

# INCREASING SMALL AND MEDIUM ENTERPRISES REPORTING ON NUTRITION IN LOW- AND MIDDLE-INCOME COUNTRIES



## BUILDING ON GAIN'S INITIATIVE AROUND BUSINESS ACCOUNTABILITY IN NUTRITION

July 2021

In 2018, GAIN launched an initiative to review and support better business accountability in nutrition. The initiative did [an initial assessment of the current business accountability landscape in nutrition](#) during which GAIN consulted relevant stakeholders from the private and public sectors. The review of the landscape highlighted that small and medium enterprises (SMEs) are not associated with most accountability processes and mechanisms which tend to focus on the impact of multinational companies. This is consistent with the absence of SMEs in the overall sustainability reporting landscape, where only 10% of total reports in the Global Reporting Initiative (GRI) Sustainability Disclosure Database are from micro, small and medium enterprises (MSMEs).<sup>1</sup> Following additional consultations to identify solutions to improve business accountability in nutrition, the [January 2021 Report Business Accountability for Better Nutrition](#) concluded that efficient accountability in nutrition requires impact assessments of the entire food value chain including SMEs. To build on this finding, this document explores the reasons and ways to increase SMEs engagement in overall business reporting on nutrition.

SMEs are by far the main provider of food in low- and middle-income countries in addition to being a major economic actor<sup>2</sup> and it is critical to engage them further in reporting their impact on nutrition. Recognising that SMEs have limited resources, this document suggests a prioritization of areas on which SMEs can start reporting. Additionally, while the share of informal SMEs is quite high, realistically we expect only formally registered SMEs to start engaging in reporting on their nutrition impact due to the lack of incentives and resources for informal SMEs to engage in this process. Increasingly, SMEs will have to invest in reporting on their impact due to evolving requirements from buyers.

**It is critical to engage SMEs in reporting their impact on nutrition.**

### 1. SME ABSENCE FROM THE CURRENT ACCOUNTABILITY LANDSCAPE

The Global Reporting Initiative (GRI) assessed that the sustainability impact of SMEs has been largely overlooked by the public despite the fact that they represent the overwhelming majority of businesses globally. As a result of this, GRI indicates that sustainability reporting is limited among SMEs in comparison

<sup>1</sup> Micro-, Small and Medium-sized Enterprises (MSMEs) and their role in achieving the Sustainable Development Goals, Report on MSMEs and the Sustainable Development Goals, UNDESA [https://sdgs.un.org/sites/default/files/2020-07/MSMEs\\_and\\_SDGs.pdf](https://sdgs.un.org/sites/default/files/2020-07/MSMEs_and_SDGs.pdf) Retrieved 12 April 2021

<sup>2</sup> "They play a large role in sustainable development, especially in emerging economies, where formal SMEs contribute up to 60% of total employment and up to 40% of national income (GDP), making them crucial engines of job creation and income generation. This role continues to grow: between 2003 and 2016, the number of people working full-time at SMEs nearly doubled, taking the share of total employment attributable to SMEs from 31 to 35%, according to the ILO's World Employment and Social Outlook 2017: Sustainable Enterprises and Jobs." Empowering small and medium enterprises, Recommendations for policy makers to enable sustainability corporate reporting for SMEs, Global Reporting Initiative (GRI) <https://www.globalreporting.org/public-policy-partnerships/strategic-partners-programs/corporate-sustainability-and-reporting-for-competitive-business/> Retrieved 12 April 2021

with multinational companies.<sup>3</sup> Similarly, in its 2019 review of the current business accountability landscape in nutrition, GAIN identified that SMEs are largely left out. To address this issue, the potential role of public and private stakeholders to SMEs reporting in nutrition should be considered and incentives to ensure SMEs are investing in impact reporting need to be defined. Building on the current recognition of the significant economic impact of SMEs by several accountability mechanisms,<sup>4</sup> multi-stakeholder action is required to achieve SMEs reporting on nutrition.

