



PAFO-COLEACP INNOVATION SERIES: Innovations and successes of African farmer-led businesses and SMEs

Session N°5

Food and Nutrition Security: the contribution of MSMEs and businesses

22nd July 2021, 12:00-14:00 (GMT)

English-French interpretation available

1. Context

Africa is not on track to meet the Sustainable Development Goal (SDG) n°2 targets to end hunger and ensure access by all people to safe, nutritious, and sufficient food all year round and to end all forms of malnutrition. The number of hungry people on the continent has risen by 47.9 million since 2014 and now stands at 250.3 million, or nearly one-fifth of the population. Of these, 15.6 million people are in Northern Africa and 234.7 million in sub-Saharan Africa. In addition, there are 426.0 million people in Africa who are moderately food insecure (i.e., they eat low quality diets and might be forced, at times during the year, to reduce the quantity of food they would normally eat). A continued worsening of food security is expected also for 2021 because of the COVID-19 pandemic¹ and due to price hikes.²

In addition to hunger, across all countries in Africa, millions of people suffer from widespread micronutrient deficiencies. More than 820 million people suffer from undernutrition and hunger, 150 million children under age 5 have stunted growth, two billion people are estimated to be deficient in one or more micronutrients and 2 billion people are overweight or obese.³ These conditions all have severe consequences for survival, for morbidity, and for the ability of individuals, the economy and society to thrive. Undernutrition in early life can have devastating and life-long consequences for physical growth as well as cognitive and social development and can lead to lifelong physical and mental impairments.⁴

The 'triple burden' of malnutrition - undernutrition (underweight, stunting and wasting), overweight and obesity and micronutrient deficiencies - is especially serious in developing countries, and acute in Africa. Even if some achievements have been made, especially in

1 FAO, ECA and AUC. 2021. [Africa regional overview of food security and nutrition, 2020: Transforming food systems for affordable healthy diets](#). Accra, FAO.

2 WFP. [Pandemic job losses conspire with high food prices to push food out of reach for millions](#). 7th July 2021.

3 FAO, IFAD, UNICEF, WFP and WHO. [The state of food security and nutrition in the world. 2019 Safeguarding against economic slowdowns and downturns](#). Rome, Italy: FAO; 2019.

4 FAO. [The future of food and agriculture](#). Trends and challenges. 2017.



addressing childhood malnutrition,⁵ the progress in fighting malnutrition in all its forms is happening too slowly to achieve the SDG n°2 by 2030.⁶

2. Needed changes in dietary patterns

While there has been significant progress in increasing world food production, the Food and Agriculture Organization of the United Nations (FAO) estimates that a further 50% increase in food production by 2050 will be needed to feed a growing world population a nutritious, safe, and sustainable diet.⁷

However, increasing food available for consumption also relies on reducing food waste.

Being overweight and obesity are increasing worldwide due to increased consumption of foods high in energy, fats, added sugars or salt, and an inadequate intake of fruits, vegetables and dietary fibre. Analyses based on household surveys, and FAO food balance sheets, suggest accelerated growth in consumption of meat and slower growth in consumption of fruits and vegetables. This trend, together with rapidly growing consumption of processed foods, often with excessive quantities of salt, sugar, and preservatives, has given rise to concerns over the shift towards less healthy diets and the increasing prevalence of micronutrient deficiency and overweight.⁸

This '**nutrition transition**' reflects rapid urbanization, the increased production of processed food, and more sedentary lifestyles. The African continent is no exception.

Across Africa, most of the **food loss** happens between harvest and the point of sale. Some of the leading causes of food loss in Africa are a lack of cold chain facilities especially for perishables, unreliable and inadequate storage facilities and insufficient agro-processing skills among smallholder farming communities.⁹ There is an increasing need for food production and **processing** to increase food safety and reduce food losses. Appropriate storage and transportation (e.g., cold chains) help avoid food contamination and lessen post-harvest nutrient loss in fresh products. Food processing (e.g., through milling, cooking, freezing, fermentation, or fortification) can increase shelf-life, food palatability and convenience, and nutrient content.¹⁰

Food safety is also a key concern, as unsafe food remains a major cause of disease and death, especially in Africa. WHO lists nine factors that contribute to outbreaks of food-borne diseases: unsafe water used in food cleaning and processing; poor production processes and handling, including inappropriate use of agricultural chemicals; the lack of storage infrastructure; and inadequate or poorly enforced regulatory standards. COLEACP experience shows that local capacity to implement food safety standards and regulations is a key contributor to supply nutritious safe food.

