

**FORUM  
FOR THE  
FUTURE**

Case for Action:

# The Future of Protein in a Changing Region

How can financial actors enable transformative change towards  
a just and regenerative protein system in Southeast Asia?

*Executive Summary*



We are at a crossroads for humanity where we face multiple global challenges, from climate change to a public health crisis. The investment community is waking up to this challenge - capital is flowing into new innovations, financial actors are re-evaluating their stewardship role in influencing corporate action and new initiatives are driving forward discussions about how to deliver transformative finance.

The world is signalling new goals for the future - climate stability, resilient livelihoods, nutrition, land rehabilitation and biodiversity restoration. These goals will be rewarded in the future and need to form the guiding light for decisions in the finance sector going forward.

In the face of these challenges, the protein system globally is in an unprecedented state of dynamism, with growing attention on the impacts of livestock on greenhouse gas emissions and the rise of alternative protein companies. This has seen financial actors flocking to the space, which is ripe for innovation.

In Southeast Asia, this 'protein challenge' has never been more acute. There is growing demand for protein, particularly across emerging economies, as the population increases and a growing middle class aspires to eat more meat (see PART 1 for a breakdown of the available protein production and consumption data). This is fuelling concerns around food security into the future. Even now - as fish, seafood and plant-based foods dominate the protein in peoples' diets - it is clear that there are a number of deep social and environmental concerns, from widespread malnutrition, to limits of agricultural productivity and rising risks of antibiotic resistance.

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**How can we build out a protein system that meets these demands? Is current action adding up, and what more is needed?**

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Our research shows that, while current approaches are working to address key issues in the immediate context, they are at risk of not solving the core challenges that lie behind them and may underestimate the scale of transformation needed. By focusing on a narrow set of goals, such as food security and climate, they risk perpetuating current extractive models and have the potential for deep social harm, and even the exclusion of hundreds of thousands of smaller farmers and growers that currently provide four out of five plates eaten in Southeast Asia.

What's driving food system action?

### Box 1: Inquiry Questions

These questions have prompted the creation of the Protein Challenge Southeast Asia initiative, with the aim of working collectively with different stakeholders to better understand what it would take to accelerate the transition to a protein system in the region that can meet the challenges ahead, and specifically how financial actors can play a role in that shift. This Case for Action paper, based on desk-based research and interviews from November 2020 to June 2021, provides a starting point for the initiative by exploring a series of key inquiry questions.

How are the current perceptions of the protein challenge in Southeast Asia influencing the approach to achieving a sustainable protein system?

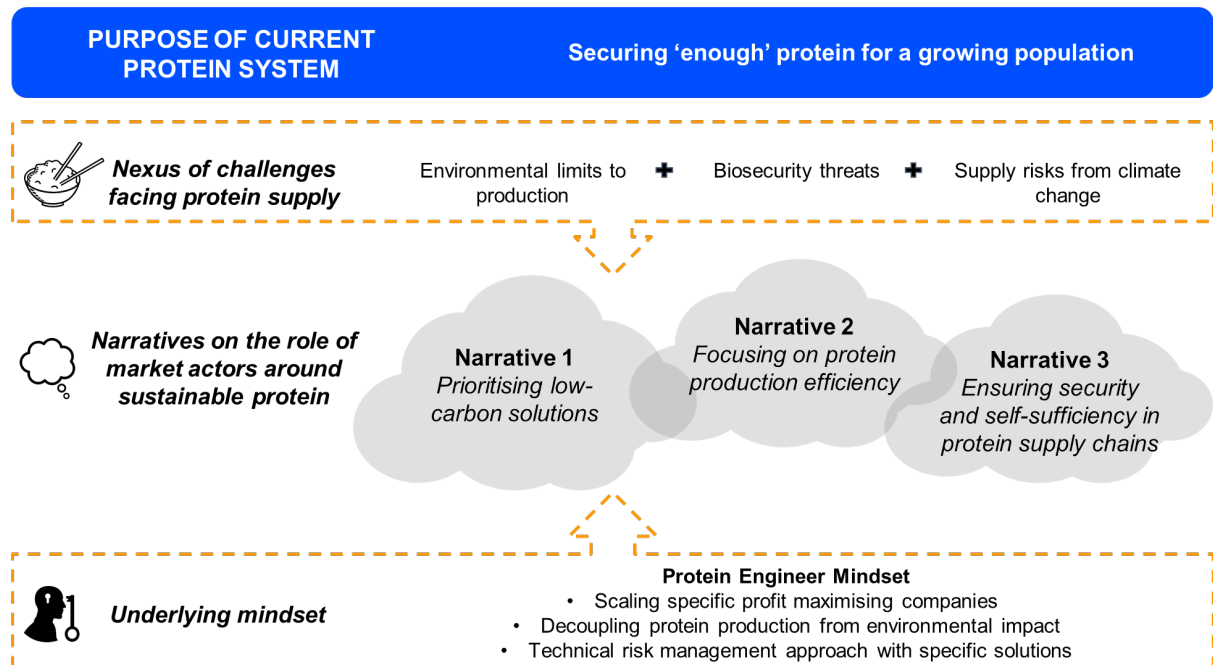
How is this shaping the current behaviours and mindsets of those investing in sustainable protein in the region?

