



# Increasing Retail Sales of Healthy Foods in Ethiopia

## Lessons from MSME Surveys in Two Urban Areas

Alan de Brauw, Kalle Hirvonen, and Daniel Ayalew Mekonnen

The food environment represents the place in which demand for food meets supply—consumers purchase foods in the food environment, while retailers of the food consumers purchase represent the end of the value chain. In many countries, the food environment is characterized by a large number of micro-, small-, and medium-sized enterprises (MSMEs) who sell the majority of healthy foods. Ethiopia fits this description; among healthy food groups purchased by at least one-third of customers within a given week, at least 88 percent of consumers making purchases by them from MSMEs (de Brauw and Hirvonen 2024).

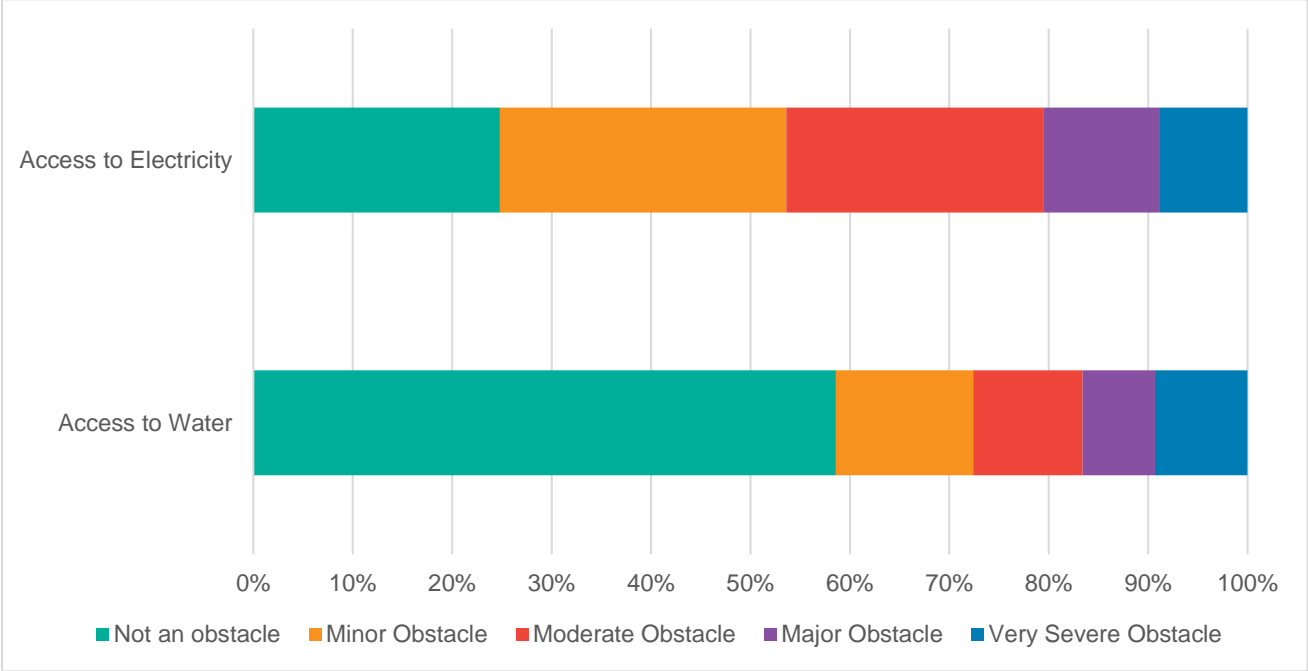
This note summarizes lessons from a set of surveys conducted among 1686 MSMEs likely to sell healthy foods in woreda 8 of Kolfe Keranyo in Addis Ababa and in Butajira town in central Ethiopia in late 2023. The first survey concentrated on listing all businesses selling food in selected areas of the two sample locations; the second survey then asked detailed questions about the business environment and practices of selected MSMEs. The majority of surveyed MSMEs can be characterized as either kiosks or small shops; the next most common were restaurants, followed by street vendors and juice shops (de Brauw et al. 2024).

