



ISF

The future of the food system and
rural livelihoods

June, 2020

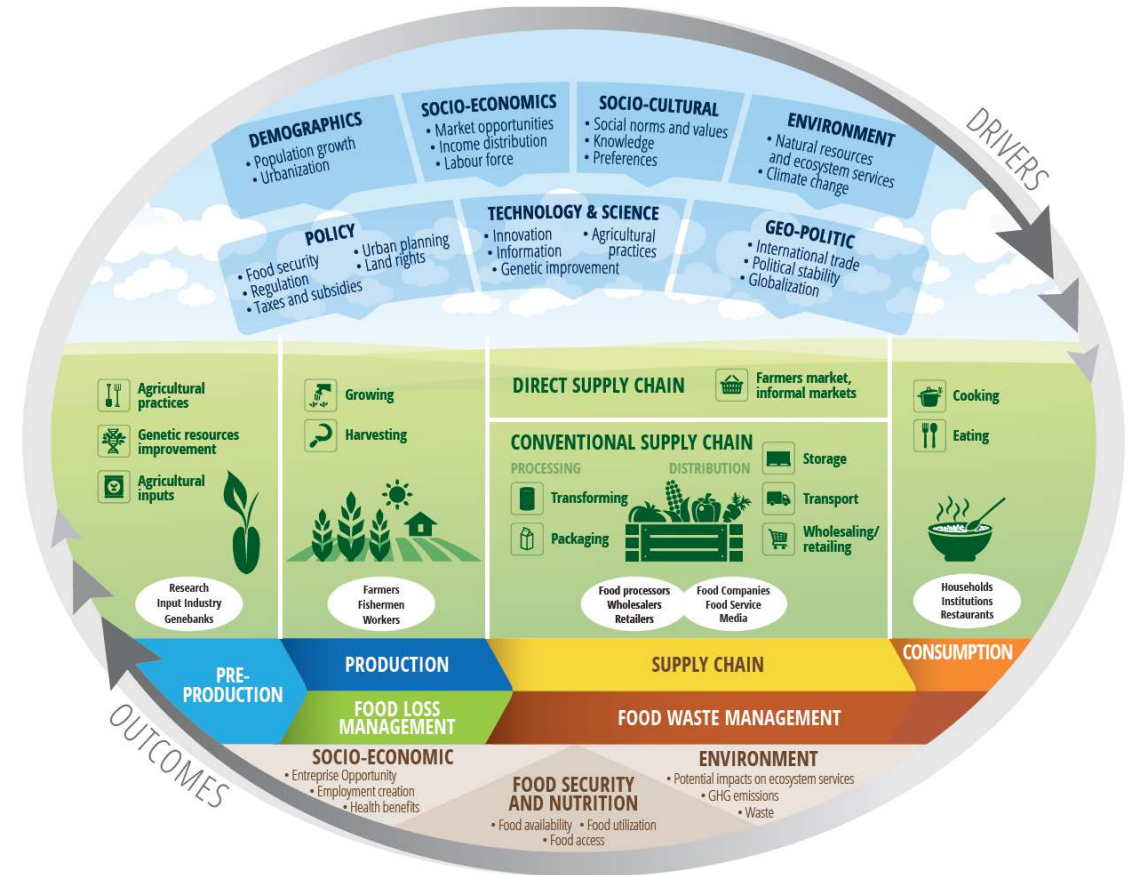
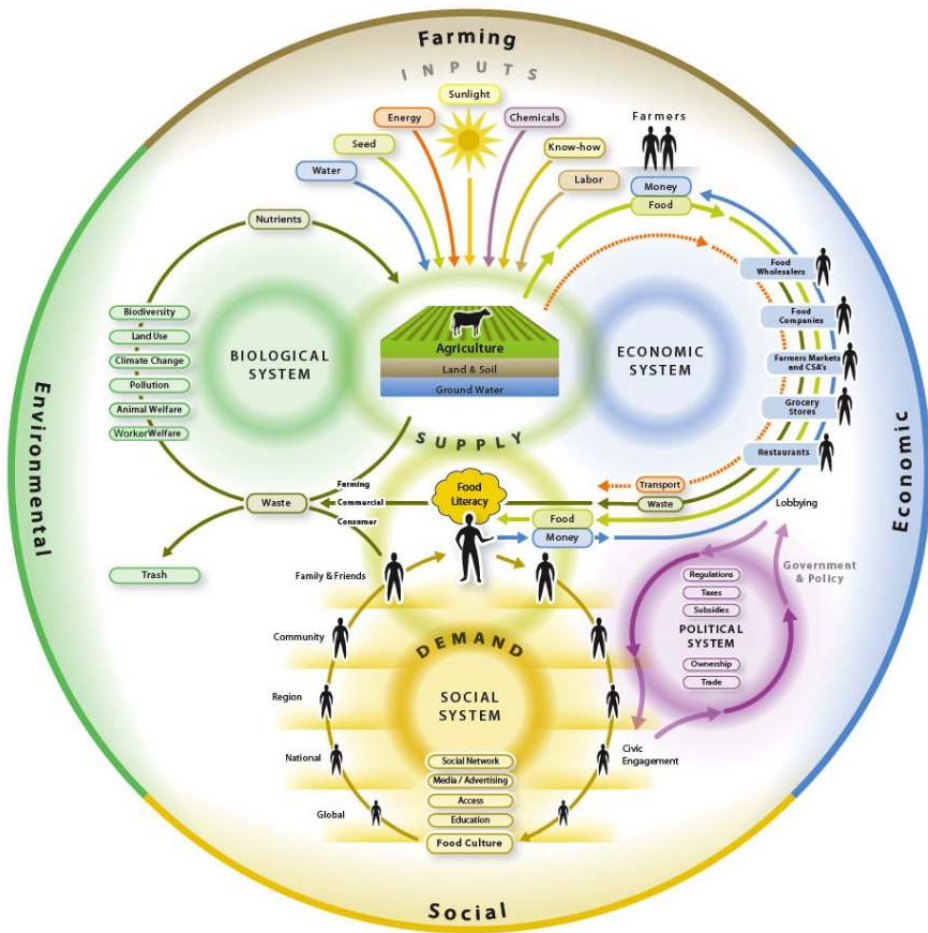
Agenda and objectives for this call

