



## Food systems transformation Protecting and transforming value chains and agrifood businesses

### The issue

Governments in the Near East and North Africa (NENA) region have made every effort since the pandemic started to ensure that food systems continue to function. However, the disruptions in value chains have had immediate and possibly lasting effects on value chains actors' incomes and business operations. The crisis has exposed many of the systemic problems within NENA food systems and obstacles to strengthening value chains: the dominance of traditional activities, large and deeply entrenched informal sectors, labor-intensive small and medium size enterprises (SMEs) that are poorly integrated horizontally and vertically, weak value chain infrastructure, low digital technology penetration, low levels of value addition capacity and high levels of food loss and waste. The phase of containment measures has disrupted the way producers, intermediaries and consumers conduct their activities. Issues faced include disruptions in agricultural input and service availability, rising costs of production, liquidity constraints, movement restrictions for livestock producers and nomadic herders, decreased production in fisheries, and a demand shock felt most acutely by niche and food service-oriented value chains. Rural women and girls have been disproportionately affected by the crisis, in their productive roles and care functions, due to their limited access to productive resources, services, information and time.

Despite the many disruptions within food systems, value chains have continued to function and this shows the intrinsic resilience of agrifood producers and SMEs. Local agriculture production and value chain activity has held strong and avoided the impacts of COVID-19 as compared to other sectors. As such, the agrifood sector can be a driver of economic recovery in NENA, particularly when securing inclusiveness of women and SMEs. Production and all intermediate processing, distribution and retail activity accounts for 19 to 27 percent of the gross domestic product (GDP) and 21 to 45 percent of employment in Egypt, Jordan, Morocco and Tunisia.

Value chains and actors need support against immediate impacts of the crisis and in recovery, yet there is an opportunity to drive real transformation of food systems in the region to better provide safe and healthy foods for all. This can be done by addressing the systematic issues and obstacles exposed by the COVID-19 crisis, and by promoting a food systems-oriented policy framework that is nutrition-sensitive, grounded in natural resource capacity and climate change realities, and supports innovation and modernization in a manner inclusive of women and youth, who often work or manage small-scale agro-food enterprises in the informal sector.

### Budget

USD 10 million

### Time frame

2021–2023

### SDGs



### Related FAO policy notes on COVID-19

- ▶ [COVID-19 and its impact on food security in the Near East and North Africa: How to respond?](#)
- ▶ [Adjusting business models to sustain agri-food enterprises during COVID-19](#)
- ▶ [The opportunity for digital transformation](#)
- ▶ [Farmers and agribusinesses at risk under COVID-19. What role for blended finance funds?](#)
- ▶ [COVID-19 and smallholder producers access to markets](#)

## The action

In order to address the immediate and medium-to-long term consequences of the COVID-19 crisis on value chains and agribusiness in the NENA region, while advancing agriculture modernization and the inclusive transformation of food systems to meet the Sustainable Development Goals (SDGs), the following action areas are proposed:

- Support countries in data collection and analysis of value chains to assess the impacts of COVID-19 disruptions, taking a sustainable food system approach to prioritizing value chain selection, and identify market-led opportunities for upgrading value chain based on comparative advantages.
- Promote sustainable business models to bolster agrifood SMEs, and strengthen private sector associations along food value chains to address horizontal and vertical coordination gaps and accelerate technological and operational innovation.
- Support the institutional and policy environment to facilitate agro-food SMEs, with particular attention to connecting the large informal sector to higher-value, integrated value chains and by leveraging innovation and digital technologies to support firms' access to inputs, services and markets.
- Foster new technologies, innovative solutions, and investment in agriculture value chain processing, storage, cold chain and market infrastructure, and modernized logistics for more resilient and adaptable value chains with less food loss and waste.
- Build women's capacity to engage in agrifood value chains by promoting inclusive business models, strengthening their access to digital technologies and adequate support services (financial and non-financial), and fostering a policy and legal framework conducive to women's employment and entrepreneurship.

## Expected results

- 1 Value chain upgrading strategies are designed based on high quality analysis and evidence of COVID-19 impacts, and specific to country and value chain contexts.
- 2 Business models for agrifood SMEs are upgraded and innovated with better capacity for horizontal and vertical coordination, management of financial and human resources, inclusiveness, sustainability and flexibility and agility to meet market demand.
- 3 Agrifood SMEs, including women- and youth-led SMEs, face fewer administration hurdles in doing business and/or transitioning to the formal economy, have greater access to inputs, services, and markets in the context of rapid digitalization.

- 4 Logistical bottlenecks are avoided by mobilizing public and private value chain infrastructure; and innovations in processing, storage, transportation, climate smart technologies and coordination capacity of value chains are adopted; food losses and waste are reduced.
- 5 Women's productive and entrepreneurial opportunities and capacities along the value chain are enhanced through improved access to information, training, business support and financial services.

## Programme links

The programme is linked to the FAO programme in the NENA region and the Regional Initiative on Small Scale Family Farming, the United Nations Decade on Family Farming, the NENA Regional Network for Food Loss and Waste Reduction and the International Forum on Innovation in Agri-Food Systems, Riyadh 2021.

## Partnerships

This programme will build on country-level partnerships with the Rome-based United Nations (UN) agencies, UN Country Teams and the World Bank in assessing and responding to the socio-economic impacts of COVID-19, while forging links with private sector actors and organizations along agrifood value chains, chambers of commerce, research and academic institutions, international and national NGOs and civil society organizations.

## Country focus

Algeria, Egypt, Iraq, Mauritania, Oman, Sudan and Tunisia

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