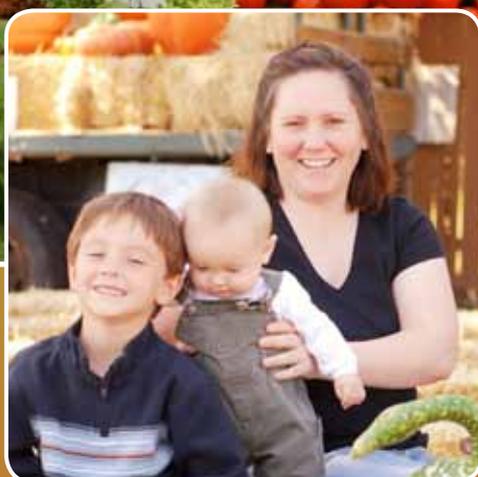


# EU Rural Review

N°12  
EN

Summer 2012

A Publication from the European Network for Rural Development



## Local Food and Short Supply Chains

Funded by the



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EU Rural Review is published in 6 official languages (EN, DE, FR, ES, IT, PL) and available in electronic format on the ENRD website.

Manuscript finalised in July 2012. Original version is the English text.

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# Foreword



Local food production has been part of the fabric of rural areas for many years and has steadily flourished in recent times throughout the EU-27 Member States. The demand from consumers for 'local' products with an assured provenance, coupled with producers' need to add value to production and marketing has led to the development of a diverse range of local food networks and short supply chains – including farmers' markets, 'farm-gate' sales, basket/box delivery systems, mobile shops etc. Each individual local food initiative has evolved in the context of the place in which it operates, the products it markets, and the nature and location of its consumer base.

The development of the local food sector is of considerable interest since it can bring many economic, environmental and social benefits. For example, by securing a greater share of added value for farmers, by strengthening local economies, by reducing the carbon footprint of food distribution, by building household food security, by giving people of low income access to good food and healthy diets, by sustaining small enterprises and the viability of small farms – and so on.

The potential is obvious and very significant! But the further development of the local food sector, and associated short supply chains, continues to suffer from numerous obstacles, contradictions – and even prejudices. According to a recent Eurobarometer survey<sup>1</sup> 9 out of 10 people

interviewed agreed that buying local products is beneficial and that the EU should help to promote their availability – but almost half of the respondents said that local products are hard to find and difficult to distinguish from other products.

The demand for local products clearly exists, but exploitation of this potential still requires considerable effort to start-up and promote viable alternatives to the well-established longer supply chains commonly associated with modern food production and distribution. Not surprisingly, innovation is rife in the sector. With every challenge that has arisen there are case study examples of how entrepreneurs or networks of stakeholders have worked to innovate and overcome them. Methods for improving access to land, adapting legislation to support small-scale producers oriented towards the local market, disseminating knowledge, creating new structures and understanding how to engage consumers with local products have all been trialled and have succeeded in moving the sector forward. It is clear that innovative, successful, best practice examples exist across the whole of Europe.

Fortunately, the strategic importance of supporting local food and short supply chains is now increasingly recognised at EU, national and regional levels. The European Commission's new legislative proposals for rural development policy post 2013, for example, acknowledge

short supply chains as one of several potential 'special cases' for which Member States may choose to develop sub-programmes and offer higher aid intensities to encourage and support their development. Such targeted support might now move short supply chains and more localised patterns of food production and consumption from a relatively marginal activity into a mainstream element of agricultural food production and consumption across the EU-27.

The European Network for Rural Development (ENRD) established a Working Group on Short Supply Chains (SSCs) during the 11<sup>th</sup> National Rural Networks (NRN) meeting in April 2011. The Working Group is led by the French National Rural Networks and includes some 13 other interested NRNs and some EU organisations. One of the first actions agreed by the Working Group was the preparation of a publication on 'local food and short supply chains' intended to form a focal point for co-operation and sharing of experience within the Working Group – and the dissemination of accumulated knowledge on local food and short supply chains to a wider audience.

This issue of *EU Rural Review* is the result of the joint efforts of the Working Group members and contributions have been received from a total of 10 NRNs. This is the first time that an issue of *EU Rural Review* has been prepared in this way and we hope you enjoy the results.

(1) European Commission (2011). *The Common Agricultural Policy. Special Eurobarometer Report 368 (September 2011)*, survey co-ordinated by DG COMM, Brussels – available from: [http://ec.europa.eu/public\\_opinion/archives/ebs/ebs\\_368\\_en.pdf](http://ec.europa.eu/public_opinion/archives/ebs/ebs_368_en.pdf) (last retrieved 21 May, 2012)

## INTRODUCTION



# Defining local food systems and short supply chains

**There is no clear and simple definition of 'local food' or a 'short supply chain' that is applicable to the huge diversity of production, processing, marketing and distribution systems associated with local food across the EU-27 Member States. Instead it is important to ensure that these concepts are interpreted flexibly according to the territory and context in which they are applied.**



**L**ocal' is the smallest unit used to describe the origin of food and is usually associated with the development of a direct relationship between the consumer and food producer - or at least with a consumer being personally familiar with the place where the food is produced. Local is often defined by the distance from the point-of-production to the point-of-sale, but this distance can vary greatly depending on the context of the local area. In more densely populated peri-urban areas, a 30km radius from a farm includes a large consumer base for the producer to market their local products, however in sparsely populated rural areas this distance may only include the producer's neighbouring farms!

In most cases consumers would recognise a difference between the terms 'local' and 'regional' when describing the origin of food, with 'regional' being more likely to be used to promote food products to consumers outside of the area, or to visitors and tourists staying within it. There are however several examples, particularly in the smaller Member States, where the term 'local' refers to any food products produced in that country.

The evolution of these local and regional networks over the past decade has required a shift in definition to include emerging elements of the sector. From farm-gate sales, farmers' markets and farm shops, to online shopping, collective catering and supermarket distribution, the sector has developed new short supply chains - many of which are no longer reliant on face-to-face contact between the producer and consumer.

In this context the definition of local food networks and short supply chains is not only focused on the distance between production and sale of the product, but also the number of links in the food supply chain, with the goal being to reduce these as much as possible – the

shortest option being direct sales from the producer. In other words, short supply chain means reducing the number of intermediaries who are necessary to deliver the final product to the consumer. The shorter the supply chain, the easier it is to maintain and communicate the authenticity and originality of the food in terms of its cultural identity, traditional production methods and the provenance of the ingredients.

Despite this broad understanding of what local food networks and short supply chains are there is no single definition used across all Member States. This is in part due to the diversity of European regions and the short supply chains which have developed within them. Some countries have, however, formally defined short supply chains. France, for example, defines short supply chains as those systems with one or fewer intermediaries. Meanwhile, Italy has a system which defines 'direct sales' and carefully regulates them.

Although the criteria chosen to define short supply chains are multiple, the basic principles remain the same: i) the distance between producer and consumer (proximity) should be as short as possible; ii) the number of intermediaries involved in the supply chain should be as few as possible, and; iii) understanding and communication between the producer and consumer should also be promoted as much as possible since recognising the 'story' behind the product adds value to the consumers' purchase, and develops a long-term loyalty to and relationship with the products.

## What types of local food systems and short supply chains exist?

Much work has been undertaken to classify local food systems and short supply chains. Recent studies include

- The shorter the supply chain, the easier it is to maintain and communicate the authenticity and originality of the food.
- Despite the broad understanding of what local food networks and short supply chains are there is no single definition used across all Member States.

the 'Facilitating Alternative Agro-food Networks' project (FAAN)<sup>2</sup> funded under the 7th EU Research Framework Programme; the inventory of local food initiatives compiled by the EU Committee of the Regions (CoR) as background to the 2011 CoROpinion on 'Local food systems'<sup>3</sup>, and; a study by the IPTS Joint Research Centre to compare and analyse the socio-economic characteristics of short food supply chains in the European Union<sup>4</sup>.

From the existing research, it appears that local food systems and short supply chains can be classified simply into three types:

- Direct sales by individuals
- Collective direct sales
- Partnerships

Using this simple classification it is possible to explore the different types of existing local food systems and short supply chains in a more systematic way.

Direct sales by individuals are the simplest form of short supply chain involving a direct transaction between the farmer and the consumer. There are numerous examples of this basic (but effective) form of marketing. Farmers may develop a shop, a 'Pick Your Own' or other type of sales point on the farm to attract consumers directly. Direct sales can also take place outside the farm - at a farmers' market for example - and producers can also choose to integrate and sell other products from other farmers to enhance their own point-of-sale. Home delivery through basket or box schemes can be an effective solution in peri-urban or urban areas, with the farmer delivering a pre-determined quantity of product directly to the home of the consumer.

(2) *Kamer, S. et al. (2010). Local food systems in Europe: Case studies from 5 countries and what they imply for policy and practice, IFZ, Graz. A study resulting from the project 'FAAN - Facilitating Alternative Agro-Food Networks: Stakeholder Perspectives on Research Needs' undertaken with funding from the EU's 7th Framework Programme - available from: [http://www.faanweb.eu/sites/faanweb.eu/files/FAAN\\_Booklet\\_PRINT.pdf](http://www.faanweb.eu/sites/faanweb.eu/files/FAAN_Booklet_PRINT.pdf) (last retrieved 21 May, 2012).*

(3) *CoR (2011). Opinion of the Committee of the Regions on 'Local food systems', Official Journal of the European Union C 104/01 (2.4.2011) - available from: <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:C:2011:104:0001:0006:EN:PDF> (last retrieved 21 May, 2012).*

(4) *Publication of the final report from the IPTS Joint Research Centre is expected at the end of 2012.*

These direct sales have the advantage of enabling the consumer to speak directly with the farmer, building a relationship which allows the producer to communicate information about a product's origin and cultural and culinary value. Consumers get to know the farm, the product, its cultural identity and the farming methods and practices used. Plus, of course, an understanding of the seasonality of production!

Other forms of direct sales, such as on-line shopping, have the potential to reach large numbers of consumers, but do not involve such direct producer/consumer communication. To retain this special relationship, producers have to ensure that information about the products' attributes are available at the point-of-sale (e.g. the website) and must focus on enhancing the consumers' purchasing experience through well-designed web pages with good quality photographs, videos, etc.



Even the simplest form of direct sales can benefit an area; straightforward initiatives and find ways of bringing people together.



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### Case study: Direct sales — 'Flavour and Provenance', Pays de la Loire, France

Two producers, Isabelle Annonier and Roland Jamin, had already developed a short supply chain for their livestock and vegetable production. They were selling directly from their farms. Increasing demand for their products forced them into looking for facilities where they could process and sell more.

Close to their farms, a butcher wanted to sell his business and so both farmers offered to buy it from him. After several meetings they decided that it would be more efficient for all three of them to work together and they created a cooperative company. As well as being processed and sold in the shop, the products are now also sold in several farms and through outdoor markets.

It was not difficult to structure this short supply chain as all the participants were convinced of the benefits and already knew and had mutual trust in each other. Carrying out this project jointly has allowed them to pool their skills, resources and investments.

The farmers have not needed to invest in specific tools or to learn how to process their products, and the butcher has found a new way to make his business profitable.

By creating synergies at a local level consumers are also more aware of the products' origins and the shop can raise their awareness about broader food issues, and promote quality and healthy products.

The belief that there is inherent competition between farmers and butchers was proved wrong and the project also demonstrated that there is a real need to develop synergies between actors in local areas in order to create win-win relationships. These kinds of structures involving several different professionals are still scarce, yet the benefits are easy to see.

There are also many examples of producers cooperating formally and informally to collectively sell their products directly. These sales can be to consumer buying groups, which purchase products directly from farms or collective-selling outlets where several farms or cooperatives of producers work together and jointly organise the sale of their products. Producers are now also becoming part of collective Internet sites which promote sales for producers coming from a distinct geographical area.

Local festivals are popular public events where producers from an area can exhibit their products, hold tasting sessions and

sell their products collectively. Such festivals celebrate many different aspects of an area and enable local food production to become more integrated with other sectors, such as rural tourism.

Local food can also be sold through an intermediary. An example of this is public sector collective catering where an intermediary organisation, including producer owned co-operatives, organises the supply of products from a number of producers in order to meet the bulk-buying demands of large public sector organisations such as schools and hospitals.

To ensure local products are as accessible as possible to the consumer, more and more supermarket 'corners' for such products are being developed. Producer co-operatives, or an intermediary, source food from a range of producers. The products are then supplied directly to the supermarket and their point of origin is clearly identified.

Tools such as a shared website for producers bring high visibility with little effort, making information available across various contexts and at all times.

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## Case study: Collective direct sales — Aitojamakuja.fi website, Finland

Aitojamakuja.fi - the 'True Flavours' (Aitojamakuja) project - is a national Finnish website dedicated to helping consumers find small and medium-sized food enterprises in their local area, therefore making purchasing from local producers more convenient. The website currently has information on about 1 500 enterprises - searchable by product group, region or services offered - and more are being added all the time. In 2011, there were 2 889 food companies in Finland, with the majority located in rural areas.

The aim of the service is to help people producing local food and people wanting to buy local food to find each other. Other than searching for shops, outlets and online stores, consumers also find links to pages maintained by associations and other organisations listing places to buy local food.

The Aitojamakuja.fi website offers enterprises a marketing channel that increases visibility and awareness amongst consumers. Consumers sometimes need luck to stumble across individual websites of relevant businesses by using general Internet search engines, whereas having a single, nationwide website is an excellent solution, serving consumers, professional food buyers and also the media. There is also a dedicated True Flavours Facebook page, raising awareness, and giving people a platform to share their love of local and fresh food - as well as helping them find the Aitojamakuja.fi website. Facebook is used by almost two million Finns, so it is crucial that information is available.

For some enterprises, participating in the Aitojamakuja.fi website marks their first commercial presence on the Internet. Even those enterprises who already have their own websites have noticed that they have had more visitors since joining the initiative. Enterprises can give consumers more background information on their farms, products, ingredients and the production of raw



materials. Consumers are also very interested in the history and values of the enterprises and the products they create. The faces of the producers and the story behind the product attract the interest of buyers.

A shared website also brings higher visibility with less effort, as the same information is available all over Finland and in various contexts. For instance, when using the site neither consumers nor professionals necessarily restrict themselves to looking only for what is available in their home region - they may also want to know what they can find along a holiday route, for example.

The True Flavours project is being coordinated by the University of Turku's Brahea Centre for Training and Development and is supported by 17 active, enthusiastic regional actors who have developed the project in their respective regions and have proved vital to its success.

Consumers can play a key role in production not just purchasing.

Consumer-producer partnerships have also developed. These enable consumers to play a more proactive role in establishing and supporting local food systems and short supply chains in their communities. In some cases consumers share the risks and rewards of production with the producer, with a written agreement regulating the direct sale of produce from these activities. This is most commonly seen in so-called Community Supported Agriculture, where consumers contribute a proportion of the cost of production

and in return regularly receive an agreed amount of produce.

In some areas these partnerships have developed further to include other key stakeholders. A broad partnership of producers, consumers, public sector and support organisations working together can create a range of opportunities for local producers. This allows for a more strategic approach to be taken and can often create a range of benefits across the area.



