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Organization of the
United Nations

Business profiling and nutrition assessment of agrifood small and medium-sized enterprises in **Ethiopia, Malawi and Mali**

REPORT



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CONTENTS

Acknowledgements	vi
Executive summary	vii
1 Background and objectives	1
2 Methodology	2
2.1 Countries and participants	2
2.2 Survey design and structure	3
2.3 Data collection	4
2.4 Data analysis and reporting	4
3 Key findings	5
3.1 General business information	5
3.2 Business model	13
3.3 Nutrition-sensitive practices	18
3.4 Business development assessment	23
4 Conclusions and recommendations	31
References	33

FIGURES

1 Is your company a registered entity?.....	5
2 Gender of business owner/manager.....	6
3 Age of business owner/manager.....	6
4 Business owner/manager' s level of education.....	8
5 Total number of employees.....	9
6 Annual turnover of agrifood SMEs in Mali.....	10
7 Annual turnover of agrifood SMEs in Malawi.....	10
8 Annual turnover of agrifood SMEs in Ethiopia.....	11
9 Proportion senior leadership/management roles occupied by women.....	12
10 Main products produced – Food and beverages.....	13
11 Which of the following activities does your agrifood SME engage in and how important are they?	14
12 Main market outlets of agrifood SMEs and their importance.....	15
13 Key partners.....	16
14 Main business costs.....	17
15 Main sources of financing.....	17
16 Reasons for lack of access to formal credit.....	18
17 Committed to making products more available and affordable to low-income consumers.....	19
18 Healthy diets promoted in marketing messages.....	19
19 Specific measures taken to reduce food loss and waste.....	20
20 Specific measures taken to reduce environmental impact of activities engaged in by agrifood SMEs.....	20
21 Low-income consumers targeted.....	21
22 Specific measures taken to guarantee food safety.....	21
23 Procurements made from small-scale farmers.....	22
24 Nutritionally vulnerable consumers targeted.....	22
25 Main business challenges limiting agrifood SMEs' impact on nutrition-sensitive production.....	23
26 Stewardship and basic organization.....	24

27 Business management and financial literacy	25
28 Production of nutritious foods, and commitment to food quality and safety	26
29 Market development and leveraging investments.....	27
30 Have you recently received any kind of business improvement training?.....	27
31 Did the recent training include nutrition-sensitive production?	28
32 Training has helped you to... ..	29
33 Constraints affecting agrifood SMEs' attendance of training programmes	30

TABLES

1 Countries and participants.....	2
2 Countries and participants for the national-level analysis.....	5

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The report was developed by the GAIN Knowledge Leadership team, led by Flaminia Orteni and Catherine Rhea Roy, together with the Scaling Up Nutrition Business Network (SBN) team, led by Margaret Ngetha.

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EXECUTIVE SUMMARY

The Food and Agriculture Organization of the United Nations (FAO) and the Global Alliance for Improved Nutrition (GAIN) are currently collaborating on the joint FMM/GLO/156/MUL project, under the umbrella of the Flexible Multi-Partner Mechanism (FMM), aimed at mainstreaming nutrition into the FMM portfolio in order to promote nutrition-sensitive food production. The primary aim of the project is to make nutritious and safe foods more accessible and affordable, particularly for vulnerable populations, by strengthening the capacities of agrifood small and medium-sized enterprises (SMEs)¹ and enterprise support organizations (ESOs)² in lower-middle-income countries (LMICs).

Key project activities include surveys of agrifood SMEs and ESOs conducted in seven LMICs, multistakeholder workshops, and tailored training sessions to provide agrifood SMEs and ESOs with the tools and knowledge necessary to promote healthier food choices, ensure food safety, and enhance overall business performance.

This report centres on the first of these activities, which involved collecting primary and secondary data on agrifood SMEs and ESOs from selected LMICs. In total, 110 agrifood SMEs and 32 ESOs across Ethiopia, Haiti, Malawi, Mali, Niger, Papua New Guinea and South Sudan participated in the online surveys. Selection criteria prioritized groups affiliated with established nutrition networks, those previously partnered with major nutrition organizations, and those actively promoting sustainable, nutrition-sensitive production. Devised following a thorough desk review, the questionnaire was jointly formulated by FAO and GAIN, incorporating elements from existing agrifood SME and ESO assessment tools. Translations into French ensured wider accessibility. Data was collected using the Kobo Toolbox over 5 weeks from January to March 2023.

Post-collection data underwent quality checks and cleaning processes, with the analysis focusing mainly on quantitative responses, but also incorporating qualitative insights.

The survey results provided valuable insights into the capacity gaps and training needs of agrifood SMEs and ESOs, allowing training priorities to be identified and pre-existing capacity development materials to be adapted accordingly. This report presents the findings on the agrifood SMEs from the three countries that provided the highest number of responses: Ethiopia, Malawi and Mali.

Most agrifood SMEs in all three countries were registered entities. Notably, a significant proportion of business owners in Mali (43 percent) and Malawi (33 percent) were women, with this figure lower in Ethiopia (21 percent). Female representation in senior leadership or management roles varied considerably across the three countries: businesses in Mali were divided between those having high and low levels of female representation, in Malawi the results were mixed, and Ethiopia had the lowest levels of female representation. The World Bank classification system was used to categorize agrifood SMEs according to their size based on the number of their employees. In Malawi and Mali, most of the businesses surveyed were microenterprises, whereas in Ethiopia, a significant number were medium-sized enterprises. Additionally, the Smallholder and Agri-SME Finance and Investment Network (SAFIN) classification system was used to categorize agrifood SMEs based on their annual turnover. In Mali, businesses experienced fluctuations in turnover, potentially related to the COVID-19 pandemic; in Malawi, agrifood SMEs saw modest improvements in turnover over the years covered by this survey; while in Ethiopia, many businesses chose not to disclose turnover figures.

¹ According to the World Bank, a business with ten or fewer employees is considered a microenterprise, a company with 11 to 50 employees is defined as a small enterprise, and one with 51 to 300 employees is classed as a medium enterprise. The study also adopted the SAFIN definition, where an enterprise is considered micro if it has an annual turnover of less than USD 50 000, small if it has an annual turnover of USD 50 000 to 100 000, and medium if it has a turnover of USD 100 000 to 5 million.

² ESOs are enterprises that support agrifood SMEs by providing technical advice for the growth, development, long-term stability and resilience of businesses.



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Most businesses in the three countries were engaged in the grains and legumes production and processing sectors. The agrifood SMEs surveyed were involved in various activities within the food supply chain. These activities included farming, food aggregation, food storage (including cold storage), food distribution, food processing, packaging, wholesale, retail and the provision of food services. Although the economies of Ethiopia, Malawi and Mali are highly reliant on the agricultural sector, farming represented a relatively small portion of the activities that the agrifood SMEs surveyed were engaged in. More specifically, food processing and packaging were primary activities for 61 percent and 56 percent of Malawian agrifood SMEs, and 86 percent and 79 percent of Ethiopian businesses, respectively. These figures were lower but still significant in Mali, where 40 percent of agrifood SMEs were primarily involved in food processing and 23 percent in the food service industry.

Sixty-seven percent of agrifood SMEs in Malawi sold directly to end consumers, while in Ethiopia, 52 percent sold to both institutional buyers and food traders. In Mali, 33 percent of SMEs sold to end

consumers and 73 percent targeted specific market segments, while in Malawi and Ethiopia the figure was 56 percent and 38 percent, respectively. Agrifood SMEs in Ethiopia, Malawi and Mali had established partnerships with a range of different partners, including farmers, other input suppliers and cooperatives. While 69 percent of Ethiopian agrifood SMEs had entered into formal agreements with other input suppliers (not including farmers), 67 percent of Malawian agrifood SMEs and 40 percent of Malian agrifood SMEs had such agreements with farmers. Informal partnerships were also widely practised across the three countries.

Raw materials were the primary business cost for most agrifood SMEs in these countries, followed by technology and equipment, and staff salaries. In Ethiopia, Malawi and Mali, businesses' main source of financing was sales, and they had limited access to formal credit due to insufficient collateral and high interest rates.

Almost all the businesses covered by this survey in Malawi (100 percent), Mali (93 percent) and

Ethiopia (90 percent) aimed to increase the availability and affordability of products for low-income consumers, and a similar proportion said that they promoted healthy diets in their marketing messages. Challenges preventing agrifood SMEs from having more of a positive impact on nutrition included a lack of access to finance, inadequate infrastructure and technology, lack of market information, and a limited capacity to comply with food safety regulations. High input prices and low demand for nutritious foods were also significant barriers to improving nutrition. Lack of access to finance was a major concern in Malawi (for 89 percent of businesses), Ethiopia (62 percent) and Mali (30 percent), as were high input prices (for 56 percent of agrifood SMEs in Malawi, 69 percent in Ethiopia and 17 percent in Mali).

The business development gaps (and needs) of the agrifood SMEs surveyed in the three countries related to a wide range of areas, including record-keeping, formalization, documentation of procedures and operations, financial management, business planning and management, marketing and advertising, access to finance, and awareness of nutrition and food safety. Most companies were found to keep inventory management records and asset registers, with Ethiopia leading the way in terms of record-keeping and degree of formalization. Insurance coverage, however, was low across all three countries. Agrifood SMEs' use of electronic accounting systems, documentation of procurement processes and registration of products was found to be either inadequate or non-existent, particularly in Malawi. All three countries appeared to be performing well, on the other hand, in terms of their having well-documented business plans and a solid commitment to producing nutritious foods. Compared with the other two countries, a greater proportion of agrifood SMEs in Mali had conducted market research and had a documented advertising plan in place. Access to finance was also a major issue for agrifood SMEs in Ethiopia, Malawi and Mali, with microfinance institutions being the primary lenders.

Approximately half (or more) of the businesses surveyed had received previous training, and most of these reported that training had had a positive impact, especially in Mali, where this had led to improvements in product quality and increased

market access. Challenges affecting agrifood SMEs' attendance of training courses included time constraints and financial limitations, with the extent to which this was an issue varying by country. Due to connectivity issues, in-person training was preferred, and there was limited interest in online training.

The key takeaways from the survey and analysis of agrifood SMEs in Ethiopia, Malawi and Mali are:

- The majority of agrifood SMEs in all three countries were registered entities, indicating that they had at least to some degree formalized their businesses.
- The results point to high levels of gender diversity among business owners, with Mali having the highest proportion of female owners (43 percent), followed by Malawi (33 percent) and Ethiopia (21 percent). These businesses were primarily led by individuals aged 36–50 years. Most of the SME owners or managers in these countries had received tertiary education from universities or vocational institutes.
- While all three countries had high numbers of microenterprises, Ethiopia stood out as having a relatively large proportion of medium-sized enterprises, mostly due to sampling from the SBN members.
- The agrifood SMEs indicated that they were deeply committed to making nutritious products more accessible and affordable, especially for low-income consumers.
- Their ability to contribute to improved nutrition and food security is hampered by a number of challenges, including a lack of access to finance.
- The challenges agrifood SMEs face, such as inadequate infrastructure and market barriers, were identified in both the survey and the desk review. Collaborative efforts are essential to addressing these barriers and fostering SME growth.
- Past training received by agrifood SMEs has led to positive outcomes, indicating that further training has considerable potential in terms of helping them have a greater impact on nutrition.

1 BACKGROUND AND OBJECTIVES

This report summarizes the approach and results of a joint project between the Food and Agriculture Organization of the United Nations (FAO) and the Global Alliance for Improved Nutrition (GAIN) – “Strengthening the role of private sector to increase the availability, affordability, and consumption of safe and nutritious foods” – focused on agrifood small and medium-sized enterprises (SMEs) and enterprise support organizations (ESOs). The project was designed by FAO as part of the Flexible Multi-Partner Mechanism (FMM), which prioritizes building capacity and awareness among Member States and development partners in order to improve and mainstream nutrition. The FMM subprogramme also focuses on supporting agrifood SMEs and ESOs, as well as helping to foster multistakeholder dialogue at country level.

The overall purpose of the project is to increase private sector engagement on nutrition and facilitate the adoption of sustainable practices in the food industry. In other words, the project aims to make nutritious and safe foods more available, accessible and affordable for all – particularly low-income consumers and nutritionally vulnerable groups – by strengthening the capacities of agrifood SMEs and ESOs in lower-middle-income countries (LMICs) and raising awareness of the importance of nutrition among private sector actors.

The specific project objectives were:

- To assess and analyse the capacity gaps and specific training needs of agrifood SMEs and ESOs in relation to the adoption of nutrition-sensitive production practices.
- To encourage the creation of local, national and international governance and coordination mechanisms through multistakeholder processes that actively involve agrifood SMEs and ESOs.

- To build capacity among agrifood SMEs and ESOs by providing training, using materials and approaches tailored to their specific needs, aimed at promoting nutrition-sensitive production practices.

In order to meet these goals, the project involved the following activities: 1) conducting surveys of agrifood SMEs and ESOs in seven LMICs, 2) organizing multistakeholder workshops in all seven countries, and 3) adapting existing FAO/GAIN capacity development resources to be used in training sessions with agrifood SMEs and ESOs in a subset of the countries surveyed (i.e. those with the highest response rates, therefore showing the greatest interest in the project).

This report focuses on the first project objective and the first activity listed above, which involved collecting primary and secondary data on agrifood SMEs and ESOs in seven LMICs, with the aim being to understand their strengths and limitations, identify priority areas for training, and design tailored capacity development materials and guidance that specifically address the needs of agrifood SMEs and ESOs in the countries surveyed.

These capacity-building activities (activity three in the list above) should equip agrifood SMEs and ESOs with the necessary skills and resources to promote healthier food choices, ensure food safety practices and improve business performance.

While carrying out this work, particular attention will be paid to supporting ESOs to improve the services they provide to agrifood SMEs. Additionally, this project also aims to encourage local, national and global partners to support ESOs in their mission to assist agrifood SMEs operating within the food system (activity two in the list above). To this end, the survey that has been conducted has provided valuable insights on ESOs that can be used as guidance for stakeholders on formulating policies and allocating resources that support the sustainable growth of ESOs.

