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Leveraging Small and Medium Enterprises to improve nutrition



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ACRONYMS

AGI	Association of Ghana Industries
ANF4W	Affordable Nutritious Foods for Women
CAADP	African Union's Comprehensive African Agriculture Development Programme
CFS	Committee for World Food Security
CIAT	International Center for Tropical Agriculture
ESN	Nutrition and Food Systems Division of the Food and Agriculture Organization of the United Nations
FAO	Food and Agriculture Organization of the United Nations
FBDGs	Food-Based Dietary Guidelines
GAFSP	Global Agriculture and Food Security Program
GAIN	Global Alliance for Improved Nutrition
GIZ	<i>Deutsche Gesellschaft für Internationale Zusammenarbeit</i> (German Agency for Technical Cooperation)
GRET	<i>Groupe de Recherche et d'Echanges Technologiques</i>
HGSF	Home-Grown School Feeding
IDS	Institute of Development Studies
IFIs	International Financial Institutions
IFPRI	International Food Policy Research Institute
IFAD	International Fund for Agricultural Development
IFNA	Initiative for Food and Nutrition Security in Africa
KIT	Royal Tropical Institute
MAFF	Ministry of Agriculture, Forestry and Fisheries of Japan
NSVCs	Nutrition-sensitive value chains
PPPs	Public-Private Partnerships
RBAs	Rome-Based Agencies
SAFIN	Smallholder Agriculture Finance and Investment Network
SDGs	Sustainable Development Goals
SME	Small and Medium Enterprise
UNICEF	United Nations International Children's Emergency Fund
USAID	United States Agency for International Development
USDA	United States Department of Agriculture
WB	World Bank
WFP	World Food Programme
WHO	World Health Organization



SUMMARY

On 16 and 17 November 2017, FAO's Nutrition and Food Systems Division (ESN), in collaboration with the Global Alliance for Improved Nutrition (GAIN), organized a workshop on 'Leveraging Small and Medium Enterprises (SMEs) to Improve Nutrition.' The workshop was organized with support from the project *Strengthening capacities for nutrition – sensitive food systems through a multi-stakeholder approach* funded by the Ministry of Agriculture, Forestry and Fisheries (MAFF) of Japan and the FAO Multipartner Programme Support Mechanism (FMM) 2015–2017, *Enabling women to benefit more equally from agri-food value chains*.

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. SMEs in the food industry play a pivotal role, as in many contexts they provide a large share of the day-to-day sustenance for low-income households – a trend which is increasing with growing urbanization. However, they are often overlooked, falling between the crevices of policies on agriculture, food safety, nutrition, trade, and agro-industry. The workshop sought to address the following questions: Is it possible to shape markets to produce and sell foods that contribute to a healthier diet? Can 'nutrition' be a business opportunity for SMEs that are reaching the hungry? What support do they need to do this in a successful and sustainable way? And how can we generate demand for these foods and therefore use the power of markets to drive improved availability, affordability, and desirability for consumers?

This global-level workshop pursued the following objectives:

1. Exchange experiences, lessons learnt and good practices and business models from ongoing efforts to promote and sell nutritious and healthy foods through SMEs.
2. Identify opportunities for, and constraints to, strengthening the contribution of SMEs to promoting healthy diets and nutrition-sensitive food systems.
3. Identify priorities for support and collaboration to enhance the role of SMEs in promoting healthy diets and to help them build on good nutrition as a 'business opportunity'.

Over 60 participants attended the workshop, including managers of SMEs producing nutritious foods across Africa and a representative of the Association of Ghana Industries (AGI); representatives from the Ministries of Agriculture of Ghana, Kenya and Vietnam; development practitioners; and researchers.

Workshop outcomes: priority action areas

The workshop was divided into plenary and group work sessions. Overall, it was very interactive. SMEs shared their experiences, challenges and successes in bringing nutritious foods to markets. Based on these accounts, participants identified the following priority areas as requiring further support, specifying for each a series of key action points:

1) Facilitating the supply of nutritious foods by reducing production costs

SMEs struggle to make nutritious foods affordable to poor consumers in an economically viable manner, due to the high production costs involved. The following areas have the potential to reduce these costs:

- ✓ Make the tax system more supportive of SMEs that produce nutritious foods (e.g. reducing import taxes on ingredients such as micronutrient fortificants).
- ✓ Enable an affordable, adequate and steady supply of quality ingredients through agricultural policies that support the production of more diverse and nutrient-rich foods (not only staples).
- ✓ Extend agricultural subsidies beyond the farm gate to support i.e. throughout the food system, SMEs in particular processors of nutritious foods.
- ✓ Stimulate technology and innovation that remove obstacles in the supply chain and are adapted to the scale of SMEs.
- ✓ Provide training on, and streamline/support the application of, food safety standards and regulations and facilitate the transfer of technologies.
- ✓ Facilitate access to necessary inputs such as credit, infrastructure and energy.
- ✓ Reduce administrative barriers for SMEs and facilitate essential business procedures.

2) Increasing the demand for nutritious foods and marketing

Increasing demand for nutritious foods is key for the sustainability of SMEs, but they lack the marketing resources that larger companies enjoy. The following were suggestions for the public sector:

- ✓ Conduct of public campaigns for nutritious foods, to inform consumers of their benefits;
- ✓ Increase access of SMEs to market analyses and consumer research;
- ✓ Regulate labelling claims and marketing strategies (including the use of quality seals) to preclude abusive nutritional claims and unfair competition; and
- ✓ Improve the links between SMEs that produce nutritious foods and public procurement mechanisms (e.g. school meals).

3) Accessing funds and investments

SMEs are too big for micro-finance and too small for commercial lending. Innovation is therefore essential to help them access the finance they need to be established and thriving:

- ✓ Access to credit: stimulate innovation in terms of credit schemes that are accessible and adapted to SMEs (including with government support, in the context of PPPs).
- ✓ Explore the possibility of creating a 'Nutrition Fund' to support SMEs that promote and provide nutritious foods.
- ✓ Integrate support to SMEs that produce nutritious foods in large public investment funds (e.g. the Global Agriculture and Food Security Program (GAFSP) and national investment plans (e.g. National Agriculture Investment Plans [NAIPs]).

4) Establishing a network of SMEs

SMEs recognized that they would be better able to advocate for the actions listed above, and government representatives said they would be better able to help them, if SMEs were better organized. Participants thus discussed how to create associations of SMEs providing nutritious foods, in particular at country level – for example, by building on the existing GAIN Communities of Practice.

Main conclusions and next steps

A powerful message which emerged from the workshop is that many SMEs supplying nutritious foods are not only profit-seeking enterprises but socially-oriented companies contributing to a public good. Given the costs that malnutrition inflicts on public health systems, participants argued that these SMEs should be provided preferential public support. SME representatives insisted they were not necessarily asking for funding, but rather for enabling policies, programmes and technical assistance that make it easier for their business to be viable.

Participants showed keen interest on the topics discussed and expressed appreciation for the opportunity to learn from each other's experience. Participating agencies, recognized the valuable support they can provide and the need to steer their ongoing work to better support SMEs. In terms of next steps, participants from Ghana, Kenya and Vietnam confirmed that holding similar multi-stakeholder workshops at country level will be very useful for exploring country-specific priorities and actions.



INTRODUCTION

Background, rationale and structure of the workshop

The Food and Agriculture Organization of the United Nations (FAO), in close collaboration with the Global Alliance for Improve Nutrition (GAIN) Marketplace for Nutritious Foods, convened a technical workshop, on ‘Leveraging Small and Medium Enterprises (SMEs) to Improve Nutrition’, on 16 and 17 November 2017, in Rome. The workshop was made possible by support from the project *“Strengthening capacities for nutrition – sensitive food systems through a multi-stakeholder approach”*, funded by the Ministry of Agriculture, Forestry and Fisheries (MAFF) of Japan (GCP/GLO/712/JPN) and the FAO Multipartner Programme Support Mechanism (FMM) 2015–2017 (*Enabling women to benefit more equally from agri-food value chains*).

The workshop was part of the efforts of FAO, GAIN, and the Japanese Government to contribute to improvements in nutrition in the world. These organizations recognize that eliminating malnutrition in all its forms is imperative to break the inter-generational cycle of poverty, and to attain the Sustainable Development Goals (SDGs) by 2030. Despite an increase in agricultural production, persistent and widespread hunger and malnutrition remain a huge challenge in many parts of the world. According to FAO’s Report ‘State of Food Insecurity 2017’, 815 million people across the

globe currently suffer from undernourishment, and 1 out of 4 children under 5 suffers from chronic malnutrition, while 52 million children are wasted, and 2 billion people suffer from micronutrient deficiencies. Alongside consumers’ increased purchasing power, the evolution of food systems has both responded to and driven changes in dietary preferences and patterns of consumption leaning towards overconsumption. These changes are reflected in the prevalence of overweight and obesity around the world: 41 million children under five (some 6 percent of the world’s total) were considered overweight¹ and around 640 million adults (13 percent of the world’s adult population) are obese.²

The workshop was opened by Mr Guenter Hemrich, the Deputy Director, a.i. of the Nutrition and Food Systems Division of FAO, with the affirming observation that nutrition-specific interventions alone are not sufficient to reverse these trends. A focus on people’s diets and dietary changes is essential, recognizing that these are linked to patterns of socio-economic development including urbanization. Seventy per cent of all food expenditure already occurs in cities, and this trend will continue to grow. This will have significant implications for the food economy, including a huge push for markets and the agri-food sector – from farming to distribution, from fresh to processed (even ultra processed) and packaged foods.

¹ UNICEF (United Nations International Children’s Emergency Fund) / WHO (World Health Organization) / World Bank Group Joint Child Malnutrition Estimates, 2017 edition.

² WHO/NCD-RisC (NCD [non-communicable disease] Risk Factor Collaboration) and WHO Global Health Observatory Data Repository, 2017.

These trends offer huge opportunities to SMEs, which already provide the majority of food consumed worldwide. SMEs play a key role in how the nutrition landscape will evolve and in the transformation of food systems, particularly the food environment, because they are: 1) closely linked to producers; 2) familiar with local consumer tastes and preferences; 3) engines in rural transformation, by means of job generation; and 4) drivers of innovation that are located close to rural areas. They can help improve nutrition not only by bringing nutritious foods to markets but also via job creation and income generation.

This workshop was convened because, while SMEs play a pivotal role in directly contributing to some of the SDGs, including SDG 2, 9 and 12, which are typically overlooked, falling between the crevices of policies on agricultural, food safety, nutrition, trade, and agro-industrial policy. Furthermore, many questions remain.

- *“Is it possible to shape markets to produce and sell nutritious foods, rather than ultra-processed foods of poor nutritional quality?”*
- *“What are the trade-offs – for example, between the pressure to reduce costs and the need to preserve food quality and nutritional value?”*
- *“Can ‘nutrition’ be a business opportunity for SMEs that are reaching the hungry?”*
- *“How can safe, nutritious, high-quality food products be produced at a cost that is affordable to low-income groups?” And,*
- *“can we generate demand for these foods and therefore use the power of markets to drive improved quality and desirability as well as increased availability and affordability for consumers?”.*

The Government of Japan, whose assistance made the workshop possible, is particularly committed to addressing these challenges, and has pledged to support FAO’s leadership in making food systems nutrition-sensitive. In view of the 2020 Tokyo Olympic and Paralympic Games, Japan is working with partners to accelerate actions for better nutrition (as part of the Nutrition for Growth - N4G initiative), especially through Public–Private Partnerships (PPPs). Together with FAO and other partners, Japan is striving to create an enabling environment for SMEs, to make nutrition a business opportunity while ensuring social accountability. In Africa, these efforts will contribute to the recently launched Initiative for Food and Nutrition Security in Africa (IFNA), which is led by the Japan International Cooperation Agency - JICA. The workshop will also inform the implementation of country-level activities in Ghana, Kenya and Vietnam, via the on-going project *“Strengthening capacities for nutrition-sensitive food systems through Public–Private Partnerships”* funded by the Government of Japan.

The workshop was designed to build on existing experiences drawn from FAO’s experience in supporting SMEs and developing nutrition-sensitive food systems, from GAIN’s Marketplace for Nutritious Foods, from various partners (e.g. Wageningen University, the International Center for Tropical Agriculture (CIAT), International Food Policy Research Institute (IFPRI), and – first and foremost – from SMEs aiming to bring affordable, safe, nutritious foods to low-income consumers.

Objectives and outputs of the workshop

The objectives of the workshop were:

1. to exchange experiences, lessons learnt and good practices and business models from ongoing efforts to promote and sell nutritious and healthy foods through SMEs;
2. to identify opportunities for, and constraints to, strengthening the contribution of SMEs to the promotion of healthy diets and nutrition-sensitive food systems; and
3. to identify priorities for support and collaboration to enhance the role of SMEs in promoting healthy diets and help them build on good nutrition as a 'business opportunity'.

