:

- Soil degradation by increasingly ill adapted production practices and extension of agricultural frontier;
- Biodiversity degradation through deforestation and over-exploitation, affecting productivity directly (pollinating animals) or indirectly (increasing incidence of pests);
- Depletion of water resources, through overuse and deforestation;
- Erosion of agro-biodiversity by market forces and loss of traditional knowledge.

Sustainable agricultural practices are fundamental for the resilience of Local Food Systems. Climate change also affects directly the range of crops adapted to determined areas. Adaptation is a key feature of sustainable food production and includes a wide range of practices and regulations.

Local Government have an important role to play in sustainable management of natural resources and climate change adaptation. Food and Nutrition Security is closely linked to these dimensions of development, so that the present programme complements LoCAL (Local Climate Adaptive Living Facility) which is the UNCDF facility for investment in local level climate resilience.

3.10 Promoting women's empowerment in the Local Food System

The key role of women in Food and Nutrition Security is a well known fact. Some key findings of IFPRI confirm the central role women play as producers of food, managers of natural resources, income earners, and caretakers of household food and nutrition security. These findings are of immediate application in Local Food System development approaches. Key aspects are:

- Agricultural productivity increases dramatically when women get the same amount of inputs men get;
- Gender differences in property rights hinder natural resource management;
- Increasing women's human capital is one of the most effective ways to reduce poverty;
- Increasing women's assets raises investments in education and girls' health;
- Women's education and status within the household contribute more than 50 percent to the reduction of child malnutrition;
- Women are at a disadvantage when food and nutrients are distributed within a household.

Two avenues of development need to be considered to address the issues and unleash the development potential of women:

- Legal, social, and cultural institutions need to be assessed, reformed and monitored in order to improve the status of women. In Local Food Systems, this entails institutions regulating the access to resources, the distribution of assets and responsibilities within the household, and the access to social and institutional capital, such as participation in decision making in value chains and social organizations.
- Innovative mechanisms should be included in the programme cycle to ensure that livelihoods of women and men are considered and benefitted. Such mechanisms require an understanding of gender specific strategies within households.

In terms of local development investments, several types of investments may be considered, linked to pathway 8:

- Direct support to women entrepreneurship;
- Policy and regulatory support through improved rights to land and other resources;
- Organizational support, capacity building, awareness raising and lobby for increased participation and leadership in governance mechanisms, value chains etc;
- Indirect support through investments allowing to ease the burden of domestic chores and improve women availability to invest time in their income generating activities, such as water and sanitation, transport facilities, health facilities etc.

Such investments constitute specific food security linked actions contributing to synergies with UNCDF's "Inclusive and Equitable Local Development" Initiative (IELD).

3.11 Local Food Systems Development cycle

Local Food System Development is the process through which improved Food and Nutrition Security is to be achieved at local level. It is a permanent process which is supported by planned multi-stakeholders interventions. These interventions have a programmatic nature, and are subject to the basic recurrent stages:

- Assessment;
- Planning;
- Funding;

- Implementation;
- Monitoring and Evaluation.

The UNCDF F4F approach is geared in developing the tools and approaches to provide strategic support to such programmatic processes. The five key stages characteristics are discussed in the forthcoming sections.

3.11.1 Assessing the opportunities and constraints of Local Food Systems

As explained earlier, the lack of holistic framework to assess the root causes of food and nutrition insecurity is generally conducive to low relevance of interventions and poorly coordinated sector-linked approaches.

The integrated Local Food System framework has the potential to inform multi-stakeholders processes on the causal links and help identify opportunities and constraints of the system, in order to define key entry points for intervention.

Relevant programmatic approaches will therefore benefit of such improved assessment. The purpose of the assessment is to inform about the context and the LFS situation, as well as to determine the required investments and the existing funding mechanisms to improve the food system. This assessment requires stakeholder mapping based on the opportunities, challenges, constrains and absorption capacity of public sector, private sector, family farmers and civil society. The missing links, the needed investments to make the four Food Security pillars stronger are identified. An investment menu will be defined and catalytic investments identified. This assessment clarifies the menu of priority investments that could be done and identifies the responsible parties. The multiplier effect can be estimated for each investment choice.

The assessment must also address specific issues of scale, institutions, instruments, process and support required to effectively develop local food security plans. The identification of relevant territorial scales at which planning for Food and Nutrition Security should be carried out is a critical starting point, particularly in light of the need to consider the scope of relevant constituents of the food systems, such as food supply chains, which include cross territorial links and urban-rural linkages. Some types of intervention are likely to need cross-jurisdictional integrated planning, financing and implementation.

UNCDF role can be crucial in providing the necessary analytical tools and advisory services to enable this improved understanding.

3.11.2 Incorporating Food and Nutrition Security in Local Development Planning

The ability of local authorities to promote Food and Nutrition Security in their respective territory greatly depends on the quality of local level planning processes and related analytical and operational capacities.

Because of multiple dimensions involved, the planning system should include and support both (i) the corporate planning processes of autonomous local governments, involving the allocation of their own resources and (ii) effective mechanisms for horizontal and vertical coordination of such plans with those of multiple other planning layers (national agencies, higher or lower tiers LA, and local stakeholders). Effective planning requires organization and procedures for evidence-based local political deliberations and people's participation, as well as local administrations' capacity for program and project planning, appraisal, monitoring and evaluation. Most importantly, local authorities need to set up consultation and negotiation mechanisms for the development of public-private partnerships around economic development and other initiatives in support of Food and Nutrition Security. In doing

that, they need to adopt an approach that is open-minded, alliance-seeking, as well as technically and financially sound.

The planning process should be adapted to the means and priorities of the Local Government. The scope of its intervention will be to a more or less large extent, outlined by existing sector policies, and the scope of devolution of responsibilities. Thus in some countries, agricultural extension may be officially devolved to local government, while in others it remains the sole responsibility of centralized ministries.

The general outline of a Food and Nutrition Security planning process, whatever the institutional context, should include the following basic steps:

1. Assessment of the overall Local Food System characteristics, strengths and weaknesses;
2. Definition of the scope of potential intervention of the Local Government;
3. Additional assessments within the proposed scope of intervention (i.e., targeting specific areas and types of households etc);
4. Definition and planning of specific interventions;
5. Programming of resources and public-private and public-public partnerships.

The incorporation of Food and Nutrition Security concerns in the local planning process may require both the undertaking of strategic planning exercises focused on food security into overall local development planning and/or the application of a food security perspective to the preparation of sector plans. In linking the results of these strategic planning exercises to the statutory instruments of local-level multi-year investment programming and annual budgeting, greater attention should be given to appropriate financial and economic appraisal of programs and projects, as this is critical to determine both the scope and the modalities of local governments' involvement in Food and Nutrition Security promotion, particularly when this will, (as it should), rely on effective public-private-community partnerships.

More generally, the incorporation of Food and Nutrition Security concerns in the local planning process will benefit from a transparent, cost-effective and synchronized planning process, which is also aligned with national/regional planning and budgeting deadlines to allow for meaningful interaction and negotiations prior to the finalization of annual resources allocation processes at national and sub-national levels.

An improved local development planning processes raises critical issues of proper facilitation and support, not only in terms of diagnostics of the local food system, but also to support informed deliberations, through proper mechanisms of stakeholders' consultation and negotiation, and also to ensure the technical, financial and economic appraisal and the organizational and financial packaging of proposed interventions. In an LDC context, this may require the provision of demand-driven technical assistance and facilitation services to local authorities, by both regional/national agencies and private/non-profit organizations, whose capacity might itself require strengthening. Moreover, this may require enabling both providers of business development services (BDS) and financial institutions to work in partnership with local authorities in shaping and implementing local Food and Nutrition Security strategies. UNCDF may play a role in facilitating the articulation of those players.

