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FAO REGIONAL CONFERENCE FOR THE NEAR EAST

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Enabling Inclusive and Sustainable Rural Transformation in the Near East and North Africa

Executive Summary

Rural transformation, the process whereby rising agricultural productivity, increasing commercialization, diversification, access to services and decent employment and a voice in policy-making lead to improved rural livelihoods¹, is intrinsic to the transformation of agrifood systems and the achievement of the Sustainable Development Goals. Significant efforts in pursuance of inclusive rural transformation have been exerted in the Near East and North Africa (NENA) both at regional and country levels. However, persisting and evolving challenges, such as economic slowdown, climate change and conflict, affecting countries' priorities, make it imperative to intensify such efforts. Importantly, patterns of exclusion with a cascading impact on small producers and vulnerable groups, social and gender inequalities must be addressed for rural transformation to be inclusive, equitable and sustainable.

The paper examines key trends and drivers concerning rural transformation in the NENA region, highlighting relevant solutions currently devised by FAO. The latter span context-specific approaches across the rural urban continuum; sustainable value chains and agribusinesses; decent work and youth empowerment; effective and responsive rural advisory services; collective action, sustainable intensification and digital innovation, with inclusivity and gender equality at the core of every endeavour.

The analyses elaborated in the context of the above initiatives and the evidence of the practice point to the need to address the fragmentation and incoherence existing in policies and actions related to rural transformation to enable and accelerate inclusive and sustainable transformative processes. The paper, therefore, advocates for systemic approaches that recognize the complex and context-specific challenges faced by countries in the region and that leverage multi-sector, multi-level and multi-stakeholder approaches across the pillars of policy, investments and finance, governance and enabling environment, institutions, human capital and partnership, for more holistic and coherent action.

¹IFAD. 2016. *Rural Development Report 2016*. Rome.

<https://www.ifad.org/documents/38714170/40724622/Rural+development+report+2016.pdf/347402dd-a37f-41b7-9990-aa745dc113b9?t=1632401149187>

This approach was encouraged in the context of the United Nations Food Systems Summit held in 2021 and its recent Stocktaking Moment which took place in July 2023. A holistic approach is key to strengthening the resilience of rural communities in their heterogeneity and empowering them as key agents of inclusive rural transformation. As such, The Regional Office for the Near East and North Africa (FAO RNE) will pursue such an approach in its programmatic work on rural transformation and inclusive value chains in the region, as articulated in its diverse and closely interlinked action areas.

Suggested action by the Regional Conference

The Regional Conference is calling upon Members to

- a. foster policy and data analysis to inform the development of coherent, evidence-based and complementary policies and programmes that cut across different sectors, ensuring accountability and responsiveness to the context-specific needs of different categories of actors in the agrifood system.
- b. promote targeted investment and innovative, inclusive finance solutions at different levels, with a focus on rural finance, blended finance and financing for agribusiness startups and micro, small and medium-sized enterprises (MSMEs) for inclusive and sustainable rural transformation, leveraging public-private partnerships.
- c. strengthen the capacity of different actors in the agrifood system, focusing on the development of institutional capacity and human capital, and the socioeconomic empowerment of women, youth and vulnerable groups to promote more inclusive and sustainable rural transformation.
- a. foster strategic cooperation and partnership among different actors in the agrifood system and foster regional networking platforms such as the Arab Forum for Rural Advisory Services (AFRAS) for broader and more inclusive transformation.

The Regional Conference invites FAO to:

- a. continue to support the generation of evidence and disaggregated data to inform the elaboration of inclusive policies and strategies.
- b. support building capacities for the elaboration of more coherent policies, strategies and interventions which are conducive to rural transformation, leveraging multi-sector, multi-stakeholder and multi-level approaches.
- c. design and pilot programmes that leverage holistic approaches to rural transformation with a focus on inclusivity, rural finance, digital solutions, entrepreneurship and sustainable agribusinesses and value chains.
- d. facilitate networking and exchanges for knowledge sharing on rural topics related to rural transformation at the regional and country level.

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I. Introduction

1. The United Nations Food Systems Summit (UNFSS) held in September 2021 called for the transformation² of agrifood systems as key entry point for the achievement of the Sustainable Development Goals (SDGs).³ FAO envisions the transformation of agrifood systems to be more efficient, inclusive, resilient and sustainable, for *better production, better nutrition, a better environment*, and a *better life, leaving no one behind*. The UNFSS Stocktaking Moment held in July 2023 reiterated the urgency to transform agrifood systems and called for integrated solutions pursuing multiple goals in lieu of sectorial approaches.