The expected outputs of the workshop were:

- Summarised lessons learnt and recommendations for professionals interested to work on the role of SMEs and nutrition in research, policy and project development.
- Identified priorities for technical assistance, training, policy advice, and opportunities for collaboration at global, regional and country levels in support of SMEs that produce and market nutritious foods.
- Opportunities created for knowledge- and information-sharing and potential technology transfer among various stakeholders.

Participants

Over 60 participants attended the workshop, including: managers of SMEs producing nutritious foods in Ghana, Kenya, Mali and Mozambique and a representative of the Association of Ghana Industries (AGI); representatives from the Ministries of Agriculture of Ghana, Kenya and Vietnam; development practitioners from the Global Alliance for Improved Nutrition (GAIN), International Fund for Agricultural Development (IFAD), United States Department of Agriculture (USDA), World Bank (WB), *Groupe de Recherche et d'Echanges Technologiques* (GRET), and FAO headquarters and Ghana, Kenya and Vietnam country offices; and, finally, researchers from the University of Wageningen, International Food Policy Research Institute (IFPRI), International Center for Tropical Agriculture (CIAT), Institute of Development Studies (IDS), and Royal Tropical Institute (KIT). The full list of participants is in Annex 2.

Workshop agenda and approach

The workshop took place on November 16-17, 2017, it was a mix of plenary discussions, parallel sessions and group work. The detailed agenda is presented in Annex 1.



DEFINING KEY TERMS

What is a nutritious food?

The concept of “nutritious foods” was central to all discussions, as participants sought ways in which SMEs can contribute to healthier diets. Defining what foods can be categorised as nutritious therefore regularly came up as a topic of debate. Setting criteria for what can be labelled as a nutritious food is particularly important if the term is going to be the basis for seals and labels, or for preferential taxation.

Some participants called for a definition of ‘nutritious food’ in simple, workable terms, while others emphasized the need to talk about nutritious diets rather than individual foods. The need to consider both over- and under-consumption of certain foods in a context of the coexistence of under- and over-nutrition (the ‘double burden of malnutrition’) was also articulated.

“The definition of a nutritious food needs to be done in the context of a healthy diet.”

Dr Inge Bouwer, Wageningen University

Healthy diets are diets which are³:

- adequate, comprising sufficient food for a healthy life;
- diverse, containing a variety of foods, including plenty of fruits and vegetables, legumes and whole grains;
- low in food components of public health concern: sugars and salt consumed in moderation (with all salt iodised) and fats being unsaturated rather than saturated or trans-fats; and
- safe, so they do not cause food-borne disease.

The World Health Organization (WHO) also emphasizes that healthy diet should contain abundant, diverse plant foods, limit or avoid highly processed foods such as sugar-sweetened beverages and processed meats, and include appropriate consumption of other nutritious foods aligned with dietary needs for life stage (WHO, 2015).

³ From FAO publication: Influencing food environments for healthy diets www.fao.org/3/a-i6484e.pdf

Participants suggested that Food-Based Dietary Guidelines (FBDGs)⁴ can be the most appropriate instrument for defining what constitutes healthy diet in a given context, based on the nutrition situation and local eating habits. They can help identify foods that need to be promoted and others whose consumption should be reduced.

Food-Based Dietary Guidelines

(FBDGs) are a set of easily understood messages about healthy diets for the general public. They are intended to guide public policies and programmes on food and nutrition, health and agriculture, and to encourage nutrition education programmes to foster healthy eating habits and lifestyles. FBDGs are developed under the leadership of the government (in general, the Ministry of Health and Ministry of Agriculture) with support from academia and other nutrition partners. The FAO repository of FBDGs currently features national FBDGs from nearly 100 countries.

What is a Small and Medium Enterprise?

According to the OECD Statistical database, Small and Medium Enterprises (SMEs) are “non-subsiary, independent firms which employ fewer than a given number of employees. This number varies across countries. The most frequent upper limit designating an SME is 250 employees, as in the European Union.”

The workshop focused on SMEs involved in the food sector, in particular food producers, processors and retailers, which aim to make nutritious foods available to local consumers. Participants recognised that the term SMEs covers a great variety of enterprises that exists (e.g. community-based enterprises, farmer associations), and that their needs may differ. The discussions during the workshop did not delve into these differences but participants highlighted it would be important to take them into consideration in moving forward.

⁴ <http://www.fao.org/nutrition/nutrition-education/food-dietary-guidelines/en/>.

WORKSHOP FINDINGS: 4 PRIORITY ACTION AREAS

“How can we modernise existing financial mechanisms and food policies in support of SMEs producing nutritious foods for the public good? Our nutritionally inadequate food system is generating a tsunami of dietary-related non-communicable diseases. A wave of over-nutrition, now coupled with undernutrition, is crashing down on already inadequate health systems. Public health is bearing the consequences of nutritionally inadequate food systems!”

Ms Bonnie McClafferty, GAIN

Conscious of the immense public health and nutrition challenges facing the world today, workshop participants agreed that the situation calls for a new way of doing business whereby public health and environmental needs are given greater consideration.

Participants also addressed the issue of achieving **scale**. They recognized that while an SME supplying nutritious foods generally operates at a limited scale, many have ambitions to develop their business and increase their market share. More importantly, **the scale comes from their sheer numbers as a class of businesses** and from their key interaction with both local consumers and producers. Their role is, therefore, critical in creating a healthier food environment⁵.

But SMEs **need to be supported** by

governments, who can create an enabling environment for SMEs while ensuring consumer protection; by **development partners**, who can provide technical assistance to SMEs, increase the visibility of their key role, and act as a broker between the different stakeholders; and by **research organizations and academia**, which can provide data, knowledge and skills to support business strategies that impact nutrition positively.

“If we are helped by our governments, the sky will be our limit.”

Ms Mabel-Ann Akoto Kwudzo, Okata Farms and Food Processing

The workshop discussions therefore focused on identifying the priority action areas which need to be addressed to help SMEs make nutritious foods affordable to low-income groups. Participants identified the following four priority action areas:

- Reducing production costs.
- Increasing the demand for, and supporting the marketing of, nutritious foods.
- Improving SMEs' access to finance.
- Supporting associations of SMEs working to produce nutritious foods.

For each action area, participants proposed several recommendations and identified the roles that each type of institution (governments, SMEs, development partners and academia) can play in implementing these recommendations. These findings are presented in Annex 1.

⁵ The food environment is defined as the availability, affordability, convenience and desirability of various foods. The food environment is directly affected by the food system, and in turn affects diet quality and nutritional status. (Herforth and Ahmed, 2015)

1. REDUCING THE COSTS OF PRODUCTION

Action points:

- Make the taxation system more supportive of SMEs producing nutritious foods.
- Ensure affordable, adequate and steady supply of quality ingredients.
- Support/subsidize better processing and packaging of nutritious foods.
- Facilitate access to credit, infrastructure and energy required for production.
- Stimulate development and transfer of technology and innovation adapted to the needs of SMEs.
- Provide support for the application of food safety measures and good manufacturing processes.
- Reduce administrative barriers for the necessary licensing/accreditation for SMEs which can facilitate effective business procedures in production and distribution of food items.

SME representatives explained that high production costs and disproportionate burdens of registration and taxation constrain their ability to go to scale and serve low-income populations with quality nutritious foods. The cost of producing nutritious foods goes beyond the typical costs incurred by other food businesses that do not have a nutrition focus. Typical costs

include those of procuring high-quality raw materials (and the extra costs of integrating their supply chains and investing in training local farmers in improved agriculture practices and/or cleaning raw materials); obtaining quality micronutrient premixes in the case of fortified foods; adequate packaging; certification; the cost of equipment and technology (e.g. emulsifiers for food fortification); and laboratory analyses for nutrient content analyses and food safety.

Participants agreed there is a lack of knowledge and guidelines for best practices around how to modify a nutritious product to reach the 'Bottom of the Pyramid' and how to adjust their business models while remaining commercially viable.

"SMEs that produce for high-end markets recognize that there is an unmet opportunity to couple those product lines with products for low-income consumers. For some, however, this consumer segment and its purchasing habits remains a 'black box'. Marketing and producing for low-income consumers may call for completely different strategies. For instance, if you fail in product composition, pricing, labelling and packaging/sizing, then you may fail to enter this market segment."

Dr Matthias Jager, CIAT

Participants emphasized the importance of **finding opportunities to reduce costs (and losses) at all stages of the value chain**. They emphasized the following as the most important issues to facilitate the supply of ingredients and reduce the cost of producing nutritious foods:

✓ **Make the taxation system more supportive**

SME representatives explained that the taxation system is not always efficient and that there are many taxes imposed on them. They advocated for taxation systems to include incentives for SMEs that produce nutritious foods. For example, the Government of Vietnam has an enterprise law that recognizes enterprises with a social purpose and supports these by lowering the corporate tax by 5 percent compared to other enterprises. In some countries, micronutrient premixes brought in to fortify foods are altogether exempt from import tariffs.

✓ **Ensure an affordable supply of quality ingredients**

The cost of ingredients for nutritious food products – especially fruits, vegetables, pulses, fish, animal-source foods, and traditional cereals, roots and tubers – is often more expensive than the cost of staples of more limited nutritional value. This is both technical (these foods are more delicate and perishable, requiring a strong cold-chain infrastructure, for example) and political (for many governments, food security and nutrition security equate to staple security, and their **agriculture policies therefore prioritize subsidies of, and research into, staple crop production** (e.g. maize and rice) at the expense of more nutritious foods. Participants highlighted the importance of governments' supporting the production of **all types of foods**, especially

those of high nutritional value. SME participants talked of 'smart subsidies' that were targeted at nutritious food ingredients, and spoke of the infrastructure that needs to be in place to preserve and support them.

Mr Otieno Okello, Managing Director of Pioneer Fish Farm Limited, explained that 70–80 years of initiatives encouraging the production and consumption of fish are resulting in people learning to eat fish even in non-fishing zones. This is a business opportunity. Indeed, between 2008 and 2013, the Kenyan Government actively supported the fisheries sector through investments in the promotion of aquaculture (e.g. through the provision of equipment to establish fishponds). This created a favourable environment in which their business could prosper (due to the increased demand for fingerlings). But this policy was discontinued, leading to a significant decrease in fish production. Mr Otieno Okello is currently working with the government to address this gap.

Mr Eric Muthomi, CEO (Chief Executive Officer) of Stawi Foods and Fruits Limited, also emphasized the importance of the **batch size** of ingredients. Stawi Foods and Fruits Limited produces fortified blended flours and uses micronutrient premixes, but in smaller quantities than the regular large batch sizes used by large food manufacturers. The premix is an important cost element, and the ability to buy just the quantity required would yield considerable savings.

✓ **Support/subsidize better processing and packaging of nutritious foods**

Ms Fadima Siby Mariko, CEO of *Unité de transformation et de Conditionnement des Denrées Alimentaires* (UCODAL Sarl), in Mali, explained that in her country, the government supports farmers by means of subsidies for equipment and inputs but provides no support to processors, although these represent the main market for farmers, and the ‘missing middle’ between producers and consumers. Support is also required to access quality packaging.

“We are not asking for money but asking governments to make it easier for us to do business. Other partners can intervene and support us, but the government must have a strong will.”

Ms Fadima Siby Mariko, UCODAL Sarl

✓ **Facilitate access to infrastructure and energy**

SME representatives explained that high costs come from their energy bills. While big industrial players benefit from certain arrangements which lower their payment rate once a certain threshold has been passed, SMEs in many countries do not have anything like this and ‘get hit really hard’. Participants highlighted the importance of investments in roads and electricity and other elements to make it possible for them to efficiently manage the production, processing and transport of their produce (including cold chains where necessary). The government has a key role to play in this field. Mr Otieno Okello,

Pioneer Fish Farm Limited, illustrated this with a positive example: the decentralisation process in Kenya has resulted in greater investments in secondary roads throughout the country, and an education policy requires all schools to have electricity – which has resulted in increased access to electricity in many villages and towns. These policies have made it much easier to manage stocks and transport produce across the country.

✓ **Stimulate technology and innovation adapted to SMEs**

On the one hand, it is difficult for SMEs to obtain access to appropriate technology (due to its unavailability and/or the lack of local expertise); on the other, the cost of technology sometimes prevents them from scaling up their business. For example, Mr Eric Muthomi from Stawi Foods and Fruits Limited stressed that because he is still functioning with medium-sized equipment, he faces difficulties in meeting rising market demand. Access to technology and innovation is intimately linked to the question of access to finance and credit (see action area 3, below).

“Expertise for transfer of technology is really expensive, and at the same time banks don’t lend money to SMEs.”

Ms Rose Mutuku, Smart Logistics Solution Limited.

Representatives of development partners and research organizations suggested that this is an area where they could potentially provide more support. Partnerships between research organizations and SMEs, supported by

development partners, can help reduce R&D costs for SMEs and facilitate technology transfer, for example.

