



**JOINT FAO/WHO FOOD STANDARDS PROGRAMME
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KEYNOTE ADDRESS

Cris Muyunda, PhD
Vice President, CAADP Non State Actors Coalition (CNC)
Lusaka, Zambia
muyundac@yahoo.com
+260976614801

SMEs and Food Trade – Opportunities for building regional markets through use of Codex Standards

At the 22nd Session of the FAO/WHO Coordinating Committee for Africa

1. Salutations

Mr. Chairman and Coordinator FAO/WHO Regional Coordinating Committee for Africa (CCAFRICA),
Representatives of FAO from Rome and African member States,
Representatives of WHO,
Codex Alimentarius Commission staff,
African Union and its affiliated organizations, including AU-IBAR and the Regional Economic Communities,
Heads of Delegations at this CCAFRICA representing the Codex member countries and observers,
Private Sector Representatives, including importers, national producers associations,
Colleagues from the CAADP Non State Actors Coalition Secretariat
Consumers Organizations,
Observers, International Non-Governmental Organizations,
Ladies and Gentlemen

2. Welcome

On behalf of the Comprehensive Africa Agricultural Development Programme (CAADP) Non State Actors Coalition, the CNC, it is truly gratifying for me to join you here. After existing as an informal network of non-state actor stakeholders in the agricultural sector since 2005, the CNC was formally launched by the African Union Commissioner responsible for Rural Economy and Agriculture, Her Excellency Rhoda Tumusiime Peace in Durban in March 2014. It is the mandate of the CNC to ensure that all non-state actors including the private sector, particularly SMEs, women organizations, youth organizations, and development non-governmental organizations are all fully involved in the important work of making the African Agricultural sector fully competitive.

In order to be competitive in domestic, African and international markets, African SMEs must meet international food safety standards. Accordingly, capacity to adhere to Codex Alimentarius Standards would provide the necessary competitive stance to ensure entry and sustainability of African SMEs in the global market place.

We are thus grateful for the sustained effort of Codex regional coordinating committees (RCCs) in bringing together food control professionals to discuss food control issues, challenges and needs of importance to the

region; and food standards development, amongst others. Indeed, these RCCs provide an important opportunity for sharing information and experiences among countries, which is beneficial to all delegations, and additionally they may contribute to building capacities among countries with less mature food control systems and knowledge base.

We are thus meeting here in Nairobi during this week to discuss food standards development and other food safety priority issues for the Africa region. Clearly, among the key issues we must address is the preparedness of SMEs in Africa to respond to opportunities in the marketplace created by increasing urbanization, and seek to understand the many challenges that beset the African food SME sector.

3. Introduction / Context

Overall, it is quite clear that in Africa we need a sense of urgency of concerted effort and action by all key stakeholders to partner SMEs and SME umbrella institutions in Africa to ensure that enterprises in the food sector in Africa can break the long standing inability to deliver quality and safe food in domestic, continental and international markets. The Malabo Declaration on agriculture by African Heads of State required that Africa achieves zero hunger by 2025 and trebles its exports by that year. These noble goals can only be achieved if there is working partnership among the value chain actors within the African agricultural sector. In particular, the agricultural transformation that is so much a cornerstone of the Malabo Declaration will not occur unless all key stakeholders in African governments, the development community, UN agencies and the investment arena can effectively partner African SMEs who are the centre of the African agro production, processing and distribution sectors. It is vital to ensure that SMEs are enabled to play their rightful role through meaningful strategic, technical, policy and financial support.

The African continent has been changing rapidly over the last decade: demographic growth, increased urbanization rate, societal changes (development of a middle class), changes in the diet (often related to the expansion of the middle class in a number of countries). These are some of the factors that are shaping an evolving regional market for food products.

In Africa, like in many other parts of the World, SMEs are flexible enough to allow for a quick response to these changes and they are indeed widely recognized for this in policy frameworks in African countries.

However SMEs face a number of challenges and among these are the different standards and regulations in different countries. Championing harmonization of regulations across the continent based on Codex Alimentarius standards, recommendations and guidelines will contribute to reduce the challenges faced by SMEs, while at the same time protecting consumer health and ensuring fair trade practices.

It is important that we in Africa fully launch a discussion on the multi-sector nature of Codex; what it means; and how different sectors can gain from Codex and collectively contribute to overall development and improved public health, food safety, food security as well as economic and social development. This should lead to greater technical and political understanding and buy-in that would eventually benefit SMEs.

4. The regional context and the opportunities offered by SMEs:

Recent trends across the continent indicate a demographic growth, increasing urbanization, emergence of a middle class, diversification of diets (related to this emerging middle class with more sophisticated requests): all this paves the way for more intra-regional market opportunities.

It is important to carefully look at the capacities of our SMEs to understand how they would respond to the above trends? What is the typical food SME looking like?

What we know is that:

- SMEs are a very powerful reservoir of employment: Africa has a very young population, and need to provide youth with employment. SMEs in the food sector offer such an opportunity.
- SMEs can also be a powerful vehicle for gender empowerment as women are significant players in the African agricultural sector.
- SMEs are dynamic and able to produce an important array of cheap or affordable food products; they are able to respond to different market segments and type of demand, as well as to quickly adapt to change in that demand.