3.11.3 Targeting financing missing links in the Local Food System

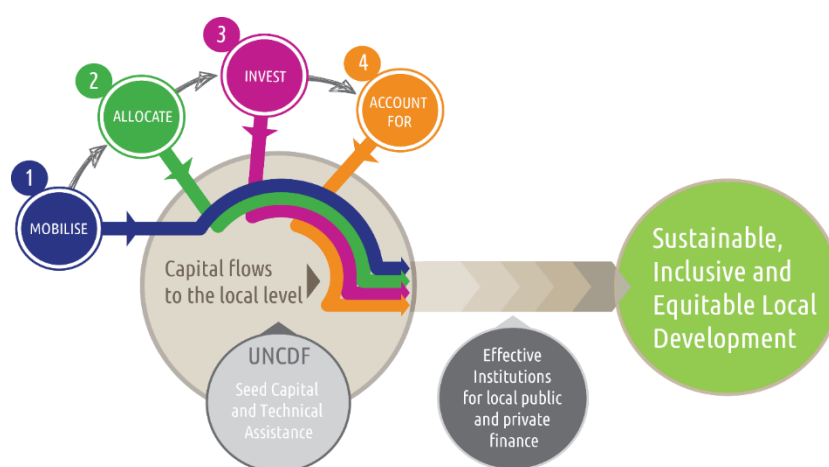
Complementary and innovative funding mechanisms are necessary to unleash the development potential of targeted food systems. Three key mechanisms of public and public-private funding are considered:

- The Public Expenditure System (PES) is the national mechanism that channels funds towards local governments both for maintenance and investment. These national transfers are complemented by the Local Government own revenue sources, which are generally poorly

developed in LDC. Local Governments may channel part of these funds towards specific Food and Nutrition Security investments.

- The Structured Project Finance (SPF) mechanism aims to help finance key projects in the value chain. It may enable latent domestic capital to find local opportunities for growth and helps to encourage private initiative. Public funding may help overcome risk aversions of private investors towards agriculture-related investments.
- The Government to Person payments (G2P) mechanism include micro public sector financial grants that can be channelled through a variety of payment service providers or agents, such as post offices, mobile phones, local shops. They target vulnerable sectors such as single women, poor people, youth, etc

UNCDF’s Local Development Finance Programmes (LDFP) are set to unlock, leverage, and increase capital flows to local institutions, while working with Local Governments to mobilize, allocate, invest and account for investment flows.



Currently two key financing tools and instruments are being implemented and developed:

- **Local Development Funds** are capital transfers to local governments’ financial systems, either through direct transfer or intergovernmental fiscal transfers through PES channels. UNCDF may offer a large variety of LDF flows, earmarked or not, aimed at supporting the different stages of local development. They may apply to Local Food System Development programmes at all stages, funding assessment and planning processes, co-funding public investments, and supporting the process from planning to monitoring and accountability with capacity building.
- Structured Leveraged Project Finance is being piloted in East Africa under the name of **Local Finance Initiative**. It provides structured non-recourse financial solutions, in the form of collateral guarantees, for local private economic development projects.

LDF is a performance-based funding mechanism that uses Minimum Conditions /Performance Measurement (MC/PM) Systems as tools to improve local government performance, in that annual assessments encourage compliance with regulations, identify capacity gaps in different functional areas, and strengthen general monitoring and evaluation systems. UNCDF’s investment mandate provides flexibility in offering a large variety of LDF flows, as well as well-established state-of-the-art public financial management and accountability arrangements. The following table resumes how UNCDF intervenes in accordance to the development stage of local governments.

Table 2: The UNCDF Local Development Fund principles

Development stage	Type of Financial Mechanism	Main recipient	Type of Investments	Capacity Building on the ground
Post conflict/Post disaster	Grants	Pre-municipalities	Basic services (health, education, roads)	Plan : Participatory planning process, Budget : Basic support to communities, literacy Invest : Procurement, support to emergent private initiatives
Consolidation Phase	Grants	Pre-municipalities and Authorities	Basic services for Local Economic Development (roads, markets)	Plan : set up realistic local plans Budget : public finance, public expenditure management Invest : Procurement, maintenance rules
Mature Phase	Performance Based Grants	Local Authorities	Basic services for LED, Business centres	Plan : set up realistic local plans Budget : PB financial management, revenue mobilization for LGs Invest : Entrepreneurship, business development

LDFP, through the implementation of the F4F program, will seek to maximize synergies with FIPA and the two complementary approaches to support food security. FIPA supports the provision of a range of financial services that can increase food security, not only to households but also to SMEs along agriculture value chains. LDFP supports the provision of a range of investments mechanisms for the local food system. Outside the realm of LDFP, private investment at household level needs support from credit sources; this may be the object of UNCDF other programme of **Inclusive Finance**. For example, public investment, including through PPP, may be needed in order to facilitate the development of financial services, as illustrated by warrantage experiences in West Africa.

In principle, there is no obvious reason why funding needs for Food and Nutrition Security could not be supported in one way or another by these versatile mechanisms. However, should the need arise it would be the role of F4F to define potential alternative funding mechanism.

Beyond the arsenal of funding mechanism, the key to unleashing the potential of Local Food Systems is to identify and target catalytic, strategic investments. The UNCDF approach is based on the assumption that targeting missing links investments can have multiplier effects in different ways: it can stimulate local food value chains, increase revenues for local communities and help to create a virtuous cycle at local level, connecting farmers to market and improving food availability and accessibility, while well targeted social transfer programmes may improve safety nets. The growth of production and agribusiness multiplies the economic benefits in a given area by helping to drive the growth of other business entities. The business involved, in turn, generate increased demand for goods and services, which initiates another cycle of multiplier effects, and so on. Business growth increases tax revenue for local governments which may be used to improve local infrastructure and public services.

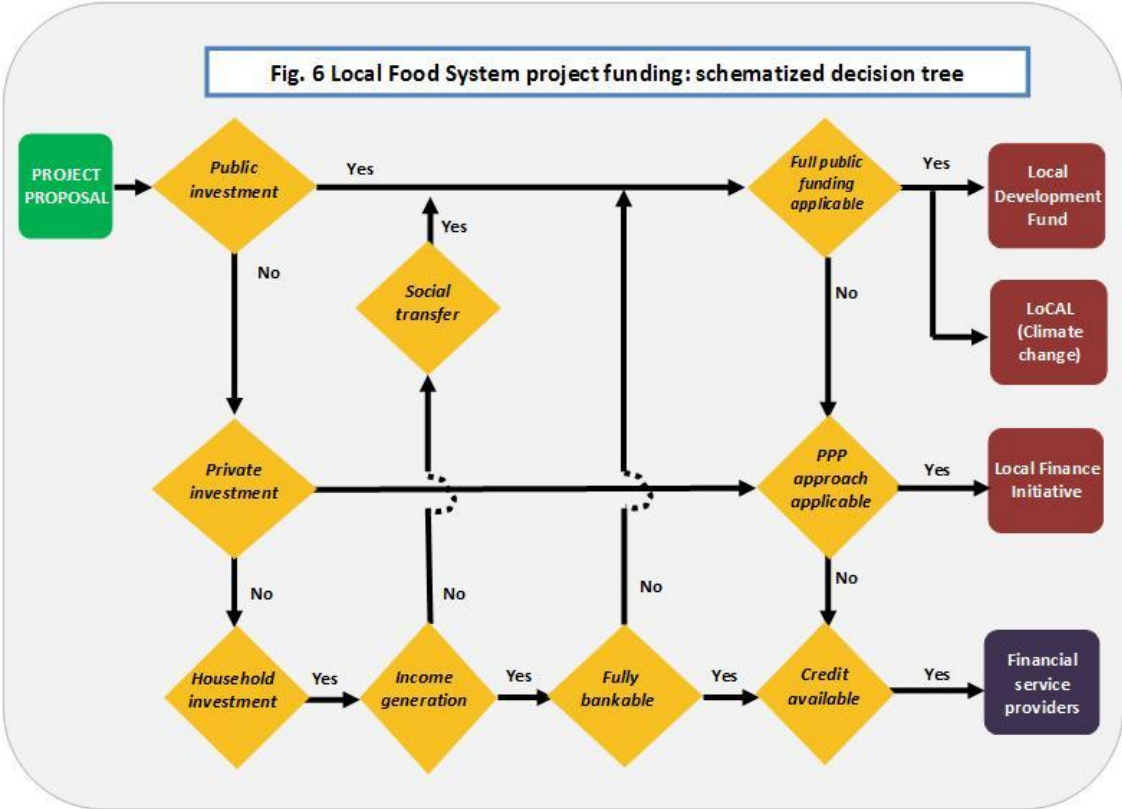
Identifying strategic investments also requires defining the role of stakeholders and the best financing strategy applicable. Feasibility studies must be a prerequisite in many cases. Considering the type of investment applicable, the three main actors – the public sector, the private sector and households-

play complementary roles but the choice of the financing mechanism is key. Full public funding should apply to public goods while investment in profit generating activities requires mobilization of private and households resources, even if public support is included. Fig. 6 schematizes the decision tree applicable to the funding mechanism for local development investment.

A public and non-public funding mechanism assessment is needed: the key financial mechanisms available will be reviewed and main blockages and potential solutions identified. The assessment will help to identify the needs and priorities at the local level, the geographical coverage and the targeted local areas in such a way that the investment leverage potential for food security is identified, independently of the nature of required investment. It could be private, public or PPP investments.