✓ **Support the application of food safety measures**

Participants highlighted the fact that the safety of foods is as essential as its nutritional value, and that the quality of the produce brought to the market by SMEs is one of the comparative advantages they rely on. However, the efforts required for compliance with food safety and quality standards (e.g. laboratory testing, the cost of training and/or recruiting trained staff), and in some cases certification requirements, are an important cost element. Participants highlighted the role of government in facilitating compliance with food safety standards (e.g. clear and simple regulations, easier access to laboratories and testing facilities etc.). They also stressed the role of development partners in providing technical assistance to SMEs on food safety.

“Governments are stewards: they’re not creating regulation for its own sake, but for the public good. So how can we be stewards for SMEs and for the public good at the same time?”

Ms Bonnie McClafferty, GAIN

✓ **Reduce administrative barriers to SMEs and facilitate business procedures**

A considerable challenge faced by SMEs are “the numerous regulations and the lack of capacity to comply with those,” as Ms Rose Mutuku,

Smart Logistics Solution Limited, explained. Mr Trung Kien Nguyen, Director of the Division of Commodity Markets at the Institute of Policy and Strategy for Agriculture and Rural Development in Vietnam, explained that the Government of Vietnam is making specific efforts to guide SMEs and is lessening the administrative burden on enterprises in order to reduce the cost of doing business (see Annex 3.1). The Government of Vietnam is also providing specific assistance to SMEs, but on the principle of avoiding distortions in the market.

“Who is going to adopt us? You go out there and you find everyone is hitting you with regulations, taxes, and licenses.”

Ms Rose Mutuku, Smart Logistics Solution Limited

2. INCREASING THE DEMAND FOR, AND MARKETING OF, NUTRITIOUS FOODS

Action points:

- Conduct effective public campaigns for nutritious foods.
- Promote access of SMEs to market analyses and consumer research.
- Regulate labelling claims and marketing.
- Link SMEs to public procurement programmes.

Another entry point for supporting SMEs that are interested in supplying nutritious foods involves driving up demand for these foods and ensuring that there is a sustainable market for them.

Participants identified the following areas as requiring support:

✓ **Conduct effective public campaign for nutritious foods**

Ms Fadima Siby Mariko, CEO of UCODAL, along with other SME representatives, highlighted the need to address the socio-cultural issues behind malnutrition such as food taboos and lack of knowledge of nutrition. Ms Fadima Siby Mariko suggested that the government should have a **big communication plan** to show people the importance of consuming nutritious products, which would also support the marketing strategies of SMEs providing these products.

She emphasized that this requires governments to go beyond tackling emergencies and adopt a long-term policy recognizing that malnutrition is a public health issue.

“Healthy foods and diets are not sufficiently promoted by the authorities, and SMEs don’t have the same budget as the big companies to invest in communication and promotion around nutrition.”

Ms Catherine Krobo Edusei, Eden Tree Limited.

All participants strongly agreed that communication, awareness-raising on malnutrition, and campaigns in local languages that address taboos and cultural barriers were essential. Mr Daniel Amanquah, from the AGI, illustrated the point by describing how the OBAASIMA Seal and Campaign (see **case study on p. 30**), which introduced a seal to guarantee the nutritional quality of fortified products, also carried out non-branded communication about balanced diets and the importance of fortified foods as a complement to natural, healthy foods. Ms Bibi Giyose, Senior Nutrition Officer of Policy and Program team of ESN, noted that traditional foods often have a high nutritional value, but that the lack of information about their **nutrient content and food composition data** is an obstacle to their promotion. This is a gap that research institutions can help address.

Finally, all participants saw the value of FBDGs in defining a nutritious diet. These guidelines are a key reference for public awareness campaigns.

They can also be a great help to SMEs that are looking to identify and develop their products, and to promote them to the public.

✓ **Promote access of SMEs to market analyses and consumer research**

Participants identified the need for consumer research that can enable SMEs to identify specific market segments and to design product development and marketing strategies which suit consumers' expectations and budgets. As Matthias Jager from CIAT explained, SMEs could be producing nutritious foods, but if the demand in low-and middle-income segments is not there, or if demand exists only in high-end markets, then their contribution to improving the diets of consumers at the Bottom of the Pyramid fails. He suggested that "there is a clear task for researchers: consumer research to inform product development and market introduction strategies, as well as making critical knowledge available to SMEs in order for them to successfully enter markets."⁶

"We need to develop nutritious food products for different categories of consumers. How does research help SMEs to venture in these new markets and explicitly link the commodity they are producing to nutrition?"

Dr Christine Chege, CIAT

⁶ See as an example the article by the GRET: Marketing Complementary Foods and Supplements in Burkina Faso, Madagascar, and Vietnam: Lessons Learned from the Nutrived Program journals.sagepub.com/doi/pdf/10.1177/156482651003125208

✓ **Regulate labelling claims and marketing**

Participants discussed the value of labels and quality certifications in helping their products stand out. Mr Daniel Amanquah from the AGI described how the OBAASIMA Seal and Campaign developed a seal for nutritious foods, which many food companies are now interested in acquiring and ready to pay for (see **case study on p. 30**). Indeed, the seal operates as a guarantee for consumers. SME representatives also emphasized the importance of regulating marketing and labelling procedures to prevent companies from making false nutritional claims that create unfair competition for them. This is particularly important for companies producing foods for infants.⁷ FBDGs can be an important instrument to support the development of such marketing regulations and labels. Food composition data is also important, to support nutritional claims and labels.

✓ **Link SMEs to public procurement programmes**

An effective way to reach low-income consumers and create a market for SMEs producing nutritious foods is to link the latter to public institutional procurement systems, such as school feeding and food assistance programmes. Through these programmes, governments can drive increased demand for nutritious foods. There are several

⁷ In the WHO International Code of Marketing of Breastmilk Substitutes and its recent amendments, the promotion and labelling of infant foods are regulated to avoid abuses, unfair competition and protect consumers. See: www.who.int/nutrition/publications/infantfeeding/9241541601/en/apps.who.int/gb/ebwha/pdf_files/WHA69/A69_7Add1-en.pdf

initiatives underway to develop local procurement strategies to supply institutional feeding programmes, both government-led and supported by development partners such as the World Food Programme (WFP) and FAO.⁸ Opportunities to better integrate SMEs in these initiatives should be sought.

3. ACCESS TO FINANCE

Action points:

- Increase access to credit.
- Explore the creation of a Nutrition Fund.
- Integrate nutrition for SMEs in large public investment funds.

“Financing is key. There are grants, but we are looking at sustainable financing because we’re businesses, not beggars.”

Ms Rose Mutuku, Smart Logistics Solutions Limited.

Access to finance is one of the major bottlenecks SMEs face in sustaining and developing their businesses. Participants felt it was difficult to go into sufficient depth on this issue, given

the need for dialogue with finance experts, and also because this issue is not specific to SMEs producing nutritious food but applies instead to any kind of SMEs. This said, several recommendations and suggestions for follow-up were discussed:

✓ Increase access to credit

A major challenge for SMEs is that they are “too big for micro-finance and too small for commercial lending”, in the words of Bonnie McClafferty of GAIN. Participants raised the need for credit instruments that are adapted to the scale and frame conditions of SMEs.

“SMEs are too big for microfinance and too small for commercial lending.”

Ms Bonnie McClafferty, GAIN.

How? Participants agreed this question should be discussed further with finance experts, in particular in fora where the funding of SMEs in developing countries is addressed (such as the Smallholder Agriculture Finance and Investment Network [SAFIN]). PPPs with a degree of risk-sharing could be among the strategies to be explored. The specific needs and role of SMEs seeking to provide nutritious foods for low-income groups should be considered in the process.

⁸ Examples include the Home-Grown School Feeding approach launched by WFP and now supported by other Rome-Based Agencies (RBAs), ‘Purchase for Progress’. Several governments are adopting policies to favour local procurement. For example, Burkina Faso’s National Nutrition Policy promotes the use of local fortified infant flours in malnutrition strategies.

Explore the creation of a Nutrition Fund or blended funded mechanisms for grants and credits

"We need to cleverly use public money to unlock private capital."

Ms Bonnie McClafferty, GAIN.

Participants debated whether a Nutrition Fund should be created to support SMEs. The views on this proposition were mixed. Ms Catherine Krobo Edusei from Eden Tree Limited believes that "An SME Nutrition Fund would be great to solve many issues and would ideally be linked to SME associations" (see action area 4). Ms Philomena Chege from the Ministry of Agriculture, Livestock and Fisheries in Kenya stated: "If the fund for nutrition does not exist yet, it should be our priority to create it." Other participants were more sceptical. "Who should pay for the fund and who should manage it?" asked Benoist Veillerette of FAO (Strategic Program 1). "It should be the other way around: first you organize yourself as an association and then the fund is created." Mr Trung Kien Nguyen from Vietnam also mentioned that financial support should be provided to SMEs, taking care not to create market distortions in the process.

Another proposal was to use blended funding mechanisms for grants and credits which allow contributions from the private sector, such as multinationals that could also support SMEs together with donors and governments.

There was sufficient interest in the idea to warrant

further exploration. This may include reviewing existing initiatives to raise funds for nutrition (e.g. the Power of Nutrition www.powerofnutrition.org) to see whether and how these initiatives might be leveraged in favour of SMEs working to provide nutritious foods.

✓ Integrate nutrition for SMEs in large public investment funds

Participants discussed the potential for leveraging larger investments in agricultural development and value chains in favour of SMEs producing nutritious foods. The environment for this is rather conducive, as the major agriculture investment banks (IFAD, World Bank Agriculture Global Practice, African Development Bank etc.) have all made nutrition-sensitive agriculture a priority in their portfolio. Regional initiatives such as the African Union's Comprehensive African Agriculture Development Programme (CAADP) are also promoting the mainstreaming of nutrition in National Agriculture Investment Plans. But ensuring that these principles are applied on the ground is still difficult. Many agriculture investment programmes and funds were designed with the "old-school, stove-piped commodity view," in the words of one participant.

Ms Tea Franich, from the World Bank-housed Global Agriculture Food Security Programme (GAFSP) Coordination Unit (CU), explained that the GAFSP – a post-food crisis funding mechanism created by G8 and G20 – has channelled almost USD 1.5 billion in grants and blended financing to support country-led efforts to fight hunger, poverty and achieve the

SDGs. GAFSP does not have specific earmarking for nutrition, since GAFSP financing is based specifically on country needs. To date, GAFSP projects have used various indicators to capture the impact of nutrition-related activities.⁹ The GAFSP counterpart is usually the Ministry of Finance, although GAFSP works with other ministries as well. The workshop facilitator suggested that this highlights the importance of multi-sectoral dialogue at country level, as although ministries of finance and agriculture may prioritize productivity gains, revenue generation and job creation over nutrition, ministries of health may promote a greater focus on nutrition, given the public health costs involved. In fact, several GASFP-funded programmes make specific efforts to address nutrition (e.g. USD 158 million of GAFSP Public Sector financing). Ms Bonnie McClafferty emphasized the role of development partners as making a connection between SMEs and development investments and supporting the alignment of different interest. *“Let’s get development banks to invest in a nutrition fund for SMEs, for example,”* she said.

⁹ GAFSP uses various indicators such as: number and proportion of malnourished, as defined by underweight, stunting, wasting, and micronutrient deficiency, disaggregated by gender (Bangladesh and Kenya); chronic malnutrition rate in children under 5 (Benin, Burundi, Mali, and Zambia); delivery of nutrition, health awareness, and access to micronutrient-rich foods to pregnant and nursing women and to children (Benin, Bhutan, Cambodia, Kenya, the Kyrgyz Republic, Nepal, and Nicaragua); improved food security and nutritional status of vulnerable groups and households measured by wasting prevalence (The Gambia), food consumption score (Kyrgyz Republic and Mongolia) and dietary Diversity Score (Honduras, Nicaragua, Rwanda, Uganda, and Yemen). GAFSP will be deploying the Food Insecurity Experience Scale (FIES) in 2018 at the project level in at least one country, Liberia.

4. ESTABLISHING A NETWORK OF SMES SUPPLYING NUTRITIOUS FOODS

Addressing the challenges described above as a single agent is impossible. But the strength of SMEs lies in their physical proximity to low-income consumers and their numbers. Consensus regarding the importance of supporting associations of SMEs producing nutritious foods grew throughout the course of the workshop.

“The SMEs need to regroup and form an association which can sit with Government and articulate issues which affect their operations, including lobbying to influence relevant policies by Government. The Government would appreciate such an idea.”

Ms Philomena Chege, Ministry of Agriculture, Livestock and Fisheries, Kenya

Associations could facilitate many actions, including the following:

- Advocacy efforts with governments in negotiating for more supportive policies, standards and regulations.
- Attracting/receiving technical assistance and technology transfer.
- Mobilizing funds and access to credit.
- Swapping notes on successful initiatives, technologies and capitalizing on each other's experiences.
- Developing seals or quality certifications (see the OBAASIMA Seal and Campaign on p. 30).

