



**TWG2 – Analysis of programme management framework and  
projects**

**ANNEX No 2 – Project examples**

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*Connecting Rural Europe*

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# 1 FOOD PROCESSING

## 1.1 Czech Republic - Vysocina: Organic Slaughter-house in Sasov

*This case study described is as an example of an activity that can potentially positively affect durable linkages between agriculture and other sectors in the rural economy. More specifically, this investment project can potentially result in more effective use of agricultural resources, an improvement of links between producer and consumer, an increase of local value-added, a generation of local jobs and can contribute to promotion of bio-production.*

### 1. Project details

#### ***Nature of the project***

*Purpose:* To build a modern slaughter-house to reduce a stress of animals on the farm in compliance with animal welfare.

*Content:* Building and equipment (the slaughter-house capacity is 10.000 pigs or 2.000 beef-cattle per year)

*Inspiration:* The investor thinks of breeding quality and its welfare as the highest priority. To eliminate stress he decided to establish own slaughter-house on his farm.

*Policy coherence:* The project is coherent with strategic aims of the rural development policy (only on the national level), especially the aims to promote organic agriculture, utilize local agricultural production and increase links between primary production and processing.

#### ***Links between agriculture and the rest of the economy***

*Main agricultural sub-sectors involved:* Farm animal breeding (especially pigs and beef-cattle) is the main agricultural sub-sector involved. Other economic sectors involved include mainly processing, trade and transport.

*Description of these links:* Backward linkages include buying local pigs and beef-cattle in a proportion of 20% of total production of meat products. 50% of the slaughter-house capacity is available for slaughter of pigs and beef-cattle of other local farmers.

Forward linkages concentrate mainly on sales of bio-meat and bio-meat products (the farms has its own processing manufactory and cold storage facility) in super-markets in big cities in the Czech Republic, in local shops in Vysocina Region and in restaurants in the Czech Republic. Small part of the production is sold directly on the farm.

The indirect effect relates to indirect promotion of bio-products produced under the ecological agriculture.

#### ***Scale of the project***

*Size:* Small/medium sized unit

*Time scale:* June 2008 – December 2009

*Coverage:* Regional coverage (Vysocina Region)

#### ***Beneficiaries and supporters***

*Beneficiary:* The owner.

*Supporters:* The private agency was hired to prepare investment proposal to be in compliance with legislative requirements concerning organic agriculture.

## **Finance**

*Funding:*

- a) own financing: total cost of 482,000 EUR
- b) Rural Development Programme for the Czech Republic, Axis I, Priority I.1: total cost of 260,000 EUR

*Budget:* 742,000 EUR, in 1.5 year

## **Results**

*Direct results:* Results are very positive and meet the owner's business expectation. Despite the economic crisis, an interest in utilisation of the slaughter-house by other farmers has been increasing as well as a bio-meat demand.

*Main target:* Community at large, farmers

*Wider benefits:* This is the first bio-slaughter-house in the Vysocina region and first bio-slaughter-house for pigs in Czech Republic, characterized by very modern equipment and methods of slaughtering in compliance with animal welfare. This unit enables to use the same method of slaughtering to other farmers, due to contractual utilisation of the slaughter-house.

## **2. Relevance of case study experiences for others**

*Problems:* The first project proposal was prepared at the end of the 1990's, when the farmer received the building licence but several legislative changes thwarted its realisation and the project had to be changed several time and the investments costs increased significantly. Finally, the farmer hired a consultancy agency to prepare the investment proposal.

*Transferability and mainstreaming potential:* The project can be replicated successfully elsewhere with respect to local conditions. However, its results have not been adopted by a wider range of farmers as the unit can be used only by ecological farmers with livestock.

*Innovation:* The project can be seen as innovative in the Vysocina region, as it constitutes the first modern, well-organized 'bio-unit' in the sector.

*Institutional aspects:* The owner was fully responsible for the project. However, he received advice and information on funding opportunities from private agency. No LAG was involved in the project.

*Social aspects:* 2 full-time local jobs have been created.

*Environmental aspects (for projects that are not strictly environmental):* The project contributed to the environment as the unit meets the requirements for ecological farming.

*Sustainability:* The slaughter-house is expected to be fully sustainable in the next two years. The owner expects to extend his network of customers in trade, hotels and restaurants.

## 1.2 France - Gers: Food processing, “La ferme du Hourcot, Ornézan, Gers”

*The project illustrates how farmers have taken control of the whole production chain — from the production of grain to feed their dairy cattle to the sale of the finished dairy products to local consumers. This enables farmers to get more money for their milk while producing dairy products in a sustainable way and protecting at the same time the environment. This innovative project increases both the local value-added and the income possibilities for the dairy farmers and it is also a good example of combining primary production and processing (forward-linkage).*

### 1. Project details

#### ***Nature of the project***

*Purpose:* To establish a cheese factory unit within the farm. Located in the Gers hills, the 85-hectare Ferme du Hourcot produces cereals, milk and raw milk cheese. The cultivation of the grasslands is primarily intended to feed the herd of 70 dairy cows and 80 heifers.

*Content:* The main goal of the project is the production of fine homemade cheese, unique in Gers, targeting local consumers, thereby satisfying the demand for “buying/eating local” and filling a void in the marketplace (the farm’s raw milk cheeses along with the “Fleuri Gascon” are the only products of their kind in the area). Furthermore, the project’s aim is to keep the value-added of the production on the farm, by avoiding selling the milk to the cooperative or industrial milk company. The finished products (bottled milk, Tomme de Gascogne cheese, and Fleuri Gascon cheese) are destined for local markets, sold at various regional fairs, events, shops, and the farm’s own store. Visits are arranged by appointment with the possibility of seeing the cheese-making process.

*Inspiration:* The inspiration came from the owners’ kids in 2001. When they were just teenagers, they had the idea of producing homemade cheese on the farm. For this purpose, the owners’ son and daughter went to specific vocational schools to become farmers. The son earned an agricultural degree (BTS ACSE) and the daughter went to a Dairy products school (BTS).

*Policy coherence:* The project is coherent with the strategic aims of regional (Region of Midi-Pyrenees) and local (Gers Department) rural development policy, especially in relation to the focus on increasing links between primary production and processing, and creating more income possibilities for farmers.

#### ***Links between agriculture and the rest of the economy***

*Main agricultural sub-sectors involved:* The dairy sector is the main agricultural sub-sector involved. Other local sectors involved include local food processing, the local food industry, trade, and tourism. Gers is not well-known for its cheese and there are only a few cheese producers (only two out of 100 milk producers). Thus there is not an established dairy sector to support farmers with their economic development.

*Description of these links:* The project has forward links with the local food industry and trade. The farm sells their products to the local markets (Mirande, Seissan and Auch). A few supermarkets have also accepted to sell their cheese (Super U in Masseube, Intermarché in Condom, Carrefour in Auch, etc). By targeting new stores to carry their products, the farmer organises the whole supply chain. The two children engage in promotional activities and marketing by going to the stores for special

events organised to promote their products. During summer, the farm has a partnership with the Tourism board of Val de Gers to organise farm visits.

### ***Scale of the project***

*Size:* Their annual production is over 550,000 litres of raw milk. Some 10% of the milk produced is processed into dairy products, and the remaining 90% is sold to the Lactalis group in Montauban (industrial company).

*Time scale:* 4 years

*Coverage:* local

### ***Beneficiaries and supporters***

*Beneficiary:* the farm owners (parents and their son and daughter).

*Supporters:* On May 2009, this farm was awarded "Excellence Gers" by the Audit Board "Excellence Gers". The farm now ranks as an ambassador of the Terroir Gersois. In addition, the agriculture chamber of the nearby Lot department has provided advice to set-up a wastewater treatment plant using natural reeds.

### ***Finance***

*Funding:* In 2005, the owners financed their cheese production factory with a 280,000 EUR investment. They received a 63,000 EUR ERDF (European fund for regional development) objective 2 grant (Farm producers' support measure). Built in 6 months, the cheese factory unit started producing cheeses in May 2006. This EU funding has financed the production materials, the construction of the unit and the storage cellar.

Also, the Conseil Régional financed a wastewater treatment plant, using natural filters made with reeds. The farmers received an additional 5,000 EUR grant, to finance a third of this treatment plant project (15,000 EUR).

Always innovative and entrepreneurial, the Savary family continue to generate ideas for new products (like yogurt); the EAFRD funding is seen as a way to finance their new projects.

*Budget:* 90% of the turnover is made from the milk production. The farm is family-owned (EURL), by the two parents and their two children. Their farm activities provide enough revenue for their three households.

### ***Results***

*Direct results:* On one hand, results are better than expected; the Savary family created a new product, without prior experience in the sector, and they have increased their cheese production each year. The farm is now well-known in the area, and creates a good supply chain for the local food market. On the other hand, the marketing aspect is difficult to manage, with not enough market opportunities in the larger supermarkets. While there is significant demand from individual consumers and local markets (small village shops, etc.), the larger market opportunities have not yet been realised.

The Savary family would like to transform a higher proportion of their raw milk into finished dairy products. Nowadays, they use 60,000 litres of milk to produce cheese, but to balance their budget and to be profitable they should process around 100,000 litres milk per year. The first years of cheese production have been difficult because of the financial losses, balanced by the income gained from milk production and the sale of the raw milk to the Lactalis group. Currently, the farm has a plethora

of customers, each of which purchases small quantities of cheese; the main goal is to downsize the number of retailers/customers, and to sell greater quantities to each outlet.

*Main target:* community consumers

*Wider benefits:* Buying local has become a trend among consumers who want to support their local economies while also being environmentally responsible. The owners are confident about the possibility to find new market opportunities in the next few years. Also, they know that other farmers in the area are interested in following their footsteps.

## **2. Relevance of case study experiences for others**

*Problems:* The infrastructure has been the most expensive part of the project. The Savary family would now like to focus their investments on other tools to produce a wider range of products to fulfil the needs of local customers. As mentioned previously, the investment in the cheese factory unit was quite high and the farmers must increase their production in order to realize a return on this investment. Besides the challenge to find new marketing channels for the products, the biggest problem the farmers are facing is the low price of milk (several milk producers across France are facing the same problems and many of whom have been forced to shut down their businesses recently). For the last year, the Savary family has produced milk without making any profits.

Moreover, selling raw milk is not a great economic opportunity. Due to the high costs of the glass bottle (27 cts per bottle vs 27 cts/ the litre of milk), there is no profit margin. Also, the logistic chain is too complicated to organise.

Lastly, to keep the quality label "produits fermiers" (which certifies the food product originates from their own farm), milk coming from other farms cannot be processed, preventing from the possibility to cooperate with other farms of the region. The rules established within the quality label are very strict and in some cases they represent an obstacle to the creation of innovative products.

*Transferability and mainstreaming potential:* This project can be replicated successfully elsewhere depending on the local context.

*Innovation:* This project is perceived as quite innovative in the Gers department, due to the fact that cheese making is not developed as a sector.

*Institutional aspects:* Aside from the EU funding, the farmers have worked independently on this project. However, it is quite interesting to notice that parents and children have successfully managed it together. The farm is located in the LAG Pays de Auch; however, no partnership has been established with the LAG.

*Social aspects:* They have hired one employee. It is quite remarkable that two young family members (the 24- and 26-year-old children) are in charge of the project development.

*Environmental aspects:* Environmental sustainability is a major focus of this farm operation. During the « Sustainable development week » (a nationwide event) in April 2009 and April 2010, the Savary family explained to their customers how they have reduced the environmental impact of their farming activities, striving to work in harmony with nature. Here are some examples:

- 280 sq meter photovoltaic panels have been installed on the farm buildings roofs, and the energy produced is used in the farm activities. The National Energy agency (ADEME) co-financed the establishment of this renewable energy project (10 000 euros).
- Homeopathy products are generally used instead of antibiotics to treat the animals.

- The no-till farming technique is utilized for the cereal crops. No-till is an emergent agricultural technique which can increase the amount of water in the soil and decrease erosion. It may also increase the amount and variety of life in and on the soil.

*Sustainability:* The project is sustainable. In fact, the Savary family could have launched their project without EU funding, but at a smaller scale, with less ambitious goals, and more difficulties in managing it.

*Lessons to pass on:* To be qualified before starting a new diversification activity seems to be a crucial element, and it is in this specific case. The dairy product sector is very time consuming and requires a lot of hard-work and an advanced technical skill set. Furthermore, it is imperative to do a market analysis to anticipate consumer demand and potential marketing channels.

## 1.3 Germany – Rottal Inn: High quality milk production – Milk filling station

*The case study described here illustrates the enhancement of links between agriculture and the wider rural economy in the study area of Rottal-Inn (Germany). The case study shows how innovative entrepreneurial thinking leads to additional income possibilities for dairy farmers, which helps maintaining dairy farming in the region. By that, it increases the local value-added. The project also serves as a good example of combining primary production and processing (forward-linkage)*

### 1. Project details

#### ***Nature of the project***

*Purpose:* The project is designed to process and sell high quality milk directly to consumers according to their individual quantity preferences. Additionally, milk is also provided in schools. Enhancing milk consume by students is aimed by a Bavarian programme to foster a healthy nourishment for young people.

*Content:* The project contains a pasteurization unit (capacity not limited), currently two milk filling stations where quantities of 0,2 - 5 litre can be drawn off, and a vending automat for milk shakes, which is installed at the local middle school.

*Inspiration:* The investor produces high quality milk superior to common dairy standards. He was seeking for alternative possibilities of milk marketing, partly due to the sharp milk price competition in Germany driven by large dairy businesses, and partly to find a market niche for his high quality product. The investor has already experience in direct marketing of fruits and vegetables.

*Policy coherence:* The project is connected to the local and regional development strategy which aims to maintain agricultural production and processing in the region by promoting further income possibilities for farmers.

#### ***Links between agriculture and the rest of the economy***

*Main agricultural sub-sectors involved:* The main agricultural sub-sector involved is dairy farming. Other sectors included are processing and trade.

*Description of these links:* Milk production, processing and marketing is 100% done by the investor and his family, thus integrating processing and trading into his production chain (forward-integration). The project is linked to a local shop for farm products, and supplying a local restaurant and a local chocolatier is planned. By offering locally produced high-quality milk, also the range of products of the shop is enlarged. Creating this linkage and implementing new market channels is the main objective of the project. It is realised as an individual initiative.

#### ***Scale of the project***

*Size:* The project is planned at small scale, predominantly to be manageable by the investor and his family. It is aimed to process and sell 20.000 litre of milk per year.

*Time scale:* The pasteurization unit and the first milk filling station were installed in August 2009. The milk shake automat was set up in March 2010. Further filling stations could be installed due to consumers' demands.

*Coverage:* the geographical coverage is local/regional.

### **Beneficiaries and supporters**

*Beneficiary:* the investor.

*Supporters:* the project was directly supported by the local agricultural and regional administration, and the local bank which provided credit. The project was also indirectly supported by consumers who expressed their demand for local high quality milk in conversations with the investor.

### **Finance**

*Funding:* The project is funded by the *Bavarian Programme Future Agriculture and Rural Areas 2007-2013 (BayZAL)*, the Bavarian EAFRD Implementation Programme, which covered 20% of net costs.

A small scale of funding was provided by the Bavarian "milk for students" allowance.

The private contribution of the investor was financed by a local bank. The investor attempted to keep the credit volume at a low level by providing internal labour. The period of commitment is 12 years for the BayZAL-Funding, and 5 years for the "milk for students" allowance.

*Budget:* the budget mainly contains the initial technical investments (pasteurizing unit, filling stations, milk shake automat) and amounted about 55,000 EUR in the first year.

### **Results**

*Direct results:* The investor is content with the current development of the project. Although he has not reached his aspired volume of sale he is confident to do so soon.

*Main target:* local community at large

*Wider benefits:* the duration of the project is yet too short to be evaluated with respect to possible spill over effects, but the investor reports that his service and product quality are appreciated very much by the consumers. Preliminarily, possible effects on consume of local products can be assumed.

## **2. Relevance of case study experiences for others**

*Problems:* The biggest problems the investor had to face were

- a) institutional: As milk processing in Germany is only allowed for dairies, the investor had to apply for a permit to establish an on-farm dairy and thereby observe all regulations of the German Food Law including building law prescriptions and a proof of competence.
- b) By that, to some degree problems related to people occurred because of a lack of knowledge on these issues on the side of the agricultural and regional administration. These problems were solved by a strong willingness to gather information by investor and administration to make the permission for milk processing possible.

*Transferability and mainstreaming potential:* The project is not dependent on any special local resources and could therefore easily be replicated in other regions. Possibly, it has to be adapted to the local legal regulations.

*Innovation:* The project is seen as innovative in the county of Lower Bavaria, as the investor has provided the first on-farm dairy with milk filling stations in the region.

*Institutional aspects:* The project was well planned and calculated by the investor at the time he asked the local administration for assistance to applying for the legal permit and for funding. The administration provided the legal necessities. The local bank was convinced to support the project by the sound business plan of the investor.

The local LAG was not involved as the project was not subject to the Leader programme.

*Social aspects:* The project aims to awaken consumers and especially young people (students) for the importance of high quality food and a healthy diet.

*Environmental aspects:* The project contributes to the environment by the following: the dairy production is nature-friendly, the distribution is aimed to require only short transportation distances, and waste is reduced by providing reusable milk churns for drawing off.

*Sustainability:* The project is aimed to be sustainable within the next four years. The project is expected to create durable linkages between agriculture and other local economic sectors; further points of sale are planned in cooperation with additional schools and a nearby monastery. Additional marketing channels are aimed on, like the local gastronomy.

*Lessons to pass on:* The main lessons to be passed on are to be solid in preparation and calculating, and not to underestimate the effort on fulfilling the legal regulations. Besides, to make a sound market analysis to identify potential consumers and market channels also seems to be important.

## 1.4 Greece - Trikala: Meat processing plant in Filyra (municipality of Koziakas)

*The case study described here can be characterised as a typical example of an activity which can potentially positively affect the existence of higher linkages between primary agricultural production and the wider rural economy in the study area of Trikala (Greece). More specifically, the utilization of this particular investment project can potentially result into the more effective use of agricultural resources, the increase of local value-added, the diversification of the local economic-base and the generation of rural jobs.*

### 1. Project details

#### ***Nature of the project***

*Purpose:* The establishment of a modern processing and packaging plant for sausages made of local pork meat as the area is the centre of Trikala's pork production.

*Content:* Factory buildings of 205 m<sup>2</sup> and electrical and mechanical equipment for processing and packaging sausages. Installation of a HACCP quality control system.

*Inspiration:* The owner had a long working experience in the sales department of a soft drinks company and acquired a fairly good knowledge of the techniques promoting food and drinks all over Greece. Due to parental background, the owner had a good knowledge of the hog farming sector at Trikala and of the local production techniques for sausages.

*Policy coherence:* The project is in accordance with the major strategic aims of regional (Region of Thessaly) and local (Trikala) rural development policy. Especially the aim concerning with the utilization of local agricultural production and the aim to increase links between primary production and processing. Finally, these strategic aims are also compatible with the Leader+ programme of the local Local Action Group (KENAKAP).

#### ***Links between agriculture and the rest of the economy***

*Main agricultural sub-sectors involved:* Hog production for pork meat is the main agricultural sub-sector involved. Other sectors include poultry meat and certain herbs, spices and onions. Most of the production is directed to local retail shops and to retailers of the nearby prefecture of Karditsa. Local wholesalers have undertaken the promotion of the products to the rest of the country. Other local sectors involved include transport.

*Description of these links:* Backward links mostly concentrate on buying 100% local pork and poultry. Some inputs, especially for certified organic production of sausages, come from elsewhere but, it is envisaged that these inputs will also come from local firms when hog farming is organically certified. Forward links relate to sales of sausages in retail shops, local hotels, restaurants and tavernas.

#### ***Scale of the project***

*Size:* Small sized meat processing unit with a maximum capacity of 500 Kg of sausages per day.

*Time scale:* Plant has operated since 2007.

*Coverage:* Regional but attempts to forward products to other regions of Greece.

### **Beneficiaries and supporters**

*Beneficiary:* The owner.

