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Advance Equitable Livelihoods

- a paper on Action Track 4 -

Draft for discussion

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ACTION TRACK 4 - ADVANCE EQUITABLE LIVELIHOODS

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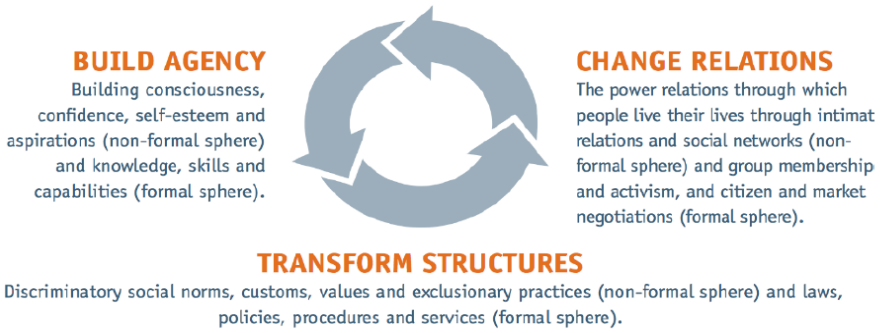
Introduction:

The purpose of the Action Track 4 science group is to provide the scientific basis for the work of the Action Track. Our task encompasses reviewing the evidence that studies the nature of the issues and the evidence that underpins potential solutions. The central issue identified by the AT 4 team has been stated as:

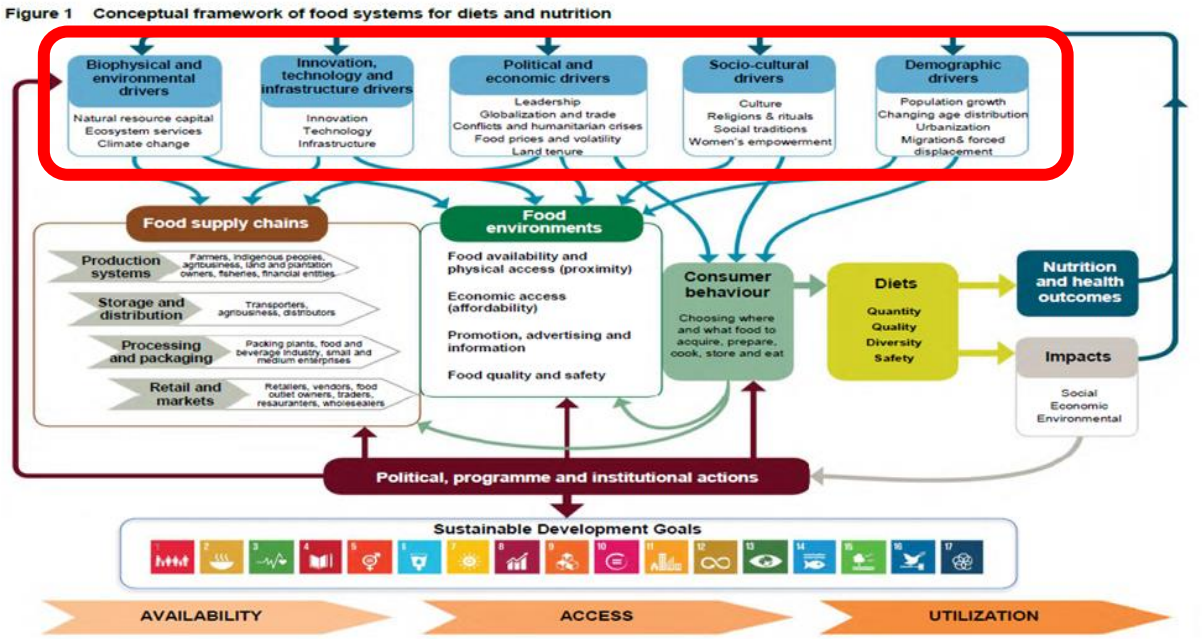
> *Inequality and power imbalances – at household, community, national and global levels – are consistently constraining the ability of food systems to deliver poverty reduction and sustainable, equitable livelihoods.*

They explicitly call out inequities related to gender, youth, and indigenous populations. They focus on rural small holders, but also equitable access to employment and livelihoods across the food system. The solutions they propose revolve around building agency, changing relations, and transforming the structures that underpin this imbalance of power and result in inequalities, as illustrated in the following figure (Figure credit: Action Track 4 Discussion Starter, October 2020):