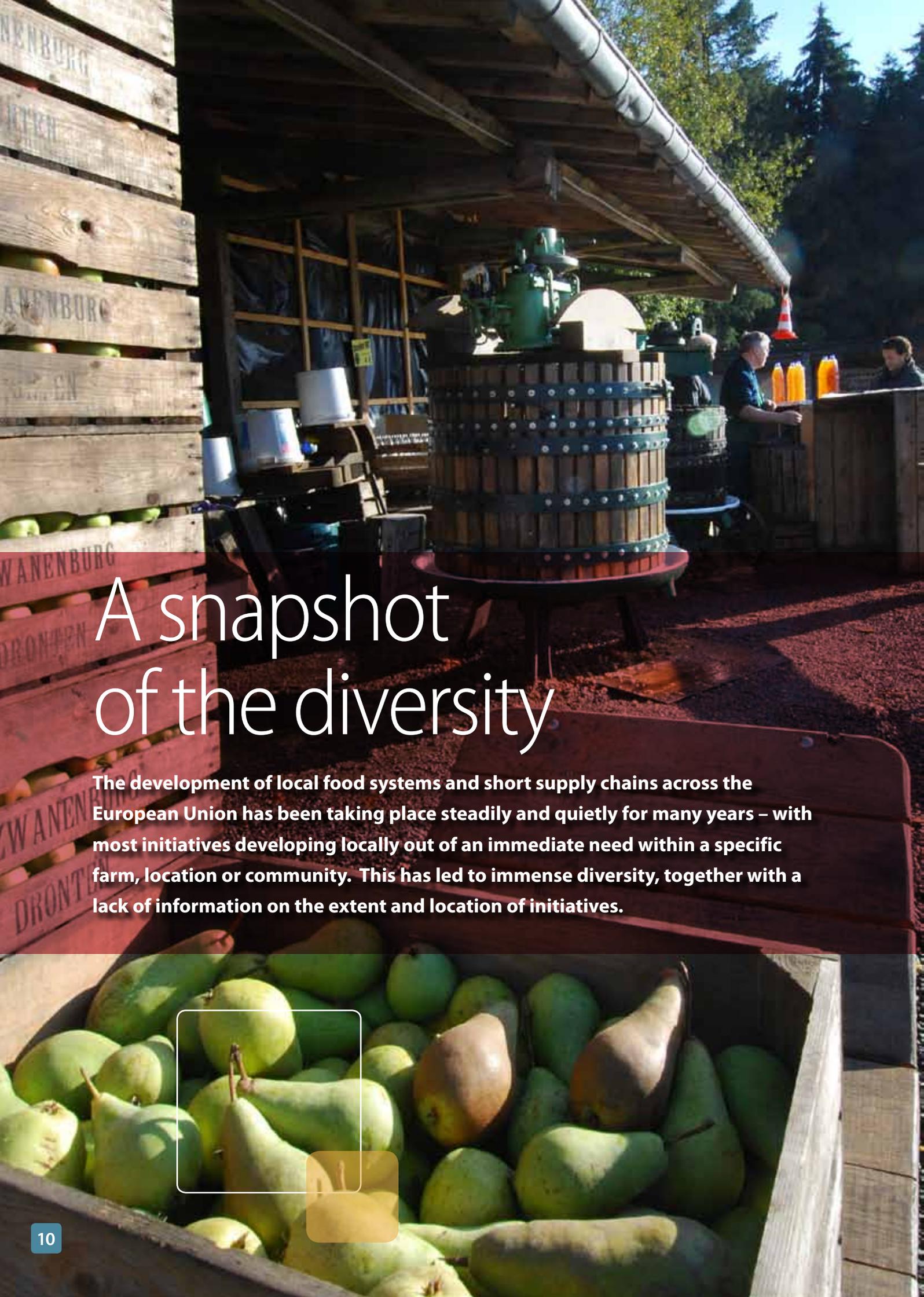
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### Case study: Partnerships — ‘Szekszárd és vidéke’ Local Food System, Szekszárd, Hungary

A partnership of local food producers and key stakeholders in the Szekszárd region started to work together on a localised urban food system which would incorporate the needs of consumers in the town. Several meetings between local actors focused the initiative on the aim of building stronger connections between local agricultural, tourism and food supply sectors. Based on a survey of local food issues it became clear that access to local products was very limited, so as a first step the project organised awareness-raising campaigns for local consumers, providing information on the origin of products. The campaign underlined the environmental benefits of buying local foods, including transport cost savings and reduced carbon emissions. The results already show that local consumers now buy and eat more local produce.

Local consumers and producers are now working together to compile a directory of local food producers and recipes of regional dishes, whilst developing quality gastronomic cultural products. A new type of local food trademark has also been developed for food rooted in the region. As a further step, the community has started a local food shop which is a point-of-sale for locally produced food. By promoting local, quality products the shop also serves to further raise awareness about local food issues and to re-connect consumers with the food they eat. [www.szekszarditermek.hu](http://www.szekszarditermek.hu)



# A snapshot of the diversity

The development of local food systems and short supply chains across the European Union has been taking place steadily and quietly for many years – with most initiatives developing locally out of an immediate need within a specific farm, location or community. This has led to immense diversity, together with a lack of information on the extent and location of initiatives.

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During 2011, the ENRD Working Group on Short Supply Chains conducted a survey amongst the National Rural Networks (NRNs) to gather information on the sector across Member States. Responses to the survey were received from Hungary, Belgium (Flanders), Finland, Sweden, Denmark, Italy, Spain, Portugal, Estonia and France, with existing forms of short supply chains identified in all these countries.

The types of local food networks and short supply chains established in each country are similar in nature. In Estonia for example, fairs, farm sales, markets, basket schemes, Internet marketing, restaurants, local food corners in supermarkets and community initiatives have all been developed. Other countries such as Hungary have also seen more community-focused activities, such as community-supported agriculture. The information collected is difficult to compare between countries, but it does give a snapshot of the increasing diversity of the local food sector across the EU-27.

All countries have witnessed the growing involvement of the agricultural sector in the development of local food systems and short supply chains, with farmers the primary driving force in many areas. For example, in Italy, several farming unions have been active in supporting direct sales by obtaining fiscal and regulatory advantages for their members. The two main unions have also created a collective brand to distinguish direct sale retail points used by their members. The agricultural sector in Flanders has also been instrumental in the development and launch of a strategic plan for the short supply chain sector in the region.

The survey results also identify a growing demand from consumers. Where surveys have been carried out at a national level they demonstrate that an increasing number of consumers are concerned

with food provenance, environmental impact and nutritional quality. This growing interest is also reflected in the emergence of many varied short supply chains and rising demand from potential intermediaries, including restaurants and supermarkets.

All NRNs identified a number of obstacles and challenges to supporting and developing the sector with pressures on land use, aging populations of active farmers and the loss of farms in both rural and peri-urban areas representing substantial risks. Many producers interested in participating in short supply chains

- Approximately 4% of producers in Flanders work in a short supply chain.
- Around 1% of all food products in Finland are marketed through short supply chains.
- In 2005, over 16% of farmers in France were involved in the direct selling of their products.
- Almost 3% of producers in Denmark - more than 1 200 individuals - are involved in direct sales.



have struggled to acquire the new skill-sets needed to add value and market their products, despite many seeing this as the most effective means to ensure the viability of their businesses. There is also an information gap, with producers not being clear on the legislative and regulatory framework for adding value and developing short supply chains; the potential of these new systems to support their business development; and the technical and financial tools which are available to them.

Information, training, targeted financial assistance, the promotion of effective cooperation between producers and the provision of indirect support to other sectors, such as agri-tourism, were all seen by the NRNs as real opportunities to promote the economic impact, including employment generation, of short supply chains. Developing a strategic approach to enable this, however, remains challenging, although there are good practice examples of where a strategic approach has worked successfully. Unfortunately, in many cases the information available

- About 46 000, or a third of all farms, in Austria are involved in direct sales. For 11 000 of these, direct sales account for more than half of their annual farm income. Short supply chains are particularly significant in Austria for fruit, wine, pork and egg producers. They are less important for the marketing and distribution of milk and meat products from dairy and cattle farms.
- 5% of the money spent on food in Spain is related to products sold through short supply chains.
- Italy has seen continued growth in the sector, with 63 000 producers involved in 2009, a 4.7% increase from 2008, for a value of around €3 billion, which represents an 11% increase. Of these sales, 40% relate to the wine sector and 20% to fruit and vegetables.

- including number and type of producers, consumer demand and supply channels - is scarce thereby further hampering development of a strategic approach at a national or regional level.

Obstacles also exist to establishing short supply chains (primarily the initial cost of investment to create and market the system), as well as developing the logistics to ensure they work. This is, in many cases, exacerbated by a lack of entrepreneurial spirit needed to encourage business creation in a context

of declining agricultural activity, particularly when dealing with an aging farming population.

It was suggested by several NRNs that in order to develop short supply chains effectively and to ensure they are positioned to bring about a broad range of development opportunities, it is necessary to integrate them into territorial strategies and the broader economic sector. However, this is rarely the focus of the entrepreneurs who establish these systems.



All NRNs were however extremely positive about the future of local food systems and short supply chains, and their potential to have a positive influence on rural and peri-urban areas. Based on their observations and experience they identified the key elements which need to be in place for the local food sector to realise its potential:

- Local food systems and short supply chains need to fit with consumers' lifestyles.
- The legislative framework and its practical implementation by national authorities should take into account the needs and the restrictions of small holdings.
- Policies must provide help and assistance for education, investment, infrastructure and marketing.
- The importance of a robust consumer-producer relationship, which is valued by all parties, should never be underestimated.
- Suppliers should be motivated and equipped with the skills, knowledge and confidence to act as entrepreneurs.

It is clear from these survey results that local food systems and short supply chains are growing in importance across EU Member States. However, it is also apparent that there are still many challenges to strengthen and expand the sector sustainably. Ultimately, the level of commitment to providing this support is likely to depend greatly on the benefits that a robust local food sector can be demonstrated to bring to local rural communities.



## IDENTIFYING THE BENEFITS

# What are the benefits?

Local food systems and short supply chains have multiple and broad ranging economic, environmental and community development benefits. As such they may herald the emergence of a new era of sustainable food systems which contribute to the broader development of rural areas.



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Local food systems can also diversify the rural economy making it more resistant and adaptive to change. A strong local food sector can also encourage tourist activity by increasing the cultural identity of an area based around its local products.

In any conventional food chain a high proportion of the market value of products is captured by manufacturers, processors and retailers. Farmers sell the basic commodity at a low price, while others gain much of the added value. By minimising the number of intermediaries between producers and consumers, a greater proportion of the money spent by local consumers on local products is retained by the farmer – an obvious motivation for selling more directly to consumers!

However, there is evidence that the economic benefits created by the development of short supply chains are even broader than this. Local food systems encourage cooperation between businesses working horizontally and vertically along the food supply chain. Cooperation builds trust between enterprises, enabling more innovative initiatives to be devised and delivered. There is evidence that these localised food systems create more jobs and retain more money in local areas as expenditures are

‘recycled’ through the local economy many times over.

This potential for job creation is highlighted by research from the UK. In 2001, about 550 food businesses (including processors, wholesalers, retailers and caterers) were involved in the local food sector in the county of Devon. With the support of an area-wide local food organisation, these businesses established 15 farmers’ markets, 18 box schemes, made 19 links with local shops, helped to convert 150 ha to organic production – with the result being a net increase of 113 jobs. There were also job increases on local farms, with each producer involved in the local food economy employing on average of 3.4 FTEs (Full Time Equivalents), compared with a regional average of 2.34 FTEs per farm.<sup>5</sup>

Another study in the same region found that £10 spent on a local organic box scheme generated £25 for the local economy (a radius of 24 km from the farm), compared with £14 if spent in a

supermarket. The research suggested that if every person, tourist and business switched only 1% of their current spending to local goods and services, an additional £52 million (around €65 million) would be put into the local economy annually.

Local food systems and short supply chains with a smaller transport carbon footprint are also more climate-friendly and less energy-consuming. As conventional agri-food systems have become more centralised, food has had to travel ever greater distances from the point-of-production to processing and packaging and to distribution and sale. Short supply chains - by their very nature - reduce the need for transportation and refrigeration, thereby minimising greenhouse gas emissions. The reduced use of finite fossil fuel resources also helps to mitigate the issue of so-called ‘peak oil’ - a phrase often used to describe the situation when global oil supplies will reach a peak before beginning to decrease and never rise again. The concept of peak oil

(5) Pretty, J. (2001). *Some Benefits and Drawbacks of Local Food Systems. Briefing Note for TVU/Sustain AgriFood Network, November 2nd 2001 – available for download from: [http://www.sustainweb.org/pdf/afn\\_m1\\_p2.pdf](http://www.sustainweb.org/pdf/afn_m1_p2.pdf) (last retrieved 21 May, 2012).*

Producers involved in local food systems are twice as likely to use traditional breeds and species on their farm – supporting biodiversity and cultural tradition.

is one of several key driving forces behind the growing interest in ‘community resilience’ and the future-proofing of rural communities<sup>6</sup>.

Many farmers involved in local food systems promote seasonal food products which

are often linked to the maintenance and reintroduction of traditional crop varieties. This can be due to the producer’s own personal desire to produce locally-distinctive varieties, or because traditional species are better adapted to the local environment – but overall it helps to maintain and improve agro-biodiversity.

Short supply chains are in essence about building different relationships with consumers, relationships which create value and meaning around a product and its origin. This value and meaning has in itself a range of benefits.

It can develop a sense of pride and belonging in an area, strengthening social cohesion and encourage more sustainable community development. Food production is perceived as a vibrant sector, with entrepreneurial opportunities which encourage younger inhabitants to stay. It can also revitalise the relationship between rural and urban areas, creating opportunities for urban communities to access fresh, seasonal food and to understand more about the products they are eating and how they are produced.

Short supply chains are often built on local and traditional knowledge and customs. They support the preservation of cultural heritage, engage communities with that heritage and so support them in building relationships with producers and their products.

The recent Facilitating Alternative Agro-food Networks project (FAAN), funded under the 7<sup>th</sup> EU Research Framework

Programme, concluded that local food systems:

“...provide many societal benefits – such as environmentally more sustainable cultivation methods, high-quality and fresh food, community engagement, re-linkages between rural and urban areas, local economic development. Consumers gain awareness of those societal benefits through greater proximity to producers, thus developing knowledge and trust as a basis for their economic relationship. Often these benefits are integral to the practices of a Local Food System<sup>7</sup>”

Evidence suggests therefore that the process of developing local food systems and short supply chains can provide local communities with the confidence, tools and experience to engage with supporting the long-term positive change in rural areas that is necessary to preserve and enhance local resources, as well as create more vibrant and resilient rural communities.



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**“ [Local food systems] provide many societal benefits – such as environmentally more sustainable cultivation methods, high-quality and fresh food, community engagement, re-linkages between rural and urban areas, local economic development. Consumers gain awareness of those societal benefits through greater proximity to producers, thus developing knowledge and trust as a basis for their economic relationship. Often these benefits are integral to the practices of a Local Food System. ”**

Karner, S. et al. (2010). *Local food systems in Europe*

- (6) For example the Northern Ireland Rural Network has produced a guide called *Futureproof your Village – A Guide to Sustainable Local Living* which covers all aspects of community self-sufficiency including land, energy, local food, housing and settlement planning, economic activity and collective community effort. The guide can be downloaded from: [http://www.ruralnetworkni.org.uk/download/files/pub\\_futureproof%281%29.pdf](http://www.ruralnetworkni.org.uk/download/files/pub_futureproof%281%29.pdf) (last retrieved 21 May, 2012)
- (7) Karner, S. et al. (2010). *Local food systems in Europe: Case studies from 5 countries and what they imply for policy and practice*, IFZ, Graz. A study resulting from the project ‘FAAN - Facilitating Alternative Agro-Food Networks: Stakeholder Perspectives on Research Needs’ undertaken with funding from the EU’s 7th Framework Programme – available from: [http://www.faanweb.eu/sites/faanweb.eu/files/FAAN\\_Booklet\\_PRINT.pdf](http://www.faanweb.eu/sites/faanweb.eu/files/FAAN_Booklet_PRINT.pdf) (last retrieved 21 May, 2012).



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### Case study: Benefiting a region — The NEBUS Network, Flanders, Belgium

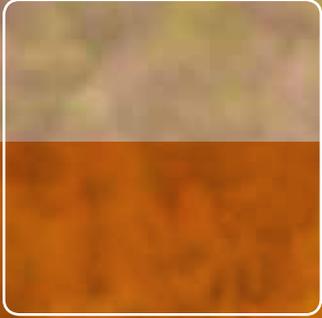
The NEBUS network brings together a number of local community groups in central and western Flanders with a wide range of talented local producers and retailers. Working together, they have developed an extensive regional distribution network and promotional campaign that benefits the whole region.

