



Midstream innovation in informal sectors of the food system

Youri Dijkxhoorn, Bart de Steenhuijsen Piters, Mercy Mwambi,
Henry Mvungi, Zablon Ernest, Larry Digal, Janvier Egah



Midstream innovation in informal sectors of the food system

Reducing food loss and waste

Youri Dijkxhoorn, Bart de Steenhuijsen Piters, Mercy Mwambi, Henry Mvungi, Zablon Ernest, Larry Digal, Janvier Egah



The informal economy in food systems

Informality remains dominant in LMIC food systems:

- **Role in poverty reduction:** the informal sector plays a crucial role in reducing poverty by generating income.
- **Employment:** a significant share of the workforce is engaged in the informal sector.
- **Food distribution:** the informal sector ensures food available for all consumers segments, mainly low income households.



Effects of excluding actors in informality

Consequences of ignoring actors in the informal sector

- **Policies:** excluding the informal sector leads to policies that do not address the realities of the majority, reducing their effectiveness.
- **Investment returns:** fail to reach their potential when actors in the informal sectors aren't included.
- **Sustainability challenges:** the long term success of food systems transformation is compromised without the involvement of all key actors.



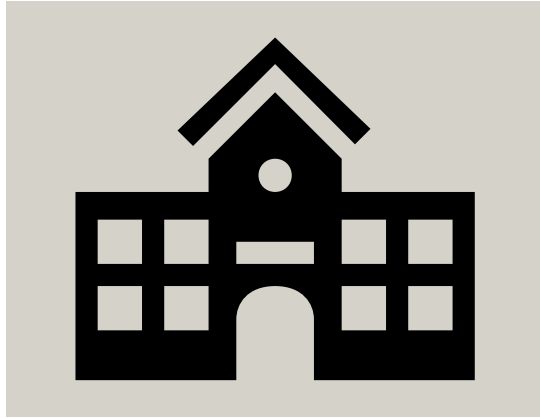
Reasons for exclusion

Actors in the informal sector are ignored due to:

- **Negative stigma:** There is often a stigma attached to informal activities, leading to a marginalization of these actors and a lower priority in policy discussions.
- **Focus on formalization:** Policies prioritize formalization efforts over directly addressing the needs of those in the informal sector, under the assumption that formalization is needed to meet food system outcomes.
- **Complexity of identification:** It is often difficult to identify and categorize actors in informality, as they operate on a small scale, in dispersed locations, with own governance and networks.

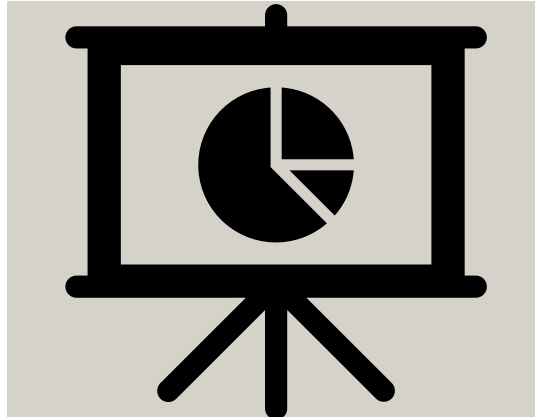


Past and current research



WUR

Conducted a comprehensive research on the fruit and vegetable sector in the global south for BMGF.



Key findings

Informal sectors supply 50-70% of the food in SSA. Yet, this sector and the actors within are poorly understood.



Further research

Further studies and pilots are ongoing to understand their needs to involve the midstream in food system innovation.

Framework Development

- **Literature Review:** An extensive review of existing research on informality in the food system.
- **Field Studies:** On-the-ground studies with over 50 partners on the characteristics of informal actors, providing insights into the informal sector.
- **In-depth Analysis:** The motivations, strategies, and organizational modes of actors in the informal sector were analyzed to develop the framework.