2. The transformation of agrifood systems is strictly connected to the process of structural and rural transformation.⁴ Typically, an increase in the profitability of the agrifood sector in the largely disadvantaged rural areas and the creation of employment therein are considered as factors enabling rural transformation and the broader process of agrifood systems transformation. Yet, such transformation must not exclude or occur at the expense of the most disadvantaged and vulnerable rural communities or of the natural resources. Rather, it should be mindful of agrifood systems externalities in terms of climate, nutrition, environment and socioeconomic aspects. The normative framework on inclusive rural transformation shall therefore recognize and embrace such complexity.

3. The 35th and 36th Sessions of the FAO Regional Conference for the Near East (NERC) acknowledged the urgency to advance rural development and agrifood systems in the Near East and North Africa (NENA) region. In response, FAO has been pursuing rural transformation leveraging six interlinked action areas: promoting context specific solutions across the rural-urban continuum; developing competitive, sustainable and inclusive value chains and agribusinesses; promoting decent rural employment and socioeconomic inclusion for youth and women; strengthening producer organizations, extension and rural advisory services; promoting sustainable intensification of agricultural production; and fostering inclusive digital innovation. The above areas embed gender equality by promoting rural women's equitable access to agricultural assets, resources and services and their increased participation and leadership in rural organizations. They also recognize the diverse needs of different groups living in rural areas including youth, people with disabilities, minorities, migrants and refugees, and fostering their socioeconomic inclusion.

4. These action areas contribute to the following SDG targets:

- a. SDG 1 No Poverty – targets 1.1, 1.4, 1.b;
- b. SDG 2 Zero Hunger – targets 2.3, 2.4, 2.a;
- c. SDG 5 Gender Equality – target 5.b;
- d. SDG 8 Decent Work and Economic Growth – targets 8.3, 8.5;
- e. SDG 9 Industry, Innovation and Infrastructure – target 9.3;
- f. SDG 10 Reduced Inequalities target 10.1, 10.2;
- g. SDG 11 Sustainable Cities and Communities - target 11.a;

² The term “transformation” indicates an intentional and profound need for change, “based on factual understandings and societal agreements and aimed at achieving outcomes at scale.” the United Nations Environment Programme (UNEP), the Food and Agriculture Organization of the United Nations (FAO) and the United Nations Development Programme (UNDP). 2023. *Rethinking Our Food Systems: A Guide for Multi-Stakeholder Collaboration*. Nairobi, Rome and New York. <https://doi.org/10.4060/cc6325en>

³ Globally, 17 billion tonnes Carbone dioxide equivalent (CO₂eq) or over 30 percent of all greenhouse gas emissions (GHG) come from agrifood systems, 20 percent of which from the middle segment of value chains. FAO. 2021. *The share of food systems in total greenhouse gas emissions. Global, regional and country trends 1990–2019*. FAOSTAT Analytical Brief Series No. 31. Rome. And FAO. 2011. “Energy-smart” food for people and climate. FAO. Rome, FAO. <http://www.fao.org/docrep/014/i2454e/i2454e00.pdf>

⁴ Arslan, Aslihan and Cavatassi, Romina and Hossain, Marup, *Structural and Rural Transformation and Food Systems: A Quantitative Synthesis for LMICs* (April 25, 2022). IFAD Research Series 69 (2022), Available at SSRN: <https://ssrn.com/abstract=4108972>

5. While recognizing the significance of these action areas for rural transformation, the increasingly complex and interrelated challenges affecting the NENA region, spanning climate change, food insecurity, poverty, unemployment and protracted crises, call for intensified, concerted and holistic actions. This paper elaborates on the challenges affecting rural transformation and highlights the opportunity to address them more effectively through comprehensive and holistic approaches addressing policy, investments, capacities and cooperation, while recognizing synergies and trade-offs in terms of food security and healthy diets, greening agriculture and resilience.

II. Status and trends on rural transformation in the NENA region

6. Recognizing key trends and drivers of rural transformation is essential to support inclusive transformative processes. This section presents trends and foresights at regional level with particular focus on low- and middle-income countries and offers insights into how FAO is addressing them.

7. The population that lives and works in rural areas in the region varies from 8 to 61 percent of the total depending on the country⁵. Deep inequalities persist between rural and urban areas and between smallholders and large agricultural producers.⁶

8. Urbanization has been increasing with 63 percent of the region's population living in urban areas and projected to reach 73 percent by 2050, totalling over 450 million people⁷. Whereas 37 percent of NENA populations live in large metropolitan areas, over 50 percent lives in smaller urban and rural cities and towns,⁸ indicating a less sharp urban/rural distinction. The borders between the two are increasingly blurred, forming a spatial continuum spanning from the rural hinterland to metropolitan areas.