The surveys had three linked goals: to better characterize the business environment in which MSMEs operate; to understand any constraints they face in selling more healthy foods; and to help inform interventions with scaling potential that could increase the availability of healthy foods for consumers. We focus on describing constraints that businesses face in increasing their sales of healthy foods, and describe lessons for future interventions. We first discuss infrastructure constraints, supply constraints, and then business practices and nutrition knowledge among respondents, before describing opportunities from the food environment perspective.

### Infrastructure constraints

Many surveyed MSMEs described facing infrastructure constraints. About 90 percent of all MSMEs stated they had access to electricity, but a much smaller proportion of street vendors had access to electricity (30 percent). Though access to electricity was not an issue, its reliability was (Figure 1). Though almost all small shops had access to electricity, three quarters of businesses stated that regular electricity was, at the very least, a minor obstacle to their business, and over half suggested it was at least a moderate obstacle. Meanwhile, only half of all businesses had access to running water, but much fewer considered water access an obstacle. Only half declared it was at least a minor obstacle, and around 30 percent described water access as a moderate obstacle or worse.

**Figure 1: Obstacles to infrastructure use, water and electricity, MSMEs in Addis Ababa and Butajira**



These figures make it unsurprising that cold storage is less than ubiquitous, especially among the businesses with fixed storefronts (small shops, restaurants, juice shops). Only 43 percent of businesses have cold storage; the most common type of cold storage is a refrigerator. As the majority of MSMEs lack cold storage, they lack the ability to hold much inventory of perishable, nutrient dense products including fruits, vegetables, dairy, eggs, and meat and fish, limiting their potential sales of healthy foods. Combined with the lack of running water for many businesses, food safety is a concern.

### Supply constraints

The MSME survey asked respondents about a set of questions about three types of healthy foods they deemed most important, and, in particular, about constraints they faced in sourcing those foods. The survey asked respondents whether they faced constraints in obtaining those foods, and if so, what the constraints they faced were (Table 1). Respondents mentioning fruits and vegetables and their most important products described at least one constraint about half the time; variable quality and unstable supply both came up as important issues for them. Legumes, nuts and seeds were least likely to report

constraints; only about one-third of respondents described constraints, and perhaps not surprisingly, unstable supply and variable quality were less likely to be issues. As these products are more easily stored and handled, it is not surprising that fewer supply and quality problems were mentioned. With animal source foods, just over one-third of vendors described facing constraints, with unstable supply being more of an issue than variable quality.

**Table 1: Constraints faced by MSMEs in selling types of healthy foods, by broad food type, Addis Ababa and Butajira, 2023**

Type of Food	No Constraints	Unstable Supply	Variable Quality	Lack of Payment Flexibility
Vegetables	49.2	21.2	21.2	30.5
Fruits	54.2	18.9	28.9	14.4
Legumes, Nuts, Seeds	66.7	9.7	10.2	19.7
Animal Source Foods	64.3	17.6	13.6	16.5

**Notes:** Animal source foods include meat, eggs, and milk; the two most common products mentioned by vendors were local eggs and *ferenji* eggs (non-local varieties). If reporting constraints, respondents could report more than one. **Source:** MSME Survey, 2023.

A lack of payment flexibility was also mentioned by a lot of MSME respondents as a constraint to selling their most important healthy foods. Among vegetable sellers, 30.5 percent mentioned that their suppliers are inflexible about payments, and it came up as important for all three of the other categories as well (between 14 and 19 percent of the time). Clearly, a lack of access to working capital is an issue for many MSMEs; the survey asked whether they had access to credit, and over 80 percent in both regions answered that they did not. Of those with access to credit, the large majority used informal sources of credit. Banks and microfinance institutions are clearly not serving the needs of MSMEs who work in the food retail sector.

It is next important to mention that respondents for MSMEs always mentioned high prices as a challenge in sourcing these products. This challenge is indicative of the supply quality problems described in **Table 1**; if fruits and vegetables that are produced are of variable quality, then the amount of produce that is high enough quality to sell is reduced, which increases prices. Meanwhile, higher prices mean some consumers cannot afford to buy as much as they might need for a diet adequate in nutrients. Though out of the scope for interventions in the food environment among MSMEs, the problem of variable quality in fruit and vegetable production and distribution is important for improving diets.