2 METHODOLOGY

2.1 Countries and participants

As briefly introduced above, the SME and ESO surveys were conducted in seven countries – Ethiopia, Haiti, Malawi, Mali, Niger, Papua New Guinea and South Sudan – and involved a total of 110 agrifood SMEs and 32 ESOs (Table 1).¹

Although the sample size was relatively large, allowing for some level of generalization, results should be interpreted with caution taking into account previous relevant studies and the existing literature, as national-level representivity could not be ensured due to time and budgetary constraints.

TABLE 1. COUNTRIES AND PARTICIPANTS

Country	Number of responses from agrifood SMEs	Number of responses from ESOs
Mali	30	9
Ethiopia	29	2
Malawi	18	5
Niger	11	4
South Sudan	10	8
Haiti	6	4
Papua New Guinea	5	0
Timor-Leste	1	0
Total	110	32

Source: Authors' own elaboration.

The survey was targeted at registered agrifood SMEs and ESOs operating within food systems. The primary criteria for selection were: (i) willingness to participate in the project, and (ii) either affiliation with renowned nutrition platforms such as the Scaling Up Business Network (SBN) or other relevant networks and institutions, or alternatively, having partnered with FAO or GAIN on previous projects. In addition, participating agrifood SMEs needed to be involved in at least one of the following activities: agrifood production, post-harvest handling, processing, packaging, distribution and/or sales. Participating ESOs

then needed to be providing support services to agrifood SMEs engaged in these activities. Finally, priority was given to agrifood SMEs operating within value chains with the potential to improve local diets and nutrition, such as those for fruits and vegetables, animal-source foods, and nutrient-dense (including fortified) grains, legumes, nuts and seeds, as well as to agrifood SMEs and ESOs with the greatest prospect of engaging at the national level in advocacy platforms promoting nutrition-sensitive industry practices. By establishing these selection criteria, the study aimed to be representative

¹ One SME from Timor-Leste also participated in the survey and its response was included in the analysis. However, one response was considered insufficient to justify listing Timor-Leste alongside the other countries.



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of organizations operating within food systems that are actively engaged in or aspire to promote sustainable business practices and nutrition-sensitive production.

The survey response rate was lower than anticipated, likely due to multiple factors including the fact that it was conducted online and businesses have limited time to complete such surveys. It is worth noting that some of the enterprises targeted had previously participated in other online surveys organized by FAO, SBN and/or GAIN, which might have affected their willingness and motivation to participate in another survey conducted online. Additionally, some of the countries chosen did not have an established SBN platform, making it even more difficult to reach a large number of participants. Finally, the overall business environment was more challenging in two of the countries (Haiti and South Sudan), which may have affected the number of respondents there.

2.2 Survey design and structure

A comprehensive desk review of the existing literature was conducted to inform the design of the survey questionnaires aimed at assessing the capacity gaps and training needs of agrifood SMEs and ESOs. The aim of the review was to obtain

insights from previous studies on the challenges and business development gaps affecting agrifood SMEs, as well as the impact of support from ESOs. The SME and ESO challenges and capacity gaps that were identified provided the basis for formulating specific sections of the questionnaires. Among other findings, the review highlighted the need to address key barriers to business growth, such as access to finance, skill development, the adoption of technology and market access. It also emphasized the importance of incorporating elements of capacity-building programmes that had proven effective in previous interventions.

The survey's data-collection instruments were developed jointly by GAIN and FAO based on existing resources used as part of previous relevant surveys conducted by GAIN, FAO and the SBN. Specifically, FAO's agrifood SME and nutrition assessment questionnaires, agrifood SME profiling survey and agrifood SME learning needs assessment questionnaire were closely consulted, as they were already tailored to agrifood SMEs and had been piloted and refined. In addition to FAO resources, the relevance of existing SME assessment tools used by the SBN was evaluated in order to determine their suitability as a basis for questionnaire design. Other tools referred to included Access to Nutrition Initiative's Nutrition

Business Monitoring Toolkit for agrifood SMEs and FAO's Global capacity needs assessment methodology for ESOs.

Another factor informing the design process was the fact that the survey would be conducted online, and the questionnaire therefore needed to be user-friendly and easy to understand. The design process for the questionnaire was completed between November and December 2022.

All guidelines and questionnaires, as well as advertisements used on social media, were translated into French in order to facilitate the participation of businesses from Haiti, Mali and Niger. The rationale for this was to ensure inclusivity and accessibility for participants from all the selected countries.

The aim of the questionnaires was to profile agrifood SMEs and ESOs and identify their specific needs to allow tailored capacity-building resources to be subsequently developed. The survey included questions on technical knowledge and managerial aspects, as well as preferences as to training approaches and formats. The SME questionnaire also covered general information on their business and business management model, nutrition-sensitive practices, level of stewardship, product development, financial literacy and borrowing history. The ESO questionnaire, meanwhile, covered general information on their business and business model, technical gaps, the portfolio of agrifood SMEs they support and experience doing so, what kind of services they provide, the main challenges and nutrition-sensitive practices.

2.3 Data collection

Data were collected through an online survey using Kobo Toolbox. The survey was launched on 26 January 2023 and closed 5 weeks later on 8 March 2023, with the aim being to achieve the highest response rate possible within this timeframe. To maximize study reach, various recruitment strategies were adopted, including contacting businesses and organizations through national SBNs, where available (in Ethiopia and Malawi), and FAO Country Offices.

To improve data quality and completeness, detailed guidelines on how to fill in the survey were provided to all participating agrifood SMEs and ESOs, and measures were implemented to ensure that each SME or ESO could only submit one response in order to prevent duplication.

2.4 Data analysis and reporting

Having collected all the data, the GAIN team downloaded data export sheets in Excel format for each survey from the Kobo Toolbox platform (English and French agrifood SME surveys, and English and French ESO surveys). The response sheets for the English and French agrifood SME surveys were combined into a single master sheet (in English) to allow for data quality checks, data cleaning and analysis. The same process was applied to the response sheets for the English and French ESO surveys. During the data cleaning, the two master sheets (agrifood SME and ESO) were checked for potential duplicates and incomplete or incoherent responses, single terms were established for varying names and categories, and the data were organized and formatted ready for analysis.

Responses to both the agrifood SME and ESO surveys were analysed at the global level (i.e. taking all countries into consideration). National-level analyses were only conducted for the SME survey in Ethiopia, Malawi and Mali, as other countries did not provide enough responses (less than 15). With respect to the ESO survey, no country provided sufficient responses to allow for national-level analysis.

For quantitative questions (i.e. closed-ended questions where respondents had to select one or more available options), frequencies were calculated using Excel, while for qualitative questions (i.e. open-ended questions where respondents could freely enter text), responses were manually coded (i.e. points in common between responses were identified) and grouped according to the themes or categories identified. The purpose of qualitative questions was mainly to allow participants to express themselves freely and raise issues which may not have been picked up by the quantitative questions, and thus help the GAIN team better interpret the findings.

Results from the analysis and related graphs were made available in Excel format. In addition, key findings with a bearing on the subsequent phases of this project – that is, activities two and three – are also summarized in this report, which focuses on a national-level analysis of the SME survey results from Ethiopia, Malawi and Mali (the results of the global-level analysis are covered in a separate report).

3 KEY FINDINGS

The results of the national-level analysis capture the experience of agrifood SMEs in Mali (n=30), Ethiopia (n=29) and Malawi (n=18) (Table 2). The survey questionnaire gathered information from these agrifood SMEs on their

business and its business model, as well as their capacity development requirements, with a view to improving nutrition-sensitive practices within the industry sector in the countries surveyed.

TABLE 2. COUNTRIES AND PARTICIPANTS FOR THE NATIONAL-LEVEL ANALYSIS

Country	Number of responses from agrifood SMEs
Mali	30
Ethiopia	29
Malawi	18

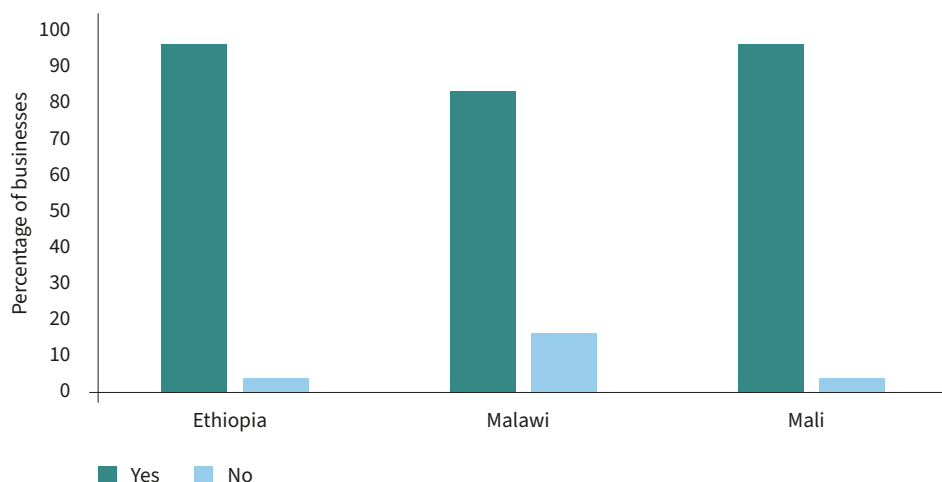
Source: Authors' own elaboration.

3.1 General business information

The first section of the survey covered general business information, including company registration details; age, gender and education

level of the owner or manager; workforce size; and annual turnover. While in Ethiopia and Mali almost all the companies surveyed (97 percent) were registered, this figure was lower in Malawi, where only 83 percent of companies were registered.

FIGURE 1. IS YOUR COMPANY A REGISTERED ENTITY?

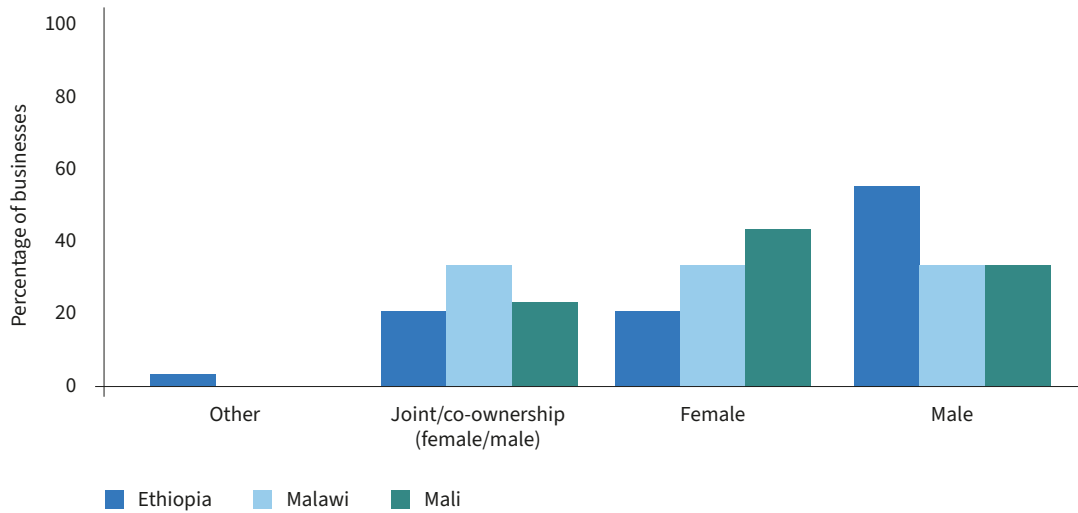


Source: Authors' own elaboration.

With regards to the gender of business owners, at 43 percent, Mali reported the highest number of female business owners, followed by Malawi at 33 percent, and Ethiopia, with the lowest number,

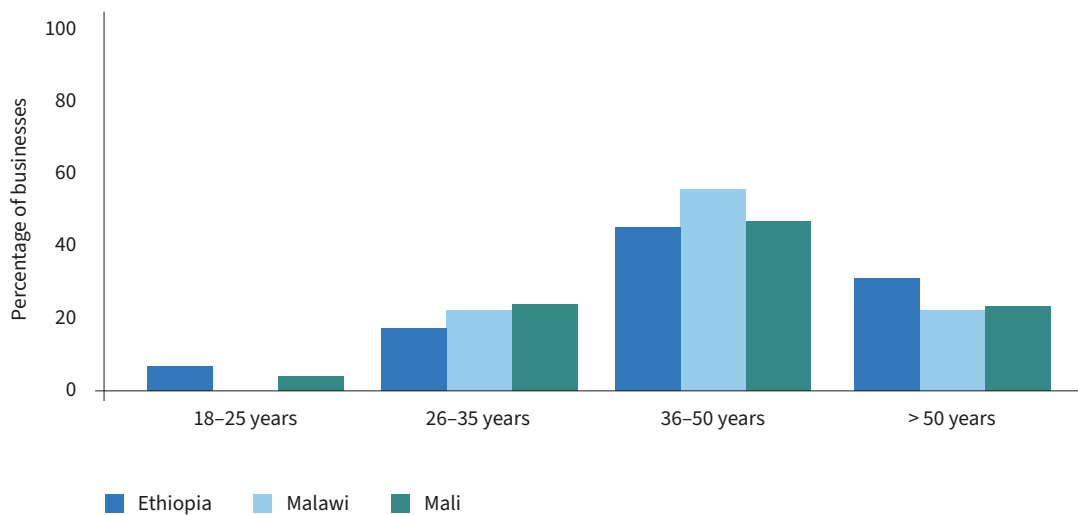
at 21 percent. In terms of their age, most business owners in all three countries were between 36 and 50 years of age; that is, neither very young nor very old.

FIGURE 2. GENDER OF BUSINESS OWNER/MANAGER



Source: Authors' own elaboration.