*Supporters:* The family, the private consultant hired to prepare the investment proposal; the KENAKAP LAG in Trikala, acting as the local support antenna of the Thessaly Region RDP.

### **Finance**

*Funding:*

- Leader+: Total cost of 350,000 Euro;
- capital subsidy of 50% (175,000 Euro);
- private contribution of 50% (175,000 Euro) of which a part was covered from a 15 year loan with a private bank.

*Budget:* 359,000 Euro, over 2 years

### **Results**

*Direct results:* In general, results are rather positive, despite the economic crisis, and within the owner's business targets. Sales increase continuously not only due to increased geographical markets but also because the plant operates for private labels in the organic food market.

*Main target:* Local community at large and local hog farmers and farmers.

*Wider benefits:* This is a modern, well-organized meat processing sausage making unit in the local area, characterized by very modern equipment, production methods, and a HACCP certification. Also, the cooperation of the owner with certain pig breeders and the imposition of certain standards has introduced new production techniques among hog farmers and demand for new feedstuff.

## **2. Relevance of case study experiences for others**

*Problems:*

- a) The most difficult part of the process was the one concerned with permits from various civil services including the archaeological commission and the forestry service.
- b) The Leader capital subsidisation process is highly bureaucratic.

*Transferability and mainstreaming potential:* The project can be replicated successfully elsewhere. However, the owner makes use of local recipes and local skill in sausage production.

*Innovation:* The project is not innovative.

*Institutional aspects:* The role of KENAKAP LAG was crucial for the success of the project. Important role was also played by various persons in institutions who encouraged and assisted the owner, over their conventional duties.

*Social aspects:* The project has created 3 full-time and part time jobs equivalent to ½ full-time jobs.

*Environmental aspects (for projects that are not strictly environmental):* The project complies with environmental standards for disposal and has invested in a waste treatment system according to legislation.

*Sustainability:* The unit is already fully sustainable and plans for expansion are already underway. If expansion takes place, the owner expects a further improvement of his links with local hog and poultry producers, and with local hotels and restaurants.

*Lessons to pass on:* The main lesson learnt is associated with the importance of the entrepreneurial and family background of the investor. The investor had a fairly good idea of what he wanted to produce (due to parental expertise) and had solid plans of how to promote and channel his product to the market (due to his own work experience). The support of the LEADER+ Initiative and of certain persons was the crucial factor pushing the owner to undertake the investment.

## 1.5 Greece - Trikala: Establishment of a modern wine making unit in Diava Kalampakas

*The case study described here can be characterised as a typical example of an activity which can potentially positively affect the existence of higher linkages between primary agricultural production and the wider rural economy in the study area of Trikala (Greece). More specifically, the utilization of this particular investment project can potentially result into the more effective use of agricultural resources, the increase of local value-added, the diversification of the local economic-base and the generation of rural jobs.*

### 1. Project details

#### ***Nature of the project***

*Purpose:* To establish a modern wine-making unit for the utilization of local grape production and local wine-making tradition.

*Content:* Factory buildings and equipment (annual production capacity is 120 tonnes; annual processing capacity is 200 tonnes).

*Inspiration:* From a very young age the investor was involved in a family vine farm. He became very fond of this activity and this inspired him to launch this investment.

*Policy coherence:* The project is coherent with strategic aims of regional (Region of Thessaly) and local (Trikala) rural development policy, especially the aim to utilize local agricultural production and to increase links between primary production and processing. These strategic aims are also compatible with the Leader+ programme of the local LAG (KENAKAP).

#### ***Links between agriculture and the rest of the economy***

*Main agricultural sub-sectors involved:* Vine cultivation is the main agricultural sub-sector involved. Other local sectors involved include trade and transport.

*Description of these links:* Backward links mostly concentrate on buying local vine-grapes in a proportion of 70% of total needs. The remaining 30% originates from Naoussa in Western Macedonia. Forward links relate to sales of wine in local hotels, restaurants and travel (almost 100% of output).

#### ***Scale of the project***

*Size:* Small/medium sized wine-making unit (800 square meters of buildings; 26 wine-tanks).

*Time scale:* The plant has operated for the last one and a half years.

*Coverage:* Local (Trikala).

#### ***Beneficiaries and supporters***

*Beneficiary:* The owner.

*Supporters:* The private consultant hired to prepare the investment proposal; the KENAKAP LAG in Trikala, acting as the local support antenna of the Thessaly Region RDP.

#### ***Finance***

### *Funding:*

- a) Integrated Rural Development Programme (FEOGA-Guidance), Third Regional Operational Programme of the Thessaly Region: Total cost of 360,000 Euro; private contribution of 50% (First phase of the project, 2005-2006).
- b) National Development Law (ERDF), Third Regional Operational Programme of the Thessaly Region: Total cost of 1 million Euro; private contribution of 60% (Second phase of the project, 2007-2008)
- c) In total, the entrepreneur borrowed 30% of the total cost of the project (408,000 Euro).
- d) The owner has yet to receive the final payment of the second phase of the investment.

*Budget:* 1.36 million Euro, in 4 years

### **Results**

*Direct results:* In general, results are judged to be very positive, despite the economic crisis, and in accordance to the owner's business targets. Sales increase continuously due to variety of production and good quality.

*Main target:* Local community at large and local farmers.

*Wider benefits:* This is the first very modern, well-organized wine-making unit in the local area, characterized by very modern equipment and production methods. Also, this unit has contributed to the more "responsible" production behaviour of local vine farmers, due to their contractual cooperation with the owner.

## **2. Relevance of case study experiences for others**

### *Problems:*

- c) In the first phase of the project, the cooperation of the investor with local authorities (issuing of licences) and KENAKAP (local LAG) was very satisfactory. A small problem occurred with the Public Enterprise for Electricity (delay in providing service).
- d) In the second stage the owner faced significant problems with the flow of financing which was considerably delayed and also with delays by the Regional Administration of Thessaly on the inspection of the unit. He has still not received the final payment from this authority, resulting into higher borrowing and higher interest payments.

*Transferability and mainstreaming potential:* The project can be replicated successfully elsewhere. However, its results have not been adopted by a wider range of enterprises in the sector, as still some entrepreneurs find it difficult to understand the effectiveness of organised units in wine-making.

*Innovation:* The project is seen as innovative in the Kalampaka area, as it constitutes the first modern, well-organized unit in this sector.

*Institutional aspects:* The involvement of the KENAKAP LAG in the plan influenced very significantly his decision to implement the project. The investor received information on funding opportunities, advice and encouragement by the LAG.

*Social aspects:* The project has created 5 full-time and 7 seasonal local jobs.

*Environmental aspects (for projects that are not strictly environmental):* The project has contributed to the local environment, through the implementation of environmental terms in accordance to the environmental licence (disposal of waste, drying of wine marc, etc.).

*Sustainability:* The unit is expected to be fully sustainable in the next 2 years. The owner expects the further improvement of his links with local vine farmers, local hotels and restaurants and the export market. Also, he aims to provide visiting facilities for tourists, local schools, etc.

*Lessons to pass on:* The main lesson learnt is associated with the importance of the private contribution to the investment (as there are considerable delays in the flow of investment-support funds). Also, it is important for investors to "love their profession".

## 1.6 Sweden - Kalmar: Dairy plant "Emå Mejeri"

*The project is an example of how farmers have taken control of the whole production chain, enabling them to get more money for their milk and produce dairy high quality products with a minimum negative impact on the environment.*

### 1. Project details

#### ***Nature of the project***

*Purpose:* To establish a local dairy plant offering farmers a local alternative to the big national and international dairy producers and the possibility to receive a higher price for their milk and an increased added value of their product. The main objective of the two farmers who implemented the project was to offer high quality dairy products produced by local farms on the local market with maximum radius of 120 km. The dairy products are labelled with the name of the farm that produces the milk.

*Content:* The conversion of an old charcuterie to a dairy plant and production and distribution of milk and dairy products from local dairy farms to a local market in a sustainable way by reducing transport and using only natural ingredients.

*Inspiration:* The inspiration came from two milk producers who wanted to control the whole production chain. The idea was to produce high quality dairy products reducing the negative impact on the environment and improving their income. *"The primary reason was not to get rich, but to produce a product to be proud of".*

*Policy coherence:* The project is connected to strategies both on local and regional level by providing a more diversified working life in rural areas. The Regional Development Fund (ERDF), the National Rural Development Programme (RDP) as well as the strategies at regional level have established measures targeting the development of new working opportunities within new sub-sectors, with the aim of leading to a more diversified working life. The company has grown to about 20 employees from its start in April 2007. The project also targets sustainable development with a minimum of negative impact on the environment, a main horizontal goal of the RDP as well as the ERDF.

#### ***Links between agriculture and the rest of the economy***

*Main agricultural sub-sectors involved:* The main agriculture sector involved is the local dairy farm sector. Other sectors involved are processing of dairy products, local retail trade, wholesale trade and transport.

*Description of these links:* The Dairy plant (two farms) buys all the raw material from local farms. They started by using milk from their own farms but are now using milk from 5 local farms (total 800 cows). They also produce milk from other areas on contract from the nearby dairy brand "Östgöta Mjölök" and are producing milk on contract for one of "the big five dairies" Arla in Sweden.

#### ***Scale of the project***

*Size:* The dairy processing unit covers 2,500 square metres and has a capacity of 80,000 litres per day and will process another 10,000 litres per day in relation to the contract signed with Arla. This will result in some 28,000 tonnes per annum.

*Time scale:* The dairy plant was established and had its first delivery in April 2007. The timeframe for investments is 2006 to 2010

*Coverage:* The dairy plant covers a local region in Kalmar County, mainly in Hultsfred municipality.

### ***Beneficiaries and supporters***

*Beneficiary:* The two farmers who proposed and implemented the project are now managing the company.

*Supporters:* The project was supported by the University of Kalmar which helped to develop and design the packaging of the products. It is also supported by Coop and ICA, the main trade chains who buy the products. The company delivers its products to 150 shops within the area. The local municipality-based and owned business advisory centre supported the project, together with the state owned regional business advisory centre, through the provision of advice.

### ***Finance***

*Funding:*

- a. Funding from the RDP – 120,000 EUR (1,200,000 SEK), axis 1 measure 123 and about 50,000 EUR for competence development within axis 1
- b. Bank Loan from Nordea Bank – 75% of the investment
- c. A loan from the state owned "Almi Företagspartner", regional business support centre, topped up the loan from the Nordea Bank and was a precondition for the bank to support the project with a loan, 25 % of investment together with other private financing.

*Budget:* The total budget is 300,000 EUR. The annual turnover is 48,000 EUR for 2007/08 and expected to be 70,000 EUR for 2010

*Investments:* total investments has been 150,000 EUR (15M SEK) in the first stage and 150,000 EUR (15M SEK) in the second stage.

### ***Results***

*Direct results:* The result is better than expected. From the beginning of its operation, the dairy plant was planned to process the milk from one farm and after two years from the second farm (that of the other co-owner). Today the plant processes milk from five different local farms and from other nearby farms on contract from another local brand. It will also soon start (summer 2010) processing milk on contract for Arla (the biggest dairy plant in Scandinavia). It has been able to increase the quantity of milk processed without compromising the quality of the production and still have 20 different local products, such as butter, milk and buttermilk within the own brand.

*Main target:* Local farmers, the local community in Hultsfred

*Wider benefits:* The project is innovative in the Swedish context. The establishment of local dairies is currently rare in Sweden, and some who have made attempts were obliged to close down within a year. The main positive spill over effect is the development of a project aiming at establishing common logistics and development of new local rural products.

The project also has changed the attitudes towards local production, usually characterised by the small scale and almost non-profitable. The realisation of this project has proved that local production can be profitable, despite its small scale, and characterized by high quality in terms of product

development, packaging design, management of the company and organisation of sales and marketing operations.

The support from the local community is high.

## **2. Relevance of case study experiences for others**

*Problems:* The main problem was related to funding, since it is hard to get loans on the open market for establishing new business activities in rural areas.

*Transferability and mainstreaming potential:* The project might be adapted to other geographical areas and sub-sectors of the farming industry. The project is an example of how the farmers can raise their profit by gaining from the marketing of products produced in a sustainable way (reducing transportation and using only natural ingredients) and gaining control of the whole production chain.

*Innovation:* The project is considered to be innovative, mainly in relation of the management of the company and of the distribution of the products on the local market.

*Institutional aspects:* The elements involved were the:

- Local business advisory department of the municipality who supported the project and provided advice and useful contacts.
- The University which gave advice on the development of the market strategy and supported improvement and design of the packaging.
- The County administration which provided advice and financial support by RDP
- "Almi Företagspartner" (regional business advisory centre) which helped in negotiating with the bank and thus assisted the entrepreneurs in receiving the loan for their investment.

The local LAG was not directly involved.

*Social aspects:* The farmers deliver milk with their own farm names on the packages and they participate in developing niche products (one example is hand made whipped butter), famous for high quality and for the sustainable approach in production and distribution.

The project has created 20 new jobs in a region with generally poor employment opportunities (those that exist are mainly within the public sector) especially for women. By this project the labour market in the region has become more diversified, boosting the attraction of the region for the establishment of new companies and settlers. Also 20% of the employed personal were long term unemployed or have some disadvantage.

*Environmental aspects:* the dairy products are produced using an environmental friendly approach, based mainly on the reduction of transportation.

*Sustainability:* The project is self sufficient with a turnover of about 48,000 EUR in 2007/08 and expected turnover of 70,000 EUR in 2009. The profit was lower during the first two year but is expected increase in 2010. The project is expected to be economical sustainable from 2010.

*Lessons to pass on:* The private investors have to be extremely committed. Financing and handling of licences and permission connected to the food industry are some of the most common obstacles. It is often necessary to get help from professional consultants to overcome those obstacles.

## 1.7 United Kingdom – Tiree Island: Tiree rural centre

*Tiree is an island off the west coast of Scotland with a total population (in 2008) of 770 people in 339 households. The island is classified as 'remote rural' - separated from the Scottish mainland by a 4 hour ferry crossing which is served by one ferry a day in the summer and less in winter. The island is sparsely populated with 0.06 people/Ha. The economy is dominated by agriculture and tourism. The Tiree Rural Centre project is a community-led initiative bringing together the agricultural community of the island of Tiree with the wider rural community, through creation and running of a multi-purpose rural centre.*

### 1. Project details

*Nature of the project:* The Tiree Rural Centre was opened in 2002, primarily to provide an auction mart where the agricultural producers of Tiree could market their livestock. The livestock on Tiree are highly sought after for their quality and health status, particularly as replacement heifers for suckler cattle herds on the mainland as well as for finishing animals. Tiree producers were disadvantaged by having to transport livestock to sales on the mainland, where they would lose their unique selling point and often be obliged to accept a lower price than desired to avoid having to pay transport costs back to the island.

Significant areas of Tiree are designated under Natura for nature conservation, for globally important machair and wetland breeding and wintering bird populations as well as for corncrake. The environmental interest is of such quality that the whole island contributes to the Natura site objectives, even though only part of the island is designated. Management of these areas depends on maintenance of the agricultural systems used there, hence supporting the agricultural infrastructure of the island and the viability of the 80 or so agricultural businesses there is of key importance to supporting the environmental interests of the island. The agricultural businesses are all taking part in agri-environment measures.

Initially, the Steering Group on the island identified a need for an auction mart to help retain agricultural value on the island. The group recognised that Tiree's community and economic viability is critically wrapped up in the sustainability of livestock and natural heritage, more uniquely than in many other farming communities.

Funding for an auction mart proved difficult to source so a much wider project for a multi-functional centre was developed, following extensive community discussion. The Rural Centre now houses an auction mart, offices, meeting space and an occasional cinema as well as a tearoom and soft play centre. Interpretation boards around the walls introduce visitors to the rich environment of the islands and the centre is also a source of leaflets and up-to-date information for the agricultural community.

This project connects European Regional Development policy (the significant funder of the project was the ERDF), with Rural Development policy, through which the agricultural businesses manage important habitats and species.

### ***Links between agriculture and the rest of the economy***

The mart services both the cattle and sheep sectors on the island, with 5 livestock sales per annum, for which buyers fly to the island. This provides better returns to the producers on the island and increases the value of the agricultural sector – a principal economic sector on the island as well as the main land use.

The mart links to the wider rural economy through the provision of other facilities in the same building. It provides a franchise to run a tearoom within the centre and provides offices and meeting space for rent, in the absence of any similar facilities on the island.

Links are strongly made between agriculture and the rest of the economy through this project. The Tiree Rural Centre has a more critical role in livestock trading amongst this farming community than most other farming communities (where they have other equally available livestock marketing opportunities which Tiree doesn't have). Additionally, Tiree Rural Development Ltd has made a particularly strong link between the centre's contribution to livestock sustainability and natural heritage outcomes. The facilities available at the centre serve a high proportion of the community, supporting the social and economic infrastructure of the island.

### ***Scale of the project***

The project provided a rural centre to serve the island.

### ***Beneficiaries and supporters***

The project was proposed by the community of Tiree and was developed by the Tiree Rural Development Company, which is a company limited by guarantee with charitable status. It's members are all the land managers of Tiree with members of the wider community as associate members. The development of the project was support by agencies of the Scottish Government. In the case of Scottish Natural Heritage – the statutory conservation agency – this was on account of recognising the connection between the viability of agricultural businesses and social infrastructure on the island with the sustainable management of the natural heritage.

### ***Finance***

Capital funding of 640K was required to complete this project. 50% of this came from the European Regional Development Fund with the remainder from the local authority, the public sector enterprise agency, the statutory nature conservation agency, charitable trusts and the community itself.

### ***Results***

The Rural Centre project is a success – providing facilities for increasing returns from agriculture through 5 auction sales a year - as well as other much-needed community and business facilities. The centre is self-sustaining – generating income from renting the mart, offices, meeting spaces and the tearoom. Tiree Rural Development Company runs a number of spin-off land-based, access and tourism projects for which management costs are incorporated into the project funding.

## **2. Relevance of case study experiences for others**

*Problems:* The biggest problems were in relation to securing funding and encouraging government to see the connections between the economy and environment of the island.

*Transferability and mainstreaming potential:* The project is an interesting example of joining community aspirations, with agricultural/rural policy and regional policy funding support. It was developed to address a particular set of circumstances, but understanding and supporting the interaction between agriculture, environment and quality of life in remote rural areas is something that would be easily replicable in other situations.

*Innovation:* The project is innovative – it is very unusual for auction marts to be combined with facilities for the wider rural community. This innovation is being developed further through improvement of the auction ring as an occasional cinema – it has been used as such in the last few years, but was draughty and not particularly comfortable. Funding was won through a recent competition to enable the cinema facility to be improved.

*Institutional aspects:* The project began with the Objective One Programme Steering Group and was taken on by a newly-formed community company. This company was supported by public sector agencies and the local authority.

*Social aspects:* The café currently provides the only space on the island where young mothers can meet and entertain their children in a soft play area. It is also well-used by older people in the community as a meeting place for coffee and lunch. There are occasional art exhibitions in the foyer, attracting visitors and locals alike and the centre is well-used for meetings and surgeries.

*Environmental aspects (for projects that are not strictly environmental):* Although not an environmental project, this project is hugely important to the natural heritage interest of Tiree, which depends on continued sustainable agricultural management. Maintaining viable agricultural businesses and developing the social infrastructure of Tiree is fundamentally important in ensuring the European designated sites continue to achieve favourable conservation status.

*Sustainability:* The project is now self-sustaining and has strengthened links between the agricultural and wider community and between the community of the island and public sector agencies charged with economic development or nature conservation.

*Lessons to pass on:* A principal lesson from the project is the need to ensure that, in a small community, all decisions are clear, transparent, made according to pre-determined criteria or procedures and well-documented so that no-one feels aggrieved if they fail, for example, to win a particular contract.