To what extent are these approaches creating a future-fit protein system, one that will be resilient in facing systemic social and ecological disruptors likely to emerge in the coming decade?

What will it take to achieve a future-fit protein system - that is, one which is ecologically regenerative and socially just for current and future generations?

What could the role of financial actors be as change agents?

Our research showed that actors across the board, from business to investors, civil society and policy makers, consistently highlight the ‘sustainable protein’ challenge in the region in the same way through the lens of food security. The focus of this rationale is on maximising productivity efficiency - delivering abundant protein in the region to meet growing demand, while decoupling production from environmental impacts to avoid limits to production, biosecurity risks (such as zoonotic diseases) and supply disruptions.



**This deep-rooted ‘Protein Engineer’ mindset targets quick fixes and focuses on investing in and promoting specific managerial or technological interventions that scale up low-carbon solutions, drive efficiency and improve security of supply chains. It does not directly address the wider social and economic context, or more ingrained environmental challenges in food production. These are critically important goals and the Protein Engineer mindset may deliver some short-term gains - but what are the risks?**

**The decade ahead will be turbulent and unpredictable,** with the potential for significant systemic disruptions - such as Mekong Delta rice harvest failures and coral reef collapse. Such disruptions could far eclipse the pattern of cascading impacts we have seen ripple across the globe from the COVID-19 pandemic. Actions to shape a protein system that is future-fit need to be able to be sustained, resilient and commensurate with the scale of these challenges - or risk resulting in shocks, stranded assets and reputational damage.

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Achieving sustained, meaningful and resilient change in the face of disruption necessitates a deeper approach that addresses these existing challenges in a way that also supports a transition to a ‘future-fit’ protein system.

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## The role of Protein Visionaries in catalysing a transition to a just and regenerative protein system

To really transform the protein system in Southeast Asia, we will need Protein Visionaries, not just Engineers. Protein Visionaries see the protein challenge through a wider aperture. They recognise the potential for a protein system to go beyond tackling security of supply to address the wider systemic challenges of overcoming deeper societal and planetary conditions and the necessity of doing that for achieving long-term food security and lasting climate mitigation efforts. In particular, addressing:

