



EXPLORING NEW WAYS TO FIGHT HUNGER

Welthungerhilfe puts integrated business models to the test

The international community has an ambitious goal: eliminate hunger by 2030. The aim is to ensure that living and working conditions in poor and rich countries around the world are humane. To this end, it is essential to stop wantonly exploiting the resources necessary for guaranteeing these conditions. To finance this global sustainability agenda, up to USD 4.5 billion (OECD 2016) will be required each year for developing countries alone. Official development assistance will not be sufficient to cover this, which means that additional funds from the private sector need to be secured. In particular, poor people in rural regions require better wages and job opportunities. To support these vulnerable groups over the long term, Welthungerhilfe is adopting new strategies. Market-based approaches – primarily in the agricultural sector and services sector – are being used in an attempt to supplement our existing work, e.g. innovative models used by social enterprises for waste disposal or the establishment of sustainable value chains in conjunction with the ongoing processing of agricultural products produced by small farmers.

From projects to independent enterprises

Rose-picking starts at 10 am. The farmers in Nangarhar Province in eastern Afghanistan pluck the flowers from the plants. The rose-picking season commences in April and each rosebush yields two to three kilos of flowers over the course of the season. The flowers are brought to a nearby distillery as

quickly as possible and undergo extraction to produce precious rose oil. In 2004, Welthungerhilfe launched a project with the overarching theme of 'Roses not opium' and started to provide advice to farming families. The results speak for themselves: organic, high quality rose oil that can be sold in markets around the world. Since the start of the project, this product has guaranteed the income of approximately 800 families in the region. Furthermore, a former project team member recently started managing the production of rose oil as an independent entrepreneur at Afghan Rose Oil Limited.

Alleviating poverty by economic means

Just like the producers of rose oil, the majority of poor people around the world continue to live in rural areas and make their living from agriculture. Although many of these people are able to supplement their income through other activities outside the agricultural sector, their purchasing power remains low and they continue to be marginalised in society. This needs to be considered when developing market-based strategies and models to guarantee the long-term alleviation of hunger and poverty. In particular, targeted support for trade and services – especially in upstream and downstream fields of agricultural production – is essential in supporting the development of rural areas. The prerequisites for this include the establishment and expansion of key infrastructure in terms of transport, communication, energy, drinking water and sanitation.

Market-focused models have to guarantee that poor people are treated as stakeholders and that they will stand to benefit sig-

A world in which all people can exercise their right to a self-determined life in dignity and justice, free from hunger and poverty.

The vision of Welthungerhilfe

nificantly from these measures, both in their role as customers and consumers as well as producers, workers or entrepreneurs. In practice, various business models can be employed, such as new marketing concepts for agricultural production centres, allowing them to generate a higher income. Other options include the ongoing development of a service in a partner country which is made ready for the market through cooperation between Welthungerhilfe and a private company, securing financing for native companies that urgently require modest starting capital, but which are ignored by local banks due to the amount being too “insignificant” and if necessary Welthungerhilfe can also act as a short-term partner in the venture.

A quick, flexible and innovative approach

Welthungerhilfe is pursuing multiple goals through the increased integration of market-based approaches. One is to explore new ways to safeguard local structures in the long term following the conclusion of the project, i.e. following the termination of public funding. Furthermore, new, innovative ideas and methods will be able to enrich the work being carried out and new sources of funding can be exploited, thereby enabling the current range of activities to be expanded. By working with other partners from the private sector we can develop new project approaches that can be replicated in other regions or countries, allowing us to offer a more dynamic response to challenges in a rapidly changing world.

In 2006, Welthungerhilfe was honoured by the German government as part of the “Land of Ideas” competition, which prompted us to tackle innovation internally. Since 2011, employees at Welthungerhilfe have had the opportunity to submit new, pioneering ideas for the Innovation Award providing they are able to demonstrate an initial degree of success. The employees with the best ideas receive prize money to help these evolve and flourish.

Welthungerhilfe gets down to business

The Business Lab was set up in June 2016. It consists of a small group of employees from different departments taking an interdisciplinary approach to the topic of *Inclusive Business*. The aim of the lab is to provide advice within the organisation, assess new business partners intending to cooperate with Welthungerhilfe, verify sources of finance and implement initial concepts for the start of pilot projects.

Thirteen rural training centres in India shall be used as a test case for a social business. Operating as ‘green colleges’, these centres receive financial support from the government and provide disadvantaged groups with expertise and services related to agricultural value chains. The aim is for these training centres is to provide skills in production, processing and marketing of agricultural products in close cooperation with civil society and the government in a way that is financially self-sufficient.

In Sierra Leone, over 30,000 cocoa farmers and their families are already benefiting from efforts being made by local cocoa traders, the Ministry of Agriculture and European trading firms to agree on a joint plan and safeguard essential investments in the interests of the cocoa farmers. This includes setting out transparent land usage plans for the farmers, drawing up minimum standards assured through certification and ensuring fully traceable sustainable farming practices. Sustainable agricultural value chains will also play a central role in other countries.

In many countries, small enterprises can also take on services in the waste and water sector. Welthungerhilfe can promote the access to technical expertise, the necessary financing and the appropriate business skills. These approaches are already being carried out in Madagascar, Sierra Leone and Kenya.

Welthungerhilfe’s new strategy (2017-2020) puts a specific focus on strengthening new alliances with the private sector and pro-poor business models as part of their implementation of innovative ideas. The future work of the organisation focuses on “making recipients of aid into proud actors in the form of consumers, producers and/or entrepreneurs”. Markets should not exclude poor people and Welthungerhilfe will actively work to ensure the necessary access is available to them.

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