## 2 SPECIALIST FOODS, BRANDING AND MARKETING

### 2.1 Austria – Waldviertel: Production and promotion of organic potatoes

*The project is intended to position the region with the agricultural leading product 'potato'. Through professional potato marketing and distribution, as well as the development of package deals in tourism the value added in the region, particularly in the agricultural sector should be increased and so businesses and jobs should be permanently protected. The project has aimed to secure positive developments in the region (in the form of increased agricultural value added, an increased awareness of the region, sustainable tourism and the emergence of new opportunities for regional gastronomy) by strengthening cooperation between organic farms in the region, restaurants and lodging businesses, and by expanding and further professionalizing the project (well-directed co-operation, combined with an intense marketing for the region as a potato-growing region).*

#### 1. Project details

##### ***Nature of the project***

*Purpose:* To secure positive developments in the region by strengthening cooperation between regional organic farms, restaurants and lodging businesses, and by expanding and further professionalising the project.

*Content:* Strengthening and training the participating companies: exchange of internal experiences, strengthen cooperation between gastronomy and farmers, on-farm school projects, address customer service.

- Production related measures: acquisition of new seeds and other potato varieties; advisory services for on-farm improvements (e.g. potato storage), extension of area under potato cultivation.
- Marketing: development of adequate logistics, installation of an online distribution system, optimization of farm gate sales by using a corporate design, further development of contacts with customers and dealers, involvement of regional trade.
- Professional market performance: production of photographic and film material, advertisements in trade media, participation in fairs and presentation events, conducting own profile events with top chefs, open farm events, potato tasting with farmers and innkeepers, producing a regional potato-cooking book, mailings to customers and restaurants.
- Development of merchandising products: potato chocolate and potato vodka;

*Inspiration:* The project was an idea of the Lainsitztal tourism work group, which later was the basis of the Lainsitztal consortium.

*Policy coherence:* The project is coherent with the strategic aims of the main region Waldviertel (regional development concept) and of the federal state Lower Austria (WIN-strategy), especially the aim to increase the value added in the region by initiating and strengthening cross-sectoral cooperation projects, by securing high quality in education and training of manpower, by developing high-quality tourism, as well as on the aim to further develop innovative high-quality products and organic products. The strategic aims are also compatible with the Leader 2007-13 programme of the regional LAG (Waldviertler Grenzland).

##### ***Links between agriculture and the rest of the economy***

*Main agricultural sub-sectors involved:* The main agricultural sub-sector involved is organic potato production. Other economic sectors involved are the gastronomy and lodging sub-sectors.

*Description of these links:* Establishing links between the agricultural sector, the local food industry, trade and the gastronomy and lodging sector was the main objective of the project. The aim was to develop a marketing concept as a potato growing region including all of the above sectors. The project was realised in the framework of the broader initiative "potatoes of the Waldviertel" (*Waldviertler Erdäpfel*). The potato region Lainsitz (*Erpfiregion Lainsitz*) is a member of this initiative.

### **Scale of the project**

*Size:* Currently 18 organic farmers, 7 caterers, 2 lodgings (Lainsitztal consortium)

*Time scale:*

- (a) Previous projects:
  - a. Strategy development, 2004/05
  - b. Implementation, 2005/06
- (b) This project:
  - c. Expansion and Professionalisation, 2008/09

*Coverage:* regional (Lainsitztal = 6 municipalities)

### **Beneficiaries and supporters**

*Beneficiary:* Lainsitztal consortium

*Supporters:* From the beginning the project was supported by the involved municipalities.

### **Finance**

*Funding:*

- (a) Previous projects: Leader plus tourism support programme
- (b) This project: Austrian Rural Development Programme (RDP)

*Budget:*

- (a) Previous projects - Total costs:
  - a. 25,000 EUR, of which 19,000 EUR public contribution
  - b. 43,000 EUR, of which 34,000 EUR public contribution
- (b) 2008-09 project - Total costs:
  - c. 25.000 EUR, of which 10,000 EUR public contribution

### **Results**

*Direct results:* The project has opened up new regional and national markets and new marketing strategies, such as internet sales, sales to large customers, farm-gate sales, new product development, cookbook, holiday guide, etc.

Through extensive public relations and marketing activities (advertising folders, events, e.g. gastronomic events), sales of the farmers were guaranteed.

Due to positive developments of potato sales, a new sales stall was built. Some farmers built new storage facilities, and decided to increase their range of potato varieties.

The region has established itself as a potato region, in particular with its product variety (2008: cultivation of 50 different potato varieties).

*Main target:* Regional organic potato growers, gastronomy and lodging sector

*Wider benefits:* The project has positive spill-over effects on other farmers, who benefit from the project without being part of it. In the regional population the pride of regional products increased.

## **2. Relevance of case study experiences for others**

*Problems:* Problems arose in the order listed:

- (a) People - Intensive discussions were necessary to motivate stakeholder participation.
- (b) Institutions – It was difficult to convince the institutions of the importance of the project for the development of the region.
- (c) Funding - The long-term funding is unsettled. The cooperation consists of small-scaled companies, the membership fees are low. The municipalities are withdrawing from the project.

*Transferability and mainstreaming potential:* The project can be replicated successfully elsewhere. It needs to be adapted to regional circumstances. Other regional developments were affected by the project, mainly the tourism sector.

*Innovation:* The project is considered innovative. the increase in value of the product "potato" and the value increase of the manufacturing and processing companies are particularly noteworthy elements.

*Institutional aspects:* The project partnership was organized by panel decisions in preparation by the project management. The municipalities as partners were involved rather indirectly. They supported the project's success financially and by their trust in the project. Rather little inputs came from the Gourmet region Waldviertel; however, the project itself positively influenced activities of the region. The local LAG "Waldviertler Grenzland" supported. Special feature of the project is that very small agricultural companies participated to the projects and very few enterprises.

*Social aspects:* The project has contributed to the creation of new job opportunities in a disadvantaged region, but may also have created new jobs in the regional catering sector and helped to secure employment in processing companies. In the beginning the project was dominated by men, but in the course of the project when developing the cookbook more and more women have been involved (supply of potato recipes).

*Environmental aspects:* The project has contributed to the environment and its protection, as the involved farms are 100% organic. In the region 30% of the farms are organic.

*Sustainability:* The project is expected to be sustainable and self-sufficient when the present funding ends. It is expected to create durable links between agricultural and other economic sectors involved.

*Lessons to pass on:* An important success factor of projects like this with many partners involved is that all project partners mutually give confidence. In this case, they need to be confident in the high quality of the products of their partners. This is especially true for the municipalities as financial supporters of the project.

*References:* Interview with the project-coordinator (12.05.2010)

<http://www.erpfi.at/>

## 2.2 France - Gers: Maison de l'ail, Saint-Clar

*The case study described here illustrates the enhancement of links between agriculture and the wider rural economy in the area of Gers. The project is an example of how farmers have taken control of the whole production chain — from the production of garlic on the farm to the direct sales to consumers. This enables the farmers to earn more income for their production while creating event and tourism activities out of their farm products.*

### 1. Project details

#### ***Nature of the project***

*Purpose:* Farmers and garlic producers in the Lomagne countryside, Mr and Mrs Gamot decided to create the House of Garlic in June 2000. Located on the farm, this museum is a place devoted to all aspects of garlic. The goal in launching this tourist facility was to attract customers to purchase garlic and other local products, thereby avoiding selling their products through other market channels. The farmers benefit from direct sales, ensuring a better price for the gersoils garlic, which has been recognised with the label « Ail blanc de Lomagne » (a Protected Geographical Indication) since 2008.

*Content:* Visitors can learn the history of garlic, discover the culture and festivities surrounding it, and even see an exhibition of sculptures made from garlic peelings at the Maison de l'ail. The visit is free of charge. The farmers started their garlic production 25 years ago. Most of the garlic production is directed to local producers markets or sold at the farm. White garlic is the main production in Gers; however, the Gamot family's production is about 60% purple garlic- to meet customer demand. The farmers pick the garlic at the beginning of June and after letting the garlic dry naturally or with the aid of a drying machine, the farmers sell it in braids, manually made on the farm.

*Inspiration:* Sales occur between July and October, but the Gamot family —pressed for time— found it a challenge to address tourist and customer questions. Therefore they decided to welcome visitors on the farm and create a museum that's both educational and entertaining. As tourist destination in Gers, the Maison de l'ail receives 4,000 visitors in a five-month period, half of whom during July and August.

*Policy coherence:* The project is coherent with the strategic aims of regional (Region of Midi-Pyrénées) and local (the Gers Department) rural development policy, especially in relation to promote certified quality products and generating agri-tourism activity.

#### ***Links between agriculture and the rest of the economy***

*Main agricultural sub-sectors involved:* Garlic production is the main agricultural sub-sector involved. Nationally, the Gers department is ranked first for the production of garlic. The other sub-sector involved is duck production and food processing. Each autumn, the owners buy 400 duck carcasses (gorged with corn grain in the purest Gersoils tradition), to prepare traditional recipes like foie gras, confit, duck with prunes, stewed duck, and duck confit with beans. By preparing conserves and gastronomic products, the farmers supplement their revenue with another income stream. The Gamot family also make jams and marmalades from their own orchard fruit. Lastly, tourism is the other major local sector. As member of the "Bienvenue à la Ferme" network, the Gamot family also sells local products from neighbouring farms: wine, Armagnac liquor, Colza oil.

*Description of these links:* Backward links relate to the purchase of ducks from neighbouring farms which are transformed into food products to be commercialised. Because the Gamot family sells directly to consumers—whether at local markets or directly from the farm—they do not have any

forward links with the food industry and trade. The farm is part of the "Bienvenue à la Ferme" network, which is a tourism initiative that encourages visitors to visit the farms in the department (tasting local products, learning about life on the farm, and spending the night on site), and for this reason it can be considered intricately linked to the wider rural economy.

The Gamot farm is certified "Excellence Gers", meaning that the farmers have complied with a Charter that guarantees the quality of their products and services. This label provides not only legitimacy and credibility, but it has also made the Gamot farm renowned in the department. In fact, the House of Garlic is one of the most visited agri-tourism destinations in Gers.

Promoted by the General Council, the Excellence Gers initiative aims to bring together under one signature all the expressions and the know-how of the terroir Gersois. Quality, traceability, respect for the environment and hospitality are the key features of this initiative, which concerns farms, handicrafts, tourism services, trade and industry. The political partnership between these industries can create internal and external synergies. This is particularly true between tourism and food, conducting promotional activities. This departmental plan of action boosts the "alliance of interests."

Lastly, the Gamot family has created a network with Tourism offices and the owners of rural gites to bring more and more visitors to the Maison de l'ail. The Gamot farm is also part of the France Passion network, welcoming camping cars for overnight stays on their property.

### ***Scale of the project***

*Size:* Small scale production (between 5 to 8 tons per year), for 1 hectare of land cultivated for garlic production. They also have 70 hectares with cereal crops.

*Time scale:* The Gamot family started their tourism project in 2000 without any EU funding.

*Coverage:* Local coverage for the production but selling is local and France-wide

### ***Beneficiaries and supporters***

*Beneficiary:* the owners

*Supporters:* In 2003, with the assistance of the Chamber of Agriculture, the Gamots were recognised with the Label "Produits fermiers". Indeed, the Gamots were the first producers to attain the label "garlic produits fermiers". Then the farm integrated into the "Bienvenue à la ferme" network, based on the achievement of the "produits fermiers" label. Finally, the farm qualified for "Excellence Gers."

The local LAG PORTE de Gascogne was not involved on the initiative; local product development measures were not targeted by the Leader programme (Leader+ and Axis 4).

### ***Finance***

*Funding:* During the last decade, the Gamots spent roughly 12,000 EUR to develop their Maison de l'ail with its small exhibition space and retail shop. In April 2010, they submitted an EAFRD application in order to receive an EU grant (measure 311 - diversification of the agricultural economy). The new project aims at expanding the museum and the sale area, creating a video room and trying to enhance the visitor experience with a professional educational tool. The total budget exceeds 38,000 EUR, co financed by the Conseil Régional (7,612 EUR), the EAFRD (7,612 EUR) and the largest amount of the investment will be devoted to renovate the old barn (11,000 EUR) and to film the movie. The private quota of the investment is 22,826 EUR, 22,000 EUR obtained through a bank.

*Budget:* The running costs of the Maison de l'ail are quite low. The promotional budget is around 1,000 EUR per year, to print 10,000 flyers.

## **Results**

*Direct results:* The Gamot family has created one of the most famous agri-tourism destinations in Gers, increasing the visibility of the products and opened sales channels by bringing the consumer directly on site. By eliminating the middleman from the production chain, the Gamots have increased the value of their products (the cost to produce and to process 1 kilo of garlic is about 2,30 EUR; the Gamots sell it for 4,50 EUR per kilo and the supermarket sells the same product for 6 to 8 EUR PER kilo). In addition, the Gamots continue to see increased demand for their products (each year, internet sales double). However, they do not want to increase their production. They prefer to limit the size of their operation so as not to deal with employee management.

*Main target:* individual customers and tourists

*Wider benefits:* The Maison de l'ail has benefited the greater rural economy of Gers by providing a destination tourism attraction for visitors. Tourists appreciate the scenic pastoral countryside and enjoy learning about the origins of gastronomic products on the department's farms. As a member of "Bienvenue à la ferme," the Maison de l'ail is an important part of a greater network of farms, and also serves as a retail point for the local products from other neighbouring farms. In addition, the Gamot farm has brought recognition to a quality local product; visitors to the Maison de l'ail are naturally curious and keen to learn about garlic and its quality. The Gamots have actually witnessed a change in customer habits in recent years; the current consumer trend is to "buy fresh, buy local" and Gersoises farms, like the Gamot family's, satisfy this market demand with their products closely associated with the terroir.

## **2. Relevance of case study experiences for others**

*Problems:* The main challenge in launching the Maison de l'ail was diversifying into a new sector as tourism without prior experience, and then learning the rules of the tourism industry. Another problem has been the strain on the personal lifestyles of the farmers in accepting a constant stream of tourists to their property. The Gamots never close their shop during the year, and are always available when customers arrive on the farm.

*Transferability and mainstreaming potential:* This project can be replicated anywhere, around various farmer products.

*Innovation:* This project is small but innovative. There are 200 garlic producers in Gers; however, this farm is the only one involved in tourist activities directly related to the main product of the farm. None of their competitors have chosen to be involved in the tourism sector. Though the niche might be too small to add another garlic museum, this project could be replicated around any number of different products (ie foie gras, Armagnac, wine). In addition, the Gamots' competitors choose to sell their production to the market, while the Gamot family avoids this economic model and sells directly to the consumer. The name "Maison de l'ail" has been trademarked at the INPI (Institut national de la propriété industrielle).

*Institutional aspects:* The Chamber of Agriculture has been important in assisting farmers to think "out-of-the-box" and find new ways to attract tourists (eg. specialising in educational farms).

*Social aspects:* This farm employs two people (the owners).

*Environmental aspects:* The farm keeps 12 hectares of farmland as prairies naturelles to naturally filter pesticides and it is also limiting the use of phytosanitary products. The farmers decided to not convert the farm in organic because of the high risks to loose production, mostly when the spring weather is too humid.

*Sustainability:* This project is sustainable; it does not require huge investments, but imagination and entrepreneurial spirit.

*Lessons to pass on:* becoming a member of the national trademark "Welcome to the farm" has been very important to become part of a larger agriculture and tourism network and to promote the activity and products of the farm outside Gers. This association brings together 5,200 farms in a nationwide network, promoting different activities for visitors, thereby bringing them closer to country life. The Network "Welcome to the Farm" advises farmers in their work, ensures the quality of products and activities, informs about the possibilities of home and work on farms, and promotes the network.

## 2.3 Germany - Hohenlohe: Producing and marketing of bread

*The case study illustrates the enhancement of links between agriculture and the wider rural economy in the study area of Hohenlohe (Germany). More specifically, this particular project shows how entrepreneurial thinking leads to a more effective use of agricultural resources and an enlargement of income possibilities for farmers. By that, it increases the local value-added. The project also serves as a good example of combining primary production, processing and marketing (forward-linkage).*

### 1. Project details

#### ***Nature of the project***

*Purpose:* The project is designed to process and market farm-made bakery products made of own grown organic ancient crops (emmer and einkorn wheat).

*Content:* The whole project includes the investment for the on-farm bakery and a café/restaurant. Since the project is realized stepwise, the actual investment concerns the purchasing of a unit for crop treatment (drying, cleaning and dehusking) and the enlarging of the restaurant facilities.

*Inspiration:* The investor produces ancient crops and has processed (baked) and marketed them directly from the beginning. Though, some steps of crop processing were outsourced. The investor wanted to integrate the whole production chain on his farm, to make the way from crop to bread visible for consumers and to be sure that the crop was not blended unintentionally in the contract mill.

*Policy coherence:* The project is connected to the local and regional development strategy which aims to maintain agricultural production and processing in the region by promoting further income possibilities for farmers.

#### ***Links between agriculture and the rest of the economy***

*Main agricultural sub-sectors involved:* The main agricultural sub-sector involved is crop production. Other sectors included are processing, trade and catering.

*Description of these links:* Crop production, processing, marketing and catering is done by the investor and his family, thus integrating processing, trading and catering into his production chain (forward-integration). Bakery products are offered in his farm shop and on markets by the investor himself, together with dairy products and vegetables from neighbour farms, in return for them selling his bread at their market stands. The project is also linked to several other shops for organic products. Furthermore, cereal products like bread and several cakes, but also emmer-beer made by a nearby brewery is offered in the on-farm restaurant. The investor also purchases products from neighbour farms like eggs, meat and dairy products to be used for the catering. Creating this linkages and implementing new market channels is the main objective of the project.

#### ***Scale of the project***

*Size:* The project is planned to bake and sell 500-600 breads per week; the café/restaurant has facilities for 150 persons.

*Time scale:* The crop processing unit was installed 2008, the restaurant was established in 2005.

*Coverage:* the geographical coverage for market selling is about 20 km (six markets). The restaurant attracts guests within a radius up to 80 km.

## **Beneficiaries and supporters**

*Beneficiary:* the investor

*Supporters:* the project was directly supported by the local agricultural and regional administration, the regional tourism association and the local bank which provided credit. The project was also indirectly supported by consumers who expressed their demand for local bakery products in conversations with the investor.

## **Finance**

*Funding:* The funding for bakery and café was twofold. The bakery part of the project was financed by the diversification programme "Maßnahmen- und Entwicklungsplan Ländlicher Raum Baden-Württemberg 2000-2006" (*MEPL I*), the EAFRD Implementation Programme of Baden-Wuerttemberg, by an interest-reduced credit about 100,000 EUR. The café was funded by "Entwicklungsprogramm für den Ländlichen Raum", the Baden-Württemberg programme to promote economic development in rural regions, with a share of 20% (99,000 EUR) of the total budget (495,000 EUR). The rest was financed privately by capital resources of the investor and by credit from a local bank.

Currently, the investment for the unit for crop treatment is funded with 25% of net costs by the "Maßnahmen- und Entwicklungsplan Ländlicher Raum Baden-Württemberg 2007-2013" (*MEPL II*), the current EAFRD implementation programme. The private contribution of the investor (3/4 of the investment) is partly at his own expense and partly financed by a local bank. The period of commitment is 10 years for the MEPL II-Funding.

*Budget:* The budget mainly contains the constructional and technical investments for bakery and restaurant and it is around 600,000 EUR in the first year; the current budget contains the investment for the crop treatment unit which is around 67,000 EUR.

## **Results**

*Direct results:* The investor is very satisfied by the current development of the project. The aspired volume of production and sale was reached soon after the start of the project.

*Main target:* local community at large/region

*Wider benefits:* the investor reports that his service and product quality are appreciated very much by the consumers. Also, the marketing linkages with the neighbouring farms were intensified. New recipes and products (like the emmer beer) are tested and thus the scope of available products is continuously enlarged. Furthermore, possible effects on consume of local products can be assumed.

## **2. Relevance of case study experiences for others**

*Problems:* The main problem the investor had to face was institutional. Since the project was funded by two different funds, two administrations were responsible, and they did not always agree on how the project should be implemented. The problem was solved "by chance", since the two administrations were integrated under the same office of the county administration due to an institutional reform.

*Transferability and mainstreaming potential:* The project is not dependent on any special local resources and could therefore be replicated in other regions.

