CGIAR
BETTER DIETS AND NUTRITION

Micro-, Small- and Medium-Sized Enterprises and their role in Sustainable Healthy Diets in Ethiopia

Alan de Brauw and Belay Terefe Mengesha

November 2025

Micro- Small- and Medium-Sized Enterprises and their role in Sustainable Healthy Diets in Ethiopia

Ethiopia is working to transform its food system through a set of game changers that strive to change Ethiopia's agricultural production patterns and to help improve consumption of under-consumed foods. The goal is to improve diet quality for Ethiopian consumers and households, which can only take place if consumers are more aware of what types of food to eat and if production of certain types of food can expand.

In collaboration with national partners, CGIAR collected and analyzed data collected in Ethiopia on consumers and businesses selling food to consumers within the same food environments. The goal of this exercise was to learn about what dietary gaps exist, the type of businesses selling those foods, and factors constraining MSMEs from selling more healthy foods. There were three aspects to the data collection that are pertinent to this note, all collected in Kolfe Keranyo and Butajira: a consumer survey, which included information about households, adolescents, and their caregivers (typically mothers); a food environment survey, which collected some basic information about all businesses that sold food, including the foods they sold; and a survey covering micro-, small- and medium-sized enterprises (MSMEs) that work in the food environment. The latter survey included detailed information about MSMEs to understand their role in providing food to consumers. In this brief, we describe highlights from that analysis, with an eye towards ways the analysis can inform actions taken to implement specific game changers that catalyze food systems transformation from a consumer perspective.

Consumption of Healthy Foods

First, the household survey data studied dietary intakes among both adolescents and their (female) caregivers. From this data, the Global Diet Quality Score (GDQS) was constructed, which combines indicators for the consumption of healthy (GDQS+) and unhealthy (GDQS-) dietary components. The index is higher when more healthy foods are consumed, and higher when less unhealthy foods are consumed. In Addis Ababa, we find that the healthy score averages 6.7 among adolescents and 6.4 among their female caregivers out of 32 possible points. In Butajira, the average score is 7.0 for both groups. Relatively more frequently consumed types of healthy foods include oils, a few types of vegetables, and eggs.

An interesting issue is that in fact several categories of healthy foods are hard to find in local markets. Turning to the food environment survey, the first stage recorded all foods that were sold by each outlet. For raw foods and some specific prepared foods, we can essentially list whether outlets made available at least one food in each category (Table 1). We focus on MSMEs, which we describe in detail later, and differentiate by location. There are several notable findings. First, we observe that several categories of foods are quite rare. For example, most fruits that are available in markets are citrus; fewer than 5 percent of outlets are selling the other two types of fruits. Second, lean meats are hardly available (only fish are available at 7.3 percent of MSMEs in Addis Ababa; neither are available in more than a handful of outlets in Butajira).[1] Third, the harder to find categories are all more available in Kolfe Keranyo than in Butajira; with a cutoff of 5 percent of outlets, 5 categories of food would be considered hard-to-find; if we use 10 percent, it would be 7 categories of food. In Kolfe Keranyo, the corresponding numbers are 2 and 5 categories, respectively.

[1] Note that categories of fish enumerated included canned fish, which could help explain the difference between fish availability and chicken availability.

Table 1. Availability of GDQS Healthy Diet Sub-Components, by Location

GDQS+ Food Category	Kolfe Keranyo	Butajira
Citrus Fruits	14.3	14.1
Orange, non-Citrus Fruits	5.5	2.2
All other Fruits	4.0	3.1
Legumes	60.5	55.1
Nuts, Seeds	31.3	53.7
Oils	30.5	39.7
Chicken	0.3	0.2
Fish	7.3	1.5
Dairy	22.8	25.8
Eggs	38.6	46.6
Green Leafy Vegetables	10.2	5.5
Cruciferous Vegetables	9.8	4.2
Orange Vegetables	16.6	6.5
All other vegetables	26.1	13.7

Notes: We do not include whole grains as we cannot differentiate whole grains from refined grains in the food outlet data. Orange, non-citrus fruits include fruits like mangos and papayas. We also do not include prepared dishes which could combine several categories of these foods. Sample size is 967 outlets in Addis Ababa, and 1927 outlets in Butajira.

