Introduction

Our global agri-food market systems are in need of transformation if they are to continue supporting the seven billion people on our planet. Even before the COVID-19 pandemic, food production and its vast network of supporting functions, such as transportation, processing, and packaging, was vulnerable - often failing to meet some of our most basic needs such as adequate income and nutrition, and environmental sustainability. The pandemic has only exacerbated food systems vulnerabilities and stressors, such as climate change, political instability, and inequality, creating immediate threats to people’s wellbeing, wealth, education, rights, and security.

Our food systems, and the policies on which they are built, require collective attention. They will only be sustainable when communities are fed and nourished, our economies are growing equitably, and the environment is thriving. As we move closer toward September’s UN Food Systems Summit and together generate bold actions to achieve food systems transformation, we believe we must urgently:

Transforming agri-food market systems to benefit small-scale producers

Prioritize... Generate... Build... Address... Influence... Leverage...

For close to 70 years, MEDA has specialized in inclusive economic development to address poverty reduction. As an organization, we believe in - and work to create – business solutions that generate positive economic, social, and environmental impacts. We do this by leveraging and combining multiple forms of capital to support small-scale producers while addressing detrimental attitudes and beliefs, influencing the private sector and governments, and creating long-term partnerships with local organizations and businesses.
Prioritize the role of women and men small-scale producers and small agribusinesses

Small-scale producers and their products are at the heart of rural economies and food systems. The value of small-scale food production in low-income countries is close to 45%. Unlike strictly industrial and vertically integrated production, small-scale producers are the backbone of local economies. They often also supply regional and export markets when linked to other actors.

Rural communities, and the marginalized producers within them, are among the world’s poorest groups. About two-thirds of all people living in extreme poverty live in rural environments, the growing majority being in Sub-Saharan Africa. They typically face significant systemic challenges such as difficult working conditions, lack of access to credit and quality agricultural inputs, inadequate infrastructure, and underdeveloped linkages to more beneficial local, regional, and global markets. These challenges are even more significant for rural women, who work longer hours than men, assume most of the burdens of household care, and most often have less voice in decision making. Yet the contributions of these men and women are critical to building strong communities, equitable livelihoods, and meeting the dietary needs of a growing population.

We believe that investing in sustainable and profitable agri-food production that supports decent work and living standards with stronger integration into rural and urban agribusinesses and markets, is paramount to creating food systems that work for all while also reducing poverty. Small-scale producers with diverse markets and production are well positioned to protect biodiversity and generate valuable environmental services. The result can be healthier food, healthier people, and a healthier planet.

Generate positive economic as well as social, and environmental impact

MEDA’s market systems development approach supports sustainable food systems that generate inclusive growth, raise incomes for small-scale producers and agricultural workers, and reduce or eliminate negative environmental impacts. We have witnessed that economic growth alone will not lead to sustainable, just, and inclusive agri-food market systems. Economic development must intersect with gender equality, environmental sustainability, and human rights for economic growth to benefit everyone. In fact, growth can have long-term negative consequences for people and the planet if it is not equitable and sustainable.

This approach is essential if the world is to achieve the Sustainable Development Goals (SDGs) and targets such as doubling the agricultural productivity and incomes of small-scale food producers, in particular women and family farmers, and ensuring sustainable food production systems and resilient agricultural practices that increase productivity and production, while helping to maintain ecosystems, and strengthening capacity to adapt to climate change.

Build long-term and local partnerships

The challenge of food systems transformation is immense. Systems may take a decade, or even generations, to change, and no single organization, business, or network can advance this type of change alone. It will take a collective approach.

Local leadership and partnerships – with civil society, the private sector, investors, women’s groups, or producer organizations – must be part of this collective effort. Local partners are invested in their communities. They can mobilize

---

1 Lowder, S., Sánchez, M., Bertinic, R. June 2021. Which farms feed the world and has farmland become more concentrated? World Development. Volume 142.
2 Kharas, H., Di Nucci, C., Hamel, K., and Tong, B. February 21, 2021. To move the needle on ending extreme poverty, focus on rural areas.
3 See, for example, FAO’s Sustainable Food Systems literature.
4 SDG Goal 2, targets 2.3 and 2.4.
stakeholders, build trust, and promote sustainability, ensuring that small-scale producers, producer organizations, and local agribusinesses – those at the heart of agri-food market systems - drive the development agenda.

Address deeply held attitudes and beliefs regarding gender equality and social inclusion

Local stakeholders are a diverse group, and we must be unwavering in our commitment to ensuring that the voices of more marginalized and invisible stakeholders are heard and amplified. A food system can only be truly sustainable if there is equity in the distribution of economic value. To make real and lasting progress, we must address socio-cultural norms, power relations, and the entrenched barriers that perpetuate inequalities and limit the agency of women and other groups experiencing marginalization in the food system.