To fulfil the task of the science group, we need to step back and consider the evidence related to the drivers of this inequality and power imbalances, as they relate to livelihoods *within* the food system. To provide structure to this review, we refer to the conceptual framework of food systems developed by the High-Level Panel of Experts (2017), illustrated below. Specifically, we organize our review around the 5 drivers of food systems as identified by the red box. In the subsequent section, we will review the evidence for: 1) how these drivers influence equality and power balances as related to food systems livelihoods, and 2) what actions have shown potential to shift these, with particular consideration to how these actions may build agency, transform structures, and change relations. Within each section, we will also highlight where there is a paucity of evidence (on the nature of the issues, evidence for actions or both). In subsequent versions of this note, we will build this review further, explore metrics and methods that exist or may require development for better tracking across prioritized areas, and provide specific recommendations for consideration related to both

evidence / research priorities and action priorities for consideration by the Action Track (Figure credit: HLPE, 2017).



Biophysical and Environmental drivers: *[section under development]*

Nature of the issues

Climate change is the defining issue of our time and we are at a defining moment. From shifting weather patterns that threatened food production, to rising sea levels that increase the risk of catastrophic flooding, the impacts of climate change are global in scope and unprecedented in scale.

Evidence for potential solutions:

Without drastic action today, adapting to these impacts in the future will be more difficult and costly. The 2019 Climate Action Summit focussed on key areas where actions can make most difference such as heavy industry, nature-based solutions, cities, energy, resilience, and climate finance (UN global issues/ climate Change 2020)

Innovation, technology, and infrastructure drivers:

Nature of the issues:

As highlighted in its report on food systems and nutrition[1], innovation, technology and infrastructure have been and will be major drivers for food system transformation. Access to new technology has had large impacts on diets and nutrition[2,3]. Mechanization, new breeding methods, chemical synthetic inputs, food processing have changed the way food is produced, stored, distributed, consumed. Essentially focusing on yield and productivity improvement and being key in the 20th

century in achieving yield increases superior to the incredible demographic one, they have played a major role to prevent global famines.

As any technology that would increase productivity was prompted to be implemented and as little attention was paid to production externalities during this period, there has been a tendency to confuse technology and innovation. Reflecting growing concerns, the HLPE[1] thus draws attention on the limitations and potential environmental, social and sanitary risks of innovation and technologies, in particular for livelihoods.

For both short and long distances value chains, infrastructure strongly influences the way food is produced, processed, transported, distributed, sold, conserved and ultimately consumed. Infrastructure is required for food to move long distances and to increase food security in areas of shortages, to stabilize food prices, to minimize food-borne disease and food waste. Roads, railroads, shipping or cold chain facilities play an essential role. Access to infrastructure vary and are often limited for the rural poor. In South Sudan and Somalia for example, poor road infrastructure is a major barrier to food access (ACAPS, 2017[1]). This has a particular impact on the different dimensions of livelihoods, and more specifically on the nutritious and sanitary quality of the food, on conditions to access food and on losses and waste[4].

Evidence for potential solutions:

Building more sustainable food systems and addressing 21st century challenges will require new research and technologies. Breakthrough in digital sciences offer promising perspectives. New technologies are being used to very positive effect to ensure that nutrition does not "exit" the food supply chain[5].

Yet, the availability of technology is not a sufficient condition to promote sustainability. Better access to and use of existing technologies, developing context-specific solutions and designing and implementing innovation that are adapted will be essential to improve livelihoods. While innovative technology has the potential to contribute to produce enough nutritious and sustainable food to feed the planet, it also presents the risk to damage human and environmental health, and, as a consequence, to directly and indirectly negatively affect livelihoods[1]. The need to produce healthier food and to address all SDGs through food systems transformation will thus require innovative and responsible efforts by the actors in the world's food supply chains.