FIGURE 3. AGE OF BUSINESS OWNER/MANAGER



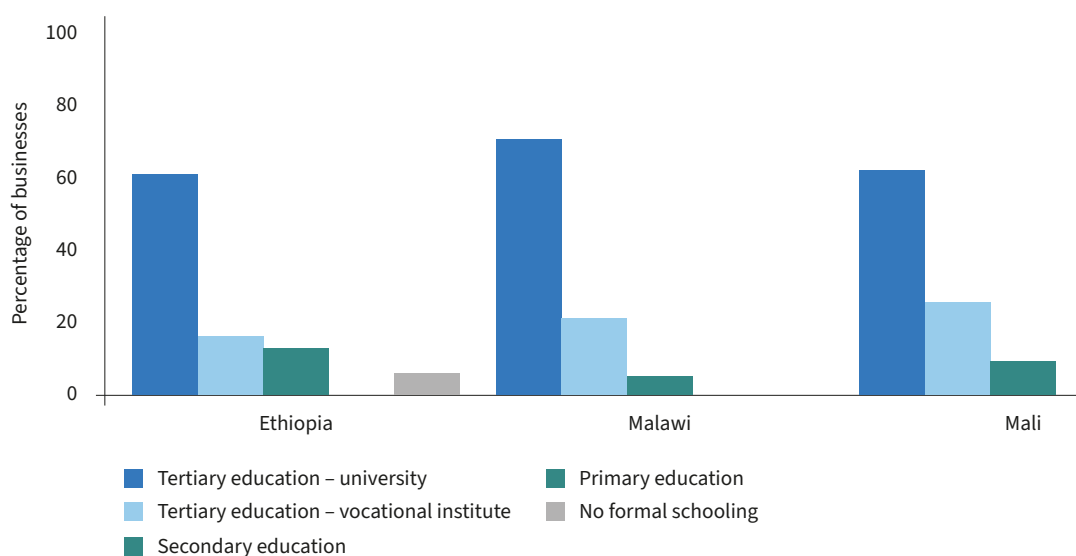
Source: Authors' own elaboration.



The agrifood SMEs from Ethiopia, Malawi and Mali participating in this survey were either part of the SBN or had previously received support from FAO or GAIN, and they received a higher number of responses than other agrifood SMEs in these countries. The data on level of education, for example, challenged common assumptions about the profile of SME owners and managers in LMICs, with the vast majority of respondents in Ethiopia, Malawi and Mali having received tertiary education from either a university (63 percent in Mali, 62 percent in Ethiopia and 72 percent in Malawi) or vocational institute (27 percent in Mali, 17 percent in Ethiopia and 22 percent in Malawi).

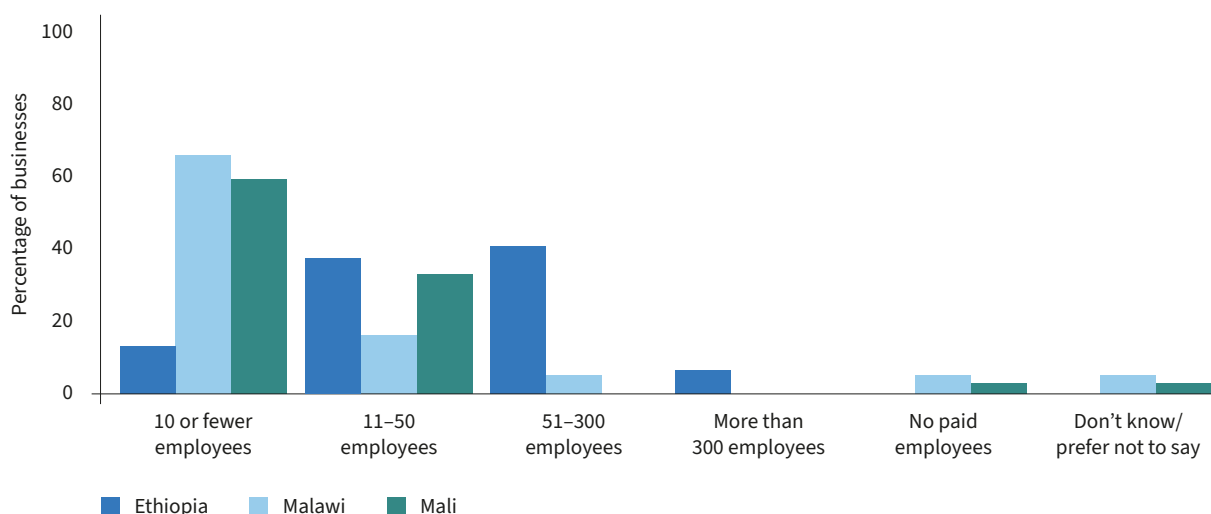
A previous study conducted by Appui au Développement Autonome in Ethiopia, Kenya and Madagascar found similar results with regards to the education level of SME owners, and suggested that a higher education level may present an advantage, not only in terms of knowledge and skills, but also building the social and professional network that helps businesses grow. Among the entrepreneurs surveyed as part of the study, none were illiterate, and few had stopped studying after primary education. Furthermore, the study found that higher education levels correlated with greater business growth and larger size in terms of the number of employees (Appui au Développement Autonome, 2016).

FIGURE 4. BUSINESS OWNER/MANAGER’S LEVEL OF EDUCATION



Source: Authors' own elaboration.

FIGURE 5. TOTAL NUMBER OF EMPLOYEES



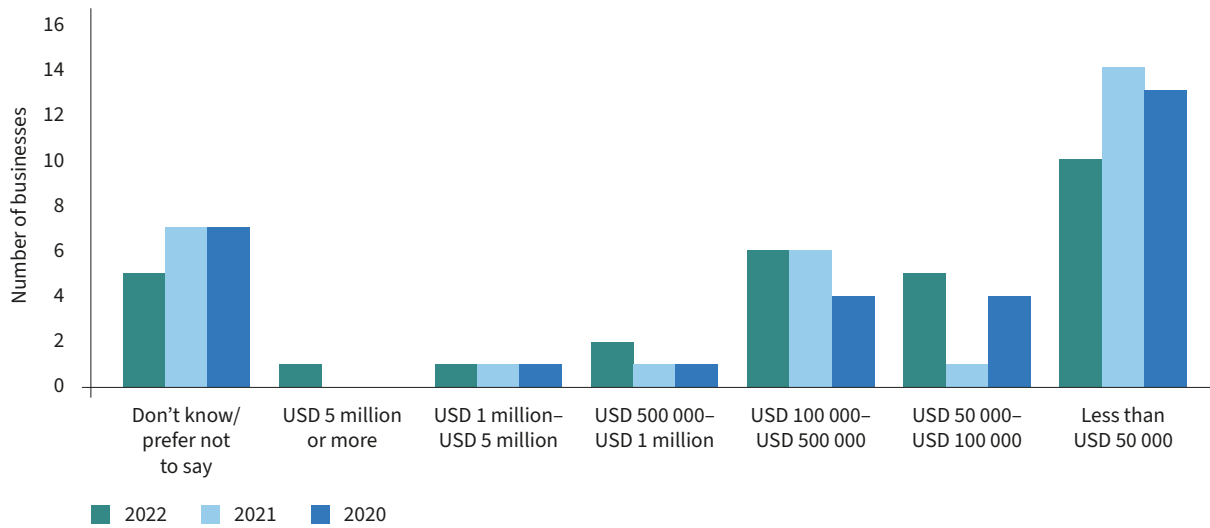
Source: Authors' own elaboration.

According to the World Bank and SAFIN, an enterprise can be classed as micro, small or medium-sized based on the total number of people it employs and its annual turnover. For the purposes of this report, the World Bank classification system was used to categorize agrifood MSMEs (the first “M” stands for “micro”) based on their number of employees, while the SAFIN classification system was used to categorize them based on their annual turnover. The reasons for this choice include convenience for data analysis and to make sure all types of MSME would be included. Of the agrifood SMEs surveyed, the majority of businesses in Malawi and Mali (67 percent and 60 percent, respectively) reported ten or fewer employees, and would therefore be classed as microenterprises according to the World Bank definition. In Ethiopia, however, most of the respondents (41 percent) reported having between 51 and 300 employees, making them medium-sized enterprises, and a further 38 percent, having 11 to 50 employees, could be classed as small.

In addition to the number of employees, the annual turnover of an SME was also used to

determine whether it was micro, small or medium-sized based on the internationally recognized definitions put forward by SAFIN. The data from the survey reveal that in Mali, the majority of businesses (13 out of 30) reported an annual turnover of less than USD 50 000 in 2020, making them microenterprises, while four companies reported a turnover of USD 50 000 to 100 000, making them small, and a further four reported an annual turnover of USD 100 000 to USD 500 000, making them medium-sized. The data also suggest that in 2021, businesses in Mali, like the rest of the world, were not immune to the impact of COVID-19: the number of microenterprises increased to 14 that year, and only one business reported a turnover of USD 50 000 to 100 000, as compared to four companies the previous year. Post-pandemic, in 2022, the survey results point to business recovery and overall growth in Mali, as fewer businesses (ten) were in the microenterprise category (compared to both 2021 and 2020), and at the same time, the number of small (five) and medium-sized enterprises (six) had either increased or remained unchanged.

FIGURE 6. ANNUAL TURNOVER OF AGRIFOOD SMEs IN MALI

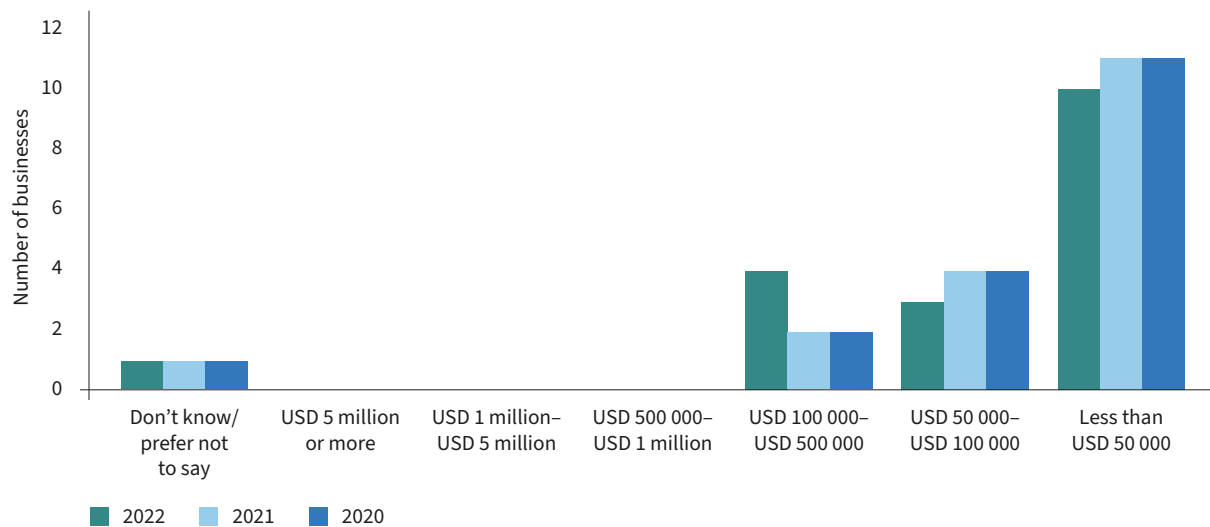


Source: Authors' own elaboration.

In Malawi, the financial situation of the agrifood SMEs surveyed remained unchanged between 2020 and 2021, with most enterprises (11) reporting less than USD 50 000 in annual turnover, while only four reported between USD 50 000 and 100 000, and two between USD 100 000 and

500 000. Slight improvements in turnover were registered in 2022, with ten enterprises declaring less than USD 50 000 (one less than in the previous years), and a small increase in the number of enterprises (four) reporting between USD 100 000 and 500 000.

FIGURE 7. ANNUAL TURNOVER OF AGRIFOOD SMEs IN MALAWI

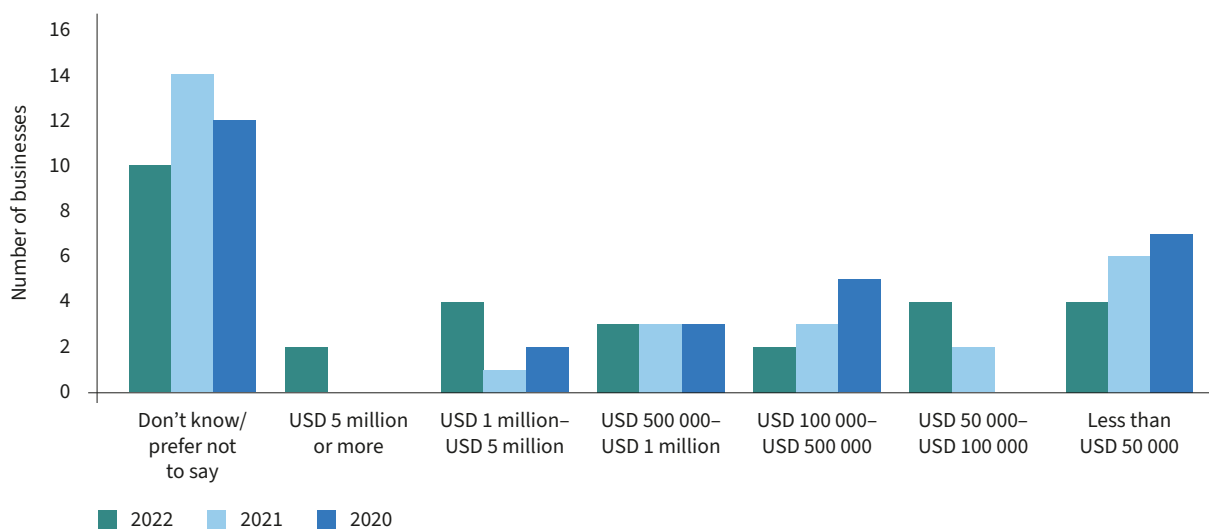


Source: Authors' own elaboration.

Interestingly, in Ethiopia, of the 29 surveyed agrifood SMEs, many were either unaware of or preferred not to disclose their annual turnover, particularly in the aftermath of COVID-19 (12 in 2020, 15 in 2021 and 10 in 2022). Of the respondents that chose to answer, the number of microenterprises (less than USD 50 000) decreased steadily across the period, there being seven in 2020, six in 2021 and four in 2022. However, this decrease did not always lead to a significant increase in the number of agrifood SMEs, as the results have been obscured by

the high number of businesses that did not disclose their annual turnover. For example, the number of enterprises with an annual turnover of USD 100 000 to 500 000 fell from five businesses in 2020 to two in 2022. The number of small enterprises (USD 50 000 to 100 000), meanwhile, increased from two in 2021 to four in 2022. Another important point to note is that of the three countries surveyed, Ethiopia reported the highest number of businesses in the USD 500 000 to 1 million, USD 1 million to 5 million and USD 5 million or more ranges.

FIGURE 8. ANNUAL TURNOVER OF SMEs IN ETHIOPIA



Source: Authors' own elaboration.