**“It appears that SMEs either do not have the capacity to comply or are reluctant to invest the necessary resources, since they do not always have a clear picture of the benefits that sustainability reporting can bring to their business.”** *Empowering small and medium enterprises, Recommendations for policy makers to enable sustainability corporate reporting for SMEs, Global Reporting Initiative (GRI)*

## 2. RATIONAL TO INCREASE SMES ACCOUNTABILITY IN NUTRITION

The success of any business requires a recognition of the society and environment in which they operate, and this is true for SMEs as well as large multinationals.<sup>5</sup> Increased SMEs reporting on nutrition will be beneficial for the societies in low- and middle-income countries including for SMEs themselves. SMEs inclusion in business reporting on nutrition will support their understanding of and compliance with standards often required to access new markets and their credibility towards investors,<sup>6</sup> consumers and potential partners. According to a study conducted by GRI, sustainability reporting by SMEs lead to improved productivity, reduced costs, strengthened their competitiveness and opened up new markets.<sup>7</sup> The data collected by SMEs through their reporting will also support better risk management<sup>8</sup> for example on food safety.

Increased transparency around business impact is progressively being required throughout the entire supply chain leading to new reporting expectations for SMEs supplying larger companies. Therefore, to ensure effective and resilient food supply chains, large businesses and the public sector should support SMEs in low- and middle-income countries to comply with these reporting requirements.

<sup>3</sup> Empowering small and medium enterprises, Recommendations for policy makers to enable sustainability corporate reporting for SMEs, Global Reporting Initiative (GRI) <https://www.globalreporting.org/public-policy-partnerships/strategic-partners-programs/corporate-sustainability-and-reporting-for-competitive-business/> Retrieved 12 April 2021

<sup>4</sup> SDG Compass, The guide for business action on the SDGs, GRI, UN Global Compact, WBCSD. The SDG Compass is developed with a focus on large multinational enterprises. Small and medium enterprises and other organizations are also encouraged to use it as a source of inspiration and adapt as necessary.

[https://sdgcompass.org/wpcontent/uploads/2015/12/019104\\_SDG\\_Compass\\_Guide\\_2015.pdf](https://sdgcompass.org/wpcontent/uploads/2015/12/019104_SDG_Compass_Guide_2015.pdf) Retrieved 11 April 2021

<sup>5</sup> Small business big impact, SME sustainability reporting from vision to action, Global Reporting Initiative (GRI) and the International Organization of Employers (IOE) [https://www.ioe-emp.org/fileadmin/ioe\\_documents/publications/Policy%20Areas/sustainability/EN/20171113\\_Small\\_business\\_\\_big\\_impact\\_-\\_publication\\_ENGLISH\\_version.pdf](https://www.ioe-emp.org/fileadmin/ioe_documents/publications/Policy%20Areas/sustainability/EN/20171113_Small_business__big_impact_-_publication_ENGLISH_version.pdf) Retrieved 19 April 2021

<sup>6</sup> “External investors and professional boards require strong risk management, good internal controls, and reliable financial and nonfinancial reporting” Governance for SME Sustainability and Growth, Private Sector Opinion 43, IFC Corporate Governance Knowledge Publication [https://www.ifc.org/wps/wcm/connect/topics\\_ext\\_content/ifc\\_external\\_corporate\\_site/ifc+cg/resources/private+sector+opinion/governance+for+sme+sustainability+and+growth](https://www.ifc.org/wps/wcm/connect/topics_ext_content/ifc_external_corporate_site/ifc+cg/resources/private+sector+opinion/governance+for+sme+sustainability+and+growth) Retrieved 09 April 2021

<sup>7</sup> Empowering small and medium enterprises, Recommendations for policy makers to enable sustainability corporate reporting for SMEs, Global Reporting Initiative (GRI) <https://www.globalreporting.org/public-policy-partnerships/strategic-partners-programs/corporate-sustainability-and-reporting-for-competitive-business/> Retrieved 12 April 2021

<sup>8</sup> Micro-, Small and Medium-sized Enterprises (MSMEs) and their role in achieving the Sustainable Development Goals, Report on MSMEs and the Sustainable Development Goals, UNDESA [https://sdgs.un.org/sites/default/files/2020-07/MSMEs\\_and\\_SDGs.pdf](https://sdgs.un.org/sites/default/files/2020-07/MSMEs_and_SDGs.pdf) Retrieved 12 April 2021

GAIN's initiative on business accountability in nutrition lists a set of existing reporting tools that achieved the highest consensus among the public and private stakeholders consulted. By reporting their impact using these tools, SMEs have an opportunity to ultimately access new markets with more stringent regulations and to supply large companies under further scrutiny. With compliance to product standards and certification procedures from foreign countries being one of the key hurdles for SMEs from low- and middle-income countries to participate in international trade,<sup>9</sup> the time and resources invested in better business reporting using global standards will help SMEs address these challenges.