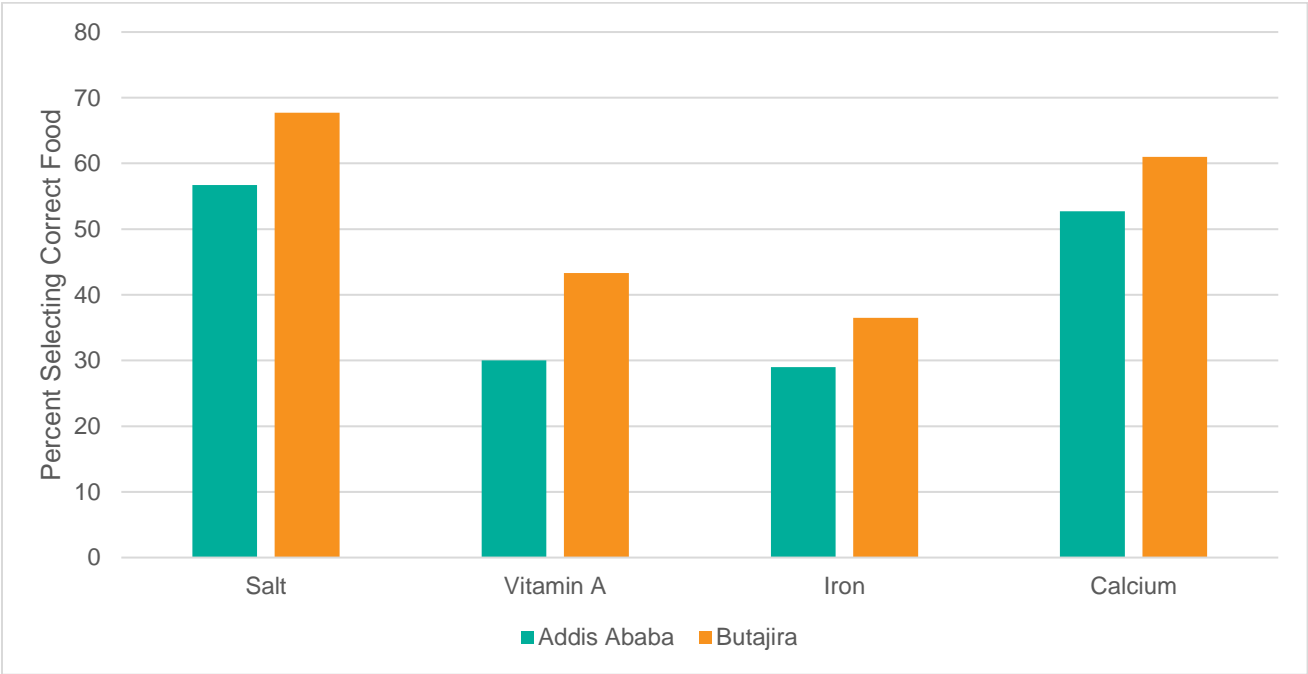
There is one last important note to mention. While supply chains typically work through a wholesaler in Addis Ababa, in Butajira many of the supply chains for healthier foods are relatively short; many products are either directly purchased from farmers or from collectors who buy directly from farmers. Forty percent of vegetables, 60 percent of fruits, and 70 percent of animal source products are sourced this way. As a result, improvements in handling necessary to improve quality do not imply a large number of actors beyond retailers.

## Business practices and nutrition knowledge

Our last set of interesting results relates to business practices among MSMEs in the food environment and nutrition knowledge among respondents. We asked a set of nine questions about business practices that relate to record keeping, budgeting, and awareness of profitability and costs of specific items sold by businesses. The average respondent stated they followed 3.25 out of the 9 practices (de Brauw et al. 2024). In general, MSMEs in the food environment lack budgets, do not know whether sales of specific items are increasing or decreasing, and do not keep consistent records. The majority of businesses report knowing their most profitable items and thinking about ways to improve them.

Similarly, we asked respondents a set of ten questions that were designed to learn about their nutritional knowledge. The questions asked respondents to state which of the four foods was high in a specific macro- or micro-nutrient. Here, we focus on four questions related to salt and micronutrients (**Figure 2**). In both Addis Ababa and Butajira, many respondents did not select the correct food. Respondents were slightly better at identifying the food high in salt or calcium, but less than half identified the food high in vitamin A or iron. Answers were slightly better in Butajira than Addis Ababa. In all cases, respondents in Butajira answered correctly slightly more often, but in both areas, there is substantial room for improvement.