"We feel we're ready, we cannot wait for studies, we feel it's time to do it, otherwise it will take another decade and we will have lost an opportunity! But if there are at least eight or nine organizations talking about it for a while, I think we have the quorum to start it off. I already invented the name of our association: NUTRIPAL – Nutritious Food Processors Association!"

Ms Rose Mutuku, Smart Logistics Solution Limited.

Participants emphasized that SME associations should be member-led. They could also include service providers (operating in fields such as packaging and, food safety). A common problem that hinders their development is the lack of leadership. Development partners could play a role in helping catalyse the process.

Participants evoked several existing experiences they can learn from and potentially engage with: the Communities of Practice of the Marketplace for Nutritious Foods, the SUN Business Network, and national fortification alliances, for instance. The example of the Eastern African Grain Council, which brings together grain traders, was also brought forward. However, nothing similar exists yet for nutritious foods, largely due to of lack of leadership, according to participants.)

The question of which scale associations should be formed at was discussed: global, regional or national? Most participants agreed that the priority was for national alliances, in particular to strengthen the dialogue with government and development partners at country level. Where appropriate, supporting existing associations should be the preferred approach in order to ensure sustainability in the long term.

"We can achieve scale collectively. Each enterprise is like a pixel in the bigger picture of providing healthy diets to a growing population. Our ambition is to build the picture by supporting the collective of pixels."

Ms Bonnie McClafferty, GAIN

NEXT STEPS: PROPOSITIONS MADE BY STAKEHOLDER GROUP

The workshop ended with participants discussing, in 'stakeholder' groups, the specific contributions they can make in progressing the agenda of SMEs' contribution to nutrition, building on their existing programmes and work plans. The conclusions of their discussions are presented here:

"The government should address nutrition issues as it addresses the health issue. Improving nutrition would reduce the cost of national health insurance."

Ms Paulina Addy, Ministry of Food and Agriculture, Ghana

Government representatives (from Ghana, Kenya, and Vietnam) identified the following areas as elements they could further explore with their relevant colleagues:

- Creating demand for nutritious foods by strengthening awareness through **nutrition education** and initiating the **development / updating of FBDGs**.
- **Evaluating the tax regime** and what can be done to lower operating costs for SMEs.
- **Supporting food safety** while making it less costly – for example by strengthening/clarifying regulations and supporting lab facilities.
- An immediate step which could help

accelerate progress is to compile **a catalogue of SMEs** in order to know how many are out there and what they do, so as to be able to intervene appropriately.

FAO participants proposed to contribute in the following ways:

- Using FAO's role as **convenor and facilitator** of multi-stakeholder dialogues on food security and nutrition, to promote the agenda of SMEs working for nutrition, using both online and 'in-person' fora (e.g. TECA¹⁰ discussion fora; Community of Practice on food loss and waste; food safety technical network). FAO's Nutrition and Food Systems Division, through the Japanese-funded project, will organize similar consultations in Ghana, Kenya, and Vietnam.¹¹ Finally, FAO can promote/ facilitate the participation of SMEs in certain key fora at global, regional and country level (e.g. in national level fora where Food-Based Dietary Guidelines are elaborated, or in global fora such as the Global Child Nutrition Forum on school food and nutrition).
- **Sharing knowledge** and normative products relevant to SMEs working on nutritious products (on nutrition-sensitive food systems, food processing, food safety, Food-Based Dietary Guidelines, etc. – see Annexes 4.1 and 4.2)

¹⁰ Technology and Practices for Small Agriculture Producers.

¹¹ And possibly Vietnam if interest from project partners is confirmed.

- **Supporting policy analysis** to identify policies and legislations which constrain SMEs working on nutritious foods and identifying ways to support their businesses, in close collaboration with relevant ministries (agriculture, trade etc.)
- **Supporting capacity development of SMEs**, including on nutrition-sensitive value chains and business plans, food safety, food processing, and reducing food loss.
- **Supporting the efforts of governments to promote nutrition** – for example, in the elaboration of Food-Based Dietary Guidelines and the adoption of nutrition-sensitive food and agriculture policies and investment plans.

Other development partners proposed to do the following:

- **GAIN's Marketplace for Nutritious Foods** can build on its Community of Practice to support SMEs in constituting country-level associations. GAIN can also discuss with WFP and SUN Business network how to work together to promote the agenda of SMEs working for nutrition.
- **The NGO Groupe de Recherche et d'Echanges Techniques - GRET** will continue to contribute to national nutrition policies in the countries where it operates, and aims to strengthen the nutrition awareness component of its programmes. It will also share its tools (see Annex 4.3.) and can share information and contacts working on consumer research and food safety.

- **Representatives from the United States Department of Agriculture (USDA)** proposed to disseminate the information from the workshop among their peers and to seek opportunities to make a space for SMEs in USDA funding for institutional procurement, in particular school food and nutrition. It also proposed to advocate for better inclusion of SMEs in PPPs operating in support of the Global Child Nutrition Forum.

Professionals working/collaborating with **International Financial Institutions (IFIs)** proposed to discuss further with relevant colleagues:

- How to strengthen efforts to **integrate nutrition activities in the investment portfolio**, such as public awareness campaigns on nutrition or public procurement of nutritious foods from local SMEs.
- How to **better address SME access to finance as part of large investments** (especially since currently most of the focus is on the production side).
- Explore the possibility of doing a **stock-taking exercise** of what IFIs have been doing to support SMEs that provide nutritious foods.
- Establish contact between participants in this workshop and the **Smallholder Agriculture Finance and Investment Network (SAFIN)** to ensure nutrition-related issues and the needs of SMEs working in nutrition are addressed in the Network.

Representatives from **research organizations** (Wageningen University, CIAT, IFRI, KIT) saw their contribution to the agenda as the following:

- Building the evidence in relation to the involvement of SMEs in improving the healthiness of diets.
- Conducting research on impact assessment, consumer behaviour and other relevant topics.
- Sharing the information and evidence that is available.
- Contributing to clarifying the definition of 'nutritious food'.
- Conducting national and subnational gap analysis to support the product development and marketing strategies of SMEs.
- Immediate steps: supporting data collection for the formulation of FBDGs, including guidelines on how SMEs can support their implementation.
- CIAT also proposed conducting capacity development of staff and programme managers, and supporting the development of the FAO RBA e-learning course on nutrition-sensitive value chains.

Last but not least, **SME representatives** saw they could individually and collectively support the action areas identified during the workshop in the following ways:

- Setting up an SME association for nutrition (with assistance from GAIN) to support their advocacy efforts and facilitate access to funds.
- Exploring the matching grants to get affordable loans.
- Lobbying financial institutions to collaborate with government on different pillars, in particular on R&D to develop new nutritious products and on access to technologies to reduce production costs.
- Liaising with development partners to know how to better access available information and advocating for organizations such as FAO to make information more easily available to SMEs.
- Advocating for and supporting women's empowerment in their activities.

CONCLUSIONS

A powerful message which emerged from the workshop discussions is that SMEs providing nutritious foods for low-income populations work not only for profit but also for the public good. In doing so, they face specific challenges that other businesses do not have to deal with (for example, the cost of high-quality, safe, nutritious ingredients). Participants therefore agreed that the contribution of SMEs to the public good should be recognized and that these should consequently receive special support from governments, development partners and research organizations.

All participants saw this workshop as an important step in a broader dialogue which must be pursued more proactively at country, regional and global levels. Representatives from Ghana, Kenya and Vietnam confirmed that similar events would be very useful at country level. All participants were keen to continue supporting SMEs that work to provide nutritious foods.

Ms Brave Ndisale, the Strategic Programme Leader, Hunger Eradication, Food security and Nutrition Programme Management Team of FAO (SP1 Leader) concluded the workshop by restating how essential SMEs are for nutrition.

“SMEs indeed play a fundamental role in getting a healthy plate to the population. SMEs are key because their business models are constantly adjusting to the reality on the ground, and they address the actual needs of the consumer, especially the most vulnerable ones, who are those with the least access to quality diets. If we are to achieve SDG Goal 2 and the other SDGs, we should have SMEs at the table. This workshop was critical in that regard”.

The SP1 Leader commented that one key stakeholder was missing in this gathering: consumer associations. These can be – and often already are – champions for nutrition, and they should participate in building an enabling environment for nutrition. In moving forward, she invited participants and their peers to identify what are the trade-offs for integrating nutrition in the food business. They should also explore what are the incentives for SMEs to engage in nutrition, while considering sustainability issues, including risk mitigation strategies. The workshop was concluded with the congratulatory words on the delivery of a successful event and emphasized that this issue should continue to receive the attention and support it merits.



DESCRIPTION OF SME ACTIVITIES

Pioneer Fish Farm Limited: *Samaki Kadogo* for nourishing the poor

Mr Otieno Okello

Managing Director,
Pioneer Fish Farm Limited,
Kenya

Product Innovation:

- Affordable-size fish, targeting low-income consumers
- Workshop expectations:
- Breaking the barriers of factors limiting the expansion of SMEs

Fish plays an important role in fighting hunger and malnutrition, yet it is a luxury for majority of the rural population in Kenya. Due to overfishing and declines in stocks, fish is becoming so costly that the average annual per capita consumption in the country 4.5 kg,(2014), compared to a worldwide average annual per capita consumption of about 20 kg (SOFIA,2016).

In the traditionally fish-producing region of Lake Victoria, however, an innovating aquaculture enterprise is trying to bring this nutritious food to poor people's table by adapting portion sizes to their pockets. In addition to breeding and producing big, table-size fish for the middle classes, Pioneer Fish Farm Limited has decided to respond to the huge, unmet demand for samaki kidogo (small-size fish) from low-income communities.

Since October 2011, Pioneer Fish Farm Limited has been breeding, rearing and selling nutritious tilapia and catfish fingerlings from its own ponds, as well as from local outgrowers. "With four pieces weighing 120 g to 150 g we can feed a family of four for the price of a single 500 g fish," Mr Otieno Okello, the managing director, says proudly.

The company's farm shop is a one-stop shop for fish in the area, and serves not only end-consumers but also fish farmers, who purchase fingerlings, feed and fish farming inputs. With the support of GAIN's Innovation Accelerator Programme, the company has expanded its hatchery to ensure consistent market supply in its catchment area, and has now started to build a network of retail outlets enabling them to expand into non-traditional fish-eating zones.

Quotes from Mr Otieno Okello

On product innovation:

- "What makes us different is that we target rural markets and produce fish that is consumed by the poorest. Supplying them, we were also able to grow the business."
- On the nutrition-specific agribusiness:
- "We want to be proud partners in the effort to feed the future generation. You can't go wrong with producing food, and you can't go wrong in producing quality, nutritious foods, either."

Smart Logistics Solution Limited: An agribusiness SME’s success story

Ms Rose Mutuku

Managing Director,
Smart Logistics Solution Limited,
Kenya

Product Innovation:

- Precooked and dehydrated pulses that can cook in 15 minutes and be stored without cold chain for over 12 months

Workshop expectations:

- How to strengthen SME agro-processors in order to support the rural economy and its nutritional needs

Quotes from Ms Rose Mutuku

On product innovation:
“...With the support of GAIN, we are preserving beans without a cold chain, using a method which retains the nutrients and ensures that they can be consumed after being soaked in hot water for just ten minutes.”

On the nutrition-specific agribusiness:
“We need someone to hold our hands, [as we] in turn hold [the] hands of those behind us.”

A mother’s intuition: the story behind *Beansy*

The precooked and dehydrated pulses line Beansy started from a humble, accidental beginning: a plate of beans hidden under a bed. Not wanting to eat his beans, Rose Mutuku’s son hid them under his bed, where she found them several weeks later. Annoyed at her son for hiding the food, but as a mother not wanting to let food go to waste, Rose Mutuku recalls adding water to the beans and leaving them unattended. Later that day, she found that the same plate of beans had miraculously regained a plump and delectable appearance.

She “dared to taste them” – and this was the beginning of an R&D project with GAIN that replaced the preserving properties of her son’s bed with a customized oven. Rose Mutuku understands her clientele, who aim to “put nutritious foods on the table” in little to no time. Her quick-to-cook and ready-to-eat nutritious foods target Base-of-the-Pyramid consumers within low-income communities. Her products are distributed in village shops, food kiosks, schools and hospitals. Smart Logistics Solutions Limited has 16 full-time and over 30 part-time staff, who together generate sales of up to USD 1 million per annum.

Stawi Foods and Fruits Limited

Mr Eric Muthomi

Founder and CEO,
Stawi Foods and Fruits Limited,
Kenya

Product innovation:

- A variety of blended and fortified flours made from nutritious local ingredients

Workshop expectations:

- Opportunities for technical assistance and investment – to enhance the role of SMEs in promoting healthy diets
- Sharing best practices in building profitable food processing companies focused on nutritious foods

Stawi Foods and Fruits Limited is a food processing business based in Nairobi, Kenya. It produces nutritious pre-cooked and fortified porridge flours that are sold in the Kenyan market.