In summary, without more diverse foods available in markets, consumers may have a difficult time obtaining the components of a healthy diet. We next confirm that consumers typically obtain healthy foods from MSMEs.

Where do consumers purchase healthy foods?

When households reported purchasing food items, they were asked to report the type of retailer at which they purchased each item. We take categories for which at least 5 percent of consumers purchased them, and compute the percentage of consumers that purchased those foods in MSMEs, again by location (Table 2). All the percentages are at least 75 percent; about a quarter of consumers in Butajira apparently purchase liquid oils in either government shops or larger stores. Nonetheless, it is clear that MSMEs play an outsized role in providing healthy foods to consumers, at least among the categories available.

Table 2. Purchasing Behavior for Healthy Foods, Ethiopia, past 7 days, by location, 2023

Food Group	% purchasing, Kolfe Keranyo	% purchasing from MSMEs, Kolfe Keranyo	% purchasing, Butajira	% purchasing from MSMEs, Butajira*
Citrus Fruits	24.1	85.6	40.7	95.1
Orange Fruits	8.0	87.0	19.7	84.2
Other Fruits	49.3	93.6	69.8	91.6
Legumes	56.5	93.0	61.7	81.1
Green Leafy Vegetables	59.9	98.6	93.3	100
Orange Vegetables	40.0	97.6	62.6	99.6
Other Vegetables	91.2	96.4	97.6	99.7
Dairy	65.8	88.3	9.8	93.6
Liquid Oil	16.2	83.9	33	76.4
Eggs	22.1	95.2	31.3	87.3

Note: Adapted from de Brauw and Hirvonen (2025).

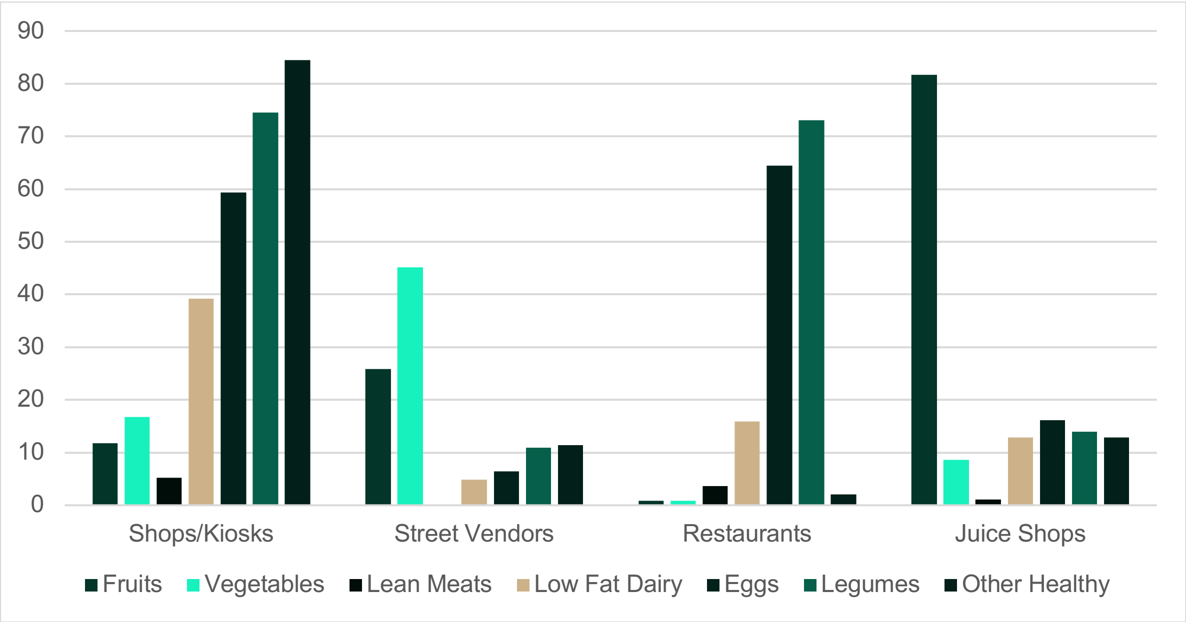
What types of MSME outlets provide different types of healthy foods?