**Better business reporting using global standards will help SMEs address the challenges they face to take part in international trade.**

Similarly to other businesses, 2021 will be an opportunity for SMEs in low- and middle-income countries to join the global advocacy space for global nutrition and to make SMART (Specific, Measurable, Achievable, Relevant and Time-bound) commitments for better nutrition at the [Nutrition for Growth](#) and [UN Food System Summits](#). However, while multinational companies have been involved in global commitment opportunities for years, SMEs have had limited engagement in global commitment setting. By using these set of reporting tools to define SMART commitments and to report potential progress in the upcoming years, SMEs can become more visible in the global nutrition/food systems agenda and increase awareness around their existing and potential impact as well as their related needs to provide safe nutritious food. This will help regulators, investors, donors and other relevant stakeholders better understand the current and potential role of SMEs from low- and middle-income countries in the current food system.

### 3. IDENTIFIED SME REPORTING'S PRIORITIES

GAIN launched a survey in May 2020 to identify consensus around the use of existing reporting tools to assess business impact in seven key categories: (re)formulation, marketing to children, labelling, employee health and wellbeing, food safety, food loss and waste and food affordability. The survey included a limited number of pre-selected existing reporting tools for each category and was shared with businesses, business associations, international organisations, non-government organisations (NGOs), academia and accountability mechanisms representatives. Twenty-nine respondents provided their feedback including twenty-one businesses/business associations, four international organisations/NGOs/academia and four accountability mechanisms. Reflecting on these results, GAIN looked at the relevance of each of these tools for SMEs in low- and middle-income countries taking into considering key issues and opportunities in the food sector and resources available by SMEs in those contexts.

#### 3.1. Food safety

**The existing reporting tool to assess business impact around food safety that achieved the highest rate in the [GAIN 2020 survey](#) is the [Global Food Safety Initiative benchmarking requirements](#).**

Food safety largely impact low- and middle-income countries, with the highest incidence per capita of foodborne hazards being in Africa and totalling an estimated 91,000 deaths and 127 million illnesses

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<sup>9</sup> Levelling the trading field for SMEs, World Trade Report 2016, World Trade Organization  
[https://www.wto.org/english/res\\_e/booksp\\_e/world\\_trade\\_report16\\_e.pdf](https://www.wto.org/english/res_e/booksp_e/world_trade_report16_e.pdf) Retrieved 16 April 2021

annually.<sup>10</sup> US\$110 billion are lost each year in productivity and medical expenses to unsafe food in low- and middle-income countries.<sup>11</sup>

Increasing food safety reporting from SMEs in low- and middle-income countries would help SMEs access new markets and comply with existing and potential regulations around food safety, it will also have a positive impact on demand by improving consumers' trust. SMEs reporting on food safety is critical to ensure that the various initiatives, from the public and private sectors, to increase food safety are addressing relevant issues faced by SMEs at local/national level.

To incentivize SMEs food safety reporting, the funders and implementers of food safety programmes for SMEs can ask them to share their impact using GFSI benchmarking requirements so that these programmes are tailored to the existing food safety gaps and challenges identified by SMEs themselves. Accountability mechanisms and civil society organisations that look at business responsibility in the nutrition sector can play an important role in explaining and disseminating SMEs results. Food safety challenges in these settings cannot be addressed by actions of individual companies alone and investments in proper infrastructure - notably transportation, storage and cold chain facilities and services<sup>12</sup> - are critical. Overall, SMEs can help fill the current knowledge gap on food safety in low- and middle-income countries where data on the issue have been scarce.<sup>13</sup>

By self-assessing their existing practices on food safety, SMEs will also be better positioned to assess the cost of possible investments in this area as well as their potential return on investments as for SMEs, as these investments can result in increased costs of production<sup>14</sup> in settings where consumers often have limited purchasing power.

