

Partner Event Report - The key role of SMEs in serving urban food markets

Partner Event Number, Date and Time:

The key role of SMEs in serving urban food markets

Sep. 7, 2020, 11:00am - 12:45pm CEST

Partner Event Title and Organizers:

The key role of SMEs in serving urban food markets

Organisers: COLEACP, Pan African Farmers Organisation (PAFO), AKADEMIYA 2063, European Commission

Key speakers/presenters:

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

Speakers:

- Jane Maina, Managing Director, Vert Ltd Kenya
- Ayodeji Ibosiola, General Manager, L.A.T.C Agro, Nigeria
- Elizabeth Nsimadala, President, Pan African Farmers Organisation (PAFO)
- Jeremy Knops, General Delegate, COLEACP
- Leonard Mizzi, Head of Unit, Rural Development, Food Security, Nutrition, European Commission
- Ousmane Badiane, Executive Chairperson, AKADEMIYA 2063 and Member of Mamo Panel
- Marco Wopereis, Director General, World Vegetable Center
- Solène Prince-Agbodjan, Credit Portfolio Manager, Injaro Investments

Main themes/issues discussed

SMEs are drivers of economic growth in Africa, sourcing directly from millions of farmers, providing multiple services along the value chain and employing millions of people, including women and youth.

For SMEs to seize new opportunities in urban markets, they need to produce in a sustainable way, supply safe food, comply with high sanitary standards, and have in place robust traceability systems to meet consumers' expectations in terms of quality and consistency.

Farmers should have more control of the value chain and greater access to innovations, technologies, finance and knowledge.

SMEs need a new set of skills to produce more sophisticated food products, including greater use of local foods (millet, fonio, cassava) with increased value (processed, packaged, cooked or semi-cooked). SMEs also have opportunities for producing healthy food (fortification, superfoods, nutritious foods) that contributes to fighting non-communicable diseases.



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Through the implementation of the African Continental Free Trade Agreement (AfCFTA), SMEs will benefit from greater investments from African governments in infrastructure, harmonized standards, research and innovation, and support in the recovery post COVID-19.

SMEs need better access to information, knowledge and locally produced data, and to adapted finance schemes (mix of grants and technical assistance).

Summary of key points

The rapid urbanization and population growth in the continent and the implementation of free trade agreements offer new opportunities for SMEs in the agrifood sector serving local and regional markets. They have significant potential to create employment, especially for youth, and to catalyse investment, particularly in the fruits and vegetables sector.

Members of a growing middle class are seeking greater diversity and higher quality in their diets. This requires increased investments by the entrepreneurs themselves in technologies, including cold storage, packaging to increase product shelf-life, value addition techniques, and distribution networks.

COVID-19 has accelerated the use of innovations (i.e. digital platforms), a shift to local markets and shorter supply chains. To be sustainable, investments in capacity development (vocational training) are required.

Low productivity, access to farm inputs, quality seeds, soil and water management and biocontrol measures remain problems. Addressing post-harvest losses and wastage along the chain will be needed to transition to greener businesses. Therefore, the role of research is very important in supporting safely produced vegetables and increasing awareness of the diversity of local, highly nutritious foods in African diets, considering that the continent currently has the lowest consumption of vegetables in the world.

Call to Action Key Points

Considering the negative impacts of COVID-19 on SMEs and African businesses – loss of workforce due to illness and restricted movement, loss of revenue, post-harvest losses due to disrupted logistics, impromptu changes in procurement strategy – targeted funding to SMEs is critical to support recovery.

The future for SMEs is in regional markets and urban demand, and SMEs can grow in expanding African markets provided the right competences and skills are acquired.

Policy-makers and investors need to support entrepreneurship and employment in agrifood chains, which directly impact smallholders and SMEs.

Due to unequal distribution along the chain, and the weaker position of farmers and SMEs, targeted support remains key to help them supply the quality consumers expect. A fairer distribution of the risk in the value chain is needed.



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Public and private policies and investments need to support SMEs in accessing research, ICTs, climate change mitigation tools, and social protection systems.

Private sector operators, businesses and SMEs need support to transition to more sustainable practices, respectful of environmental, social and labour rights, through policy incentives.

Green investments, blending facilities, and medium/long-term loans with technical cooperation should be provided to SMEs urgently to enhance local and regional value-addition and ensure they survive COVID-19.