- **Ecological fragility:** Regional agriculture practices such as biomass burning, fertilizer overuse and groundwater depletion have led to phosphorus deficiency, increased water pollution and greater carbon emissions, ultimately depleting the land's ability to nourish us over time. A future-fit system requires us to go beyond extractive models and efforts to 'spare' land from agricultural expansion. What is needed is a fundamental shift to restorative forms of agriculture that replenish depleted soils and biodiversity.
- **Social inequities:**
  - With 100 million smallholder producers in the region, as well as food and farming sector workers at the core of the future food system, it is essential to focus on a 'just transition' where no one is left behind. The current tendency for consolidation of market models compounds the problems smallholders face in engaging with the market.
  - Maximising production of protein in a region where there is, at least theoretically, 'enough' protein produced does not address the issues of access to nutritious and affordable food across the region. Any future-fit strategy needs to unlock access and affordability, both as a fundamental human right and as a means of ensuring that all can play their role in the region's economic development.
- **Adaptability and resilience:** Disruption will be the norm and will influence the operating context of the food and agriculture sector for decades to come. A diversity of approaches and routes to action, rather than specific solutions, will be critical for resilience in the face of immediate and long-term uncertainties.

As these challenges converge, it is clear that we need to move from our current goal of securing a 'sustainable' protein supply to a goal of achieving a 'just and regenerative' protein system. This evolved system would restore and regenerate our living systems, create conditions for social equity, and respect for human rights. It would also be adaptive, resilient and healthy for generations to come.

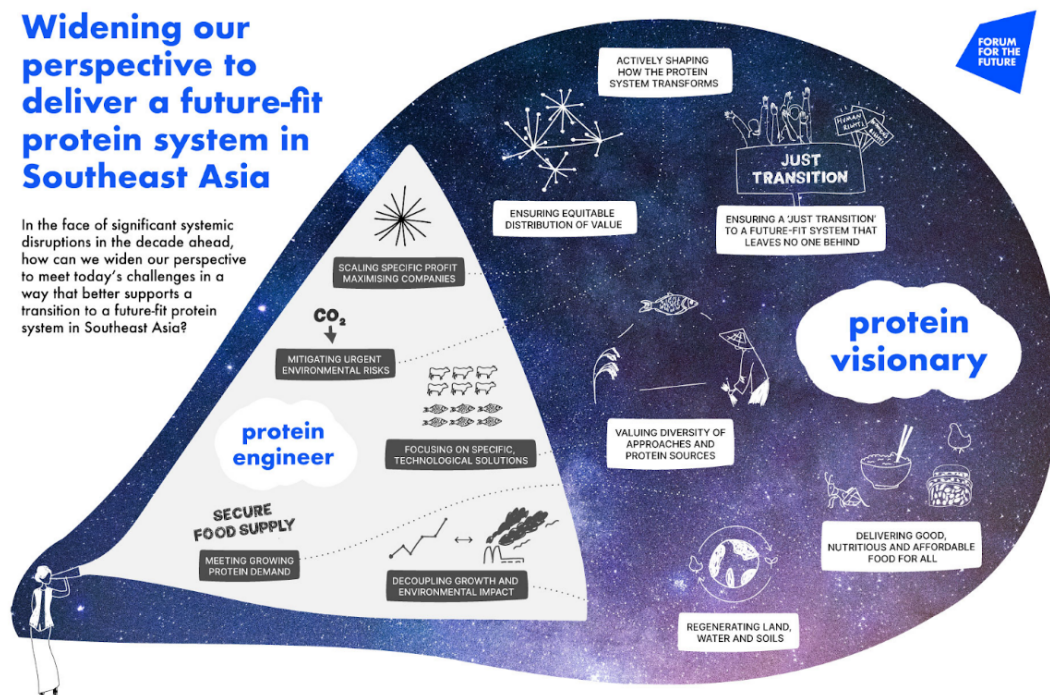
There is huge potential to unlock this shift in Southeast Asia and a number of exciting visions are already emerging:

- A **regenerative protein system** that replenishes degraded land and ocean ecosystems.
- A **diversified protein system** that encourages the use of local traditional knowledge, and taps the potential of harnessing existing solutions in the region, alongside novel, high-tech approaches.
- A **decentralised protein system** that foregrounds the role of smallholders in the agricultural system and prioritises the creation of rights-respecting and decent jobs for the many workers in protein supply chains.



## Widening our perspective to deliver a future-fit protein system in Southeast Asia

In the face of significant systemic disruptions in the decade ahead, how can we widen our perspective to meet today's challenges in a way that better supports a transition to a future-fit protein system in Southeast Asia?



