



# Smart agri-food supply chains

## Thematic Working Group Factsheet

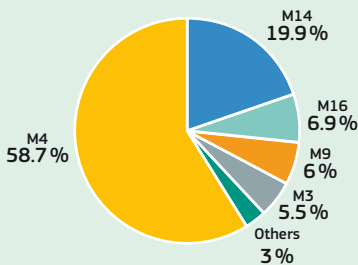
### RDP support to agri-food supply chains

Most of the tools available for supporting smart agri-food supply chains are brought together in Focus Area 3A (FA-3A) of the RDPs. This aims to "improve the competitiveness of primary producers by better integrating them into the agri-food chain".

101 RDPs from 24 MS will invest €11.1 bn of public funds in FA-3A. FA-3A is made up of a 'toolkit of measures' which can be deployed throughout the supply chain and adapted to the challenges faced by each country or region.

The FA-3A 'toolkit' includes a powerful combination of 'hard' measures like investments in physical assets (M4) with 'softer' measures like quality schemes (M3), cooperation (M16), producer groups (M9), animal welfare (M14) and others, such as knowledge transfer and advisory services. More specifically, 300 000 agricultural holdings will get support through quality schemes (M3), producers groups (M9) and cooperation (M16).

Figure 1. Percentage of FA planned public expenditure per Measure (EU-28)



- M4: Physical investments
- M14: Animal welfare
- M16: Cooperation
- M9: Producer organisations
- M3: Quality schemes
- Others

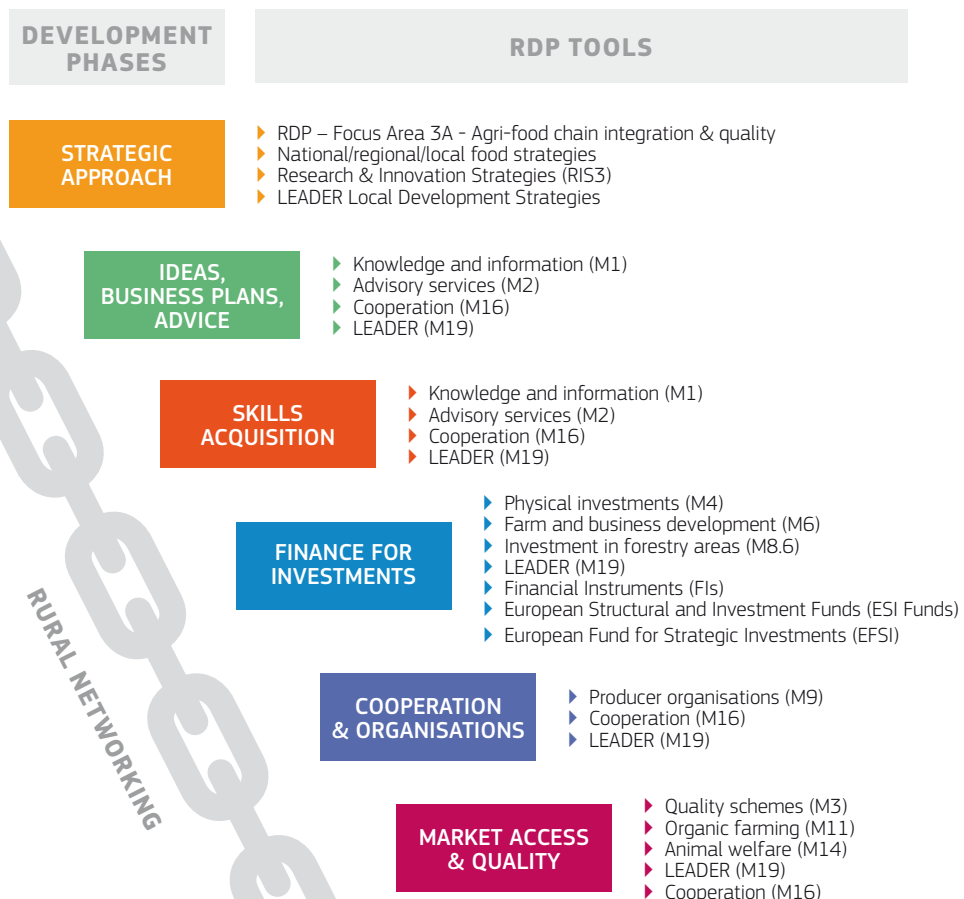
Source: DG AGRI – SFC data (March 2016).

