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**SSPICE IT!**

Sustainability Skills Program for International Catering  
operators and Entrepreneurs through Integrated Training

## **SSPICE IT! – Sustainability Skills Program for International Catering operators and Entrepreneurs through Integrated Training**

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CIPFP CAMINO DE SANTIAGO  
ESCUOLA DE HOSTELERÍA & TURISMO DE LA RIBERA



Escola Profissional AMAR TERRA VERDE



## Submodule n°21: Economic Resilience Fundamentals

<b>THEMATIC AREA</b>	<b>Economic Resilience and Adaptation in the Food Sector</b>	
<b>SUB AREA OF REFERENCE</b>	<i>Entrepreneurship</i>	
<b>HOURS</b>	4	
<b>LEARNING OBJECTIVES</b>		
<p>1. <b>Understanding Economic Resilience:</b></p> <ul style="list-style-type: none"> <li>• <i>Define and explain economic resilience in the food sector</i></li> <li>• <i>Explore factors contributing to economic vulnerability</i></li> <li>• <i>Illustrate the impact of economic shocks through case studies.</i></li> </ul>		
<b>LEARNING ACTIVITIES</b>		
<b>Theoretical</b>	<b>Practical</b>	
<ul style="list-style-type: none"> <li>✓ Reading</li> <li>✓ Case studies</li> </ul>	<ul style="list-style-type: none"> <li>✓ Case Study Analysis: Study successful business adaptations to economic challenges.</li> <li>✓ Interactive Economic Discussions: Discuss effects of economic factors on businesses.</li> </ul>	

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## SUBMODULE 21: Economic Resilience Fundamentals

Economic resilience in the food sector refers to the industry's ability to withstand and recover from shocks, disruptions, and uncertainties while maintaining its core functions and the well-being of its stakeholders. It's a crucial concept because the food sector is a fundamental component of any economy, impacting not only food security but also employment, trade, and overall economic stability.

The importance of economic resilience in the food sector can be understood through several *key facets*. First of all, a resilient food sector ensures a stable and consistent food supply, reducing the risk of food shortages during crises. This is especially vital for vulnerable populations who rely heavily on affordable and accessible food sources.

The food sector contributes significantly to GDP in many countries, and disruptions in this sector can have cascading effects on the broader economy. Resilience helps maintain economic stability by mitigating these ripple effects.

In addition, the food sector is a major employer, encompassing farmers, food processors, distributors, and retailers. Economic resilience safeguards jobs and livelihoods, supporting the well-being of communities.

Resilience ensures the integrity of supply chains, reducing the risk of bottlenecks and disruptions that can lead to price spikes and scarcity.

The food sector faces various economic **vulnerabilities and uncertainties**:

- **Climate Change:** Changing weather patterns, extreme events, and shifting growing seasons can disrupt agriculture, impacting food production and prices.