Diets adopted have direct consequences for public health, sustainable development and climate change. Current food consumption patterns also impose high health and environmental costs, which are not reflected in food prices. Adopting a more plant-based dietary pattern would not only reduce the cost of diets but also lower the health and environmental costs.¹¹ Therefore, considering shifts in the way we produce, process and consume food and the impact it has in our environment are urgent.

5 The prevalence of stunting in children under 5 has been reduced by about 32% in the last 20 years (WHO).

6 Development Initiatives. [Global Nutrition Report 2018: Shining a light to spur action on nutrition](#). Bristol, UK. 2018.

7 FAO. [The future of food and agriculture](#): Alternative pathways to 2050. Rome, Italy; 2018.

8 FAO. [The future of food and agriculture](#). Trends and challenges. 2017.

9 FAO. [International Day of Awareness of Food Loss and Waste](#). 2020.

10 FAO, ECA and AUC. 2021. [Africa regional overview of food security and nutrition, 2020: Transforming food systems for affordable healthy diets](#). Accra, FAO.

11 *ibid.*

While food production must keep the pace with increasing demand, **equitable food access and adequate food utilization** must be ensured as there are significant **inequalities in nutrition outcomes** within countries and populations.¹² Across all income groups, healthy and nutrient adequate diets are three to over five times considerably more expensive than energy sufficient diets. Nearly three-quarters of the African population cannot afford a “healthy” diet, and more than half cannot afford a “nutrient adequate” diet. Even the “energy sufficient” diet is out of reach for 11.3 percent of the continent’s population.¹³ Nutritious foods, such as fruits, vegetables and animal proteins, are relatively expensive when compared to staples such as cereals and starchy roots. Inequality in incomes and other means of subsistence explain large differences in access to diversified and nutritious food and poorer households have little access to food storage, cooking equipment and clean water, and to services, such as health care and basic nutrition education.

Ways in which **agriculture can sustainably contribute to improving dietary diversity and nutrition outcomes** include providing more support for agricultural research and extension services; sustainable intensification of production and land governance; adoption of effective and adapted technologies; integrated agro-forestry systems that reduce deforestation and promote harvesting of nutrient-rich and indigenous products; improved market infrastructure and food safety; education strategies that strengthen local food systems and promote cultivation and consumption of local micronutrient rich foods; biofortification to enhance nutritional quality; reduction of postharvest losses via improved handling, preservation, storage, preparation and processing techniques. Reducing the gender gap remains a key priority for effective change. **Empowering women** can have more direct positive impacts on the nutrition of their families. There is generally a positive association between women’s empowerment and their own nutrition and food security and that of their young children. Several studies link maternal decision-making, autonomy, or empowerment in agricultural production to indicators of better child or women’s nutrition. Recently, it was experimentally confirmed that women’s empowerment is a pathway by which a nutrition-sensitive programme could improve children’s nutritional status. Empowering women benefits them, their families, and the overall economy.¹⁴

Nutrition-sensitive value chains can be built through various interventions, including **consumer knowledge and awareness campaigns** that increase demand for nutrient-rich foods, demonstrate their benefits, and promote tools that improve the nutritional value of foods along the value chain.

To increase use, adoption and generation of knowledge on **nutritional-related information and innovations**, the links between micro, small- and medium-sized enterprises (MSMEs) and research organisations need to be strengthened and best practices shared. Labelling and marketing strategies need to be in place to guide consumers in their choices and promote healthy lifestyles. Impactful successful stories need to be shared to demonstrate the return on investment and promote policies and regulations conducive to businesses that incentivize investments into nutritious food value chains.

12 IFPRI. [2020 Global Nutrition Report](#).

13 FAO, ECA and AUC. 2021. [Africa regional overview of food security and nutrition, 2020: Transforming food systems for affordable healthy diets](#). Accra, FAO.

14 GAIN. [Empowering women throughout the food supply chain](#). 2020.

3. The key role of MSMEs and businesses in producing nutritious food

Making nutritious and safe foods available, accessible, affordable, and desirable for improved nutrition requires action from all stakeholders in the food system, including producers, processors, retailers, and consumers, in both private and public institutions.

