



Inclusive business for sustainable food systems



This executive summary presents key insights and results from the full paper 'Inclusive business for sustainable food systems: putting the last first' that is published in a series of articles based on the synthesis study of the Food & Business Research programme. This study is led by Daniëlle de Winter and Ellen Lammers.

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Inclusive business for sustainable food systems: putting the last first

Inclusive business has gained much prominence in international policy debates and research on sustainable and inclusive development in recent years. Public stakeholders acknowledge a growing need for innovative market-based solutions that drive inclusion and provide opportunities for marginalised and vulnerable groups. Increasingly, inclusive business approaches are seen as a way to integrate social objectives into business operations. However, inclusive business is also a contested concept, with different views on two central questions: who exactly are the marginalised and vulnerable groups that ought to be included? And, under what conditions can inclusive business deliver on its promises?

To contribute to the debate with context-specific knowledge and insights, 13 interdisciplinary research projects were reviewed. These projects addressed a range of business processes and innovations by and for small-scale producers and entrepreneurs in the agri-business sectors in countries across sub-Saharan Africa and southeast Asia. Some key insights gained on the opportunities and constraints of sustainable inclusive business initiatives in contributing to food and nutrition security are presented here.

Ingredients for making businesses truly inclusive

The synthesis addresses different aspects that influence the inclusive nature of business models and innovations. Firstly, it emphasises that marginalised groups face many

hidden costs that act as a key barrier to inclusive business, and which are systematically overlooked by formal actors and institutions. Such costs can be multi-dimensional (economic, social and/or political) and create high thresholds for marginalised food entrepreneurs to professionalise and upscale their business activities. They influence their risk perceptions, time and resource allocation and business investment decisions. Secondly, the study stresses that innovations supporting inclusive business are only relevant and effective for the poor and marginalised when they are applicable to a specific problem and context, affordable at low costs, and accessible to all. We call this the Triple A: applicability, affordability and accessibility. The discussion of these three aspects in the full article can be summarised as follows:

The Food & Business Research programme aims at addressing persistent food security challenges in low and middle income countries. It focuses on the urgent and growing need for adequate knowledge and solutions for regional and local problems related to food security. Food & Business Research consists of two funding instruments: the Food & Business Global Challenges Programme (GCP) and the Food & Business Applied Research Fund (ARF). Both are part of the Food & Business Knowledge Agenda of the Netherlands Ministry of Foreign Affairs.

- The objective of GCP is to promote research-based advanced understanding of emerging key issues in global and regional food security and their impact on local food security and the role of private sector development.
- The objective of ARF is to promote research-supported innovations that contribute to food security and private sector development in the partner countries of Dutch development cooperation.

The projects are all run by a consortium of academic, private sector and NGO partners to promote research uptake by relevant local, national and international stakeholders.

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Applicability and combining social solutions with technical innovations

To ensure innovations are applicable by marginalised groups that lack, or have limited access to, certain resources (e.g. capital, time, (scientific) knowledge), the research projects introduced both social solutions (e.g. mapping of needs, building on local and indigenous knowledge) and technical innovations (e.g. mobile fruit dryers or improvements in animal feed). A combination of both offered the best chances for applicability. Moreover, modest changes to current production techniques – rather than high-tech or complex innovations – were often the best answer to the day-to-day struggles of small-scale farmers and entrepreneurs.

Affordability and hidden costs

The affordability of innovations strongly depends on the hidden costs experienced by small-scale food producers and entrepreneurs. Both in the short and long term, hidden costs (e.g. lack of transportation means, childcare obligations, limited decision-making power, tenure insecurity) render many innovative agri-business solutions unaffordable. To tackle this, projects identified the need for awareness raising about actual market risks, while simultaneously building the knowledge and skills of the target groups. Care must be taken to ensure that solutions meant to reduce the hidden costs do not sustain or even exacerbate inequalities and causes for exclusion.

Accessibility and the power of collaboration

Marginalised groups can benefit more fully when innovations are made accessible through collaboration (to reach scale and to combine diverse knowledge and skill sets) and by establishing connections (to build on each other's knowledge to create effective supply chains and to connect to markets). Creating access to and ensuring that the voices of the poor and marginalised

An inclusive business model includes the poor as consumers, producers, workers and entrepreneurs. It is a viable business model for profit that benefits low income populations and aims at addressing societal problems, including poverty and food and nutrition insecurity, and at promoting sustainable livelihoods.

are heard in platforms and domains where knowledge is (co-)created and shared is essential for inclusive business processes. The synthesis shows that strategic alignment of cooperatives or producer groups is a key condition to amplify the voices of the marginalised in market negotiations. When cooperatives or women's associations are registered and formalised, this can moreover create new business opportunities with formal stakeholders.

A way forward

The synthesis shows that inclusive business models can be viable when innovations are adopted that are affordable in the long-run, applicable to the problem at hand, and accessible to all. The criteria and conditions for these innovations must be set in co-creation with the poor and marginalised. Moreover, the pervasive barriers as well as hidden costs that small-scale food entrepreneurs face, must be addressed upfront by practitioners and policymakers.

The synthesis stresses that, when introducing new business models, attention must be paid to potential trade-offs between business growth on the one hand and social and environmental values on the other hand. Policy makers and practitioners should be made aware of the institutional and resource conditions that can help mitigate these trade-offs so that business development does not come at great social cost or result in natural resource depletion or pollution.

Inclusive business can only flourish in an enabling governance environment that recognises a priori – and not as an after-thought – the needs, priorities and agency of poor and marginalised populations. The following three reflections for policymakers and practitioners are further elaborated in the full paper:

- Very limited information is available on the food quantities, qualities and flows that are produced and marketed by and for marginalised groups. There is a need to systematically map as well as monitor who produces what, and for whom. Only then can the contributions of these groups to local food systems become visible, and their priorities and needs be understood and attended to.
- Processes to facilitate inclusive business by and for marginalised groups move in small steps. Strategies and policies should address the terms and conditions of 'inclusion' from the point of view of the marginalised and poor. This requires ex-ante attention to ownership arrangements, voice, and (sharing of) risks and rewards. Greater efforts should furthermore be made to reduce the 'hidden' costs faced by food producers and agri-entrepreneurs in both the formal and informal economy. This will help them to participate more effectively in the (local) economy as a whole.
- The projects showed that innovation comes from all directions. Investments in validating not only scientific innovations but also local, bottom-up innovations offer the most potential for enhancing inclusive business. Through co-creation, viable business opportunities for marginalised groups can be identified and tested. However, the power dynamics inherent in such processes must be addressed to make them successful. This implies asking the critical questions: whose knowledge dominates the co-creation processes, and which insights are prioritised?

Weblinks

- Full paper 'Inclusive business for sustainable food systems: Putting the last first'
- Food & Business Research programme
- Food & Business Global Challenges Programme project overview
- Food & Business Applied Research Fund project overview
- Food & Business Knowledge Platform

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NWO-WOTRO Science for Global Development, a division of the Dutch Research Council (NWO), programmes, funds and monitors innovative research on global issues, with a focus on sustainable development and poverty reduction. NWO-WOTRO's research projects are realised by interdisciplinary teams of researchers from the North and South and in close collaboration with non-academic stakeholders. These partnerships yield solutions for development challenges and strengthen the bridge between research, policy and practice.

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