The project established an online store where retailers could place weekly orders. Information on all orders could then be combined and passed on to individual producers within the distribution network.

The project increased the sales, turnover and profitability of local producers, retailers and other local businesses, enhanced the regional image and identity, and strengthened community

links and pride in the region. The recreational potential of the Tielst Plateau has been strengthened, enhancing rural tourism and helping to sustain incomes and employment for many local people - thereby improving the quality of life for residents and visitors to the region.

Combining the strengths of different rural communities in innovative ways helps to ensure the future prosperity of rural areas. Identification of innovative niche products and services which are locally distinctive have contributed significantly to the success and sustainability of the network – and combined with people's desire to purchase regional products from the corner store has ensured the sustainability of many local businesses.



# Key challenges for local food systems and short supply chains

Despite the growing demand for local products and the clear range of benefits short supply chains are known to deliver, there remain several key challenges to developing and growing the sector.





**M**any small-scale producers have spent their lifetime producing quality products which are delivered to the processor or wholesaler and then sold on to an anonymous market with an unknown consumer group. Entering the local food sector requires an entrepreneurial spirit and the development of many new skills. In an ageing sector it can be difficult to find the motivation to make such a significant structural change to one's business, particularly when resource requirements and risk factors are also considered.

threatened by competing land uses (e.g. urban development).

Most successful examples of short supply chains are based on new forms of governance and the networks that are required to support them. Working collaboratively is not the norm for many food producers. Developing trust in other businesses that may previously have been perceived as competitors, as well as developing relationships with the public sector and community organisations is essential, but requires much time and dedication.

Public sector authorities face the challenge of not only needing to identify ways to support the development of the sector, but also having to refocus their role from legislative enforcer to legislative modifier. Working proactively with the existing legislation to identify ways of ensuring that this is done for small-scale producers and processors will be a new task for many officers, and will require the support of the broader sector.

The challenges also extend to the consumer. More innovative supply chains not only require that consumers are supplied with the product, but also with the information that encourages

them to purchase it. Developing marketing schemes that properly engage consumers about the characteristics of the product is a real challenge. Branding schemes can go a long way to communicating this information in collaboration with other products. However, in a marketplace overflowing with brands, labels and accreditation schemes it takes time and effort to ensure that the local marketing message is heard clearly above the competitors.

Overcoming these challenges and making the sector work is possible though, and across the EU-27 there are many examples where all these issues have been confronted and resolved, and the sector has continued to develop.

Several projects presented in this publication underline the need to increase knowledge in the area of local food production. The establishment of an inventory of local products and local producers or the territorial analysis of the food supply chain (e.g. importance of short supply chain within the overall food supply chain) is, for example, one of the first actions to be undertaken in any local food strategy.

The diversity of the sector means it also has several development needs – however there are many inspiring examples of how these needs have been successfully met.

At the same time, younger producers may have the entrepreneurial flair and be more ready to take on new skills, yet have difficulties accessing land as prices in many European countries continue to increase at a disproportionate rate. It is often the agricultural land closest to a large number of consumers, and so most appropriate for local food initiatives, that is most



# Knowledge, training and skills

**Producers who consider entering the sector can often feel daunted by the broad range of knowledge and skills required to develop and establish short supply chains and sell directly to the consumer. Making the transition from food producer to processor, distributor, marketer and customer relationship manager can be impossible to achieve without appropriate support and training.**

**T**raining programmes that provide new entrants with the range of skills they need is an essential ingredient in developing the sector. These courses must be tailored to the needs of producers, to help inspire them to take on the risk associated with diversifying their businesses.

Training in itself is not enough as producers also need a whole new knowledge-set to successfully sell their products. For example, many producers selling directly to commodity markets have never needed to consider consumer trends and purchasing habits before. Generally there is a large amount of information available on this subject at a national or regional level, however this knowledge is rarely

disseminated to producers in an effective and efficient manner.

It must also be remembered that knowledge, training and skills are required throughout the food supply chain, not simply for producers. Existing distributors and food service outlets, for example, need to develop a better understanding of how small-scale producers operate and what their limitations are in relation to elements such as quantities and ordering times.

Consumers also need to be educated around issues of local food so that they are better able to make informed purchasing decisions, are more confident about cooking with it and are able to

understand and enjoy the cultural identities of the food products they are consuming.

**K n o w l e d g e ,** training and skills not only support producers to enter the local food sector but also engender improved

understanding throughout the food supply chain so that robust, sustainable networks can be developed.

Knowledge, training and skills are required in business development and product development, and should be provided for existing initiatives as well as new entrants – developing a learning culture across the sector.



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### Case study: Training producers to develop local food — Foundation Põlvamaa Development Centre, Estonia

In order to inspire agricultural producers to add value to their products the Foundation Põlvamaa Development Centre developed a series of training initiatives to share good practice and provide practical experience for producers in southern Estonia.

The first sessions, funded through the Põlvamaa LAG, started in 2007 and included training to 'Create and Develop Natural Products', complimented by other courses such as 'Active Village', 'Enterprising Village' and 'Create and Develop Rural Tourism'.

A more active training approach began in 2009 under a transnational cooperation project when a study trip to Latvia was organised to develop personal relationships between producers and share innovative best practice ideas. In the same year a training project called 'Diversification and Rural Entrepreneurship' was also held. The eight days of training included strategy development, ecological production, marketing, pricing and food hygiene.

Further training for rural entrepreneurs continued in 2010 and 2011 with seminars on 'Common Marketing and Selling of Agricultural and Food Products' and a training on 'Adaption of HACCP<sup>8</sup> in your Enterprise' is scheduled for 2012.

The Foundation Põlvamaa Development Centre has also organised various study trips to Austria and to the islands of west Estonia. The study trips allowed local rural entrepreneurs to meet and learn more about the activities of small local producers and networks in other rural areas.

These training programmes have raised the economic efficiency of micro and small entrepreneurs and developed communication between them. The programmes have also shown that micro and small entrepreneurs have little time and resources to devote to individual training. For that reason, future enterprise development training should be devised and carried out by regional development organisations.

(8) Hazard Analysis Critical Control Point (HACCP) is a widely used food safety approach based on evaluating potential hazards rather than inspecting the final product.



## Case study: Support and training in commercial management — EcoMart, Spain

Andalusia and Castilla-La Mancha are two regions located in southern and central Spain. Together they form a vast rural region with a significantly sparse population. The main mission of the CAAE - Comité Andaluz de Agricultura Ecológica (Andalusian Committee of Ecological Agriculture) is the development and promotion of certified organic production, and fostering the competitiveness of the sector. Environmental protection and rural development are also among its objectives. The Association ensures the quality of products and marketing practices, and also owns the CAAE Certification Service - a CAAE subsidiary undertaking the certification of organic products.

Realising that the organic sector was weak in terms of entrepreneurship, business development and had low local consumption levels as most of the organically produced food was being exported to other countries, the CAAE Association decided to start a project to help small producers to overcome these difficulties using funds from the Spanish Ministry of the Environment, Rural and Marine Affairs.

The EcoMart project consisted of a range of activities involving diverse stakeholders from consumers to experts, to producers and business. A panel was established to explore consumption habits and the reasons for buying or not buying organic products, followed by an assessment of businesses and a report on successful examples. Afterwards, a seminar was launched with experts in agricultural production and marketing, retailers, consumer associations and public agents. Its aim was to promote debate and to identify barriers to efficient commercialisation of organic products in Spain, and good practices that could guide policymakers to design programmes promoting entrepreneurship and innovation in the sector.

Another important action of the project was to develop useful tools for producers. Collecting experience and insight from past activities, a guide was developed, as well as an online self-assessment system which enabled entrepreneurs to evaluate their skills, business strategies and operational plans.



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### Case study: Supply chain training — Smart schools train their community, Hiiumaa LAG, Estonia

“Local food is expensive,” and “it’s easier to buy food in a store,” were two of the initial reactions from school cooks during the seminar which aimed to identify the reasons why so few local products are used in schools. One thing was sure from the outset – local products couldn’t compete with the pricing policy of big corporations, so the project needed to find a smarter approach! It was hoped that by training the cooks, schools would be encouraged to teach and guide students, and the students would in turn teach their parents.

Research on Hiiumaa Island carried out in 2011 identified that 30% of educational institutions have contracts with big wholesale organisations. Twelve per cent of school food comes from processing industry organisations who deliver their products directly to schools. A total of 22% of schools are buying products from markets, with only 12% purchasing their products straight from farms and 3% from the private sector.

During the few last years the promotion of local, healthy and ecological food and food free of preservatives has grown. It isn’t easy however for workers to change their perspective without having additional training.

In 2011, three LEADER LAGs from West-Estonia – The Hiiumaa Cooperation Network, The West-Estonian Islands Partnership and Kodukant Läänemaa – started an inter-territorial cooperation project within Finland called ‘Let’s bring local food to the local community’s table’. One of the project aims was to analyse how

to change the attitude of the community so that they would prefer to eat local food. Work started with cooks in schools and kindergartens in order to identify and learn the true meaning of ‘healthy’ and ‘local’, and to include these concepts in their menus. These seminars were run with different specialists and gave an opportunity for school cooks and managers to discuss the advantages of local food. The discussions with sector specialists were mostly about food hygiene, children’s health and different opportunities to use local products.

Two major concerns were raised: i) how to find local food producers; and ii) how to store fruit and vegetables. The answer was cooperation and creating local product marketing networks. The existing networks tended to be focused on supplying bigger cities so new rural networks had to be created. The school kitchen managers agreed that where a school did not have food storage space, special rooms would be rented and the cost shared amongst the schools. The development of this school kitchens’ network created the foundation for a food processing service, and added value for local farmers who can now sell their vegetables to local schools and kindergartens and thereby shorten the supply chain.

The project found that cooks in educational institutions who have worked for many years in the kitchen appreciated using the time available during school holidays for additional training. The cooperation project was therefore very successful at involving the area’s cooks in a way that fitted in with their work.



# Legislative controls



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**Micro, Small and Medium-sized Enterprises (SMEs) including on-farm production often play a leading role in the operation and development of short supply chains. They can act as a catalyst for promoting environmentally sustainable, local economic development and consumption patterns. EU legislation on issues such as public procurement and food safety and hygiene has developed over time.**

**D**uring the re-evaluation of the EU hygiene framework, flexibility provisions have been introduced for small production units and retail had been excluded from the scope of the hygiene regulations. Because of its local character it was felt that these issues can be better organised at national level.

Safe food is a goal for all food producers whatever their size, but achieving this goal depends on the specific kinds of risk. Micro enterprises, SMEs and large-scale food producers face different risks. Health relevant microorganisms e.g.

*Listeria*, *Salmonella*, *Campylobacter*, different types of *E. coli* or microbial toxins such as botulism pose food safety risks. This is why microbiological criteria must be respected. Furthermore, chemical risks such as these posed by pesticides and pharmaceutical residues, dioxins, or parasites depending on the production methods, raw materials used or environmental contamination have to be managed and minimised.

Local production and direct sale systems are normally characterised by short food supply chains. They apply simplified working methods to avoid or

reduce hygiene risks and to guarantee food safety – e.g. temperature controls, pH-values, clean and diligent provision of raw materials, cleaning and disinfection of the premises, devices and tools.

The implementation of the Hazard Analysis Critical Control Point (HACCP) system in big plants involving many people in long food supply chains is necessary. However for small producers and local sales a simplified approach which includes the use of guidelines of good practice, as foreseen in EU food hygiene legislation, is possible without hampering food safety.



### Case study: Modifying legislative controls for SMEs, Austria

In Austria, the challenges faced by micro enterprises and SMEs in implementing hygiene standards led the national authorities to develop implementation guidelines with the specific needs of the small-scale producer and processor in mind. The Standing Hygiene Committee of the Ministry of Health (comprising several ministries, professional organisations such as the Chambers of Agriculture, the Butchers' Association and consumer representatives) explored the existing legislation and concluded that the flexibility for small producers, as foreseen in the EU law, can be applied in Austria without compromising food safety.

On the basis of this agreement, national guidelines were then developed for meat, meat products, small dairy processors, fruit processing, eggs and fish. These guidelines were based upon the legislative framework of the EU hygiene regulations and followed the principles of less documentation and simplified means for monitoring processing steps. For example, temperature

can be now controlled without the need for an automated temperature registration device. Furthermore, a risk based approach depending on the quantity produced and the nature of the products led to simplified laboratory testing. The Chambers of Agriculture then developed a 'train the trainer' educational project in cooperation with the authorities, involving about 30 advisory staff. The simplified guidelines were then explained to practitioners with web-based training material.

After five years of practical implementation, the 2010 official control report of the Austrian Ministry of Health reported that agricultural SMEs were attaining satisfactory results in the annual food and veterinary inspections – thereby showing that with flexible interpretation, in combination with an enhanced advisory service, the provisions of the EU hygiene law can be made to work for small producers.

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### Case study: Local food and public procurement, Italy

The use of local food in the public sector represents a significant market for producers in the EU-27. According to the EU Committee of the Regions, “public procurement involves up to 16% of the gross domestic product of the EU,” and “governments’ huge spending power could be used as a lever for the development of local food systems.”<sup>9</sup>

Several local authorities in Italy have attempted to use public procurement to promote the adoption of more environmentally sustainable production practices through the introduction of detailed ‘green’ product specifications and evaluation criteria for the supply of products and services to schools, hospitals, nursing homes and other public facilities.

In Rome, for example, the local authority imposes a maximum of 3 days between harvesting and consumption of fresh produce used in school meals, a requirement which currently applies to 144 000 school meals per day. The local authority of Argelato requires produce to be 100% organic and provides additional points for ‘food sourced locally’, where locally is defined by local administrative borders. CELVA (the Consortium of Valle d’Aosta Local Authorities) has drawn up tender specifications requiring 70% of produce to be of local origin, defining local products

in a broad manner which takes account of location, traditional agricultural practices and breeds, and traceability. This has also led to the introduction of traditional recipes into the school meals menu. The Mantova local health authority guidelines for public procurement emphasise the benefits of short supply chains in terms of greater freshness and seasonality and fewer food miles - provided good practice is followed in harvesting, storage and transport to ensure the nutritional benefits are maintained. All these examples have proved to be cost effective in relation to conventional public catering contracts.

While the green benefits of short supply chains in public catering are in theory easily identified, the challenge is in providing objective and measurable criteria of ‘local’ and ‘short’ which can be applied to the different agricultural and territorial contexts throughout the EU’s different regions. In 2011, the Committee of the Regions therefore asked the European Commission to develop definitions for ‘Local Food Products’ and ‘Local Food Systems’, and to consider amending article 26 of Directive 2004/18/EC on the coordination of procedures for the award of public contracts in order to explicitly allow ‘locally produced’ to be used as selection criterion in tenders for the supply of food to schools, nursing homes and other public facilities.

(9) CoR (2011). *Opinion of the Committee of the Regions on ‘Local food systems’*, Official Journal of the European Union C 104/01 (2.4.2011) – available from: <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:C:2011:104:0001:0006:EN:PDF> (last retrieved 21 May, 2012).



# Access to land and capital

**During the past few years agricultural land prices have increased all over Europe and access to land has become an increasingly serious obstacle to the implementation of new agricultural activities. However, the purchase and ‘loan’ of land to local food producers by public sector or charitable organisations has encouraged a number of new entrants to meet consumer demand.**

Land prices in France rose by 66% between 1997 and 2008, whilst according to a recent Rural Land Market Survey, land prices rose 14% in the UK during the first three months of 2011 alone. In peri-urban areas especially, the pressure upon agricultural land for urban or industrial development strongly affects the price of agricultural land and it can be very hard for people aiming to establish a new short food supply chain project to find land for their enterprise.