Many breakthrough technologies imply disputes and sociotechnical controversies[6], that more and more generate dual oppositions and polarized polemics. The HLPE[7] has looked at different controversial issues that reflect contemporary debates around technology: the deployment of modern biotechnologies or digital technologies, the use of synthetic fertilizers, biofortification. Based on examples and evidences, it was for example shown that the livelihood and equity impacts generated using modern biotechnology vary considerably according to socio-ecological context. Despite their demonstrated interest for production, evidence shows that those technologies may actually be associated in some countries with extreme market concentration in the industries that provide inputs to agriculture, shifts to larger farm economic units and displacement of smallholder farmers, reduced farmer participation in breeding and significant price increases in seeds[8–11]. These socio-economic trends then directly affect livelihoods, equity, knowledge and culture. Whatever the controversial issue, evidence highlights how institutional environments are essential to direct technology and innovation impact. Looking rigorously at all pros and cons about the use of digital technology in agriculture, the report concludes that the key question of impact not only depends on

[1] ACAPS. 2017. *Famine: Northeast Nigeria, Somalia, South Sudan, and Yemen.* Thematic Report. 22 May 2017.

characteristics of the technology itself, but also on access patterns, innovation arrangements and governance about who controls the technology itself[7].

Political and economic drivers:

Nature of the issues:

Many political and economic factors are essential causes of inequality and power imbalances at household, community, national and global levels, which in turn constrain the ability of food systems to deliver poverty reduction and sustainable, equitable livelihoods, in developing countries[12,13]. These political and economic factors cause inequality and imbalances through a complex mechanism. For example, both substantial political instability and poor economic performance are believed contributing to rural poverty and inequality of livelihood in rural sectors of many developing countries in Asian, Latin African and Sub-Saharan African countries and regions since their independence[14,15]. On the other hand, a burgeoning literature on the growth effects of inequality shows that rapid economic growth and its related enhanced power by the elite could also lead to a more limited provision of public goods and/or unequal opportunities to economic resource that boost inclusive growth, which exacerbate the situation of the poor[16–18]. In addition, the political and economic drivers may interact with innovation, technology and infrastructure (under different biological environments) to influence as well as inequality and power imbalances related to gender, youth, and indigenous populations. Consequently, the question here is not whether but how economic growth and institutional/policy arrangements may affect inequality in access to production and employment opportunity (Losch et al., 2012; World Bank, 2013; IMF, 2015) and limit access to the public services that prevents the development of inclusive, equitable livelihoods[19], before proper policy implications could be generated.

Evidence for potential solutions:

Conflicts and crises: Conflicts and crises, usually resulting from an unstable policy system and uncertain property right arrangements, damage trust and social cohesion among the stokeholds throughout the whole food system, discourage public and private investment and cause slowdown in economic growth and rural development and transformation[16,18]. This will in particular do harm to the minority groups including youth, women and disables through all the stages of the rural development process, since they are in the relatively more vulnerable situations when resource and employment opportunity are in paucity. Moreover, political and economic conflicts are also more likely to persist in the management of common resources where for example, limiting the poor to get the equal opportunity for accession and thus making “resolving disputes” more difficult (Bardhan, 2005, Lichbach 1989). While divers of conflicts and crises and their impact differ across countries for different income groups, the nature of appropriate policies would include a stable political system, transparent market mechanism for resource allocation and enforcement of private property rights.

Leadership: Underrepresentation of youth, women and aboriginal population in the leadership positions imposes a great challenge to poverty and inequality reduction in rural areas of most developing and transitional countries[20]. Without saying rights, these vulnerable groups of population generally could not obtain equal opportunities in agricultural production and resource reallocation. Recent empirical studies show that women’s disadvantage starts long before reaching the executive level for off-farm employment[21]. Meanwhile, inequality in access to productive resources and public services also prevents the inclusive development in rural areas. Studies on almost all developing regions except Latin America and the Caribbean indicate the number share of farm less than 2 ha (small farm) is much higher than its size share of total farmlands[22], equitable livelihoods. In addition, female farmers or agricultural workers have more difficulties than males in productive resources and services[23]. As a solution, policy around food systems needs to explicitly recognize the *specific*

constraints faced by rural women to join the leadership and their roles in agri-food systems ensuring their participation in decision making and that their rights secured and protected such as land tenure and access to natural resources and markets[24].

Land tenure and labor institution: The livelihood inequality can be reduced through providing stakeholders with more equal accessibility to land, natural endowments and economic opportunities. Inequalities and specific vulnerabilities among stakeholders in the farm system, including smallholder farms, vulnerable actors in food value chains, usually arise from inequitable economic opportunities caused by rigid land and labor market institutional arrangements, lack of market information, market segregation, and distorted government policies among others[24]. Subdivision among siblings make it harder for rural youth to obtain as much land as their parents had[25], in most contexts have been historically marginalized economically, socially and politically. In addition, making value chains more inclusive by removing market monopoly and various discrimination also work. *Reduce and eliminate specific land institutional barriers to inclusive, equitable livelihood development*: Food system transformation that does not address inequalities and specific vulnerabilities runs the risk of reinforcing and deepening inequalities into the future and undermining the resilience of food systems.

