

# SUMMARY REPORT

## WEBINAR

### Nutrition-sensitive food value chain in Africa region – investing in MSMEs for delivering healthy diets

ESA community of practices on nutrition-sensitive agri-food systems

Thursday, 5 December 2024

14.30 – 16.00 EAT

English



#### Webinar:

### **Nutrition-sensitive food value chain in Africa region- investing in MSMEs for delivering healthy diets.**

*Date:* December 5, 2024

*Attendance:* 319 participants

*Technology:* Zoom

*Duration:* 1.5h

#### Introduction

The recent IFAD-hosted webinar, "Nutrition Sensitive Food Value Chain in the Africa Region: Investing in MSMEs for Delivering Healthy Diets," brought together a diverse group of experts, practitioners, and policymakers to address a pressing challenge in Eastern and Southern Africa. Despite the region's rich agricultural potential, persistent malnutrition, coupled with a growing reliance on unhealthy diets and low demand for nutritious foods, remains a significant challenge. The webinar focused on the critical role of agribusinesses, particularly MSMEs, in promoting sustainable healthy diets. By investing in nutrition-sensitive value chains, we can harness the potential of these enterprises to improve food systems and nutrition outcomes in the region. The session explored the key policies, investments, innovations, and technologies that can facilitate this transformation thus ensuring healthy and diversified diets are accessible to all.

## **Summary of opening remarks by Ms. Sara Mbago, Regional Director, IFAD East and Southern Africa**

The ESA Regional Director highlighted the urgent need to accelerate sustainable and inclusive growth in the region through robust agri-food systems. MSMEs were identified as key drivers of this transformation, capable of producing sustainable, nutritious food products and addressing challenges like poverty, food insecurity, and climate change. Referencing the SOFI 2024 report, the Director stressed the alarming levels of hunger in Africa with 298.4 million Africans affected in 2023 and an estimated 53% to suffer hunger in Africa by 2030. To combat malnutrition, increased investment in nutrition-sensitive rural food systems is crucial. This involves integrating nutrition into agricultural practices, from input selection to post-harvest handling and distribution.

The Director emphasized the role of the private sector in driving this transformation. By collaborating with private sector actors, we can improve input quality, enhance post-harvest practices, and innovate food distribution systems. Additionally, raising awareness about nutrition, empowering women, and promoting healthy diets are essential components of this effort. The Director concluded by emphasizing the need for a multi-stakeholder approach involving governments, private sector, farmers' organizations, academia, and research institutions to create resilient and inclusive rural agri-food systems.

### **Fire Chat Segment: Investing in Nutrition Sensitive Value Chains- Insights and Advances in Technology**

The first part of the event featured prominent stakeholders in sustainable value chains investments and technologies: Ms. Betty Kibaara, The Food Initiative Director at the Rockefeller Foundation, Africa Region Office; Mr. Penjani Mkambula, Deputy Director, Programme Services, Global Alliance for Improved Nutrition (GAIN) and Dr. Kennedy Bomfeh, Senior Director, The Ajinomoto Foundation.

The Importance of investing in Nutrition Sensitive Value Chains was discussed extensively. Ms Betty Kibaara argued that without investing in the whole value chain we risk collapsing the entire food system. She articulated the role of regenerative agriculture in ensuring healthy diets and the importance of tailored investments to support sustainable technologies in regenerative agriculture. She also highlighted the critical role MSMEs play in reduction of food loss and waste and the huge opportunity that exists for investing in technologies that reduce or eliminate food loss and waste. Ms. Betty further explained the unexploited opportunities in funding the “hidden middle” in nutritious value chains and the need to have MSMEs bankable. She concluded by elaborating the huge, often underestimated and underexploited market opportunity in institutional markets. Citing the example of investing in school feeding, Ms. Kibaara clarified that children in schools comprise 48 billion dollar market globally and the need to encourage aggregator models that supply schools with locally procured nutritious value chains. She emphasized the need to collaborate with governments to accelerate impact through institutional procurement including embracing initiatives like capacity building to strengthen local sourcing.