A review of public funding procedures is another important aspect. Existing procedures may impede some key investments to be channelled through the PES; it is likely, for example, that the multi-stakeholders character of Local Food System development faces difficulties from that side and that some key initiatives require innovative mechanisms. This is where the F4F approach needs to be applied to help identify and pilot alternative solutions, always bearing in mind the key principles of alignment and ownership at local level.

Finally, local funding mechanisms have to be adapted to the need to build multi-stakeholders processes. In particular, LDF funding must help Local Government support complementary efforts by NGOs, CBOs, and private service providers.



3.11.4 Developing multi stakeholders alliances for implementation

The implementation of Local Food System Development programmes requires a combination of public, private and community-driven interventions of different scales and nature. Past and existing UNCDF supported interventions demonstrate the need to bolster Local Government role through multi-stakeholders approaches.

Tackling Food and Nutrition Security more effectively requires sustained action across sectors, strong

leadership, coalitions and high levels of both institutional and operational capacity. Local alliances between farmers and their organizations, non state actors, local governments and private sector need to be set up and liaise with higher levels stakeholders.

Such alliances require support and leadership from Local Governments. Local Governments generally lack capacities in several key aspects.

To start with, leadership will be weak if the local authorities lack the commitment to lead and coordinate the process; Food and Nutrition Security may be stuck in a “low priority cycle” (Natalicchio et al., 2009) characterized by low visibility of the problem, low demand for solutions, a fragmented technical paradigm which does not address causal factors in a relevant manner, and a poorly-funded, weak institutional framework with limited political clout or ability to work across sectors. To break out of the low priority cycle requires substantial social mobilization, advocacy, strategic communication and policy reform.

Local Governments also need to be committed to long term processes, which may be difficult to ensure beyond short term political horizons. Stakeholders’ participation is one way of enhancing responsiveness and long term commitment. The role of stakeholder participation is identified as critical in a range of studies, including UNCDF’s experience. Taking participation seriously places capacity demands on local authorities as well as allowing local partners to determine the nature of interventions. The key stakeholders that need to be associated to local level food security interventions largely depend on the development pathways and action points selected. One of the potential added values of a systemic approach to Food and Nutrition Security coordinated locally by LGs is the opportunity to better coordinate and mobilize actors and resources available in the territory.

Stakeholders’ alliances require a process of capacity building, along with trust building. Clear criteria are needed about the role of each partner in the alliances, and their capacity building needs. They are an important outcome of Local Food System assessment, which enables the translation of needs into concrete actions and interventions. It is therefore essential for UNCDF to adapt its funding mechanisms to the needs of such alliance building.

3.11.5 Monitoring and evaluating Local Food System interventions

Recent UNCDF evaluations have highlighted the difficulties in monitoring and evaluating the effects and impacts of local economic development projects. These difficulties are associated to weak theories of change, lack of appropriate benchmarks and indicators, and poor capacities for monitoring. Local Governments do not set up appropriate systems to evaluate the impact of their interventions, and are mostly dependent on external partners to do so. Beyond capacity, there are therefore awareness and ownership issues in terms of evaluability of programmes.

Building M&E capacities requires designing systems and tools adapted to the needs and long term capacities of local stakeholders; they need to be mainstreamed into the practice of local stakeholders and to move away from donor driven approaches.

4. Theory of change

4.1 Overall strategy

The programme is designed to focus UNCDF support to Local Governments in tackling four key weaknesses of Food and Nutrition Security interventions:

- The lack of proper, multi sectoral and systemic understanding of the issues and processes

involved in food security;

- The poor level of integration of Food Security issues in Local Development Planning, and the general lack of adequate means of monitoring and evaluating interventions;
- The lack of properly focused and adapted financial mechanisms both for public and private investments;
- The difficulty for local actors to access information on experiences and lessons learned from similar interventions across LDC.

As summarized in Fig. 7 below, the programme seeks to achieve as central outcome, increased effectiveness of Food and Nutrition Security interventions coordinated and facilitated through local governments in LDC. This would in its turn contribute to the overall goal of enhanced food security and nutritional status of targeted populations, through more effective and resilient Local Food Systems. The intervention is designed through four complementary components.

It should be noted, in relation to Output 3, that this programme will not, by itself, provide and implement the complete menu of financing mechanisms and investments addressing food security, to be piloted and available to local governments and their stakeholders. When those financing mechanisms relate to the provision of financial services (credit, savings, insurance, payments) for households, micro, small and medium enterprises (MSMEs) including through value chain finance, synergies will be developed with UNCDF's Financial Inclusion Practice Area (FIPA) for the provision of those financial services, primarily via FIPA's country sector programmes.

Fig. 7 Overview of Theory of Change

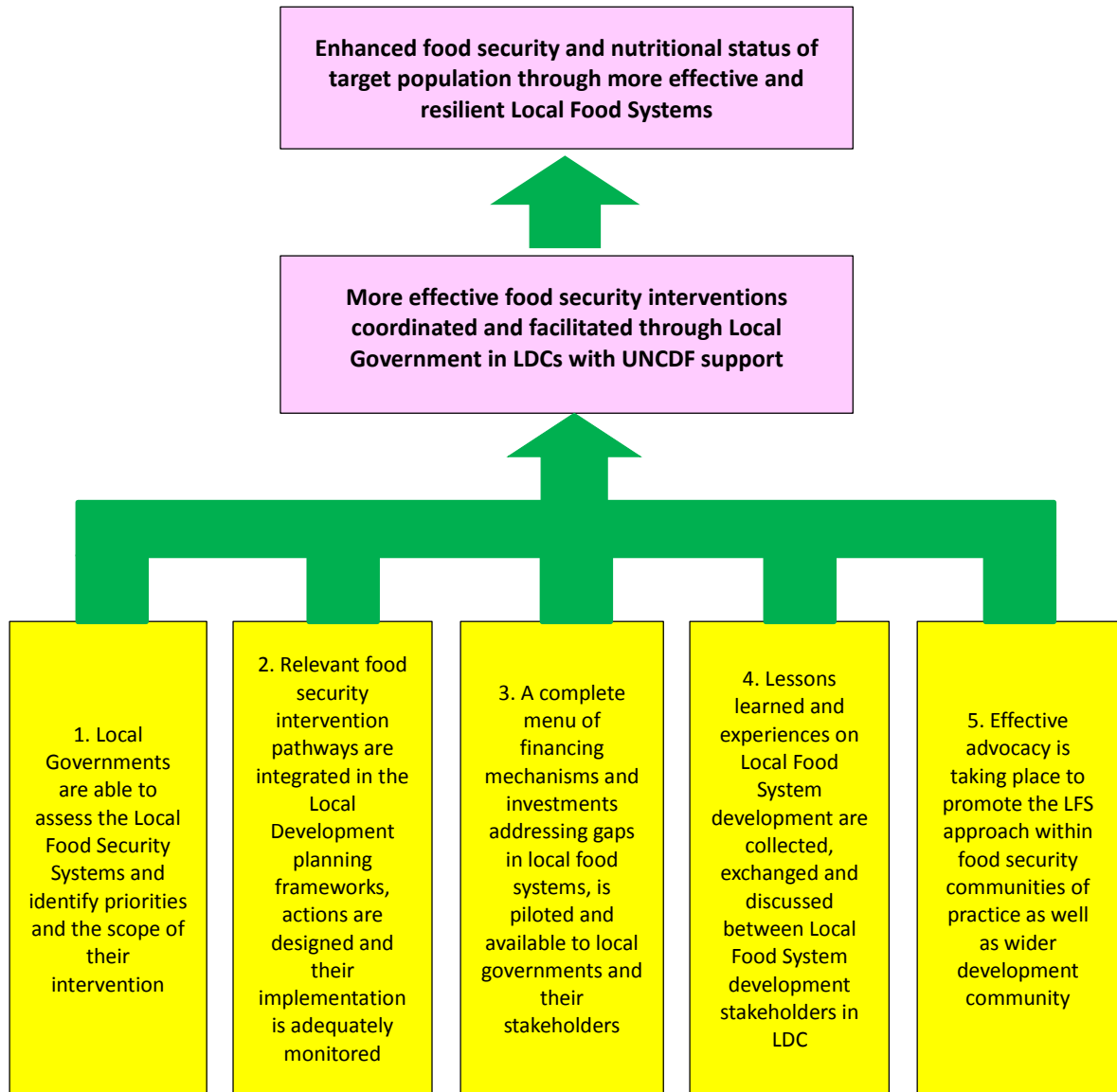


Table 3: Results and Resources Framework

Development Outcome: Enhanced food security and nutritional status of target population through more effective and resilient Local Food Systems. A more effective financing mechanism to increase resilience through food security interventions is coordinated and facilitated through Local Government.										
Programme outputs	Executing agency	Indicative activities	Resource allocation and indicative timeframe						Total (USD)	Total Secured Budget (USD)
			2015	2016	2017	2018	2019	2020		
Output 1 Local Governments are able to assess the Local Food Security Systems and identify priorities and the scope of their intervention <i>Indicator:</i> LFS diagnostic tool tested in 3 countries by end of first phase (18 months)	UNCDF	1.1 The LFS Assessment toolbox is formulated and training packages for LGs set up	25,000	138,000	0	0	0	0	163,000	70,000
		1.2 Training on the LFS toolbox and implementation is realised in target LGs in 3 countries	0	159,000	0	0	0	0	159,000	100,000