9. FAO promotes context-specific solutions across the rural-urban continuum, leveraging territorial and community-based approaches that harness local assets and potentials, e.g. analysis of territorial market systems in the Lebanese Republic for the promotion of healthy diets. By indicating how goods, services, people and information flow across a territory and its markets; such analyses can inform entry-points for inclusion of different segments of the community and sustainability-linked incentives. Noteworthy is the potential of NENA's small and intermediate cities to serve as hubs for essential components of the food systems (packaging, transport, logistics and retail). For this to happen, targeted policies and investments would be required.

10. Climate change continues to represent a threat to the livelihoods and the food and nutrition security of rural and urban communities. The number of people experiencing moderate to severe food insecurity in NENA countries rose from 118.4 million – 28.8 percent of the region's population – in 2019 to 127.2 million – 30.4 percent – in 2020.⁹ Climate change affects the sustainability of small-scale farmers and small and medium enterprises (SMEs), with crop and livestock production predicted to decline under all climate change scenarios, and prices expected to increase for almost all products.¹⁰ These risks are substantial considering that small-scale family farmers (SSFF) represent the backbone of rural communities in the region, producing more

⁵ The World Bank estimates based on the United Nations Population Division's World Urbanization Prospects: 2018 Revision. [Rural population \(% of total population\) - Middle East & North Africa | Data \(worldbank.org\)](https://data.worldbank.org/SD/SH.UH.CD)

⁶ Marzin, J., Bonnet, P., Bessaoud, O. & Ton-Nu, C. 2017. *Study on small-scale family farming in the Near East and North Africa region. Synthesis*. Cairo: FAO, CIRAD & CIHEAM. <https://www.fao.org/3/i6436e/i6436e.pdf>

⁷ FAO. 2020. *The State of Food Security in the Near East and North Africa: Adapting food systems to respond to an increasingly urban population*. NERC-35. Muscat, FAO. <https://www.fao.org/3/nc213en/nc213en.pdf>

⁸ Towns have a population ranging between 50 000 and 100 000 people; small cities include a population between 100 000–500 000 people, while larger cities have a population of above 500 000 people.. FAO. 2017. *State of Food and Agriculture. Leveraging food systems for inclusive rural transformation*. Rome, FAO. <https://www.fao.org/3/I7658e/I7658e.pdf>

⁹ FAO. 2022. Calculated by FAO Statistics Division, based on FAOSTAT: Suite of Food Security Indicators. In: FAO. Rome. Cited November 2022. <https://www.fao.org/faostat/en/#data/FS>. In: FAO. Rome. Cited November 2022. <https://www.fao.org/faostat/en/#data/FS>

¹⁰ IFPRI. 2022. *2022 Global Food Policy Report: Climate Change & Food Systems*. Washington, D.C., International Food Policy Research Institute. <https://doi.org/10.2499/9780896294257>

than 80 percent of some annual and perennial crops as well as livestock species. Additionally, 75 to 85 percent of the agricultural landholdings across a variety of farming systems belong to family farmers.¹¹ Yet, the contribution of SSFF to overall agricultural production has low values in industrial crops¹² with their activities concentrated at the production level with limited value addition. Notably, small-scale family farmers are disproportionately affected by poverty, constituting about 70 percent of the poor in the region.¹³

11. Micro, small and medium-sized enterprises (MSMEs) represent over 80 percent of agribusinesses in NENA. The region has one of the lowest shares of women-owned SMEs, at 14 percent compared to 34 percent globally¹⁴. Growth of value addition in the NENA region has lagged behind the world average. In 2020, the NENA region imported over three times the value of crops and livestock products it exported, making food prices and supplies less stable. Poor supply chain management, especially lack of access to postharvest facilities and continuous cold chain, weak logistics capacities and performance¹⁵, result in high levels of food loss, lack of compliance with food quality and safety standards¹⁶ and limited export. Information asymmetries and unfair value distribution along supply chains, greatly affect the income and livelihood of small- and medium-scale producers. Notably, the climate emergency makes the “greening” of agriculture, especially agribusiness MSMEs essential for the sustainable use of natural resources and enhanced resilience to shocks. Greening MSMEs entails investing in postharvest loss reduction, green transport, processing, packaging and distribution, storage, energy-efficient cold chain and increased circularity.

12. Conflicts are heavily affecting the NENA Region. The Russia--Ukraine conflict has further disrupted global supply chains, leading to shortage of fertilizers, price inflation and economic slowdown. Given the region’s high dependence on food imports, the average food price inflation rate drastically increased to 26.1 percent in July 2022¹⁷ revealing the fragility and vulnerability of the region’s agrifood systems to shocks and stressors. The recent conflict in Gaza is adding to the above challenges with important repercussions on the regional economy particularly in terms of energy prices (oil) and looming inflation. The region has a prevalence of “transitional”, longer, fragmented, labour—intensive and poorly coordinated value chains, with low levels of value addition, supply and distribution capacity, a weak enabling environment for investment and limited access to finance. Positively, value chains are witnessing an increase in the use of capital-intensive technology, quality standards, digital tools and formalization.

