



Innovation for sustainable food

An example from the Netherlands

A report of the Business Forum meeting
on 16th March 2010

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About the Business Forum

Ethical questions around climate change, obesity and new technologies are becoming core concerns for food businesses. We have launched the Business Forum to help senior executives gain expert insights into the big issues of the day. Membership is by invitation only and numbers are strictly limited.

The Business Forum meets six times a year for in-depth discussion over an early dinner at a London restaurant. The forum members shape the meeting agenda.

To read reports of previous meetings, visit foodethicscouncil.org/businessforum.

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Introduction

We are warned that a ‘perfect storm’ of challenges to food security and sustainability will hit us in coming decades, calling for radical innovation in farming and food systems. While most policy and public debate focuses on science investment, say in plant breeding, the reality is that many of the innovations that most profoundly affect our lives have arisen outside research labs or glasshouses, in fields, homes and offices. Given that there’s more to innovation than scientific research, what should we be doing to foster pioneering ideas and practices that support food security and sustainability?

To prompt a wider discussion about innovation strategies, and having previously discussed the International Assessment of Agricultural Knowledge, Science and Technology for Development (IAASTD), the March meeting of the Food Ethics Council’s Business Forum considered the approach taken by groundbreaking Dutch innovation programme TransForum.

We are very grateful to our speaker, Sander Mager, Programme Manager for TransForum. The chair was Julia Hailes MBE, sustainability consultant, author of the *New green consumer guide* and member of the Food Ethics Council.

This report outlines points raised during the meeting. Contributions are not attributed. The report was prepared by Tom MacMillan. It does not represent the views of the Food Ethics Council, the Business Forum or their members.

Key points

- TransForum is a Dutch **innovation programme** that focuses on sustainable agriculture.
- The organisation began with a **€60M investment budget**, half from government and half from stakeholders.
- The projects have attracted around **€1 billion of commercial investment**.
- It has supported sustainable food chain projects ranging from **closed-loop** production systems to **care farms** and a **farmer-managed** supermarket.
- TransForum emphasises multistakeholder cooperation and enterprise, insisting that **entrepreneurs** lead all projects and that **stakeholders** representing environmental and social interests are involved.
- Instead of insisting that all projects follow a strict **definition of sustainability**, it encourages the projects to define what they mean in collaboration with stakeholders such as NGOs.
- The greater **economic and political** importance of agriculture in the Netherlands means that it might be difficult to replicate TransForum’s experience in the UK.
- Indeed, as few parts of the UK experience the same pressures facing Dutch agriculture, TransForum’s vision of **‘metropolitan agriculture’** – a reconnecting agriculture and cities – might not be applicable in the UK.
- Innovation programmes are not the only way that governments can stimulate innovation. For example, **regulation** can also stimulate creativity. Innovation programmes are important because they create room for people to experiment.

About TransForum

TransForum is a Dutch innovation programme that focuses on sustainable agriculture and the value that agriculture can bring to metropolitan areas. It was founded in 2005 by a multistakeholder group including government, businesses and civil society organisations. The group had been put in place the previous year to advise the Dutch government, but decided they wanted to stop trying to define sustainable agriculture and instead get on and do some of it.

The organisation began with a €60M investment budget, half from government and half from other stakeholders. Their remit was to fund innovation rather than research. The programme had a five-year life-span and will end in December 2010.

Their brief was to come up with a sustainable programme for Dutch agriculture, and with a formula that bridged the gap between knowledge creation and real projects involving entrepreneurs on the ground. To achieve this, they insisted that any projects they would support must centre on an entrepreneurial initiative. Yet, as well as entrepreneurs and researchers, the projects also needed to involve civil society stakeholders, to help ensure that the projects addressed social and environmental needs. Indeed, instead of starting with a strict definition of sustainability – which might have taken the group an age to agree – TransForum said that projects should define their sustainability objectives with their stakeholders. So their approach was as

much about building the capacity of stakeholders to organise themselves in ways that support innovation, as it was about developing technology, knowledge or skills.