*Innovation:* The project is seen as innovative in the county of Hohenlohe, as the investor has provided the first on-farm bakery and on-farm restaurant in the region.

*Institutional aspects:* The project was well planned and calculated by the investor at the time he asked the local administration for assistance to get funding and to apply for the legal permit. The administration provided the legal necessities, and was very helpful in looking for optimal funding possibilities, communicating with superior administrations etc. The local bank was convinced to support the project by the advocacy of the agricultural administration.

The local LAG was not involved as the project was not included in the Leader programme.

*Social aspects:* The project has yet established one fulltime and two part-time jobs. On weekends or special events, additional temporary employees are engaged.

*Environmental aspects:* The project contributes to the environment by the shortfall of transportations due to the new on-farm processing. Also, the crop production and processing is due to organic farming and food standards.

*Sustainability:* The project seems to be sustainable and allows improving considerably the farm income. The project is expected to create durable linkages between agriculture and other local economic sectors. The investor is already planning to enlarge his facilities and his scope of offers.

*Lessons to pass on:* The main lessons to be passed on are to be solid in preparation and calculating. Furthermore, one should "know what is doing", meaning to be aware of the scope of the project and be aware of every aspect.

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## 2.4 Hungary - Somogy: Specialist sheep breeding

*The project promoter has received agri-environmental support within Axis 2 under the 'grassland management initiative'. Agri-environmental payments aim to encourage producers of agricultural lands to adopt farming and production methods that are compatible with the sustainable use of environment, landscape, and natural resources and with the preservation of genetic resources.*

### 2. Project details

#### ***Nature of the project***

*Purpose:* The purpose of the agri-environmental support received by Artur Horn is to contribute to the sustainable use of agricultural land, and in particular to sustainable grassland management practices in order to preserve local natural resources.

*Content:* Agri-environmental payments are provided to farmers who comply with specific environmental requirements. Artur Horn (project promoter) is a local entrepreneur and farmer who due to the specific environmental friendly techniques that he applies in sheep breeding fulfils these requirements.

*Inspiration:* Artur Horn, a game manager and professor at Kaposvar University, has long been working in the animal husbandry sector. He started farming as a second job in 1993, when he set up a free-range pig farm. In 1995, he turned to red deer farming, and in 1996 he bought 60 merino sheep. For economical reasons he stopped deer farming in 2007, and gradually started to increase his flock of sheep. Currently he is breeding some 200 ewes and 30 moufflons.

Much of the interest in free-range red deer farming came from the farmer's visits to New Zealand several years ago. For instance, the idea on the way and types of fences set up around his farm originates from New Zealand.

*Policy coherence:* Grassland management is an integral part of the agri-environmental measure (214) of the New Rural Development Programme of Hungary. This project fully fits into this strategy. The project has no direct link with the LAG and its strategy.

#### ***Links between agriculture and the rest of the economy***

*Main agricultural sub-sectors involved:* Animal husbandry and game farming (organic farming)

*Description of these links:* The farmer has direct links to both the food processing (slaughterhouse), the sales, and catering/hotel sectors.

The farmer, after taking the livestock to the slaughterhouse, directly sells the meat products – often in cooperation with the slaughterhouse - to national markets (mostly to Budapest). The (qualified) organic meat produced is of high-quality due to the special free-range farming techniques. The producer serves a special market, including high-standard hotels in Budapest (such as Gundel Hotel). The promoter serves a niche-market, as he does not sell his produce in the most popular periods of lamb-consumption (such as Easter or Christmas), but adjusts the period of gestation and calving to natural circumstances. For instance, the birth of the lambs falls within April and May, in favourable weather conditions.

The links between the local market and the producer are almost completely missing, as the farmer mostly sells to the capital. For instance, due to national regulations, it has not been possible to directly sell to individuals from the farm or the slaughterhouse. Furthermore, as lamb-consumption is not highly popular in Hungary, interest for the produce mostly comes from high-standard hotels in Budapest, rather than from the local catering and tourism sectors.

### ***Scale of the project***

*Size:* The farmer received agri-environmental payment in the current period (2009-2014) on an area of 32.06 hectares. The support is some 116 euro/hectare.

*Time scale:* Agri-environmental measures are opened every five years, and payments are received for a 5-year period. The promoter has been supported both during the period of 2004-2009 and 2009-2014.

*Coverage:* The geographical coverage is local, 32.06 hectares of the promoters' own land.

### ***Beneficiaries and supporters***

*Beneficiary:* Artur Horn, local entrepreneur and farmer, Szenna

*Supporters:* n/a

### ***Finance***

*Funding:* Funded under Axis 2: 'Agri-environmental payments' (grassland management initiative).

*Budget:* The annual amount received from EU funds is 116 euro/hectare (3718.96 euro). The funding is provided for five years conditioned on continued farming.

### ***Results***

*Direct results:* The project fully complies with the specific environmental requirements that form the basis of support. The support received complements other incomes of the farmer.

*Main target:* The main target group is the farmer and his family.

*Wider benefits:* The activities of the farmer have direct benefits to his wider environment, as these contribute to the diversity and protection of local natural heritage. Diversity is achieved through breeding species (mostly sheep) that is fast declining in the area (as well as breeding rare species – such as moufflons). Environment protection is achieved through the use of environmental-friendly free-range techniques that highly comply with the local natural conditions.

## **2. Relevance of case study experiences for others**

### *Problems:*

(b) Institutional: The number of checks and controls by various authorities seem to be extensive and disproportionate, and this constantly requires extra efforts on behalf of the farmer and his family. Furthermore there are a number of national legislations in place that limit the local sale of produce. Other national legislations (for instance very specific requirements with regard to setting up a slaughterhouse and other animal safety regulations) make it difficult to produce and sell game meat.

(c) Funding: It is unfortunate that applications can only be submitted every fifth year, because farmers who did not apply in a given year do not have the opportunity to apply within the five year period (although this problem does not directly concern Artur Horn as he applied during both periods). Furthermore, opportunities for farmers such as Artur Horn to apply for funding under Axis 3 is limited (despite the wide range of local capacities, such as farm tourism development), because these are conditioned on having less than 50% of the beneficiary's revenue from agricultural production.

*Transferability and mainstreaming potential:* The free-range farming techniques could be applied in areas with similar conditions. In fact, this type of farming (although requires continued presence and care) would be much more suitable for many areas of the county, than arable farming.

*Innovation:* The farming methods of Artur Horn are said to be highly innovative in the local context, although these are used in other countries. The promoter says that he knows about no one in the area, who applies the same methods in farming. People are generally sceptical about these methods, because of holding animals without a stable (open air) during the whole year, or because of concerns about safety of property (free-range animal are said to be at risk of being appropriated).

There is no specific stable for the sheep, i.e. they are kept outside even in cold weather. Many farmers are suspicious about such techniques. "*When such concerns are raised – says Artur Horn – I always say that God created sheep in a clever way: its wool coat is warm and a good thermal insulator so protects it from the wind and cold, and people use sheepskin to protect against rain for a purpose. It's true that there are some ten days in a year when I wouldn't even keep my dog outside, but that normally doesn't cause much harm to my sheep. Generally I am more concerned about the hot weather.*"

*Institutional aspects:* No partnership is involved, and the promoter has no direct contact with the LAG.

*Social aspects:* The agri-environmental payment contributes to the living of Artur Horn and his family, and this way has a job-sustaining effect. It enables the family to continue with its environmental-friendly farming methods.

The presence of the farm holding is generally well appreciated by the local community, as they feel that it fits very well in the local environment. Artur Horn also ensured that a pathway is created through his fields in order to enable people to cross his land even after the fence was established.

*Environmental aspects: NB: This project is strictly environmental:* The project largely contributes to the protection of the environment. The farmer does not use any chemicals, fertilisers or artificial feed, which is good for the soil, local waters (small stream, smaller lake and reservoirs) and plants.

Animal husbandry is fully compatible with the grassland conditions, as the soil quality is unsuitable for arable farming. The farm is divided into eight lots (see picture), and grazing is carried out in rotation. This helps the plantation of various lots to recover. In addition, different types of animals favour different types of plants, and therefore the grazing of different animals (e.g. sheep and moufflons) complements each other.

The promoter's land also includes a stream and some forests, and he gives great care these areas as well. For instance, he has applied for 'assistance for non-productive investment' within Axis 2 for setting up some natural birdhouses (old tree trunks) in the woodlands to help to special bird species (such as black woodpecker) to settle earlier.

*Sustainability:* The agri-environmental payment provides partial support for the farmer's activities (which is his second job). So far his farm has been sustainable. The farmer has found his own niche-market, and this way the farm essentially operates as a semi-subsistence farm producing for both own consumption and sale. Other than very busy periods (such as sheep shearing) only the family members work on the farm (Artur currently lives at the farm with his wife, four daughters and their partners).

"*I soon realised that I don't have enough resources to operate a tractor or other agricultural equipment. – says Artur – The farm also doesn't have enough revenue generating capacity to employ one more person.*" Therefore, Artur has managed to find simple but innovative ways to operate his farm without expensive equipment and without the need to employ more people. Compared to

traditional sheep farming, this method has very low labour-intensity, since the animals serve themselves led by their instincts.

*"For a while I was a bit worried that there will be no one in my family who will take over the farm – he says – However, my daughters and their partners live in the farm now and I also have grandchildren. And it seems that some of them are keen to stay and continue working on the farm. It doesn't matter what type of animal they will want to breed, but rather that they keep the family land and continue on."*

*Lessons to pass on:* The farm of Artur Horn and his family is a very good example of livestock farming that takes full account of the ecological diversity and conditions of the local area. It shows how local producers can operate farms in an environmental-friendly and sustainable manner, through being innovative, creative, and most of all committed to their own area.

The support provided through agri-environmental payments contributes to the sustainability of the farm. However, the main value of the operation lies in the efforts and methods used by the family in sheep breeding. The entrepreneurial spirit of the farmer and his attachment to wildlife and natural heritage helped him to overcome many difficulties faced by farmers in Somogy today. Furthermore, the farmer has also been actively searching funding opportunities in order to ensure that his activities remain sustainable.

## 2.5 Italy - Matera: Collective local trademark 'Lamb of Dolomiti Lucane'

### 1. Project details

#### ***Nature of the project***

*Purpose:* The main objective of the project was to organise a micro-manufacturing base in order to support production, sale prices and accessibility of the consumer to the final product. Specific objectives include:

- Establish a strong link between manufacturers, the product and the territory.
- Use training courses to ensure recognition of the product quality by the final consumer.
- Promote the quality of production of the area to highlight the higher value of the lamb of the Dolomites in comparison to similar products from other international markets.
- Improve competitiveness and therefore surpass other competitors in the market.
- Create a voluntary trademark of the area for ovine production of the territory. It is a certification experiment of ovine meat totally innovative in the context of national production.

*Content:* The project was implemented in the Apennine mountains of Lucania, a territory which has always shown a high vocation towards breeding ruminant livestock which are well suited to the pastures characterising the area. The project followed a detailed and gradual path to develop a certified trademark of lamb produced in the territory through 6 phases:

1. Characteristics (biological and technical) of the ovine breed "merinizzata". This involved field survey of sheep in the farms of the territory covered by the LAG to collect information and business parameters (breeding techniques, improvement plans, commercial destination of the product, structural needs of farmers, etc.) in order to assess the characteristics of the territory and the environment for breeding. Questionnaires were sent to 200 companies while the LAG with the support of the Provincial Breeders' Association engaged in an awareness raising campaign to inform farmers of the project and secure participants in the pilot project. As a result, 18 companies joined the pilot which involved registration and follow up of the weight of the animals from birth to slaughter stage.
2. Slaughter and assessment of meat quality. Meat quality was assessed to define the optimal commercial size while some potential customers were also selected to test (through tasting) the characteristics of meat.
3. Drafting of the specifications for the production of high quality ovine meat. Based on the data collected from the previous phase, a draft specification for production was elaborated and was discussed at various thematic meetings while opinions and suggestions of the industry's operators were also collected. With the help of the certification company FORIM of the Chamber of Commerce, Industry and Crafts, a collective trademark of the area was developed to apply on a voluntary basis (i.e. only farmers who wish to do so would register for certified lamb production under this trademark). The trademark concerns pasture, meat, breeding system, age, slaughter in addition to compliance with Community rules on hygiene and animal welfare.
4. Study and definition of the trademark- training. Membership of the trademark is voluntary and must cover all stages of the production chain: selection of the merinizzata breed, slaughter in communal slaughter houses and marketing. In parallel training and information on breeding techniques was given to producers participating in the system with the objective to standardise the product and raise awareness of all stakeholders in the sector.

5. Support to producers participating in the system. Following the pilot phase, 33 farms became eligible for funding and purchased equipment to improve the quality and competitiveness of their farm. The LAG offered incentives for certification and promoted genetic improvement, the use of indigenous raw materials, information on the market, the strengthening of existing sales channels as well as seeking new business opportunities.
6. Financing of the commercial structure and launch of marketing. This last phase established the link between producers and the markets. The LAG promoted the set up of a "commercial secretariat" that follows commercial relations with local and extra-local channels and has been the link between farmers, the common slaughterhouses and supermarkets. At the same time, beneficiaries must also portray visibly the trademark which was registered in the Chamber of Commerce in 2006. The agricultural cooperative "Ivy Lucanum" which participated in the pilot was the first one to obtain the trademark.

*Inspiration:* The sheep and goat sector is of particular importance from an economic and social point of view for the area of the Dolomites in the Basilicata region, mainly a mountainous area located in the province of Potenza, with a population of just under 150,000 inhabitants. In the area covered by the project there are approximately 130,000 goats and sheep and 1,186 farms breeding herds of goats and sheep. Despite the fact that goat and sheep breeding is a traditional activity that dates back to the ancient history of the area, there has been a progressive decline in sheep breeding in recent years. This is mainly due to lack of competitiveness of production even if this is a sector with strong potential. The main factors that determine this low competitiveness are the difficulties of marketing the products outside the strictly local territory and the non-profitable price of meat.

Against this background, it was deemed necessary to examine the possibilities of expansion of the sector and remove the obstacles to the development of the production and the market. These obstacles relate mainly to marketing difficulties (excessively seasonal consumption, focused around the Christmas and Easter periods) and fragmentation of the large manufacturing base with individual producers unable to develop individually a pricing policy that would benefit them. It was therefore considered crucial to recognise and promote the high value of the local meat production, create a strong and competitive market for it, while at the same time promote not only the product (lamb) but also the territory where it is produced. These objectives have inspired the pilot project sponsored by the Local Action Group (LAG).

In addition to improved competitiveness and image of the local product and territory, the project also addressed a demographic issue, namely depopulation of rural areas and gradual abandonment of farms (once the strength of the territory). In response to these structural problems the LAG also intended to increase the attractiveness of rural areas and encourage farmers to stay by promoting a strong and competitive sheep breeding and food-manufacturing industry.

### ***Links between agriculture and the rest of the economy***

*Main agricultural sub-sectors involved:* Animal husbandry and meat processing is the main sub-sector involved. Other local sectors involved include trade and transport.

*Description of these links:* The project establishes a link with the local production chain of the sector, by setting up a cooperative of producers. The objective of the project was promoting the territory and establishing the links within the actors of the chain vertically and horizontally (within the sector and within other sectors). In addition the project was promoted with the perspectives to improve the links with the territory and the promotion and diversification of the activities of the beneficiary involved in the project.

### ***Scale of the project***

*Size:* Large size project implemented in the territory of the LAG Basento Camastra covering 16 communes in the Basilicata region in Italy.

*Time scale:* The project was implemented between June 2004 and December 2007.

*Coverage:* Local/regional coverage

### ***Initiators and supporters***

*Beneficiary:* LAG Basento Camastra

*Supporters:* All members of the LAG supported it. These include 16 communes in the region of Basilicata and other actors such as associations, trade unions; NGOs and other non-profit organisations.

### ***Finance***

*Funding:* The LAG supported the most significant project expenses such as entertainment, expenses relating to animals slaughtered (reimbursement to companies that have joined prior to testing) and costs of slaughter. It has also funded feasibility studies and definition of the trademark and incentives to improve production of the selected companies. Other project partners offered contributions in kind (the University, the Provincial Breeders' Association), while local authorities contributed between 10,000 EUR and 15,000 EUR each.

*Budget:* Total 425,093.60 EUR, of which public 241,661.50 EUR.

### ***Results***

*Direct results:* The most notable result is the creation and registration of the trademark "Lamb Dolomiti Lucana". The sector was reorganised through the creation of a collective trademark of the area that can guarantee quality, visibility and value of a typical product on the market. 5,000 animals were slaughtered and marketed, two slaughterhouses certified and sales contracts signed with the GDO.

Another significant result is the creation of the agricultural cooperative "Ivy Lucanum" which associated internally about 20 farmers, of which 70% are young. In addition to providing a means of dialogue among farmers of the inland areas, the cooperative is unique as it is the first cooperative in the meat industry in Lucania.

There are also positive effects in terms of trust generated through joint actions: a stronger link between manufacturers, the product and the territory all connected through a trademark that affirms the value of local lamb meat; developing a symbol of the area relating the territory and food.

Economic benefits are also substantial for those farmers who were involved in the pilot. Evidence of the economic benefits is also the increased interest for membership of the trademark expressed by more farms. The selling price of lamb meat is determined through a price-quality grid which crosses several parameters and is built on the basis of the average weekly price of the Chamber of Commerce of Foggia and the average yield from slaughter, as well as other factors.

*Main beneficiaries:* The farmers that participated in the pilot of the project and all farmers in the territory who may apply for membership of the trademark.

*Wider benefits:* There are wider benefits to the territory through increased attractiveness for farmers which may reverse the depopulation trend.

## **2. Relevance of case study experiences for others**

*Problems:* An inherent problem of the project was the individualistic culture that prevailed amongst entrepreneurs in the territory. Different needs and scepticism amongst farmers were common at the beginning. The project has managed through the intensive awareness raising efforts of the LAG and the pilot experience that acted as demonstration to transform individual interests into common interests and product quality the priority objective of each partner.

Another problem was consultation with organisations that had deep rooted ideas and a poor attitude towards cooperation. They eventually signed the same protocol and worked actively to achieve the project objectives.

Other difficulties were linked to the territorial jurisdiction of LAG Basento Camastra: the latter while promoting a trademark project for the whole territory Montano Lucano, could only bear the costs for farmers living in their areas. This problem was overcome thanks to the intervention of the Basilicata region partner, who reached an agreement with other LAGs (Lucani horse dell'appennino-GAL AKIRIS, CSR Marble Melandro, Vulture Development High Bradano), who formally joined the project and committed to support farmers who operate in their territories and who decide to adhere to the trademark specification.

*Transferability and mainstreaming potential:* The detailed and phased approach used for developing the trademark is an example that can be followed by other territories who wish to improve competitiveness of their local products. Similar chains (breeding – slaughter - marketing) can be developed for other local products.

A broader agreement was initiated that concerns the inclusion of animal products in a single regional brand (so-called umbrella brand) called "Horizons Lucana", supported by the Department of Agriculture of Basilicata.

The project has contributed to mainstreaming in the new programming period 2007-2013 since the experience was used in the elaboration of the new rural development programme (RDP).

*Innovation:* This is a first experience in the territory of creating a certified ovine chain (from production all the way to the market) through a collective trademark that distinguishes the product and the territory. It is the first of its kind for testing a brand that links the territory and its product.

The cooperative "Ivy Lucanum" that was created as a result of the project is innovative for its composition. It is composed mostly of young people and has a female president. The latter is a highly innovative for the area where women have normally a modest role, usually working in the farm.

*Institutional aspects:* The project was based on a partnership that managed its diversity and complexity. The LAG Basento Camastra brought together the productive, economic, institutional and also the academic world because of the scientific aspects that were involved in the production process and certification of meat. Participation of the Provincial Breeders Association brought industry knowledge and acted as a liaison between food producers and manufacturers. Other stakeholders include the Chamber of Commerce with a key role in meat certification, the University of Basilicata, Department of Animal Production with a role in sampling and measurement of quality parameters required by the product, other communities, confederation and associations.