Many banks are also less likely to lend money to an agricultural enterprise without land ownership to secure against financing. As the short supply chain sector is still relatively new, many projects have to be innovative in nature as they are ‘experimenting’ with local food systems and adapting them to the needs of their local market. This innovation is frequently interpreted as high risk by financial lenders,

and can make it even harder for these types of enterprises to receive financial backing.

There are, however, several ethical or ‘slow’ loan trusts that have been established to enable investors to loan funds specifically to local food projects or community-based social enterprises. One such organisation is Crédal, a community cooperative for ethical finance which has worked with the social economy in the Walloon region of Belgium for the last 25 years. Crédal aims to attract people’s savings to finance projects which have a social added value and to support, structure and sometimes to initiate projects for the social economy.

According to Jérôme Rassart, advisor to Crédal, the cooperative is increasingly offering its services and approach to the agricultural sector, “we are active in supporting an agriculture which is

diversified, family-based, and local. It is necessary to make the profession of agricultural producer attractive and to settle the question of income. This includes guaranteeing the viability of short supply-chains. It is necessary therefore that financial institutions show openness to these entities, and do not limit themselves to the agro-industrial companies.”

Opportunities to overcome the challenges associated with access to land and capital supporting the development of local food systems and short supply chains, clearly do exist, but they require strong commitment and involvement by local actors, organisations and representatives. Raising public awareness about these issues is also a high priority. More investors in ethical finance schemes are needed and more landowners need to be encouraged to sell or rent their land for local food and short supply chain projects.



### Case study: 'Terres de lien', France and Belgium



In France and Belgium the organisation 'Terres de lien' - literally 'linking lands', provides support to farmers wishing to develop short supply chains. The main objective is to help farmers overcome the obstacle of land access, but also to promote local production and sustainable land management. Terres de lien is made up of three sections: a landholding trust, a foundation and the organisation itself.

The landholding trust is a financial tool specially created for the organisation - people buy shares and the capital acquired is used to buy land. People can also donate land or money to the foundation. The organisation runs both elements and is responsible for increasing local actors and local representatives' awareness of issues linked to land access for farmers, carrying out communication campaigns and organising regular public meetings. Not only do they need to find available land to purchase, but they also need to explain the farmers' project to local actors as they have found that short supply chains develop more effectively if other actors are supportive and are willing to promote local production.

Once the land is purchased, Terres de lien makes it available for farmers through environmental leases which strictly define the

land management methods that can be used. Today around 1 900 acres have been purchased across France with the average size of projects around 25 acres and most projects producing for short supply chains. Even though the purchase of land by a single organisation under this scheme encourages the implementation of short supply chains, it still requires strong mobilisation of local actors and development work along the rest of the supply chain.

Thanks to the support brought by Terres de lien, Janick Peillon was able to establish his farm close to Cardet in the Languedoc-Roussillon region in the south of France. Janick had never worked on a farm before, but wanted to establish his own holding rearing chickens. However, finding available land became a challenge as did access to finance with banks not willing to lend to an inexperienced farmer. Neither was he eligible for state subsidies as he did not qualify as a 'young farmer'. Janick contacted Terres de Lien to ask for support. The organisation then acquired the land and rented it to him. Thanks to the support of the organisation, as well as the local community, he has been able to produce eggs and sell them through a local short supply chain. He now sells them at collective sales points and within a Community Supported Agricultural (CSA) initiative which includes a school catering project.



# Governance and cooperation

**The structures that are developed to create, maintain and grow local food systems and short supply chains are vital to their success. There are various cooperative and collaborative models at local, regional and national level which are relevant to local food systems and short supply chains.**

**D**espite the huge diversity of local context there are governance and cooperation models which can be implemented in many different areas. These examples of best practice can help new initiatives to identify the most appropriate model for them and support actors at all levels to engage more successfully with the sector.

It is not possible to review all of these models here, but one interesting approach was explored in RURURBAL - a European cross-border cooperation project (finished at the end of 2011) that was developed within the framework of the ERDF-funded 'Europe in the Mediterranean' (MED) transnational programme. The project involved six peri-urban areas in four Member States (Spain, Italy, France and Greece) that are representative of the Mediterranean Arc and it set out to design a "common

governance strategy" for the sustainable and balanced local development of peri-urban areas that was based upon "valuing, marketing and promoting the consumption of local food and other agricultural products"<sup>10</sup>.

The RURURBAL project was based upon the simple principle that all consumers through their selection of which products to buy and not to buy have a significant impact on the development of their own local territory. This is particularly relevant to peri-urban areas where there are large populations of urban consumers in close proximity to areas of agricultural land where food is being grown. Historically these urban consumers (especially those in the Mediterranean region) had a strong nutritional and cultural link with the local and seasonal products from the neighbouring agricultural land. But this 'local market' model has now largely

shifted to a 'global market' model with the same urban consumers now purchasing foods which are produced and processed a much greater distance away – with many potentially negative environmental, social and economic impacts for the development of the local territory.

The RURURBAL project aimed to pilot a variety of innovative activities (that might subsequently be reproduced on a European level) for both re-connecting local consumers with local food *and* re-connecting local citizens with the governance of their own local territories. This involved three key steps.

Firstly, Local Governance Charters were designed and promoted in each of the 6 pilot areas. The idea behind these documents was not just to spell out good intentions, but for them to constitute genuine contracts between the

participants committing themselves to an area-based project on food production. These local charters enabled the trialling of a range of innovative initiatives at a local level. For example, the Local Governance Charter for the Thessaloniki pilot area was based upon the recognition of two key issues for the locality: a) that food awareness and understanding of healthy eating can be achieved gradually through the implementation of nutritional education from childhood until adolescence; and b) that women play an important role in the economic activities associated with adding value to local products. Based upon this understanding a number of specific pilot actions were undertaken, including a theatrical play for schools called 'The Formula of Life'; the involvement of local restaurants in the transformation of local products into gourmet dishes; participation in local food festivals; and several local food tasting events in downtown Thessaloniki. All of these pilot actions had encouraging results, including: the strong involvement of a diverse range of local actors who were not otherwise used to working together; the participation of public and private sector organisations; and the creation of new links between farmers and consumers in the area - people of all ages and all social groups.

Secondly, the six Local Governance Charters formed the basis for drawing up a Common Cross Border Territorial Governance Charter representing the values and main needs of territorial governance in relation to the promotion of local food systems and short supply chains in all of the 6 peri-urban areas.

Finally, a Cross Border Network was developed to both disseminate the Common Charter, and the examples of best practice in territorial governance for local food and short-chain supply chains that were developed during the project. The network also served to capture participants' knowledge of their specific territories and to carry out European exchanges.



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### Case study: RURURBAL pilot action — Women's cooperatives, Thessaloniki area Greece

There are two active women's cooperatives in the Thessaloniki area. The Agricultural Women's Cooperative of Agios Antonios focuses on the production of traditional pasta, although they also run a tearoom, café and bakery, as well as catering for many events. The cooperative buys as much as possible directly from local producers, and for the rest from the outdoor markets. Their products have no additives or preservatives and the women have also developed a range of organic products. The Kalamoto Agricultural Women's Cooperative offers the same range of local products.

Both women's cooperatives have contributed to the RURURBAL project by focusing on two areas. Firstly, they were well positioned to add value to local products by identifying 'traditional' products without additives or preservatives, as well as 'traditional' recipes. Traditional is a very important classification in Greece as it is considered as a guarantee of provenance for local consumers. Secondly, the cooperative members create the link between consumers and producers since they are usually members of a farming family. The status of the women's cooperative allows them to strengthen the economic and social credibility of women working in the farm household.

# THE CONSUMER AND LOCAL FOOD



The role of the consumer



## Food has now taken centre stage in a variety of arenas and is being discussed by many different rural development actors. Interest in local food and micro enterprises has grown significantly over the last few years and this is a huge market opportunity.

Consumers spend more time thinking about what they want to eat and what kind of products they want on their dining tables. This debate has stimulated the growth of the local food sector across Member States. Due to various health and environmental scares over the past few decades more and more consumers want to know where their food is coming from. In addition, market surveys have indicated that up to 25% of the population are estimated as being LOHAS<sup>11</sup> and therefore demand healthier and sustainably-produced products.

Consumers are interested in the provenance of food and would like to have more information about the authenticity, cultural origin, production methods and safety of the products they are purchasing. One of the advantages of short supply chains is that consumers have an opportunity to communicate directly with producers. At the same time consumers can provide feedback and suggest new ideas that support producers in developing their products.

Exploring the social factors affecting the food industry in the UK, a recent Mintel report<sup>12</sup> stated that the main issues people consider while choosing food products are provenance, animal welfare, purity, local origin and fair trade – a reality demonstrated by the increasing

demand for local and regional food over recent years. Perception of local food was also extremely positive with 41% of people associating distinctive taste and 39% premium quality with food provenance.

These tangible positive associations are, however, not enough to turn interest in local food into actual purchases. The economic downturn has put further pressure on sales of local products as consumer incomes decrease and food prices increase. As consumers cut back on their expenditure on food they need to see the credentials of a product to understand if it represents 'value for money' in terms of various environmental, sustainability and social issues – important components influencing many consumer purchases, but which still merit consideration in terms of cost and benefit.

Despite the widespread recognition of the benefits of buying local food products, there are several obstacles which stop consumers acting on their intention to buy local. This explained by some 'expediency' factors such as price, accessibility, convenience and awareness. Additionally, there is some confusion in consumers' minds concerning the meaning of local food.

To convince any consumer to purchase local food means increasing their understanding of the origin of the product and

conveying the broader social and environmental benefits it brings. If the increasing awareness of food traceability and nutrition is combined with social aspects – like cooking together, having meals as an event with family or friends, showing consumers farming practices on-site or helping them to grow their own vegetables – this puts food at the centre of local culture thereby further helping to increase consumer interest in, and commitment to, purchasing local products.

Research<sup>13</sup> has suggested that in developed countries there is no link between demographics and the purchasing of local food. Consumers of local food have become specialised communities where members share values, lifestyles or self-images. Consumers who purchase local food come from incredibly diverse backgrounds and their purchasing habits are driven by a range of different perceived benefits and associations with the term 'local'.

For consumers to purchase local food products they must be provided with information on the added value of the product – provenance, identity and cultural integrity.

(11) LOHAS stands for "Lifestyles of Health and Sustainability". It defines a well-educated demographic of consumers whose strong purchasing power is directed towards products and services related to sustainable living and 'green' ecological initiatives.

(12) Mintel (2012). *Provenance in Food and Drink*. Mintel Market Intelligence, London.

(13) Warde, A. (1997). *Consumption, Food and Taste: culinary antinomies and commodity culture*. Sage, London



### Case study: Taking regional food to the consumer, Finland

As in many other Member States the food retail sector in Finland is very concentrated with the two largest retailers having 80% of the total market. Consumers are increasingly interested in short supply chains and local products which identify the place of origin and so the major retailers must find ways to answer this demand. At the same time, local food producers are looking for opportunities to reach more consumers.

Working with some 2 000 primary producers and 60 food processors, the Loimaa Sub Region Development Centre began, in 2009, to consider what concrete small-scale measures could be taken locally to bring local food products into shops and municipal catering services.

The initial step was to organise visits to producers to discuss the project, to inspect the producer's premises, and to discuss the logistics of the business and where their products were currently available to consumers. This allowed the project to accumulate a substantial range of products to offer the retail market and meetings were held to discuss cooperation, procedures and current project matters.

Experiences from other local food projects suggested that if shops were to purchase the products under their normal purchasing system and manage the logistics themselves, it would be unlikely that a cost effective agreement would be reached. It emerged that the best way forward would be to enter into formal cooperation, with one of the producers in the network agreeing to operate a 'service centre'. This meant that the producers would collectively offer their products to the shops as a single supplier. The shops

would enter into an agreement with the 'service centre' producer, who in turn would have an agreement with all other producers in the network. In this model, the producers would deliver their products to a shared warehouse and the service centre producer would deliver them to the shops and maintain the inventory, stocking the warehouse shelves and removing outdated items. The shops would pay the service centre producer, who would then distribute the revenue to the other producers.

The operation is now running smoothly. The challenge for the future is development and growth - products must be available in the shops as agreed, the number of participating shops and products offered must be increased and communications between the producers and the service company must be improved.

Expansion will create more work and increase the costs for the service centre producer and this must be taken into account in pricing. On the other hand, a wider product range will decrease costs per producer as the number of producers grows. A larger number of shops means more demand for products, which complicates the management of the warehouse inventory. The aim is to store products according to demand using the 'just in time' principle. At present, communication between the service centre and the other producers concerning warehouse volumes, etc., is managed on Facebook, but there is scope for improvement in sales monitoring and communications. One idea is to develop and introduce an ordering system where shops could enter their orders directly.



### Case study: Consumers and producers working together — ‘Le goût d’ici’, Bretagne, France

The Pays de Maure is a relatively remote rural area in north-west France with a predominantly agricultural economy. However, until recently, local people could not access the products of local farmers because local supply chains did not exist. Moreover, the number of local shops in the area had drastically decreased, even though they were really important both from an economic and social perspective.

Two years ago a group of local producers, small shopkeepers and consumers decided to work collaboratively to organise production and marketing at a local level. They created the ‘Le goût d’ici’ (‘The taste of here’) association in 2009 with the aim of reinforcing links between local producers, local consumers and local shops.

A public meeting was held to present the project to the community and to create a producer group. The association then worked on a charter listing the objectives of the project and also the criteria for the products involved. With the assistance of a university student, an inventory of all products produced within the area was completed.

The first step taken by the association was to establish a purchasing system based on the ‘box scheme’ model where consumers order their products on the Internet or by phone and then collect the box of products from the farm. Sales through the system began in June 2010 with between 10 and 12 orders every week and numbers have been increasing ever since.

The box scheme has served to develop a network of direct links between producers and consumers, however some difficulties have arisen with the system because of: a) the large amount of information that is needed within the Internet-based ordering system for consumers to understand the products more easily and thereby increase the number of orders; and b) the frequency of orders, as consumers order their boxes just one week in advance, the local producers can never be sure of the sales volume required.

New ways of marketing the produce on offer have therefore to be found and the next step for the association will be to create further networks to enable the same local products to be sold in local shops.



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# Local and regional branding

**Many consumers are now seeking out food products produced through local food systems and short supply chains. But in an increasingly competitive marketplace, it can be challenging for local products to stand out from their competitors.**

The most successful local food brands have been established within a clearly recognisable geographical boundary which consumers understand and relate to.

**D**emand for local food products is increasing and there is a trend in many EU Member States towards the use of existing points-of-sale outside of the traditional local food markets to make the purchase of local food more convenient for consumers. Local food products can, for example, now be found on the shelves of many multiple retailers. Provided that the principles of geographical proximity and/or reduced number of intermediaries in the supply chain are respected, then this is arguably a positive development for the local food sector. However there are also risks. Firstly, less direct contact between the producer and the consumer means that it is very important to ensure that clear messages about the provenance and cultural identity of authentic local products are effectively communicated. Secondly, consumers can also become confused

about the meaning of 'local' due to the proliferation of mainstream products that are using local identity and rural imagery as part of their labelling and promotion.

Reinforcing the local or regional branding of products is therefore an increasingly important issue for many local food systems and short supply chain initiatives. It has been suggested that the key to developing successful short supply chains is therefore less about the number of intermediaries or the distance the product travels, and more about the fact that the product reaches the consumer embedded with information, either included in the labelling and packaging or communicated personally at the point-of-sale<sup>14</sup>. The EU Committee of the Regions<sup>15</sup> has gone further to propose that the European Commission adopts definitions of both 'Local Food products' and 'Local

Food Systems', as well as introduce a new logo and identify scheme for local products within the framework of the 2010 EU Agricultural Product Quality Package<sup>16</sup>.

Of course, different products have different branding needs. Local brands working at a sub-regional level tend to focus on a more local market. Selling products to consumers that are already familiar with the cultural and environmental identity of an area is relatively straightforward. Many local food products also form part of an area-based tourism strategy and relatively little additional information is required to communicate the character and integrity of the local product to tourists and visitors to the area. Direct positive experience of an area through a holiday or short stay is especially likely to develop and foster strong loyalty to local brands.