It is next worthwhile to consider the types of outlets that sell different types of healthy foods. To do so, we split MSMEs into four different categories: shops or kiosks; street vendors; restaurants; and juice or milk bars. We then first ask if these types of MSMEs sell any healthy foods (e.g. at least one category from the GDQS+ list; Figure 1). We find that in general, the proportion is relatively high for all four categories, especially when compared to all other outlets that were not followed in the MSME survey (44 percent). A smaller share of street vendors sell at least one healthy food than the other three category, which is potentially an important consideration for targeting.

Figure 1. Percent of each type of outlet selling at least one GDQS+ category of foods

We next want to understand the type of healthy foods that are available in each outlet type. To do so in a tractable manner, we aggregate the GDQS+ foods into seven categories: Fruits, vegetables, healthy meats, eggs, low-fat milk, legumes, and “other” healthy diet components (liquid oils, nuts, and seeds). We then examine the share of each type of retailer that report selling at least one item in each category (Figure 2). Keeping in mind that several types of healthy foods are quite scarce, as noted in Table 1, the availability of certain types of foods is clearly somewhat limited to certain types of vendors. For example, if one wants to purchase legumes, oils, or eggs, they are most easily found in shops or kiosks.[2] On the other hand, vegetables are most commonly available from street vendors, and fruits are most commonly available from juice shops or street vendors. As noted earlier, there are very few outlets that sell lean meats in general, in either location.

Figure 2. Types of Healthy Food being Sold in Different Types of Outlets, Ethiopia



In sum, we find that certain classes of healthy foods have quite limited availability in our two study sites in Ethiopia. With the large number of shops and kiosks in the data, it appears relatively easy to find eggs, legumes, and oils; fruits and vegetables are most readily available from street vendors or fruits in juice shops. These findings have important implications for intervention targeting; for example, if the goal is to increase accessibility of fruits and vegetables, it appears most valuable to target street vendors.

MSMEs and the Game Changing Solutions for Food Systems Transformation

As noted in the introduction, Ethiopia’s government has developed a set of 24 game changing solutions to guide its food systems transformation, as part of the United Nations process begun with the 2021 Food Systems Summit. While none of the game changers explicitly target MSMEs, there are several ways that they implicitly target MSMEs. And as we have shown in this brief, when consumers purchase healthy foods, they are almost always from MSMEs. So if diets of Ethiopian consumers are to improve, MSMEs will play a crucial role.

[2] The data also indicate that eggs and legumes can be found in restaurants; some prepared dishes in our database were easy to categorize into specific categories such as eggs and legumes, so these indicate that a majority of restaurants are selling prepared beans or eggs.

Within the first cluster of game changers, which targets ensuring the availability and accessibility of safe and nutrient dense foods. Within this cluster, the first solution entails strengthening the national food safety management and control systems. The end of the supply chain for most healthy foods is a retail MSME, so finding solutions that include MSMEs will be crucial to the success of this cluster. The second cluster targets the sustainable and equitable consumption of healthy, safe, and nutrient dense diets; within this cluster, MSMEs could help with awareness creation of food and nutrition literacy among consumers. Finally, cluster 5 suggests improving access to markets, market information, infrastructure, and specialization. Again, as healthy foods are sold to consumers largely by MSMEs, it is important to ensure that supply chain management systems can either incorporate technology available to those businesses, or can provide incentives for those businesses to upgrade their technologies. For example, if MSME owners do not have smartphones but they are crucial to establishing supply chain management solutions, it would be important to provide them with incentives to obtain smartphones or to better understand barriers to adoption.