The partnership made available its experience, knowledge and skills. More specifically, the LAG provided four animators directly involved at the stage of search and identification of companies to be involved in the pilot. It has also been a key disseminator of the project in national events. The Provincial Breeders' Association provided another three resources in the process of dialogue with farmers in the area. The University collaborated with around 20 researchers and the Chamber of Commerce participated actively in the progress meeting of the project.

*Social aspects:* The project contributes to rural depopulation, a trend that can have detrimental effects for the quality of life in rural areas and the maintenance of the social tissue.

In addition, it has an impact on young farmers by providing with options through the set up of the "Ivy Lucanum" cooperative. From a gender perspective also, the cooperative promotes the involvement of women in higher posts than just everyday farming.

*Sustainability:* It is envisaged that trade agreements will be signed with other entities for further promoting local products. The trademark is now owned by the LAG Basento Camastra which supervises its the proper use. The agricultural cooperative "Ivy Lucanum" has been established and is now autonomous. The goal for the immediate future is to strengthen it.

*Lessons to pass on:*

- Publicize local products outside the strict local boundaries can be a first step towards creating a critical mass to support the domestic market.
- The project followed a detailed, phased approach to develop the trademark during which all aspects were carefully examined and support from local farmers obtained through a pilot.
- Piloting tested the validity of the approach/idea, increases local support and creates a demonstration effect for the non-participants to the pilot.
- The role of LAGs as animators is critical for bringing local stakeholders/beneficiaries together even if they have conflicting views/perspectives at the beginning.
- The LAG had a strategic role to integrate all relevant territorial and sectoral actors, propose the development of a local trademark based on an analysis of the area and its strengths. It motivated, directed and accompanied producers in the path to certification and stimulated the creation of a new cooperative composed of young farmers.

## 2.6 Sweden - Kalmar: Promoting local food, "Taste delights" food experience fair

*The example describes an example of activities with a potential to strengthen the linkages between agriculture and the wider rural economy by providing increased possibilities of use of agriculture production, enhancing the added value of the area, providing new job opportunities and demonstrating ways of diversifying rural business.*

### 1. Project details

#### ***Nature of the project***

*Purpose:* "Taste Delights" is the biggest Nordic event for small scale artisan food production. The event is a physical exhibition of the award winning 'food producers road map' printed in 2006, that contains over 900 artisan food producers from all over Sweden, located mainly in rural areas. Each Swedish region presents its local specialities and the producers are the main protagonists. The fair also provides the possibility for the regions to advertise their tourist attractions, focusing on local food production.

*Content:* The fair is dedicated specifically to artisanal food producers. Preparation, competence development and follow up activities are carried out at regional level. In each region sub-projects are undertaken with the aim of preparing the participants in order for them to make the most of their presence in Stockholm.

*Inspiration:* A similar project was organised at regional level, coordinated by the Farmers Union and since the project was successful the same idea has been replicated at national level.

*Policy coherence:* The project is connected to the national as well as regional and local level development strategies. The project aims at developing existing and new micro enterprises and new job opportunities in rural areas, which is a specific objective of the Rural Development Programme (RDP).

#### ***Links between agriculture and the rest of the economy***

The main agriculture sub-sector involved is foremost small scale artisanal food production and to some extent local, catering, hotels and restaurants. The backward linkages are to primary agriculture production, dairy and meat, vegetables, fruit. Forward linkages are to the experience based tourist sub-sector, restaurants, hotels and catering for the national market.

#### ***Scale of the project***

*Size:* In the national fair in 2009, 350 small scale artisanal food producers participated with thousands of products. From the Kalmar region about 50 producers participated. The fair has more than 100,000 visitors and it was arranged for the second time in 2009.

*Time scale:* The fair was arranged for the first time in august 2007 and for the second time in 2009.

*Coverage:* The project is divided in two parts, a national part culminating with the fair in Stockholm every two year in August and a regional part for each County or region in Sweden to prepare and follow up the regional enterprises participation in the fair in Stockholm. Food producers from Kalmar County participate in cooperation with producers from Öland and Blekinge County, located on the south east coast of Sweden

### ***Beneficiaries and supporters***

*Beneficiary:* The project is promoted by the national centre for small scale artisanal food production "Eldrimner". The centre also manages the project at the national level and is responsible for organising the fair in Stockholm and co-ordinating all related activities. In each region activities are carried out to prepare the producers and organise the follow up actions throughout the year. The Farmers Union South East realise and coordinate the project.

*Supporters:* The project is supported by the regional and local authorities. The restaurants in Stockholm have been supportive to the project by acting as ambassadors for their rural region.

### ***Finance***

*Funding:* The funding at regional level is mainly through the RDP administrated by Kalmar, Jönköping and Blekinge Counties and regional public funding by the County administrations.

For 2009 the Budget for the region of Kalmar County (together with Jönköping and Blekinge County) was:

- RDP, axis 3, Micro enterprises: about 120,000 EUR (1,224,000 SEK)
- Regional public Financing: about 80,000 EUR (800,000 SEK)
- Private funding (participants): 20,000 EUR (210,000 SEK)

### ***Results***

*Direct results:* 60 producers from the region Kalmar, Jönköping and Blekinge co-operated in the participation in the fair in Stockholm in 2009. The fair had 100,000 visitors. The long term objective is to establish new business relations between rural artisanal food producers and a wider market in the capital of Sweden and to improve the relation between producers and costumers as well as with other producers in other regions. The results have been positive. At least two new companies have been established and new business relations, the number of visitors exceeded the expectations. Kalmar won 5 awards at the Swedish National Championship in artisanal food production arranged at the fair.

*Main target:* Small scale rural enterprises, artisan food production, farmers-primary production and farmers-diversified into small scale artisanal food production.

*Wider benefits:* The attraction of the region is also boosted by the fair which should benefit the rural economy as whole through, for example hotels and event based companies.

## **2. Relevance of case study experiences for others**

*Problems:* Problems are mostly related to getting the regional funding in place, since the target group is mainly micro enterprises which do not have their own financial means to participate to the fair in Stockholm. A more sustainable way to organise financing needs to be found. Coordinating the participation regionally and carrying out the preparation is very time consuming and requires significant financial resources.

*Transferability and mainstreaming potential:* The project is transferable to other business sectors and regions in Europe. The idea to 'invade' urban areas, with quality products produced mainly in rural areas based on rural recourses, raw material and knowledge has proven to be successful.

*Innovation:* The activities had not been carried out on this scale before, with this amount of producers, products and visitors and prepared and followed up in all regions throughout rural Sweden.

*Institutional aspects:* The national part of the project is co-ordinated by the national centre for small scale artisanal food "Eldrimner" and the regional projects have different partnerships in different regions. In Kalmar, the project group consists of representatives from the Farmers Union, Rural Economy and Agriculture Society, The association Öland's Harvest Fair and "Smart Eating" Kalmar. The partnership would be strengthened by also involving other business sectors such as tourism.

*Social aspects:* The project has contributed to the creation of more job opportunities in the region by the companies established as a result of the project.

*Environmental aspects:* No specific environmental aspects are involved, but, for example transportation of products from the regions to Stockholm has been coordinated to decrease negative impact on environment. Small scale food production is in-the-main sustainable in its choice of raw material and methods of production.

*Sustainability:* It is a problem for the project to stand on its own without receiving funding. The main target group, micro enterprises, are too small to be able to finance the activities or to organise the overall coordination. Overall coordination is required if the fair continues to be carried out in this scale in the future.

*Lessons to pass on:* The main lesson is the importance of a careful preparation and competent 'development coaching' of the producers throughout the year; they need to be prepared on how to present themselves and their products, on how to take care of the logistics and the packaging of products. Another important lesson is to agree on a common profile in order to make as big an impact as possible over the three days of the fair, to invite possible costumers from trade and restaurant sector, to ask politicians and others actors from the region to invite important people to the fair and to cooperate with as many stakeholders as possible from their own region.

## 3 TOURISM

### 3.1 France - Gers: Ferme du Mounet, Eauze

*The case study describes a typical example of an activity which can potentially positively affect the existence of higher linkages between primary agricultural production and the wider rural economy in the study area of Gers (France). More specifically, the utilization of this particular investment project can potentially result in the more effective use of agricultural resources, the increase of local value-added, the diversification of the local economic-base and the generation of rural jobs.*

#### 1. Project details

##### ***Nature of the project***

*Purpose:* Located in Gascony's Armagnac country, the Ferme de Mounet is an excellent model of integrated agricultural production combined with agro-tourism that is prevalent in the Gers department. Monique and Bernard Molas have been keeping the best of the old traditions alive for over 30 years in their beautiful manor house, preserving both the architecture and ancestral traditions of Gers. Tourists can savour their farm-produced foie gras and the cuisine of Southwest France, while staying in the self-catering cottage with its swimming pool or in one of four *chambre d'hôte* (bed & breakfast) guest rooms.

*Content:* The farm has 60 hectares devoted to maize, cereals and, most importantly, ducks and geese. Until 1980, the Molas family produced cereals only. They then decided to diversify their agricultural production, buying ducks and geese. Nowadays, their flock includes about 3000 palmipeds (90% ducks). Poultry are grown and slaughtered traditionally on the farm, while meeting sanitary EU regulations. Products are processed in full accordance with the requirements of the "Protected Geographical Indication Gers," the guarantee of the Gersoix origin. The owners cook their own traditional farm products. The farm offers whole foie gras, confits, cassoulets, magrets, pâtés and rillettes. All of these food products are labelled "production fermière" ensuring that only ducks originating from the farm have been used in the process.

*Inspiration:* Facing the bad economic results in the cereals market at the end of the 80's, the owners decided to expand into other sectors, following the department's trend of duck production and agri-tourism diversification activities.

*Policy coherence:* The project is coherent with the major strategic aims of regional (Region of Midi-Pyrénées) and local (Gers Department) rural development policy, especially with the focus on creating certified quality products and generating agri-tourism activity.

##### ***Links between agriculture and the rest of the economy***

*Main agricultural sub-sectors involved:* Duck production, duck breeding, and local food product processing are the main agricultural sub-sectors involved. To begin their flock each year, the farmers buy ducklings from "Palmy Pro Sud-Ouest", under a quality label PGI (this company also provides technical assistance, mostly regarding sanitation issues). The other local sector involved is tourism.

*Description of these links:* Backward links relate to the aforementioned purchase of ducklings. The project has no forward links with the local food industry as the farm sells all their artisanal food products directly on-site. With more than 4,000,000 ducks and 130,000 geese produced per year, Gers is one of the main foie gras producers. In this department, co-operatives, commodity groups,

farming enterprises and farmers coexist harmoniously and all of them want to offer consumers quality products, relying on their savoir-faire, the terroir, and their product chain organisation.

### **Scale of the project**

*Size:* Medium-size

*Time scale:* 30 years

*Coverage:* Regional

### **Beneficiaries and supporters**

*Beneficiary:* The owners

*Supporters:* The Chamber of Agriculture has supported the farm by explaining and convincing the owners to apply for EU grants in order to co-finance new ideas (see Funding section). Also, the *Association Foie Gras* (a Gersois NGO) has helped the farm with technical advice and training. As a producers association, the primary mission of this NGO is the qualitative and quantitative promotion of foie gras from Gers. The 400 farmer-members of the Association have a common goal: to demonstrate their savoir-faire in foie gras production, to guarantee that the processing method is authentic and healthy, and, finally, welcome the consumer in a friendly manner. A Consumer Quality Charter has been established, so that each producer meets his commitments.

### **Finance**

*Funding:* The farm owners started their *chambres d'hôtes* in 1989 without any subsidies. However, the Molas family has received several Regional and EU Funding grants in the past few years:

- In 2003, they renovated an old house on their property and transformed it into a *gîte*. The Conseil Général gave them a 10,000 EUR grant (total amount of the renovation: 140,000 EUR). The objective 2 Fund also financed the swimming pool (6,596 EUR).
- In 2005, the Molas family received an EU grant to modernise and renovate the "*salle de gavage*". The global amount was roughly 33,000 EUR including a 10,000 EUR grant ERDF (European fund for regional development, objective 2 "modernisation/diversification" measure).
- In 2006, they received grant money from the Conseil Régional through the "*Chambres de caractère*" label. The budget given this project was about 70,000 EUR, including a 32,000 EUR co-financing from the region.

The local LAG Pays d'Armagnac was not involved in the project.

*Budget:* From the sale of local products, the farm's annual turnover is about 250,000 EUR. The turnover from the gîte holiday rental is about 20,000 EUR per year and the turnover from the *chambres d'hôtes* is about 40,000 EUR.

### **Results**

*Direct results:* The direct sale of artisanal farm products is the most important source of revenue. But grant funding has resulted in important diversification: adding value to their property through agri-tourism. The Molas family has added income to their annual turnover, by renovating their farm and welcoming tourists. Above all, the Ferme de Mounet as a case study demonstrates that it takes time and investment to develop a quality agricultural project that's self-sustaining and economically viable.

*Main target:* tourists

*Wider benefits:* The Ferme du Mounet is one of the many farms that are part of the "Bienvenue à la Ferme" ("Welcome to the Farm") network. This tourism initiative encourages tourists to visit the department, stopping at farms which welcome tourists with an "open door" policy. Tourists can taste local products, learn about life on the farm, enjoy home-cooked meals by reserving a "Table d'hôte" for lunch/dinner, or spend the night in gites or bed & breakfast-style accommodations. All together, these farms are an important part of the Gers rural economy.

## **2. Relevance of case study experiences for others**

*Problems:* The Ferme du Mounet has not faced major problems. However, the owners think that the process for EU funding should be simpler and the grants easier to obtain. Publicity should be developed around the EU funding programme to ensure a wider use of it.

*Transferability and mainstreaming potential:* The project can be replicated successfully elsewhere depending on the local frameworks in place to support them (i.e. labels/trademarks certifying quality of local products, tourism networks). This diversification has been pursued by many Gersois farmers. In fact, there are more than 1,800 independent producers in the Gers department; more than 1,500 producers sell foie gras and duck/geese meat directly to consumers from their farms or at street markets. Some of these farms have diversified into the tourism sector as well.

*Innovation:* This project is not innovative (many other projects exist locally) but it is a great example of integrated development, when farmers decide to control the whole production chain and marketing. These farmers are the best ambassadors of their products and their quality.

*Institutional aspects:* The maintenance of the region's economic activity requires a change in the agricultural sector. The Regional Policy Council takes into account the evolution of the Common Agricultural Policy. For the period 2007-2013, one target of the regional Council is to sustain the production and transformation of quality products: within this framework of modernisation the work tools for farm management will be continued as well as in agribusiness.

In 2007-2013, the Pays d'Armagnac will also benefit from Leader. Its new strategy is called ECOTERRA: "Environment and territorial competitiveness". Two of its priorities are to structure sustainable tourism through concerted action and the development of local resources and to "valoriser le terroir" by boosting the quality of agricultural products. However, facing too much demand and too many projects to finance, the LAG has decided to "close" the measure 311 from its strategy. Beneficiaries will deposit their application directly to the Regional Directorate of Agriculture. The owners of the Ferme du Mounet are not even familiar with the LAG (and have received no funding from Leader).

*Social aspects:* The Molas family employs four seasonal workers from September to April to work on the transformation process.

*Environmental aspects:* The Molas family takes care of the environment, bearing in mind their ecological footprint. But they cannot transform their production into an organic farm; the gavage (feeding of ducks to create foie gras) is not considered a biological process and therefore farms involved in foie gras production cannot have organic certification.

*Sustainability:* This project was already self-sufficient before EU and/or regional funding. However, the grants the farm received have definitely had a positive impact on its economic development. After 20 years, the competitiveness of this farm is exceptional, thanks to the EU funding.

*Lessons to pass on:* The farm's success is due to a lot of work, the trust gained from the banks and the Institution providing European grants. The Molas family's goals have been: retaining the

ownership of their activities and keeping their independence from other economic stakeholders (like the cooperatives or banks).

## 3.2 Greece - Trikala: Traditional hotel at the Kastraki Area of Kalabaka

*The case study described here can be characterised as a typical example of an agro-tourism activity (carried out by a farmer) which can potentially positively affect the existence of higher linkages between primary agricultural production and the wider rural economy in the study area of Trikala (Greece). More specifically, the utilization of this particular investment project can potentially result into the more effective use of agricultural resources, the increase of local value-added, the diversification of the local economic-base and the generation of rural jobs.*

### 1. Project details

#### ***Nature of the project***

*Purpose:* The establishment of a traditional small hotel near the well known and tourist area of Meteora-Kalabaka.

*Content:* A small hotel of 14 rooms (25 beds) with all the supporting facilities (common room, reception, etc.).

*Inspiration:* The owner realized the decreasing incomes from agriculture, and the high demand for tourism in the area. At the same time, the owner had privileged land with unrestricted view to one of the most famous rocks of Meteora the Adrachi rock.

*Policy coherence:* The project is in accordance with the operational objective of the Regional Development framework and especially the support of tourism related activities utilizing the comparative advantage of the Meteora area.

#### ***Links between agriculture and the rest of the economy***

*Main agricultural sub-sectors involved:* The project is not directly linked to the agricultural sector.

*Description of these links:* Everything that is served in the hotel comes either from the owners own production or exclusively from local farms.

#### ***Scale of the project***

*Size:* Small sized for the tourism sector

*Time scale:* The plant was built in the period 2003-2006 and operates since then.

*Coverage:* Local

#### ***Beneficiaries and supporters***

*Beneficiary:* The then 30 years old owner.

*Supporters:* The family, the local development agency

#### ***Finance***

*Funding:* The initially projected total cost of the project was 440,000 Euros and was subsidized by almost 60% (266,000 Euros) by the Integrated Rural Development Programme (FEOGA-Guidance), Third Regional Operational Programme of the Thessaly Region. The total cost reached 700,000 Euros. All the remaining cost 474,000 Euros were contributed by the owner, no loans from private banks.

*Budget:* 700,000 Euro.

## **Results**

*Direct results:* In general, results are positive, despite the decrease in demand due to the economic crisis. Results are within the owner's business targets.

*Main target:* Individuals from major urban centres (Athens and Thessaloniki) no travel agents or tour operators due to small scale.

*Wider benefits:* Not significant benefits

## **2. Relevance of case study experiences for others**

*Problems:* The most important difficulties are summarised as follow:

- e) The most difficult part of the process was the one concerned with permits from various civil services including the archaeological commission and the forestry service. The permit granting process started in 2001 and finished in 2004.
- f) Low support from local institutions and especially from the municipality of Kalabaka.
- g) Certain banks refused to grant loans despite the fact that the project had been elected for support, or the offered rate was not competitive

*Transferability and mainstreaming potential:* The project can be replicated successfully elsewhere taking into account the existence of a strong tourism attraction.

*Innovation:* The project is not innovative.

*Institutional aspects:* The assistance and support by the local development agency was crucial.

*Social aspects:* The project has created 3 full-time jobs. The owner, when started the investment was 30 years old and this was his major incentive to stay at his village and make a family there.

*Environmental aspects (for projects that are not strictly environmental):* The project, due to its small size, did not have to comply with strict environmental legislation applicable only to large projects. However, due to its location the project had to comply with the architecture and the landscape of Meteora.

*Sustainability:* The unit is sustainable but the owner argues that in his case sustainability is a function of the following factors:

- Absence of loans
- High inputs of self-work during the establishment and operation stages
- The maximum allowable support which in many cases is small

*Lessons to pass on:* The investment under consideration was the outcome of push (out of farming) and pull (the desire to remain and make a living in the area) forces. The economic rate of return for this investment is low, at least in comparison to other activities because the building of a traditional small scale tourism project is expensive. One strong incentive for the investor is his family and the prospect of succession.

### 3.3 Greece - Trikala: The Mantania Tower Traditional Hotel at Aspropotamos

*The case study described here can be characterised as a typical example of a successful rural tourism characterised by links with primary agricultural production and the wider rural economy in the study area of Trikala (Greece). This project has resulted into the utilization of local agricultural resources, the increase of local value-added, the diversification of the local economic-base and the generation of rural jobs.*

#### 1. Project details

##### ***Nature of the project***

*Purpose:* The establishment of a traditional medium-sized rural accommodation unit in the unspoilt area of Aspropotamos, characterised by its high natural and aesthetic value.