13. Promoting sustainable and inclusive value chains, entrepreneurship and MSMEs is critical. To this effect, FAO supports multistakeholder processes for the development of inclusive, competitive and sustainable agribusiness MSMEs; and promotes evidence-based policies and investments for sustainable development of agrifood markets and value chains such as through the One Country One Priority Product (OCOP) initiative. OCOP featured comprehensive value chain analysis and development of sustainable upgrading strategies and investment plans in seven countries. Importantly, FAO has developed guidelines for strengthening the resilience and sustainability of agrifood value chains in fragile and volatile contexts, such as those affected by conflict, and has built relevant capacities across the region. From an inclusivity and gender equality perspective, FAO developed guidance materials for

¹¹ Marzin, J., Bonnet, P., Bessaoud, O. & Ton-Nu, C. 2017. *Study on small-scale family farming in the Near East and North Africa region. Synthesis*. Cairo: FAO, CIRAD & CIHEAM. <https://www.fao.org/3/i6436e/i6436e.pdf>

¹² Marzin, J., Bonnet, P., Bessaoud, O. & Ton-Nu, C. 2017. *Study on small-scale family farming in the Near East and North Africa region. Synthesis*. Cairo: FAO, CIRAD & CIHEAM. <https://www.fao.org/3/i6436e/i6436e.pdf>

¹³ FAO. 2017. *Proceedings from Technical Meeting on Social Protection as a Tool for Poverty Reduction in the Near East and North Africa*. 29th and 30th March. Beirut, Lebanon. <https://www.fao.org/3/i7651e/i7651e.pdf>

¹⁴ IMF. 2019. *Enhancing the role of SMEs in the Arab world — Some Key Considerations*. Washington, DC, International Monetary Fund. <https://www.elibrary.imf.org/view/journals/007/2019/040/article-A001-en.xml>

¹⁵ World Bank. 2023. Logistics Performance Index (LPI) International Scorecard Page. In World Bank. Cited 15 September 2022. <https://lpi.worldbank.org/international/scorecard>

¹⁶ UNIDO. No date. UNIDO Industrial Statistics Database. Vienna, United Nations Industrial Development Organisation. www.eui.eu/Research/Library/ResearchGuides/Economics/Statistics/DataPortal/UNIDO.

¹⁷ FAOSTAT. No date. Consumer Price Indices. Rome, FAO. <https://www.fao.org/faostat/en/#data/CP>

assessing and developing gender-sensitive value chains and promoting gender-responsive business models in service provision.

14. Unemployment in NENA is high, at 11.5 percent in 2021 – as compared to the world average of 6.2 percent – and reaches almost 27 percent for youth aged from 15 to 24 years¹⁸, while a large share of employment (68.6 percent) is informal.¹⁹ Women’s participation in the labour force remains low, at around 19 percent, compared to a male participation of 77 percent and a world average of 49 percent.²⁰ Women are largely engaged in the informal sector, and are disproportionately represented among unpaid contributing family members. For instance, 88.7 percent of women aged 15-24 work informally, while the percentage women aged 35-54 in the informal domain reaches 57.8 percent.²¹ These figures suggest that the work of women is generally not recognized, adequately retributed for and protected. Women in both agricultural and off-farm activities suffer from a substantial wage gap.²² Discriminatory social norms impose more barriers on women, particularly the young ones and those living in rural areas in accessing productive resources and services, technology, markets and finance, as well as a disproportionate work burden and mobility restrictions. Their participation in local institutions, governance mechanisms and decision-making is also low. Gender-transformative approaches need to address the discriminatory social norms, attitudes and perceptions underpinning gender and social inequalities in rural areas and communities.²³

15. The high levels of informality and decent work deficits are driving poverty and pushing young people to search for work outside agriculture or their rural communities. Often, the most vulnerable and marginalized are the ones left working in primary agriculture production including the poor, migrants, children and women, especially those facing intersecting axes of disadvantage such as women refugees and minority groups.²⁴

16. Governments across the region have made substantial efforts to scale-up social protection outreach and benefits, especially for informal labour, with varying degrees of success. Examples are the development of farmer registry in the Lebanese Republic and the Hashemite Kingdom of Jordan, which allow for better targeting of rural producers. There is growing consensus that significant investments and reforms are necessary to ensure social safety nets are robust and cover those who need them most.