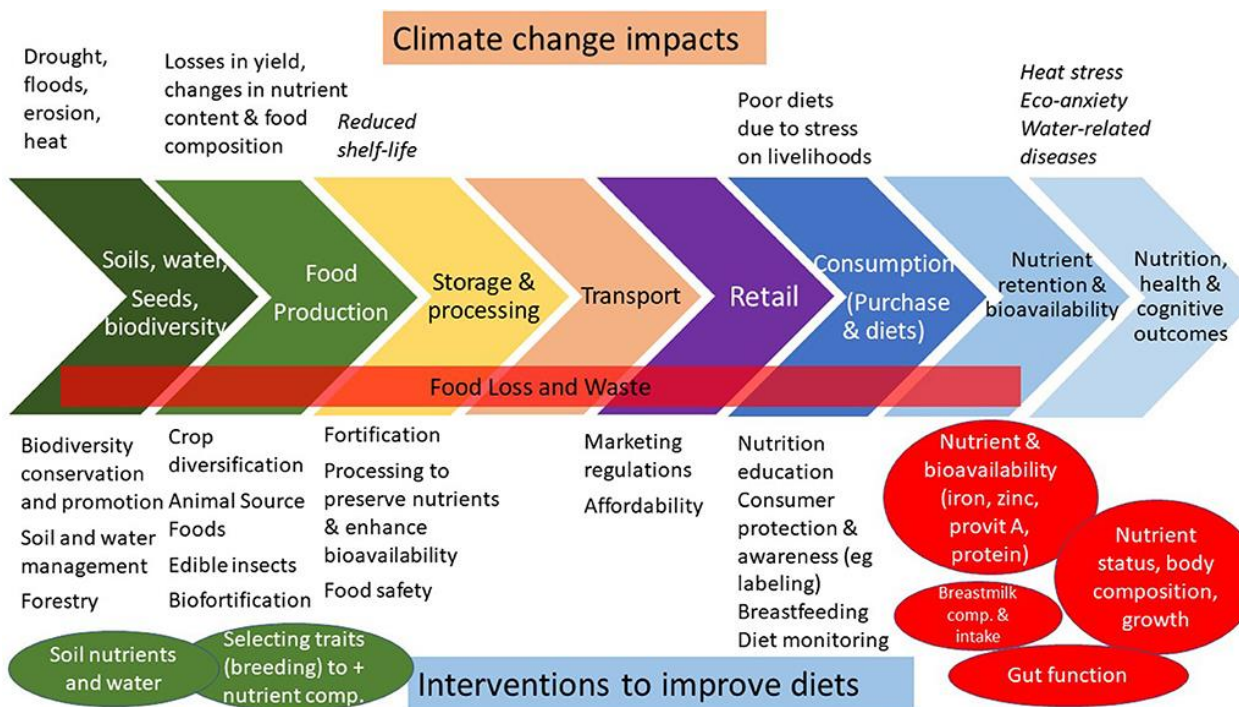


Figure 1 - Source: Frontiers

- **Global Trade:** The food sector is deeply interconnected globally. Trade disruptions, tariffs, and export bans can affect the flow of food products, leading to market instability.
- **Pandemics and Health Crises:** Events like the COVID-19 pandemic exposed vulnerabilities in food supply chains, including labor shortages, processing plant closures, and shifts in consumer behavior.
- **Commodity Price Volatility:** Fluctuations in the prices of key agricultural commodities can affect input costs and profit margins for food businesses.
- **Regulatory Changes:** Evolving regulations related to food safety, labeling, and environmental sustainability can pose challenges for businesses.
- **Consumer Preferences:** Changing consumer preferences for healthier, sustainable, or locally sourced food can disrupt established markets.



Figure 2 - Source: Market Screener

### **Case Studies: Learning from Successful and Adaptable Businesses - Danone**

Danone strategically bolsters its economic resilience by implementing **sustainable supply chain practices**, emphasizing responsible sourcing of raw materials. This commitment not only ensures a reliable and consistent supply chain but also mitigates risks associated with resource scarcity, environmental changes, and fluctuations in raw material prices. By prioritizing sustainability, Danone fortifies its capacity to navigate potential disruptions and uphold stable production processes, contributing to long-term economic resilience.

In an effort to enhance economic resilience, Danone invests significantly in innovative and **eco-friendly packaging solutions**. By reducing reliance on non-renewable materials and addressing consumer concerns about plastic waste, the company not only aligns with environmental sustainability goals but also prepares for potential shifts in regulations and consumer preferences. This contributes to economic resilience by ensuring the adaptability of Danone's operations in the face of evolving market dynamics and sustainability expectations.

Danone strengthens its economic resilience by actively engaging with and **investing in local communities, particularly** in supporting sustainable agriculture and socio-economic development. This commitment to community well-being fosters positive relationships with local stakeholders, including farmers and suppliers. Such strong connections contribute to a stable network of partners, reducing economic vulnerabilities and enhancing the overall resilience of Danone's supply chain.

Economic resilience is a key focus for Danone as it strategically diversifies its **product portfolio** to include both essential and indulgent items. This approach allows the company to adapt to changing consumer demands and economic uncertainties. By offering a variety of products, Danone can navigate fluctuations in consumer preferences and economic conditions, ensuring a balanced financial performance across different product categories.

As a conclusion, economic resilience in the food sector is paramount for food security, economic stability, and the well-being of communities. By understanding vulnerabilities and uncertainties and learning from adaptable businesses, stakeholders in the food sector can better prepare for and navigate economic challenges while ensuring a sustainable and secure food supply for all.