Globalization and trade: As pointed out by the HLPE[1], trade is a critical issue to ensure food security and nutrition and affect the inequality in rural areas. Trade affects all four pillars of FSN in a complex way, both positively and negatively. On the one hand, high trade and financial flows between countries, partly enabled by technological advances are commonly cited as driving income inequality in both rural and urban areas[26,27]. On the other hand, trade openness also raises the skill premium and do harm to the employment and wage of workers in the food system who have low-skill premium (Much and Skaksen 2009). Meanwhile, globalization and trade also interact with other powerful drivers, especially technology and demographic trends, which shape food production, distribution and consumption and compound the dynamic nature of the challenges[1]. This complexity coupled with the rapid pace of change generated by the pandemics and the renewed celebration of food sovereignty bring back this issue at the forefront of the global agenda, despite the fact that the role of international trade in the realization of FSN has been the source of long-standing controversies among governments, civil society organizations and academics. Because of its implications, this is a cross-cutting issue to all Action Tracks.

Food prices and volatility: Increase food prices and reduce their volatility will help to ensure the profitability of all stakeholders along the food supply chains, and in particular will bring benefits to the small holders who are more vulnerable in the production system. However, such a change may generate negative impact on the welfare of the poor through reducing their food affordability and physical access. This problem needs to be managed through enlarging the social protection system. Owing to the short supply of social protection programs, the poverty reduction in rural extreme poor has been modest (from 41 million to 39 million), compared with significant decline in rural areas (74 million to 62 million) of Latin America and the Caribbean during the period of 1980 to 2010[24].

Social protection: Based on evidence and experience, the HLPE[28] has assessed the current situation of social protection, as a menu of policy instruments that addresses poverty and vulnerability, through social assistance, social insurance and efforts at social inclusion. The report identifies experiences and challenges and proposes recommendations for using social protection more effectively to protect and promote food security and nutrition. The analysis is framed by the recognition that the right to adequate food and the right to social protection are human rights under international law that are not only morally and legally appropriate but also likely to lead to improved food security outcomes. Brasil's Zero Hunger Strategy illustrates a successful example of an integrated and comprehensive approach making explicit links between livelihood development (e.g., local food value chain development) and consumption of healthier food, for example by linking local production to local institutional purchase.[1]

Demographic and socio-cultural drivers:

Nature of the issues:

Vast evidence illustrates that several socio-cultural drivers underpin inequalities among and within societies and constrain the potential for some to benefit from actions to improve livelihoods, particularly women, youth, disabled, aged persons, and indigenous populations (IFAD, 2016; FAO, 2017; IFPRI, 2019). Structural barriers for several groups particularly women and youth include land rights, access to financial services, among others (refs). In addition, inequality of opportunity is an important constraint. Evidence from Maharashtra State in India, for example illustrates that males account for a larger share than females in accessing to local non-farm employment (Misra, 2014). In rural areas of sub-Saharan Africa, just 43 per cent of married women aged 15 to 49 years and 68 per cent of men had any cash labor income in the past 12 months (UNSD 2015). Moreover, rural women typically work 12 hours a week more than men do (Blackden and Wodon 2006) and in developing countries, women spend, on average, three hours more per day than men on unpaid work (UNSD 2015). This may be doubly complex for women in paternalistic societies, where traditions and norms result in "structural invisibility" of gender issues[29]. There are approximately 185 million indigenous women in the world, belonging to more than 5 000 different indigenous peoples. Despite the broad international consensus about the important role indigenous women play in eradicating hunger and malnutrition, there are still limitations in the recognition and exercise of their rights (FAO, 2020).

Few, if any, economic or social transformations over the past decades can be brought into focus without explicit attention being paid to the demographic transition, inextricably linked to several socio-cultural drivers. The growth of the urban sector, driven by both natural increase (fertility exceeding mortality) and rural-to-urban migration (Dyson, 2011; Preston, 1979; United Nations, 2001), helps to fuel agricultural transformation. Rural populations are declining. Both fertility and mortality have been falling in rural areas, converging from levels higher than urban areas towards urban levels. Pressure and opportunity lead parts of growing rural cohorts to migrate to cities or to seek diversified livelihoods within the rural sector. This movement also contributes to the structural transformation of the economy.