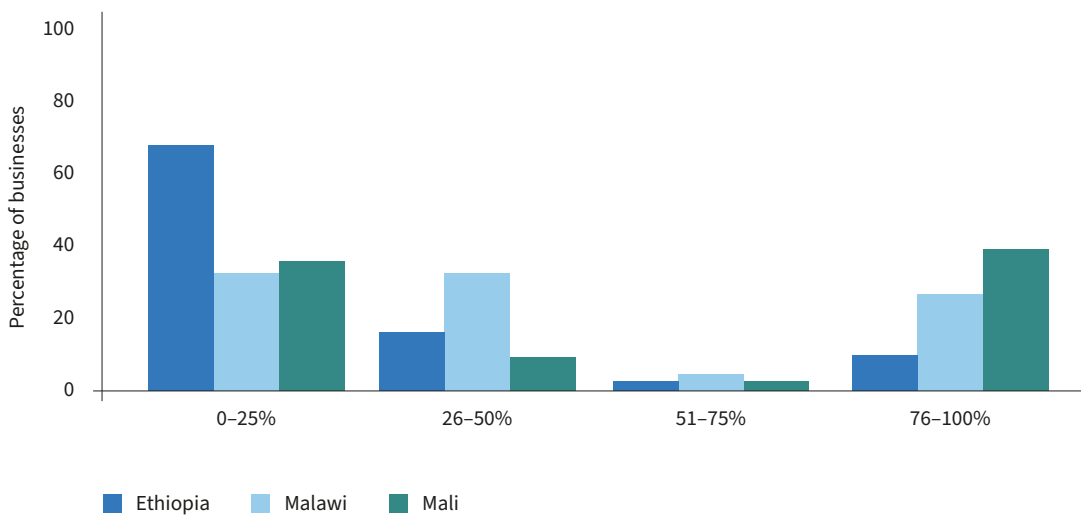
The proportion of senior leadership or management roles occupied by women varied greatly both within and across countries. In Mali, for instance, while 40 percent of the businesses reported 76 to 100 percent female representation in senior leadership or management roles, another 37 percent had zero to 25 percent representation. In Malawi, 28 percent of the agrifood SMEs had a proportion of female representation in management of between 76 and

100 percent, at 33 percent this figure was 26 to 50 percent, and another 33 percent reported zero to 25 percent representation. Ethiopia had the lowest figures in terms of female representation in senior leadership or management roles, with most agrifood SMEs (69 percent) reporting zero to 25 percent representation, while only 17 percent had women in 26 to 50 percent of these roles, and 10 percent indicated that their level of female representation was 76 to 100 percent.



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FIGURE 9. PROPORTION SENIOR LEADERSHIP/MANAGEMENT ROLES OCCUPIED BY WOMEN



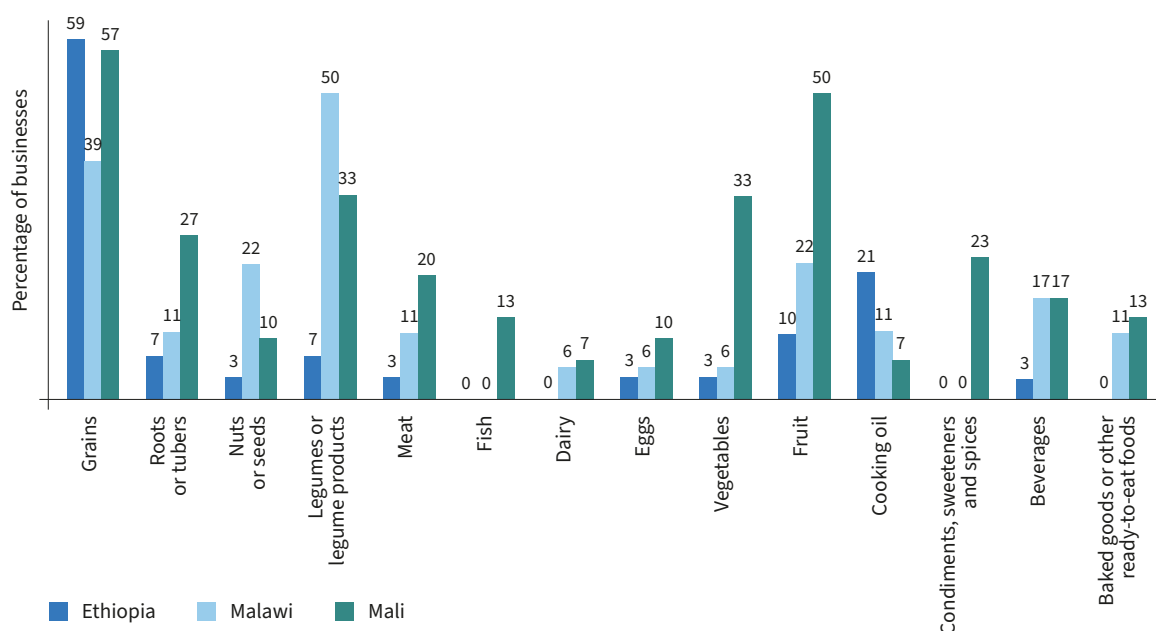
Source: Authors' own elaboration.

3.2 Business model

The main products produced were within the food and beverage sector, with few businesses producing non-food items, such as fertilizer, animal feed or other agricultural inputs. In Ethiopia and Mali, grains were the most produced product for 59 percent and 57 percent of agrifood SMEs, respectively; while in Malawi the main product was legumes or legume products (50 percent of businesses), followed by grains (39 percent). A considerable proportion of Malawian businesses

(22 percent) were also involved in producing fruit and nuts or seeds. In Mali, meanwhile, 50 percent of the agrifood SMEs surveyed were involved in the fruit sector, 33 percent in the vegetable sector, and another 33 percent in the legume sector. In addition to grains, 21 percent of Ethiopian agrifood SMEs were involved in the manufacture of cooking oil, and 10 percent in fruit production. In all three countries, the numbers of businesses producing roots and tubers, meat, fish, eggs, dairy, condiments, beverages, and baked goods or other ready-to-eat foods were smaller.

FIGURE 10. MAIN PRODUCTS PRODUCED – FOOD AND BEVERAGES



Source: Authors' own elaboration.

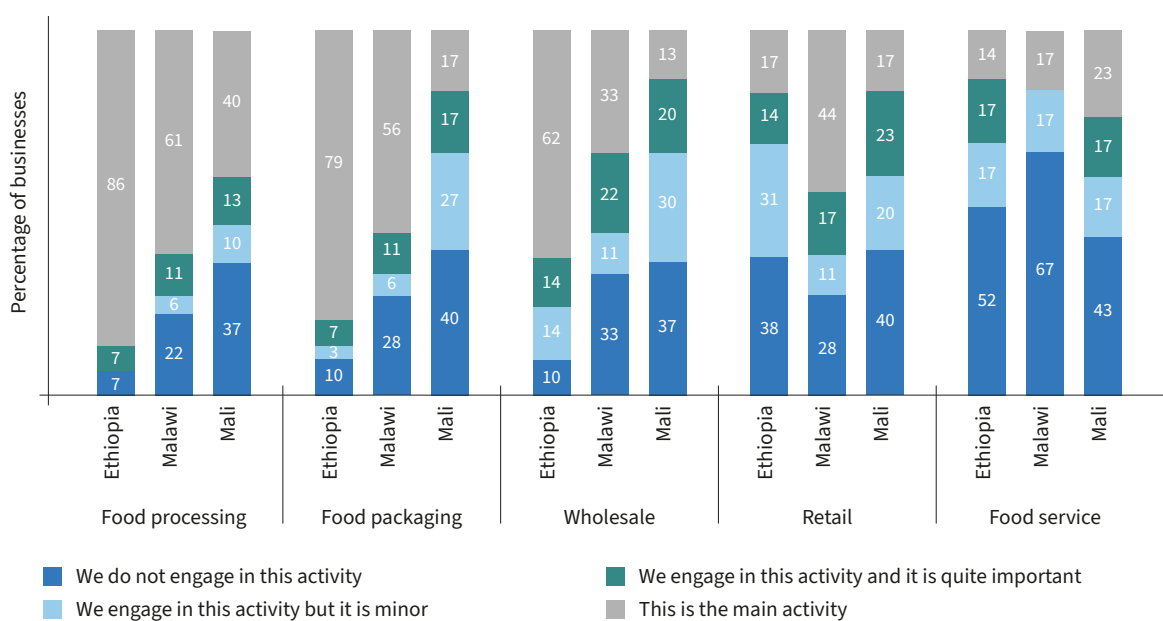
The agrifood SMEs surveyed in Ethiopia, Malawi and Mali were engaged in various activities across the length of the food supply chain, including farming, food aggregation, food storage or warehousing, cold storage, food distribution, food processing and packaging, wholesale, retail, and providing food services. In Malawi, food processing (carried out by 61 percent of businesses) was the most common activity, followed by packaging (56 percent) and farming (50 percent). The situation was similar in Ethiopia, where food processing (86 percent) was the main activity, followed by packaging (79 percent) and

wholesaling (62 percent). Likewise, in Mali, food processing was the top activity performed by agrifood SMEs (40 percent), followed by the provision of food services (23 percent), food aggregation (23 percent) and food distribution (20 percent). Interestingly, despite the economies of these countries largely relying on the agricultural sector, we found that farming only accounted for a relatively small proportion of the activities that the agrifood SMEs surveyed were engaged in. In Ethiopia, agriculture is the second largest source of employment, and, as they account for a significant portion of the agricultural

industry, agrifood SMEs are of great importance there (Ayalu *et al*, 2022). Similarly, according to a 2022 position paper on agriculture by the Japan International Cooperation Agency, 34 percent of Malawi’s GDP comes from the agricultural sector (Japan International Cooperation Agency, 2022).

While agriculture is also hugely important in Mali, public investment in the country’s agricultural sector is low (15 percent), which is neither sufficient nor necessarily sustainable in a fragile landlocked country such as Mali (World Bank, 2016).

FIGURE 11. WHICH OF THE FOLLOWING ACTIVITIES DOES YOUR AGRIFOOD SME ENGAGE IN AND HOW IMPORTANT ARE THEY?

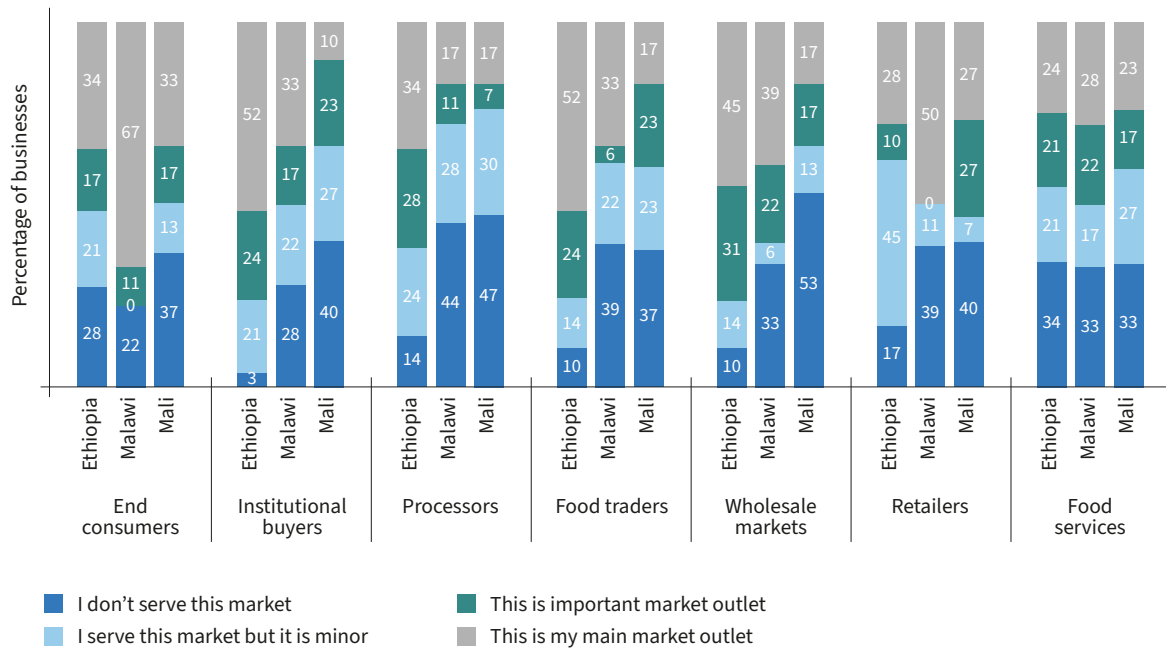


Source: Authors' own elaboration.

The survey results reveal that 67 percent of the agrifood SMEs in Malawi sold their products directly to end consumers, while in Ethiopia, 52 percent sold to institutional buyers and another 52 percent to food traders, aggregators and distributors. In Mali, 33 percent of

businesses sold to end consumers and 27 percent to retailers. Furthermore, in Mali, 73 percent of the agrifood SMEs surveyed targeted a specific market segment, while in Malawi (56 percent) and Ethiopia (38 percent) this figure was lower.

FIGURE 12. MAIN MARKET OUTLETS OF AGRIFOOD SMEs AND THEIR IMPORTANCE



Source: Authors' own elaboration.