(14) Marsden, T. et al. (2000). *Food Supply Chain Approaches: Exploring their role in rural development*, *Sociologia Ruralis* 40 (4), 424-438.  
(15) CoR (2011). *Opinion of the Committee of the Regions on 'Local food systems'*, *Official Journal of the European Union C 104/01* (2.4.2011) – available from: <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:C:2011:104:0001:0006:EN:PDF> (last retrieved 21 May, 2012).  
(16) For more information see: [http://ec.europa.eu/agriculture/quality/policy/quality-package-2010/index\\_en.htm](http://ec.europa.eu/agriculture/quality/policy/quality-package-2010/index_en.htm)

Regional branding tends to be used to penetrate the market outside the immediate area. Branding at this level communicates a more generic image to consumers that may appeal less to local residents who are more concerned about the origin of products at the most local level. The relationship between one or more local brands and a regional brand can become quite complex, but if approached strategically, can also help to reinforce the local message whilst developing a greater market share.

Many successful brands are established in an area with clear geographical boundaries which enable consumers to identify with the area. Boundaries used can be as specific as a town, but can also be an administrative area. Many regional brands are associated with the landscape or other environmental characteristics of designated and protected areas such as national parks, areas of outstanding beauty or nature protection areas.

Local communities which share common values and beliefs with a strong cultural identity can also support the development and growth of a local product brand by utilising this broader set of cultural values to reinforce and communicate the brand identity. Likewise, having a local or respected celebrity champion can encourage wider penetration of the brand as consumers often 'connect' more effectively with the people behind the brand than the food products themselves.



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### Case Study: Branding local food from a Natura 2000 area, Spain

Farming within an environmental protection area is often seen as a handicap and barrier to production. This perceived barrier has now been transformed into a new opportunity in six Natura 2000 areas in Spain thanks to the 'NaturAgro' brand project developed by UPA - the Union of Small Agriculture Producers.

Established in 1986, UPA is a professional organisation that works with small farmers from all over Spain. It has headquarters in all the regions in the country and also an office in Brussels to carry out their lobbying and dissemination mandate.

With the collaboration of environmental associations, especially SEO / BirdLife Spain, this three-year project started in 2009 with the main aim of establishing a new labelling and certification system for products coming from Natura 2000 and other protected areas. The project also envisaged a gateway for the commercialisation of the products from the protected areas to help enhance their added value and reduce the number of intermediaries involved in selling them. Project activities were particularly focused on the small family-run farms who are responsible for the land management of these high nature value farming habitats.

All the project partners wanted to find a way to ensure the conservation of the local high value nature areas whilst promoting the profitability of its agriculture and farming communities and certifying the quality and origin of their products. In order to create the new brand, a specifications document and brand regulation were developed and approved, as well as the brand image itself. It was also necessary to develop the process for approving new members and the necessary administration.

Currently, more than 70 products are available through the website [www.webnaturagro.org](http://www.webnaturagro.org), involving 28 producers, 80% of which are already certified within the NaturAgro brand and carry the specific labelling. During 2012, the project will continue promoting the brand and increasing the number of producers, as well as exploring the possibility of diversifying activities and elaborating a good practice handbook to disseminate the best practice experiences which have been collected throughout Spain.



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### Case study: Branding local organic beef from a region — Southern Tyrol, Italy

Faced with the decline of the milk market in Val di Non in the province of Bolzano, a cooperative of farmers responded proactively and created 'Laugenrind', an organic, quality brand of processed meat offering sausages, goulash and Bolognese ragù.

In 2003, eight farmers developed a quality programme for growing, feeding and breeding the traditional 'Alpine Grey' breed of cattle. Following the decline of the milk market, the local farmers' cooperative decided to extend their quality programme to the other parts of the production chain, in particular the processing of meat, and to make the new products organic. For this, they were supported by the LAG Alta Val di Non.

In light of the need to adapt to the changing milk market conditions, the objective of this project was to create new, sustainable sources of income for local farmers and the community at large by producing high quality, local organic meat products. The project supported farmers' conversion to organic production methods, established specific rules for breeding and slaughtering

of the animals and to create and support a new local branding initiative using the Laugenrind (Laugen beef) label.

From the initial eight producers in 2003 the project now has 30 farmers involved in a cooperative which continues to develop the Laugenrind quality meat brand, supported by quality criteria for organic meat and milk production and processing. Farmers increased their sales and prices have risen by 30%. The project also contributes to the safeguarding of traditional breeds and improvements in animal welfare.

The support of the LAG Alta Val di Non and their involvement in developing the quality brand helped to stimulate the sense of ownership and improved cooperation among farmers and between farmers and other local actors. Establishing the whole production chain within the local area has helped to improve farmers' incomes. Taking control of these lucrative, value added processes has also stimulated broader economic activity within the local community.



## Case Study: Branding local food from a country — Campagna Amica shops, Italy

Many farmers in Italy consider themselves as being in a process of evolution from 'agricultural raw material producers' to 'food providers' coupled with the responsibility of handing down, through agricultural production, the values and traditions of the places where they farm. This idea has been captured by Coldiretti, the Italian National Farmers Confederation, through the 'All-Italian agri-food chain that bears the stamp of Italian farmers' project.

This project's starting point was the uniqueness of the Italian territory. Italy is one of the best known food and wine tourism destinations in Europe and the 'Made in Italy' brand has huge value and competitive leverage. With the largest number of Protected Designations of Origin (PDOs) and Protected Geographical Indication (PGIs) in the EU-27<sup>17</sup>, Italy is also a leader in high quality products. It can also count two Traditional Speciality Guaranteed (TSG) designations, namely Pizza napoletana and Mozzarella - as well as 4 606 traditional specialties registered at regional level.

The success of Made in Italy is due to the quality, authenticity and wholesomeness of its products, which makes it all the more important to counteract the dangers from counterfeited food products and the continuing decrease in the proportion of food spend going to the producer - for every euro spent by Italian consumers only 17 cents go to the farmer, 23 to the agro-food industry and 60 to retailers.

Coldiretti decided to build its support measures for direct sales and farmers' markets on the basis of the producers' desire for a stronger role in the food chain and consumers' interest in

supporting local food. Coldiretti's research showed that almost one in three Italians regularly buys products with a designation of origin, 14% buy environmental products and 15% buy directly from the producer. Despite the economic crisis consumers continue to demand healthy products, those produced respecting environmental criteria and those with value in terms of territorial identity. Direct sales in the country have now reached an annual value of €3 billion.

In order to better respond to the consumer demand, Coldiretti's project includes a new innovation. The opening of 'Campagna Amica' shops which provide consumers with a larger offer of agricultural products coming from Italian farms and cooperatives from different regions. In this way, for example, Sicilian oranges will be sold in a Campagna Amica shop in the heart of Milan. The producer will not be physically present as he / she would be at a farmers' market, but the mechanism and the income for the producer is still one of direct selling. In order to collect and transport the products that are to be delivered to the Campagna Amica shops the CAI (Agricultural Associations of Italy) was founded.

From Piedmont, Lombardy, Marches, Tuscany, to Calabria and the Puglia region a new food chain is taking shape. It includes large retailers, supermarkets, convenience stores, minimarkets, direct sales in wineries, pasture farms and now nearly a thousand Campagna Amica farmers' markets and shops located all over the country. The project is now considering the possibility of opening up Campagna Amica shops abroad.

(17) As of May 2012, Italy has a total of 143 Protected Designations of Origin (PDOs) and 86 Protected Geographical Indications (PGIs)

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# Strategic support for the local food sector

The broad range of benefits associated with the local food sector have been clearly identified in this issue of *EU Rural Review*. These benefits have attracted the interest of a wide range of stakeholders whose skills, knowledge and resources are most effectively harnessed and managed through the development of a strategic approach at local, regional or national levels in supporting local food systems and short supply chain initiatives.

The numerous case study examples included in the preceding sections have identified that it is vital to build a partnership of all the key stakeholders; to ensure that an integrated holistic approach is taken to developing the sector; and that resources are in place to deliver activity. These elements can be seen as the fundamental building blocks of any support package developed for the sector.

This strategic approach makes the best use of the resources available to the sector in order to consolidate and grow a range of community and business activities which, when delivered, together create long-term sustainable development in rural areas. Developing the strategy enables stakeholders to identify the needs and opportunities for the sector, agree on the most appropriate actions to take forward, assemble resources for these actions and monitor progress as the strategy moves forward.

Actors in the sector have not been hampered by the lack of a shared definition, but the sector has developed at different rates in different Member States. There are only a few examples where a strategic approach has been taken at a national or regional level to support and develop short supply chains. Where this has occurred, positive growth has been witnessed alongside the sector maturing. The positive policy and legislative environment has given producers the confidence to enter the sector, creating more best-practice examples that encourage further entrants.

### Who are the key stakeholders?

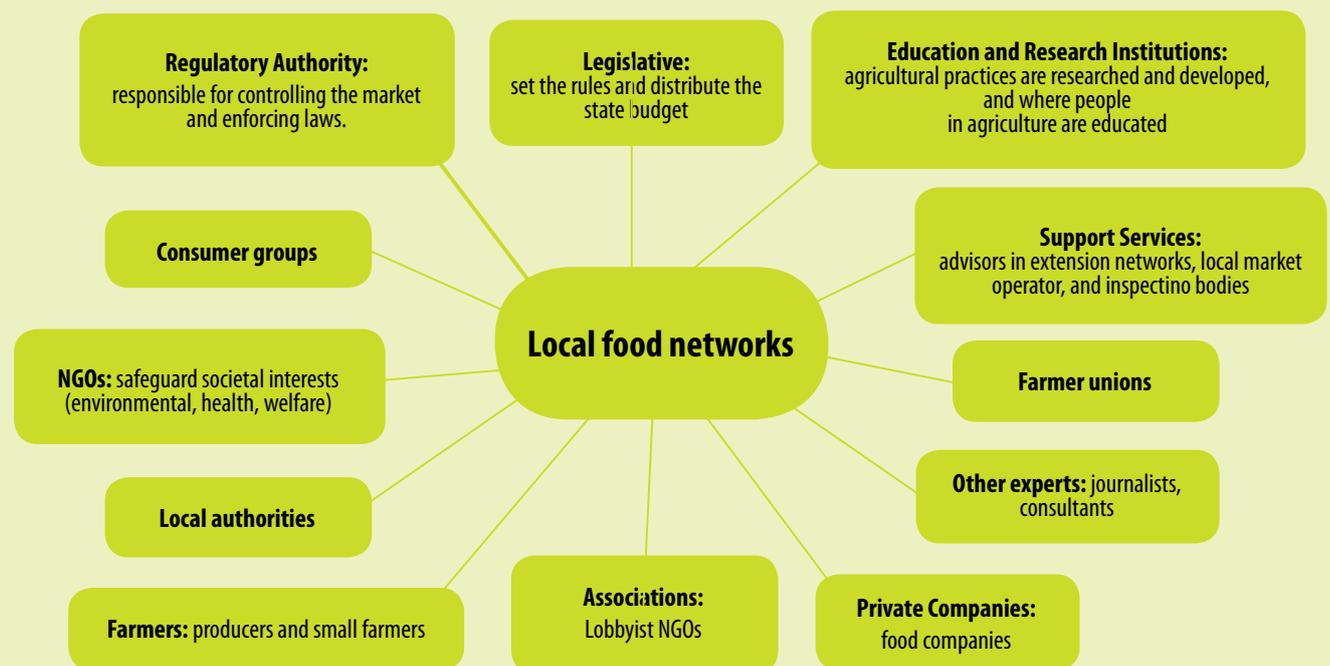
Developing local food systems and short supply chains requires a long-term approach and commitment from a broad partnership of private, public and voluntary sector organisations. In some cases, the development of individual projects



can act as a short-term catalyst for kick-starting this partnership. More usually, an integrated approach that looks at the full needs of the local food sector in an area is required to build the long-term commitment from local stakeholders that is needed as a foundation for a flourishing sector.

The organisations, actors and networks that need to be involved will differ depending on the territory that the strategy covers. The stakeholders that are most obviously able to influence the development of the sector are identified in Figure 1 below.

**Figure 1:** Constituents of local food systems and short supply chains in Europe (source: Balázs, Bálint: Local food network development in Hungary. Presented at the Agriculture in an urbanising society, International Conference on Multifunctional Agriculture and Urban-Rural Relations, The Netherlands, 1-4 April, 2012)



Depending on its particular situation, any given territory may not have to, or indeed need to, include all these stakeholders. The focus may begin with a smaller grouping of these organisations who then establish a more holistic approach, involving other groups as and when relevant. However, once the partnership of key stakeholders is formed it is vital to remember that the planning process is at least as important as the planning document. Attention must therefore be given to ensuring that there is broad and effective ownership of all activity amongst key stakeholders and practitioners in the sector.

The role of each stakeholder will be different and will depend upon their nature, the networks they are part of and the influence they can have over the challenges the partnership wishes to overcome. In many cases the public sector will be a key stakeholder.

**National, regional and local authorities** are drivers of development in rural and urban communities so their importance in providing a support and implementation role should not be underestimated. Their intervention can generally facilitate the development of the appropriate environment to encourage the growth of the sector or a more proactive role as developer or manager of a specific initiative.

Public sector authorities are often the primary source of information for the small-scale producers likely to become involved in the development of local food systems and short supply chain initiatives. Ensuring that the right information is being delivered in an accessible format through appropriate mechanisms, particularly in rural areas where businesses tend to be more isolated and so less likely to be part of informal information networks, is a key task for raising awareness of these opportunities and fostering an entrepreneurial environment.

The **refinement of legislative controls** (e.g. food hygiene rules) in order to adapt them better to small-scale food enterprises has already been highlighted in this issue of *EU Rural Review* as a major area where national authorities can make a significant difference to the development and growth of these businesses. Best practice examples now exist in several Member States which demonstrate how the modifications to legislation can be delivered successfully across the sector at a national level. There are also a number of examples of initiatives that have been led by local authorities, who use their unique position to provide improved access to land, facilitate the development of networks and develop opportunities for the use of local products in public sector collective catering.

The public sector is often best placed to lead local food partnerships as it is already working with food producers in their area – the first step to developing a robust relationship



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### Case study: Local authorities creating a local food partnership — Languedoc-Roussillon, France

Located midway between two major cities in the south of France, Pays de Lunel includes 13 towns and has seen a strong demographic growth over the past few years. However, between 1990 and 2000, 344 ha of agricultural land was built on to accommodate this urban growth. The local authority therefore decided that it was time to: a) promote local agriculture which still represented 53% of land use; and b) reinforce the use of short supply chains in order to support the viability of local farming activities. With the support of CIVAM (Fédération Nationale des Centres d'Initiatives pour Valoriser l'Agriculture et le Milieu rural) – a centre for the promotion of agriculture in rural areas - the local authority set out to implement a series of activities with the specific objective of maintaining and creating agricultural activities within the territory and to promote quality products.

In order to connect local producers and consumers, the local authority surveyed all producers in the area and discovered that 38% of producers had difficulties marketing their products and 62% thought that short supply chains had strong development potential. At the same time, a survey was sent to all inhabitants - the results of which showed local consumers had a strong interest in local producers and their products and in having better access to these products.

During 2008 a 'local food policy' leaflet was produced to raise awareness among local representatives of the benefits of local food as a development tool. A call was then put out to encourage new producers to come to the area with 30 responses received.

In 2009 a 'land watch' system was set up to provide land for producers, however, the land area which became available did not correspond to the needs. It was also difficult for elected representatives at the local authority to decide how to allocate the available land – i.e. between small start-up initiatives and larger scale, experienced producers. The local authority finally ruled in favour of land acquisition in order to acquire the amount of land required for the project.

The project created a cooperative group of producers, consumers, elected representatives and authority officers who together developed several new short supply chains including several box schemes and a local products' market. Several other projects such as a social grocery store have also been developed. The project now wants to go on to develop the use of local products in collective public sector catering.