Engaging SMEs to report on their food safety impact can be an effective tool to ensure progress in this critical area and demonstrate to SMEs the value of food safety related investments despite the perceived barriers (e.g. the lack of trust in food safety legislation and enforcement officers, a lack of motivation in dealing with food safety legislation, and a lack of knowledge and understanding).<sup>15</sup>

### 3.2. Product (re)formulation

**The existing reporting tool to assess business impact around product (re)formulation that achieved the highest rate in the GAIN 2020 survey is the Health Star Rating System (HSR) - to be complemented by qualitative information or regional recognised methodologies such as Nutri-Score.**

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<sup>10</sup> Food safety capacity building and Africa's food system building the foundation for success, Blog, Consumer Goods Forum/GFSI, 10 October 2017 <https://mygfsi.com/blog/food-safety-capacity-building-and-africas-food-system-building-the-foundation-for-success/> Retrieved 15 April 2021

<sup>11</sup> WHO website, Food Safety, <https://www.who.int/news-room/fact-sheets/detail/food-safety> Retrieved 16 April 2021

<sup>12</sup> "In many African countries, the capacity gap includes the lack of such fundamentals as effective public policies and institutions to provide regulatory oversight; insufficient extension services, research, and other technical assistance for food producers; too few trained people to carry out food safety activities in both the public sector and in small-and-medium-size enterprises (SME's); and lack of cold chain facilities, food testing laboratories and other physical infrastructure." Food safety capacity building and Africa's food system building the foundation for success, Blog, Consumer Goods Forum/GFSI, 10 October 2017 <https://mygfsi.com/blog/food-safety-capacity-building-and-africas-food-system-building-the-foundation-for-success/> Retrieved 15 April 2021

<sup>13</sup> "Other dimensions of the food environment, such as food safety and food quality, are often difficult to measure in an LMIC setting due to poor government regulation and compliance, as well as instability." Food environments in the LMICs: identifying and filling the gaps, Bianca Carducci, Christina Oh and Zulfiqar A. Bhutta, Spotlight 4.6, 2020 Global Nutrition Report: Action on equity to end malnutrition. Development Initiatives. <https://globalnutritionreport.org/reports/2020-global-nutrition-report/> Retrieved 18 April 2021

<sup>14</sup> SMEs: key drivers of food safety in emerging economies, FTF Business Drivers for Food Safety Activity, Roberta Lauretti-Bernhard, Lisa Kitinoja, Tawanda Muzhingi, James Eason, John Meyers, June 2020 [https://www.agrilinks.org/sites/default/files/media/file/World\\_Food\\_Safety\\_Day\\_Role\\_of\\_SMEs\\_0.pdf](https://www.agrilinks.org/sites/default/files/media/file/World_Food_Safety_Day_Role_of_SMEs_0.pdf) Retrieved 17 April 2021

<sup>15</sup> Factors affecting food safety compliance within small and medium-sized enterprises: implications for regulatory and enforcement strategies, Food Control, Volume 17, Issue 1, Charlotte Yapp, Robyn Fairman, 2006 <https://doi.org/10.1016/j.foodcont.2004.08.007> Retrieved 13 April 2021



Evaluating SMEs portfolio through the HSR will help SMEs in low- and middle-income countries improve the review of their products/portfolio nutritional content by knowing what nutrients and ingredients are in their products. This will facilitate compliance with existing and upcoming regulations at national / regional / international levels. Additionally, using a nutrient profiling system such as HSR rather than focusing on one harmful ingredient will enable SMEs to consider several nutrients simultaneously when (re)formulating products which is critical considering their limited resources to engage in multiple cycles of product reformulation.

Source : Photo by [Bee Naturalles](#) on [Unsplash](#)

By starting to report on the content of their products/portfolio through HSR, SMEs will:

- Increase their ability to access new markets.
- Demonstrate/improve the healthiness of their products/portfolio for multinational companies/large businesses, investors and consumers.
- Mitigate risks of sudden investments being required to comply with new regulations by pacing the investments needed for potential future regulations.