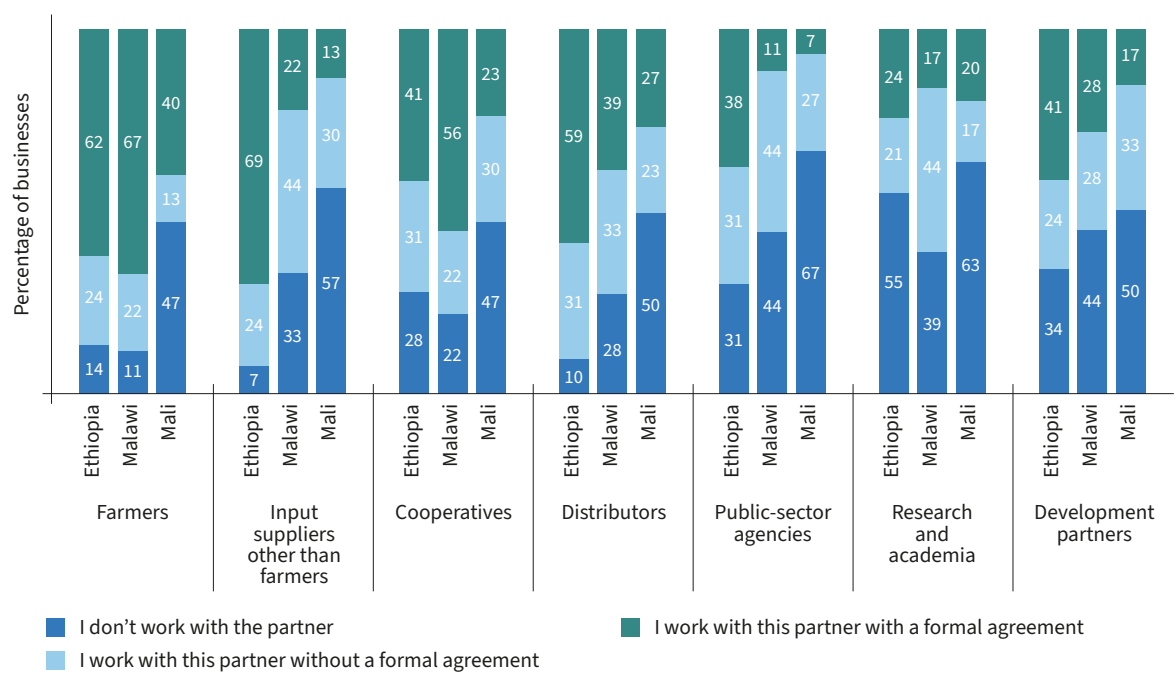
The main partners that businesses in Ethiopia, Malawi and Mali worked with included farmers, other input suppliers (excluding farmers), cooperatives, distributors, public sector agencies, research and academic bodies, and development partners; in addition to which agrifood SMEs also listed more minor partners, such as faith-based organizations, restaurants and hotels. In Ethiopia, 69 percent of the agrifood SMEs surveyed had formal agreements in place with input suppliers other than farmers, 62 percent with farmers, and 59 percent with distributors (these figures are higher when informal partnerships are also taken into account). In Malawi, 67 percent of enterprises had entered into formal agreements with farmers and 56 percent with cooperatives, and in Mali, 40 percent had such agreements with farmers, 27 percent with distributors, and 23 percent with cooperatives. The survey results also reveal that in Mali, as many as 30 percent of enterprises have partnerships with cooperatives and input suppliers other than farmers that are not based on a formal agreement. Informal partnerships were also common in Ethiopia and Malawi, where 24 percent and 22 percent of agrifood SMEs, respectively, said that they did not have a formal agreement with the farmers that they worked with.





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FIGURE 13. KEY PARTNERS

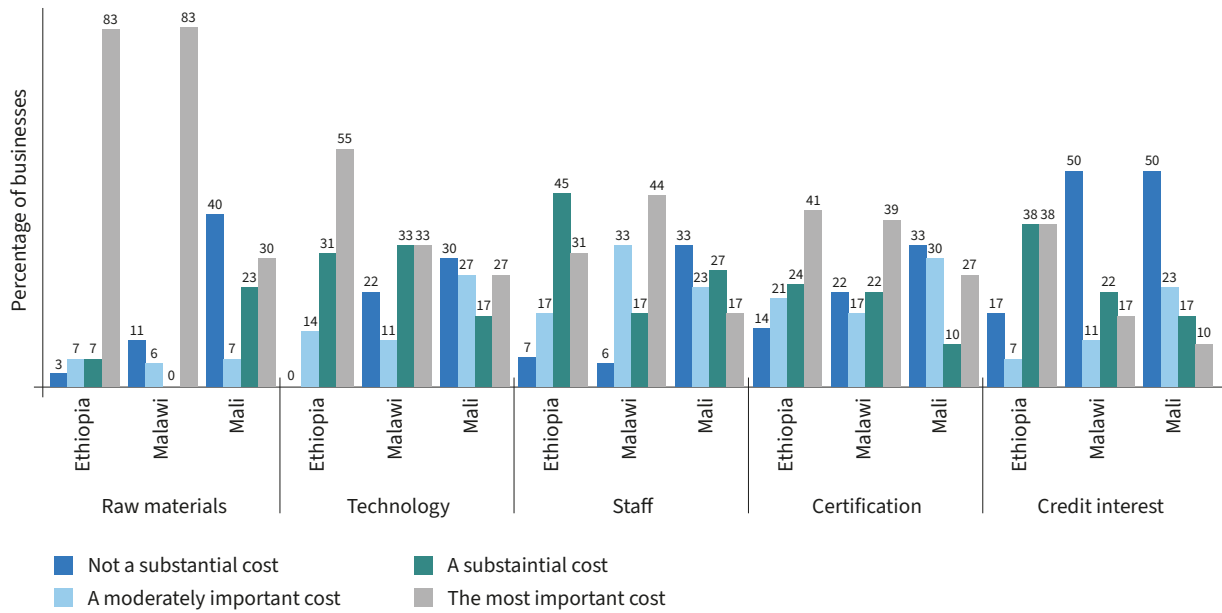


Source: Authors' own elaboration.

Raw materials were the primary business cost for this group of countries, although the proportion of agrifood SMEs citing this as their main expense was significantly lower in Mali (30 percent) compared to Ethiopia and Malawi (both 83 percent). In addition to which, 55 percent of the agrifood SMEs in Ethiopia

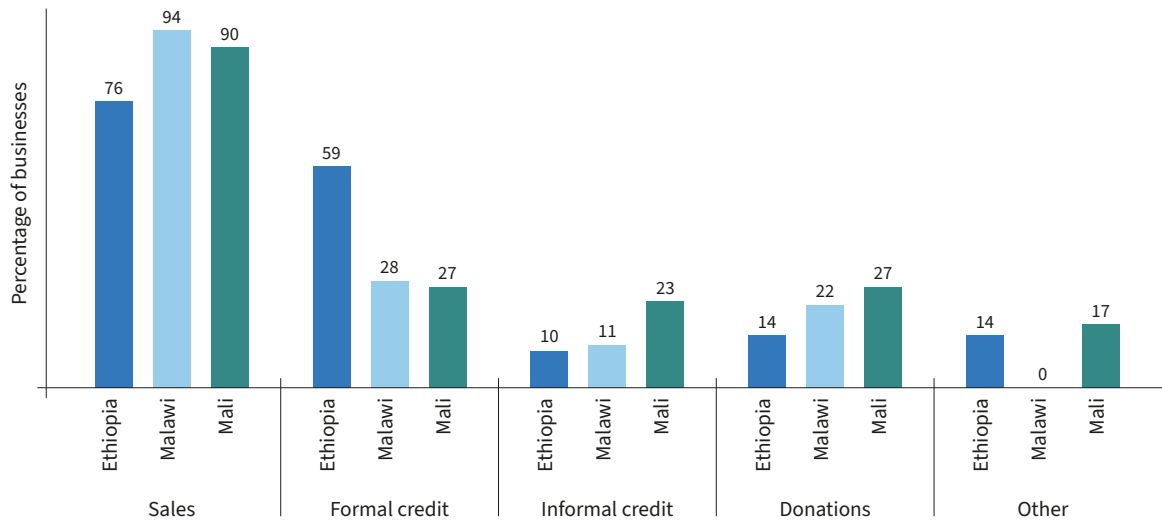
gave technology as their most important business cost, while in Malawi, 44 percent of respondents listed staff as the main cost. Certification and credit interest were also considered significant in terms of cost by a considerable proportion of companies.

FIGURE 14. MAIN BUSINESS COSTS



Source: Authors' own elaboration.

FIGURE 15. MAIN SOURCES OF FINANCING

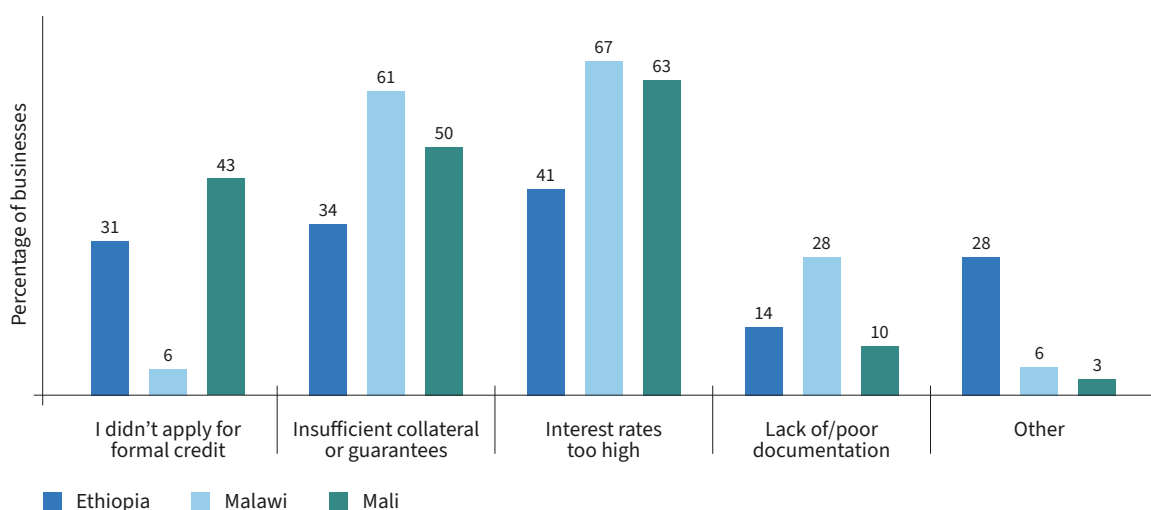


Source: Authors' own elaboration.

The main source of financing for this group of countries was sales, with 94 percent of agrifood SMEs in Malawi, 90 percent in Mali and 76 percent in Ethiopia giving this answer. In Ethiopia, formal credit was a source of funding for around 59 percent of respondents, while in Malawi (28 percent) and Mali (27 percent) formal credit was less popular. The reasons given for lack of access to formal credit were unanimous across the three countries, and the survey results suggest that the businesses surveyed did not

have the knowledge or means to apply for formal credit, and/or lacked the ability to pay back loans. Indeed, while a sizeable proportion did not apply for formal credit in the first place (43 percent in Mali and 31 percent in Ethiopia), the majority reported having insufficient collateral or guarantees (61 percent in Malawi, 50 percent in Mali and 34 percent in Ethiopia), or struggling with high interest rates (67 percent in Malawi, 63 percent in Mali and 41 percent in Ethiopia).

FIGURE 16. REASONS FOR LACK OF ACCESS TO FORMAL CREDIT



Source: Authors' own elaboration.

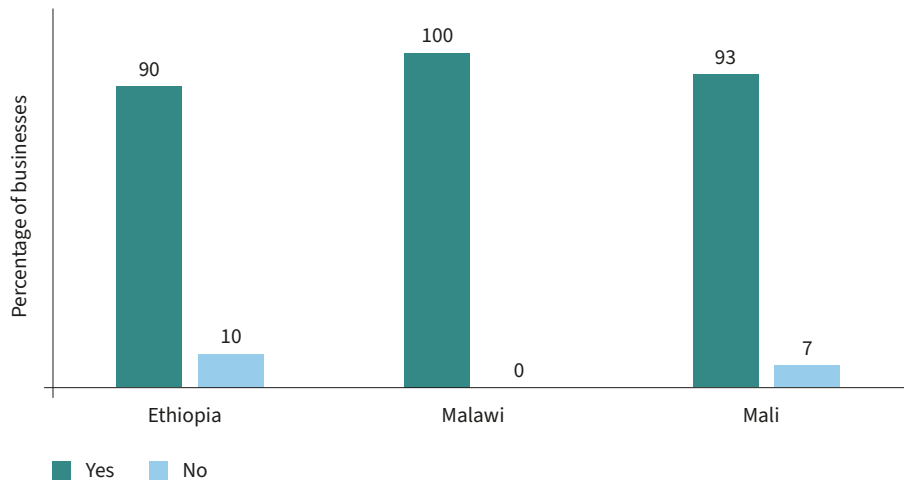
3.3 Nutrition-sensitive practices

• SME efforts in relation to affordable nutrition, healthy marketing and reducing food waste

The survey also assessed agrifood SMEs' impact on nutrition and food security across the three countries. Almost all businesses in Malawi (100 percent), Mali (93 percent) and Ethiopia (90 percent) were committed to increasing the availability and affordability of their products

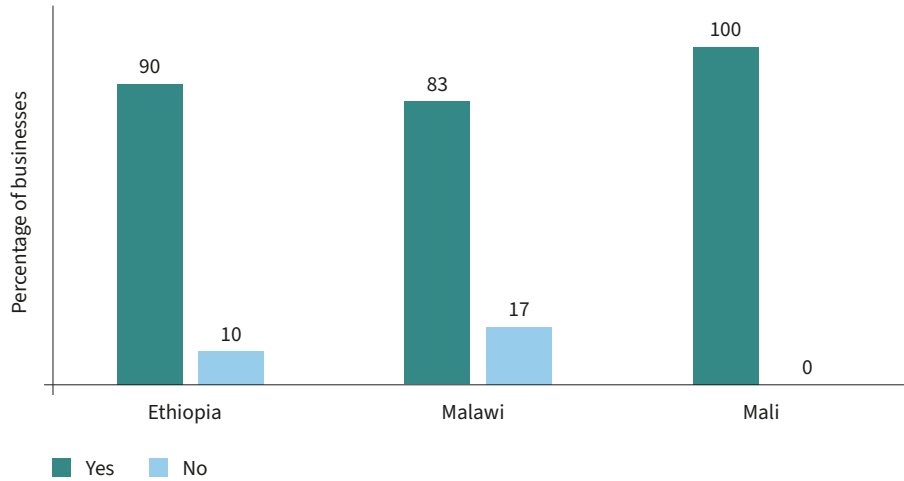
for low-income consumers. They were also almost universally committed to promoting healthy diets through their marketing messages (Mali: 100 percent, Ethiopia: 90 percent and Malawi: 83 percent). Additionally, most of the companies surveyed said they had adopted measures to reduce food loss and waste (Mali: 97 percent, Malawi: 83 percent and Ethiopia: 79 percent), as well as lessen the environmental impact of their activities (Mali: 100 percent, Malawi: 94 percent and Ethiopia: 83 percent).