*Content:* An accommodation unit of 31 rooms (70 beds) with several supporting facilities (common room, reception, cafeteria, restaurant serving traditional local cuisine, pool bar, small shop selling local food products).

*Inspiration:* The owner was inspired by his affection for the area (place of origin) and the positive prospects of such a professional activity located in this area.

*Policy coherence:* The project is in accordance with the objectives of Leader+ as well as of the National Development Law 3299/2004 (rural economic diversification; development of rural tourism).

##### ***Links between agriculture and the rest of the economy***

*Main agricultural sub-sectors involved:* The project is linked to local agriculture rather indirectly, through the food processing and trade sectors of the local economy.

*Description of these links:* These links mostly occur through the unit's traditional restaurants which uses local (to a proportion) farm products as ingredients, and to the unit's small shop which sells local food products to customers.

##### ***Scale of the project***

*Size:* Medium-size rural tourism unit

*Time scale:* The plant was built in two stages; the first accommodation building was built between 2002 and 2003 and the second, between 2005 and 2006. The unit started its operation in 2003.

*Coverage:* Local but attracting visitors in the area.

##### ***Beneficiaries and supporters***

*Beneficiary:* Two owners originating from the area.

*Supporters:* The families.

##### ***Finance***

*Funding:* The project was funded by Leader+ and the National Development Law 3299/2004. The total cost amounted to 4 million EUR. Private contribution amounted to nearly 2.3 ml EUR.

*Budget:* 4 million EUR.

## **Results**

*Direct results:* Results are very positive. The unit gross revenue has been raising since it started its operation. In the context of a national survey on the best accommodation units in rural Greece, Mantania was ranked amongst the top 10 units.

*Main target:* Individuals from major urban centres (Athens and Thessaloniki). Corporate tourism groups, gastronomy tourism, nature tourism.

*Wider benefits:* This is a modern, well-organized rural accommodation unit. It is a unit offering high-quality service which does not only refer to accommodation but also includes specific services and activities for gastronomy tourists and nature lovers (local traditional cuisine, truffle days, trekking, forest walks, mushroom gathering, excursions in local falls, etc.). This differentiation of activities is driven by a marketing concept which aims at creating an autonomous "castle" environment for visitors.

## **2. Relevance of case study experiences for others**

### *Problems:*

- The indifference and inefficiency of local development institutions, which are fragmented and lacking a modern, coherent strategic focus. Development action promoted by local institutions does not act in a complementary way with such a project ("...nothing has happened that could bring more tourists to the unit").
- Bureaucracy in the case of licensing.
- This project was constructed inside a vastly depopulated area of Trikala. These results into difficulties on the availability of (small-area-specific) local products, inadequacies regarding infrastructure, difficulties to valorise local culture and a very high construction cost.

*Transferability and mainstreaming potential:* The project can be replicated successfully elsewhere taking into account the existence of a strong tourism attraction. However, a most important prerequisite for the success of such an initiative is the supply of a variation of services to customers.

*Innovation:* The project can be termed as very innovative for this particular area. First, the architectural style is very traditional. Second, the service offered is modern and of a very high standard. Third, the unit aims at approaching multiple target-groups of customers through organizing various events and offering a wide range of services.

*Institutional aspects:* The assistance and support by local development institutions were non-existent.

*Social aspects:* The project has created 4 full-time and 11 part-time jobs. In terms of full-time-equivalents, it has created 10 jobs. While other local units have been recently shredding jobs, employment in Mantania has increased.

*Environmental aspects:* The project, due to its small size, did not have to comply with strict environmental legislation applicable only to large projects. However, due to its location the project had to comply with the architecture and the landscape of Meteora.

*Sustainability:* The unit is very sustainable financially, mainly due to the high quality of facilities and the wide range of services offered.

*Lessons to pass on:* The entrepreneurial spirit and abilities of the investor and the modern business planning are the most important determinants of this success story. Continuous efforts to diversify

and target several customer groups are also of paramount importance. Finally, the affection of the investor for this area acts as a significant motive.

### 3.4 Hungary - Somogy: Eco – fishing tourism in Mesztegyő

*The project concerns the development of an eco- and fishing tourism site in Mesztegyő, Hungary. It has been supported within Axis 3 : 'Quality of life in rural areas and diversification of rural activities' of the Rural Development Plan of Hungary. It aims to provide alternative income for the beneficiary who is primarily dealing with fish farming, but has also bred Grey cattle and Racka sheep.*

#### 1. Project details

##### ***Nature of the project***

*Purpose:* The project aims to set up an eco- and fishing tourism enterprise near a fishing lake in Mesztegyő. The recreational centre also aims to enhance the knowledge of tourists about the local natural environment.

*Content:* The most important activities include ensuring that the lake is approachable even in unfavourable weather conditions; creating parking spaces; developing some 27,000 square meter open-air leisure space (with trees providing shades). Further facilities to be developed include some 350 meter long seats adjacent to the lake with rain covers, open-air cooking spaces, bird-watching towers, playground made of wood and other natural materials and facilities for disabled tourists.

In order to increase awareness about the local natural environment, information walls will be set up presenting local birds; boat-trips will be organised and opportunities will be provided to try and learn more about the hundred years old fishing techniques and practices (such as fishing with nets). A number of further tourist attractions will also be made available. For instance, tourists will have the opportunity to see locally bred species, such as the traditional Hungarian Grey cattle and Racka sheep.

*Inspiration:* The idea has long been there, as the promoter's main occupation is fish farming, and owns a land with some 16 smaller lakes (two of which will be integrated into the project). The promoter has also followed closely the initial setting up of the Leader pilot programme in Hungary (2004-2006), and therefore was aware of the Leader programme.

*Policy coherence:* The project is fully in line with the local development strategy of the LAG (called 'Our Countryside is Our Future'). The LAG strategy indicates the development of eco-friendly strategy as one of the main opportunities for the area, as well as the protection of the local natural environment that also has strong tourism potentials. Part of the settlement-specific strategy (included in the LAG strategy) is to develop local tourism opportunities that can be linked to already existing attractions, such as the 'strudel-festival' of Mesztegyő. Two of the LAG strategy's main priorities include the (i) development of local tourism in line with local resources and (ii) and the protection of local natural resources; as well as the development of the quality of life through the creation of new recreational centres.

##### ***Links between agriculture and the rest of the economy***

*Main agricultural sub-sectors involved:* Fish farming, cattle breeding and rural tourism.

*Description of these links:* The main link established by the project is between farming (fish and cattle) that has been previously carried out by the beneficiary; and rural tourism that is a result of the project. The recreational centre created by the project will make good use of the promoter's experience in agricultural production and his good knowledge of the local natural environment. His experience in fish farming will contribute to the setting up and operation of the eco- and fishing

tourism enterprise; whereas the breeding of cattle species will also serve as tourist attraction within the recreational centre.

### ***Scale of the project***

*Size:* One off investment of 14,500,000 HUF (approximately 54,000 euro), plus 40% own contribution.

*Time scale:* The works are expected to start in May 2010 and run for a year.

*Coverage:* The project is local (based in Mesztegyő), however it is well integrated into the development of its direct neighbourhood. The area's cultural tourism attractions include the local baroque church with Dorfmeister frescos. The local village-house hosts a number of diverse written and material documentaries presenting the richness of local history and nature. The local 'strudel-baking' festival is well known event in Hungary.

### ***Beneficiaries and supporters***

*Beneficiary:* Laszlo Peter NAGY, local entrepreneur, Mesztegyő

*Supporters:* The promoter has had contacts with the Local Action Group. Since the project is in line with the local development strategy, the LAG can be seen as a supporter of the project.

### ***Finance***

*Funding:* The EAFRD funding, within Axis III, measure 311 "Diversification into non agricultural activities" is approximately 54,000 Euro, and this is co-financed by 40% own share. The project is running for a year.

*Budget:* see above

### ***Results***

*Direct results:* The planned results are as described above. The project implementation is just about to start so no direct results are yet visible.

*Main target:* Tourists (in particular those interested in fishing).

*Wider benefits:* The project has good potential in raising awareness about the natural heritage of the local area among tourists. It is important to create links between various tourism activities within a given area, in order to ensure that people come and stay in the area for a longer period. There are already a number of tourism attractions in the local area, and the eco- and fishing tourism project can potentially complement these.

## **2. Relevance of case study experiences for others**

*Problems:* The main difficulty has been the delay in the approval of the project. The approval process was delayed by almost a year, and by the time the project was approved (around Oct 2009) it was not possible to start the works because of the unfavourable weather conditions. Therefore, the project will only start in the spring of 2010.

Generally, the management of rural development programmes in Hungary has been criticised as being highly centralised with no real say of the LAGs in the project selection process. It has been argued by a number of people that the value of bottom-up strategy development in the early phases of the programme has been undermined by the fact that later the decisions about projects were made by the central authorities. This is also one of the reasons for the delay in the project start. This

centralised process also made local people initially involved in local development disillusioned in the programme, since many of them felt that they have no real impact on the developments.

It was argued that the project application material was not easily manageable. The guidance document provided was extremely lengthy, and the application was difficult to complete for those who are not professionals in preparing project applications. This almost forces most people who would like to submit an application to turn to external assistance (e.g. consultants) that is often costly.

*Transferability and mainstreaming potential:* The project could easily be transferred into areas with similar ecological conditions.

*Innovation:* The project content is not particularly innovative, its main added value lies elsewhere.

*Institutional aspects:* Although the promoter has good contacts with a number of local organisations (such as the nearby Rural Tourism Agency), as well as the LAG, there is no specific partnership involved in the project implementation.

*Social aspects:* The project contributes to the improvement of local entrepreneurial activities and will create and sustain a number of local jobs. The project will not only raise awareness about the rich natural and cultural heritage of the fishing-lake and its direct neighbourhood, but also its wider environment.

*Environmental aspects (for projects that are not strictly environmental):* The newly created fishing-tourism site is part of the Boronka landscape protected area that is rich in special tree species and other protected plants. The facility is surrounded by attractive hiking routes.

*Sustainability:* The project is expected to be sustainable in the longer run. Following the initial investment supported by the EU funds, the promoter expects that the eco- and fishing tourism centre will be self-sustainable.

*Lessons to pass on:* The project is a good example for rural tourism development and diversification of activities for those involved in farming activities. The project is well integrated into the promoter's existing activities. It is also well embedded in the local development strategy.

Rural development projects can best achieve their purpose if these are linked to other tourism attractions in the area, and this condition has been fulfilled in relation to this eco- and fishing tourism project.

It would be important to reconsider the ways the Rural Development Programme has been managed in Hungary. As indicated in the county-level and this project-level case study, a number of concerns have been raised about the centralised management of the programme, leaving no real say for people living locally. This has resulted in the disillusionment of local people in the programme, especially those who were originally involved in the development of local strategies and later saw no real impact of their involvement. The fact that most LAGs had no real say in the final project selection discredited the bottom-up nature of the programme in most areas.

### 3.5 Sweden - Kalmar: Birdwatchers and farmers in cooperation

*The project demonstrates agriculture's forward links to protection of the environment and protection of biodiversity, with an emphasis on birds.*

#### 1. Project details

##### ***Nature of the project***

*Purpose:* The purpose of the project is to find new ways to protect and develop biodiversity (especially birdlife) on farmland without compromising economic development and sustainability.

*Content:* In the first stage, an inventory is conducted on the land of the farms involved. In the second phase, competence development and advisory services is carried out on the farms, aiming at increasing farmers competence of how to support birdlife on the farm and thereby improve biodiversity. After 2-3 years the inventories and suggested on-farm actions are followed up. Each farm also receives a map of the birds on their farm.

*Inspiration:* The idea originated from the UK where birdlife on 4,000 farms were mapped in 1999. The Swedish ornithological Association and the Rural Economy and Agricultural Society (HUSH) started the project in 2007.

*Policy coherence:* A rich and diversified farmland is one of the main targets of the national, regional and local rural development strategies. In Kalmar County the implementation of activities to increase biodiversity in rural areas is a priority. The Swedish parliament has decided to integrate its biodiversity strategies and action plans into the framework of the 16 environmental quality objectives, which were adopted in 1999.

##### ***Links between agriculture and the rest of the economy***

*Main agricultural sub-sectors involved:* The main agriculture sector involved is arable farming (crop production, grassland). The other sub-sector directly involved is the non profit sector (the Swedish Ornithological Association).

##### ***Scale of the project***

*Size:* 200 farms throughout Sweden participate in the project. In Kalmar 7 farms participate.

*Time scale:* The project is being carried out through the whole period 2007-2012, with annual decisions of funding.

*Coverage:* The project is national, with most of the participating farms in mid-Sweden.

##### ***Beneficiaries and supporters***

*Beneficiary:* The Rural Economy and Agriculture Society and the Swedish Ornithological Association.

*Supporters:* Swedish Environmental Protection Agency (Swedish EPA) has co-funded the project and 150 bird watchers from the non profit sector were involved in the project on a voluntary basis. Indirectly, the Swedish Agriculture University has supported the project by research initiatives connected to the findings of the inventories.

## **Finance**

*Funding:* The annual budget is approximately 90,000 EUR (900,000 SEK). The project is approved for the whole programming period, but funding has to be applied for on an annual basis.

*50,000 EUR (500,000 SEK) is funded by the RDP, Axis 1 Competence Development and 40,000 EUR (400,000 SEK) by the Swedish EPA except for 2009 when some funding came from the SOA.*

## **Results**

*Direct results:* Inventories and advisory services have been carried out in 200 farms so far. In 2010 another 60 farms will be inventoried. Customised advice in order to improve and protect bird life have been suggested to each of the participating farms. They will be followed up after 2-3 years. In 2009/2010 the first follow-ups have been conducted on the activities undertaken. The result has been as expected or slightly lower than expected since not all the farms have carried out many or all of the proposed activities. Notwithstanding this, the commitment of the farmers appears to be higher than expected.

*Main target:* The targeted farms are typically of larger size. The average size on the farms being 150 ha (the average for Sweden is 37 ha) and 60% of the farms are larger than 100 ha. 68% of the participating farms are 'conventional' and 32% classified as 'ecological'. The national average of 'ecological' farms is about 11%. There is a high proportion, almost 45%, of farms with grassfed animals (sheep, horses and beef cattle) and 8% are diary farms.

*Wider benefits:* The farmers have been very interested in participating in the project and bird watchers have been matched with farmers. Through the implementation of this project the farmers will also be recognised as resource for the protection of the environment instead of being perceived as the ones who endanger nature and environment.

The interest for birdlife and bird watching is global and there are niches in the tourism industry targeted for organising trips for bird watchers. The tourism business, including staying on farms, rural catering and restaurants potentially benefit from this project.

## **2. Relevance of case study experiences for others**

*Problems:* The biggest problem has been in matching farmers and bird watchers, to lead to a sustainable relationship over the years to come.

*Transferability and mainstreaming potential:* The project has a potential of being transferred to other geographical areas and to include other species. The project management is interested in finding transnational partners for further development of the project and exchange of ideas and experiences. There has been interest from the research sector and from some farmers to cover butterflies and flowers in the inventories.

*Innovation:* The original idea, carried out in UK was all about inventories. In Sweden the project is in some aspect innovative by including advisory services and to some extent research and follow up on suggested actions.

*Institutional aspects:* The partnership was organised primarily between the Rural Economy and Agriculture Society and the Swedish Ornithological Association. Some attempts have been made to involve Farmers Union as well as the Swedish EPA (besides being funder of the project) but without success. The Swedish Agriculture University has been involved and has shown a great interest in the outcome of the project.

*Social aspects:* The project has not targeted any of the groups above. The huge amount of bird watchers involved (150 persons) represents a wide range of people from different circumstances, from young students to older senior citizens.

*Sustainability:* There have been spin-off effects, where the relations between bird watchers and farmers have progressed. The demand from farmers to be a part of the project is higher than its capacity, which might indicate a possibility to develop the services commercially. The partnership should be extended to involve more actors. For example the linkages to tourism should be further investigated, as well as the idea to develop a transnational partnership and extend the model and exchange of ideas more widely.

*Lessons to pass on:* With the amount of people involved, 150 bird watchers, it is important to develop clear guidelines for the work carried out. It is also important to have frequent contact with the farmers involved also after the services have been carried out. Within the project a newsletter is distributed twice per year with advice and news useful for the farmers.

## 3.6 Sweden - Kalmar: Cultural tourism "Opera on Öland"

*The example shows possibilities of using the potential of summer residents, competences, skills, contacts and ideas. The result of the project may affect the rural economy in a positive way by attracting more visitors to the area, by facilitating development of new products within cultural tourism and by strengthening the cooperation between different rural stakeholders and thereby contribute to the generation of new rural jobs within new areas or activity.*

### 1. Project details

#### ***Nature of the project***

*Purpose:* The purpose of the project is to create an annual opera festival, using the potential of Öland as a summer residence for artists; singers, musicians, producers and the unique setting of the stage on the ruin of a castle on the edge of the World Heritage "Allvaret" on Öland. The vision is to have a whole week of culture in the future, involving not only opera but also art, theatre and dance. The culture week will act as a setting to develop new products within culture tourism.

*Content:* A non-profit organization called "The Association for Developing Culture Tourism in Öland" was formed and worked throughout the year planning and organising the event. The first event was launched in 2009 and there will be another in 2010.

*Inspiration:* The idea came from a private person who developed first contacts with an Opera Theatre in Stockholm.

*Policy coherence:* The project is connected to the rural development strategies at national level as well as at local and regional level. The project will strengthen the attraction of the region, which is also one of the main targets of the strategy of the local LAG Kalmar-Öland. The result of the project is expected to be new business opportunities and thereby new working opportunities in rural areas in cultural tourism. New working opportunities in rural areas and diversification of rural business are a target in Rural Development Programme (RDP). New business and development within the tourism industry is also a target of the European Regional Development Fund (ERDF).

#### ***Links between agriculture and the rest of the economy***

*Main agricultural sub-sectors involved:* The main farm-based sub-sectors involved are accommodation, restaurants and food production on farms. Individual businesses within the tourism sector are also involved.

#### ***Scale of the project***

*Size:* The Opera event had 1,300 visitors; 100 persons were involved on and off stage, both amateurs and professionals.

*Time scale:* The first stage of the project was carried out in 2009.

*Coverage:* The coverage is primarily regional, covering the Island of Öland in Kalmar County, Sweden.

#### ***Beneficiaries and supporters***

*Beneficiary:* The project was proposed by a private person engaged in cultural activities in the region. In the second stage an association was formed with members from regional and local society. The person who proposed the project was acted as the project leader. The board consists of people

mostly from the private and non profit sector engaged in culture and tourism business. Professionals from the main theatres in Stockholm participated and general interest for the project was high.

*Supporters:* Local politicians supported the project with funding. A local bank also supported the project with financing. Local society was supportive and the spirit surrounding the project was very positive. The voluntary and off stage work was crucial for the realisation of the project.

### **Finance**

*Funding:* Private, voluntary work 30,000 EUR; Regional public funding, County administration 6,000 EUR; RDP, leader axis 4, 4.1.3 local attraction 2,500 EUR; Private cash funding 6,000 EUR; Regional public other funding 12,000 EUR.

### **Results**

*Direct results:* A main purpose of the first year was to find out if it would be worthwhile to work further on the idea of developing a culture week. All the stakeholders within the public, private and voluntary sectors agreed on the fact that the Opera festival was a success and that it was worth carrying on and support the further development of the idea of an annual Culture Festival.

*Main target:* The main target is the local and regional society with special emphasis on the experience based tourism business.

*Wider benefits:* The project has been very encouraging for the local society on the island. People have been very proud of the Opera Festival.

## **2. Relevance of case study experiences for others**

*Problems:* There were no major problems. It was easy to find committed people interested in participating in this big event.

*Transferability and mainstreaming potential:* The project might be transferable to other regions with a high share of summer residents. The idea of seeing summer residents as a potential and using their networks, skills or other abilities might be a way to find new ways of developing the local society and economy.

*Innovation:* The project is seen as innovative by using the summer residents as a resource factor to develop the local society and economy.