### SUMMARY

This factsheet on 'Smart agri-food supply chains' is one of the outputs of the ENRD's Thematic Working Group on 'Smart and Competitive Rural Areas' in 2016. 'Smart' has been taken to mean all those supply chains that strengthen the position of farmers and rural businesses by helping them to create as many jobs and retain as much value added in rural areas as possible. Short agri-food supply chains are vital, but not the only way of achieving this.

The factsheet looks at the menu of tools available in the Rural Development Programmes (RDPs) for creating the conditions for smart and competitive supply chains. One of the main messages is that it is not so much the size or the number of the individual measures that counts, but the way in which these are combined in strategic and 'smart' ways to seize the opportunities in each rural area. Here the focus is on the agri-food chain but many of the lessons could also apply to other supply chains in rural areas.

### RDP TOOLS FOR ADDING VALUE ALONG THE AGRI-FOOD SUPPLY CHAIN



# RDP OPPORTUNITIES FOR IMPROVING THE AGRI-FOOD SUPPLY CHAIN

## STRATEGIC APPROACH

*Taking an integrated approach to the whole agri-food supply chain is one of the surest ways to create sustainable jobs and value added in rural areas. Innovative food strategies can often be found at national, regional, city and local levels. But many do not start from the perspective of farmers and rural businesses. If used strategically, the RDPs can address the needs of these groups.*



### RECOMMENDATIONS

Use all the possible tools and measures in the RDPs to contribute to the territorial strategy. Design each Measure to address the needs of the different actors.

Design territorial “agri-food supply chain strategies” in a holistic way. Start at the end of the chain with the needs of consumers and the market and then consider all the steps in between.

Involve all the actors in the agri-food supply chain, from farmers to consumers, public and private. Listen to their specific needs.

Maximise the complementarities between the RDPs and other EU and national policies to support the development of the agri-food chain.

Integrate and use the full potential of regional and local organisations like Advisory services, LAGs and Operational Groups.



### INSPIRING IDEAS



#### UK - Scotland

##### Food & drink policy



Scotland has developed a National food and drink strategy, that sets the vision for 2025, providing the framework for the food and drink industry. It is supported by the Scottish Government, and tasked with growing the value of Scotland's food and drink sector to £16.5bn by 2017. It brings together many of the existing stakeholders, representative bodies and industry support bodies to agree, drive and deliver actions across all sectors of food and drink (more [info](#)).



#### ES – Basque Country

##### Regional strategy for competitive supply chains



For the period 2014-2016, the Basque Country Government updated the Regional Strategic Plan for a Competitive Agri-food Industry (PCAI). This strategic Plan sets out the overall framework to boost the development of a competitive and resilient agri-food industry, linked to local and quality products. Specific actions are defined to help to solve most of the outstanding needs for the Basque agri-food businesses. The RDP targets its support to actions that contribute to achieve the objectives set in the PCAI (more [info](#)).



#### Estonia

##### Food & Drink Strategy



The Estonian Food 2015-2020 programme is providing practical support to the rural development objective of fostering a competitive agri-food supply chains in the country.

The initiative saw 18 different food sector organisations represented (including farmers, food processors, chefs, schools and public sector food manager) come together to devise a plan to boost Estonian produce. A series of projects are being targeted at: the Estonian market; export markets; and school children (more [info](#)).

# RDP OPPORTUNITIES FOR IMPROVING THE AGRI-FOOD SUPPLY CHAIN

## IDEAS, BUSINESS PLANS, ADVICE

*An enabling environment for new ideas and business boosts innovation and helps food chain actors adapt to new challenges and opportunities. The RDPs can support this phase through several measures aimed at enhancing knowledge and information, providing advice to all actors involved in the chain, and boosting cooperation. Operational Groups and LEADER are key instruments for supporting new ideas and businesses.*



### RECOMMENDATIONS

Provide ongoing support for knowledge transfer, training in entrepreneurship and advice as key drivers of business creation and innovation.

Include non-agricultural experts in the advisory systems (e.g. marketing, logistics, etc.). Integrated approaches to advisory systems enable wider range of support.

Connect advisory services, knowledge and information activities with LAG actions and activities and regional actions.

Use practical participative methods - peer learning, demonstration farms, mentoring, study visits.

Operational Groups and LEADER can play an important role in piloting/testing new ideas for the sector. There is scope to take greater risk in supporting innovative projects.



### INSPIRING IDEAS



Ireland

Advisory services contributing to innovation support



Farmers groups are organised to discuss issues/topics relevant to the time of the year. This is the sharing of ideas between farmers. These groups meet monthly which allow the advisors to deliver technical advice in a very efficient and timely manner. The role of the advisor is to organise and facilitate the meeting. Teagasc help and train advisors in order to assist them in running and facilitating good discussions groups (more [info](#)).



