

JULY 2021 — EXECUTIVE SUMMARY VERSION

A SMALL BUSINESS AGENDA

DRAFT



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A small business agenda for the Food Systems Summit

Our food systems must become more nourishing, sustainable, equitable and resilient. This is the imperative set by the 2021 United Nations Food Systems Summit. Small and medium-sized enterprises (SMEs) constitute at least half the food system, so are fundamental in efforts to transform the ways we produce and consume our food. The Summit has undertaken a global consultation exercise to ask thousands of food SMEs and their expert supporters, “**How to boost the role of SMEs in providing good food for all?**”

Food SMEs are **quiet revolutionaries**, working tirelessly to transform food systems in every corner of the planet. Listen carefully, and you will hear their shared vision for **re-balanced food systems** that sustains past efficiency gains, whilst no longer compromising nutrition, natural capital, equity and resilience. These SME stories tell of their **collective commitment to drive positive change** in multiple ways:

- Integrating markets to reduce poverty and hunger.
- Creating opportunities that improve equity.
- Innovating and scaling solutions for nutrition and sustainability.
- Elevating resilience to shocks, through embedded yet agile business models.
- Influencing to passionately shape the future of food.

There is a **new generation** of passionate, values-driven, innovative entrepreneurs in the ascendency, many of them **women and youth**. They are ready to reshape our food sys-



tems for the better, but this is a formidable challenge. They will only fulfil their potential when support systems, market incentives, power dynamics and cultural norms shift in their favour. The **ask by SMEs** is for cross-sector actors to **create conditions for purpose-driven SMEs to flourish**.

Every country and value chain is different, and so are the constraints they present to SMEs. Hence SMEs need the Food System Summit to catalyse **action by coalitions working at national-level** or within specific value chains. Listening to the SMEs in each discrete context will highlight priority actions to boost their contribution as change agents. This report offers three pathways to consider when integrating food SMEs into the prioritisation, design and governance of efforts to transform food systems.

Pathway 1: Create a business ecosystem in which food SMEs thrive

The food sector is often burdensome for SMEs. Running a food SME is hard, and market elements are frequently wrong-sized for them. When food entrepreneurs have a business environment which gives them a fair chance to compete in the market, they then thrive to the benefit of consumers, producers, communities, nature and investors.

Opportunities to act:

- Reduce the cost of doing business by improving physical and digital infrastructure, regulations, and the rule of law.
- Improve access to finance.
- Ease SME graduation from the informal to formal sector.
- Leverage the power of large market actors.
- Target business support at food SMEs.



Pathway 2: Incentivise businesses to provide “Good Food for All”

The best businesses are not always the most competitive, so they struggle to scale up. Most consumers currently prioritise price above all other factors, and good businesses cannot out-compete those who deliver their products whilst externalising their cost to public health, natural capital, or social equity. The food system will continue to fail us until these incentives change.

Opportunities to act:

- Ensure prices reflect the true cost of food, while safeguarding affordability.
- Create consumer demand for “good food”.
- Fast-track innovative entrepreneurs.

Pathway 3: Increase the power of food SMEs within sector planning

Small businesses have quiet and isolated voices. Compared to government or large businesses, they are relatively under-powered in their ability to collectively influence decision-making, regulations, resource allocation and cultural values within food systems. Only once power dynamics change can we expect to make progress on rebalancing food systems in favour of the SMEs pioneering good food for all.

Opportunities to act:

- Elevate the voice of SMEs.
- Structure SMEs into dynamic networks.
- Plan and invest according to context-specific priorities.