Additionally, increasing reporting of SMEs on the nutritional content of their products/portfolio will support a better understanding of the causes of malnutrition in low- and middle-income countries where most of the food is provided by SMEs. With rising numbers of overweight and obesity in low- and middle-income countries,<sup>16</sup> increased SMEs reporting will enable governments to consider preventive measures in settings where health budgets are already facing major constraints.

### 3.3. Food labelling

**The existing reporting tools to assess business impact around marketing to children that achieved the highest rates in the [GAIN 2020 survey](#) are the Core Principles of the Children’s Food and Beverage Advertising Initiatives and the EU Pledge - while ensuring marketing reporting is not limited to the business activities in the EU and the US.**

Food labelling is among the reporting areas that should be prioritised for SMEs from low- and middle-income countries, as this is a key hurdle for SMEs’ access to new markets. The stakeholders interviewed by GAIN on the relevance of Codex Alimentarius standards on food labelling for business reporting highlighted that this is especially relevant for SMEs in low- and middle-income country settings as these businesses are the most likely to face limited compliance to Codex. Codex standards are not only relevant for SMEs directly providing their products to consumers, but they also include requirements that apply to products intended for further processing.

To achieve better SME reporting on food labelling in low- and middle-income countries, multi-stakeholder efforts is required to ensure that the countries with regulations less stringent than the Codex Alimentarius standards on food labelling rapidly align with these requirements. SMEs themselves can invest in complying and reporting against these Standards while multinational companies/large businesses can ask their SMEs’ suppliers to demonstrate compliance to these standards. Business associations, governments, civil society organisations can provide training and guidance to support both voluntary compliance and reporting of SMEs to these standards, acknowledging the obvious benefits of SMEs compliance to food labelling standards to

<sup>16</sup> “Once considered a high-income country problem, overweight and obesity are now on the rise in low- and middle-income countries”, Obesity and overweight, WHO website <https://www.who.int/news-room/fact-sheets/detail/obesity-and-overweight> Retrieved 18 April 2021



consumers as well as businesses. These stakeholders should promote actions and policies aligned with existing food labelling standards, building on the Codex Alimentarius. “Food labelling should be predictable and consistent across borders to justify the necessary investments”<sup>17</sup> by SMEs around food labelling implementation and reporting.

### 3.4. Workforce Nutrition

**The existing reporting tool to assess business impact around workforce nutrition that achieved the highest rate in the GAIN 2020 survey is the Workforce Nutrition Alliance Scorecard.**

Workforce nutrition programmes are an effective way to support better nutrition in low- and middle-income countries. The World Bank estimates that SMEs generate 70% of formal jobs in emerging markets.<sup>18</sup> It is therefore important to track and incentivise progress of these companies around workforce nutrition programmes. It is also critical to recognise the financial and other constraints they face in implementing workforce nutrition activities.

Therefore, to offer some flexibility to SMEs, they can report on some of the four categories listed in the Workforce Nutrition Alliance Scorecard - healthy food at work, nutrition education, breastfeeding and nutrition related health checks - based on their resources, existing activities and employees’ demography. The scorecard is designed to be relevant in different geographies recognising that workforce nutrition programmes can address a wide variety of nutrition-related issues such as iron deficiency anaemia and diabetes.<sup>19</sup>

By reporting on their workforce nutrition activities, SMEs will be better positioned to demonstrate their compliance to existing and future legislation (e.g. maternity leave, food at work). A study conducted by GAIN and NewForesight looking at several commodity businesses based in low- and middle-income countries highlighted that the business case for workforce nutrition programmes does not only relate to higher productivity but is also seen to be important for brand differentiation and good corporate citizenship.<sup>20</sup> To achieve all this benefits, SMEs need to monitor and disseminate their workforce nutrition activities creating a potential virtuous cycle where more impact reporting leads to increased investments in workforce nutrition as “companies often need evidence of results or a return on investment in order to make the case for continuing investment”.<sup>21</sup>

### 3.5. Food loss and waste

**The existing reporting tool to assess business impact around food loss and waste that achieved the highest rate in the GAIN 2020 survey is the Food Loss and Waste Accounting and Reporting**

