



Food and Agriculture  
Organization of the  
United Nations

AGRO-INDUSTRIES *Brief*

## SMALL AND MEDIUM AGRO-ENTERPRISES (SMAEs)

### MAIN TOPICS

- Management and entrepreneurial skills
- SMAE finance
- Value adding, processing and preservation

### CURRENT ISSUES

Formal and informal small and medium agro-enterprises (SMAEs) account for a large share of rural jobs and contribute significantly to total value added in the agro-industry sector.

With their extensive knowledge of local resources and supply patterns, SMAEs can constitute an important source of local supplies and services for larger buyers.

They also represent an important source of innovation in developing new products or services and exploring innovative sourcing and distribution mechanisms. SMAEs can thus have a positive role in modern value chains while linking farmers to markets and creating employment opportunities for the rural poor.

### ACTION AND PLANS

- ▶ **Supporting public- and private-sector service providers** for SMAE development.
- ▶ **Disseminating and implementing new training methods and materials** for building the competencies of SMAE owners, managers and staff in management, marketing, entrepreneurship, finance, food processing and preservation technologies, using virtual platforms and field projects.
- ▶ **Identifying strategies and promoting best practices** to foster the development of innovative and differentiated products, processes and services.
- ▶ **Enabling and implementing platforms for linking** the public and private sectors to facilitate understanding and support the design, formulation and implementation of targeted SMAE development policies.
- ▶ **Reducing risk and sharing innovations** in SMAE financing through value chain finance tools using non-traditional collateral, guarantees and hedging.



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### Developing SMAEs' competencies in Kenya and the United Republic of Tanzania (2010–2013)

Government staff, non-governmental organizations and SMAE owners/managers were supported with competency development activities. SMAEs and the contexts in which they operate were studied, and the findings used to develop innovative, demand-driven, on-the-job training materials and programmes for enhancing their management, entrepreneurship, value addition and financial competencies, and their understanding of environmental and social issues.

### Facilitating SMAE finance through the banking system (2013)

Financing of the “missing middle” for SMAEs is promoted through direct involvement of the banking sector, including central bank leaders, in assessment, knowledge dissemination and capacity building. Research has been conducted on guarantee systems and investment funding for SMAEs and training is being delivered through partner programmes with the African Rural and Agricultural Credit Association (AFRACA) and the Asia Pacific Rural and Agricultural Credit Association (APRACA) networks.



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### National capacity building in food processing and preservation (2005–present)

Theoretical and practical training on grain, fruit, vegetable and dairy processing is provided in member countries. Training programmes usually cover processing methods such as solar drying and the preparation of flour, juice, jam, dill pickle products, cheese and frozen products using local raw materials. Training has been held in Angola (2013 and 2014), El Salvador (2012), Nicaragua (2014) and Oman (2012). FAO is collaborating with stakeholders on the gathering and worldwide dissemination of information on value-added processing and preservation techniques through e-learning.

#### References

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