## Examples of local food strategies

Since 2007 the Scottish Government in the UK has been clear that many of the social, economic and environmental challenges they face can only be fully delivered through the food supply chain - from farm-to-fork and from policy to practice - an approach that requires proactive engagement of public authorities at a national and local level, including greater focus upon local food systems and short supply chains.

In 2009 the Scottish government produced Scotland's National Food and Drink Policy – a result of two years of discussion and debate across Scotland. It sets out how partners, supported by the public sector, can maximise opportunities around food and drink while addressing issues of quality, health, environmental sustainability and access and affordability. Specifically, the policy delivers actions required to: grow the food and drink sector; enhance Scotland's reputation as a 'land of food and drink'; help consumers make healthy and sustainable choices; make Scotland an exemplar for

sustainable food procurement; ensure food supplies are secure and resilient; make food both available and affordable to all; and generally enhance understanding of the food people eat.

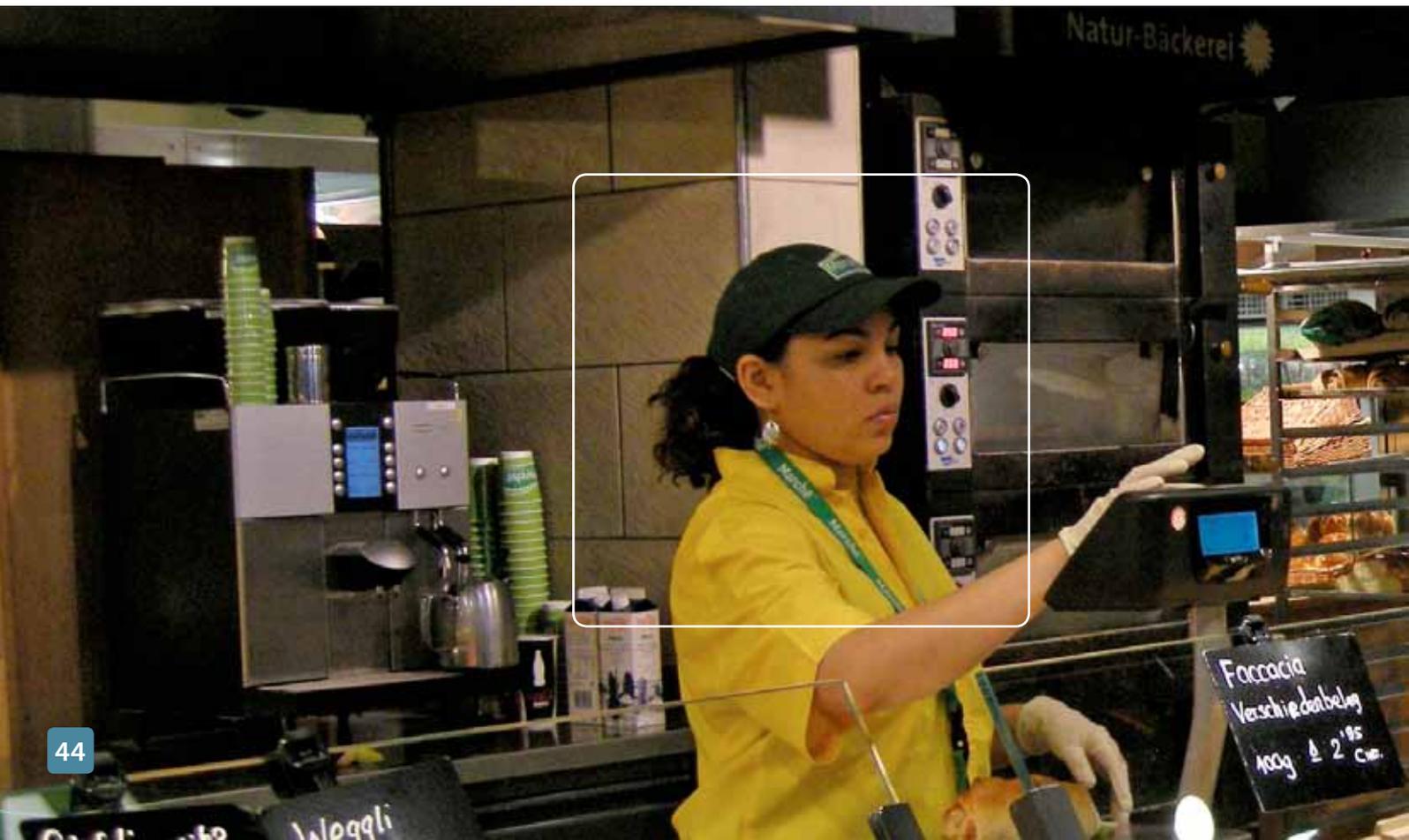
In terms of sustainable growth, the public sector's role has been to support efforts to develop greater collaboration and cooperation. To achieve this they have supported the establishment of Scotland Food & Drink, an industry-led group that provides strategic leadership and coordinates support across the sector. Thanks to those collective efforts Scotland now has a network of regional food groups and the Scottish Government is also supporting the provision of advice on short supply chains – for example food marketing, farmers markets, direct sales and local food networks.

In Hungary, the government recently developed a strategic policy document - the New Agricultural and Rural Development Strategy 2020 - which offers a stimulus to short supply chains at a national level. The strategy is a forward-looking policy document that covers the

agri-food economy, rural development and environmental protection. It aims to strengthen the integrity of landscapes, people, good quality and safe food supplies and sustainable natural resource management. It also strongly encourages the development of local food systems by 'ring-fencing' a proportionately much higher allocation of resources for short supply chains in order to encourage the re-localisation of the food system in the interests of promoting greater food security at a national level.

In 2009 the French Ministry of Agriculture and Fishing developed an action plan to support short supply chains which

- The public sector can help to develop greater collaboration and cooperation.
- For the strategy to be effective all the stakeholders must have a chance to contribute, agree and have a sense of 'ownership' of what it wants to achieve.



preceded the launch of their National Food Plan. Coupled with recent changes in laws to support the development of short supply chains this has boosted sector growth and encouraged more producers to diversify into the sector.

A Strategic Plan for Short Supply Chains was launched in the Belgian region of Flanders in October 2011 by the Department of Agriculture and Fisheries of the Flemish government. The plan assesses the strengths, weaknesses, opportunities and threats impacting on the sector and then develops a vision for the sector, a range of objectives and actions that will fulfil those objectives. The eight objectives of the plan seek to:

- Increase the knowledge-base of producers
- Raise awareness amongst consumers
- Provide professional support to producers to develop training and networks and encourage and support innovative ideas
- Stimulate the exchange of knowledge and encourage research institutions to become active in the sector
- Work through the bottle-necks created by legislation
- Optimise logistics and the distribution chain
- Harmonise relevant policies to create a coherent approach

- Stimulate the sustainability of production and distribution

It is intended that the plan will be delivered through several new structures. A contact point will be established at government level to co-ordinate the strategy and resulting action plan to ensure it is delivered successfully. A platform for monitoring and evaluating the sector will be established - this will also evaluate the impact of the strategy on the sector. Finally a knowledge network will be developed to ensure relevant information is collated and disseminated to all those involved in short supply chains initiatives.

Other countries, such as Estonia, have focused on the use of strategies developed at a far smaller territorial level, with the Local Development Strategies of a large number of Estonian Local Action Groups focusing on creating and supporting short supply chains and local food networks. This localised strategy and the resources available to deliver it through the LEADER approach, is ideally suited to the locally specific nature of food systems. The LAGs have galvanised the sector as a whole through the use of this targeted local funding.

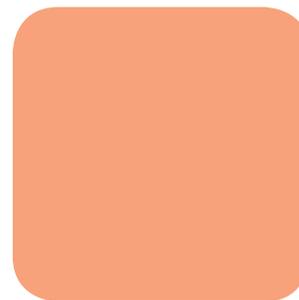
Partnership and cooperation will continue to be the key to the success of the development of local food systems and short supply chains. In many of these cases the role of the public sector has been to advise, influence and support the development and delivery of these initiatives because they have the potential to make a real difference to the quality of life of communities across rural Europe.

- Access to training can be problematic in some rural areas.
- A localised strategy, delivered through the LEADER approach, is ideally suited to the locally specific nature of food systems.





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### Case study: Facilitating access to land — LAG Pays des Condruses, Wallonia, Belgium

In association with the non-profit organisation, Créa-Job, the LAG Pays des Condruses has implemented a programme of access to land for market gardeners wishing to establish themselves in the local food market. The purpose of the initiative is to preserve local and sustainable agriculture.

Initially, the project aimed to create an organic market gardening organisation that was to be incorporated as a social cooperative. This became too complex to initiate, so the project led instead to two distinct but complementary projects - a market garden 'incubator' offering access to land; and a group purchasing organisation allowing producers to sell their produce locally.

To establish the market garden incubator the LAG worked in partnership with an organisation for social and occupational integration called Devenirs which trains students in market gardening techniques. Jean-François Pêcheur, coordinator of the LAG, explains that, "following their training the students can start up as self-employed workers, but they often confront problems of management, finance, and above all, of access to land." It was specifically to address such difficulties that the LAG originally began working in partnership with Créa-Job who are experienced in offering business incubation support.

In order to facilitate access to land, the LAG has an agricultural plot of around 6 ha. This former wasteland has been divided into smallholdings which are used by the prospective market gardeners to develop their enterprise. "We offer the land, and Créa-Job handles the administrative management," adds Jean-François Pêcheur. "For eighteen months, the new market gardeners keep their status as being unemployed and the non-profit programme assesses the economic feasibility of their enterprise."

The pooling of multiple investments is also part of the programme, with the construction of a 400 m<sup>3</sup> rain water reservoir and plans for a shared polytunnel and the construction of an equipment storage shed.

"What characterises our work is the desire to escape from the organic / non-organic distinction," explains Benoît Noël, project manager for agriculture at the LAG. "Our primary aim is to find markets for products which are above all local. Our thinking is different. It's a question of helping and providing advice on an agricultural model based on production which respects the soil. The most important thing is the concept of sustainability," he concludes.



## Case study: Developing physical resources — Market places, Poland

Development and improvement of the infrastructure used for local trading in Poland such as marketplaces that facilitate the direct sale of agricultural products and other local goods is of crucial importance for rural development. Marketplaces play a very important role in reducing the number of intermediaries in the supply chain, promoting the specificity of local products and bringing them closer to the consumer.

Considering the potential advantages that can be gained by both producers and consumers and the fact that modernisation or building cost for marketplaces exceeds most municipalities' financial resources, it was agreed that support for these projects should come from EU funding.

In July 2011 amendments were made to the Rural Development Programme 2007-2013 which added to the scope of measure 321 - basic services for the economy and rural inhabitants - to include the development of marketplaces, both for improvement of existing infrastructures, especially where this ensured safe conditions for trade businesses, and building and equipment for new markets.

Municipalities and their associations can apply for financial aid when building or modernising their markets. Support will be granted for marketplaces located in settlements with no more than 50 000 inhabitants that are close to local farmers and food producers. The maximum amount of financial aid available for implementation of these projects in one municipality within the period of implementation of the programme cannot exceed PLN 1 million.

It is hoped that eighty new marketplaces will be created and 200 existing ones will be modernised. The standards and conditions that every market should meet are specified in the Regulation - marketplaces are to have hard and durable surfaces, lighting that ensures traders can work safely and half of the marketplace is to be roofed. The plans are that marketplaces will be divided into sections offering various goods so that the customer will be able to find particular products easily. Each market place will be marked with its name and the Mój rynek logo, which in English means 'my market place'.





# Using LEADER to support the local food sector

**Since its inception the LEADER approach has been instrumental in developing the local food sector in many rural areas.**

**The opportunities to utilise the sector as a catalyst for rural development have often led to local food becoming the cornerstone of many Local Development Strategies.**

**T**he benefits of local food systems and short supply chains are broad ranging and the localised nature of the LEADER approach is well-suited to harness these benefits and to bring long-term gains to local communities. There are a plethora of different approaches and structures associated with the development of local food systems and LAGs are in a good position to respond

positively to this diversity – particularly where it is also associated with a strong level of innovation. Many other funding sources would interpret this diversity and high level of innovation as excessively risky, whereas the LEADER approach enables LAGs to utilise their local knowledge to support innovation while mitigating against any perceived risks.

With so many small-scale local food systems being established across Member States opportunities for shared learning through transnational cooperation are immense. Equally, with many areas producing products that are culturally distinctive the development of transnational short supply chains which enable the trading

of local products across LAG areas remains an exciting opportunity.

The experience of LEADER and local food in Estonia is in many ways typical of the symbiotic nature of shared learning and trade benefits across many LAGs. The last few years have seen a renaissance in small-scale kitchens in Estonia, with entrepreneurs having considerably increased the supply of interesting local products to the market, supported by the growing interest of consumers in local food. The importance of the LEADER approach in increasingly supporting local food projects in Estonia is evident, with approximately two thirds of LAGs in Estonia having in their portfolios projects related to local food systems and short supply chains.

Ly Kaasik from Põhjaka farm in Põlva County, in the south of Estonia, has been growing herbs and preparing different pastries for years. Most of the pastries are sold in the farm market section of one of the biggest supermarkets in south Estonia, and the business has also received support from the LEADER approach. The future may now offer an opportunity to increase the market for Ms Kaasik's products, "I am planning to start

producing frozen pastries, which could be baked in cafés and sold fresh and warm to the customers," says Ms Kaasik after LAG Põlva County Partnership Board decided to support her with €3 500 to help purchase a special refrigerator and dough-mixing machine.

Ly Kaasik is also a member of the area's quality food system called 'Green Mark'. This quality mark is managed by the Foundation Põlvamaa Development Centre and is given to products which are made of local raw material or which are made by local entrepreneurs.

Since its establishment in 2009 the aim of the mark has been to help Põlva County's entrepreneurs to identify their products with the county's strong image of a natural environment. The members have participated in different fairs and have had the opportunity to use a common bar code which is a precondition to entering many markets.

The LAG has mostly financed the Green Mark's training initiatives and the Foundation Põlvamaa Development Centre also received support for developing the common marketing network which supports the brand.

Ly Kaasik thinks that it is hard to overestimate the impact of the LEADER approach on the local food supply chain because the small amount of administration means that many local entrepreneurs can receive support from the programme. It also helps those entrepreneurs who do not qualify for some other support programmes because of the small scale of their production. "LEADER really helped to enliven my enterprise," she added.

While the Green Mark involves all the products made in Põlva County, the neighbouring Võru County developed a special trademark for local food, UMA MEKK or 'Own Taste', which was established in 2010. The activities of UMA MEKK are financed by the LAG Võrumaa Partnership Assembly, and the project manager, Ave Tamra, says that the list of activities they have completed since the brand was established is quite impressive. They have organised workshops on making smoked meat, cheese and bread and have participated collaboratively in different fairs. Ave Tamra has found that the key factor for all small scale food producers is collaborative marketing, because it is quite expensive to develop individual marketing channels.

A good example of common marketing is the NGO Delicious South Estonia, established by the five LAGs of south Estonia, which in 2010 opened a special farmers' market in the biggest shopping centre in the region. The opening of this market has been very important as over the last ten years there has been a rapid concentration in Estonian retail markets with many small local shops having been replaced with super and hypermarkets. Also many consumers, who used to buy their food from marketplaces, have started to prefer bigger shopping centres.

Tiit Niilo, a board member of Delicious South Estonia, says that the experience of the farmers' market clearly shows the benefit of using the LEADER approach to cooperate across LAG borders. "A good example comes from the tourism sector where two LAGs share one tourism worker. Something like this should be

an option in the food sector too," said Mr Niilo.

The farmers' market was a catalyst for many entrepreneurs to cooperate even more and some of the producers have now established an association to market their products collaboratively. "There isn't any other alternative for small-producers – they have to cooperate," agreed Mr Niilo.

