

## GREECE - TRIKALA

### Meat processing plant in Filyra (municipality of Koziakas)

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

#### 1. Project details:

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

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

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

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

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

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

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

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

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

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

*Time scale:* Plant has operated since 2007.

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

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

*Beneficiary:* The owner.

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

### ***Finance***

*Funding:*

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

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

### ***Results***

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

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

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

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

*Problems:*

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

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

*Innovation:* The project is not innovative.

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

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

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

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

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