17. FAO promotes decent rural employment and economic inclusion for youth and women in agrifood systems through several interconnected initiatives such as supporting youth-led startups to access markets (Agrination Initiative); promoting youth employment in the Islamic Republic of Mauritania (*Building Resilience in the Sahel region through job creation for youth*) through capacity development and inter-ministerial collaborations; sensitizing youth about the hazards facing child labourers in the agriculture (REEFI mobile application); developing digital literacy for small producers, women and youth in the agrifood sector (the Arab Republic of Egypt and the Islamic Republic of Mauritania); and policy guidance for the design and implementation of effective social insurance

¹⁸ **World Bank.** 2022. World Development Indicators: unemployment, youth total. In World Bank. Washington. Cited 9 September 2022. <https://data.worldbank.org/indicator/SL.UEM.1524.ZS>

¹⁹ ILO. 2018. *Women and men in the informal economy: a statistical picture* (third edition). International Labour Office – Geneva: ILO 2018

²⁰ World Bank, based on modeled ILO estimates retrieved from International Labour Organization, ILOSTAT database (25/06/023): <https://data.worldbank.org/indicator/SL.TLF.CACT.FE.ZS?end=2019&locations=ZQ-1W&start=2019&view=bar>

²¹ ILO. 2018. *Women and men in the informal economy: a statistical picture* (third edition). International Labour Office – Geneva: ILO, 2018

²² FAO. 2023. *The status of women in agrifood systems*. Rome. <https://doi.org/10.4060/cc5343en>

²³ Please refer to the Information Note NERC/24/INF/28 *Promoting Gender Equality and Women’s Empowerment for Inclusive Agrifood Systems Transformation in the Near East and North Africa region* for a more detailed overview of FAO’s response and priority actions on these thematic areas.

²⁴ According to UN Women, “intersectionality recognizes that people’s lives are shaped by their identities, relationships and social factors. These combine to create intersecting forms of privilege and oppression depending on a person’s context and existing power structures such as patriarchy, ableism, colonialism, imperialism, homophobia and racism.” UN Women. 2023. *Intersectionality Explained*. Online <https://unwomen.org.au/our-work/focus-area/intersectionality-explained/>

programmes.(partnership with the International Policy Centre for Inclusive Growth [IPC-IG) and the International Labour Organization [ILO)).

18. Extension and Rural Advisory Services (RAS) play a critical role in addressing the productivity and profitability challenges faced by small-scale farmers. Despite the plurality of service providers, RAS systems in NENA are still deficient on aspects of access to markets, agribusiness, value addition and collective action. Moreover, lack of coordination and networking mechanisms to leverage complementarities and synergies in service provision is a challenge. Ultimately, RAS are not effectively reaching smallholder farmers, and even when they do, they fall short of addressing gender and age-specific considerations. Generally, the public extension workforce is limited, poorly funded or equipped and remains mostly focused on crop production and protection with limited capacities in market-orientation. Declining or stagnant policy support and lack of investment in modernizing RAS add to the challenge.²⁵

19. NERC at its 36th Session called for increased efforts towards modernizing extension and RAS in the region. To this effect, FAO assessed the status of RAS in the region and facilitated consultative efforts towards RAS modernization, responding to calls for strengthening regional networking, information sharing and exchange on RAS. FAO in collaboration with the International Fund for Agricultural Development (IFAD), is supporting the establishment of the Arab Forum for Rural Advisory Services (AFRAS). AFRAS is envisaged to operate under the umbrella of the Global Forum for Rural Advisory Services (GFRAS) in line with similar regional networks worldwide.

20. FAO's support for improving RAS provision encompasses diverse interventions enhancing the productivity and profitability of small-scale farmers through participatory and peer-learning approaches like the Farmer Field School (FFS) and Farm Business School (FBS). Notably, FFS and FBS, along with other interventions, served as entry points to promote rural women's equitable access to agricultural inputs, resources and services. For over two decades, FFS has been widely used in the region towards sustainable intensification of agricultural production, and for the uptake of good agricultural and climate-smart practices, modern irrigation technologies, pest management and dairy processing techniques. FFS has been promoted in the context of different programmes tackling a variety of crops, with important outcomes such as the reduction in the use of chemical fertilizers and pesticides (the Lebanese Republic). In June 2023, FAO RNE organized a regional forum on FFS to capitalize on experiences and lessons learned and promote dialogue and coordination among FFS practitioners and stakeholders. Focusing on sound business and farm management practices, FBS promotes market-orientation, helping farmers transition to "farming-as-a-business". FBS has been widely implemented/scaled across different interventions in the Lebanese Republic , and it was introduced in the Hashemite Kingdom of Jordan , Sultanate of Oman and Syrian Arab Republic.