Previous research on the MSME data described above suggest several constraints that food retailing MSMEs face in attempting to grow their businesses (de Brauw et al., 2024). Some of those constraints require improved production and supply chains; MSMEs reported that challenges in unreliable supply volumes and inconsistent product quality. Other challenges include variable electricity and water supply. None of these constraints can be addressed through interventions with MSMEs; those have to be addressed at either other points in the food system, or outside the food system itself.

However, other constraints can help guide interventions with MSMEs that can help attain food system transformation goals. For example, our research demonstrates that MSMEs systematically lack access to finance (de Brauw and Hirvonen, 2025). Improved access to finance could potentially help MSMEs grow, and it could be accompanied by business skill training, as the use of good business practices is fairly low as well. Moreover, we find that vendors lack nutritional knowledge. Nutrition trainings could help vendors improve their knowledge as well as passing that information onto consumers, which would directly help improve consumer nutrition literacy. The ability of specific MSMEs to grow, however, relates to the innovation capacity of specific individuals who own them (e.g. Nguyen et al., 2024). If MSMEs lack innovation capacity, they are unlikely to adopt new techniques or procedures, and that could hinder their growth. That said, the idea is not for all MSMEs necessarily to grow, but to help foster sales growth and potentially expansion among MSMEs that are selling healthy foods and are interested in selling more.

Summary

For Ethiopia to successfully guide its food systems transformation, it cannot ignore the role that MSMEs play between production and consumption. In this brief, we use recently collected data to explore the role of MSMEs in the retail food environment. We demonstrate that when consumers are purchasing healthy or more nutrient dense foods, they come from MSMEs, and different types of MSMEs sell different classes of healthy foods. To help these businesses grow, it is important to develop ways to increase their access to finance, develop their business skills, and enhance their nutritional knowledge.

REFRENCES

De Brauw, A., and Hirvonen, K. (2025). Healthy Diets and the Role of Micro, Small, and Medium Enterprises: Examining Ethiopia's Food Environment. IFPRI Discussion Paper 2367. Washington, DC: International Food Policy Research Institute. https://hdl.handle.net/10568/177229

De Brauw, A., Hirvonen, K., Mekonnen, D., and Chege, C. (2024). MSMEs in the Food Environment in Urban and Peri-Urban Ethiopia. Washington, DC: International Food Policy Research Institute. https://hdl.handle.net/10568/155237

Nguyen, T. Termeer, E., Berkhout, E., Mekonnen, D.A., Dijkxhoorn, Y., and de Steenhuijsen Pieters, B. (2024). Leveraging the role of MSMEs for healthier diets and nutrition: Insights from fruit and vegetable value chain studies across five countries. SHiFT Working Paper December 2024. Washington, DC: International Food Policy Research Institute.

AUTHORS

Alan de Brauw is a Senior Research Fellow, in the Markets, Trade, and Institutions Unit at the International Food Policy Research Institute, based in Washington, DC, USA.

Belay Terefe Mengesha is a Research Project Coordinator at the Alliance of Bioversity and CIAT, based in Addis Ababa, Ethiopia.

ACKNOWLEDGEMENT

We thank Kemal Mohammed of the Agricultural Transformation Institute of Ethiopia for comments on a previous version.

About BDN

The CGIAR Science Program on Better Diets and Nutrition (BDN) identifies, co-designs and tests consumer-oriented solutions to ensure sustainable healthy diets for all while enhancing livelihoods, social equity, and environmental sustainability. Through evidence-based research and collaboration, BDN supports country-led food system transformation in low- and middle-income countries. To learn more about BDN, please visit https://www.cgiar.org/cgiar-research-porfolio-2025-2030/better-diets-and-nutrition/.

Disclaimer

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