We note that experts speaking on Wednesday 26 October, 2016 here in Nairobi at a meeting convened to assess gains of the YieldWise initiative by Rockefeller, said that Africa's food import bill, currently standing at \$35 - \$40 billion, may increase further if the continent does not solve the problem of post-harvest losses on account of food safety and quality issues among other challenges. The continent's food import bill could go up to \$110 billion by 2025, the forum was told.

They said the bill which stands at \$35 billion has been aggravated by food losses in the continent, adding that the continent loses 20 per cent of the food harvested in post-harvest practices related to food safety and quality issues as well as market access challenges.

Yet given the large size of the African continent and the different agro ecological zones, there is ample room for specialization of production in some geographical areas; or seasonality of production, generating needs for imports and opportunities of exports within the continent and thus indicating the possibility of booming food trade within the continent.

5. Challenges and constraints faced by SMEs

There are specific hindrances to a faster development of agri-food business supported by SMEs, satisfying the demand of consumers for safe, quality and nutritious food products at affordable prices. These include:

- Stakeholders are progressively getting better organized throughout Africa: value chains are better integrated, but there are still issues of lack of trust among the different segments of the chain, high costs, insufficient access to knowledge and capacities to undertake own R&D, regulatory foresight, etc., in particular among SME.
- Food products still represent an important share of households expenses; making consumers very sensitive to any increase in the price of food products. This is sometimes perceived as a dis-incentive for SMEs to invest in producing safer foods, as many consumers are not likely to pay a premium for safe food without full trust in public controls guaranteeing this.
- With weak food control systems and the inability to determine the source of foodborne diseases due to unsafe products, SMEs have no financial incentive to invest in food safety.
- There are a number of barriers to cross- continental trade: While some RECs have made considerable efforts to harmonize their regulatory or standardization frameworks, this is not the case for all, and across RECS, there are clear misalignment. Codex would provide a consensus base for a continent wide harmonization.

6. Additional Barriers faced by SMEs

Other barriers documented by various researchers with regard to the progress of SMEs in Africa include:

- Lack of Motivation / Lack of Knowledge
- Lack of funds
- Lack of Trust in Authorities
- Actual Hazards not well articulated. Heavy Metals, Chemicals, Bacterial, Salmonella, packaging contamination, etc.
- Poor private sector / Government partnership

7. What role can Codex play in Africa regional trade?

- Codex is a powerful tool to overcome some of these handicaps and offers additional benefits: African countries need to continue on the way towards integration and Codex the is a good basis for this.
- Faced with the reality of very big exporters to Africa (Brazil, China, India), African enterprises, and in particular SMEs need economies of scale – enhanced regional integration would support these.
- Codex standards represent a consensus basis that should be used for harmonization.
- To play a more meaningful role in transcontinental agri-food business, SMEs need support from public investments, complementing private investment and not only for infrastructure, policy and regulatory reforms are necessary, in particular addressing mis-aligned food safety regulatory frameworks
- Strong national policies should set up conditions for food safety applicable to all, and not leaving safer food as a choice for richer populations, but guaranteeing the global access to safe food products, trough trusted national food control systems.
- With regard to the specific needs of SMEs, Codex food and feed standards address an important range of food products, with their safety as a core concern, and as such are a tool for SMEs to gravitate towards the satisfaction of needs for more diversified demand for food products.

- Most importantly, in the context of a challenged global food security situation, safe and nutritious food products are a critical pillar that should not be overlooked.
- It is important that we in Africa continue to discuss and share information and experiences on Codex can help us further and learn together and energize follow-up action and engagement at country level.

8. Key African Institutions in the SME sector

It is important that in seeking interventions to support SMEs to take up opportunities that exist in the food sector that we link up with the SMEs themselves through their representative institutions. Most African countries have one or more national SME support institutions. At the continental level key umbrella institutions include the CNC and its constituent institutions such as PanAAC and WARESA are playing important roles in working with SMEs to attain some level of a competitive edge in a highly demanding consumer and regulatory marketplace. SME umbrella institutions are the key entities to partner with around Codex standards capacity building and implementation in the African SME Sector.

9. Conclusion

- There is need for all concerted action by all relevant stakeholders to alleviate Africa's food borne disease burden, allow the SME sector to take its place in the market place by addressing the constraints, barriers and challenges hindering SMEs from cementing their rightful role as potential sustainable providers of jobs, food and empowerment on the continent.
- Potential Solutions that can be considered include supporting Incubation programs for SMEs, adoption of Quality Management Systems (QMS) and ensuring flow of information to ensure SMEs know which food safety parameters are hindering them from lucrative business contracts.
- Overall, Codex is a powerful tool to overcome a number of the handicaps holding back African SMEs, and thus African countries need to continue on the way towards integration using Codex as a good basis for this.
- Partnerships among UN agencies, the AU, National Governments, SME umbrella Organizations focused on building the capacity of SMEs to understand and implement Codex would go a long way in integrating SMEs in the national, regional and international market place.

10. Bibliography

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