100% of UNCDF supported projects have designed relevant FNS intervention based on Local Food System approach using diagnostic tools by end of F4F programme		1.3 The LFS assessment is rolled out in 8 countries	0	159,000	354,000	354,000	0	0	867,000	100,000
		1.4 The LFS tools are integrated into UNCDF's range of financial mechanisms	0	100,000	300,000	300,000	160,000	35,000	895,000	178,000
Subtotal Output 1			25,000	556,000	654,000	654,000	160,000	35,000	2,084,000	448,000
Output 2 Relevant food security intervention pathways are integrated in the Local Development planning frameworks, actions are designed and their implementation is adequately monitored <i>Indicators:</i> Context-specific planning guidelines produced in 3 countries by end of first phase (18	UNCDF	2.1 Planning guidelines for LGs integrating LFS components are elaborated	25,000	155,000	105,000	0	0	0	285,000	80,000
		2.2 Target LGs are able through training to integrate LFS component into a local planning process in 3 target	0	129,000	50,000	0	0	0	179,000	47,481

<p>months)</p> <p>Each supported project includes a set of FNS interventions incorporated in the Local Development Planning framework</p> <p>100% of UNCDF supported projects have an effective monitoring system with a baseline of target food systems which is used by local governments and stakeholders for adaptive management in coherence with Food Security Learning Framework</p>	countries								
	2.3 LFS planning guidelines are rolled out in 8 countries	0	90,000	178,000	260,000	0	0	528,000	200,000
	2.4 LFS planning guidelines are mainstreamed and monitoring systems are set up	0	30,000	180,000	624,000	180,000	35,000	1,049,000	350,000

Subtotal Output 2			25,000	404,000	513,000	884,000	180,000	35,000	2,041,000	677,481
<p>Output 3 A complete menu of tools for infrastructure finance addressing gaps in local food systems, is piloted and available to local governments and their stakeholders</p> <p><i>Indicators:</i> Operating manuals and supporting tools produced and first projects entered the pipeline for appraisal and approval by end of first phase (18 months)</p> <p>At least 5 country programmes have funded FS projects through multiple mechanisms by end of F4F programme</p>	UNCDF	3.1 A pipeline of high impact investments (private and public) addressing gaps in LFS is developed in target countries	25,000	500,000	1,025,000	1,000,000	700,000	0	3,250,000	225,000
		3.2 The LFS financing mechanism and investment pipeline is rolled out in 8 countries	0	245,000	1,350,000	2,200,000	1,750,000	0	5,545,000	0
		3.3 A pipeline of projects (public and private) financed through LDF/LFI and LoCAL mechanism globally is developed	0	395,000	2,400,000	4,019,000	3,630,000	25,000	10,469,000	1,000,000
Subtotal Output 3			25,000	1,140,000	4,775,000	7,219,000	6,080,000	25,000	19,264,000	1,225,000

<p>Output 4 Lessons learned and experiences on Local Food System development are collected, exchanged and discussed between Local Food System development stakeholders in LDC</p> <p><i>Indicators:</i></p> <p>Information from internal monitoring, evaluation and learning processes integrated in a knowledge system and actively shared and used by all relevant stakeholders in countries of intervention in coherence with Food Security Learning Framework</p>									
	<p>4.1 Standards for M&E of LFS projects are defined</p>	0	0	107,000	0	0	25,000	132,000	150,000
<p>UNCDF</p>	<p>4.2 Best practices and standards are mainstreamed in ongoing and new interventions</p>	0	0	150,000	265,000	50,000	25,000	490,000	250,000

		4.3 A knowledge platform to exchange experience is created and a community of practice between UNCDF partners is built	105,000	163,000	10,000	10,000	10,000	0	298,000	163,000
Subtotal Output 4			105,000	163,000	267,000	275,000	60,000	50,000	920,000	563,000
Output 5 Effective advocacy is taking place to promote the LFS approach within food security communities of practice as well as wider development community <i>Indicators:</i> Number of LFS-related publications, speeches at key events and meetings with partners	UNCDF	5.1 The LFS approach is promoted through key publications, key note speeches and in discussion with partners	75,000	50,000	60,000	50,000	25,000	25,000	285,000	150,000
		5.2 Strategic partnerships are developed with public and private actors to promote the LFS approach	25,000	55,000	40,000	25,000	25,000	15,000	185,000	100,000
		5.3 A mid term and a final evaluation are conducted	0	0	100,000	0	0	100,000	200,000	100,000

Number of strategic partnerships on food security established with relevant public and private sector partners									
	5.4 Effective programme support is provided in line with UNDP rules and regulations	0	77,000	100,000	100,000	100,000	0	377,000	168,000
Subtotal Output 5		100,000	182,000	300,000	175,000	150,000	140,000	1,047,000	518,000
Total Output		280,000	2,445,000	6,509,000	9,207,000	6,630,000	285,000	25,356,000	3,431,481
GMS 8% (calculated on unfunded budget + Luxembourg thematic contribution)								1,772,481	
TOTAL PROGRAMME COST								27,128,481	

The funded budget will cover support to current country programs for the next five years, by supporting the program implementation and quality support: technical common tools, training to country teams and counter parts, networking, monitoring, knowledge management, outreach, resources mobilization. It will cover support to countries in which UNCDF has already or plan to have country programs: Niger, Mozambique, Mali, and Burundi. The budget will also cover new formulations and support the extension of the program in new countries. Resources have to be mobilized to roll out the program in new countries. A number of eight countries have been targeted to extend the scope of the program.

4.1.1 Mainstreaming diagnosis tools for systemic approach of food security at local level

The first component includes activities directed at enabling local stakeholders to mainstream more effective systemic approaches to Food and Nutrition Security.

Understanding the local food system requires diagnostic tools that identify existing assets and key vulnerabilities and gaps in the local food system with implications for food security. These diagnostics should include:

- Assessment of the state of the local food systems, its key components and stakeholders;
- Vulnerability/risk assessments of the local food system and associated livelihood strategies and food supply chains;
- Stakeholders mapping and assessments of socio-economic, policy and institutional framework of the Local Food System, taking into account the different responsibilities of women and men; and
- Assessment of gaps in the governance of the relevant local food system, and possible pathways and interventions.

Multiple methodological frameworks exist and are documented at length in literature. However, no specific tool box is yet available for the purpose of planning Local Food System Development in LDC context. Therefore, the program will develop and pilot a specially adapted set of diagnostic tools based on the conceptual framework introduced in Section 1. This toolbox will combine already mainstreamed approaches and tools for assessment and baselines, with newly adapted and gender-sensitive ones so as to develop the resources adapted to the context and capabilities present in different settings where UNCDF intervenes.

The LFS approach will be developed in a set of guidelines aiming at supporting the diagnosis and formulation stage of local development projects.

The programme will promote the piloting and mainstreaming of the LFS approach at three levels:

- For ongoing projects in UNCDF country programmes, gap identification and adaptation of ongoing interventions to reflect the LFS approach;
- For new interventions, mainstreaming of the approach and tools at situation analysis and formulation stage.
- For UNCDF partners, support to identify opportunities of LFS interventions.

4.1.2 Supporting inclusion of Food and Nutrition Security into Local Development

The object of the second component is to develop activities in support of local stakeholders, to identify and include in their planning and budgeting, the key catalytic interventions necessary to strengthen local food systems.

Relevant food security intervention pathways are integrated in local development planning frameworks, actions designed and their implementation is adequately monitored.

As highlighted in the PA3D programme in Benin, the need for a strategic approach to the identification of catalytic investments in the LFS is critical. The Global F4F Programme will assist country programmes with a general framework for a FS-focused strategic planning process (presented in more detail in Appendix 1) and will provide technical assistance to each country to produce context-specific planning institutions and procedures. The strategic planning exercises will be extremely beneficial in unpacking key issues, fostering coordination and partnerships, and increasing effectiveness of investments.