**Figure 2:** Correct answers to nutrition knowledge questions, by location



Source: MSME Survey, 2023.

## Opportunities for food environment interventions

This summary of our analysis has three implications for potential food environment interventions to support food systems transformation for sustainable healthy diets. First, it is important that infrastructure continues to improve. Specifically, without improved reliability of electricity, retailers will continue to have challenges preserving perishable foods, limiting their availability and, as a consequence, their affordability. Second, it is important to consider how the supply of healthy foods can improve in quality, though

those interventions need to be either focused on the farmer, collector, or wholesale level. Further research is needed to pinpoint where in the value chain quality is being negatively affected.

Second, the research indicates two areas that could improve food retailing, but these areas would not necessarily be exclusive to healthy foods. MSMEs lack access to formal sources of finance. Initiatives that work to improve access to finance among MSMEs could help more innovative MSMEs become more profitable and operate at scale with implications for jobs creation. Second, we note that business practices could improve. Though training on improved finance and business practices can be targeted at MSMEs that sell healthy foods, these lessons are not necessarily exclusive to them and could also help retailers who sell foods that should be avoided.

Finally, we note that MSMEs in the food environment do not often know what foods are rich in micronutrients and which ones are not. Nutrition training for vendors, potentially when combined with short-term interventions such as vouchers for healthy foods to improve affordability (e.g. Ambler et al. 2024), could help increase sales and therefore consumption of healthy foods, while waiting for infrastructure improvements to help improve supply. Evaluations of such interventions would help us better understand whether such interventions can be cost effective.

---

## ABOUT THE AUTHORS

**Alan de Brauw** ([a.debrauw@cgiar.org](mailto:a.debrauw@cgiar.org)) is a Senior Research Fellow in the Markets, Trade, and Institutions Unit at the International Food Policy Research Institute based in the USA.

**Kalle Hirvonen** ([k.hirvonen@cgiar.org](mailto:k.hirvonen@cgiar.org)) is a Senior Research Fellow in the Poverty, Gender, and Inclusion Unit at the International Food Policy Research Institute based in Finland.

**Daniel Ayalew Mekonnen** ([daniel.mekonnen@wur.nl](mailto:daniel.mekonnen@wur.nl)) is a Researcher at Wageningen University and Research (WUR) based in the Netherlands.

---

## ACKNOWLEDGMENTS

The authors thank Belay Tefere Mengesha of the Alliance of Bioversity International and CIAT for general coordination of SHiFT work in Ethiopia and our collaborators in general at the Ministry of Agriculture in Ethiopia for support of this research.

---

## REFERENCES

- Ambler, K., Brouwer, I., de Brauw, A., Herskowitz, S., Pastori, G., Shittu, O., and E. Talsma. 2024. "Vouchers to Increase the Affordability of Fruits and Vegetables in Nigeria and Vietnam," mimeo, International Food Policy Research Institute.
- de Brauw, A., Hirvonen, K., Mekonnen, D., and Chege, C. 2024. "MSMEs and the Food Environment in Urban and Peri-Urban of Ethiopia." Washington, DC: International Food Policy Research Institute. <https://hdl.handle.net/10568/155237>
- de Brauw, A., and Hirvonen, K. 2024. "Do Business Constraints affect the availability of more nutritious foods from micro- small and medium-sized enterprises in Ethiopia?" Mimeo, International Food Policy Research Institute.

---

This work is part of the CGIAR Research Initiative on Sustainable Healthy Diets through Food Systems Transformation (SHiFT). This research is being implemented by CGIAR researchers from the International Food Policy Research Institute (IFPRI), the Alliance of Bioversity International and the International Center for Tropical Agriculture (the Alliance), and the International Potato Center (CIP) in close partnership with Wageningen University and Research (WUR). IFPRI, a CGIAR Center, and WUR, both participating in SHiFT, prepared this publication. We would like to thank all funders who supported this research through their contributions to the CGIAR Trust Fund: <https://www.cgiar.org/funders/>

This is publication has not been peer reviewed. Any opinions stated herein are those of the author(s) and not necessarily representative of or endorsed by CGIAR, IFPRI, or WUR.

## INTERNATIONAL FOOD POLICY RESEARCH INSTITUTE

1201 Eye Street N.W., Washington, D.C., 20005 U.S.A.