*Institutional aspects:* The partnership was arranged through the association that was established, mainly by participants from the private and non profit sectors within the regional and local society.

*Social aspects:* The project has not targeted any of the groups above.

*Sustainability:* The vision is to create an annual culture week as a base for development of cultural tourism. The Opera Festival has been extended for 2010 while public funding has decreased in comparison to 2009. The Culture week is planned to take place in 2011.

*Lessons to pass on:* A lesson to pass on is that creativity and development of new business activities within cultural tourism and the creative field cannot be managed in the same way and scheduled as for businesses within other fields ( e.g. you may not have all the answers at place the time you apply for funding).

## 4 ENERGY AND ENVIRONMENT

### 4.1 Czech Republic - Vysocina: Building a bio-gas station in Desov

*This case study described here can be characterised as an typical example of an activity that can potentially positively affect durable linkages between agriculture and other sectors in the rural economy. More specifically, this investment project can potentially result in more effective use of agricultural resources, a diversification of local rural economy, an increase of local value-added, a generation of local jobs and can contribute to utilisation of renewable energy resource.*

#### 1. Project details

##### ***Nature of the project***

*Purpose:* To build a modern biogas station for the utilization of agricultural materials to produce biogas and subsequently electrical and thermal energy.

*Content:* Station building and equipment (annual capacity of inputs is 1 700 tn, annual production of electricity is 180 MWh).

*Inspiration:* The owner of the farm Desov has decided to diversify his economic activities and income by building this unit.

*Policy coherence:* The project is coherent with strategic aims of the rural development policy (only on the national level), especially the aims to promote diversification of agricultural activities, utilize local agricultural production and increase links between primary production and other economic sectors.

##### ***Links between agriculture and the rest of the economy***

*Main agricultural sub-sectors involved:* Maize growing and pigs breeding are the main agricultural sub-sectors involved. Other economic sectors involved include mainly transport, trade and electricity production.

*Description of these links:* The biogas station is self-sufficient in terms of inputs. Forward links mostly concentrate on sales of produced electricity (which is the main product) and fertilizer (which is the result of biological material transformation).

The project is realised in the framework of a broader initiative directed to implementation of diversified activities.

##### ***Scale of the project***

*Size:* Small/middle sized biogas station (2 smaller co-generation units).

*Time scale:* July 2008 – June 2009

*Coverage:* Local (Desov)

##### ***Beneficiaries and supporters***

*Beneficiary:* The owner.

*Supporters:* The private agency was hired to prepare the investment proposal.

##### ***Finance***

*Funding:*

- c) own financing: total cost 796,000 EUR
- d) Rural Development Programme for the Czech Republic, Axis III, Measure III.1.1: total cost of 1,056,000 EUR

*Budget:* 1,852,000 EUR, over 4 years

**Results**

*Direct results:* Results can be considered as positive and as expected. Sales of electricity produced are stable as the price and take-off of the bio-energy is guaranteed by state.

*Main target:* Community at large.

*Wider benefits:* This is very modern unit which can serve as an inspiration for other farmers to diversify their activities. Also, electricity produced by this unit represents an alternative energy coming from renewable energy resource and helps to sustainable development of the region.

**2. Relevance of case study experiences for others**

*Problems:* The main problem was related to funding from Rural Development Programme. The approved subsidy was paid when the biogas station had been finished. Therefore the owner had to finance the total amount of the investment from his own financial sources.

*Transferability and mainstreaming potential:* The project can be replicated successfully elsewhere with respect to local conditions. The main differences between individual biogas stations consist in input materials. However, its results have not been adopted by a wider range of farmers as some of them still do not understand the principle and effectiveness of diversification of agricultural activities.

*Innovation:* The project is not seen as innovative in Vysocina Region at present, but it was innovative at the time of investment proposal preparation (2007). There are another approx. 15 biogas station in Vysocina Region today.

*Institutional aspects:* The owner was fully responsible for the project. However, he received advice and information on funding opportunities from LAG MORAVSKOBUDEJOVICKO.

*Social aspects:* The project created 1 full-time local job and 1 part-time local job.

*Environmental aspects (for projects that are not strictly environmental):* The project is based on modern effective technologies that contribute to environmental protection (as they meet requirements of development programmes of the Czech Republic and Vysocina Region).

*Sustainability:* The project is self-sufficient currently. The owner expects to improve his links with local farmers and local shops to sale the fertiliser as secondary product of the unit. The cooperation with contractual power station is expected to be long-term.

*Lessons to pass on:* The main lesson learnt is related to the importance and necessity of private contribution to the investment (as the approved investment support funds for rural development measures are paid after finalization of the project). Also, it is necessary to have sufficient and reciprocal confidence in customers.

## 4.2 Czech Republic - Vysocina: Building a bio-gas station Humpolec

*The case study described is an example of an activity that can potentially positively affect durable linkages between agriculture and other sectors in the rural economy. More specifically, this investment project can potentially result in a more intensive cooperation between municipality and farmers, an increase of local value-added, a diversification of rural economy, a generation of local jobs and can contribute to the environmental protection.*

### 1. Project details

#### ***Nature of the project***

*Purpose:* Establishment of a modern compost manufacturing facility to dispose biodegradable municipal waste of Humpolec.

*Content:* Compost manufactory and related facilities to ensure an operation of manufactory including equipment (annual capacity of processing is 4,700 t).

*Inspiration:* Municipality Humpolec required disposing a biodegradable municipal waste and simultaneously meeting the legislative requirements in the area of biodegradable municipal waste disposing. These inspired the municipality to launch this investment.

*Policy coherence:* The project is coherent with the strategic objectives of the Regional Development Plan of Vysocina Region. It also meets Czech and EU legislative requirements in the area of disposing with biodegradable waste. The project is related to the Operation Programme Environment financed through Cohesion Policy funds.

#### ***Links between agriculture and the rest of the economy***

*Main agricultural sub-sectors involved:* Farm Humpolec focused on ecological agriculture and agri-business education. The farm provides maintenance of the unit, transport and disposal of waste. Other local sectors involved include mainly transport, services (ad hoc maintenance) and trade.

*Description of these links:* The project enables the Farm Humpolec to diversify agricultural activities towards non-agricultural. Forward linkages include utilisation of produced compost to maintain public parks in municipalities. Indirect impact relates to environment protection due to the ecological disposing of waste.

#### ***Scale of the project***

*Size:* Small/medium sized compost manufactory (1 hectare of built-up area, 380 square meters of roofed-in area; 8 tanks with capacity of 23 cubic meters for sorted waste).

*Time scale:* February 2009 – December 2009

*Coverage:* Local (Humpolec)

#### ***Beneficiaries and supporters***

*Beneficiary:* Humpolec municipality

*Supporters:* Farm Humpolec hired a private consultant to prepare the investment proposal to be in compliance with environment protection.

#### ***Finance***

*Funding:*

- a) EU Operational Programme Environment: total cost of 1.42M EUR.
- b) Specific Development Fund of Vysocina Region: total cost of 185,000 EUR.
- c) Municipality Humpolec finances 30% of the total investment: total cost of 690,000 EUR.

*Budget:* 2.3M EUR, 4 years

**Results**

*Direct results:* The results are positive as the compost manufactory solved the problem with a disposing of biodegradable municipal waste of the municipality of Humpolec.

*Main target:* local community at large

*Wider benefits:* This unit contributed to the ecological behaviour of the municipality of Humpolec, environment protection and improvement of look of public places as the produced compost is used for maintenance of public parks.

**2. Relevance of case study experiences for others**

*Problems:* The biggest problem was the protest of people living near the planned manufactory. They were afraid of environment pollution. The mayor of Humpolec organised seminar where successfully convinced the involved inhabitants of the ecological conception of the project.

*Transferability and mainstreaming potential:* The project can be replicated successfully elsewhere. The principal of compost manufactory function described is used without significant changes in other twenty units in Vysocina Regions. The results can be adopted by a wider range of actors due to its ecological conception and possibility to solve the problem with biodegradable municipal waste.

*Innovation:* The project is not innovative as there are another twenty compost manufactories in Vysocina Region. Many municipalities and regions have started to dispose a biodegradable waste due to stricter waste disposal legislation.

*Institutional aspects:* A longstanding cooperation between the farm Humpolec and the municipality of Humpolec influenced positively the project partnership. The municipality was responsible for the realisation and completion of the project. The farm performs maintenance. No LAG was involved in the project.

*Social aspects:* The project created 3 full-time local jobs.

*Environmental aspects:* The project contributed to the environment through ecological process of biodegradable municipal waste disposing. Also, the project implemented environmental terms in accordance to the environmental licence (isolation and drainage of the unit area, small waste water cleaner).

*Sustainability:* The project is not expected to be self-sufficient and will require continued funding from municipality Humpolec. The project is expected to create durable links with the farm Humpolec and local sectors involving transport and maintenance of the unit. It is planned to use this compost manufactory as a teaching material for students of agricultural schools.

*Lessons to pass on:* The main lesson learnt is associated with the importance of communication between the person that realizes the project and inhabitants involved (as the conflict of interests can occur).

### 4.3 France - Gers: Agro-forestry

*The case study described here can be characterised as a typical example of an activity which can potentially positively affect the existence of higher linkages between primary agricultural production, environmental protection, and the wider rural economy in the study area of the Gers (France). More specifically, the utilisation of this particular agricultural project can potentially result in a more sustainable use of agricultural resources, the protection of the environment, and the diversification of the local economic base.*

#### 1. Project details

##### ***Nature of the project***

*Purpose:* This main goal is to reintroduce tree and hedge rows in the middle of the agricultural fields. By optimising the benefits from the biological interactions created when trees and/or shrubs are deliberately combined with crops and/or livestock, the NGO "Arbre & Paysage 32" assists farmers to develop agro-forestry in the Gers agricultural production model. In fact, an agro-forestry plot allows a real financial gain per hectare that in turn affects grain yields and livestock. Trees and hedges are no longer seen as merely part of the landscape but as a local resource; they protect the soil and they provide farmers with a new market opportunity they can harvest and sell the wood.

*Content:* the Regional Council and the General Council have supported the establishment of an experimental programme of agro-forestry in Gers since late 2006. The cultivation technique is to plant rows of trees (hardwoods, usually noble species) in the agricultural plots. Convinced of the relevance of the agro-forestry model, the NGO "Arbre & Paysage 32" initiated and promoted this agro-forestry experiment involving 20 farmers. In total, more than 100 hectares have been planted throughout the department, mainly with crop systems, but also with pig and poultry farms, and viticulture. The tree component of agro-forestry systems can be isolated trees, tree-hedges, and low-density tree stands. An agro-forestry plot is defined by two characteristics:

- at least 50% of the area of the plot is in crop or pasture production,
- tree density is less than 200/hectare (of stems greater than 15 cm in diameter at 1,3 meter height), including boundary trees.

*Inspiration:* The inspiration came from the "Silvo-arable Agro-forestry for Europe" (SAFE) research project, sponsored by the European Union, which was coordinated by the French National Institute for Agricultural Research of Montpellier in France (INRA). More than 70 scientists from eight European countries participated in the project between 2001 and 2005. This European Research contract produced a final report with clear recommendations for the 2007-2013 European regulation about agro-forestry.

*Policy coherence:* The project is coherent with the strategic aims of regional (Midi-Pyrénées Region) and local (Gers General Council) rural development policy, especially regarding the goals of preserving the landscape, developing biodiversity, encouraging sustainable agriculture, and creating more income possibilities for farmers. Within its Agenda 21 goals, the General Council of Gers outlines a plan to develop energy recovery from biomass (excluding fuel), and for this reason has been involved in this project.

This agro-forestry project is coherent with the French strategy on biodiversity, established in 2004, which aims to prevent the loss of biodiversity by creating a green belt network (green corridors) and a blue belt network (waterways and bodies of water, together with surrounding areas of vegetation).

## ***Links between agriculture and the rest of the economy***

*Main agricultural sub-sectors involved:* As a production system, agro-forestry generates income from:

- marketable products (crops/livestock): crops and animal production are the main agricultural sub-sectors involved. The first results show that the agro-forestry model increases productivity by 30%.
- the sale of harvested wood: energy (biomass production) other local sectors involved mainly include energy, as farmers are encouraged to provide local wood for the "Bois-énergie" economic sector. New market opportunities have created new links between farmers and wood suppliers and local governments (filière bois-énergie). Local communities (e.g. Communauté de Communes Bastides et Vallons) are studying the possibility of heating their buildings (schools, retirement communities, hospitals) with local wood harvested from forests and hedges. Wood is also supplied for building houses, furniture, and woodcrafts.

*Description of these links:* The main goal of agro-forestry is to enhance the production of crops and livestock by preserving the environment. In fact, the introduction of low-density trees has a beneficial effect on the plot; a tree acts as a regulator and water purifier, conservative and soil improver, protector of crops and livestock, and biomass producer. The impact is significant on both the biodiversity and the quality of the soil and water. This approach may also foster the development of organic farming.

From the environmental perspective, the tree stores carbon, provides protection to crops, and attracts useful insects.

As economic agents who participate socially in the production, exchange, distribution, and consumption of goods and services in the local area, farmers are realizing that it is important to integrate sustainable development issues in their businesses. Wood is a product of the future because it is a renewable product. Moreover, the agro-forestry model includes species that are not produced by the forest such as ash, pear or walnut. This wood is used to build houses and furniture. Significantly, these woods act as substitutes for the tropical timber trade which is increasingly regulated and prohibited (as it is not environmentally sustainable).

The agro-forestry activity adds value by creating new income, while preserving biodiversity and soil. An entire new economic sector ("Bois-énergie" or "Wood-energy") is starting to be organised on the local level; this renewable energy is the local answer to sky-rocketing fuel prices. Agricultural cooperatives are involved in this new economic sector and have invested in machines to transform wood into insulating panels and chipped wood for boilers.

The trees (and harvested wood) create local value added and contribute to enhance the collaboration between farmers, cooperatives and entrepreneurs. Heating with wood is part of the trend "producing and consuming locally"; the use of an abundant, available resource (hedges or Riparian forest) develops economic activity in the revitalisation of the wood sector. The recent proliferation of wood-fueled boilers will begin structuring local supply, which does not require heavy investment but will exist only if opportunities are identified by the timber producers and farmers. In fact, wood pellet boilers are part of the long-term commitment of local communities and individual household to use carbon-neutral, cost-effective heating solutions across the Gers department.

## ***Scale of the project***

*Size:* Local level experimentation (100 hectares, 20 farmers assisted)

*Time scale:* 4 years

*Coverage:* Local with important repercussions nationally, as the results of this experiment, and the experience, will be recreated across the country in different regions.

### **Beneficiaries and supporters**

*Beneficiary:* The main promoter is the NGO "Arbre & Paysage 32". Created in 1990 at the initiative of farmers, this NGO is dedicated to preserving the landscape by promoting and protecting trees and especially the hedge country. Bringing together 750 members (planters of trees and hedges in the countryside), this NGO has enabled the creation of nearly 800 km of hedgerows in the countryside of the Gers department. The NGO provides technical assistance for the final beneficiaries which are, of course, Gersois farmers. (The NGO is also working on a marketing initiative for agricultural products cultivated using the agro-forestry model; see "Wider Benefits" section).

*Supporters:* The main supporter involved is the French National Institute for Agricultural Research of Montpellier (INRA). The NGO has been able to establish new research and technical partnerships. The NGO « Association Française d'Agroforesterie » has also been a great support, promoting agro-forestry and opening the debate about it nationally. (See Institutional section)

### **Finance**

*Funding:* This three-year experiment has cost 60,000 EUR. Each financial partner, the Region Midi-Pyrénées and the General Council of Gers, has provided 20,000 EUR for the project. The NGO has financed the other third of the project.

In 2007, the LAG Pays d'Armagnac funded a project of the NGO "Arbre & Paysage 32" (EU Funding: 20,000 EUR, 80% of the project) to organise a study-visit, print a booklet and promote the agro-forestry approach through debate and conferences. For the 2007-2013 period, this LAG may implement a cooperation project about agro-forestry along with the LAG PORTE de Gascogne (Gers) and the LAG Pays des Condruces (Belgium).

In 2009, the NGO also received a 10,000 EUR grant from the European Regional Development Fund (ERDF) (2007-2013) to organise training and raise awareness about the environment under the "Measure 5 - Information and education to the environment and sustainable development." The NGO has organised several training sessions about new agricultural techniques and economic opportunities, linked with Ramial Chipped Wood (RCW).

In 2010 the NGO will assist 11 farmers to plant 50 hectares of agro-forestry. This project will benefit from 10,000 EUR from EAFRD (measure 222) and 9,000 EUR from the Gers General Council.

*Budget:* As seen above, the NGO "Arbre & Paysage 32" has assisted 20 farmers with a 60 000 euros project. A tree costs around 15 euros. This price includes the preparation to plant the tree, the mulching, the consultation on tree care and maintenance for the three-year period, and protection against predators (like deer). The NGO has billed 10 euros / tree and the remaining cost has been financed by the farmer. In sum, the final cost for the farmer is about 150 euros per hectare.

### **Results**

*Direct results:* The first evaluation of the project after three years is positive. The survival rate of planted trees is good and farmers have successfully integrated the trees into their farming practices. Farmers have been accompanied technically by the NGO gradually learning to take care of the trees and drive the system to maximize synergies between trees and crops.

During three years, this experimental programme has allowed this NGO:

- to successfully test different types of biodegradable mulching and protection systems;
- to test the model adaptation to the diversity of agro-forestry production in Gers;
- to establish protocols for evaluation studies of biodiversity and biomass production.

The integration of trees into farming practices has positive effects on agriculture: yield is increased; soil fertility is enhanced; capillary permeability is increased; standing water is diminished; and soil aeration depth is improved due to the improved root development. Also, as a result, there is more habitat for auxiliary fauna (earthworms, ground beetles) which enhances biodiversity and improves the environmental conditions of the plots. This also reduces the use of herbicides and insecticides (except for slug killers).

*Main target:* The community at large (raising awareness of the environmental issues involved) and farmers (changing their behaviour by encouraging sustainable agricultural practices).

*Wider benefits:* Agro-forestry allows new forms of diversification of farm activities and makes better use of environmental resources. This type of mixed system, by the positive interactions of its components, may produce a higher biomass production of 10-60% compared with agricultural crops and forestry by itself. One new stream of income is Ramial Chipped Wood (RCW). This technique is increasingly applied to agriculture in the Gers department; local communities are following the lead of the town of Auch and the General Council of Gers in making use of their trees' wood to mulch their beds and shrubs.

Also, the NGO wants to use this environmental aspect to improve the marketing of agricultural products. They are currently working on the certification of products issued via the agro-forestry production model. This label will guarantee all the cross-compliance aspects, by including requirements regarding animal and plant health, animal welfare, and the maintenance of all agricultural land in good agricultural and environmental condition.

## **2. Relevance of case study experiences for others**

*Problems:* While the interest for developing new agricultural practices based on agro-forestry was high, it was difficult for local farmers to completely change their agricultural production model. The NGO has been working hard to raise awareness about the benefits of this model.

*Transferability and mainstreaming potential:* This project can be replicated successfully elsewhere. Technical information must be developed locally or regionally for application within that region. Information which is too general or which is based on studies conducted in dissimilar regions or climate zones is not likely to convince landowners to adopt agro-forestry practices, or provide relevant skills and knowledge to ensure their success.

*Innovation:* Though the project is experimental, other models of agro-forestry already exist across Europe. The project has the potential to be transferred to other geographical areas.

*Institutional aspects:* In 2007, the French authorities decided not to activate the measure 222 within the French Rural development Plan (RDP). However, multiple requests from national and regional partners (including the Association française d'agro-foresterie and the Association française de l'arbre et de la haie) demonstrated a real interest for this agro-forestry measure.

In 2009, the Ministry of Food, Agriculture and Forestry defined a new strategy called "*OBJECTIVE LANDS 2020: Towards a new French model for agriculture*" to steward biodiversity and the landscape. The measure "15-Promotion of agro-forestry" aims to set up a special scheme to encourage the development of agro-forestry.