Furthermore, their benefits will extend beyond FS and LED as they will contribute to building capacity and critical skills in local governments.

The programme will develop tools and guidelines for improving the planning processes, and ensuring the mainstreaming of the LFS approach into the planning stage. This will apply to new interventions as well as to specific local development planning stages with UNCDF partners.

4.1.3 Supporting local financing for food security interventions and investments

The third component targets the adaptation of existing funding mechanism, and the development of innovative tools to fill the gaps in the funding system, in order to support the multi-stakeholder approach to Local Food System development.

The main financing instruments that UNCDF will make available to local authorities for interventions that improve Local Food Systems include two existing mechanisms:

- **Local Development Funds (LDF)**
- **Local Finance Initiative (LFI)**
-

Implementing local Food and Nutrition Security strategies, critically depends on the ability of Local Governments to link the results of the strategic planning exercises to both their own corporate programming and budgeting processes and to the opportunities offered by similar processes in other spheres of government as well as in the private sector.

Identified programs and projects will need to be matched with the typical sources of LG financing, which will vary by country but usually include:

- Their own-source revenue, including tax and non-tax revenue as well as contributions that may be mobilized through services co-provision and co-production with local communities and private sector units.
- Transfers from higher levels of government including both general-purpose block grants and conditional transfers earmarked for spending on particular sectors or activities.
- Specialized local development financing facilities, like municipal development funds (MDF) and similar institutions ;
- Access to domestic and international capital markets (quite rare) and project financing schemes, both typically used to finance investments that allow for cost-recovery and generate revenue streams, the first to mobilize domestic savings for local public investment, and the second to benefit from private sector expertise and financial resources
- Contractual financing arrangements with higher levels of government, which may delegate to local governments the detailed planning and implementation of the programs they finance, to benefit from the potential allocative and productive efficiencies that such delegation may bring to bear on the implementation of their programs.

The actual availability and the relative importance of financing instruments under the above broad categories varies dramatically across countries, with the diversification of instruments and clarity in the rules of access to them, being a most revealing indicator of the actual empowerment of local governments in any given country.

UNCDF will also mobilise primarily private domestic capital for local economic development through credit enhancement support and finance structuring (e.g. seed capital, guarantees and first loss facilities) that will have a demonstration effect to encourage further investments from domestic sources for bankable and economically viable projects.

As a multilateral development financing institution, UNCDF will help improve and diversify the range

of instruments available to local governments to plan and finance local food security interventions. Indeed UNCDF is particularly well placed to pilot innovations in LG financing of a wide range of local development activities impacting local food security. This may include:

- Focusing UNCDF-supported LDF to the leveraging of communities and private sector resources for co-financing of programs that impact on local food security;
- Expanding community co-financing of food-related health and nutrition services through appropriate structured partnership agreements and related financial incentives;
- Supporting institutional and technical improvements in LG own-source revenue assessment and collection systems (for example via the application of GIS and ICT technologies to land/property registration and valuation, that simultaneously support improved urban land use planning practices);
- Supporting LG ability to subsidize investments in small farms and/or SME for improvement of food value chains, identified with the help of Business Services Providers (BSP) and appraised and co-financed by domestic financial institutions;
- Help develop specialized investment financing institutions (and related grants, loans and guarantee instruments) ;
- Piloting cash transfer programs administered by LG under delegation contracts with responsible national authorities that include improved performance-based management mechanisms, associate domestic financial institutions to their disbursement, promote the use of efficient ICT platforms and links beneficiaries to other financial services;
- Supporting LG ability to manage both local and national Cash-for-Work programs, to build local infrastructure to improve climate change resilience and food security and create temporary employment in communities at risk.

These mechanisms have strong synergies with other specialized instruments piloted by UNCDF, such as the **Local Climate Adaptive Living Facilities (LoCAL)** which makes purpose-specific transfers for LG investment in local level climate resilience.

The three mechanisms may cover a range of finance needs across the typology of investments.

LDF is well adapted to most public infrastructure investments; it is likely to be the most common channel for funding needs to support LFS development, with specific thematic windows to be designed whenever necessary. In order to provide agile funding for small grants to smaller projects, such as proposed and implemented by civil society organizations and farmers groups, in an efficient way where PES regulations make the local call for proposal mechanism difficult to implement, special LDF modalities could be piloted. It might cover such small scale financing instruments (grants, subsidies, loans, guarantees, etc.) to support specific local development initiatives. Specific LDF modalities could also finance both conditional and unconditional G2P cash transfers programs (both initiated by local governments and delegated to them by national authorities) to help food insecure and vulnerable people.

In specific cases where possibilities exist of mobilizing resources for Climate Change adaptation linked to Food Security, LoCAL may be the option. LoCAL investments have direct relation with climate change adaptation in agriculture. Incentives could be built into the conditions of access to Local Development Funds or LoCAL resources, to stimulate the mobilization of further community and private sector contributions for co-provision and/or co-production of projects and services impacting on local food security.

The LFI is designed to unlock domestic financial sectors in developing countries for financing small and medium-sized infrastructure and agriculture-processing projects that are needed for local economic and private sector development. LFI is designed to mobilize private sector capital for the development

of bankable projects by leveraging limited public funds. It is therefore operating in the realm of PPP. The needs for finance of bankable projects linked to agriculture and food value chains in general, should also be met through **inclusive finance mechanisms**.

F4F would support key institutional innovations affecting the management of funding mechanisms.

The use of these instruments will necessarily be asymmetrical as their application will be based on local capacity levels in each country of intervention.

4.1.4 Supporting a community of practice on Local Food System Development in LDC

The fourth component includes specific activities to enable stakeholders across intervention countries, to improve their learning capacities and develop and exchange good practice.

Evaluations have indicated the need to improve cross-project and cross-country learning and good practice development. F4F will provide a strong opportunity to develop exchange and learning mechanisms, contributing to the setup of a “community of practice” between the stakeholders of UNCDF programmes in participating countries.

Beyond UNCDF intervention, there is a global effort at building a learning mechanism, embodied most recently by the Food Security Learning Framework. It makes sense to align the learning mechanism between UNCDF partners within this broader platform. The learning themes of the Food Security Learning Framework themes follow the 8 development pathways mentioned in section 3.

Key Cross-cutting dimensions identified by the development partners are: (a) Inclusive agricultural growth; (b) Social, economic and environmental sustainability; (c) Employment generation; (d) Local capacity-building; and (e) Empowerment and equality.

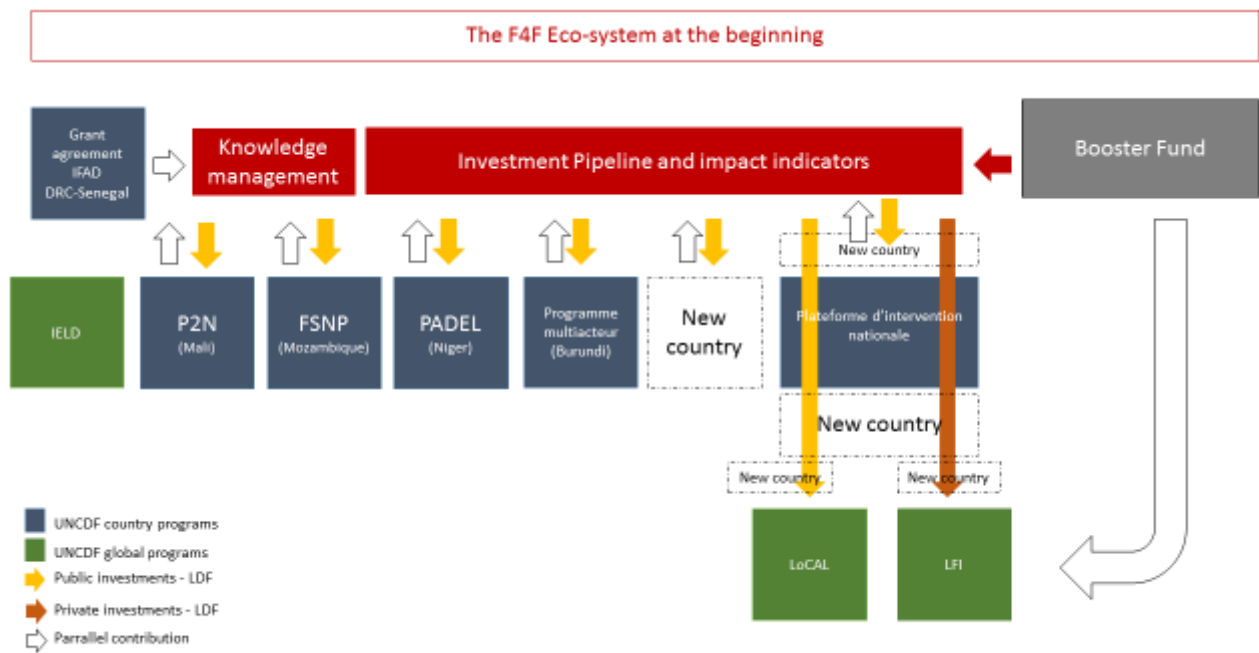
Due to the focus on local food systems, UNCDF’s global programme is particularly well-positioned to contribute significantly to several of the learning themes as well as the key cross-cutting dimensions. Having the country programmes harmonized within the F4F M&E system will facilitate reporting to development partners and governments.