Predominantly male (or female) migration among youths and young adults over the course of the urban transition may have additional impacts on the gendered nature of economic roles and overall status of women (Lastarria-Cornhiel, 2006; Gray, 2009). On the one hand, the emergence of new opportunities and capital infusions may confront and alter existing patriarchal power structures if women take on more vital roles in the emerging market economy of the rural sector (Yabiku et al., 2010; Radel et al., 2012). On the other hand, women themselves may gain little if they find it harder to form families or become burdened by responsibilities for both children and farms as male partners spend much of their time off farm or in urban sector activities (de Haas van Rooij, 2017). Furthermore, in contexts where women are the primary migrants to the urban sector, as in Peru (Chant, 1992), remittances from women may enable male partners to explore other productive non-agricultural channels. Women are far more likely to be living and working in rural areas while young men are much more likely to be in cities[30].

Increased urbanization means a growing gap between the location of food production and food consumption. As a result, there is a growing need for food processing, transportation, and transformation beyond the farm level, providing opportunities for jobs and entrepreneurship. In Ethiopia, Malawi, Mozambique, Tanzania, Uganda and Zambia, the transformation of the food system is forecast to add more jobs than any other sector of the economy by 2025. This is an

opportunity to see to it that these jobs are accessible also to the most vulnerable like rural women and youth, *FSP (2018).* Yet evidence suggests that women entrepreneurs face many additional barriers compared to their male counterparts including lack of mobility, access to finance, access to business networks and mentors, limited leadership experience, lower literacy and numeracy, discriminatory gender norms and stereotypes (Nordhagen, 2020).

Today there are significant knowledge gaps on rural outmigration trends, which need to be tackled. This is particularly the case for migration driven by distress, when people do not perceive there is any other viable livelihood option except to migrate. Reliable data, disaggregated by sex, age, origin and destination are necessary to understand socio-economic conditions associated with migration. At the moment, these data are scarce (Carletto, C., Larisson, J. and Özden, C. 2014).

Evidence for potential solutions:

Changing demography is first and foremost about women and girls. Lower fertility and less child mortality constitute a gentle revolution of women's empowerment. Increased education of rural people is likely to encourage migration and urbanisation, not stem them. The global demographic patterns points towards an ageing population - with Africa as the exception - at least up to 2050 – and the overall implications of population growth for policy lie in the imperative for investments in health and education, and for sound policies related to labour, trade and retirement. Important key-factors for education includes gender-equitable access to quality education from early childhood to adolescence, including for children with disabilities, marginalized children and those living in humanitarian and emergency settings[31]. For the food system to grow sustainably and equitably, policymakers and development partners need to focus on the inclusion of women and youth. This includes transforming land tenure in equitable ways[32], facilitating job training and education programs, affordable financial services for marginalized populations, and actively including women and youth in the policy-making process (FSP, 2018).

Policies that help increase the productivity of rural youth through more and better educational investments at earlier ages and that help to incorporate them into productive jobs as they enter the labour force, will be sure ways to increase the first demographic dividend[30]. But structural constraints must also be addressed, for example ensuring youth access to opportunities in diverse agricultural sectors[33]. Similarly, strategies that raise the returns to labour in farming remain crucial for achieving rapid economic transformation and may constitute the core of effective youth employment strategies[34] (Yeboah et al, 2018; Badiane and Makombe, 2014). This also means that efforts to increase female productivity should be a principal concern. Policies to reduce rural population growth include direct measures such as family planning, but also poverty reduction, health improvements and schooling for girls can play a major role. Alongside these strategies, rural sector households must become confident in their options for life cycle savings and this will depend to a great extent on how credit markets develop. Here, policies that create greater trust and confidence in savings institutions – and this will depend on performance and accountability – will help foster a behavioural shift by households. The second demographic dividend, which can produce a permanent increase in economic growth, may depend on the ability of states to enact such policies[30]. Sub-regional economic unions could help promote intra-regional labour mobility if concerted efforts are made to harmonise national laws with regional and sub-regional treaties (Aderanti Adepoju, 2002). Policy to discourage migration tends to raise costs and dangers to migrants. Better would be to facilitate movement, making sure that migrants have good information and can transfer their rights as citizens from country to town (Keats and Wiggins, 2016).