Mr. Penjani Mkambula discussed the role of technologies and innovations in addressing micronutrient deficiencies in Africa. Considering that over 900 million Africans in Sub Sahara Africa are micronutrient deficient, Mr. Penjani articulated the importance of mass food fortification as an effective channel to delivering healthier diets to many households. He clarified that the MSMEs are a key actor in the food fortification process and investing in MSMEs is tantamount to achieving significant reduction in micronutrient deficiencies.

The panel further weighed in on the importance of creating public and private sector partnerships for ensuring that value chains are nutrition sensitive, inclusive and sustainable to deliver healthy diets. Dr. Kennedy Bomfeh gave five key points on how to leverage the public-private partnerships: i) The need for both sectors to understand the problem in context in order to co-create synergistic interventions; ii) The need to provide a science based response to understand the context thus enabling participation for scale up of proposed solutions; iii) collaboration for holistic impact by using evidence as a bridge to link private sector and public sector; iv) localizing for uptake or utilization of locally available raw materials by ensuring local

food culture is respected to protect local food value chains; v) The use of market based distribution for sustainability by leveraging public private partnerships to enhance market penetration mechanisms.

Below are key recommendations from the fire chat on investing in Nutrition- Sensitive Food Value Chains and increasing financing for MSMEs:

1. Develop tailored financing models targeting MSMEs in high value and nutrition sensitive food value chains
2. Develop government capacities in local sourcing targeting direct sourcing from organized farmer groups
3. Completely remove tariffs on food fortificants (vitamins and minerals) to encourage more participation by MSMEs in food fortification at local level.
4. Use scientific evidence as a bridge to link between the private and public sector for synergistic impact
5. Leverage public sector partnerships for Social Behaviour Change and Communication to create demand for nutritious foods
6. Strengthen partnerships with private sector for effective distribution

### **MSME Panel: Featuring Transformative Businesses from within the region**

The MSME panel which was moderated by Ms. Nyathi Putso, Senior Value Chain Specialist, IFAD, featured some of the businesses drawn from ESA region who are actively transforming the resilience and diets of populations by harnessing transformative innovations and technologies sustainably through value addition to nutritious food value chains. The panelists included: Ms. Marie Claire Nyirankundizane, the Acting Managing Director, FARM FRESH Limited based in RWANDA; Dr. Geoffrey Ssepunya, CEO INFOODS LIMITED based in UGANDA; Ms. Rachael Gikonyo, founder and managing Director, EDEN HARVEST LIMITED based in KENYA; Mr. David Kamau, CEO of the Fortified Grain Alliance, working with MSMEs within the Africa region including Burundi, Rwanda and Kenya. Below is a brief description of Panelists and their businesses.

**Marie Claire Nyirankundizane** is the acting managing director and operations manager at FarmFresh Food Company Limited. The FarmFresh Food Company is an innovative Kigali-based food processing company that markets branded, fully cooked Rwandan beans in laminated pouches With 12months shelf life aimed at retail consumers and institutions across East Africa. We have a large, modern production facility on the Kigali Special Economic Zone, regulated by the Rwanda Food and Drug Authority (RFDA) and all our products carry the “S” Mark issued by the Rwanda Standards Board (RSB). FarmFresh is the only consumer-focused premium off-taker for Rwandan smallholder beans farmers. Farm fresh was established in Rwanda in 2015 with the purpose of adding value to beans by precooking them. The beans are sold to domestic markets as well as exports to Asia, Europe and Africa. Farm fresh strives to lead in fighting malnutrition in Rwanda by availing quality nutritious beans to its customers. Because our beans are precooked, the cost of cooking is reduced by 90% and subsequently saving the Environment. More information about the company can be accessed here: <https://www.farmfresh.rw/>

**Dr. Geoffrey Ssepunya** is the founder and managing Director of Insect based foods (INSFOODS Limited) based in Uganda. The company processes edible insects (crickets) to yield high protein flour that is used to fortify local food products such as porridge flours, sweet potato flours and Cassava flours. The company also processes ground nuts into various products including groundnut sauce, paste etc and enriches them with cricket powder.

**Ms. Rachel Gikonyo** is the founder and Managing Director of Eden Harvest Limited, an agricultural enterprise that specializes in farming, aggregating, packing, and distributing high-quality, fresh agricultural produce to schools, restaurants, supermarkets, and households. Since its inception, Eden Harvest has established a strong network of farmers in various counties in Kenya. The company supports these farmers through

training programs, particularly in post-harvest management, and facilitates market linkages to ensure a sustainable and profitable agricultural ecosystem.