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<sup>17</sup> Improving diets in an era of food market transformation: Challenges and opportunities for engagement between the public and private sectors. Global Panel, Policy Brief No. 11, 2018 <https://glopan.org/sites/default/files/Downloads/GlobalPanelPrivateSectorBrief.pdf> Retrieved 14 April 2021

<sup>18</sup> Small and medium enterprises (SMEs) Finance, World Bank website, <https://www.worldbank.org/en/topic/sme/finance> Retrieved 22 April 2021

<sup>19</sup> Better Nutrition for a Healthier Workforce: A Summary Report of a Workshop, GAIN and the Consumer Goods Forums, GAIN Convening Paper Series #1, Geneva, Switzerland, 2019, <https://www.gainhealth.org/sites/default/files/publications/documents/gain-convening-paper-series-1-better-nutrition-for-a-healthier-workforce-july-2019.pdf> Retrieved 20 April 2021

<sup>20</sup> GAIN Briefing Paper Series 3 - Nutrition programmes for workers in commodity value chains, GAIN, New Foresight, 2020, <https://doi.org/10.36072/bp.3> Retrieved 20 April 2021

<sup>21</sup> GAIN Briefing Paper Series 3 - Nutrition programmes for workers in commodity value chains, GAIN, New Foresight, 2020, <https://doi.org/10.36072/bp.3> Retrieved 20 April 2021

**Standard - to be complemented by SMART targets building on SDG 12.3 (halve food loss and waste between 2015 and 2030).**

Low- and middle-income countries are suffering the most from climate change and from undernutrition. Reducing the impact of food loss and waste among SMEs will positively impact the environment and food accessibility/affordability in these settings. Additionally, consultations led by GAIN for the business accountability initiative indicated that many multinational companies are already closely monitoring food loss and waste across their manufacturing processes and several of them reported that additional food loss and waste reduction is therefore unlikely.

To achieve SDG 12.3 – “food losses along production and supply chains, including post-harvest losses”<sup>22</sup> - SMEs from low- and middle-income countries must assess and report on their current levels of food loss and waste and track progress in this area.



Source : Photo by [Markus Spiske](#) on [Unsplash](#)

### 3.6. Marketing to children

**The existing reporting tools to assess business impact around marketing to children that achieved the highest rates in the [GAIN 2020 survey](#) are the Core Principles of the Children’s Food and Beverage Advertising Initiatives and the EU Pledge - while ensuring marketing reporting is not limited to the business activities in the EU and the US.**

Marketing to children is important to ensure that children in low- and middle-income countries are not left behind when it comes to protecting them from the consumption of unhealthy foods. However, SMEs in low- and middle-income countries often lack resources to implement significant marketing activities and therefore their potential impact in this area is expected to be limited.

Rather than requiring data on very limited marketing activities, it seems more relevant at this stage to provide some training and awareness raising activities to help SMEs understand the societal benefits of preventing marketing of unhealthy food to children. This can be done by governments, business associations and civil society organisations, targeting their support to consumer facing SMEs.

SMEs also have the opportunity to increase their marketing activities by working with the public sector on social marketing campaigns, this will help SMEs address the lack of resources available for marketing while supporting strong credible reporting on the campaigns and their impact. This was, for example, implemented in West Africa where the public-private partnership ‘Fortify West Africa’ developed and implemented social marketing campaigns on branding fortified foods.<sup>23</sup>

## 4. A MULTI-STAKEHOLDER EFFORT

While this work identified potential roles and responsibilities for more aligned business reporting on nutrition globally, the need for multi-stakeholder engagement is even more critical to engage SMEs from low- and middle-income countries. This is due to their limited capacity and resources to engage on business reporting and the limited incentives/requirements there are to do so, with SMEs receiving less attention from

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<sup>22</sup> Champions 12.3 website, Target 12.3 <https://champions123.org/target-123> Retrieved 16 April 2021

<sup>23</sup> Improving diets in an era of food market transformation: Challenges and opportunities for engagement between the public and private sectors. Global Panel, Policy Brief No. 11, 2018 <https://glopan.org/sites/default/files/Downloads/GlobalPanelPrivateSectorBrief.pdf> Retrieved 14 April 2021

governments, investors, civil society organisations, consumers and even accountability mechanisms to report on their nutrition impact.