4.2 Geographical Coverage

F4F will initially be implemented in the five LDCs in which UNCDF is operating current Food and Nutrition Security interventions: Mozambique, Burundi, Mali, Benin, and Niger. The implementation will be asymmetrical given the different stages of different national projects as well as the range of local capacities, challenges and institutional structures.

The geographical coverage is expected to increase over the five-year duration of the programme either through new stand-alone UNCDF projects or within UN Joint Programmes supporting Food and Nutrition Security.

The figure below summarizes the relation between F4F as a global program with country programs, others UNCDF Global programs and UNCDF initiatives.



4.3 Programme Implementation phases

The Global Programme will be implemented through phases over a five-year period starting January 2015.

During the first phase, Programme Inception, the five national projects currently under implementation in Mozambique, Mali, Burundi, Niger and Benin, will be fully harmonized with the Global Programme.

Additional preparatory work will be completed, including: (1) setting up of a global steering committee; (2) first round of piloting of the Local Food System resilience diagnostic in three countries; (3) preparing context-specific food security-focused strategic planning institutions and procedures; (4) preparing the ground for the LFI by identifying the countries in which to pilot the facility and preparing operating manuals and supporting tools; and (5) establishment of the Programme Implementation Unit (PIU). This first phase is expected to take 18 months.

During the second phase, Programme Roll-out and consolidation (months 18-48), F4F is expected to introduce and establish in the five initial countries the local food system diagnostic and the food-security-focused strategic local development planning tools. The LFI will become operational in 2-3 countries (based on the assessments carried out and decisions made during the inception phase) while the remaining investment needs, identified through the diagnostic and planning processes, will be funded through a combination of existing tools such as LDF and – when possible – LFI.

The third and final phase (Phase-out or Restructuring, year 5) will see the F4F Global Programme focus on recommendations from the global steering committee for transition towards phase-out or programme restructuring to extend operations beyond the five-year horizon. By this phase the LDF funds in the five countries are expected to operate with minimal or no UNCDF technical assistance and pooled funding mechanisms are expected to be available at the national level to continue funding them. LFSIF is expected to move towards national implementation in at least one of the initial piloting countries and have provided enough evidence and lessons learned to be ready for scale up and broader adoption even beyond Food and Nutrition Security interventions.

The table below summarizes the key activities at the three implementation phases, the geographical scope and key stakeholders

Phase	Countries	Main activities	Stakeholders
Phase 1 (inception)	Mozambique, Mali, Burundi, Niger and Benin	Drafting and piloting of LFS approach and toolbox	UNCDF F4F team, UNCDF regional teams, UNCDF focal points, UNCDF global programmes, national and local partners
		Mainstreaming of improved planning methods and tools	
		Review of funding experience in UNCDF portfolio and pilot adaptation of mechanisms	
		Review and adaptation of M&E systems of ongoing projects and tools development	
Phase 2 (roll out and consolidation)	Mozambique, Mali, Burundi, Niger and Benin + 3 countries	Piloting of LFS approach in project formulation processes	
		Upscaling of planning approaches	
		Mainstreaming of adapted funding mechanisms in new projects	
		Operational learning mechanism development	
Phase 3 (phase out or Mozambique, Mali, Burundi, Phasing out of direct support restructuring)	Niger and Benin + 3 countries	Phasing out of direct support to focus projects	
		Mainstreaming of funding mechanisms into national structures	

4.4 Management, Coordination and Implementation Arrangements

4.4.1 Implementing Modalities

Due to its global nature and the proposed piloting of innovative project financing mechanisms, the programme will be implemented under a Direct Execution Modality (DEX). In accordance with the UNCDF Operations Manual, UNCDF will serve as the Implementing Partner for F4F, under the management of the Local Development Finance programme area. The Implementing Partner is the entity to which the Executive Secretary has entrusted the implementation of UNCDF assistance specified in a signed Global programme document along with the assumption of full responsibility and accountability for the effective use of UNCDF resources and the delivery in line with its established rules and regulations.

The programme will have a hybrid nature since a significant portion of its components will retain their National Implementation Modality (LDFs) while others (piloting of LFSIF or LFI) will follow a Direct Implementation Modality. UNCDF will increasingly engage various national agencies as the Responsible Parties for the implementation with the view to develop their capacities, gradually phasing out UNCDF direct implementation to eventually hand the programme over to local authorities. A Responsible Party is defined as an entity that has been selected to act on behalf of the Implementing

Partner on the basis of a written agreement or contract to purchase goods or provide services using the project budget. In addition, the Responsible Party may manage the use of these goods and services to carry out project activities and produce outputs. UNCDF will identify and engage national Responsible Parties in order to take advantage of their specialized skills, to mitigate risk and to relieve administrative burdens.

4.4.2 Management Arrangements

The Global LFI programme will be managed by UNCDF through a Programme Implementation Unit (PIU) based in Dakar. The PIU will be headed by the Global F4F Global Technical Advisor who reports to the LDFP Practice Director. The PIU may also be comprised (as needed) of the following expertise : A result and monitoring specialist, a mapping and assessment specialist, a capacity building specialist, a financing and local assessment specialist, a knowledge and sharing specialist, an advocacy, partnership and communication specialist and an assistant. PIU will develop as the programme expands but a light structure is envisaged.

The F4F Chief Technical Advisor will work closely with the Regional Technical Advisors based in the three regions in which UNCDF operates (Asia-Pacific, Southern and Eastern Africa, Western and Central Africa) in managing the programme. The GTA will develop, and implement requests for proposals, Memoranda of Understanding and performance based agreements to be used in the programme.

Each country participating in the global programme will sign a framework agreement with UNCDF on programme implementation and establish a F4F Steering Committee (PSC) which will oversee the programme in that country, consistent with UN rules and regulations. Existing prodocs will be amended to reflect the harmonization and merging of individual country projects into the F4F Global Programme.

Country Programme Steering Committees will consist of (and not limited to):

- The Coordinating/Executing Agency in the country (Ministry of Finance for example)
- Other national implementing partners such as the Prime Minister's Office or Ministries of Local Government;
- Other UN partner agencies (if relevant) UN Capital Development Fund (represented by the UNCDF Headquarters F4F Programme Manager and the Regional Technical Advisor)
- Other relevant ministries
- Representative of Financial Institutions and Funds
- Associations of Local Governments
- Representatives of development partners/donors

In brief, the PSC will provide oversight and strategic direction to the Programme Implementation Unit:

- Advise on and approve the strategy of the programme for that country;
- Approve strategic and programmatic policies as they relate to funding allocations, etc.;
- Regularly review programme reports and contribute to annual project reviews;

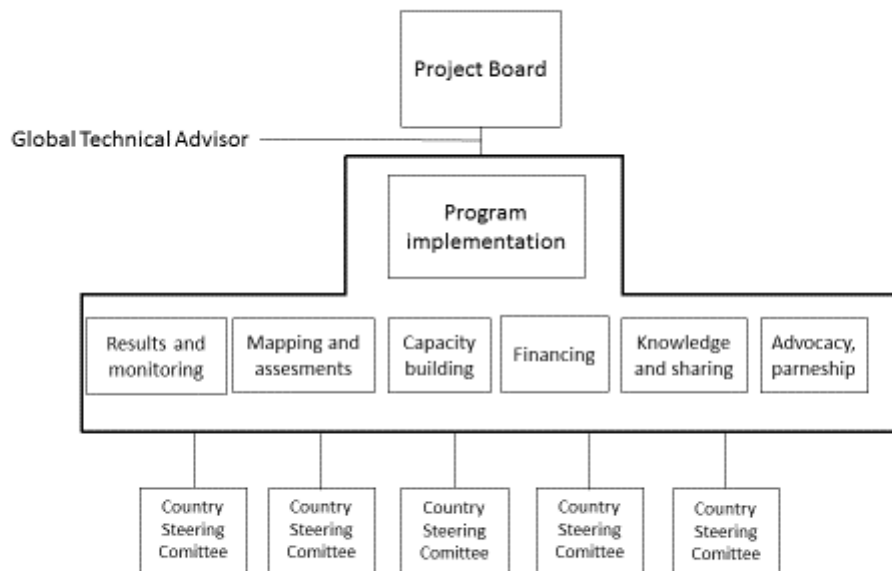
The overall F4F Global Programme board will be chaired by the UNCDF LDFP Director and be comprised of one government representative from each LFI participating country. Other stakeholders with experience in food security may be invited to join the global project board as observers. This body will perform the functions of project board as stipulated in the arrangements for UNCDF global projects stipulated in the UNCDF operations manual:

- Advise on and approve the strategy of the global programme
- Approve strategic and programmatic policies as they relate to funding allocations, etc.;

- Provide approval to partners from the capital grant and loan facilities (if required);
- Approve annual work plan and budget;
- Regularly review programme reports and conduct annual project reviews;
- Contribute to the performance appraisal of the Programme Implementation Unit;
- Review and approve terms of reference of all reviews and evaluations; and
- Delegate some of these responsibilities to the Programme Manager/CTA.

The F4F Global Programme and related Country food security programmes will conform to the Standard Basic Assistance Agreement (SBAA) between the host-governments in programme countries and UNCDF.

UNCDF will obtain a minimum of three developing country government signatures prior to final approval of programme documents. Government buy-in will facilitate the programmes' ability to encourage policy changes in line with its objectives.



4.5 M&E and Reporting

The evaluations of UNCDF food security projects to date indicate difficulties in evaluating impact due to the lack of baseline data. Evaluations are not able to ascertain specific causal impacts of UNCDF interventions on Food and Nutrition Security outcomes. This is likely to be a recurring condition, because of the scope and scale of processes and conditions that affect Food and Nutrition Security outcomes. Intermediate measures that look at the issue of capacity are not present in project documents. In addition, monitoring frameworks have not been established prior to the commencement of operations and local authorities lack capacity to collect reliable, timely data. Since many of the projects are still under implementation, it remains unclear if the projects will be able to report on the enhancement of capacities of local authorities. But none of the projects utilize a framework of resilience for either the local food system or for governance of the food system.

The importance of such monitoring frameworks is illustrated in evaluations of current UNCDF projects, as well as many other Food and Nutrition Security interventions. The most current situation is that, due to the lack of a proper framework and reference data, monitoring is limited to the implementation of

activities, and adaptive management is reduced to non strategic decision making. The learning process and generation of good practice is made difficult.

Another key issue of monitoring systems is ownership. More than often, ponderous systems are designed from the ODA donor agency needs perspective, which makes them very difficult to mainstream and adopt at the level of local governments and other key stakeholders.

There is need for multi-stakeholders approaches to monitoring and evaluation, with methods adapted to needs and capabilities at each level.

The complementarity of levels is also very important, if one is to understand the contribution of interventions at local scales, in wider scale food security status.

The main focus will be to align UNCDF's current and future FS interventions with the Food Security Learning Framework. This will require the harmonization of the existing programs and their respective M&E systems, through the Global F4F Programme, with the global efforts to construct a common monitoring and evaluation as well as learning framework among the major development partners involved in food security.

4.5.1 Fund Management Arrangement

The Programme will be initially financed through UNCDF core resources and non-core resources mobilized by UNCDF from Country One UN Funds, bilateral donor agencies, multilateral organizations as well as private foundations and corporations.

Current Food and Nutrition Security projects and programmes are included in the overall figures for funded and unfunded resources. For the Global F4F Programme, there is a funding gap indicated in the cover page which will need to be mobilized incrementally during the initial years of the programme.

The fund management modality will be a combination of pass-through and parallel funding from the Booster Fund (ADD PID), FBSA (ADD PID) and IFAD (AD PID)

4.6 Challenges and Risks

4.6.1 Harmonization

A major challenge during the first phase of the F4F programme will be the harmonization of 5 country programs that have originated independently based on different set of circumstances and not following the same theoretical framework. Redesigning established M&E systems may prove costly and hard to accomplish and lack of common baseline information might make comparisons and systematization of experiences hard to achieve.

4.6.2 Commitment

One challenge for the global program will be to identify priorities given the scope of the demand. Beyond needs and vulnerability assessments, metrics for political commitment and technical capacity would also be important, in order to identify the commitment and ownership of local partners and priority-setting for possible partners. One basic indicator could be the HANCI Index (Hunger and Nutrition Commitment Index), which is a rough measure of a national government's commitment to promoting Food and Nutrition Security.¹ A related indicator would be the articulation and funding for a systematic national program on Food and Nutrition Security that provide specific responsibilities and

resources for local governments. Both would need to be supplemented by assessments at the local level to determine appropriate partners, given demonstrated need and commitment, in particular the strength an capacity of the local planning system.

Risk/Assumption	Level of Risk	Mitigation Measures
Funding gap	Medium	To ensure that commitments are only for the funded portion, UNCDF has included in Annex 2 a detailed budget for the funded portion of the budget, and will update this as additional portions of the unfunded portion become funded. UNCDF will intensify Ongoing dialogue with Govt and development partners + sourcing funding from various internal UNDP sources
Government prioritize Food security at both central and local levels (compatibility of national financial regulations with proposed mechanisms)	Medium	UNCDF will with its partners engage in intensive communication, lobbying and advocacy with national and local government partners will be the key to ensuring that Food security is a development priority at the country and local government level when other issues, such as economic development, will also be competing for government attention and financing.
Expectations of central and local governments are realistic in terms of seeing tangible results and impacts	Low	Country-based technical advisors will be in continual communication with central and local government officials on the process, as well as helping to manage expectations on realistic timelines before results and 'change' are tangible.
Changes in government personnel (technical staff) and availability of local expertise	Medium	Changes in government personnel are beyond the control of the project, however, with a focus on policies and building the capacity of the system as well as the individuals, any changes in personnel should not unduly affect the implementation of activities. When changes in personnel do occur, technical advisors will intensify their mentoring and coaching, and work with the government partners to determine if any changes in the implementation timeline will need to be made.
Capacity to absorb technical assistance at the local level	Low	The scoping mission for each participating country will also assess local government capacities and establish a 'baseline' to determine the nature and type of capacity building activities required, so that each local government has capacity building activities which are tailored to their existing capacities and ability to absorb new information and practices.
Government work plans and budgets are approved in a timely manner	Medium	It is anticipated that most local government work plans and budgets will have approval delays, thus delaying implementation. Improving capacity to ensure the approval process is done in a timely manner is one of the targets of the programme and will be a focus of the country-based technical advisors.
Availability of reliable resources to major progress	Medium	UNCDF will through its monitoring mechanism ensure that data are properly gathered and reliable. UNCDF is developing a whole set of support to countries, including baseline for its business plan and monitoring mechanism for annual reporting by regional technical advisors and GTA.
Harmonization of existing	Low/Medium	The project will have to take into consideration the

projects with current approach		different maturity of existing projects and adapt the methodology to those projects
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4.7 Partnership, resources mobilization, knowledge management, advocacy and communication strategy

4.7.1 Resources mobilization and knowledge management

The program will position UNCDF in the international agenda on Food security as an incubator to test and develop financial instruments for food security policies at local level. UNCDF is already partnering with IFAD through a grant agreement to technically support IFAD programs and develop a knowledge platform to communicate and disseminate knowledge around food security local finance. A knowledge management strategy will be defined with the following objectives.

(1) to increase the outreach and visibility of the F4F Global Program. The objective is to make the program well known and positively perceived by wide audience as a coherent and innovative initiative. A catalogue of social media tools and web functionalities are created to support dissemination and outreach.

(2) to improve internal cohesion and collaboration internally among country offices and externally with stakeholders and especially with IFAD and FAO. Internally, the objective is to capitalize experiences and conversion of program activities and results into knowledge. Externally, a knowledge-based platform will become a tool for dissemination, visibility, participation and mobilization of resources.

(3) to create opportunities to mobilize resources. In this purpose, specific actions will be taken to map donors approach and willing to support food security programs and identify possible opportunities both at bilateral and multilateral levels. New donors, with a focus on private recipients will be identified and approached.