21. Access to finance is identified as a gap, which limits small-scale farming, the growth potential of MSMEs and the upgrading of value chains more broadly. Financial service providers see the agrifood sector as highly risky and deem agri-SMEs not "investable" if too small, too informal or lacking sufficient capacity in financial management and accounting. Women entrepreneurs are not equally empowered to source finance at par with men due to lack of collateral. Accessing finance is even more challenging in conflict-prone and conflict-affected contexts afflicted by high uncertainty for investors and financial service providers, hence the importance of designing finance schemes that recognize the specific needs of vulnerable people. Therefore, it becomes essential to enhance the financial, business and digital literacy of smallholder farmers and of other small-scale actors in the food supply chain to improve their access to different forms of finance (e.g. digital finance and green and climate finance).

22. FAO supports strengthening access to finance for agri-SMEs so they can upgrade and adopt more sustainable practices. Efforts are underway to promote financial inclusion by analysing the status of the finance gap, exploring means to foster greater gender equity and youth empowerment, assessing capacity development needs of financiers and agri-SMEs, and exploring partnerships for better coordination across the financial ecosystem. Leveraging digital technologies and financial literacy,

²⁵ FAO. 2023. *Advancing rural advisory services in Arab countries to promote market-orientation and inclusive transformation: a regional study*. Cairo, FAO. <https://doi.org/10.4060/cc6277en>

while supporting farmers and SMEs in adopting digital financial instruments and business models, will contribute to bridging the digital divide and enhance financial inclusion.

23. Producer organizations (POs) and cooperatives support small-scale farmers with access to inputs, services, markets, finance, technologies and value addition to stimulate innovations to varying degrees across the NENA region. A stocktake and situation analysis of cooperatives undertaken by FAO identified challenges in terms of governance, organizational and institutional capacities, technical support, financial resources and coordination, in addition to outdated legal frameworks. Women are still under-represented in POs across the region, especially in leadership positions, whereas lack of land ownership is often an exclusionary factor for women membership in cooperatives. Positively, an interest in reinforcing the role and potential of cooperatives is emerging across the region, including in the Kingdom of Saudi Arabia and the Sultanate of Oman, with promising initiatives evident in several countries like the Lebanese Republic, the Kingdom of Morocco and the Republic of Tunisia.

24. FAO's work focuses on promoting an enabling environment for collective action, developing capacities in cooperative business management, facilitating knowledge exchange and review of the legal and institutional frameworks, and women's empowerment through the establishment and reinforcement of cooperatives and associations, e.g. in the Lebanese Republic.

25. Accelerating rural transformation entails leveraging innovation, existing tools and solutions made possible by science and technology at all levels. Innovation offers opportunities for attracting youth to agriculture harnessing for instance digital solutions, agri-tech and mechanization. Mobilizing public and private sector collaboration is essential for scaling and sustaining such efforts.

26. Since 2020, the appropriation of digital tools and their use has expanded in NENA, where the number of internet users exceeded 300 million in 2021 (70 percent of the population) with 4G as a leading mobile technology. Digital technologies have the potential for enhancing traceability and transparency across supply chains by ensuring the collection of comprehensive data, real-time tracking, easy aggregation, integration, analysis and sharing.²⁶ Such technologies would be critical to tracking food origin, favour food safety and quality, reveal value distribution and enhance consumers' trust. They would also facilitate access to rural services such as banking, insurance, trainings, information on agricultural practices, techniques and market prices in this respect, FAO has undertaken a study examining feasibility, barriers and incentives for the deployment and adoption of digital technologies, proposing recommendations for a broader uptake by SMEs and relevant value chain actors.

27. During the last two years several mobile applications have emerged in the region, some of them with FAO support²⁷, spanning production, weather warnings, market prices, cost benefit analysis and e-commerce among others. The FAO Digital Villages Initiative promoted national digital agriculture strategies, digital capacities and digital literacy of extension agents as well as villagers, especially rural women and youth. A regional policy dialogue on digital agriculture, was also fostered through the "Digital Agriculture Solutions Forum" held in 2023 in the Hashemite Kingdom of Jordan, in collaboration with the International Telecommunication Union (ITU).