- Introductions and context (5 mins)
- Quick orientation to some of the key insights from our work (20 mins)
- Reaction to insights and discussion (35 mins)

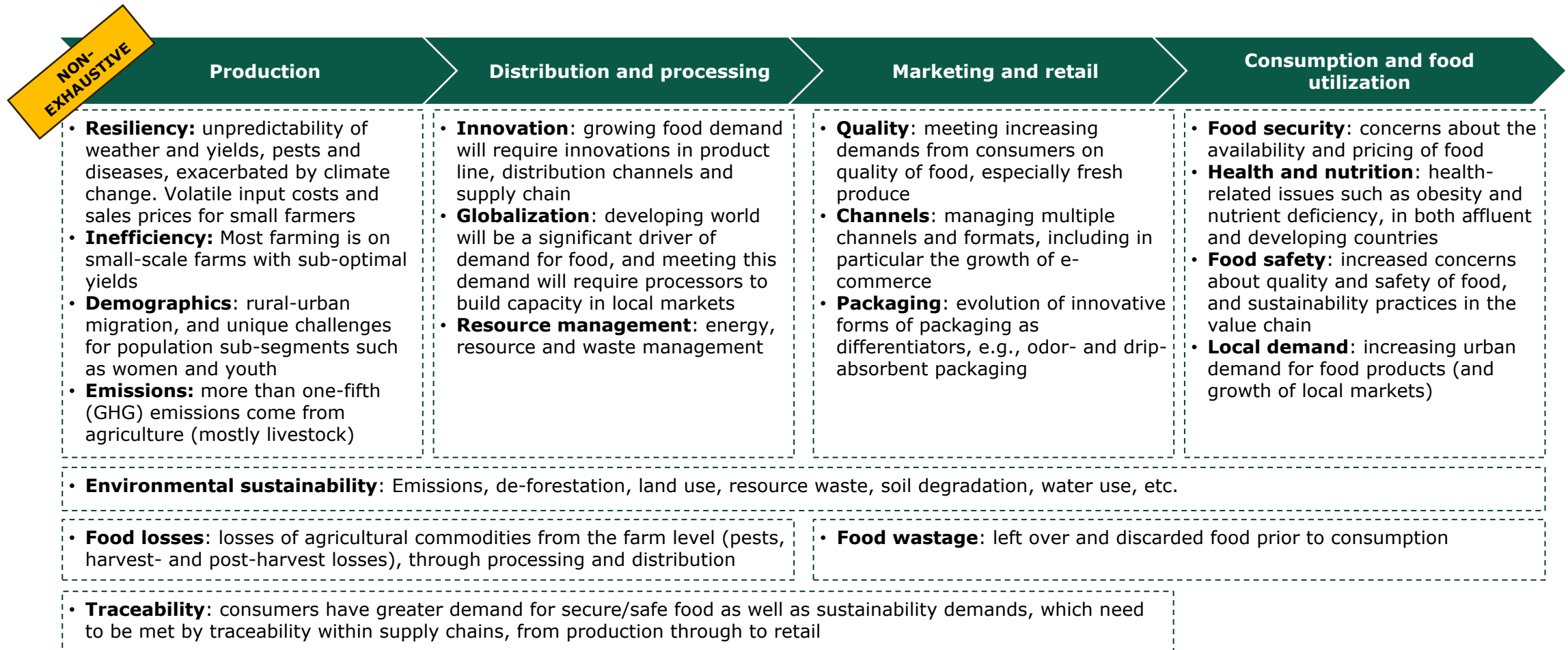
OBJECTIVES FOR THIS DISCUSSION:

- 1. Introduce and test some of the key insights and findings from our work so far*
- 2. Engage in a new discussion around rural livelihoods in the post-COVID food system*
- 3. Catalogue any ideas and insights that emerge from the discussion*

The starting point: There are many ways to look at the food system and various subsystems, drivers, and outcomes involved



From a value chain perspective, we often anchor interventions in a wide range of issues that characterize the food system...



ISF Advisors and CGAP have been thinking broadly about **rural livelihoods in a post COVID world** and have distilled three key areas for reflection that are captured on the following slides

Provocation 1: Reconsidering how we think about the future

THE LONG TERM VIEW:

"That long-term horizon is an important aspect. If there's a silver lining of COVID-19, it's an increased awareness of the importance of resilience – for people, businesses, supply chains – and that we must all think more systematically"
Kindra Halvorson, Technoserve

THE SYSTEMS THINKING CHALLENGE:

"If you think about it from a donor point of view, there's temptation to have a plan. Can they think about systems change? Can they think in that domino way, recognize that others are in control of the sector? It's the who – who do I have in this group and the attitudes they have? Having a plan may be an indication that it's not the right team." Paul Voutier, Grow Asia

Through this work we quickly came across the sophisticated body of research and field of practice that has emerged around "Strategic Foresight". While deeply embedded in areas of public policy development and corporate strategy the application of these approaches in the area of international development has been limited to date.

~30 major drivers that could affect rural livelihoods were identified and characterized through this work. It became clear that most drivers can be either positive or negative for rural livelihoods depending on how they emerge and the context, in this context normative judgements need to be carefully managed.

Provocation 1: How sophisticated are we in thinking about the future?

THREE TYPES OF **DRIVERS** WILL SHAPE OUR FUTURE

"Drivers are forces or factors of change that have the potential to "drive" a future in a particular direction"

THESE DRIVERS CAN BE REVEALED THROUGH:

What will drive smallholder livelihoods in the next 15 years?

1. Drivers that are an extension of what we can see in the world around us now

Climate change

Population growth

Digitisation

Automation

Income inequality

2. Drivers that are entirely new phenomenon

Social media
(10 years ago)

Blockchain
(3-4 years ago)

Artificial Intelligence
(2 years ago)

Gene editing
Lab grown meat

3. Drivers that are not obvious but re-emergent things from the past

Global Pandemics

Nationalism

Food price crisis

Trade wars

Trends

"General tendency or direction of a movement/change over time. A megatrend is a major trend, at global or large scale"

Weak Signals

"An early indication of a potentially important new event or emerging phenomenon that could become an emerging pattern, a major driver or the source of a new trend"

Backcasting

"Taking a future scenario as a given, backcasting asks you to explain the factors and events that led to that scenario developing"

Provocation 1: How broadly do we consider relevant drivers?