A final condition TransForum placed on participating projects was that they should be about the whole value chain. In other words, they could not be just about developing a concept (known as the ‘value proposition’ stage), which is as far as many attempts to encourage innovation get. They needed to try and see it though and put it into practice (the ‘value creation’ stage). TransForum was therefore involved risk-bearing innovation, which is quite unusual for quangos and government agencies.

TransForum had a mid-term review in 2007. By that point they were supporting over 30 practical projects in sustainable agriculture, large and small, spanning areas ranging from horticulture to care farming. They also had 20 scientific projects centred on questions emerging from those practical projects. A number of additional projects reflected on how the practical projects were working and what could be learned from them.

Projects

Three initiatives illustrate the diversity of the projects they have supported.

‘New Mixed Farm’, in the south of Holland, is an industrial take on a traditional ‘closed loop’ mixed farming system. Poultry, mushroom and other producers have joined forces to make more efficient use of nutrients and also

generate income by generating power. It is now a net electricity producer and the income this brings enables it to invest more in animal welfare. This is a fairly high-tech project that makes use of the logistics and processing resources offered by urban areas.

By contrast, the 'My Farmer' project is about getting closer to customers. It is led by a farmer for many generations who had seen his family's operation become ever more focused on commodity production. He got together with a frustrated manager from a major retailer to set up a new retail outlet in Amsterdam focused on taste and authenticity. Unusually, the farmers involved are no longer suppliers to the retailer but partners, acting as category manager's for the store's fresh produce.

'Green Care' sees the city as a market for other agricultural services besides food. It involves the same farmer who leads the supermarket project and his wife, a former nurse. They have set up a network of care farms, which provide a therapeutic environment for people who might otherwise be in hospital. The network is fully recognised by the Dutch health authorities, buoyed up by research that shows that approaches such as care farming can offer good results and value for money in healthcare terms.

Metropolitan agriculture

During TransForum's mid-term review, they looked for common threads that linked projects such as these together. They found that their most successful

projects were about agriculture in, around and using the resources of urban areas. They called this 'metropolitan agriculture', and see it as central to the vision of Dutch agriculture that will form part of TransForum's legacy.

Many farmers in the Netherlands have looked on cities as a threat, expanding and competing for land, water, nutrients and other resources. They have seen consumers as an obstacle, telling them what they cannot do, not as offering opportunities. Meanwhile Dutch consumers living in cities have increasingly shunned agriculture, associating Dutch farming with poor quality products and food scares. TransForum's most successful projects have turned this around, helping urban dwellers and farmers appreciate how much they can offer each other.

They are now trying to build further on this concept of metropolitan agriculture in Amsterdam and several other cities around the world, including London. They have found that vibrant experiments in urban agriculture are under way in many of these cities. These are mainly small-scale initiatives that involve local communities within the city and are strongly driven by values such as social cohesion and respect for the environment. However, many are struggling to increase their impact, finding it difficult to reach larger numbers of people through expanding or replicating their work. TransForum is exploring whether their approach to metropolitan agriculture can help, by bridging the gap between initiatives of this kind and industrial agriculture, which has been effective in operating at

scale but has struggled to address social and environmental issues.

With this in mind, they have held a series of stakeholder workshops about metropolitan agriculture in cities around the world. The Food Ethics Council helped to organise the London event. TransForum want to start what they call a metropolitan agriculture ‘innoversity’, which would be a way for people around the world to share relevant experience and ideas.

Lessons in innovation

TransForum’s experience may offer valuable lessons for other innovation programmes, such as the Sustainable Agriculture and Food Innovation Platform launched recently by the UK’s Technology Strategy Board.

One of TransForum’s key contributions is to highlight the importance of involving stakeholders, particularly from civil society. This can help to ensure that projects answer genuine social and environmental needs. It also circumvents the frustrating task of crafting a definition of sustainable agriculture that applies to all projects, since stakeholders are well-placed to negotiate and police the approach to sustainability project by project. This approach is well-equipped to deal with the complexity of social and environmental issues, recognising that a plurality of approaches can legitimately be taken to addressing them.