28. Challenges, however, were identified in terms of policy and legal environment, infrastructure, digital literacy, the rural and gender digital gap, affordability and access to digital technologies and information services. Investments in connectivity infrastructure, development of policy, strategies and legal frameworks addressing digital inclusion, data and information security, user protection, content

²⁶ World Economic Forum. 2019. Innovation with a Purpose: Improving Traceability in Food Value Chains through Technology Innovations. Geneva, www.weforum.org/reports/innovation-with-a-purpose-improving-traceability-in-food-value-chains-through-technology-innovations/

²⁷ Examples include: agricultural advice (el Mufeed application); irrigation scheduling advice and monitoring of land and water productivity (Water Productivity Open-access portal [WaPOR]); agriculture extension (El Rafidain and Ma' Al Muzare); lab services; data repository systems; grant management information system; e-learning on rural entrepreneurship; farm records (FBSI); occupational safety and health in agriculture and rural children and youth (REEFI); linking agricultural students to the job market (Fooras); the Lebanese Farmers' Registry; and the agri-school inventory system.

relevance and accountability, and incentives for multi-stakeholders and multi-sectorial partnerships are needed to favour inclusive benefits.

III. Challenges and opportunities

29. Efforts towards rural transformation are hindered by multiple factors, including limited coherence of institutional and policy frameworks and lack of concerted and coordinated efforts. These for instance affect horizontal and vertical coordination of MSMEs and their access to finance, markets and innovation, which in turn relate to persistent low value addition, high levels of food loss, and lagging awareness and support for “greening” and climate change adaptation. Similarly lack of an enabling policy environment for extension and RAS, stagnant investments and limited coordination mechanisms among service providers undermine effective service provision. Importantly, drivers of exclusion (across gender, age and socioeconomic status) are not sufficiently addressed in policies of relevance for rural transformation. Overcoming fragmentation is essential to enabling concerted action towards sustainable rural transformation, leveraging the transformational role of collective action and related institutions.

30. Holistic approaches that interconnect solutions and challenges in and beyond the agrifood systems were strongly advocated in the context of the UNFSS. Working systemically entails adopting multi-sectoral, multi-level and multi-stakeholder approaches to tackle complex and context-specific challenges, evidenced and informed by accurate data. Policies, strategies and programmes that are integrated, coherent and complementary, coupled with targeted investments and favouring legal environments emerge as key factors enabling more resilient and sustainable rural livelihoods. Equally important is the strengthening of capacities in pursuing such coordinated efforts and of partnerships, alliances and collaboration among diverse agrifood systems actors for a broader and more sustainable impact. Beyond rural transformation and to ensure inclusivity and coherence in the broader agrifood systems transformation, synergies and trade-offs need to be considered in relation to food security and healthy diets, greening agriculture, water scarcity and climate action, and building resilience to multiple shocks, while considering nexus approaches to water-energy-food-environment and humanitarian-peace-development.

IV. Response options

31. In the light of the above opportunities and challenges, the below response options are proposed for consideration by the regional conference.

32. **Response 1: Policy.** Foster policy and data analysis to inform the development of more coherent, evidence-based and complementary policies and programmes that cut across different sectors, ensuring accountability and responsiveness to the context-specific needs of different categories of actors in the agrifood system. This entails:

- a. promoting multi-stakeholder and multi-level processes and approaches in problem identification, policy and programme formulation (aligning national policies to sub-national and local action, taking note of the territorial dimension) and across the rural-urban continuum, while fostering institutional complementarities and collaborations;
- b. ensuring systematic mainstreaming of gender, youth and inclusivity in policy and programmes formulation and implementation, informed by updated sex- and age--disaggregated data and analysis;
- c. addressing agri-MSMEs, POs and cooperatives in policy frameworks, leveraging their role in the policy processes for more systemic and coordinated policies that promote sustainable and inclusive agribusiness development;
- d. adopting transformative approaches to address discriminatory policy and legal frameworks, institutions and social norms to promote equality and social inclusion, with particular attention to addressing gender-based barriers; and

- e. considering a nexus approach in policy analysis and formulation that takes note of the linkages between agrifood systems and the health (e.g. labour safety in agriculture and agribusiness, nutrition education, agripreneurship, social protection) and the energy systems.

33. **Response 2: Investment.** Promote targeted investment/finance for inclusive and sustainable rural transformation addressing rural infrastructure, institutions, agri-SMEs, services, capacities, science and innovation, collective action and cooperative movement, with a specific focus on financial inclusion and innovative finance solutions like blended finance and agricultural insurance schemes and social protection. Specific actions include:

- a. catalysing coordinated actions, partnerships and commitment from a variety of stakeholders and a more enabling environment for agri-SME finance;
- b. strengthening the investment-readiness of agri-SMEs and the capacities of financial institutions to tailor products and internal processes to better serve agri-SMEs in different contexts;
- c. developing targeted support programmes, mentorship opportunities and financial inclusion measures to facilitate access to finance for women and youth-led startups and MSMEs, for POs and cooperatives, for rural producers and small-scale farmers. This may include digital and financial literacy, digital finance, value chain finance, as well as access to “sustainable” and green finance to promote sustainable business practices and climate resilience;
- d. mobilizing investments in modernizing extension and rural advisory service systems to expand and upgrade RAS human and operational resources and infrastructure across providers from different sectors;
- e. promoting intensified investments in contexts where the gender and age gaps are still profound; this includes social insurance and social protection programmes targeted at the poorest and other vulnerable categories; and
- f. advocating for investment in rural connectivity and infrastructure to foster digital inclusion, readiness and adaptation of digital agriculture solutions.