		Relationship of driver to SHF HH	Drivers	Nature of likely effects in driver area
Immediate Removed		Farm household assets and status of the natural landscape in which they operate	<ul style="list-style-type: none"> Population growth and emerging youth demographic bulge (particularly in Africa) Land consolidation through emergent farmers/investors Social networking and connectivity through virtual platforms Climate change: Natural landscape changes Climate change: Forced migration Water stress Prevalence of diseases and pests 	<i>SHFs households are facing immediate changes to their households and immediate (farm level natural environment) that are independently making farming harder or sometimes impossible...</i>
		Access to enabling production assets and technologies	<ul style="list-style-type: none"> Genetically modified crops AI, robots and IoT Automation and autonomous processing Breakthrough agricultural productivity and resilience technologies Farm digitisation 	<i>...at the same time that new production technologies are helping deal with production challenges...</i>
		Connectivity to enabling local input and output markets (incl. service providers)	<ul style="list-style-type: none"> Rise of data driven super-platforms Breakthrough transport and logistics technologies Blockchain/Democratisation of finance Data analytics and quantum computing 	<i>...and markets are becoming more sophisticated, although not always in the farmers favor...</i>
	Status of national enabling environment	Enabling sector changes	<ul style="list-style-type: none"> Increased energy demand Rising long-term interest rates Cyber attacks 	<i>...whilst enabling sectors are struggling to keep pace with 21st century demands...</i>
		Industrial and demographic changes	<ul style="list-style-type: none"> Rural to urban migration and mega-cities Nationalisation of manufacturing and trade contraction Emerging global land gap 	<i>...and national economies are changing, shaping the positioning and importance of SHF agriculture...</i>
		Governance changes	<ul style="list-style-type: none"> Political instability in developing economies and regions Decrease in agricultural research and innovations relevant to SHFs Resource-based conflict 	<i>...and the potential for national/regional conflict and a breakdown in governance is increasing (?)...</i>
		Global food system, political and economic environment	<ul style="list-style-type: none"> Economic or financial crises Growing global middle class Global income inequality Global food shortages Global pandemics 	<i>...in part because of how vulnerable many developing countries are to global capital markets, trade and economic decisions in the global north.</i>

NOTE: Will be differences by pathway in the way in which the drivers affect SHF livelihoods

Provocation 2: Tensions that will define rural livelihoods within the future food system

TENSIONS IN THE FOOD SYSTEM:

"Major transformation in food systems is having healthy food as the objective of the food system. If that happens in 25 years, then that will totally flip food systems. But now food systems see that profits from producing bulk starch, fat, processed crap food – that's where the biggest margins are. 80% of what's in a supermarket is unhealthy. Until that changes, the food system won't change."

- Joost Guilt, Wageningen University

"In every sector, companies worry about costs and markets, NGOs worry about the next 5 year chunk and getting more funding, governments worry about elections"

- Don Saville, Sustainable Food Lab

Through desk research and conversations with experts a number of tensions emerged that define the way in which the food system operates. While we didn't set out to systematically study the foundations of the food system these tensions are an indicative list of many of the "higher order" choices that are made about how the system functions.

Far from being an exhaustive list, we believe this initial profiling of a few of the key tensions may provide an entry-point for a larger conversation about the post-COVID food system.

Provocation 2: Tensions in the global food system

Tension	What it involves	How experts described the tension
The quality vs price vs availability tradeoffs in food systems	<ul style="list-style-type: none">• Implicit in the global food system are a set of value judgements about how tradeoffs between food quality, price and availability are made• These have been built up over decades and institutionalized in the incentives of major actors, value chain structures, regulations and contracts throughout the food system	<ul style="list-style-type: none">• Food systems see super profits from systems that produce bulk starch, fat and processed foods• Mainstream consumer preferences are shaped to reinforce the global values embedded in the food system• Nutrition is not valued enough to create the incentives for mass production standards
Navigating the role of Government	<ul style="list-style-type: none">• Governments have different views of what their economies and national food system should look like• All long-term change will involve the Government but they are often disconnected from donor funded programs and have significant challenges around resources and capability	<ul style="list-style-type: none">• From a development work perspective, they find it easier to operate in countries where the Government has a clear vision and commitment• At the same time it is difficult to work out how to work with government
The tension between the public and private sector	<ul style="list-style-type: none">• Directly financing the private sector typically means giving up control of achieving outcomes• Multiple incentives and funding sources create incentives that are difficult for donors to understand and be comfortable with	<ul style="list-style-type: none">• Operating at scale typically requires some involvement of the private sector• However, subsidy is only a small part of private sector financing so donors can only influence so much
The market shaping power of different governments and MNCs in trade	<ul style="list-style-type: none">• Many large developed countries and a small number of global FMCG companies shape how markets operate and consumer preferences• This can take the form of how trade deals are structured between countries or how trade is negotiated within value chains• The market shaping power of these actors often structures where and how value is captured in global value chains	<ul style="list-style-type: none">• The power of large companies to determine the value that flows back to primary producers is significant and needs to be carefully understood all the way to the consumer (e.g. Coffee value chain)• Many of these power dynamics have been institutionalized in long standing contracts and arrangements