#### 4.1. SMEs themselves

Due to their diversity and their lack of visibility in the current business accountability landscape in nutrition, SMEs in low- and middle-income countries have a limited capacity to ask for public sector measures that will enable them to provide safe nutrition food. Investing in nutrition reporting will help SMEs share the challenges and opportunities they face in providing safe nutritious food and get the support from governments, investors, donors in order to contribute to better food systems. By investing strategically in nutrition reporting through a set of global reporting tools, SMEs will also collect data critical to the improvement of their own businesses and key to access new buyers (food companies, public sector buyers, individual consumers) and new markets with more stringent regulations. These investments will also be critical to help SMEs adjust ahead of potential new regulations, giving them more time to find the required capital and helping them to remain competitive.

#### 4.2. Multinational companies / large national companies



Source: Photo by [Stephen Dawson](#) on [Unsplash](#)

Multinational companies are a key lever to increased SMEs reporting on nutrition by setting specific reporting requirements for their suppliers. As they face increasing requirements on their impact throughout the entire food supply chain from farm to fork, multinational companies have to collect more data from their suppliers including a large number of SMEs located in low- and middle-income countries. The UN Global Compact summarized the key benefits for businesses of supporting their SMEs suppliers to incorporate sustainability reporting: achieve a higher rate of overall compliance to required standards, mitigate risks regarding the quality of the products and the sustainability impact of their production, increased SMEs productivity, improve the social and economic environment, reputational gains and increased knowledge-sharing.<sup>24</sup>

To comply with global standards and requirements, it is therefore in the interest of multinational companies and large national companies to support their existing and potential SMEs suppliers in these settings by providing guidelines, trainings, reporting templates, etc. to ensure the collection of high-quality data. In addition to the direct support provided to SME suppliers for their nutrition reporting, multinational/national companies should ensure that their requirements towards these suppliers will enable them to comply with standards and best practices rather than lead to shortcuts negatively impacting the food produced.<sup>25</sup> Finally to achieve the benefits of better SMEs reporting on nutrition listed above, it is important that multinational and large national companies adopt coordinated approaches and use a limited set of reporting requirements so that SMEs do not face multiple and divergent reporting requirements especially given their limited resources. Alignment of the reporting requirements for SME suppliers will also support the understanding of best compliance's practices among SMEs in low- and middle-income countries. By using the set of reporting

<sup>24</sup> Support your SME Suppliers, UN Global Compact, 2015 <https://www.unglobalcompact.org/library/1771> Retrieved 19 April 2021

<sup>25</sup> "Companies should provide suppliers with sufficient time and resources to satisfy orders in a way that meets sustainability requirements and expectations rather than setting targets that might prompt suppliers to cut corners, e.g. by exceeding overtime limits or outsourcing to unauthorized sub-contractors." Support your SME Suppliers, UN Global Compact, 2015 <https://www.unglobalcompact.org/library/1771> Retrieved 19 April 2021



tools listed by GAIN, multinational and large national businesses contracting SMEs can support better nutrition.

**Multinational companies are a key to lever to increase SMEs reporting on nutrition.**

#### 4.3. Business associations

Business associations can be an effective lever to engage individual businesses to report on their impact using a set of pre-existing reporting tools, including by providing trainings to increase reporting business capability. In Chile for example the Ministry of Agriculture liaised with trade associations to improve the reporting capacity of their partner companies which promoted business reporting following the GRI and UN Global Compact Standards and norms.<sup>26</sup> For certification schemes - for example on food safety - business associations can also provide SMEs with discounted offers which are often available for group certifications<sup>27</sup> and by informing SMEs of the relevant certification programmes available for their businesses.