In 2011, the Foundation Võrumaa Development Centre used LEADER funding to conduct research among local small-scale food producers. It identified that one of the biggest challenges is finding the added value for agricultural products at a local level. Farmers are willing to diversify into food processing, but the numbers who do are limited by insufficient financial tools to make the necessary investment.

A good example of how the LEADER approach can help small-scale local producers add value to their products comes from Hiiumaa Island. The development of sheep breeding on the second biggest island of Estonia is limited by the fact that if a producer wants to slaughter sheep he has to transport them to slaughterhouses in the middle of the Estonian mainland and then, after a few days, he / she has to drive back to get the meat. This difficult procedure raises the price of mutton so much that it becomes unaffordable.

The LAG Hiiumaa Cooperation Network has now supported a project to establish a slaughterhouse and product innovation centre on the Island. It means that local mutton will soon be on children's plates in west Estonian schools and kindergartens. The idea is supported by a national cooperation project called 'Let's bring local food to the local community's table', which was established in 2010 by three



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LAGs: the Hiiumaa Cooperation Network, West Estonian Islands Partnership and Kodukant Läänemaa.

It is clear that the LEADER approach has greatly supported the development of the local food sector in Estonia. Estonian entrepreneurs are mostly rural entrepreneurs who do not need big investments, but rather smaller amounts of support for their innovative ideas. Consequently they have really benefitted from the flexibility of the LEADER approach.

The LEADER approach has also been instrumental in stimulating action on short supply chains in Scotland. The Argyll and Bute Agricultural Forum, for instance, now employs a development manager to deliver actions identified within the Local Agricultural Strategy. The Forum has initiated training events, studies and regional lobbying initiatives. Research was also undertaken to find the best ways of showing consumers the links between the quality of food

and drink and the environment they are produced in. The same research also dealt with information and advice for producers on the success of different approaches to marketing biodiversity and the environmental stewardship credentials of quality food and drink products. 'Savour the Flavours' is an initiative led by food and drink businesses that help producers, retailers and manufacturers in Dumfries and Galloway, in Scotland, to grow and develop. This will be achieved by encouraging chefs and the wider hospitality sector to use local food and drink, by encouraging local people and visitors to embrace Dumfries and Galloway produce and by helping children learn about local produce. The innovative and successful Ceanglaichean Croitearachd ('Crofting Connections') project teaches sustainable farming skills to young people and reconnects them with their crofting heritage<sup>18</sup>. The flourishing project is supported by a number of funding partners including a number of LAGs. School pupils

learn about practical crofting skills from experienced crofters, including growing their own food, cooking traditional recipes, the relevance of crofting and the links with Gaelic and their cultural heritage. Through these activities they become aware of the connections between food, health and the environment.

### Can transnational and inter-territorial cooperation support the sector?

The use of the term short supply chains focuses the sector more on the nature of the marketing system used, rather than on the need for a direct relationship with the consumer, which is founded on proximity to the point of production. This enables the sector to evolve further, allowing producers to connect with consumers that are located at a distance from their farms, and to participate in a range of additional marketing channels.

The need to keep the number of intermediaries to a minimum, and in some cases to no more than one, opens up opportunities for producers to explore more collective forms of local food systems. This is particularly significant when attempting to penetrate markets which require larger volumes of products, such as collective catering, and may become an integral component of any strategy.

There are many opportunities to share best practice and to develop and implement local food system and short supply chain strategies together. This shared working on a common theme, mentoring across areas and learning from each other's mistakes and successes can only support the on-going growth and development of the sector.

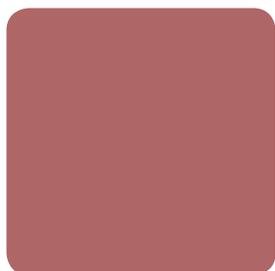
The greatest prospect for short supply chains may, however, come from the opportunities to develop platforms for interregional and transnational sales of products with a local origin. As many local products and techniques that add value are distinctive to the local area or region where they are produced they become unique to that locality. For example, dried meats from Italy will be different from those produced in Lithuania or the UK. Rather than causing competition within the sector the ability to purchase a more complete range of products of local origin could further strengthen the market for local products at a local, regional, national and international levels.



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The importance of consumers understanding and being able to engage with the cultural identity of the product must not be forgotten. The further the point-of-production from the point-of-sale the more important the availability of easily accessible information about the producer, the production process and the provenance and cultural attributes of the product.

This transnational trading of local products imbued with the characteristics of a locality may also improve understanding of cultural diversity throughout the European Union, supporting the creation of a greater, shared understanding and appreciation amongst European citizens of each other's distinctiveness. In this way, regions are brought closer together by the most fundamental element of their rural culture: the production of local food.





## Case study: Using LAG funding to develop the sector — Public collective catering, France

The Pays de la Loire region situated in the western part of France is famous for its quality food products such as Beurre Blanc sauce, Le Mans pork rillettes and Port Salut cheese.

When the LAG Mayenne realised that public sector organisations such as hospitals, retirement homes and schools were not using much local products in their catering facilities the LAG decided to develop a project to establish a short supply chain for public collective catering. The total cost of the project was €23 340, 40% of which was funded through the LAG.

The project aimed to develop a directory of what local food was available in the region and to lay down the various steps local producers needed to produce for a short supply chain. It also sought to evaluate the demand from public sector catering facilities and to assess existing food networks in the area. The target was for collective catering to use 20% organic food,

supplied locally. In addition, tools were created that help caterers use local and organic food in their menus.

Building on previous small-scale initiatives, this project aimed to introduce local products on a regular basis and to organise on-farm production to respond to the needs of public catering facilities. All actors concerned with food issues were involved in the project which brought many of them together for the first time. As a result, the project has already helped to increase sustainable local food production, raise public awareness in the area and create some employment.

The LAG is still in charge of organising meetings between partners and a charter to encourage partners to join the project is currently being developed. This document will help both producers and beneficiaries to improve their practices and shortly technical support will be offered to all partners willing to become involved.



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## Case study: Using LAG funding to develop the sector — Odrolnika.pl, Poland

The odrolnika.pl project was created to promote the LAG area of Dunajec-Biała in Pogórze, southern Poland, as a place of high quality food production. In 2010 the project received support from the LAG to develop online sales of local products through the odrolnika.pl website and to create supporting promotional material. The initiative evolved very quickly and gained support from outside the LAG area. Currently the consumer and producer association Odrolnika Group has involved 20 local producers from four communes and has built the brand and direct sale network for organic products from Pogórze.

Farmers involved in this project produce a wide range of food items from meat to dairy products, fruit, vegetables and even flowers. Farmers manage individual mail-order sales of their products in the form of 'parcels from the farmer', and the association is responsible for project development and promotion. Packaging of ordered goods takes place on the farms using their own farm brand and so retaining the consumer-producer relationship. A few sales points have also been opened in organic food shops in areas clearly marked as odrolnika.pl. Several farmers in the Odrolnika Group have also created a tourism package for people who are interested in local food and direct sales. These has increased the profitability of the farms involved and created new markets for the products.

Thanks to the project farmers get better prices for their products and consumers have access to fresh food of known origin at lower prices. In 2011 the project was granted the Laur Gospodarności award for the category of inspiring projects implemented through the LEADER approach.

The group is currently preparing to launch a small processing plant where jam, juice, cakes and many other products can be made. This will compensate for seasonal fluctuations so as to keep customers interested in the website and its products

The screenshot shows the homepage of odrolnika.pl. At the top, there are navigation buttons: 'zarejestruj się i kupuj prosto od rolnika' (register and buy directly from the farmer), 'kliknij tutaj' (click here), and a Facebook link 'Zostań fanem na facebook'. Below this is a green banner with the text 'Wyświetliliśmy w październiku 2010: 1. Kuchnia w klasie już kilka dni wstę'. The main content area is divided into several sections: 'O projekcie' (About the project), 'Nasi rolnicy' (Our farmers), 'Nasze produkty' (Our products), and 'Aktualnie dzieje się' (What's currently happening). There are also links for 'Przyłącz się' (Join us), 'Jak i gdzie kupić?' (How and where to buy?), 'Nasz blog' (Our blog), 'Nasze Stowarzyszenie' (Our Association), 'Ham pytanie' (Ask a question), 'Wasze opinie' (Your opinions), and 'KONTAKT' (CONTACT). A large promotional banner features a cartoon farmer carrying a basket of produce and the text 'W TYM SEZONIE RÓB ZAKUPY BEZ POŚREDNIKA PROSTO OD ROLNIKA' (In this season, do your shopping without a middleman, directly from the farmer) and the website URL 'www.odrolnika.pl'. Below this is a 'NASZA TV' section with a video player and a 'Zakupy prosto od rolnika bez pośrednika? | pobierz ulotkę pdf' (Shopping directly from the farmer without a middleman? | download PDF brochure) link. At the bottom, there is a short description of the project: 'Odrolnika.pl to projekt realizowany przez samych rolników i jednoczesnie Zakupy bezpośrednie z wybranego gospodarstwa w tym to tygodniowe dostawy paczki ze świeżą ekologiczną lub lokalną lub tradycyjną żywnością pod drzwi klienta w dużych miastach.' (Odrolnika.pl is a project implemented by the farmers themselves and direct purchases from selected farms, including weekly parcel deliveries of fresh organic or local or traditional food directly to the customer's door in large cities.)

all year round. It will also increase the added value of goods, create new work places in these municipalities, and enable better management of surplus stock.

In 2012 the association is to employ two people who will improve logistics by taking orders from customers and delivering the parcels. A new application was also submitted to launch a travelling rural market in the form of small wooden houses in which, on particular days of the week, farmers will sell their products in the area of Dunajec-Biała. LAG activities are also planned in big cities such as Cracow and Chorzów. Additionally, they are applying for support to build a Local Product Centre for training and educational activities regarding local products, healthy food, traditional animal breeds, etc.



### Case study: Inter-territorial working to develop the sector — Production of edible seaweed, Denmark

This is a cooperation project involving two Danish Fisheries Local Action Groups (FLAGs), one on the island of Bornholm and the other covering the smaller islands who sought to explore the commercial opportunities of edible seaweed, an overlooked resource in Danish waters. By promoting the sustainable cultivation, harvesting and processing of seaweed, the project assists in diversifying the local economies of the islands, thereby helping to maintain diverse local populations and vibrant communities.

While there is no tradition of cultivating, harvesting, or exploiting seaweed in Denmark, with the growing popularity of sushi and the development of a new Nordic cuisine, Danish seaweed is increasingly in demand. Many of the 27 small Danish Islands are, together with Bornholm, well known for food production. There is, however, a lack of development of new products that are competitive in the marketplace. As a result many food producers only work part-time in food production, supplementing their income with other part-time jobs.

The project aimed to grow three species of seaweed in sufficient quantities and of a high enough quality to meet the demand of local food processing companies, consumers and restaurants in the bigger cities. The project also sought to develop a range of salt tolerant plants of high gastronomic value; to produce information material and to launch a campaign on the culinary value and health benefits of seaweed; and to exploit the tourism potential of this new seaweed enterprise.

The project idea initially arose from a series of informal meetings and brainstorming sessions in 2009, involving independent producers and experts in production and product development.

The first concrete step was a pre-project, financed through a specific fund of the Danish Ministry of Food, Agriculture and Fisheries, to investigate the world market for seaweed and the technical aspects of seaweed cultivation, harvesting and processing. The pre-project also included visits to potential partners to discuss their interests in seaweed production and to learn more about the possibilities for growing and harvesting seaweed.

The project application was submitted to the FLAGs in May 2010 and small-scale cultivation started in December 2010. A series of workshops involving experts from Danish universities and research institutions was organised in 2011 to deal with practical issues related to cultivation and processing.

A well-known chef with experience in the use of seaweed will hold another five workshops for those project partners wanting to concentrate on product development. The products under development range from seaweed based crisps and salads to wine and ice cream. A consultant experienced in the development of food products regularly visits the different initiatives to consolidate and monitor their progress.

Sixteen producers participated in the project, either in cultivation, or in both cultivation and product development. The expected outcome at the end of the project is the creation of a small nucleus of Danish seaweed growers and processors with sufficient knowledge to expand production to new species and to develop new products in line with the needs of the new Nordic cuisine. This will help to diversify the food production sector on the islands, making it less vulnerable to changes in the market.

Local food systems,  
short supply chains  
and rural development  
in France



**The growing interest in short supply chains in France has been fuelled by the various economic and social challenges rural areas have been through over the past few decades and the growing consumer demand for quality products. The origin and traceability of products is now a key factor for many consumers.**

Short supply chains have existed in France for a long time, however, new and different forms have recently emerged delivered by new actors who are looking beyond the simple economic dimensions of local food. In particular, it is obvious that short supply chains have the potential to work as an effective complementary marketing system to the longer market chains that exist in France.

According to the 2010 agricultural census 21% of French farmers sold all or part of their products through short supply chains. Short supply chains have mainly been established for the fruit and vegetable sector, but some livestock products such as poultry, dairy products and other processed products, such as honey, are also sold through these systems. The

census further identified that most farms involved in short supply chains are smaller than average, have younger farmers and increasingly use organic production techniques.

In France, short supply chains are defined as systems for the sale of products which include a maximum of only one intermediary between the producer and the consumer. This intermediary supplies the products locally and can be for example a cooperative or supermarket where local products can be purchased.

Whilst the term short supply chain is increasingly used to describe the sector, other terms are emerging all the time. They are particularly used by activists promoting alternative ways to produce and consume food. One example of this

is a consumer movement known as *locavores* literally 'local eaters' or 'how to eat 100% local'. It is based on the simple concept of reducing the distance between where food is produced and where it is consumed. This movement began in America and is particularly well developed in the Region Île-de-France. The *locavores* only consume products made less than 160 km from their location, promoting local agriculture based on values of freshness, free choice and fair pricing.

The emergence of new definitions reveals the need to recognise the diversity of the sector even at national level and to acknowledge the many reasons for which both producers and consumers become involved.



## What types of local food systems and short supply chains exist in France?

Many initiatives at a local level try to bring consumers closer to producers – farmers' markets, open-air markets, farm sales, community sales points, direct sales, collective catering and local shops. Developing these links between consumers and producers goes beyond a transient trend; rather it reflects the long-term expectation of both consumers and producers for healthier, quality products.

Open-air markets and direct sales from farms are the most common forms of short supply chain, but many farmers have developed new and innovative systems. Box schemes and Internet sales

are now quickly growing, as is the use of information and communication technology (ICT) to promote products and disseminate information which creates a direct relationship between the consumer and producer. Community Supported Agriculture is also emerging as a model with groups of consumers committing themselves for a certain period of time to purchase everything that is produced on a farm.

In Île-de-France, the Region which includes Paris and so is characterised by an important urban network, local producers have decided to sell some of their fruit and vegetables in train stations in order to reach the maximum number of consumers and currently more than 20 000 kilos are sold every week, feeding

a total of 2 500 families. The success of this initiative has led the train company to develop this formula in other French regions and they are currently developing partnerships with local institutions and Chambers of Agriculture to find farmers willing to take part in the project.

Marketing products through collective sales points benefits both producers and consumers, develops closer links between them, promotes regional products, diversifies producers' activities, decreases sales costs such as transportation and involves fewer intermediaries. The number of collective sales points is increasing all over France, in both urban and rural areas. In Languedoc Roussillon, a network of 'farm shops' has been developed with more than 10 shops taking



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part - some are located in cities, others in rural areas or close to main roads or tourist sites. Many of the participating farmers are working on small farms and utilise direct sales as a marketing strategy to enable them to add value to their products.

For many producers being involved in a short supply chain initiative provides a viable opportunity for maintaining agricultural activities, particularly when farms are located in peri-urban areas. Short supply chains are not however the only food-supply strategy in place and they should be considered in respect of how they can complement and interact with more traditional or long supply chains. It is therefore crucial to develop joint activities between both short and long

chain marketing methods. Sales points in supermarkets for instance recognise that some consumers buy local products from short supply chain systems, but many also continue to shop in conventional outlets.