According to FSP (2018) it is critical for governments, development partners, and private sector actors to take advantage of the growth in the food system to improve employment prospects. This includes promoting the growth of food value chains, taking employment intensity into considerations in policy decisions, and facilitating inclusion of youth, women, and other marginalized populations. Policymakers can improve the quality of jobs available, as well as the quantity. Priorities for the food system and employment will vary by country, so policymakers need to gain an understanding of the areas and constraints that are most pressing in their specific location. At the same time, the valuation and rescue of food systems guarded by indigenous communities can constitute a strategy for designing and implementing public policies aimed at mitigating food insecurity worldwide. New food processing technologies can help to broaden the impact of new foods on the supply and its quality. The institutional resilience approach can be applied universally to mitigate food insecurity and generate new processes of local adaptation for many territories vulnerable to climate change. It is important to recognize that native or indigenous populations have ancestral knowledge of food systems they have maintained for millennia; the use and exploitation of these systems is the key to deciphering a new theoretical model oriented towards sustainability and food provision to the territories that need it (Lugo-Morin, 2020).

The Farmer Field and Business School model (FAO and FARE, 2019), synchronises gender dialogues (alongside dialogues about market, agriculture and nutrition) with the agricultural calendar, and creates structured spaces for reflection on gender social norms, beliefs and practices at both the community and household levels. This model transforms gender relations. Another successful experience is that of the FAO Dimitra Clubs, comprised of groups of women, men and young people, who organise themselves and work together to bring about changes in their communities. The Dimitra Clubs help women and men to become more aware of gender inequalities and act to address them, particularly to change the roles and responsibilities within households and the community, working together to transform gender relations.

Social protection has an important role to play in protecting the vulnerable. Programs that direct resources to women, for example have shown greater impact on food security and other household-linked benefits.[28] However, social and structural barriers may limit women's access to several types of social protection programs, including public works and agricultural input and support.[28] In addition to these considerations, language, culture and tradition may influence willingness to participate and potential to benefit from social protection programs, unless national programs are adequately adapted to such sub-national contexts.[35]

Bringing it all together with illustrations from Africa:

The most effective way to sustainably eradicate poverty and inequality is to raise the productivity of resources that the poor and excluded depend on for their livelihood. Progress in advancing equitable livelihoods and value distribution therefore involve several key areas ranging from distribution of assets, access to infrastructure and services and quality of living spaces. Interventions to produce real change on the ground need to empower the poor and vulnerable to (i) access and accumulate assets, (ii) participate gainfully in the broader economy and (iii) enjoy liveable spaces in healthy communities.

In the case of smallholder, rural and poor urban communities, there are several entry points for catalytic interventions. Catalytic interventions are the most likely to produce the most impact in the context of limited resources and large-scale poverty and inequality. One entry point centers around synergistic investments protect livelihoods and boost productive capacity among vulnerable communities. Another is to integrate smallholder as well as rural off-farm and urban informal sectors

into the rapidly expanding and transforming urban value chains. The case of Africa is used to illustrate the above.

Search for synergy in investments to protect livelihoods and boost productive capacity among vulnerable communities

Despite a couple of decades of solid economic recovery, African countries are still struggling with large scale poverty. Accelerating the pace of towards reducing poverty and inequality requires greater consistency of policies and strategies to promote long-term economic growth while providing the social services that respond to immediate welfare needs of the large number of poor and vulnerable[36].

The result, for the foreseeable future and most countries, is a double challenge of finding sufficient resources to invest in growth and meeting the rising cost of social services in the face of a rapidly growing population. Given tight budget constraints, the pace of future economic growth and improvement in livelihoods will depend on the ability of governments to find ways to maximize the impact of rising expenditures in social sectors, such as health, education and safety nets, on agricultural and off-farm labor productivity. In other words, the strategic questions faced by countries searching for the highest returns to public investments in terms of alleviation of poverty and vulnerability and reduction of inequality are: (a) how to allocate public expenditure and maximize long-term growth while meeting short-term social services needs to the largest extent possible; (b) how to maximize the synergies between social services and direct productivity-enhancing investments in the short and long run; and (c) how to fully exploit the growth externalities of investments in social services.