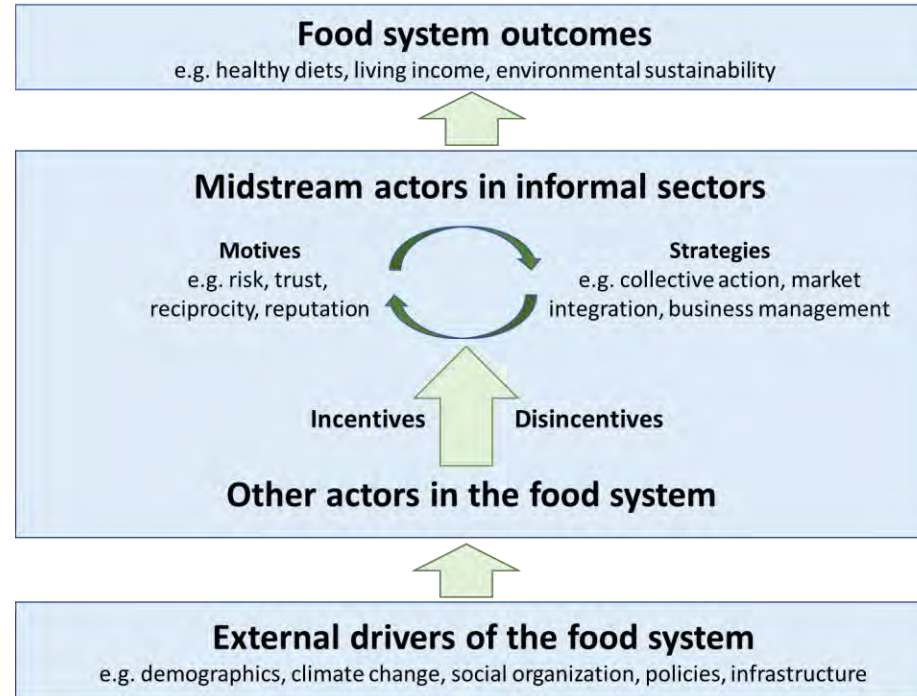
Midstream actors in the food system

Why focus on midstream actors?

- **Key role in the distribution of food:** Midstream actors are crucial in the value chain by linking producers to consumers, and vice versa, ensuring effective distribution.
- **Various functions:** These actors include brokers, wholesalers, retailers and transporters.
- **Potential innovators:** Midstream actors can drive innovation, adapting to challenges and finding market opportunities.



An analytical framework for informality



The framework explained

- **Motives:** differ strongly between actors in informality, can align or oppose, and drive actor strategies.
- **Strategies:** actors translate their motives, assets and relations to/with other actors into business strategies.
- **Incentives and disincentives:** actors are related to each other through numerous modes in a political-economic and social environment. Actors can stimulate or constrain (collective) innovations.
- **External drivers:** can influence processes internal to the system through investments, lobby and other modes of influencing.

Making informality work in FRESH WP4

Informal private sector-led innovation

- Understand the governance, motives and business operations of firms in the informal sector in Tanzania.
- Through a literature review and survey of data among 260 traders, we assessed how social capital of midstream actors in the fruit and vegetable sector is related to the performance of individual firms and firms in networks.

Srouce: Dijkxhoorn et al (2023). <https://doi.org/10.18174/632589>

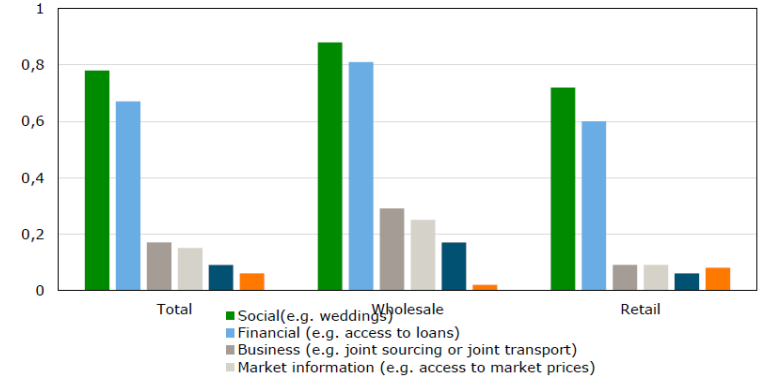


Figure 4.2 Perceived benefits of being part of group

Making informality work in FRESH WP4

Midstream Innovation in the Philippines

- **Role of Midstream Traders:** Focus on the role of informal sector traders in the mango and vegetable value chains in Southern Philippines.
- **Food System Outcomes:** Emphasis on reducing post-harvest waste and losses, improving food safety, and ensuring consumer access to safe, nutritious food.
- **External Factors:** Assessment of how policies, market demands, and competition shape the actions and strategies of these traders.
- **Incentives for Innovation:** Analysis of incentives and disincentives that influence the adoption of practices aimed at reducing post-harvest losses and enhancing food safety.

Source: Digal et al., forthcoming

Making informality work in FRESH WP4

Value chain analyses

- Describing the fruit and vegetable value chain and challenges in Tanzania and Benin. Focus on informality and midstream actors.
- Understanding informal actors and identifying entry points for interventions.
- See Egah et al (*forthcoming*) and Mwambi et al (*forthcoming*)

Related interventions

- A participatory approach to develop interventions together with midstream actors:
 - Introducing paper lining in the tomato chain with traders in Tanzania (Mwambi et al., *forthcoming*);
 - Introducing cold boxes on markets in Tanzania (Mwambi et al., *forthcoming*);
 - Preparing for the introduction of plastic crates and scales in Tanzania and Benin to address the issues of 'Rumbi Rumbi'



Thank You



Youri Dijkxhoorn
youri.dijkxhoorn@wur.nl



We would like to thank all funders who support this research through their contributions to the CGIAR Trust Fund: www.cgiar.org/funders.