Provocation 3: Limitations in the current “development system” as a catalyst for change

TENSIONS IN DEVELOPMENT SYSTEM:

“What do SHF need today and how does that connect to a longer pathway to prosperity that could be over a generation?... There is tension in our work – how do we integrate the priorities of each agricultural season while thinking long term? But our clients don’t have investment capital [and don’t have the luxury of longer-term thinking and planning”

- Practitioner perspective

“We are absolutely committed to giving young people options off the farm. Most people who are farming would rather to anything else. My bugbear is this virtuous ideal of smallholder farming. It will be an important part of livelihoods. As people move to the city, we’ll see larger farms, with better market access, let’s celebrate the transition and the best outcomes for families. May be best outcome to shut it down, consolidate with the one next door that’s more viable.”

- Practitioner perspective

Through desk research and conversations with experts a number of key limitations were acknowledged in the current development system.

While these limitations are not directly related to the food system, they do affect the ways in which subsidy can be used to catalyze change.

We believe there may be a place for some reflection about how donor resources are deployed within the broader discussion on the post-COVID food system.

Provocation 3: Limitations in the current “development system”

Tension	What it involves	How experts described the tension
The tension between near-term responses vs longer-term planning and visions	<ul style="list-style-type: none">• The need to demonstrate the viability of initiatives often comes at the expense of genuine sustainability planning or long-term visionary planning• Many organizations don't have the impetus to think beyond 3-5 years	<ul style="list-style-type: none">• We don't have the luxury of being able to invest in long term thinking and planning• So much can change anyway we just focus on proving more immediate results
The donor funding system and cycle	<ul style="list-style-type: none">• Political cycles influence donor priorities and funding schedules• Large donor organizations are not set up to be quick-moving and responsive• Donors look for specific short-term results to justify funding allocation and change strategies often• Individuals move positions often	<ul style="list-style-type: none">• Rigid theories of change, work plans and KPIs are locked in at the outset of the programs• Organizations have an incentive to focus on short term objectives rather than in long term ones• There is a bias towards claiming success to justify funding
The “sacred” position of smallholder farming	<ul style="list-style-type: none">• Some actors have an idealized vision of smallholder farmers, driving them to look for ways to improve their livelihoods with little questioning around whether that is their optimal state or future	<ul style="list-style-type: none">• Practitioners don't feel like they have the time or space to think long term about the future of smallholder farming• At the same time it is a very sensitive topic to think through and debate critically
Outcome and expertise silos that don't support integrate programming around the rural beneficiaries/clients	<ul style="list-style-type: none">• Different donors (and teams within them) look for specific results, generating priorities that on the ground are not necessarily integrated around broader goals (like livelihoods)• Meanwhile practitioners do not look across silos enough to seek input from other experts	<ul style="list-style-type: none">• Donors push out trends from headquarters to the field• There is a risk that problems being tackled are not well understood if only looked from one point of view