STAWI stands for 'prosperity' in Swahili – prosperity for young people and women as well as for farmers. Stawi Foods and Fruits Limited is a farmer-friendly business which seeks to bring back equity for the farmers, strengthening their livelihood and hence contributing to their food security and nutrition. It cuts across various value chains including bananas, maize, millet, sorghum, sweet potato, amaranth, wheat and soybeans. The business aims to break the cycle of poverty among smallholder farmers and firmly believes in the potential of agriculture to do so.

Stawi Foods and Fruits Limited began in 2011, offering processed and packaged banana flour for sale to national supermarkets. Stawi Foods and Fruits Limited has garnered many recognitions and awards including the World Wide Fund for Nature Nature Challenge Africa in 2011, the Jitihada National Business Plan Competition in 2012 and the Forbes Africa Magazine, Top 30 under 30 entrepreneur award for Mr Eric Muthomi in 2013.

Website: <http://stawiindustries.com/>

Quotes from Mr Eric Muthomi

"Our work goes beyond profit: it has a social aspect [women's empowerment through direct and indirect employment]. We take it a step further: we make sure the food we process is highly nutritious for Kenyan families because we want the next generation to build Kenya, and for that they need to be healthy."

Xikhaba: An agro-processor SME’s GAINful story

Mr Octavio Muchanga

CEO, *Limpho Productos Alimentares Lda* (XIKABA),

Mozambique

Marketing innovation:

- Door-to-door nutrition education and product campaign

Workshop expectations:

- How to market products to reach people on low incomes who suffer of malnutrition
- How to introduce food products into school feeding schemes, workplaces, hospitals etc.

Hard work paved with helping hands

Although ground nuts are grown locally and consumed frequently among Mozambican households, peanut butter is still imported from South Africa. The loss of Mr Octavio Muchanga’s South Africa-based job in 2010 blessed him and his wife with a unique business opportunity.

In 2011, Mr Octavio Muchanga, with his wife’s support, started their family food business of processing groundnuts into peanut butter. With guidance from GAIN, Xikaba was able to increase production to 3 tonnes per day. His peanut butter batches are regularly screened for aflatoxins by LINHA.

Quotes from Mr Octavio Muchanga

On challenges in food technology:

“In our business plan, we sought to have small machines, but we had unforeseen additional costs due to inflation and taxes. This prevents us from buying other machines that would allow us to package foods in smaller batches for lower-income consumers.”

On competition from imports:

“We are losing to big crocodiles. We are the isolated ones.” (Foreign producers have powerful market strategies that conquer many consumers, making it difficult for local producers to thrive).

Unité de transformation et de Conditionnement des Denrées Alimentaires (UCODAL Sarl)

Ms Fadima Siby Mariko

CEO and Manager,

Unité de transformation et de Conditionnement des Denrées Alimentaires (UCODAL Sarl),

Mali

Marketing and product innovation:

- Targeted market segment strategy
 - Enriched cereal-based porridge for children, also beneficial for pregnant or lactating women
 - Cereal-based fortified foods for people with diabetes and overweight

UCODAL is the first agribusiness company created by a woman in Mali. The company has been operating since 1988 and specializes in the processing, packaging and marketing of local agro-food products (cereals and spices). Through its strategic operations over 20 years, the company has contributed greatly to developing and enhancing the cereal sector. UCODAL has engaged in promoting climate-resilient, easy to grow local cereals and thus improve the income of peasants who lack the necessary liquidity for inputs and face uncertain rainfall patterns.

Quote from Ms Fadima Siby Mariko

“If the government were to put in place a big communication programme about the importance of consuming nutritious foods, then we [SMEs] could tailor our activities to meet the demands.”

Okata Farms and Food Processing

Ms Mabel-Ann Akoto-Kwudzo

Executive Director,
Okata Farms and Food Processing,
Ghana

Marketing innovation:

- Vertical integration along the supply chain and outgrower scheme for varied organic products. These sell under their own 'Oka Foods' brand

Workshop expectations:

- How to access finance
- How to access machinery and packaging in order to reduce time from farm to shelf
- How to be able to penetrate the global market

Okata Farms and Food Processing has been producing, processing and marketing maize, rice, soy, and other organic crops since 2005. The company has 32 permanent employees and works with over 3,200 outgrowers, 80 percent of whom are women. Okata Farms and Food Processing has participated in various projects, such as the United States Agency for International Development Financing Ghanaian Agriculture Project (USAID FinGAP), and has won a number of national and international awards due to its socially responsible and ecologically sustainable business model.

This has, among other things, facilitated the company's access to finance in order to expand production and provide smallholder outgrowers with training on organic farming as well as education about nutritious foods. The company's good agricultural practices have allowed the sector's rural youth in particular to earn a decent income and thus improve their living conditions.

In December 2017, Okata Farms and Food Processing was selected as the second best farm in Ghana for 2017 with the recognition that Okata Farms and Food Processing has contributed to improved food security in the region targeting low income population group.

Quote from Ms Mabel-Ann Akoto-Kwudzo

"I ask for my government to improve the systems, give us finance and reduce interest rates. If they help us, the sky is our only limit."

Eden Tree Limited

Ms Catherine Krobo Edusei

Founder and Managing Director, Eden Tree Limited,

Ghana

Product or marketing innovation:

- High-quality fresh fruits, vegetables and herbs

Workshop expectations:

- How to access grants for solar technology

Eden Tree Limited is a business that produces and distributes fresh vegetables, fruits and herbs in Ghana's high-end market. It was founded in 1997. Eden Tree Limited has a strong focus on the quality of its products and invests in its management of the entire value chain: production, packaging, and distribution. It employs 73 employees and up to 100 outgrowers.

The company motto is 'quality and excellence at all costs'. The fresh produce comes from Eden Tree Limited's own farms as well as outgrower farms of some 100 acres in the Volta and Eastern regions of Ghana. Eden Tree Limited works with the outgrowers and trains them. Eden Tree Limited combines hands-on experience with the expertise of leading local and international food and agriculture experts to ensure that the products are grown in strict compliance with international food safety standards. The company enjoys 'Ghana Green Label' certification (recognizing good and environmentally sustainable agricultural practices).

Eden Tree Limited provides over 80 vegetables, fruits, and herb-related products including cabbage, carrots, tomatoes, yams, plantains, mangoes, mint and ginger to a customer base ranging from major food retailers and hotels in Ghana to restaurants and individual consumers. The company offers delivery services.

Eden Tree Limited also aims to promote healthy eating habits, as its motto is 'healthier people, better nation'. The website: [http://www.edentreegh.com/about /](http://www.edentreegh.com/about/)

Quotes from Ms Catherine Krobo Edusei

"Healthier people, better nation: we cannot develop if our people are not healthy [...]. We really need to fight these high-sugar, highly processed foods that are just putting people in hospital."

OBAASIMA: The symbol of fortified nutritious foods for women

Mr Daniel Amanquah

Technical advisor, Association of Ghana Industries (AGI)

Ghana

Marketing innovation:

- Certification scheme ('quality seal')

Product innovation:

- Three micronutrient-fortified products targeted at women of reproductive age

While optimal nutrition depends on enjoying a variety of diverse and healthy foods, consuming fortified foods can help meet vitamin and mineral requirements, which is particularly challenging in phases of a woman's life such as during pregnancy and lactation.

But how can the consumer be sure to buy a quality product, rich in the necessary micronutrients and free from unhealthy ingredients? In Ghana, the OBAASIMA scheme helps the consumer to make healthy food choices by certifying the quality of the fortified product and signalling this by means of a seal. Developed by the project 'Affordable Nutritious Foods for Women (ANF4W)', the OBAASIMA scheme is a partnership between the German Agency for Technical Cooperation (Deutsche Gesellschaft für Internationale Zusammenarbeit [GIZ]) and the private sector in Ghana, coordinated by the Association of Ghana Industries and the Ghana Standard Authority.

Quote from Mr Daniel Amanquah

"We are facing many current issues including global warming, economic challenges and low quality of agricultural produce. It would be difficult to solve the issue of malnutrition, but there is hope with commercial solutions for fortified local food products."

Since the scheme's inception, three fortified products have been commercialized: a cereal-legume mix, a biscuit line and a spice, vegetable and herb oil-based condiment. All products are produced by Ghanaian companies and have undergone the seal certification process that is overseen by an independent auditing firm in coordination with the Association of Ghana Industries and the Ghana Standards Authority.

The scheme has also supported a marketing campaign inclusive of a non-branded communication about the importance of balanced diets and healthy foods, plus a branded marketing campaign for the products.

ANNEXES

Annex 1: Stakeholder roles for reducing production costs

The following table summarises the roles each type of institution can play in helping SMEs reduce their production costs:

Stakeholder	Role
Government	<p>Adopt policies and procedures which reduce constraints to operating a business, such as:</p> <ul style="list-style-type: none"> ▪ Simplifying regulations and consulting SMEs when setting standards, in order to ensure these can comply. ▪ Generating incentives for producing and marketing nutritious foods through the taxation system. ▪ Supporting the production of nutritious foods through relevant sectoral policies (horticulture, fisheries etc.), focused on other produce than staple crops. ▪ Extending agricultural support to processors (not just producers). ▪ Supporting the application of food safety standards and procedures (e.g. training in good hygiene and management practices; access, where needed, to laboratory facilities etc.). ▪ Building trust in the control and management systems of public authorities by combatting corruption at all levels. <p>These actions would be facilitated if government places nutrition at the top of the political agenda and mainstreams nutrition in food and agriculture investments.</p>
SMEs/ private sector	<ul style="list-style-type: none"> ▪ Sensitizing governments to their need to reduce the cost of being in business.
Development partners	<ul style="list-style-type: none"> ▪ Advising policymakers on policies and procedures to create an enabling environment. ▪ Supporting lesson-sharing across countries and among institutions. ▪ Providing funding for technical assistance and capacity development on how to create an enabling environment for SMEs producing nutritious foods. ▪ Supporting SMEs in lobbying for policy change.
Research academia	<ul style="list-style-type: none"> ▪ Conducting research on bottlenecks and constraints to doing business faced by SMEs. ▪ Supporting the monitoring of the application of certain policies. ▪ Piloting and documenting innovative approaches. ▪ Supporting research on, and the development of, technologies and equipment adapted to the needs of SMEs (including the use of alternative energy resources). ▪ Supporting the development of nutritious processed foods. ▪ Supporting research on underutilised nutritious foods. ▪ Developing curricula for the next generation of those working in the food sector.

Annex 2: Stakeholder roles for increasing demand for nutritious foods

The following table summarises the roles each type of institution can play in helping increase demand for nutritious foods:

Stakeholder	Role
<p>Government</p>	<ul style="list-style-type: none"> ▪ Organizing public education and communication campaigns on nutrition and healthy diets (more credible than enterprise marketing because ‘unbiased’). ▪ Developing Food-Based Dietary Guidelines. ▪ Regulating labelling and marketing to prevent abuses and the spread of misinformation (including the application of, and adherence to Codex Alimentarius). ▪ Investing in consumer research and monitoring food consumption patterns.
<p>SMEs/ private sector</p>	<ul style="list-style-type: none"> ▪ Advertising and generating demand for nutritious foods, in line with government advice on healthy diets (c.f. FBDGs) and regulations for labelling and marketing.
<p>Development partners</p>	<ul style="list-style-type: none"> ▪ Providing technical assistance and funding to governments to develop and implement FBDGs and conduct public campaigns on nutrition and healthy diets (in schools, for general public, in health services, etc.). ▪ Providing financial and technical support for conducting consumer research. ▪ Advocating for the greater use of local nutritious foods.
<p>Research academia</p>	<ul style="list-style-type: none"> ▪ Conducting consumer research, with a focus on how to reach poor consumers. ▪ Partnering with SMEs to support their strategic needs in terms of information, data and information. ▪ Providing scientific evidence and knowledge in support of developing FBDGs and nutrition education campaigns (e.g. consumption patterns, food composition, etc.)