## The Protein Challenge Southeast Asia Initiative:

This initiative - incubated by Forum for the Future - aims to cultivate a cohort of Protein Visionaries to imagine and drive a transition to a just and regenerative protein system in Southeast Asia. Their mission will be to demonstrate the 'art of the possible', drawing others towards a goal of widening our aperture on what transforming the protein system entails. This will involve challenging ourselves to create new visions for a decentralised, regenerative, adaptive and future-resilient system. It will also involve experimenting with a diverse array of imaginative solutions to achieve this.

### How might we harness the potential of financial actors to transform the protein system in Southeast Asia?

Whilst there are multiple ways to come at this challenge, the initiative will focus upon exploring the change agency of financial actors in enabling this transition towards a just and regenerative protein system. Their role in directing finance towards particular products and business models gives them leverage to shift norms and behaviours within value-chains.

This is already happening, with investors funding protein innovation to provide alternatives to animal protein. There is also a growing focus on ESG in investments in sectors such as livestock farming. Yet, these approaches may not be enabling the deeper levels of transformation needed to respond to ecological fragility, deepening social inequities and inter-generational resiliency in the protein system in the region.

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Current Protein Engineer mindsets and approaches coupled with short-term, 'business-as-usual' thinking are limiting the change potential of finance to equip the protein system for the ecological and social challenges of the decade ahead.

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The Protein Southeast Asia Initiative is putting forward a futures-led inquiry into: *How can we harness the potential of financial actors<sup>1</sup> to catalyse change in the protein system in this region?* It will collectively explore the paradigms, mindsets and behaviours that financial actors bring into the protein system with a view to understanding how these might support a transformative trajectory. Inquiry questions include:

- How can financial actors see themselves as part of the protein system, recognising their agency - and responsibility - through investment decisions to shape the system towards just and regenerative goals?
- How can financial actors move from individual deals in low-carbon protein or influencing specific company strategies, to building strategic portfolios which collectively leverage change in the protein system?
- How can financial actors incorporate a more holistic approach to screening and managing protein production and consumption impacts? We need to see a shift from a narrow focus on greenhouse gas emissions, biosecurity risks and securing supply towards systemic applications of ESG processes, as well as exploration of alternative ways of leveraging change through finance.
- How can financial actors reimagine value models to incorporate more than financial value in protein portfolios? A truly regenerative and just protein system is not just about doing 'less harm'. It is about how financial actors can help unlock positive value for society and influence the development of the wider market.
- How can financial actors respond to the need for a just transition as we shift the goals of the region's current protein system towards just and regenerative ones? Every transition has consequences and how might we ensure no one is left behind in the production, distribution and consumption of affordable, sustainable and nutritious protein?
- How can financial actors spearhead collective and collaborative approaches amongst a diverse group of actors to achieve transformations in the protein system?

## CALL TO ACTION

If you are a financial actor in the region, a business working and innovating in the protein sector, an NGO working on food system transformation or a governmental body wanting to channel the power of the market to deliver a 'future-fit' protein system, this inquiry will provide new insight into how finance can be a systemic lever of change in efforts to transform the protein system in Southeast Asia.

1. **Join the Protein Challenge Southeast Asia initiative** in order to:
  - Set a collective vision for a just and regenerative protein system in Southeast Asia.
  - Generate recommended ambitious interventions designed to lift barriers to - and unlock opportunities for - enabling a transition.
  - Catalyse prototyping in a range of opportunity areas to activate the system change process.
  - Inspire other actors in the Southeast Asia protein system to collaborate in the prototyping, thus growing the cohort of Protein Visionaries.
2. **Share the report and call to action with your networks:** it will take a cross-sector group to drive action, including financial actors, policy, civil society, business and innovators. Who do you think should be part of this effort?

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<sup>1</sup> We understand financial actors as a broad term to include actors who are investing into (or managing investments into) the protein space with some expectation of financial return, be it corporations, venture capital, institutional investors or development finance institutions.

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