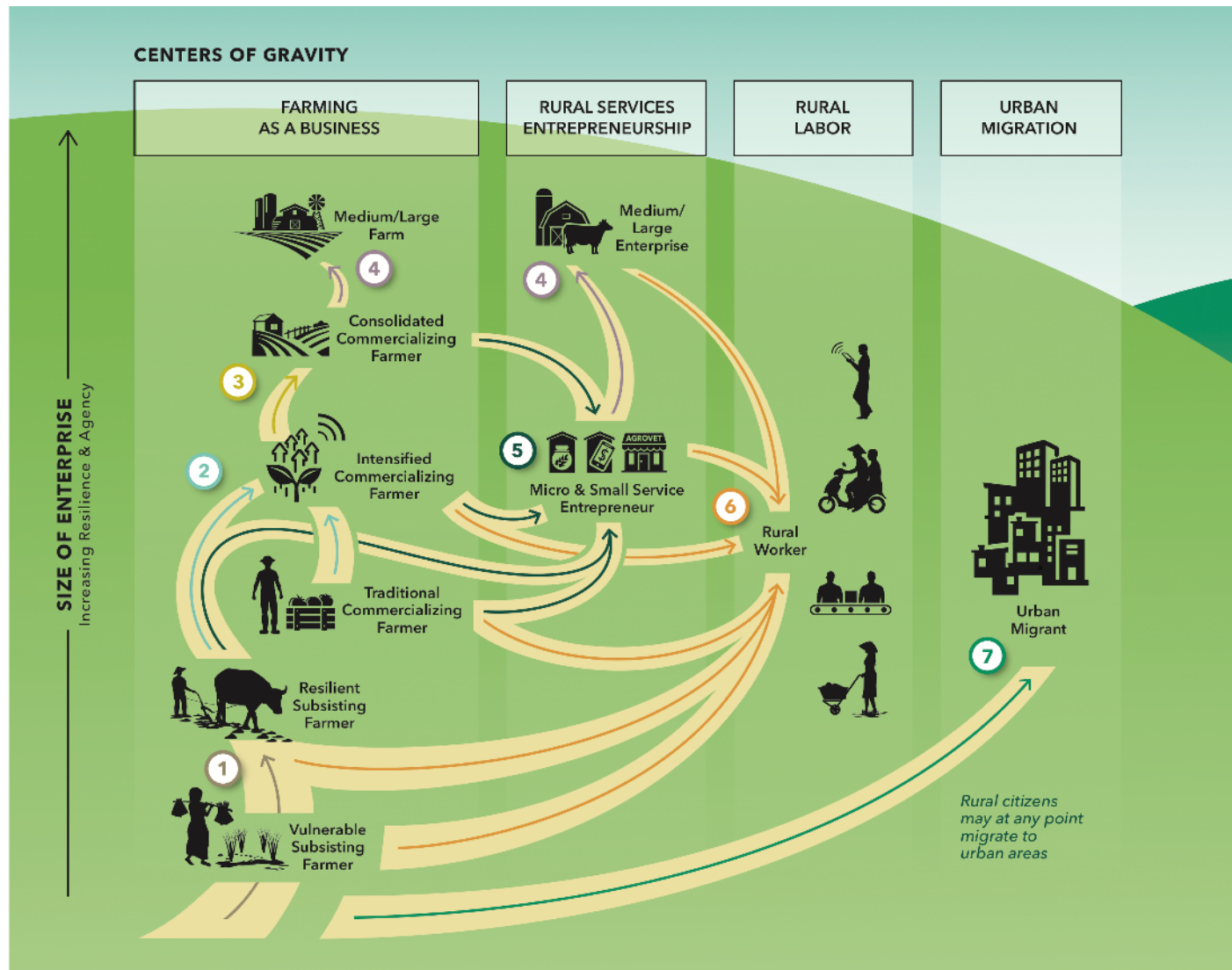
Looking ahead...

- In the development field there might be an elevating that is happening that has a historical context, where:
 - In the 1950s-1990s agricultural development was largely host country **Government development planning challenge**
 - In the 2000s there was a movement to **inclusive value chain development**
 - In the 2010s there was a transition to **agricultural transformation** as the visionary context
 - Prompted by the significant effects of climate change and convergence of outcomes around youth/gender/nutrition we might be moving to an even broader vision of **“inclusive and resilient food systems”**
- COVID may actually be creating a catalyst moment to reconsider the basis on which the global food system has been developed that has been institutionalized in decades of contracts, trade deals, organizations and government policies.

AS WE BEGIN A NEW CONVERSATION ABOUT THE FUTURE OF THE FOOD SYSTEM:

1. How would you articulate the future challenge(s) for the food system?
2. What do you think your organization or organization type should be doing differently?
3. What would you want others to be doing (and thinking) differently?

Reference: The Pathways Model offers a dynamic view of rural clients



PATHWAYS	COVID IMPACT ANALYSIS
1 Developing a Resilience Buffer	<u>Vulnerable households at the edge of the pandemic</u>
2 Farm Intensification	<u>High-risk households dependent on, and critical for, food supply chains</u>
3 Land Consolidation	
4 Transition to Formal Enterprise	<u>Agri-SMEs operating in uncertain financial, operational, and supply chain conditions</u>
5 Transition to Service Provision	XXX
6 Conversion to Rural Employment	
7 Migration to Urban Areas	



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ELEVATING RURAL ENTERPRISE