Annex 3: Stakeholder roles for supporting SMEs in accessing finance

Stakeholder roles on how to support SMEs in accessing finance were not discussed in detail, but the following points were brought up in the discussion and are highlighted here as a basis for further discussion:

Stakeholder	Role
Government	<ul style="list-style-type: none"> ▪ Ensuring nutritional issues are addressed in agriculture and rural development investment plans, and that interventions are implemented in collaboration with SMEs producing nutritious foods and used to strengthen their capacities and access to markets. ▪ Exploring opportunities for innovative financing mechanisms for SMEs producing nutritious foods, in partnerships with local commercial banks and international financial institutions (including with risk-sharing mechanisms).
SMEs/ private sector	<ul style="list-style-type: none"> ▪ SMEs advocating with governments, commercial banks, and international financial institutions to develop lending products adapted to their needs (easiest through SME associations). ▪ Private banks exploring and piloting innovative lending mechanisms adapted to SME needs.
Development partners	<ul style="list-style-type: none"> ▪ Encouraging the integration of nutrition in large agriculture and rural development plans and partnerships with local SMEs (including capacity development for SMEs) in their implementation. ▪ Supporting the development of innovative financing schemes for SMEs producing nutritious foods, including partnerships between government and commercial banks, with financial and/or 'risk-sharing' support from development partners and blended funding mechanisms. ▪ Support multi-stakeholder dialogue and lesson-sharing on the theme of facilitating access to finance for SMEs producing nutritious foods (e.g. in the context of the Smallholder and Agri-food Small and Medium Enterprises (SMEs) Finance and Investment Network (SAFIN), supported by IFAD and FAO).
Research academia	<ul style="list-style-type: none"> ▪ Conducting research on innovative financing mechanisms adapted to the needs of SMEs producing nutritious foods, and supporting the monitoring and evaluation of experiences.

Annex 4: Stakeholder roles for establishing a network of SMEs

Stakeholder	Role
<p>Government</p>	<ul style="list-style-type: none"> ▪ Preparing an inventory/catalogue of SMEs supplying nutritious foods (if relevant, with a focus on those aiming to make these affordable to low-income groups). ▪ When SME associations are formed, consulting and listening to them – for example, when setting standards or establishing procedures or taxation policies that affect their business. ▪ Partnering with existing SME associations to support initiatives promoting nutritious foods (see the OBAASIMA experience on p. 30).
<p>SMEs/ private sector</p>	<ul style="list-style-type: none"> ▪ SMEs playing the lead role in this action area by convening their peers and organizing themselves into associations (or by join relevant existing associations, bringing a specific focus on nutritious foods).
<p>Development partners</p>	<ul style="list-style-type: none"> ▪ Supporting SMEs in establishing associations / catalysing the process. ▪ Facilitating the exchange of lessons learnt across countries via SMEs associations (c.f. GAIN Alliances and Communities of Practice).
<p>Research academia</p>	<ul style="list-style-type: none"> ▪ Conducting research and providing advice on success factors for SME associations (conditions for start-up, incentives etc.) ▪ Monitoring and evaluating the impact of actions undertaken by associations (e.g. the effect of quality seals on the perceived nutrient value of the products; the influence that SMEs have on the food baskets of the poor people).

Annex 5: Agenda

Thursday, 16 November – Taking stock of lessons learnt. Discussing priorities for support and stakeholder roles.

Session	Goal	Methodology/Presentations
8:30–8:45		Registration
8:45–10:30	<p>Opening session: The role of SMEs in contributing to more nutritious food systems</p>	<p>Setting the scene on nutrition in the food system and the roles of SMEs in making food systems more 'nutrition-sensitive', including ongoing initiatives</p> <p>Opening remarks: Mr Günter Hemrich, Deputy Director, a.i., FAO Nutrition and Food Systems Division Mr Takaaki Umeda: First Secretary, Embassy of Japan to the Rome-Based Agencies</p> <p>Introduction of participants and agenda Interactive panel and plenary discussion moderated by Bibi Giyose, FAO Senior Nutrition Officer</p> <p>SME perspectives</p> <ul style="list-style-type: none"> ✓ Ms Rose Mutuku, Managing Director, Smart Logistics Solutions Limited, Kenya ✓ Mr Otieno Okello, Managing Director, Pioneer Fish Farm Limited, Kenya ✓ Ms Mabel-Ann Akoto-Kwudzo, Executive Director, Okata Farms and Food Processing, Ghana <p>Government perspectives</p> <ul style="list-style-type: none"> ✓ Kenya: Ms Philomena Chege (Deputy Director, Ministry of Agriculture Livestock and Fisheries) ✓ Ghana: Ms Paulina Addy (Director, Ministry of Food and Agriculture) ✓ Vietnam: Mr Trung Kien Nguyen (Director, Division of Commodity Markets, Institute of Policy and Strategy for Agriculture and Rural Development) <p>Agency perspectives</p> <ul style="list-style-type: none"> ✓ Florence Tartanac, Senior officer FAO Nutrition and Food Systems Division ✓ Ms Bonnie McClafferty, Director, Agriculture and Nutrition, Global Alliance for Improved Nutrition (GAIN) ✓ Ms Isabel de la Peña, Consultant on nutrition-sensitive value chains, Programme Management Department, IFAD
10:30–10:50		Tea break
10:50–13:00	<p>Session 1 – Opportunities and challenges for SMEs in driving better nutrition in food systems</p>	<p>SMEs share the experiences and challenges they face in producing and marketing more nutritious foods</p> <p>Introduction by Mr Daniel Alberts (Senior manager, Agriculture and Nutrition, GAIN)</p> <p>Two parallel sessions:</p> <ul style="list-style-type: none"> ▪ Supplying, marketing and distributing nutritious foods – Connecting food product and process development with consumer expectations (Facilitator: Rosa Rolle and Siobhan Kelly, FAO) <ul style="list-style-type: none"> - Ms Rose Mutuku, Managing Director, Smart Logistics Solutions Limited, Kenya - Mr Eric Muthomi, Founder and CEO, Stawi Foods and Fruits Limited, Kenya - Mr Otavio Muchanga, CEO, <i>Limpho Productos Alimentares Lda</i> (XIKABA), Mozambique - Ms Catherine Krobo Edusei, Managing Director, Eden Tree Limited, Ghana ▪ Making it easy for SMEs to respond to nutritional needs: creating an enabling environment, including policy and regulatory requirements, for a more nutrition-responsive private sector (Facilitator: David Neven, Food Systems Programme Management Team [SP4]) <ul style="list-style-type: none"> - Mr Otieno Okello, Managing Director, Pioneer Fish Farm Limited, Kenya - Ms Mabel-Ann Akoto-Kwudzo, Okata Farms and Food Processing, Ghana - Mr Daniel Amangah, Technical Advisor on Nutrition and Food Technology, OBAASIMA, Association of Ghana Industries - Ms Fadima Siby Mariko, CEO and Manager, UCODAL Sarl, Mali <p>Followed by plenary feedback and discussion</p> <p>Session conclusion: Mr Daniel Alberts, GAIN</p>
13:00–14:15		Lunch

14:15–17:15	Session 2 – Priority areas requiring attention to support SMEs providing nutritious foods, and stakeholder roles	Identify the main areas requiring support and discuss the roles of government, development partners and other private sector entities in addressing them	<p>Plenary discussion on 'What are the main challenges arising from the morning discussions?' and identification of topics for group work</p> <ul style="list-style-type: none"> ✓ Four topics identified ✓ Reducing the costs of production ✓ Increasing demand for nutritious foods ✓ Creating SME associations/networks ✓ Access to finance (<i>no group formed, as there were insufficient numbers of participants with expertise in this field – agreement to have follow-up discussions with finance experts</i>) <p>Plenary discussion on group work results</p>
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Friday, 17 November – Looking forward: where do we go from here to promote the role of SMEs in nutrition-sensitive food systems?

Session	Goal	Methodology / Presentations
9:30–10:30	Session 3 – What have we learnt: key take-aways from Day 1	<p>To summarise the major issues and lessons learnt which arose from Day 1 discussions, and identify priority topics we should discuss in order to plan follow-up</p> <p>General overview of day 1 Synthesis by: Ms Bonnie McClafferty Fishbowl discussion with a representative from each stakeholder represented (SMEs, government, FAO, GAIN, research, International Finance Institutions)</p>
10:30–10:45	Coffee break	
10:45–12:15	Session 4: Participating institutions pledges to support this agenda	<p>Each institution / group of institutions discusses how they can support the joint enterprise of helping SMEs to bring nutritious foods to the market for low-income groups</p> <p>Group work by type of institution:</p> <ul style="list-style-type: none"> - SMEs - Government - FAO - GAIN and GRET - Research/CGIAR - Investment banks (IFAD, WB)
12:15–13:15	Closing session	<p>Summarise major outcomes of workshop and next steps</p> <p>Plenary discussion: A representative of each institution presented how they can support the priorities during the workshop. Closing remarks by Brave Ndisale, Strategic Programme Leader, Hunger Eradication, Food Security and Nutrition Programme Management Team (SP1)</p>
13:15	Lunch	

Annex 6: Participants

Name	Organization/Designation
Japanese project concerned people (Ghana, Kenya, Vietnam and Japan)	
Paulina Addy	Director, Women in Agricultural Development Directorate, Ministry of Food and Agriculture (MOFA), Ghana
Tito Arunga	Agribusiness Officer / Value Chain Officer, FAOKE
Philomena Chege	Deputy Director, Ministry of Agriculture, Livestock and Fisheries (MOALF), Kenya
Nhat Nguyen	Program officer, Consultant, FAOVN
Trung Kien Nugyen	Director, Division of Commodity Markets, Institute of Policy and Strategy for Agriculture and Rural Development (IPSARD), Vietnam
Takaaki Umeda	First Secretary, Embassy of Japan
SMEs (Ghana, Kenya, Mali and Mozambique)	
Marbel-Ann Akoto-Kwudzo	Executive Director, Okata Farms and Food Processing, Ghana
Catherine Krobo Edusei	Managing Director, Eden Tree Limited, Ghana
Fadima Siby Mariko	CEO and Manager, <i>Unité de transformation et de Conditionnement des Denrées Alimentaires</i> (UCODAL Sarl), Mali
Octavio Muchanga	CEO, <i>Limpho Productos Alimentares Lda</i> (XIKABA), Mozambique
Eric Muthomi	Founder and CEO, Stawi Foods and Fruits Limited, Kenya
Rose Mutuku	Managing Director, Smart Logistics Solution Limited, Kenya
Otieno Okello	Managing Director, Pioneer Fish Farm Limited, Kenya
Development partners (non-FAO)	
Daniel Alberts	Senior manager, Agriculture and Nutrition, Global Alliance for Improved Nutrition (GAIN)
Daniel Amanquah	Technical Advisor on Nutrition and Food Technology, Association of Ghana Industries (AGI)
Ingrid Ardjosoediro	Branch Chief, Food Assistance Division, Office of Capacity Building and Development, Foreign Agricultural Service, United States Department of Agriculture (USDA)
Clémence Martinaud Boule	Nutrition projects officer and Marketing specialist, <i>Professionnels du développement solidaire</i> (GRET)
Lindsey Carter	International Program Specialist, Food Assistance Division, Office of Capacity Building and Development, Foreign Agricultural Service, United States Department of Agriculture (USDA)
Tea Franich	Global Agriculture and Food Security Program Liaison, World Bank Food and Agriculture Global Practice, A GAFSP Coordination Unit Rome Office

Bonnie McClafferty	Director, Agriculture and Nutrition, Global Alliance for Improved Nutrition (GAIN)
Stineke Oenema	Coordinator, United Nations System Standing Committee on Nutrition (UNSCN)
Isabel de la Peña	Consultant on nutrition-sensitive value chain, Programme Management Department, IFAD
Jordania Valentim	Partnerships Manager, Food Systems for Healthier Diets, Agriculture and Nutrition, Global Alliance for Improved Nutrition (GAIN)
Research organizations (non-FAO)	
Noora- Lisa Aberman	Associate Research Fellow, Ghana Strategy Support Program, International Food Policy Research Institute (IFPRI)
Marrit van den Berg	Associate Professor, Department of Economics, Wageningen University
Inge Brouwer	Associate Professor, Department of Agrotechnology and Food Sciences, Wageningen University
Christine Chege	Agricultural economist and nutritionist, International Center for Tropical Agriculture (CIAT)
Mona Dhamankar	Advisor, Sustainable Economic Development, Royal Tropical Institute (KIT)
Matthias Jager	Markets and value chains expert, International Center for Tropical Agriculture (CIAT)
Mar Maestre	International development researcher, Institute of Development Studies (IDS)
FAO headquarters	
Ramani Wijesinha Bettoni	Nutrition Officer, Nutrition and Food Systems Division (ESN)
Cornelia Boesch	Food Safety and Quality Officer, Food Safety and Quality (AGFF)
Delgermaa Chuluunbaatar	Agricultural Extension Officer, Research and Extension Division (AGDR)
Michael Clark	Senior Coordinator, Office of Assistant Director-General (ESD)
Sonia Ricardo Dias	Senior Knowledge Management Expert, Research and Extension Division (AGDR)
Boitshepo Giyose	Senior Nutrition Officer, Nutrition and Food Systems Division (ESN)
Günter Hemrich	Deputy Director, Nutrition and Food Systems Division (ESN)
Denis Herbel	Senior consultant – rural institutions, Social Policies and Rural Institutions Division (ESP)
Domitille Kauffmann	Nutrition capacity development and nutrition and resilience senior consultant, Nutrition and Food Systems Division (ESN)
Siobhan Kelly	Agribusiness Officer, Agricultural Development Economics Division (ESA)
Bin Liu	Nutrition and Food Systems Officer, Nutrition and Food Systems Division (ESN)