FIGURE 17. COMMITTED TO MAKING PRODUCTS MORE AVAILABLE AND AFFORDABLE TO LOW-INCOME CONSUMERS



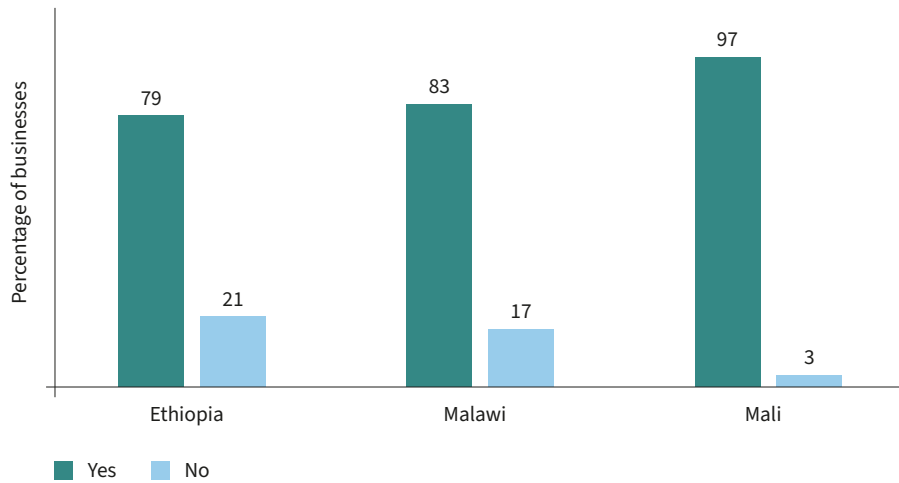
Source: Authors' own elaboration.

FIGURE 18. HEALTHY DIETS PROMOTED IN MARKETING MESSAGES



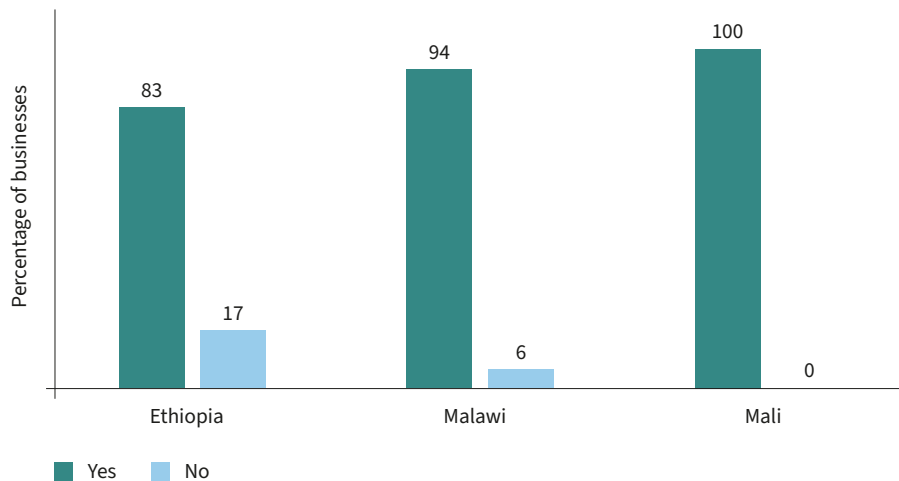
Source: Authors' own elaboration.

FIGURE 19. SPECIFIC MEASURES TAKEN TO REDUCE FOOD LOSS AND WASTE



Source: Authors' own elaboration.

FIGURE 20. SPECIFIC MEASURES TAKEN TO REDUCE ENVIRONMENTAL IMPACT OF ACTIVITIES ENGAGED IN BY AGRIFOOD SMEs



Source: Authors' own elaboration.

• **Food safety, supporting small-scale farmers, and reaching nutritionally vulnerable and low-income consumers**

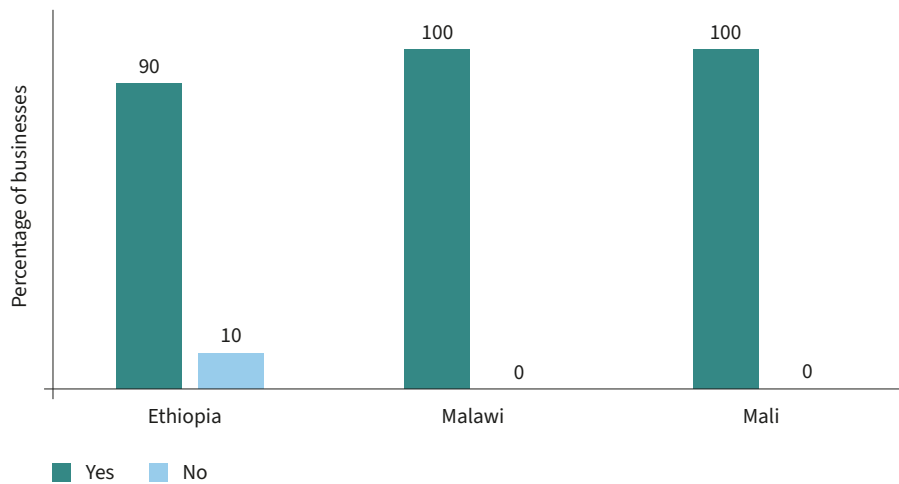
Most agrifood SMEs were also mindful of taking positive measures to ensure food safety, procure from small-scale farmers, and target nutritionally

vulnerable consumers – including infants and young children, pregnant and lactating women, and the elderly. Although Ethiopia and Mali appeared to be leading the way in terms of their efforts on food safety, with 97 percent of enterprises in both countries taking specific measures in this regard, at 89 percent, Malawi was

not far behind them. The proportion of agrifood SMEs procuring from small-scale farmers was very high in Malawi (94 percent) and Mali (93 percent), but lower in Ethiopia, where only 69 percent of the agrifood SMEs surveyed supported smallholder farmers. A similar trend was observed in relation to agrifood SMEs' targeting of nutritionally vulnerable consumers. In Mali (97 percent)

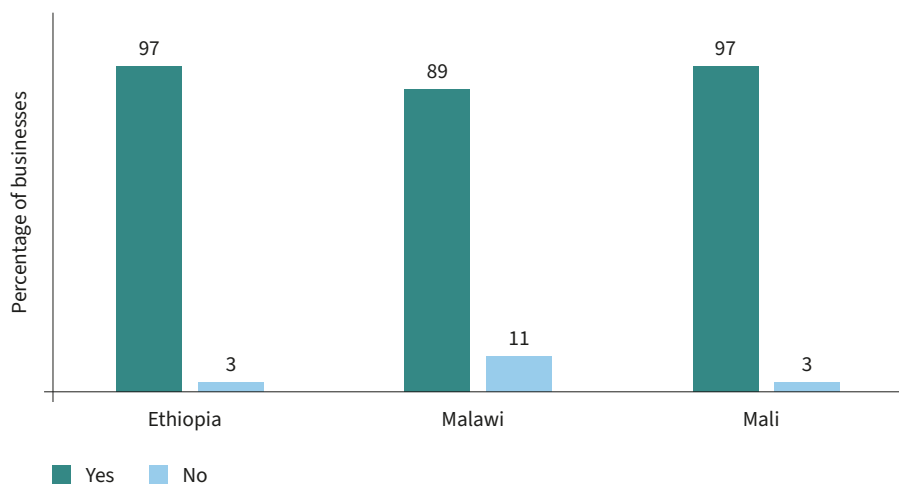
and Malawi (94 percent), the survey responses were encouraging, revealing that nutritionally vulnerable groups were being prioritized by the vast majority of agrifood SMEs in terms of their food production and distribution. Ethiopia, however, was found to be lagging behind, with just 69 percent of businesses targeting nutritionally vulnerable consumers.

FIGURE 21. LOW-INCOME CONSUMERS TARGETED



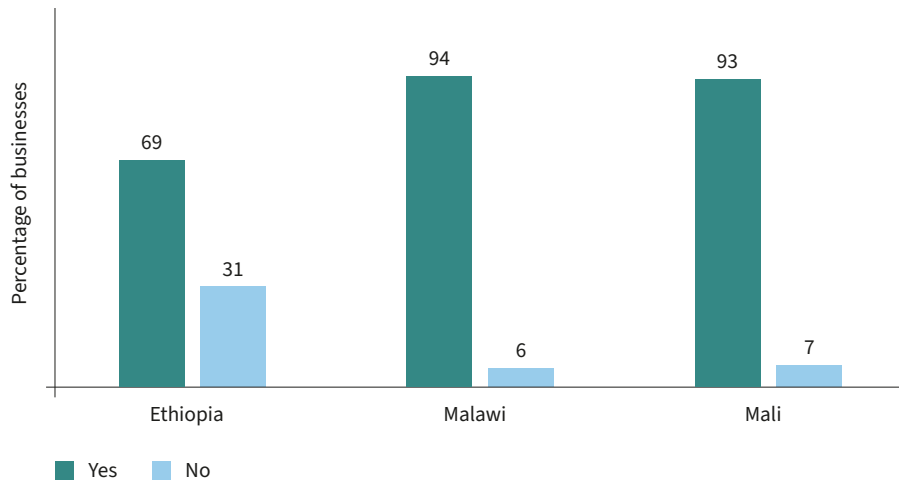
Source: Authors' own elaboration.

FIGURE 22. SPECIFIC MEASURES TAKEN TO GUARANTEE FOOD SAFETY



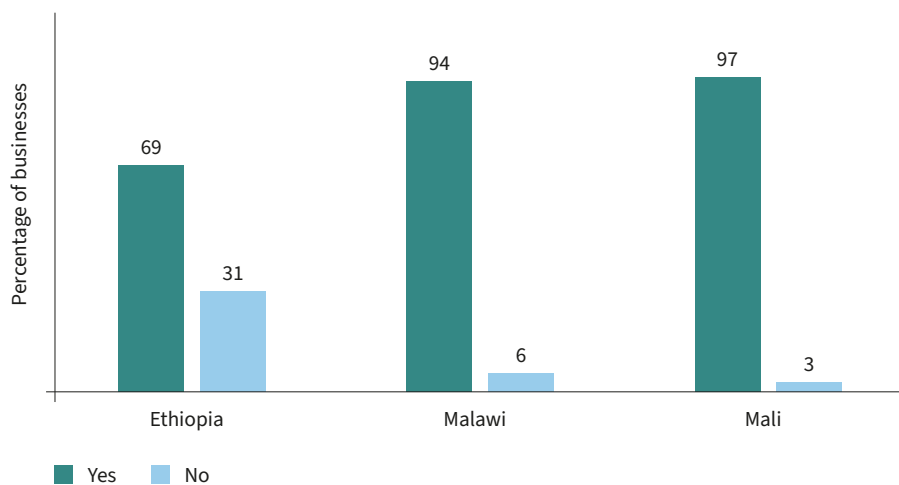
Source: Authors' own elaboration.

FIGURE 23. PROCUREMENTS MADE FROM SMALL-SCALE FARMERS



Source: Authors' own elaboration.

FIGURE 24. NUTRITIONALLY VULNERABLE CONSUMERS TARGETED



Source: Authors' own elaboration.

• **Business challenges**

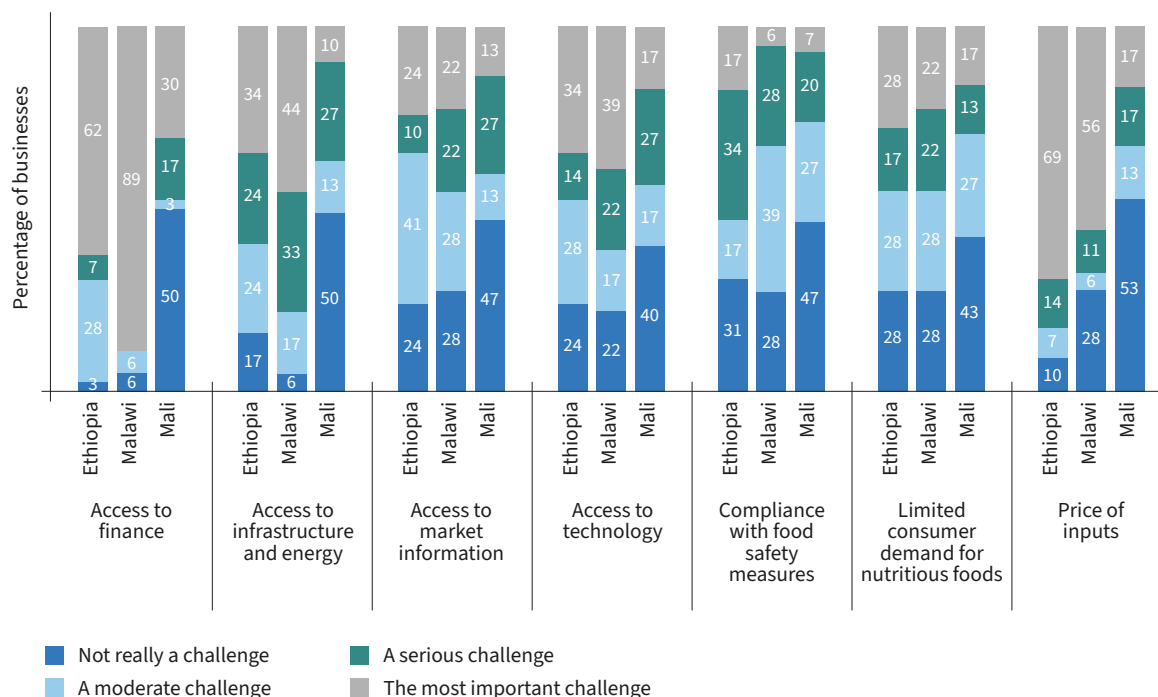
Important business challenges which can greatly affect agrifood SMEs' capacity to have a positive impact on nutrition and food security include lack of access to finance, inadequate infrastructure and energy supply, lack of market information, inadequate technology and equipment, poor

compliance with food safety measures, the high cost of inputs, and limited consumer demand for nutritious foods (consumers only view food as a way of satisfying hunger, rather than a source of nourishment for their minds and bodies). The most significant challenge in Malawi was access to finance, reported by 89 percent of the

companies surveyed, followed by the cost of inputs, mentioned by 56 percent of respondents. Similarly, in Ethiopia the greatest barrier was the cost of inputs, affecting 69 percent, closely followed by access to finance, which was an issue for 62 percent. Although the situation was less

clear-cut in Mali, the most important challenge was access to finance, reported by 30 percent of the agrifood SMEs surveyed, followed by access to technology, price of inputs, and limited consumer demand for nutritious foods, all at 17 percent.