In consequence, the French authorities asked the EC in 2009 to include the measure 222 in its National Plan, and the modification has been accepted in May 2009 by the European Commission accepted. The measure 222 "First establishment of agro-forestry systems on agricultural land" promotes the combination of extensive agriculture and forestry systems, aimed at the production of high quality wood and other forest products.

Finally, the launch of the measure provided in the RDP will make possible, where applicable, the encouragement of agro-forestry. In fact, several regions have recently “activated” this measure (or are in the process of activating it), in order to duplicate this experimentation and to allow farmers to launch agro-forestry projects (Picardie, Languedoc Roussillon; Midi Pyrénées; Poitou-Charentes, Bourgogne etc.) For the regions that wish to grant co-financing to European agro-forestry projects, this measure will enable 70% of the investment (study design, supply and planting)

*Environmental aspects:* Agro-forestry helps to conserve and protect natural resources by, for example, mitigating non-point source pollution, controlling soil erosion, and creating wildlife habitat. The benefits of agro-forestry add up to a substantial improvement of the economic and resource sustainability of agriculture. Agro-forestry practices are intensively managed to maintain their productive and protective functions, and often involve annual operations such as cultivation, fertilisation and irrigation. The protection of soil and water, in particular in sensitive areas, has been a key factor to limit erosion.

*Sustainability:* The main goal is not to convert the entire territory of Gers into the agro-forestry model but 10-20% of the Utilised Agricultural Area (UAA). Since trees occupy 10% of the floor area of an agro-forestry plot, converting 10% of the UAA, the operator loses at the outset that 1% of farm income. From the day when the operator begins to realise the income from the trees, INRA has calculated that it can up to double the farm income. Thus the system is financially sustainable in the long run.

Finally, it is important to continue to promote the importance of agro-forestry and explain the pros and cons of this new agricultural system to farmers.

*Lessons to pass on:* It is very important to get the support of a Research Institute to better understand the role of various environmental components (grass strips, hedges, and trees) and be able to make recommendations for improvements and management adapted to the new challenges that agriculture faces.

## 4.4 Hungary - Somogy: Bio gas Plant in Kaposszekcső

### 1. Project details<sup>1</sup>

#### ***Nature of the project***

*Purpose:* The project aimed at making better use of agricultural by-products in bioenergy production, through building a biogas plant primarily based on solid and liquid manure. This will be complemented by the setting-up of a bioethanol plant in the second phase (however, this second stage is not part of the EU-financed project).

*Content:* In the framework of the project a Biogas plant was built in the Kaposszekcsői Business Park, in an area of 1.7 hectares. The promoter company (Kaposszekcsői Mg. Zrt) is growing some 400 cattle and 400 sows. Biogas is produced in three fermentors (2500 cm each) from solid and liquid animal manure. The power-generation capacity of the biogas plant is 0.83 megawatt that is taken over by E.ON. Adjacent to the Biogas Plant, Agrár-Béta Agricultural Company is planning to set up a bioethanol plant. The by-product of bioethanol production will be used as a raw material for biogas production. Furthermore, the bioethanol plant would not only provide the raw material for the biogas plant, but will also use the waste heat from the biogas plant. Additional heat required for the operation of the bioethanol plant will be generated by a furnace that uses energy willow as its raw material.

*Inspiration:* The project promoter, Kaposszekcsői Mg. Zrt. wanted to orient its activities towards a new area and they were actively searching for new opportunities that can complement their existing activities in livestock farming. This has become especially eminent in the light of sales difficulties in the animal husbandry sector. For instance milk (one of the main agricultural produces of the company) could only been sold with a loss in recent years, and as a result the financial viability of the farm was at risk. After participating in a number of information events, they decided to apply for funding under Axis 1 ('Modernisation of animal husbandry agricultural holdings' measure).

The promoters got inspiration from the visits to similar plants in Hungary, Germany and the Czech Republic. The neighbouring agricultural Agrár-Béta holding (and partner) also encouraged the project.

*Policy coherence:* The project is fully in line with the country-wide (and EU-wide) aspiration of making better use of agricultural products in bioenergy production. This has been a stated aim of the New Rural Development Plan of Hungary, and a commitment is made of buying bioenergy from producers at a fixed price.

#### ***Links between agriculture and the rest of the economy***

*Main agricultural sub-sectors involved:* Livestock farming (cattle and pigs), bioethanol production, bioenergy production.

*Description of these links:* The main link established through the project is between animal husbandry and bioenergy production (energy industry). Furthermore, these sectors will also be linked to bioethanol production. However, the project also provides indirect links to other sectors. The new plant contributes to the financial viability of animal husbandry, and hence contributes to the

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<sup>1</sup> The project has been selected in relation to the Somogy Count case study, although the project is located in Tolna county. Kaposszekcső, the location of the project promoter is at the very border of Somogy county.

sustainability of local food processing. The beneficiary primarily sells its products to a local food processing firm (Tolna Tej) and to local markets in Pécs.

### **Scale of the project**

*Size:* The total investment of the project is over 1 billion HUF (approximately 3.7 million EUR).

*Time scale:* The project has been approved in May 2008, and the building of the plant started in Aug 2009. The opening ceremony took place in March 2010.

*Coverage:* Local; the beneficiary provides the raw material for the plant (and both are based locally).

### **Beneficiaries and supporters**

*Beneficiary:* Kaposszekcső Mg. Zrt, an agricultural company in the field of animal husbandry.

*Supporters:* Other than the EU and national funding support, the project's partner company (but not direct beneficiary of the funds) is Agrár-Béta Agricultural Company, who is planning to set up the bioethanol plant adjacent to the biogas plant. There are a number of other supporters, such as the German Biogas-Weser GmbH, who provided the technology (as well as a guarantee for this technology) and is involved in the operation of the plant (through the central computerised system) and one of the Hungarian banks who provided a loan for the investment.

### **Finance**

*Funding:* The total investment of the project is 1,063,815,000 HUF, out of which 54.9% (583,560,450 HUF) is provided from public funding. 75% of public funding is coming from EU funds and further 25% from national public support. Their own funding amounts to 17% of total funding. The other part is provided through a bank loan. The project is supported under the heading "Modernisation of agricultural holdings (livestock farms) " (measure 121).

*Budget:* See above.

### **Results**

*Direct results:* Results are as expected. Biogas plant started operation in April 2010. Building of a bioethanol plant is further planned.

*Main target:* Primarily, the agricultural holding supported, who is dealing with animal husbandry. The wider community also benefits from the alternative energy sources, and improved environment.

*Wider benefits:* The project promotes the enhancement of the use of alternative energy sources, and its success raises awareness about the advantages of bioenergy production. The opening of the biogas plant (and its preparations) was widely covered in the public media, and the Minister of Agriculture and Rural Development was present at the opening ceremony, which further contributes to the wider promotion of alternative energy production.

## **2. Relevance of case study experiences for others**

*Problems:* Bioenergy production has been a new field of activity for the project promoter, and therefore it had to learn on the way how a plant can be planned, set up and operated. It has been a long process to get informed and select the right technology (imported from Germany). "We were inexperienced in many ways, and did not have sufficient knowledge" – admits Nándor Papp, head of Kaposszekcső Mg. Zrt – "I have to say in our defence that we have been pioneers in this area, and our biogas plant is the first one built in the South Transdanubian Region." Furthermore, it was also

the first such assignment for the contractor responsible for setting up the plant. Therefore, the initial preparation for the project took longer than expected.

b) Most of the difficulties that the promoter was facing were related to licensing. A large number of various licences had to be obtained before the biogas plant could go into operation, and this was a rather time-consuming process. For instance, it took a long time to get permission to get access to the high-voltage power line.

c) Difficulties were related to financing. The decision to set up the plan was taken before the economic crisis. However, due to the crises loans that were to finance part of the projects budget, became more expensive and raised unexpected costs. Another part of unexpected costs relate to the extensive licensing.

*Transferability and mainstreaming potential:* Bioenergy production and the related technology are widely known in Europe and these are getting more and more common in Hungary (a number of further plants are currently being built). It is certainly transferable to other areas where the relevant base material is given in sufficient quantities. In fact, exchange of experience about the relevant technologies is very important. The promoters made a number of visits to similar plants in Hungary, Germany and the Czech Republic. It is expected that they can further transfer their own experience and knowledge to other plants that are being built or will be built in Hungary and elsewhere.

*Innovation:* The project has been innovative in the local context, as it is the first biogas plant in the South-Transdanubian Region (comprising Somogy, Tolna and Baranya counties). The promoters were inexperienced in the field of bioenergy production, and started the project with an entrepreneurial spirit, hoping to find new income sources for their agricultural company. The project contributes to the financial survival of the livestock farm (providing the beneficiary with some 180 million HUF extra revenue each year, the precise costs being yet unknown).

"Twenty years ago, when someone came up to me with the idea to set up a similar plant, I straight said „no”. – says József Gál, financial manager of the company – However, we have been facing difficulties in the animal husbandry sector in the past years and the land here is not of the best quality, so we cannot switch to arable farming. We had to make a move and be receptive to new ideas if we want to survive."

*Institutional aspects:* The promoter is the Kaposszekcsői Mg. Zrt. However, another partner (Agrár-Béta Agricultural Company) is also directly involved in the project, through the setting up of a bioethanol plant. The cooperation of the two companies was established long ago. For instance, the Kaposszekcsői Mg. Zrt. provided Agrár-Béta with storage space before.

The two plants will be operated as an organic whole. The bioethanol provides raw material for the biogas production, whereas the bioethanol uses the waste heat generated in the biogas plant. Other products of the ethanol plant will be partly used as animal feed.

*Social aspects:* The biogas plant will help the financial survival of the company, and therefore will help to sustain the jobs of some 50 people working in the animal husbandry sector within the company. The biogas plant will employ some additional 2 to 4 people; and the planned bioethanol plant some further 12-14 people. Furthermore, the planting and caring of the energy willow (that is used as raw material in the bioethanol plant) will contribute to the employment of some further 15-20 people. The project will help to keep alive the fast declining animal husbandry sector (mostly cattle and pigs) in the region, and therefore contributes to sustaining the diversity of agricultural activities.

*Environmental aspects (for projects that are not strictly environmental):* The project has positive impact on the environment. For instance, by holding back and using the methane gas from the manure, it reduces the emission level of harmful substances. The beneficiary was in a good position

as it already processed the site within a Business Park suitable for setting up the plant. This site is also sufficiently distant from inhabited areas.

*Sustainability:* It is still early to judge the long-term financial viability of the project. According to current legislation E.ON is obliged to take over the energy produced from the company at a fixed price, which provides some kind of guarantee for the operation of the plant. In the case of the Kaposzsekcsői Biogas Plant this obligation lasts for at least 6 years and 9 months. This is because the plant also received national support. (In case a plant does not receive such support, the obligation is for 15 years.)

*Lessons to pass on:* The project provides positive lessons with regard to the use of alternative energy sources. The entrepreneurial spirit of the beneficiary with regard to investing into a new activity is exemplary. The project development process has been „learning-by-doing“, as the beneficiary and its contractor had no previous experience in the field. Exchange of experience and visits to similar sites came useful in this learning process. The project has been innovative in the regional context and can serve as a good example for the establishment of further biogas plants. It also provided a good example on how to search and invest in new methods in order to sustain other valuable agricultural activities.

## 4.5 Sweden - Kalmar: Renewable energy (Kalmar, Kronoberg and Blekinge Counties)

*The project demonstrates backward and forward links from agriculture to the rural economy. Within the project, activities related to the farmers need for energy and the possibility to supply the community with energy produced on the farms have been carried out.*

### 1. Project details

#### ***Nature of the project***

*Purpose:* The purpose is to support energy efficiency on farms and business development within the renewable energy sector. The demand for competence in how to invest in renewable energy is very high and there is a need for information and coordination of activities. The Farmers Union (LRF Southeast) also saw a need to influence municipalities to make investments in renewable energy and thereby create new business opportunities for farmers and rural entrepreneurs, delivering renewable energy.

*Content:* The activities within the project have been carried out in three different fields:

1. Energy efficiency
2. Business Development within renewable energy
3. Energy planning in the municipalities

The objectives have been to:

- Initiate and get three business development groups with interested farmers started.
- Get three new businesses started within the field of renewable energy.
- Arrange three main seminars on renewable energy with stakeholders from different sectors of society and different business branches.
- Arrange themed meetings and providing a platform for the dialogue between various stakeholders.
- Arrange study visits.

*Inspiration:* The idea came from the Farmers Union (LRF) who identified a demand for competence and new knowledge among farmers about the use and the production of renewable energy, foremost bio energy, biogas, small scale hydro and wind power.

*Policy coherence:* The project is connected to strategies at national level as well as local and regional level. The project is targeted at sustainable development by providing tools for farmers and other rural enterprises for the development, use and production of renewable Energy. Renewable Energy reduces negative environmental impact, which is a main horizontal goal of the Rural Development Fund (RDP) as well as the European Regional Development Fund (ERDF). The project also supports opportunities for Energy efficiency, leading to reduced farm production costs and thereby increased potential to raise the income of farm activities. Production of renewable energy also means new business opportunities in rural areas - a target in all local and regional programmes.

The project covers the LAGs of;

- Astrid Lindgrens hembygd, [www.astridlindgrenshembygd.se](http://www.astridlindgrenshembygd.se)
- Föreningen KalmarÖlands landsbygd, [www.kalmaroland.se](http://www.kalmaroland.se)
- Kustlandet, [www.kustlandet.com](http://www.kustlandet.com)
- Leader Småland Sydost, [www.leadersydost.se](http://www.leadersydost.se)
- Mitt i Småland, [www.mittismaland.se](http://www.mittismaland.se)

## ***Links between agriculture and the rest of the economy***

*Main agricultural sub-sectors involved:* The main agriculture sector involved is the farmers in the region and rural enterprises producing energy. Other sectors involved are local and regional communities and companies buying and using energy. One of the main targets was to involve other economic sectors by facilitating communication between future providers and users/purchasers of renewable energy.

*Scale of the project:* One dimension of the scale of the project is that about 680 persons have been involved in any of the activities. The budget was 150 000 €.

*Time scale:* The project was carried out in the period from July 2007 to September 2009.

*Coverage:* The project is regional and has covered Kalmar County, Kronoberg County and Blekinge County in Sweden. They are neighbouring Counties located on the south east coast of Sweden.

## ***Beneficiaries and supporters***

*Beneficiary:* The Farmers Union proposed and realised the project. The main beneficiaries are the farmers and rural enterprises in a position to getting renewable energy production started. Six of the municipalities that participated have been supported in developing plans and proposals for efficiency of their use of energy.

*Supporters:* The project was supported by the farmers Union (LRF) and 20 of the 25 municipalities in the three counties. The Energy Agency for Southeast supported the project with time and contacts. They also participated in counselling and guidance of the participants.

Other supporters were the Swedish Association of Small Scale Hydro power (Svenska VattenKraft Föreningen), who supported the project by providing new knowledge and contacts. The association supports development of 'natural' hydro power, using only the natural streaming of smaller streams and rivers. As a result there are proposals of 12 new projects to develop 'Natural Hydro Power' in different streams in the region.

## ***Finance***

*Funding:* The total budget comprised about 150,000 € by;

### *EAFRD Funding*

a. Funding from the RDP – about 67 000 € (685 000 sek), Axis 1, heading 1.2.3

The "spin off" project (North Möre Biogas) has benefited from approximately 60,000 € (630 000 SEK) LEADER funding, 4.1.1 and 4.1.3

### *Private Funding*

b. Farmers Union own contribution – about 40 000 € (360 000 sek)

### *National funding*

c. The Regional Council in the three counties - 14 000 € each cash contribution (132 00 SEK), total 42 000 €

d. Energy Agency for South East of Sweden (Regionkontor Sydost) – 25 000 € in-kind contribution (245 000 SEK),

e. The Social Insurance Agency 8000 € in-kind contribution (76 000 SEK), for providing employment support for a person employed within the project.

## **Results**

*Direct results:* The result is, in most aspects, better than expected. The plan was to develop three business development groups --- five have been started. Two proposals from the groups have resulted in a joint project between farmers developing biogas solutions for a regional market. The goal was to get three new businesses started - four have been started

Seven small seminars were planned and about 20 have been carried out. The interest for development of business and new companies targeted at renewable energy, foremost bio energy, has been higher than expected.

On the other hand, the interest for energy efficiency has been lower than expected. The seminars within this field have been cancelled. The project leader has carried out smaller meetings and disseminated written information. Practical demonstrations of energy efficiency on farms was carried out and proven to be a much more pedagogical tool than theoretical information.

Within the field of hydro power, there are 12 different project proposals being developed.

A positive side effect, not defined in the project plan is that consultants expertise in the biogas field has been raised by the project and will be of great importance for the development of biogas production by agriculture in the region.

*Main target:* The main target groups are local farms and rural enterprises producing, or in the phase of developing, production of renewable energy as well as municipality administrations and companies buying energy.

## **2. Relevance of case study experiences for others**

*Problems:* While the interest for developing new businesses based on renewable energy was high, the interest for developing and adapting solutions for energy efficiency was in general low. There might be a pedagogical problem to overcome, where farmers and administrations have a problem seeing how in the short term and long term they might benefit from the activities. The interest for the practical demonstrations was higher, because the audience was provided with more 'proof' of the benefits.

There was no problem with institutions or funding, since renewable energy is a high priority, that attracts and draws attention.

In general there are discussions about the effect windmills have on the environment, wild life and tourism as well as their aesthetics, but this was not an issue within the project.

*Transferability and mainstreaming potential:* The project has the potential to be transferred to other geographical areas. The potential for farmers to increase their profit producing renewable energy is high throughout most of Europe as well as the benefit of energy efficiency at both the micro and macro level. The results from the project are positive and the interest for the project has been high among farmers and rural entrepreneurs in the region where it was carried out. The project has influenced local strategies, evidenced by the development of plans for energy use in six of the participating municipalities. Also 20 of 25 municipalities have participated actively.

*Innovation:* The project is innovative in bringing together stakeholders from various sectors, providing a forum for them to meet, exchange views and knowledge and thereby develop new competencies making it possible to form new kinds of partnership. Examples of new partnerships are between farmers and municipality administrations and with farmers going into business together delivering energy from windmills and bio energy plants.

*Institutional aspects:* The interest for the project has been high. One objective was to form new connections between different actors within the renewable energy sector that normally do not work together. The steering committee involved actors from both private and public sector, representing organisations within the agriculture sector as well as the energy sector and local and regional authorities.

The co operation between different actors has worked well. One reason is that renewable energy is very topical and the need and demand for new knowledge and new associates high. The project has provided a platform and for identifying new competence and facilitating stakeholders linkages.

*Social aspects:* Since the project has resulted in four new businesses, it has had a positive effect on the labour market. It did not primarily involve or target any disadvantage group. As a secondary effect, the project directly employed one person who was long term unemployed and on sick leave (financed by the Social Insurance Agency).

*Environmental aspects (for projects that are not strictly environmental):* The core of the project; to develop information and providing contacts within the field of renewable energy is in it self an act of protecting the environment.

*Sustainability:* The steering group has together with the project owner (Farmers Union) decided to seek funds for a continuation of the work on renewable energy. The formation of the business development groups was a success and there are many who wish to participate. The groups will continue regardless project funding.

The application for a second phase is submitted and, subject to funding, will start in autumn 2010. The businesses that started as a result of the project are self sufficient and now based on market demand.

The business development groups are expected to continue also after the project has ceased. As a result from two of them, two studies have started of which one is the pilot study "North Möre Bio Gas". The aim of this study is to explore possibilities for greater investment in gas production north of Kalmar with about 20 farmers involved. The pilot study of North Möre Biogas is financed through the Leader programme and the local rural development Group of Kalmar- Öland. It has been nominated for an award at the Rural Parliament in Sweden 2010.

*Lessons to pass on:* Many are interested in renewable energy but they do not have the right business channels and the skills required for this new business area. There is a need for market activities to promote bio energy on a large scale. Other important activities have proven to be building partnership between providers of biogas and buyer of energy.

A further lesson is that the approach for seminars on energy efficiency should be practical for best results, and organised in cooperation with a farm and with a provider of equipment.