**Mr. David Kamau** is the Managing Director of the Fortified Whole Grain Alliance. Through its SMEs in Burundi, Rwanda, Kenya (and other countries within African region), the Fortified Whole Grain Alliance aims to provide catalytic support to food system actors to increase the production and consumption of fortified whole grain foods within institutional markets (e.g. schools) and consumer markets in Low and Middle Income countries. The Fortified Whole Grain Alliance (FWGA) is a coalition of stakeholders that spans across the food system, including nonprofit and private sector members and is committed to increasing the global consumption of fortified whole grains (FWG). It is committed to delivering its stated mission, purpose and vision by bringing together the collective expertise, resources, operations, funding, visibility, and convening power of its members. The founding partners of the Alliance are the Rockefeller Foundation, DSM and BCG. The Alliance specifically aims to reach 10M+ people with FWG through its initiatives by 2025, across 5+ countries. Work is underway in 5 countries i.e., Kenya, Rwanda, and Burundi in East Africa and Benin & Ghana in West Africa and plans to initiate pilots in Uganda, Nigeria & Egypt in 2025 are underway. The initial grains of focus to shift to fortified whole grain consumption are maize, rice, and wheat and in the future, the Alliance is interested in increasing the share of FWG that is blended with sorghum, millet, and other local nutritious and hardy grains in multigrain/multi-blend configurations. More about FWGA can be accessed here: <https://fwg-alliance.org/>

The MSME panel shared valuable insights into how their businesses have stimulated demand for nutritious local products. They discussed the key challenges and opportunities associated with investing in nutritious products and provided context-specific recommendations based on local knowledge, best practices, and lessons learned to inform future investments in food-related MSMEs.

#### **The key insights from the MSME panel discussion are summarized below:**

What has worked well regarding demand creation for nutritious foods:

1. Creating awareness on the nutritional benefits of the products
2. Educating the target population on other benefits such as environmental friendliness safety and hygiene, etc of value added products such as pre-cooked beans, insect flour enriched staples, fortified whole grain foods, traditional nutritious vegetables, etc.
3. Build partnerships for local and last mile distribution
4. Practical demonstrations of the benefits of value added products such as in cooking demonstrations
5. Innovative packaging to respond to market expectation
6. Adoption of human centred design to inform pricing, packaging and last mile adaptations for effective local markets penetration.
7. Use of smart technology for marketing in the digital platforms
8. Consolidate market linkages to meet institutional demand- for instance leverage school feeding as an entry point. This can be done by linking millers to schools; SBCC to establish long healthy eating habits through school children as agents of change to their families
9. Ensuring budget neutrality for value added products so that nutritious products are comparable in price to other products on the market.
10. Capacity building local millers and linking them to tailored funds
11. Heavy investment in Research & Development to resolve specific issues in value chains that threaten shelf life or safety of products. For instance, the issue of rancidity can be overcome by cost effective methods of drying
12. Advocacy and awareness campaigns

Key challenges faced by MSMEs in delivering nutritious food products to the market:

1. Poor quality of raw materials which affects quality of final product. MSMEs are forced to invest more in improving quality of raw materials. This in turn affects pricing point of value added nutritious foods.

2. Low demand and market resistance due to mindset barriers to education on new or nutritious value added products.
3. The prohibitive cost of appropriate equipment for desired quality especially where micronutrients are added to foods.
4. General initial high cost of food processing machinery for certain food value chains
5. Rancidity in the fortified whole grain foods which requires additional investments in R&D and tailored drying equipment
6. High cost of raw materials for example in insects' value chain

Key recommendations from the MSME panel:

1. Tailored & innovative financing mechanisms for MSMEs
2. Policy and regulatory support to support MSMEs to participate in nutrition sensitive value chains
3. Graduate micro- enterprises into cooperatives
4. Education to mobilize MSMEs
5. Invest in private public partnerships to promote Social Behaviour Change and communication to increase demand for nutritious foods
6. Leverage monitoring and evaluation to inform demand creation