Dalia Mattioni	Food systems and food environment consultant, Nutrition and Food Systems Division (ESN)
Jamie Morrison	Director / Strategic Programme Leader, Food Systems Programme Management Team (SP4)
Brave Ndisale	Director / Strategic Programme Leader, Hunger Eradication, Food Security and Nutrition Programme Management Team (SP1)
David Neven	Senior Economist, Food Systems Programme Management Team (SP4)
Ajayi Oluwafemi	Nutrition Education Intern, Nutrition and Food Systems Division (ESN)
Ayurzana Puntsagdavaa	Consultant, Nutrition and Food Systems Division (ESN)
Ana Islas Ramos	Nutrition Officer, Nutrition and Food Systems Division (ESN)
Maryam Rezaei	Consultant Food Science in Food Loss and Waste, Nutrition and Food Systems Division (ESN)
Rosa Rolle	Senior Enterprise Development Officer, Nutrition and Food Systems Division (ESN)
Cristina Scarpocchi	Value chains and gender Officer, Nutrition and Food Systems Division (ESN)
Dirk Schulz	Food Safety Assessment Officer, Nutrition Focal Point, Food Safety and Quality (AGFF)
Boris Sodoke	Food Technology and Nutrition Consultant, Nutrition and Food Systems Division (ESN)
Florence Tartanac	Senior Officer, Nutrition and Food Systems Division (ESN)
Benoist Veillerette	Senior Economist, Hunger Eradication, Food Security and Nutrition Programme Management Team (SP1)
Cassandra Walker	Agribusiness Economist, Agricultural Development Economics Division (ESA)
Maria Xipsiti	Nutrition Officer, Nutrition and Food Systems Division (ESN)
FAO organizing team	
Deborah Badombena-Wanta	Nutrition and Food systems consultant, Nutrition and Food Systems Division (ESN)
Charlotte Dufour	Workshop facilitator (Consultant)
Johanna Hansmann	Inclusive Business model intern, Agricultural Development Economics Division (ESA)
Juri Kasuga	Associate Professional Officer, Nutrition and Food Systems Division (ESN)
Toko Kato	Nutrition Officer, Nutrition and Food Systems Division (ESN)
Jodean Remengesau	Agribusiness officer, Agricultural Development Economics Division (ESA)
Elvira Uccello	Nutrition and Food Systems Consultant, Nutrition and Food Systems Division (ESN)

Annex 7: Government and development partner-led initiatives

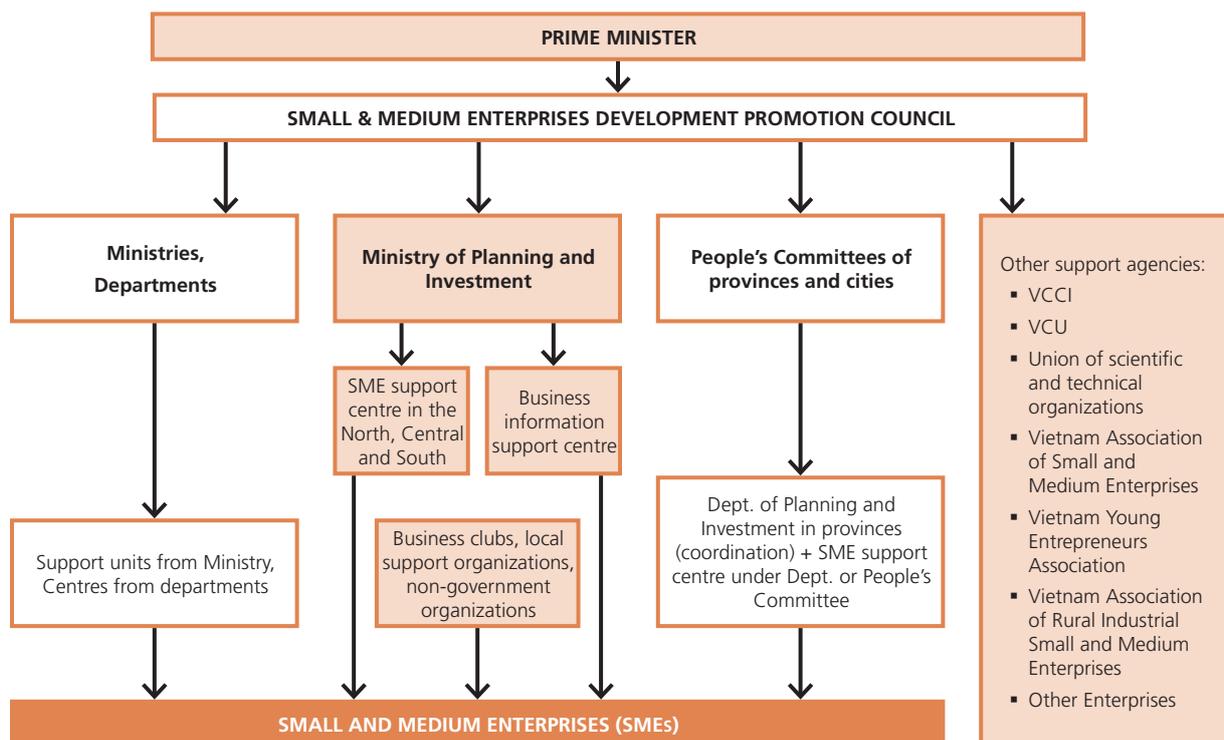
7.1. The Government of Vietnam's policies in favour of SMEs and food security and nutrition

The Government of Vietnam has established an innovative institutional system to support Small and Medium Enterprises (SMEs). The Small and Medium Enterprise Development Council was established in 2001 under the office of the Prime Minister, (through the Decree No. 90/2001/ND-CP, and reinstated through the Decree 56/2009/NĐ-C), with the role to advise the Prime Minister on SME Development. This council is chaired by the Minister of Planning and Investment. The Department of Enterprise Development,

under the Ministry of Planning and Investment, coordinates SME-related policies at the central level and acts as the permanent secretary to the Small and Medium Enterprises Development Promotion Council. The Department of Planning and Investment, under the direction of the People's Committee of the Provinces / Cities coordinates SME-related policies at the local level. Other Departments also implement SME support measures.

Government agencies at the central level work closely with private-sector organizations and private service providers to help SMEs improve their competitiveness (see **Figure 1**, below).

FIGURE 1: Interaction between government agencies and the private sector to improve the competitiveness of SMEs



SMEs also benefit indirectly and directly from other measures designed to improve the investment environment, such as the National Targeted Program on New Rural Development (2011–2020), which aims to improve access to markets, rural infrastructure, and basic services, and various measures to promote private sector development both within and outside agriculture. These include the Law on Provision of Assistance for SMEs (effective as of 1 January 2018), which establishes a lower corporate income tax rate as well as other incentives, and the resolution 19-2017/ NQ-CP on main duties and solutions for improving the business environment and enhancing national competitiveness. An interesting feature of this law is that the Government recognizes enterprises with a social purpose and supports them by lowering the corporate tax by 5% compared to other enterprises.

The Government is also taking action to mobilize private investment in agriculture, such as: the Decree No. 210/2013/ND-CP (19 December 2013) on incentive policies for enterprises investing in agriculture and rural areas; Decision 62/2013/ QD-TTg which promotes cooperatives, linkages between production and markets, and the construction of large fields; Resolution 14 / NQ-CP on value chain models, high-tech applications in agricultural production, and export value chains; decisions to reduce post-harvest losses (57/2010/ QD-TTg; 311/2013/QD-TTg; 68/2013/QD-TTg); land use tax exemptions and irrigation charges (55/2010 / QH, 1220/2011 / ND-CP; 115/2008 / ND-CP, 143/2003 / ND-CP, 67/2012 / ND-CP); support to the application of VietGap (Vietnam Good Agricultural Practices), funding from the

state budget for fundamental investigation, topographic surveys, analysis of soil, water, and air to determine the concentrated areas of production; investment in infrastructure; training; certification; trade promotion (Decision 01/2012 / QD-TTg, Decree on Public–Private Partnership Investment Form No. 15/2015/ND-CP).

In parallel to these initiatives which support SME development, the Vietnamese Government has several policies designed to improve food and nutrition security, including investments in agricultural growth as well as targeted nutrition and health programs. A comprehensive nutrition policy and strategy was approved in 2012 for the period 2011 to 2020 (with a vision until 2030) to improve dietary diversity and implement micronutrient supplementation programs (Decision No. 226/QD-TTg). National child health and family programs (including health insurance programs for children under 6 and the poor) also support better nutrition. The Government is also making efforts to raise the public's awareness of food hygiene and safety through wide communication programs.

7.2. The Rome-Based Agencies Working Group on Sustainable Food Value Chains for Nutrition

The 'Rome-Based Agencies' (RBAs) – the Food and Agriculture Organization of the United Nations [FAO], the International Fund for Agricultural Development, the World Food Programme, and Bioversity International – in collaboration with IFPRI, are convinced that a value-chain approach is a useful way to analyse and navigate the complexity of the food system in order to improve food security and nutrition outcomes. Such an approach may help to identify entry points for policy interventions, investment decisions and capacity development. Though the traditional focus of value chain development has been on increasing economic value, nutrition-sensitive value chains (NSVCs) leverage opportunities to enhance nutrition value as well, increasing supply and demand for safe and diverse food, and adding nutrition value, or minimizing nutrition losses.

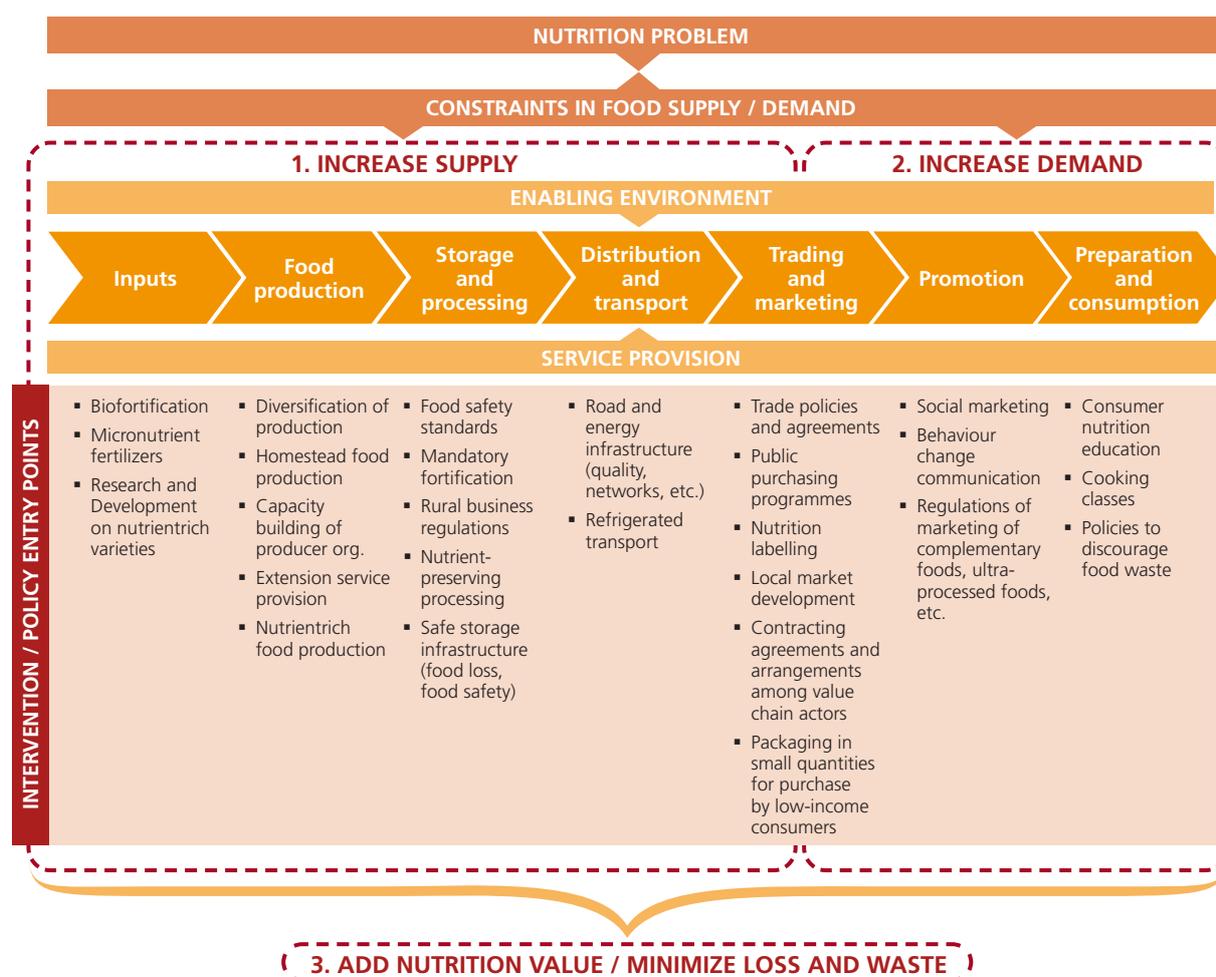
Recognizing that collaboration among the RBAs, at both global and country levels, is crucial to achieving a food system which delivers diverse and nutritious foods for a hunger-free world, the agencies have formed a Working Group on Sustainable Food Value Chains for Nutrition. The Group was created to undertake joint actions in the area of NSVCs, including support to investment and policy processes, capacity development, the generation of knowledge products, harmonized tools and guidance, and joint advocacy, all in the context of country-led processes and international policy fora.