Local MSMEs and businesses have a key role to play as they provide most of the food consumed in Africa. They play a key role on the supply chain in domestic markets, generate jobs and income, especially amongst youth, are closely linked to producers and rural areas, know the food preferences of their clients and are rapid adopters of technologies and innovations. SMEs and businesses also serve institutional markets, such as government feeding programs and humanitarian agencies.

However, MSMEs struggle to make nutritious foods affordable to poor consumers in an economically viable manner, due to the high production costs involved. To address a severe impact on the availability of nutritious foods, food insecurity, and hunger in the aftermath of the COVID-19 pandemic, increased support will be needed to **improve domestic value chain resiliency**, enhance value chain coordination, and foster innovation.¹⁵ This chain is dominated by smallholder farmers and small to medium traders and wholesalers, who transport produce from rural production zones to urban web markets through a web of small to medium-scale traders.

Studies by the Global Alliance for Improved Nutrition (GAIN)¹⁶ recommend a more **supportive tax system for MSMEs** that produce nutritious food; agricultural policies that support the production of more diverse and nutrient-rich foods; stimulating **technology and innovation** adapted to the scale of SMEs and transfer of technologies; reducing administrative barriers for MSMEs and facilitate essential business procedures, access to necessary inputs such as credit, infrastructure and energy.

MSMEs should be included in any public- or private-sector efforts to increase the availability, accessibility, and affordability of nutritious foods in Africa.¹⁷ MSMEs are the missing middle in accessing funds and investments as they are too big for micro-finance and too small for commercial lending. Therefore, efforts to increase **available financing for nutritious foods producing MSMEs** in Africa and other low-income regions is essential to strengthen food value chains and increase the supply of nutritious foods. Private capital – particularly blended finance – has considerable potential to fill the financing gap to unlock more investment in and technical support to MSMEs working in nutritious food value chains.¹⁸

Agri-food exports from Africa to the European Union are key development enablers through job creation and increased revenues, especially among groups such as youth and rural women. But as importantly contribute to improved food security, nutrition and food safety thanks to the **dissemination of knowledge and know-how** on aspects such as **sanitary and phytosanitary compliance, social empowerment and environmental protection**, so that **skills and technologies** adopted for export markets also benefit production and thus consumption on dynamic local and regional markets.

15 Kaat Van Hoyweghen, Anna Fabry, Hendrik Feytaerts, Idrissa Wade, Miet Maertens. [Resilience of global and local value chains to the Covid-19 pandemic: Survey evidence from vegetable value chains in Senegal](#). International Association of Agricultural Economists. 2021.

16 FAO. GAIN. [Leveraging Small and Medium Enterprises to improve nutrition](#). 2018.

17 Demmler KM. [The Role of Small and Medium-sized Enterprises in Nutritious Food Supply Chains in Africa](#). GAIN. Working Paper Series #2. Geneva, Switzerland, 2020.

18 Stella Nordhagen, Sofia Condés and Greg S. Garrett. [Blended finance: A promising approach to unleash private investments in nutritious food value chains in frontier markets](#). Gain Discussion Paper Series n. 1. 2019.

4. Key points for discussion on transitioning to nutritious food

- How African MSMEs and farmers organisations can increase production and marketing of nutritious food in a profitable way?
- What obstacles do they face? What support do they need?
- What incentives can be provided to MSMEs and smallholders to transition towards more healthy and nutritious food and what investments from the public and private sector can accelerate this transition?

PROGRAMME 22 July 2021 (12:00-14:00 GMT)

12:00-12:10 Introduction

Welcome:

- *Fatma Ben Rejeb, CEO, PAFO*
- *Jeremy Knops, General Delegate, COLEACP*

Moderator: *Isolina Boto, Head of Networks and Alliances, COLEACP*

12:10-12:50 Panel: Successes of businesses

- *Marie Ange Mukagahima, CEO, Zima Enterprise, Rwanda*
- *Jolenta Joseph, CEO, Sanavita, Tanzania*
- *Oluwaseun Sangoleye, Founder, Baby Grubz, Nigeria*
- *David Foli Ayivor, Founder and CEO, AGROMYX, Ghana*

12:50-13:10 Discussants

- *Lawrence Haddad, Executive Director, Global Alliance for Improved Nutrition (GAIN)*
- *Aggrey Agumya, Director for Research and Innovation, Forum for Agricultural Research in Africa (FARA)*

13:10-13:45 Debate

13:45-14:00 Key takeaways and conclusion

Fatma Ben Rejeb, CEO, PAFO