



(New, rural) business models, their mechanisms and impacts

BM Name	Multifunctional rural enterprises
Type	Territorial Development
Sector	Food in combination of a variety of services
Organisational scale	Individual/private/family business
Short description	The business model builds on the resilience strategies that support diverse family farms. Multifunctional rural enterprises reposition themselves within the food system and they combine, and if possible, integrate farming activities with the provisioning of a variety of rural services. These can include social services (e.g. care, education), tourism and leisure offers, ecosystem services provision (biodiversity, landscape, renewable energy, water management, etc.), often in conjunction with environmentally friendly farming and more direct relations with consumers through short food chains.
Mechanism	Multifunctional rural businesses are intricately linked with ecologically inspired circularity, as opposed to agro-industrial circular models. Land-based food production is prioritised, while much attention is paid to closing intra-farm nutrient cycles and the preserving soil fertility as the basis of food systems. Overall, creating (or reinforcing) internal remuneration mechanisms plays a prominent role in value creation which also includes public good delivery. An example of this is ecosystem services provisioning as part of distinctive food qualities.
Innovativeness	The innovativeness of this business model is expressed in the following: <ul style="list-style-type: none"> • Creation of novel professional identities in farming • Enhanced capacity to valorise farm-internal resources, as well as earlier professional skills, experiences and networks • Co-creation of novel (rural) markets • Ability to think and collaborate across sectoral boundaries • Novel forms of territorial cooperation
Value creation	Mixed – comprising economic, social, cultural and environmental values
Customers, product/service, revenue streams and main cost items	<p>Customers include regional food communities, and those demanding social and environmental services, including urban dwellers</p> <p>A multiplicity of products and services are offered</p> <p>Revenue streams include payments for products and services, and, more importantly, economies of scope (and, as a result, reduced costs) in providing these products and services</p> <p>The main cost items include the basic of providing products and services, and, particularly in peri-urban rural areas, the high costs of access to land</p>



<p>Societal impact</p>	<p>Positive:</p> <ul style="list-style-type: none"> • Preservation and provision of rural (social and environmental) amenities • New prospects for individual, private or family businesses • Social recognition of rural businesses • Reduced tensions in rural-urban land uses <p>Negative:</p> <ul style="list-style-type: none"> • Inter-sectoral tensions, partly also due to mismatches between sectoral regulatory frameworks
<p>Rural-urban synergies</p>	<p>More direct relations between food producers and consumers contributes to sustaining regional food systems. Enhanced ecosystem service provision and quality of life. More balanced social and economic development in rural, peri-urban and urban areas.</p>
<p>Connections with labour market and employment effects</p>	<p>Direct effects result from the increased value added per unit of production and the fact that the total revenue generated is higher than the sum of individual revenue streams. Both leads to increases in employment.</p> <p>Additional (rural) employment is due multiplier or knock-on effects in other sectors such as green tourism and gastronomy.</p> <p>Positive are also increases in the quality of jobs (in comparison with conventional, specialized agricultural activities)</p>
<p>Enabling factors</p>	<ul style="list-style-type: none"> • Urban proximity • Good conditions for rural amenity provision • ICT and sharing platforms • Emphasis on multifunctionality of land use in spatial plans (land sharing)
<p>Limiting factors</p>	<ul style="list-style-type: none"> • High intensity of and degree of specialisation in farming • Dependency on food exports and other forms of path dependency and lock-in • Conflicts and tensions between sectors • Emphasis on functional separation in spatial plans (e.g. set aside of land for biodiversity conservation) (land sparing)
<p>Key partners and actors directly involved</p>	<p>Multifunctional rural enterprises and activities tend to involve a broad range of actors for example from food catering, social welfare, recreation, leisure, nature, landscape and water management, renewable energy, etc. Cross-sectoral cooperation is a key success factor</p>
<p>Role of (local) government</p>	<p>Spatial and land use planning play a central role. Multifunctional rural enterprises flourish in a land sharing environment that aims at the integration of food production with other rural land use functions. Urban planning can in the same way stimulate rural-urban interaction and provide space for green infrastructure and food in urban settings.</p>
<p>Connections with the institutional / policy environment</p>	<p>Regulatory frameworks that are often still sector-based limit the potential of multifunctional rural enterprises. Related to European policy frameworks and specifically the CAP subsidies, major shifts are needed in order to encourage farmers to provide more services than food, rather than discouraging multifunctionality.</p>
<p>Internal/network governance arrangements</p>	<p>Governance arrangements reflect a family business logic. Other important features include a certain openness to surpassing conventional employee – employer relations through the sharing of responsibilities and revenues, novel ways of inter-generational succession, and to giving place to new entrants without agricultural backgrounds.</p>



A typical example	<p>There are many examples of successful multifunctional rural enterprises. Those most known combine food processing, direct sales, green care, rural tourism, renewable energy production, and nature and landscape management.</p> <p>Concrete examples: www.zonnehoeve.net; www.boerderijparadijs.nl</p>
BM references	<p>Multifunctional farming in the Netherlands: www.multifunctionelelandbouw.net</p> <p>Related organisations: www.landzijde.nl (green care); www.hotel-boerenkamer.nl (agri-tourism); www.vskbn.nl (educational farms); www.landwinkel.nl (farm-shop collaboration); www.toekomstboeren.nl (new entrances)</p> <p>FCRN/University of Oxford – the land sharing – land sparing continuum. https://www.foodsource.org.uk/building-blocks/what-land-sparing-sharing-continuum</p>
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