FIGURE 25. MAIN BUSINESS CHALLENGES LIMITING AGRIFOOD SMEs' IMPACT ON NUTRITION-SENSITIVE PRODUCTION



Source: Authors' own elaboration.

3.4 Business development assessment

The last section of the survey looked at agrifood SMEs' business development needs, covering areas such as employee records, degree of formalization (e.g. insurance to cover losses or damage, formal staff contracts, property registration), documentation of procedures and operations, financial management, business planning and management, awareness of nutrition and food safety requirements, marketing and advertising, and access to finance.

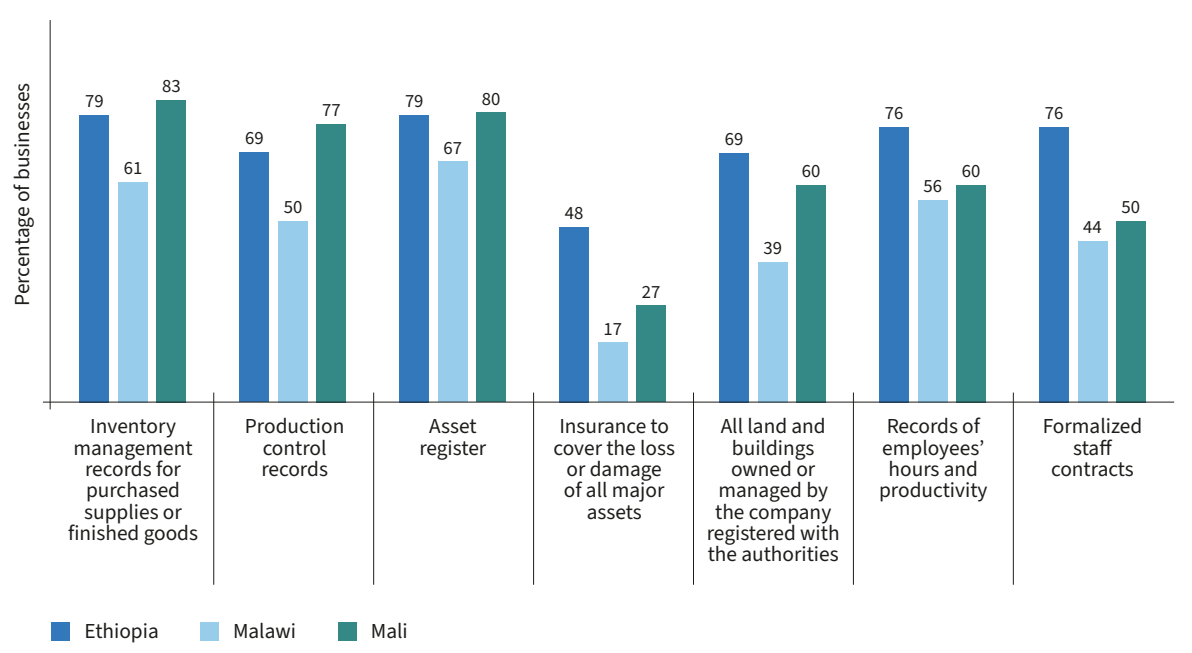
Of the companies surveyed in Mali, 83 percent said they kept inventory management records for purchased supplies or finished

goods, 80 percent had asset registers, and 77 percent kept production control records. A similar situation was observed in Ethiopia, where 79 percent of agrifood SMEs had inventory management records and asset registers, and 69 percent reported having production control records. These figures were lower in Malawi. Additionally, Ethiopia was the country that scored best in terms of keeping records of employee hours and productivity, and employing staff through formal contracts. It also had high levels of property (i.e. land and buildings) registration and insurance coverage. Overall, however, very few companies in these three countries (48 percent in Ethiopia, 17 percent in Malawi and 27 percent in Mali) had insurance to cover the loss or damage of their assets.



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FIGURE 26. STEWARDSHIP AND BASIC ORGANIZATION
Does your business have any of the following?



Source: Authors' own elaboration.

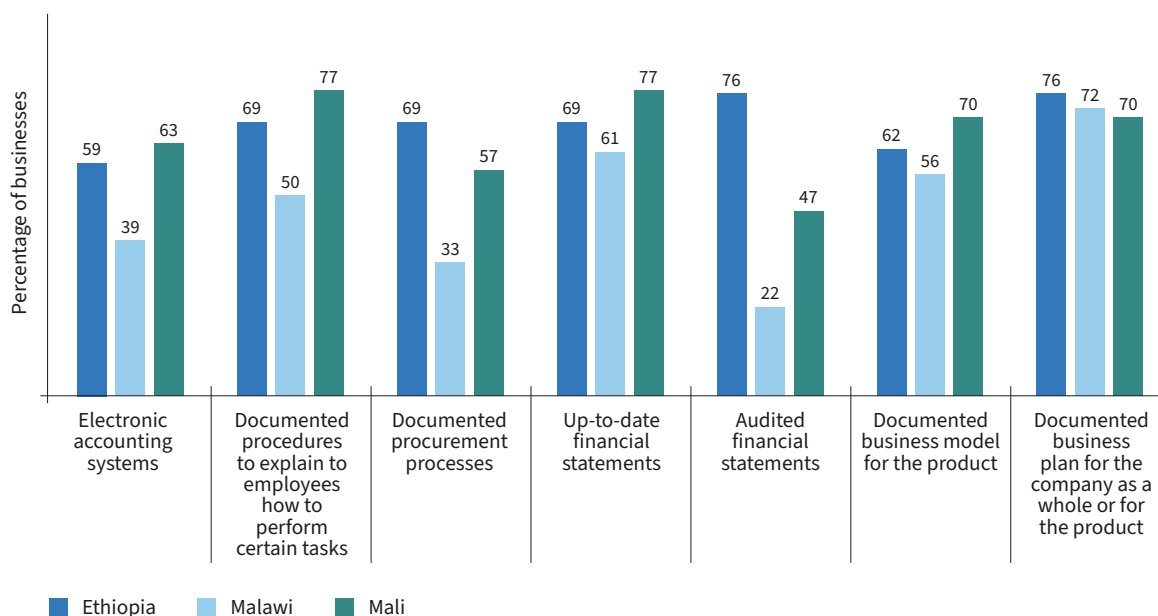
In addition to inadequate insurance coverage, several other business development gaps were identified by the survey. Particularly in Malawi, electronic accounting systems were used by just 39 percent of respondents, only 33 percent of the agrifood SMEs surveyed had documented procurement processes, just 28 percent had a documented marketing strategy, and only 28 percent had registered their products with the National Bureau of Standards. Less than half of respondents in Ethiopia (48 percent) and Mali (47 percent) had a hazard analysis critical control point plan, and in Malawi this number was even lower (28 percent). In terms of employees' food and hygiene certifications, Ethiopia, where 69 percent of companies had certified employees, scored better than Mali (53 percent) and Malawi (39 percent). Ethiopia also had a higher proportion of enterprises with documented product recall and withdrawal procedures (62 percent) than Mali

(47 percent) and Malawi (33 percent). Overall, Ethiopia and Mali scored better than Malawi on most business development criteria, with Ethiopia doing best overall and Mali following close behind: 59 percent of agrifood SMEs in Ethiopia and 63 percent in Mali, for instance, had electronic accounting systems – much higher than the 39 percent recorded in Malawi. Similarly, 79 percent of the Ethiopian and 47 percent of the Malian businesses surveyed had audited financial statements, while in Malawi this figure was much lower (22 percent).

On the other hand, the survey also highlighted points of strength common to the agrifood SMEs in these countries. For instance, the enterprises in all three countries had well-documented business plans either for the company as a whole or for the product produced, with 76 percent of respondents in Ethiopia, 72 percent in Malawi and 70 percent in Mali reporting this.

FIGURE 27. BUSINESS MANAGEMENT AND FINANCIAL LITERACY

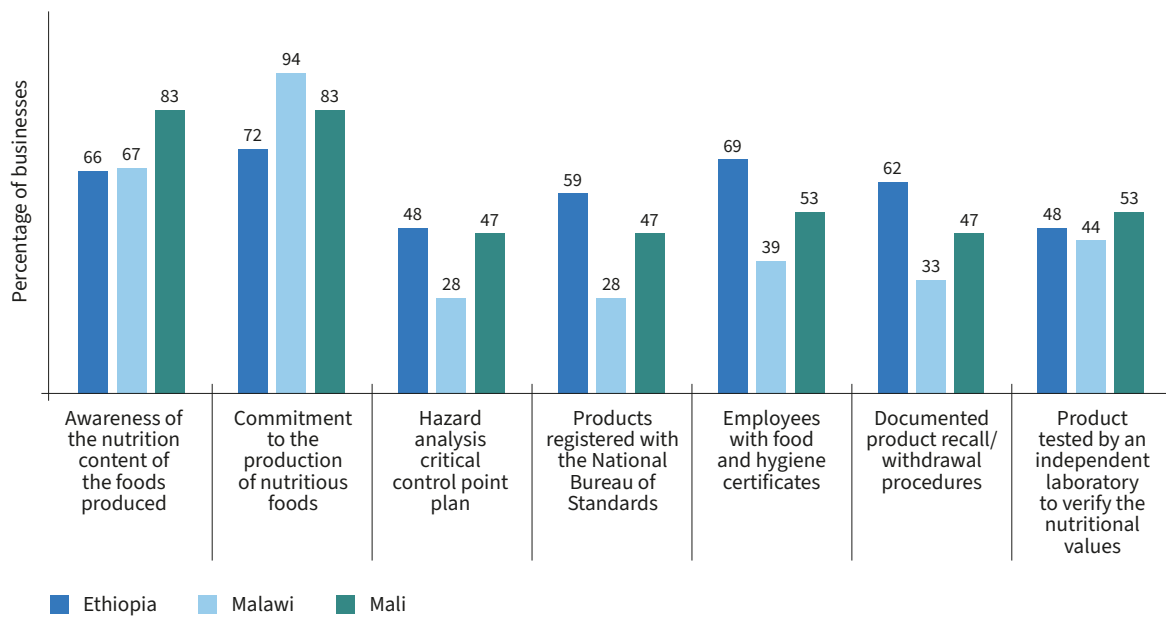
Does your business have any of the following?



Source: Authors' own elaboration.

FIGURE 28. PRODUCTION OF NUTRITIOUS FOODS, AND COMMITMENT TO FOOD QUALITY AND SAFETY

Does your business have any of the following?



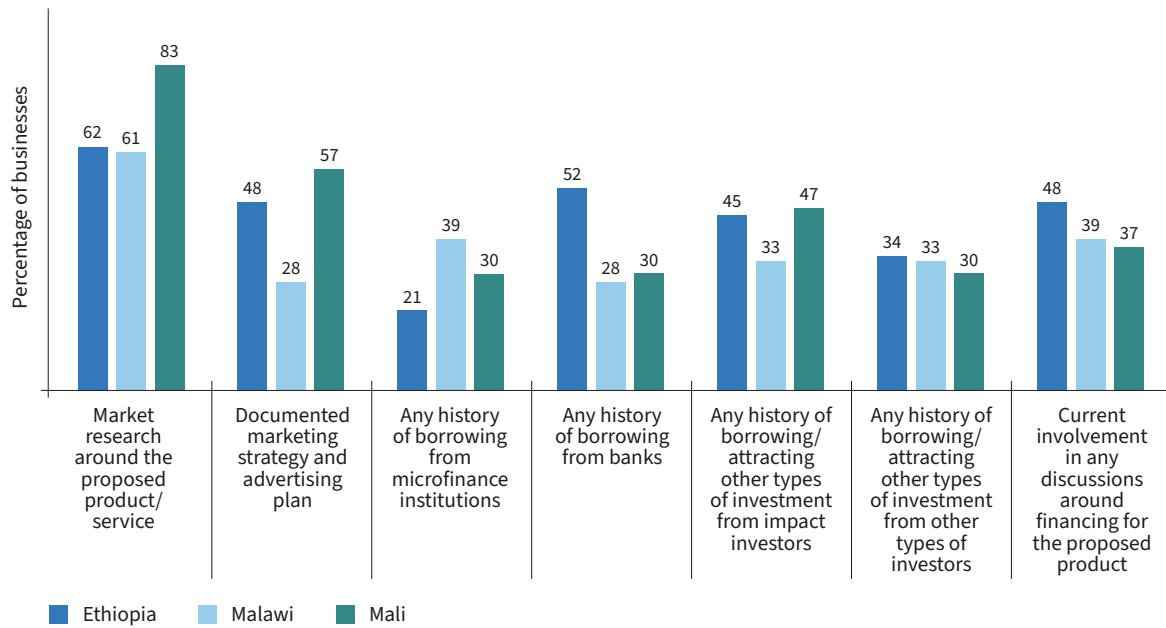
Source: Authors' own elaboration.

Another strength was companies' commitment in all three countries to the production of nutritious foods, with Malawi leading the way in this at 94 percent, followed by Mali at 83 percent and Ethiopia at 72 percent. Agrifood SMEs also scored well in terms of market research in all three countries, with the highest proportion of companies conducting this in Mali (83 percent). Moreover, 57 percent of businesses in Mali had a documented marketing strategy and advertising plan.

Overall, the greatest business development gap experienced by agrifood SMEs in these three countries was access to finance. For example, just 39 percent of agrifood SMEs in Malawi had borrowed from microfinance institutions in the past, and this figure was even lower in Mali (30 percent) and Ethiopia (21 percent). Ethiopia had the highest (though still low) proportion of companies that had borrowed from banks (52 percent), and this was followed by Mali (30 percent) and Malawi (28 percent).

FIGURE 29. MARKET DEVELOPMENT AND LEVERAGING INVESTMENTS

Does your business have any of the following?