Indeed, supermarkets in France are becoming more and more involved in direct sales. The Metro company, which is a wholesaler for the restaurant market and the Légumes de France organisation, which specialises in French vegetables, have, for example, signed an agreement to promote local production. They have committed themselves to deliver fresh products produced within 50 miles of the wholesaler warehouse to supermarkets in Paris, Tours to the south of Paris and Colmar in eastern France.

Many producers are now also taking collective action at a local level to develop these systems which they see as providing them with new market opportunities. In 2006 producers came together and developed a project called les saveurs du coin ('the tastes of the locality') whose objective was to create dedicated spaces for local product sales. They have now opened a shop for seasonal products, and have also partnered with local supermarkets to sell their products in specific areas named 'local producers shops' within the stores. This initiative has provided producers with complete control over their products and they all know where and how they are sold. The project has also brought producers closer to their consumers encouraging them to think about the production and marketing channels



of their produce. They have also developed a common communication strategy to promote their shops and in 2009 they developed a logistical ordering platform - [www.saveursducoin.fr](http://www.saveursducoin.fr). This enabled them to diversify their marketing further and deliver baskets directly to the consumer.

The proliferation of short supply chain initiatives has also triggered interest from local authorities and many are choosing to purchase local products for their catering requirements. Local production is usually diversified enough to satisfy demand, however some producers have needed to adapt and work collaboratively to generate the volumes needed to meet their local authority's needs. For example, the producer cooperative Terroirs Ariège Pyrénées brings together all the area's local production for collective catering units in the surrounding cities. In order to run this initiative a specific management model was chosen whereby all producers and the suppliers who are in direct contact with local authorities have shares in the company. The system collects various products and then packages, stores and distributes them. The success of this model depends on the capacity of all actors to communicate and to become involved in the process.

### How have they made short supply chains work in France?

The growth of short supply chains in France took place against a backdrop of several key challenges, including difficulties accessing land for production, a lack of information for both consumers and producers, and difficulties developing appropriate supply structures.

Many existing farms attempt to extend their holdings whilst increased urban pressure also minimises the amount of land available for agricultural production. However, difficulties linked to access to land are not specific to short supply chain production. Local authorities can play a major role in overcoming these challenges when they are able to use innovative approaches to support the sector. They can also play a significant role in financing land purchase and also in monitoring land availability. For instance, the city of Locmariaquer in Bretagne, in the west of France buys fragmented agricultural land in order to recreate sufficient land area for agricultural cultivation. The city then rents the land to producers who commit to selling through local food networks. This system has enabled local people and tourists to buy local products.

Authorities also have legal means at their disposal to protect agricultural areas, although for many, there is a difficult balance to be achieved between accommodating the arrival of new inhabitants and new economic activity whilst needing to maintain agricultural activity and protect land. To protect and promote these zones they create specific protected agricultural areas whilst in urbanism projects they also have the opportunity to favour agricultural areas.

Coherent local strategies implemented by local authorities are a key factor to the successful implementation of new short supply chain initiatives. Coordinating local actors, suitable support measures and financial support are essential to enhance the development of short supply chains. Most successful examples are based on good local governance where all actors are willing to work together to overcome obstacles linked to establishing sustainable short supply chains.

The success of short supply chains is strongly linked to the capacity of local actors to work together. It is necessary to connect farms producing in short supply chains with existing market structures such as shops in order to combine local agriculture and the food market.

The key is to enhance the development of local food governance - ensuring complementarity between production, marketing and consumption systems. The role of the intermediary involved must be clearly defined and the food aspect of short supply chains reinforced. Disagreements can and do exist about the relative merits and efficiency of short supply chains and it is often easier to bring all actors together around the concept of short supply chains as a 'food system' rather than simply as a production and marketing method.

Local policies can also have a leveraging effect on food governance, fostering specific marketing and production methods. National policies can encourage the implementation of local systems, particularly when modifying legislation to support smaller-scale production and marketing.

In 2009, the French Ministry of Agriculture and Fishing launched an action plan specifically to support short supply chains and this was followed by the launch of a National Food Plan. Several recent laws aimed at enhancing short supply chains have also been developed. The action plan on short supply chains was designed for producers,

whereas the food plan focuses on the behaviour of consumers. This action plan encourages concrete activity to support quality food by developing the supply of local food and promoting its French origin. All measures included in the action plan have then been developed in all regions of France.

Many other national and local policies complement these national plans in favour of food and short supply chains. These include: Agenda 21 - rural centres of excellence which focus their research on specific rural themes; CASDAR - a specific fund financed through agricultural taxes that supports innovative projects; and LAG cooperation projects.

As these national plans and local activity show there is a positive environment in which to develop short supply chains in France. Studies carried out by the French Rural Network have shown both the multiplicity of innovative projects and also identified the complexity of the process. A local, well-integrated process is essential and several actions must be taken simultaneously in order to enhance both demand and supply. All activities that have been undertaken have found that developing short supply chains involves not only production and marketing methods, but also food governance and, as a crucial end result, social cohesion.





**THE FUTURE**

What is the state  
of play at EU level?



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**In April 2012, the European Commission organized a conference<sup>19</sup> on 'Local agriculture and short food supply chains' to explore ways and means to better mobilise the economic, social and environmental potential of local agriculture through direct sales and small-scale farming. Findings from the conference are feeding into the Common Agriculture Policy (CAP) reform process for post-2013.**

Policy makers are acutely aware of the economic, social and environmental benefits for EU citizens that can be gained by local agriculture and short food supply chains (SSCs). Yet, the CAP on its own can only do so much to mobilise more such chains from small-scale farms. Other EU policies, particularly food safety regulations, can play key roles in helping secure the aforementioned benefits for EU citizens. For this reason, a high-level conference was organised in April 2012 that brought together several hundred representatives from all of the main stakeholder groups who are involved in this increasingly important rural development topic. The conference was organised as a joint

initiative by Dacian Cioloş, European Commissioner for Agriculture and Rural Development, and John Dalli, European Commissioner for Health and Consumer Policy.

During their opening speeches to the stakeholder conference both Commissioners stressed their commitments to work with each other to find joint solutions. Commissioner Cioloş emphasised his belief that, "local food supply services have tremendous potential," and he went on to explain how in his view, "they present a modern view of our relationship to food as well as a certain vision of the economic competitiveness of farming and its social and

environmental efficiency. Not only do they eliminate the need for long-haul transport, they also boost local economies and empower consumers to play an active part in the economic development of their local area."

Commissioner Dalli stressed that EU rules contained in the Hygiene Package<sup>20</sup> (which regulates the safe production of food products) were agreed by Member States to protect EU citizens. He underlined the flexibility which is built into the Hygiene Package to help Member States implement food safety controls that are appropriate for the different food production systems which operate in the different countries.

(19) Video coverage of the conference conclusions, plenary sessions and workshops are available on the Commission's website at [http://ec.europa.eu/agriculture/events/small-farmers-conference-2012\\_en.htm](http://ec.europa.eu/agriculture/events/small-farmers-conference-2012_en.htm).

(20) [http://europa.eu/legislation\\_summaries/food\\_safety/veterinary\\_checks\\_and\\_food\\_hygiene/index\\_en.htm](http://europa.eu/legislation_summaries/food_safety/veterinary_checks_and_food_hygiene/index_en.htm)

The focus of the conference was on the use of policy instruments, facilitating access to markets as well as reinforcing links between farmers and consumers, and improving the implementation of relevant hygiene legislation applying to SSCs. Three parallel workshops were dedicated to these issues, including one on “Facilitating Market Access for Local Farmers”.

The workshop participants analysed and discussed several examples of SSCs from different Member States; key achievements and challenges that farmers face with local food products, and;

the different means of facilitating their access to the market. The contrasting perspectives of farmers, consumers and researchers in the workshop highlighted the relative complexity of the local food and short supply chain sector, but nonetheless all participants agreed on the importance of SSCs and acknowledged their social and economic impacts.

Key conclusions to emerge were:

- **There is no strict definition of the concept of short food supply chains** - however, the concept covers aspects

such as quality, networks, environment, jobs, ethics or culture. The key ingredients of SSCs are the link with the territory; mutual trust between the consumer and the producer; traceability; and the active involvement of local intermediaries and other stakeholders. Mutual trust also relates to information exchange and networking - once the consumer is able to communicate with the producer, more confidence can be built. In addition, the role of modern technology in SSCs is increasing and it is important to acknowledge the potential of the Internet and online



purchasing as an important tool and platform for local sales.

- **Consumers' interest in buying local products is growing** - since consumers expect a greater visibility of local foods, the issue of labelling schemes must be considered. Taking into account the fact that introduction of labelling schemes may lead to increased costs for the farmer; there is therefore a need to find a balance between consumers' expectations and the avoidance of any additional financial burden for producers.
- **Regarding economic aspects, the importance of added value is**

**acknowledged** - for this reason, marketing techniques and marketing infrastructure enabling farmers to participate in direct sales and SSCs should be promoted. The different experiences of Member States demonstrate that training and advice services for the producers, as well as education for the consumers, may be helpful. Rural Development Programmes (RDPs) can play a role in facilitating training and advice opportunities for farmers. At the same time, the environmental and social aspects of SSCs should not be underestimated.

- In the future, **public procurement procedures** allowing for the local sourcing of products for catering in hospitals and schools, etc. could contribute to promoting access to local markets for local producers. Furthermore, in terms of **local governance**, the involvement of stakeholders in decision-making processes should be encouraged. Any regulatory decisions at the EU level should account for regional differences.

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## Future outlook

Ongoing work by the European Commission will continue to seek agricultural, rural development and food safety solutions to the challenges involved in preparing workable implementation strategies for encouraging and supporting SSCs, particularly from small-scale farms.

A number of policy measures have been proposed as part of the post-2013 CAP reforms which are directly relevant in this respect. A new rural development priority will promote food chain organisation with the possibility to intervene in the development of food markets and short supply chains. Member States will have the possibility to include 'thematic sub-programmes' within their RDPs which address the specific needs identified (amongst others) of small farms and short supply chains. The following indicative

list of rural development measures for small farms and short supply chains for 2014-2020 was also presented during the conference:

- a. Investment and local infrastructure:
  - On farm investment in physical assets
  - Basic services and village renewal
- b. Farm and business development:
  - Business start-up aid for young farmers, non-agricultural activities in rural areas and development of small farms
  - Investments in non-agricultural activities
  - Annual payment for 'small farmers' transferring their holding
- c. Skills / concept development and quality promotion:
  - Knowledge transfer and information actions
  - Advisory services, farm management and farm relief services

- Quality schemes for agricultural products and foodstuffs
- d. Cooperation of different partners:
  - Small operators sharing facilities and resources
  - Promotion activities related to short supply chains and local markets
  - Setting up producer groups
- e. Local strategies (LEADER).

As Dacian Cioloş – member of the European Commission responsible for Agriculture and Rural development - stressed in his address to the meeting, "we must get a better understanding of this type of marketing. We need to rediscover it. Once the analyses and reflections are done, the actual way in which these new food supply systems operate will probably have to be improved, to give them their rightful place and allow them to develop even further, in the right conditions."

## The role of the National Rural Networks

This issue of EU Rural Review has drawn together information on local food systems and short supply chains from across the European Union. At the very least, this has identified that the sector is growing across Europe to meet consumer demand, that stakeholders are enthused about the opportunities the sector creates and that there is vast potential for sharing best practice and collaborating together across regional and country borders.

Many NRNs have already made the first steps along this road by working together through their Thematic Initiative and have committed to collaborating further to improve sector growth in their own countries and across the European Union. A range of potential collaborative activities have already been suggested, including:

- Organisation of European local food days, trade fairs and seminars on local food to exchange best practice and identify cooperative opportunities, and using these events to develop ongoing European networks.
- Developing a range of themed study tours involving stakeholders from all levels to encourage dialogue and develop working relationships.
- Creating a range of cooperative products and models for information exchange.
- Initiating an international project about entrepreneurship and short supply chains for producers, food service outlets and tourism initiatives.
- Reviewing and disseminating information on governance models for short supply chains which are suited to different

contexts, regulatory frameworks and successful communication strategies.

- Drawing up guidelines for local quality marks linked to short supply chains, in order to ensure that minimum standards regarding quality, origin and characteristics of the supply chain are met.
- Improving the monitoring of short supply chain initiatives and of the farmers involved to conduct a complete evaluation of the social and economic impact of the short supply chain phenomenon, which is currently extremely difficult to quantify, and useful insofar as it creates a potential database for putting producers in touch with each other, creating efficient networks and opportunities for new partnerships.
- Creating models for efficient local logistic systems, which are crucial to the development of short supply chains, building on the logistic capacities of farmers and cooperatives involved in short supply chain projects, as well as on third-party logistic services suppliers.

These suggested areas of activity are ideally suited to transnational working through LEADER, Interreg and other European programmes. This could strengthen the sector in individual regions and enable short supply chains to grow more quickly and more sustainably. Groups across Europe will all be innovating to overcome similar obstacles and trying new ways of building secure partnerships, the sharing of best practice can only support stakeholders looking to develop the appropriate structures and activity for their area.





### Abbreviations and acronyms used in this issue of the *EU Rural Review*

CAP	Common Agricultural Policy	ICT	Information and Communication Technology
CoR	Committee of the Regions	LAG	Local Action Group
CSA	Community Supported Agriculture	LEADER	Liaison Entre Actions de Développement de l'Économie Rurale, meaning 'links between the rural economy and development action'
DG AGRI	Directorate-General for Agriculture and Rural Development	NRN	National Rural Network
EAFRD	European Agricultural Fund for Rural Development	PDO	Protected Designation of Origin
EC	European Commission	PGI	Protected Geographical Indication
ENRD	European Network for Rural Development	RDP	Rural Development Programme
ERDF	European Regional Development Fund	SSC	Short Supply Chain
EU	European Union	SME	Small and Medium-sized Enterprise
FAAN	Facilitating Alternative Agro-food Networks project	TSG	Traditional Speciality Guaranteed
FTE	Full Time Equivalent		
HACCP	Hazard Analysis Critical Control Point		

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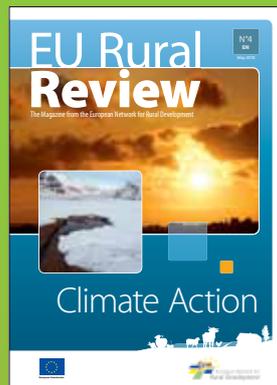
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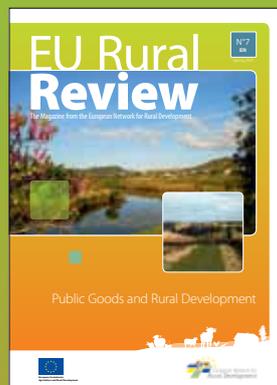
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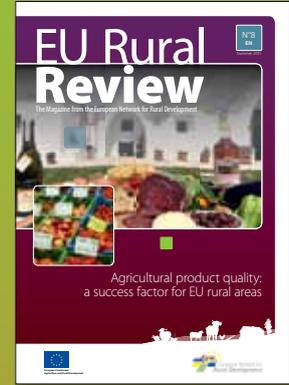
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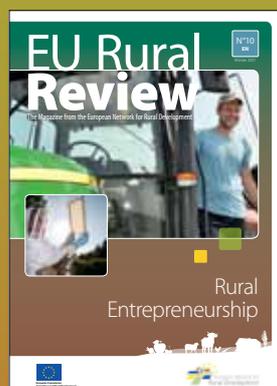
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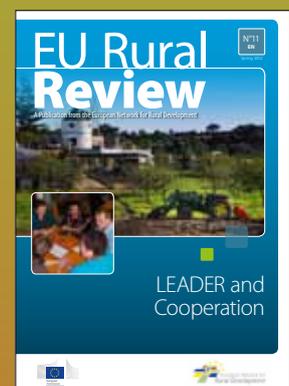
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Publications Office

ISSN 1831-5321



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