Since TransForum did not have a single definition of sustainability, they could not use that to judge success. A second

contribution, therefore, lies in the programme’s approach to evaluation. TransForum defines success in two main ways:

- Did the projects meet their target performance on sustainability (including environmental efficiency and societal goals)?
- Did they succeed in attracting additional investment above that made by TransForum? In total the projects have attracted close to a further €1 billion of commercial investment (calculation based on 8 projects).

Only some projects succeeded on these two criteria but the projects that failed are seen to offer some of the most valuable learning opportunities from the programme as a whole.

A third lesson is that projects need entrepreneurs on board if they are to get beyond the first hurdle of coming up with a good idea. The most successful projects were those where the people involved had something on the line – the risks and opportunities pushed them forward. That is one reason why whatever succeeds TransForum after these initial five years will offer projects investment support rather than grant funding. They are in the process of setting up a new public-private fund that can keep doing the kind of business development and joint investment work that TransForum has been encouraging. They are finding that pension funds are among the private sector investors most prepared to take on the level of risk associated with investing in innovative sustainable agriculture projects.

UK and the Netherlands

While TransForum's experience may offer some useful pointers to innovation programmes in the UK, important differences exist between the two countries that mean the Dutch experience could not simply be replicated here.

The political and economic importance of agriculture is greater in the Netherlands than in the UK. Dutch agriculture is also more intensive and high-tech. Indeed, some high-tech operations in the UK such as Thanet Earth – the country's largest greenhouses, heated using waste heat from power generation – have been set up with Dutch know-how. Is it sustainable or secure, long-term, for the UK to buy expertise rather than trying to build its domestic knowledge base?

Another difference is that government in the UK has, since the 1970s, been very wary of intervening in the marketplace. Here the approach is to set a framework and leave entrepreneurs to it, whereas in the Netherlands and France, government takes a more active role.

In some respects, though the UK may already be moving in the direction TransForum sets out. For example, the dairy company Arla is building its biggest plant right outside Birmingham, moving its operations closer to its urban customers.

Of course, some of the differences that make TransForum's approach to innovation less relevant to the UK are no bad thing. Few parts of the UK face

such pronounced environmental and social pressures from agriculture as those experienced in the Netherlands, deriving from the intensity of farming there and its proximity to cities.

In practice, a wide spectrum of farming practices already exist in the UK, and future sustainability will probably come from fostering that. There may be a place for large scale projects that can offer environmental economies of scale, such as Thanet Earth, yet also for small-scale organic production systems. Programmes to support innovation for sustainable agriculture should cater for that full spectrum.

Radical innovation?

Does TransForum offer a radical approach to innovation? Its methods, notably its focus on stakeholder engagement and entrepreneurialism, certainly mark it out from comparable innovation and research programmes in the UK. Yet it does not pretend to offer any silver bullets. Indeed, breakthrough innovations are unusual in agriculture, so sustainability might be expected to improve through incremental steps rather than overnight changes.

Formal innovation programmes like TransForum are by no means the only way that governments can encourage innovation. Regulations, taxes and incentives can also stimulate creativity. The value of innovation programmes lies in creating room for people to experiment.

Speaker biographies



Julia Hailes MBE is a leading opinion former, consultant and speaker on social, environmental and ethical issues. She has worked with a number of blue chip companies, including British Airways, Procter & Gamble and Marks & Spencer. In 1987 she co-founded SustainAbility Ltd, a think tank and consultancy company, where she was a director until 1994, when she started working freelance from her home in Somerset. Julia is co-author of eight books, including the number one best-selling *Green consumer guide*, which sold over a million copies worldwide and *The new foods guide* published in 1999. *The new green consumer guide* was published in May 2007. She is a member of the Food Ethics Council. (www.juliahales.com).



Sander Mager is Programme Manager at TransForum, which promotes sustainable development in Dutch agriculture. studied Biology & Society at Amsterdam Vrije Universiteit. After completing his degree he joined the Ministry of Agriculture, Nature and Food Quality (LNV) in 1998, working successively for the Vision & Strategy division of the Department of Knowledge, the Bureau for Strategic Policy Formation and the Office of the Executive Board. In recent years Sander has initiated and facilitated strategic discussions within the Ministry as senior strategy adviser. Apart from his work Sander is chairman of the Green Left Party in the Municipal Council of Amstelveen.



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