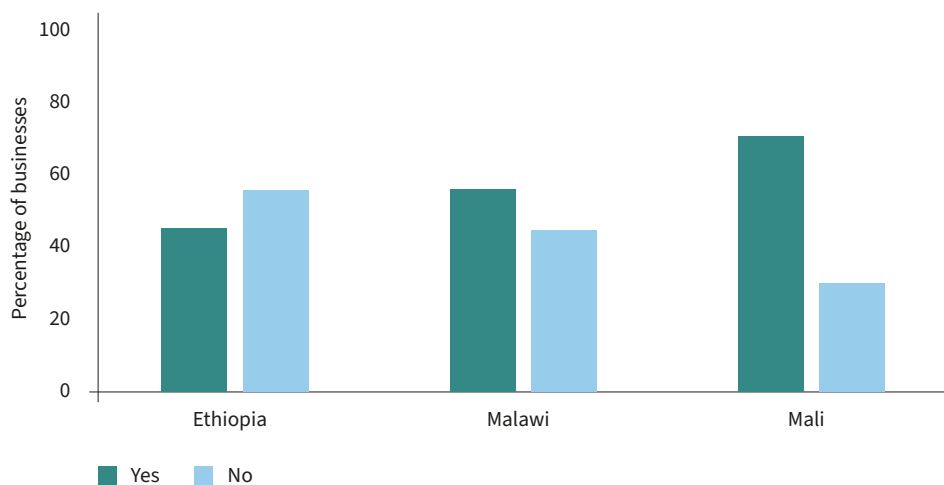
Source: Authors' own elaboration.

• **Business improvement training**

A significant proportion of agrifood SMEs in Mali (70 percent), Malawi (56 percent) and Ethiopia (45 percent) had recently received training and

capacity-building support at the time they took the survey, and in most cases, such training included nutrition or nutrition-sensitive production.

FIGURE 30. HAVE YOU RECENTLY RECEIVED ANY KIND OF BUSINESS IMPROVEMENT TRAINING?

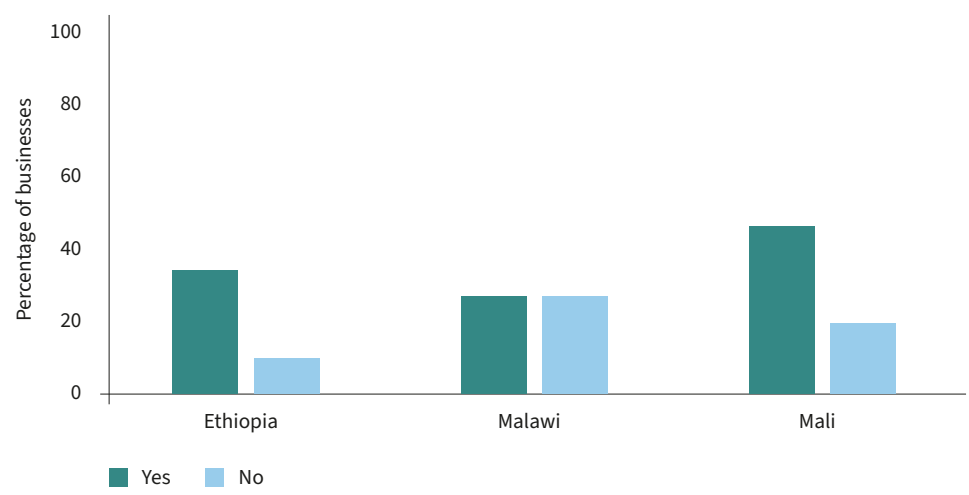


Source: Authors' own elaboration.



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FIGURE 31. DID THE RECENT TRAINING INCLUDE NUTRITION-SENSITIVE PRODUCTION?

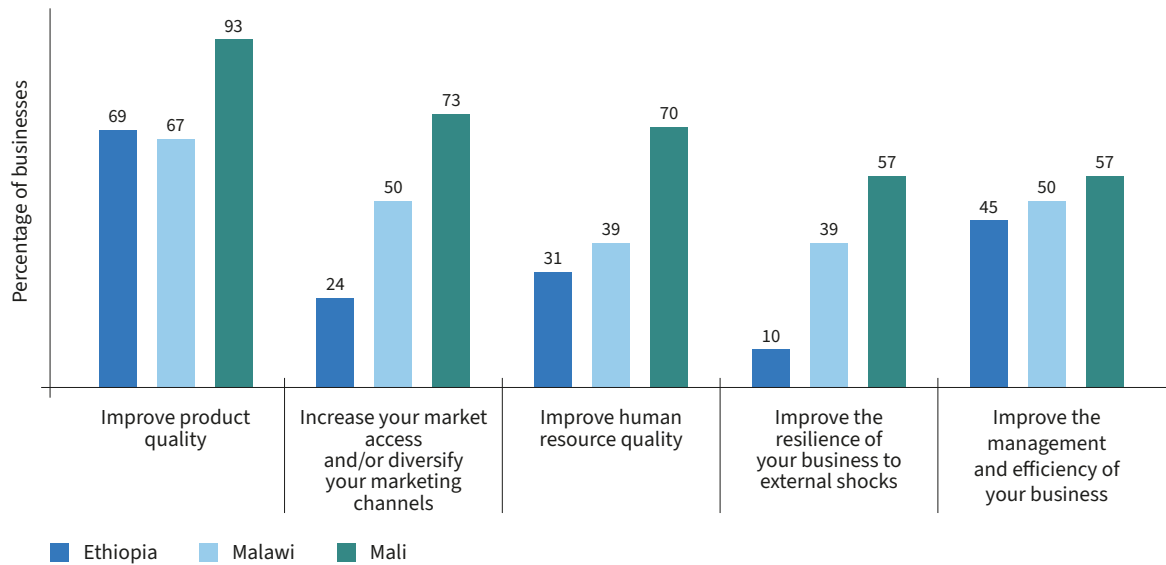


Source: Authors' own elaboration.

Topics discussed during the training varied within and between countries, with the most popular topics (although the numbers for these were still small) being business management and development, and food safety, hygiene and quality. The outcomes of previous training were most encouraging in Mali, where 93 percent of agrifood SMEs said they had improved the quality of their products, 73 percent had diversified their market outlets, 70 percent had improved the quality of their human resources, and 57 percent had both increased the resilience of their business to external shocks and improved their business management and the efficiency of business

operations. In Malawi, previous training reportedly helped 67 percent of agrifood SMEs improve their product quality, 50 percent diversify their market outlets, and a further 50 percent improve their business management and the efficiency of business operations. With the exception of the improvements in product quality reported by 69 percent of enterprises, the feedback on previous training provided by Ethiopian agrifood SMEs was unsatisfactory – only 24 percent reported having increased their access to markets or diversified market channels, and 10 percent having improved the resilience of their business to external shocks.

FIGURE 32. TRAINING HAS HELPED YOU TO...

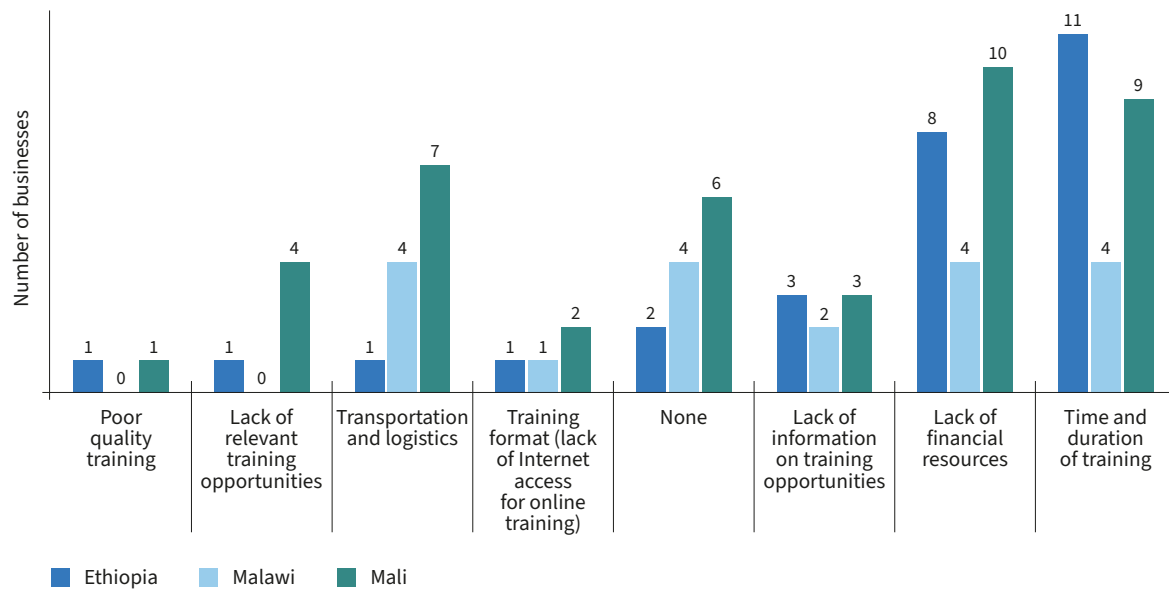


Source: Authors' own elaboration.

Importantly, most agrifood SMEs across all three countries mentioned having limited availability to attend training sessions: in Ethiopia and Malawi, the majority were comfortable with monthly training events, while in Mali most respondents preferred quarterly training. As for the preferred training duration, in Mali (14) and Malawi (13), most companies voted for training courses lasting 5 days, while in Ethiopia, respondents were equally split between training lasting 1–2 days and courses lasting 5 days, with nine companies voting for each. Across the three countries, in-person training was the preferred training format, as expressed by 19 companies in Mali, ten in Ethiopia and ten in Malawi. In Mali and Ethiopia, on-the-job (ten and eight companies, respectively) and peer-to-peer (eight and four, respectively) training were also among the preferred training

formats. Very few respondents across the three countries mentioned online training as a preferred format, which suggests internet connectivity challenges resulting from the persistent digital divide between the Global North and South. When organizing training for SME owners and employees in these countries, in addition to internet access, it will also be important to consider the other main constraints preventing respondents from attending previous training sessions: lack of time, excessively long training duration, lack of financial resources, lack of information on upcoming training and, in some cases, transportation and logistics. Lack of time was the main challenge for most of the agrifood SMEs surveyed in Ethiopia (11); in Mali, the main concern was a lack of financial resources (ten); and in Malawi, both constraints were considered equally challenging.

FIGURE 33. CONSTRAINTS AFFECTING AGRIFOOD SMES' ATTENDANCE OF TRAINING PROGRAMMES



Source: Authors' own elaboration.

4 CONCLUSIONS AND RECOMMENDATIONS

The national-level survey results reveal the unique needs of agrifood SMEs and ESOs in the three LMICs selected (Ethiopia, Malawi and Mali). The numerous business development gaps identified, including limited access to finance, inadequate infrastructure and technology, and lack of market information, show the difficulties agrifood SMEs and ESOs face in their efforts to have a positive impact on nutrition within their communities. High input prices and low demand for nutritious foods are also significant barriers to agrifood SMEs' ability to engage in nutrition-sensitive production.

These findings are consistent with the capacity gaps identified as part of the desk review, which was carried out prior to the online surveys and informed the survey design process. Looking at Malawi, for instance, the desk review highlighted several challenges faced by agrifood SMEs, including limited access to finance and markets, inadequate infrastructure, complex policy and regulatory frameworks, bureaucratic hurdles, limited capacity in terms of their workforce and production, and difficulties in meeting quality standards for products. In Ethiopia, agrifood SMEs must contend with limited entrepreneurship training, difficulties accessing alternative sources of finance and input supplies, inadequate infrastructure, deficient marketing skills, and limited expertise in financial management. In Mali, the challenges faced by agrifood SMEs include the need to build the capacity of human capital, liquidity issues, limited access to finance, insufficient demand and difficulty accessing inputs.

The results also highlight the strong commitment of agrifood SMEs in Ethiopia, Malawi and Mali to increasing product availability and affordability for low-income consumers and, among other nutrition-sensitive practices, promoting healthy diets, indicating that there is alignment between the project's objectives and the aspirations of the enterprises that took part in the survey.

The key take-aways from the national-level analysis can be summarized as follows:

- Most agrifood SMEs in all three countries are registered entities, indicating that they had at least to some degree formalized their businesses.
- The data reveal the gender diversity of business owners, with Mali having the highest proportion of female owners (43 percent), followed by Malawi (33 percent) and Ethiopia (21 percent). These businesses are primarily led by individuals aged 36–50 years. Most SME owners or managers in these countries have received tertiary education from universities or vocational institutes.
- While all three countries had a significant proportion of microenterprises, Ethiopia stood out as having a relatively large number of medium-sized enterprises.
- Agrifood SMEs are highly dedicated to increasing the accessibility and affordability of their products for low-income consumers and, alongside a range of other nutrition-sensitive practices/objectives, promoting nutritious diets through their products and marketing efforts.
- The capacity of agrifood SMEs to have a positive impact on nutrition and food security is hindered by various business challenges, with lack of access to finance being the most important.
- It is imperative for all relevant stakeholders to address these challenges (especially access to finance) collectively and take effective measures to promote the growth and sustainable development of agrifood SMEs.
- The positive outcomes from previous training received by agrifood SMEs point to the significant unmet potential of training as a way of enhancing and increasing agrifood SMEs' positive impact on nutrition.

- Agrifood SMEs will need to be provided with technical and financial assistance to help them incorporate regular training into their operational strategies.

The insights gleaned from this survey have significant implications for the process of adapting and designing capacity development materials for use during the training of agrifood SMEs (activity three mentioned in Section 2). In addition to informing the content of training by identifying capacity gaps and business challenges, the survey also sheds light on the most appropriate training formats (short, in-person sessions) and target countries (those with the highest number of responses, thus showing the greatest interest in the project). As mentioned previously, training should focus on the key business development areas that have emerged from the findings of this survey, and should take into account not only the

capacity gaps identified, but also agrifood SMEs' experience of previous training and the level of uptake among agrifood SMEs. Specifically, it has been agreed among the project partners that the training should prioritize the following key topics: nutrition, access to finance and investment readiness, and food safety.

As for the direction of future research, policy and programmes, it will be imperative that the underlying causes of the main challenge faced by agrifood SMEs in Ethiopia, Malawi and Mali – lack of access to finance – are explored, and that potential avenues for intervention in this regard are identified. In doing so, attention should be paid to the similarities and differences between the three countries and to the nuances of each context in order to ensure that research results, policies and programmes are relevant and applicable to the local context.

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