Drawing on existing research, the group has developed the analytical framework presented below (see **Figure 2**) and disseminated it through the Committee for World Food Security (CFS) in October 2016 and an online consultation on the Food Security and Nutrition Forum (www.fao.org/fsnforum/activities/discussions/NSVC).

Activities of the working group in 2018 include:

- ✓ The publication of the IFAD guide 'Nutrition-sensitive value chains: a guide for project design'. This guide – which focuses on small-holders – has been field-tested in Nigeria and Indonesia and validated through technical consultations at country and global levels.
- ✓ The development by FAO of a RBA e-learning module on NSVCs, based on the forthcoming IFAD guide, FAO's Sustainable Food Value Chain Framework, and the experience of the agencies.
- ✓ Publication of the joint Home -Grown School Feeding (HG SF) Resource Framework, under the leadership of WFP.
- ✓ Development of partnerships with governments, development agencies and local private sector to facilitate the adoption of the NSVC approach at country level.

FIGURE 2: Nutrition-sensitive value chain framework, strategies and potential interventions



Source: Adapted from De la Peña, I., Garrett, J. & Gelli, A. 2018. *Nutrition-sensitive value chains from a smallholder perspective: a framework for project design*. Rome, IFAD

7.3. GAIN's Marketplace for nutritious foods

The Marketplace for Nutritious Foods, an offering of GAIN, the Global Alliance for Improved Nutrition, is a platform that fosters innovation and drives investment in the production, marketing, and consumption of nutritious foods that are made from locally-produced agricultural products and are affordable to low-income consumers. The Marketplace provides access to knowledge, networks, and technical and financial assistance to help businesses in poor countries use local agriculture to contribute to the fight against malnutrition.

By working with investible businesses to support innovations all along the agricultural value chain—from production of crops to processing and food preparation—the Marketplace makes a sustainable contribution to agricultural and enterprise development as well as to dietary diversity, which contributes to improved nutritional status in the home.

The Marketplace's two-pronged approach supports a broad network of stakeholders, with information and knowledge, through the Community of Practice, while targeted technical and financial support is offered to promising, innovative enterprises through the Innovation Accelerator.

The Community of Practice is a network open to entrepreneurs, businesses, universities, regulatory bodies, NGOs, associations, and anyone else interested in knowing more about running a business that helps transform agricultural potential into safe, nutritious foods. The Community of Practice convenes regularly for networking and capacity-building events. Between meetings, the Community stays in touch through various outlets including newsletters,

Marketplace websites, a dedicated Facebook page, and a business directory.

The Innovation Accelerator is the Marketplace's grant-making component, which regularly opens calls for proposals in which companies are invited to submit concepts for investible, nutrition-enhancing business ideas within the agricultural value chain. After careful review, the most promising proposals are eligible for technical assistance to support the development of a feasible business plan. Once business plans are completed, they are reviewed by the Marketplace Investment Committee (MIC), which selects the most investible and impactful concepts to receive grant funding and technical assistance to support the implementation of the business plan.

The Marketplace for nutritious foods has been supported by USAID since 2012 and has been launched in Mozambique, Kenya, Tanzania, and Rwanda. To date, the Marketplace has supported over 30 companies in 4 countries to produce over 34 million servings of diverse, nutritious foods. From 2017 onwards, the Netherlands Ministry of Foreign Affairs will fund the implementation of the Marketplace in Kenya and Rwanda.

See www.gainmarketplace.com for more information.

7.4. CIAT: Making value chains work for food and nutrition security of vulnerable populations in East Africa (Kenya and Uganda)

This project, implemented by CIAT in close coordination with several partners,¹² aims to improve the diets of vulnerable rural and urban consumers at the Bottom of the Pyramid, specifically women of reproductive age and children 6–59 months old, in Kenya and Uganda. It also aims to generate economic returns for the various actors involved in the value chain, including smallholder farmers.¹³

The project works at all stages of the value chains of commodities used to manufacture a multi-composite, nutritious and affordable porridge, made with locally sourced ingredients including beans, amaranth, maize, millet, cassava and sweet potato. To ensure sustainability, the project is working with private-sector processors who are the producers and marketers of the porridge. The project has introduced an efficient and eco-friendly solar drier with farmers, processors and commodity aggregators to reduce post-harvest losses, improve food safety, and reduce nutrient loss. In order to reduce transaction costs along the chain, the project also links smallholder farmers to buyers using an inclusive business model (http://ciat-library.ciat.cgiar.org/articulos_ciat/LINK_Methodology.pdf), enabling producers to supply their produce to the buyers in an equitable and fair-trading

relationship. The value chain and product development activities have been informed by consumer research to characterize consumer diets, understand their consumption behaviour, and identify the nutrition gap and consumer willingness to pay for more nutritious products. Market surveys were also used to understand what is currently available and accessible to the target consumers, and identify points of purchase, pricing, and affordability of competing products. Finally, an analysis of the identified value chains was done using a nutrition lens to understand physical loss, critical points of contamination and nutrient leakages.

The project works with women farmers' groups, women-led groups, or farmers' groups with women as majority group members. A gender study using the Women Empowerment in Agriculture Index was conducted to understand the level of women's empowerment in farming households, and to identify interventions the project can support to empower both men and women.

The project, funded by BMZ/GIZ Germany, will be implemented until 2019. Preliminary findings show that the solar drier is very efficient in terms of reducing drudgery and saving women's time, enhancing the nutrition quality and safety of the dried commodities, and reducing post-harvest losses. Willingness to pay experiments conducted with the target consumers in the slum areas of Kampala and Nairobi confirmed the nutrient-dense porridge should be affordable for them. Farmers indicate a high level of satisfaction in their trading relationship with the project's private buyers, as they have stable prices for their commodities and can therefore plan how to use their revenues in advance. The increase in the volume of farmers' sales to the private processors is translating into improved household incomes.

¹² Center scientists in Africa, The University of Hohenheim (UHOH), University of Göttingen (UGOE), National Agriculture Research Systems (NARS) in Kenya (KALRO) and Uganda (NARO), Azuri Health Limited (Kenya), Nutreal Foods (Uganda), Makerere University (Uganda), Jomo Kenyatta University (Kenya), and the Pan-Africa Bean Research Alliance PABRA).

¹³ See: www.spring-nutrition.org/sites/default/files/events/files/ag2nut_webinar_ciat_value_chains_for_nutrition.pdf; also: <http://ciat.cgiar.org/what-we-do/value-chains-for-nutrition/>

Annex 8: List of relevant tools and resources

8.1. FAO tools relevant for SMEs and nutrition

Tools and Documents

Main theme	Online platform, website and email	Source
Food value chains and food systems	FAO e-learning module on Improving nutrition through agriculture and food systems	www.fao.org/elearning/#/elc/en/course/NFS
	FAO toolkit on Nutrition-sensitive agriculture and food systems	www.fao.org/nutrition/policies-programmes/toolkit/en/
	<ul style="list-style-type: none"> ▪ Key Recommendations for improving nutrition through agriculture and food systems 	www.fao.org/3/a-i4922e.pdf
	<ul style="list-style-type: none"> ▪ Designing nutrition-sensitive agriculture investments 	www.fao.org/3/a-i5107e.pdf
	<ul style="list-style-type: none"> ▪ Compendium of indicators for nutrition-sensitive agriculture 	www.fao.org/3/a-i6275e.pdf
	<ul style="list-style-type: none"> ▪ Nutrition-sensitive agriculture and food systems in practice. Options for intervention 	www.fao.org/3/a-i7848e.pdf
	(Toolkit and e-learning modules developed in collaboration with the World Bank and European Union)	
Developing gender-sensitive value chains. A guiding framework	www.fao.org/3/a-i6462e.pdf	
Developing sustainable food value chains. Guiding principles	www.fao.org/3/a-i3953e.pdf	
Value chain program design: Promoting market-based solutions for MSME and industry competitiveness	www.fao.org/sustainable-food-value-chains/library/details/en/c/265193/	
Storage and processing	Food engineering, quality and competitiveness in small food industry systems with emphasis on Latin America and the Caribbean	www.alimentosprocessados.com.br/arquivos/ciencia-e-tecnologia/Food-engineering-quality-and-competitiveness....pdf
	Good practice for the small-scale production of bottled coconut water	www.fao.org/docrep/010/a1418e/a1418e00.htm
	Technical and investment guidelines for milk cooling centres	www.fao.org/publications/card/en/c/9e8da39f-c267-41ee-9c16-0220d016d936/
	Technical manual for the construction and use of family-sized metal silos to store cereals and grain legumes	www.fao.org/family-farming/detail/en/c/380199/
Trading and marketing	Inclusive business models - Guidelines for improving linkages between producer groups and buyer of agricultural produce	www.fao.org/3/a-i5068e.pdf
	Handbook on food labelling to protect consumers	www.fao.org/documents/card/en/c/fc5f4bc2-650a-4704-9162-9eb9b3a1fdd0/
	Leveraging institutional food procurement for linking small farmers to markets - Findings from WFP's Purchase for Progress initiative and Brazil's food procurement programmes	www.fao.org/3/a-i7636e.pdf
Food loss and waste	Community of Practice (CoP) on Food Loss Reduction	www.fao.org/food-loss-reduction/en/
	Global initiative on food loss and waste	www.fao.org/save-food/en/
	Reduction of post-harvest losses in horticultural chains in SAARC countries	www.fao.org/save-food/projects/saarc-countries/en/
Food security	Best practices and lessons learnt from the development of value chains - The food security through commercialization of agriculture programme in the great lakes region	www.fao.org/3/a-i3425e.pdf
Taxation	Effects of food taxation in Tonga: a snapshot	www.fao.org/3/a-i8052e.pdf
Rural transformation	Promoting the role of small food enterprises in the transformation of rural communities	www.fao.org/3/a-i7795e.pdf

Online platforms

Main theme	Online platform, website and email	Source
Technology and practices	Technologies and practices for small agricultural products	TECA database and website are currently being updated. For more information, please contact: teca@fao.org .

8.2. Tools from other organizations

Global Alliance for Improved Nutrition (GAIN)

- The Marketplace for Nutritious Foods website: www.gainmarketplace.com. (The website includes links to the Facebook groups, Twitter feeds, and videos.)
- Report on *Cultivating Nutritious Food Systems* and associated video: www.gainhealth.org/knowledge-centre/cultivating-nutritious-food-systems/

Groupe de Recherche et Echanges Technologiques (GRET)

- The website www.nutridev.org provides position papers, tools and methodologies which have been developed through the 'Nutridev' programme. The Nutridev programme is designed and implemented since 1994 by the GRET and the IRD (French National Research Institute for Sustainable Development) with the aim of preventing malnutrition in developing countries. Using an innovative method combining awareness-raising, production and marketing of fortified foods and strengthening of healthcare services, the programme fights against all forms of malnutrition, giving priority to women and children under the age of 2.
(See: www.nutridev.org/wp-content/uploads/plaquette_nutridev_en.pdf)
- The GRET has also written a position paper on Public–Private partnership to fight malnutrition, putting forward the advocacy needed on local nutritious foods (complementary foods) : www.gret.org/wp-content/uploads/PPD-17_EN.pdf

World Bank Group and Global Agriculture and Food Security Program (GAFSP)

- The Global Agriculture and Food Security Program (GAFSP) website: www.gafspfund.org
- Bite-Sized lesson on 'Nutrition-Sensitive Agriculture in Projects – Demystified' olc.worldbank.org/content/nutrition-sensitive-agriculture-projects-%E2%80%93-demystified-1
- The Secure Nutrition Knowledge Platform (SNKP): www.securenutrition.org/
- The World Bank has been working together with FAO on the toolkit and e-learning modules for nutrition-sensitive agriculture and food systems: www.fao.org/nutrition/policies-programmes/toolkit/en/ and www.fao.org/nutrition/policies-programmes/elearning
- South Asia Food and Nutrition Security Initiative (SAFANSI) website for some useful tools: <http://www.worldbank.org/en/programs/safansi>

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