<b>Exercise: <i>Survey for Students</i></b>	
<b>Pre-requisites</b>	/
<b>Time</b>	1 hour
<b>Tools</b>	Pen and paper
<b>Objectives</b>	To assess the understanding of Economic Resilience Fundamentals.
<b>Instructions</b>	
<p>1. How familiar are you now with the concept of economic resilience in the food sector?</p> <p style="padding-left: 40px;"> <input type="checkbox"/> Very familiar  <input type="checkbox"/> Somewhat familiar  <input type="checkbox"/> Not familiar at all </p> <p>2. Which of the following is considered a significant economic vulnerability in the food sector? (Select all that apply)</p> <p style="padding-left: 40px;"> <input type="checkbox"/> Climate change  <input type="checkbox"/> Social media marketing </p>	

Changing consumer preferences

Global trade disruptions

3. In your opinion, how does climate change impact economic resilience in the food sector?

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4. During the COVID-19 pandemic, what were some specific challenges faced by the food sector that affected its economic resilience?

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5. Which of the following strategies can enhance economic resilience for a food business? (Select all that apply)

Diversifying product offerings

Reducing sustainability efforts

Relying solely on global supply chains

Collaborating with local suppliers

6. Do you believe that consumers' increasing demand for locally sourced and organic food products poses an economic opportunity or challenge for the food sector? Why?

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7. On a scale of 1 to 5, how confident are you in your ability to identify and address economic vulnerabilities and uncertainties in the food sector, with 1 being not confident at all and 5 being very confident?

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8. What additional economic vulnerabilities or uncertainties in the food sector would you like to learn more about?

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## EXTRAS

### 1. Further readings

We recommend that aspects discussed in this module can be approached more in the following materials:

- *Food Security and Global Environmental Change*, book by John Ingram, Polly Ericksen, and Diana Liverman - A comprehensive collection of essays that examine the intersection of food security, climate change, and economic resilience. It offers a multidisciplinary perspective on the challenges and solutions in the food sector.
- *The State of Food Security and Nutrition in the World* report by Food and Agriculture Organization (FAO) - provides in-depth analysis of global food security trends, including economic resilience factors. It offers valuable data and insights for understanding the state of food security.
- *Climate Change and Food Security: A Framework Document* by World Food Programme (WFP) - explores the impact of climate change on food security and outlines strategies for building economic resilience in the face of climate-related challenges.

International Journal of Food Science (<https://www.hindawi.com/journals/ijfs/>)

### 2. Acknowledgements

The module 7 is the result of the following collaboration:

*Authors of the module*

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Ceausu Ruxandra

### 3. Glossary

**Term**

**Definition / Meaning**

*Break-even point*

The level of sales or business activity at which total revenue equals total costs, resulting in neither profit nor

	loss. It signifies the point where a business covers all its expenses, marking the transition from loss to profit.
<i>Circular economy</i>	An economic model that aims to minimize waste and make the most of resources by designing products, services, and supply chains that reduce, reuse, and recycle materials.
<i>Cross-sector collaboration</i>	Collaboration between different organizations and sectors, such as government, industry associations, and private businesses, to share knowledge, resources, and expertise to enhance economic resilience.
<i>Crisis response</i>	Strategies and plans for addressing and mitigating the impact of unexpected events or crises on the food sector, ensuring continuity of operations and supply chain integrity.
<i>Economic resilience</i>	The ability of the food sector to withstand and recover from shocks, disruptions, and uncertainties while maintaining core functions and the well-being of stakeholders. It ensures stability in food supply, economic activity, and employment.
<i>Internet of Things (IoT)</i>	A network of interconnected physical devices and sensors that collect and exchange data, allowing for real-time monitoring and control of food production and distribution processes.
<i>Risk assessment</i>	The process of identifying, evaluating, and prioritizing potential risks and vulnerabilities within the food and catering sector to make informed decisions and develop mitigation strategies.
<i>ROI (Return on Investment)</i>	Financial metric that evaluates the profitability of an investment by comparing the return gained to the initial cost, expressed as a percentage.
<i>Stakeholders</i>	Individuals, organizations, or groups that have an interest or influence in the food sector, including farmers, producers, retailers, consumers, and government agencies.
<i>Supply chain</i>	A network of organizations, individuals, activities, information, and resources involved in the production, distribution, and delivery of food products from suppliers to consumers.
<i>Sustainability</i>	Practices and initiatives that promote environmental, social, and economic sustainability, including responsible sourcing, waste reduction, and eco-friendly packaging.

*Transparency*

Openness and clarity in the supply chain, allowing stakeholders to trace and understand the sources and processes involved in food production and distribution.