Resolving the above trade-offs not only calls for better coordination of interventions across government but also recognition and effective exploitation of that fact that differences in services and how they are bundled produce different impact on productivity of the poor and vulnerable and thus their livelihoods. For instance, the magnitude of the impact of a given dollar amount spent on education services on smallholder and low skilled off-farm and urban labor productivity will depend on the extent to which it targets vocational training and other efforts to upgrade and develop skills in the relevant sectors. Ulimwengu and Badiane[37] provides evidence for this based on study on Vietnam. Against the background of the current Covid-19 pandemic, the same concept can be illustrated using the example health services. First, there is evidence that morbidity has a bigger impact on productivity of the poor and vulnerable than among better off segments of the population[38]. Second, it has been shown that different types of health services have different impact on disease prevalence and morbidity[39]. It is therefore possible to allocate public investment in health services such as to target diseases that have the largest effects on the productivity of smallholders and low skilled laborers and excluded communities. For instance, a health budget that partly caters for services to control seasonal diseases that curtail labor availability during peak cropping seasons would contribute to smallholder productivity and livelihoods more than a budget focusing on modernization of hospitals in urban centers. Allen and co-authors[40] show that morbidity does not only affect labor availability and productivity, it also affects the choice of technologies and returns to use of fertilizers and mechanization. More importantly, different health services have different impact on disease prevalence which affects efficiency and thus livelihoods differently even among the poor and vulnerable, and across gender[38,41].

The evidence cited above suggests that agriculture can benefit considerably from better targeting of resources invested in the education and health sectors. For that to happen, however, more attention needs to be paid during budget negotiations to the quality of health and education sector investments and their contribution to productivity goals in the agricultural sector and among the poor. In other words, rather seeking to maximize the absolute level and share of sectoral budgets, negotiations would focus on aligning programming of interventions by individual ministries such as to maximize synergies.

Competition would give way to coordination and government action would internalize externalities across sectors such as to deliver the most impactful interventions for the poor and vulnerable. What is said here about health and education also applies to the provision of social protection programs[42] as well of infrastructure and services to turn rural areas into liveable, productive and resilient space[34,43].

***Proposed Metrics** [to be developed]: (i) Rural livability index that would capture access to infrastructure and services, including social services, and (ii) degree of synergy of government action around equality and shared value.*

The importance of competitive food processing sectors for urban employment and the future of smallholder agriculture

The services sector is now the largest in the vast majority of African countries, significantly larger than the level of development of African economies, as measured by per capita incomes, would justify. The sector, which tends to be dominated by clusters of informal activities, now constitutes the largest reservoir of low-productivity labor[34]. The pace of future growth, poverty reduction and decline in inequality will therefore depend as much on progress in raising labor productivity in services sector, in particular its informal segment, as in agriculture. The growth of the informal services sector is no longer just an urban issue. There is in fact recent evidence which suggests that the share of both women and men employed in the informal services sector is increasing faster in rural areas and towns than in major urban areas[44].

The informal food processing sector has grown significantly over the last decade, thanks to rapid urbanization and growing middle class, and has become one of the most dynamic segments of food staples value chains[45]. It is currently the fastest growing export sector, both to African and outside markets[46]. African food markets are projected to grow considerably over the next decade, most of the expansion driven by urban demand for processed staples (Haggblabe 2011). It is estimated that upward of two thirds of staples food consumed in Africa by 2040 will be in processed form (Dolislager, Tschirley and Reardon, 2015).

The emerging staples food processing sector is currently characterized by a large and growing number of small enterprises producing a similar assortment of low quality products targeting the same customers. Low innovation capabilities resulting from limited access to financing and technology leads to low and declining profits, which stifles firm growth and job creation. Effective strategies to promote enterprise creation and growth and modernize the sector would not only help create better paying jobs in urban centers as in rural towns, they would also help connect local smallholder farmers to the rapidly expanding urban markets. In contrast, a weak and uncompetitive domestic processing sector will cut smallholder producers from future demand growth to the profit of competing imports and reduce employment opportunities in rural areas[47].

There are indications that the small and medium size enterprises in the food sector are not getting the attention they need. Recent evidence suggests that large, formal enterprises tend to receive public support more likely than medium size and small enterprises, in particular with respect to access to training and networking opportunities (Tadesse and Badiane, 2020). Future strategies to promote equitable livelihoods and value distribution in domestic food systems will need to reverse the current formality and size bias in order to tap into the employment and smallholder modernization opportunities resulting from the rapidly transforming staples value chains for the benefits of farmers and low skilled workers in urban centers and rural towns.

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