34. **Response 3: Capacity.** Strengthen the capacity of agrifood system actors as key agents of rural transformation, focusing on the development of institutional and human capacities, and the socioeconomic empowerment of women, youth and vulnerable groups of different socio-economic conditions. This includes:

- a. empowering small-scale producers, POs, startups and MSMEs (off- and on-farm) to upgrade, adapt, build resilience and add more value to generate income and decent employment for all, in particular women, youth and marginalized groups;
- b. strengthening the role of producer organizations and cooperatives in elevating farmers’ voice, delivering farmer-responsive services and catalysing farmers’ collective action for inclusive rural transformation, while leveraging the important role of women’s cooperatives;
- c. strengthening the institutional capacity of both local government and non-governmental organizations for more inclusive, evidence-based, effective and sustainable planning, governance and action at the territorial and grassroots level;
- d. reinforcing the capacity of rural advisory and agricultural support services to become more accessible, inclusive, market-oriented and responsive to different categories of farmers in particular vulnerable groups;
- e. capitalizing on experiences and proven approaches for developing farmers’ capacities to engage in sustainable intensification practices, co-create knowledge and build resilience, such as the Farmer Field Schools and climate-resilient practices;
- f. strengthening farmers’ knowledge and practices in farm business management and financial literacy so they can improve market-orientation and increase profits, leveraging approaches like the Farm Business School; and

- g. strengthening the capacity of small-scale women and men farmers, MSMEs, cooperatives and POs in taking up digital technologies and digital agriculture solutions to increase productivity and profitability, make informed choices and benefit from more transparent transactions.
35. **Response 4: Cooperation.** Foster strategic cooperation, networking and partnership among different actors in the agrifood system for broader and more inclusive rural transformation.
- Support, promote and capacitate the nascent Arab Forum for Rural Advisory Services dedicated to advancing extension/RAS in the region through networking, experience sharing and knowledge management. While also supporting dedicated youth and women's initiatives within the forum itself.
 - Engage, with an inclusive and collaborative approach, various agrifood systems actors in stakeholder dialogues to inform the formulation of regional and country programmes on rural transformation.
 - Foster multi-sectoral and multi-stakeholder efforts and partnerships towards an enabling ecosystem to nurture innovation, technology and digital solutions for inclusive and sustainable transformation, leaving no one behind.

V. Accelerators and cross-cutting issues

36. FAO's Strategic Framework 2022-31 identifies the following elements as accelerators of food systems transformation: technology, innovation, data and the enabling complements of governance, institutions and human capital. Gender, youth and inclusion represent cross-cutting issues.
37. The four responses advocated by FAO embed the cross-cutting issues of gender, youth and inclusion at the core, and leverage the accelerators to enable inclusive and sustainable rural and agrifood system transformation.²⁸

Annex: List of FAO Priority Programmatic Areas that will contribute to achieving the proposed objectives

Regional priority action area	FAO Programme Priority Area	SDG targets
1- Inclusive and sustainable approaches for rural transformation within rural-urban continuum promoted in the NENA	BL2 – Inclusive Rural Transformation	1.1; 8.3; 10.2; 11.a
2- Innovation and digital solutions for inclusive transformation are promoted	BP5 – Digital Agriculture	1.4; 5.b; 9.c
3- Sustainable intensification of agricultural production is promoted	BP1 - Innovation for Sustainable Agriculture Production	2.3; 2.4

²⁸ Please refer to the Information Note *Promoting Gender Equality and Women's Empowerment for Inclusive Agrifood Systems Transformation in the Near East and North Africa region* for a more detailed overview of FAO's response and priority actions on these thematic areas.

4- Producer organizations, extension and advisory services are supported	BP4 - Small-Scale Producers' Equitable Access to Resources	1.4; 2.3;
5- Efficient sustainable and inclusive value chains and agri-businesses are developed	BP4 - Small-Scale Producers' Equitable Access to Resources	1.4; 2.3; 9.3
6- Decent rural employment and economic inclusion for youth and women are promoted	BL2 - Inclusive Rural Transformation	1.1; 8.3; 8.5; 10.2
Contribution to the Four Betters: Better Production and Better Life		
Cross Cutting Themes: Gender, Youth, Inclusion		
Accelerators: Innovation; Technology; Complements – Governance, Institutions and Human Capital		