As UNCDF is already implementing programs on Food security with a territorial approach at country level, the LDFP is part of two key knowledge groups:

- The “City Region Food System” Group, along with UNICEF, ILO, UN Habitat, IFAD and FAO. This group has initiated several initiatives and programs to engage local authorities, including cities and regions in specific actions to increase food security and initiate global advocacy for territorial approaches to food security.
- The Territorial approach to Food security, where UNCDF partners with IFAD and OECD in a joint initiative to identify best practices of food security at the local level. This program is funded by the German government and already presented to different audiences including the OECD meetings and Milan expo.

A territorial approach to food security is also upfront in the Rome based agencies agenda. The 2016’s IFAD report will focus on urban-rural linkages and the role of middle-scale cities. The program will use the platform and communication tools developed by UNCDF and IFAD through their joint program (Grant agreement) in order to capitalize lessons learned and develop synergies between country programs and global approaches. The aim is to make UNCDF LDFP financial instruments useful for IFAD new programs development. This partnership strategy will also serve the purpose of resources mobilization by proof of concept, demonstration initiative, and methodology development.

UNCDF will engage both at the country level through its current programs and by developing new programs with bilateral cooperation. Some specific bilateral potential partners have already been targeted and approached. At the global level through the above mentioned networks. UNCDF will also engage actively to increase its visibility, communicate and present its added value as using those

networks as platforms to leverage specific contributions.

4.7.2 Specific partnership with FAO

At country level, ongoing Food security programs are embedded into BFFS multi-actors programs, which also includes NGOs, BTC and FAO. UNCDF will reinforce its partnership with FAO in order to mainstream the pilot local programs in Food security national strategies. In those programs, FAO insure the coordination and supports ministries and agencies in charge with Food security. The multi-actors country program will build experiences and can be very informative to territorialise national policies and identify local governance mechanisms.

The program will engage to partner more closely to FAO to make sure the ongoing experiences can pave the way for solutions on local governance and financial mechanisms for food security.

4.7.3 Advocacy

The final component of the programme focuses on advocacy and the promotion of the LFS approach amongst development practitioners and specifically the community of practitioners involved with food security. The advocacy activities will be based on the lessons learned garnered through the implementation of the programme and built on the groundwork done in creating a learning mechanism and platform for knowledge exchange.

The program will launch a campaign for local food system approach that will help to disseminate communication efforts to a large audience and demonstrate the role of UNCDF as laboratory to test new financial mechanisms for food security increased impacts at local level.

Annexes

Annex 1 – Synergies between FIPA and LDFP in Food security intervention

UNCDF has experience in Niger with a programme that combines the strengths of its approaches to local development finance and to financial inclusion. These synergies can be either operational, where there is systematic collaboration at the activity level, or complementary where initiatives complement each other by contributing to food security outcomes. A 2014 review concluded that the latter approach is often most effective and that the former can increase transaction costs to the detriment of effectiveness. The following is an analysis of the ways that UNCDF can contribute to food security outcomes through its approaches to Local Development Finance and Financial Inclusion.

Pillars of food security	LDFP contribution	FIPA contribution	Notes
General understanding of food security needs at the local level	Identification of the local food security system and its infrastructure and funding needs		
Physical availability of food	<p>In partnership with local communities, local governments and local business / banks.</p> <p>Creation of food production facilities and equipment (development of lowlands, shared irrigation, village bio-digesters, rural electrification, etc.);</p> <p>Improvement of local business environment (regulation of access to land, professional training centres in the community, etc.);</p> <p>Establishment of maintenance contracts with communities, to ensure maintenance and functionality of investments in the context of partnership programmes;</p> <p>Strengthening of dialogue with state services and their support for project management by local communities;</p> <p>Identification of private In partnership with Financial Services Providers, private</p>	<p>Support of financial innovations tailored to value chain finance for local food speculation;</p> <p>Encouragement of technical support to improve productivity across all value chains for local food speculation.</p> <p>Creating linkages with required credit for the identified projects with regards to production.</p>	<p>The LDFP interventions improve the environment, and the quantity and quality of facilities, that can accelerate the effectiveness of FIPA interventions.</p> <p>Increased production and trading at local level, all things being otherwise equal, should lead to greater financial independence for local communities by generating local taxes;</p> <p>Lastly, LDFP contributes to better structuring of the local economy, making it more attractive for agriculture, for which demand for financial products is growing. FIPA improves access to financial services, both strengthening local economic development.</p>

	<p>investors, Digital Finance Services providers and technical support services: investments to strengthen production, and support them to obtain funding through the national banking system.</p> <p>Identification of public investments that contribute to food security and support their funding through decentralised funding instruments such as local development funds.</p>		
Economic and physical accessibility of food	<p>In partnership with local communities, local governments and local businesses / banks.</p> <p>Public or public-private partnership investments. Creation of facilities and equipment for storage and distribution (warehouses, markets and routes);</p> <p>Establishment and/or facilitation of improved procurement and management of community medical facilities and equipment (dispensaries, mutual health insurance and local health workers);</p> <p>Facilitation of access to funding for public-private partnerships.</p>	<p>In partnership with financial institutions, technical support services, insurance companies and social welfare institutions:</p> <p>Improvement of income stability for rural populations through financial education;</p> <p>Safeguarding of rural incomes by ensuring better access of financial services for smallholders and their families and more reliable access to social protection payment services (as well as insurance, etc.)</p>	
Food supply stability	<p>In partnership with local communities, local governments and local businesses / banks.</p> <p>Creation of local cereal banks;</p> <p>Encouragement for creation and implementation of local development plans and local investment plans.</p>	<p>Based on the FinScope survey, provision of information on:</p> <p>Socio-economic profiles for local populations;</p> <p>Level to which certain essential needs (food, health, education, accommodation, access to land, etc.) are met for local populations and</p>	<p>The results of the FinScope survey, broken down to local level, could contribute to improved planning and programming of medium term expenditure by local communities and local governments, and also assisting food supply stability.</p>

		barriers to meeting them.	
Nutrition	Work on analysis of the Use of digital food security system, identifying specific actions and investments. Engagement with schools and health centres to improve the quality of nutrition.	platforms to provide simple information on health and nutrition. Bundling FS with non FS focused on heal and nutrition (i.e credit with education).	

Annex 2 - How F4F conforms to the OECD standard as defined in the 2015 Reader on results Measurement and the 8 step process

DCED standard step	How F4F responds	Note
1. Articulating the Results Chain or programme logic	The results chain and programme logic is clearly articulated in the project document	All Local Development Finance projects apply the same core approach to Mobilizing, Allocating, Investing and Making Accountable resources for Local Development. The concept of local development is clearly defined in the approved LDFP business plan 2014 -2017 and the Executive Board approved UNCDF strategic framework for the same period .
2. Defining indicators of change based on the logic	The indicators of change are twofold: The specific indicators of the project that deal with Local Food Systems (Output and Outcome indicators) The Output and Outcome indicators of the Local Development Finance Practice as defined in the UNCDF IRRM as approved by the Executive Board	The LDFP IRRM that was developed together with the UNCDF Evaluation Unit measures local Development Finance projects. This document includes output indicators for how LDFP Mobilises, Allocates, Invests and Makes Accountable resources for local development together with local institutions using its investment instruments of: Local Development Fund Local Finance Initiative Municipal Finance In each locality the LDFP activities will be measured by their impact on: Gross Fixed Capital Formation Net Local Fiscal Space The UNCTAD LDC reports of 2013 and 2014 identify lack of local infrastructure as a key bottleneck in LDC development.
3. Measuring changes in indicators, applying good practice	The monitoring of project activities and impact is carried out by UNDP in each programme country according to RBM and DCED standards.	LDFP colleagues are being trained in the relevant indicators
4. Estimating attributable changes	The estimate of attributable changes applies the Local Development Finance tools for Local Assessment and for	The LDFP baseline study is underway

	Bundling of projects that have an impact on Local Food Systems.	
5. Capturing wider changes in the system or market	The identification of a local food system pathway will capture the wider changes in the local food system from the point of view of local development and sustainability	Local Development Finance practice seeks to create transformative change in local economies – as identified in the 2014 Cotonou Agenda for the LDCs
6. Tracking associated programme costs	Programme costs will be tracked through the UNCDF system of financial management including ATLAS	
7. Reporting results in a responsible way	Results will be reported according to the UNCDF system. The Steering Committee will ensure that reports from each programme country are produced in a timely manner and consolidated into global reports	
8. Managing the system for results measurement	The system for results measurement will be managed by the F4F project manager with support from the RBM specialists in UNCDF and the Evaluation Unit as appropriate.	

Annex 3: Funded and unfunded budget distribution

1 <http://www.hancindex.org/>