#### 4.4. Governments

Recognising the importance of SMEs for the economy and for the food supply of low- and middle-income countries, governments can support better nutrition by setting standards, signaling appropriate practices and enabling business environments.<sup>28</sup> Considering the importance of SMEs in providing safe nutritious foods in their countries, governments from low- and middle-income countries should associate SMEs when implementing these activities. When focusing on the setting standards and promoting business reporting, the GRI listed three categories for public action: (1) the operationalization of reporting requirements, (2) incentives and support, which means the creation of regulations, legal frameworks and national strategies and (3) the implementation of training programs, financial incentives and certifications.<sup>29</sup>

Governments can support SMEs compliance by allocating the necessary resources to regulatory agencies and by adopting regulations aligned with existing and relevant global frameworks and methodologies.<sup>30</sup>

Some governments have already adopted strategies to support SMEs reporting, e.g. Costa Rica adopted a national strategy on CSR that addresses SMEs specifically and Ghana has a CSR strategy for all businesses.<sup>31</sup>

<sup>26</sup> Empowering small and medium enterprises, Recommendations for policy makers to enable sustainability corporate reporting for SMEs, Global Reporting Initiative (GRI) <https://www.globalreporting.org/public-policy-partnerships/strategic-partners-programs/corporate-sustainability-and-reporting-for-competitive-business/> Retrieved 12 April 2021

<sup>27</sup> Support your SME Suppliers, UN Global Compact, 2015 <https://www.unglobalcompact.org/library/1771> Retrieved 19 April 2021

<sup>28</sup> Improving diets in an era of food market transformation: Challenges and opportunities for engagement between the public and private sectors. Global Panel, Policy Brief No. 11, 2018 <https://glopan.org/sites/default/files/Downloads/GlobalPanelPrivateSectorBrief.pdf> Retrieved 14 April 2021

<sup>29</sup> Empowering small and medium enterprises, Recommendations for policy makers to enable sustainability corporate reporting for SMEs, Global Reporting Initiative (GRI) <https://www.globalreporting.org/public-policy-partnerships/strategic-partners-programs/corporate-sustainability-and-reporting-for-competitive-business/> Retrieved 12 April 2021

<sup>30</sup> “The accountability system needs to be credible, and a strong case is made by the Lancet NCD Action Group for key components to be assessed by independent and credible third parties empowered with authority and enforcement capabilities.” Strengthening of accountability systems to create healthy food environments and reduce global obesity, Swinburn et al., Lancet, 385(9986), 2015, <https://www.thelancet.com/action/showPdf?pii=S0140-6736%2814%2961747-5> Retrieved 14 April 2021

<sup>31</sup> Empowering small and medium enterprises, Recommendations for policy makers to enable sustainability corporate reporting for SMEs, Global Reporting Initiative (GRI) <https://www.globalreporting.org/public-policy-partnerships/strategic-partners-programs/corporate-sustainability-and-reporting-for-competitive-business/> Retrieved 12 April 2021

By supporting SMEs use the existing reporting tools listed by GAIN, governments will support the credibility of SMEs reporting as well as regional/international trade.

#### 4.5. Accountability mechanisms and civil society organisations

**Accountability mechanisms can have a direct impact on the number of SMEs reporting on nutrition.**

Civil society organisations can provide a strong incentive for SMEs to invest in reporting their impact on nutrition as they assess and disseminate these results to consumers. Campaigns led by civil society organisations, such as the Oxfam’s Behind the Brands initiative, have been an opportunity for food companies to attract consumers based on their social and environmental impact.

Accountability mechanisms are even more critical to better SMEs reporting on nutrition, as they can have a direct impact on the number of SMEs reporting in this area either by reviewing their impact or by including requirements for multinational companies/large national companies to report on their related nutrition impact throughout the entire supply chain. Accountability mechanisms can provide credibility to SMEs reporting as these companies often lack resources to conduct third party verification.

## 5. CONCLUSION

With low- and middle-income countries facing most of undernutrition cases and rising numbers of overweight and obesity, more investments should be made to assess the impact of the main food provider in these settings namely SMEs. Increased SMEs reporting on nutrition will benefit SMEs as well as other stakeholder groups, providing better data to increase effectiveness of local businesses as well as food systems more broadly. However, this will only be achieved with significant multi-stakeholder efforts that include training SMEs, allocating resources to accountability and compliance mechanisms, and using existing reporting tools such as the ones listed in this document to promote regional/global trade and credible business reporting.