The challenge is to find balance between advocating for the agency and rights of marginalized food systems actors while engaging in meaningful dialogue with those who are more reluctant to confront these social norms. Working with skilled, passionate local facilitators who advocate from their own personal conviction and are permanently invested in the community is a priority for MEDA. When challenging entrenched power dynamics, we must allow for sufficient time for careful local contextualization of approaches, and for communities to follow through the process, engage in dialogue, and experience shifts in perspectives.

Influence actors whose policies, decisions, and ways of doing business affect the growth of micro, small, and medium-sized enterprises (MSMEs) and producers

Transformative change also requires us to collectively influence those actors whose policies, decisions, and ways of doing business affect the ability of micro, small and medium-sized enterprises (MSMEs) and women and men producers to grow and thrive. Producers and agribusinesses are embedded in complex and gendered market systems that are strongly influenced by political, cultural, and social contexts. The sustainability of any intervention may then be compromised unless structural changes, longer-term reforms, and private and public investments are made to strengthen a food system enabling environment that promotes equality. Certain policy issues need to be addressed, including the pace of review of policy and legislation, enforcement of regulation, the development of institutional capacity, and broader stakeholder representation in policy development processes. And enabling environment changes aimed at supporting small-scale producers need to take full account of the economic, social, and environmental conditions of key food systems stakeholders, including the most marginalized.

Leverage multiple forms of capital to generate real systems change

Strengthening equitable, environmentally sustainable, and prosperous food systems will depend on investing in the potential and capacity of small-scale producers, at a scale that generates momentum and systems impact. For MEDA, this requires us to invest and work with a deep understanding of agri-food market systems, including supply chains, informal
economies, agri-finance, environmental factors, the realities faced by small-scale producers and agribusinesses, and understanding why markets are not working for those experiencing marginalization.

A systems lens helps us to identify bottlenecks, blind spots\(^5\) and weaknesses, and the best ways to channel multiple forms of capital to where it can create the most equitable and sustainable returns and catalyze transformative change. To identify these challenges and weaknesses it is paramount that stakeholders participate in research, discussions, and solutions to provide their expertise, experience, and context.

The MEDA Risk Capital Fund (MRCF), a unique pool of capital owned by MEDA and through which all our impact investments are made, will play an increasing role in agri-food market systems change. Through MRCF we partner with local investment funds, financial institutions, and other intermediaries to intentionally knit together regional and local ecosystems and networks that can help producers, communities, companies, and portfolios generate lasting economic, social, and environmental change.

This approach shifts the investment focus from catalyzing company change to systems change and addressing the root causes of systemic barriers. It also requires creativity in the way that capital is deployed, the way partnerships are established, and how access to finance is provided to transform agri-food market systems and meet the SDGs.

Armed with a deep, locally informed understanding of problems, we can better decide if and how finance can be part of the solution. Investment is, of course, just one tool. Non-financial forms of capital, such as supporting the strengthening of inclusive business networks and business service providers, may even be more important than financial capital, especially in cases where markets are weak. **Ultimately, we believe that a combination of financial and non-financial capital always deployed with systems-level change clearly targeted, is key to the global food systems transformation challenge.** And as more and more investors join us to intentionally and thoughtfully deploy capital to generate systems change, we will stand a stronger chance of meeting the global SDG goals.

**Conclusion**

Economic, environmental, political, and cultural shocks such as the COVID-19 pandemic have exposed the inefficiencies and inequalities within our global food systems. If we fail to address these issues, our world is at risk of rising levels of poverty, inequality, food insecurity and environmental degradation. This is a direct threat to the health, wealth, education, rights, and security of humanity.

But transformative change is possible. We must recognize the inherent value of small-scale producers and advocate for food systems that generate economic, social, and environmental impact. To ensure markets are inclusive and equitable, we must address deeply held convictions that limit gender equality and social inclusion. Systems-level change requires multiple forms of capital be deployed in combination to address inequality and injustice. It requires us to influence those in power to change policies and laws to benefit MSMEs and help producers to grow and thrive and remain in rural communities if they choose.

Finally, we must approach system-level change in the spirit of collaboration and partnership rather than competition and separation. All sectors and voices are needed to achieve the SDGs by 2030. The solutions to global poverty and inequality are available to us. By operating from a perspective of sufficiency rather than scarcity, we can work together to create sustainable, transformative change that truly benefits everyone.

---

\(^5\) Blind spots are called out specifically in Resilience Capital Ventures' Triple B Framework