Belgium

Targeted support for producers on innovation



An advisory system has been set up in Belgium - Flanders, involving a wide variety of experts in different fields who provide specific inputs and advice to producers to improve their business strategies. Ensuring the final decision is taken by the business owners, it has resulted in an improvement in the business planning and in innovation for the participating companies (more [info](#)).



France - Portugal

Reinforcing rural and urban relations



Transnational cooperation between a French and Portuguese LAG on the topic of urban-rural relations has resulted in mutual learning about new ways to improve the scope and effectiveness of short supply chains for local food (more [info](#)).

# RDP OPPORTUNITIES FOR IMPROVING THE AGRI-FOOD SUPPLY CHAIN

## SKILLS ACQUISITION

*Having the right skills is a key success factor in the implementation of projects. RDP measures can be combined to offer tailor-made support through the transfer of knowledge, advisory services and cooperation. LAGs and National Rural Networks can be key actors in skills acquisition by different stakeholders.*



### RECOMMENDATIONS

#### Combine skill acquisition measures with other forms of support from the RDPs.

For instance, training activities with investment support measures and/or quality schemes.

#### Target training to facilitate the transition from food producer to processor, distributor, marketer and customer relations.

#### Consider how education systems can create links to consumers.

This can be knowledge, exchange in agricultural education systems or promotion to consumers of the benefits of agriculture and the food chain.

#### Develop training on entrepreneurship both within and outside agricultural education systems.



## INSPIRING IDEAS

### Belgium

#### Learning Networks for LEADER

#### DEPARTEMENT LANDBOUW & VISSERIJ

The Flemish NSU has arranged a series of Learning Networks for LEADER meetings focusing on specific topics, in order to support the exchange of information, invite topic experts and improve LEADER and CLLD implementation. The idea for the creation of a network for specific topics came from one of the 12 LAG coordinators in the Flanders area of Belgium, in order to learn from each other through informal meetings and the creation of cooperation projects at a later stage. All other LAGs in Flanders were interested, so the NSU organised the Learning Network, with a start-up meeting in June 2015 (more [info](#)).

### Baltic sea

#### Youth participation, entrepreneurship and innovation



A focussed initiative developing young farmers in participation, entrepreneurship and innovation is at the heart of sustainable rural areas. The short term objectives of the project were to connect rural youth organisations and innovation support organisations in a strong and active partnership to gather best practice and experience in both youth involvement and innovation support from the Baltic Sea states. Through participation in each other's activities within the partnership, good models and methods were gathered to create joint learning and knowledge transfer (more [info](#)).

### UK - Wales

#### Farm Enterprise Competition



A 'Farm Enterprise' Competition from Wales in the UK is a good example of an EAFRD-funded project that both identifies and raises awareness about agribusiness innovations. The competition specifically explored knowledge development and transfer in sheep farming for young farmers (more [info](#)).

# RDP OPPORTUNITIES FOR IMPROVING THE AGRI-FOOD SUPPLY CHAIN

## FINANCE FOR INVESTMENT

*A carefully designed strategic approach towards investment support is essential for good supply chain projects. Several RDP measures are available and their characteristics can be targeted and adapted to the specific needs of different supply chain actors. At the same time, simplicity, reliability and speed are vital for success.*



### RECOMMENDATIONS

#### Ensure quality investments.

Design grants and financial instruments to target support to projects that avoid deadweight and achieve greater results.

**Link RDP investment measures with training and market access measures (e.g. quality schemes).** The strategic combination of measures improves results.

#### Mobilise all potential sources of funding.

There are often various sources of public and private funding at EU/national/regional/local levels. The RDP must complement rather than duplicate these sources.

#### Find the right balance between grant support and financial instruments.

Financial instruments offer a good opportunity to create leverage and sustain resources over time.



### INSPIRING IDEAS

#### Romania

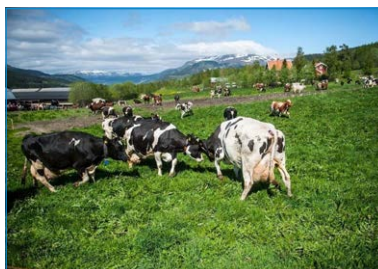
##### Young Farmer investment



Rural investment used in farm modernisation can also target market access, and did so, for example, for a young farmer in Romania. Investing in the correct facilities and knowledge can enable young farmers to create sustainable businesses which also have links to short supply chains and biodiversity (more [info](#)).

#### Sweden

##### Local capital



The project led to the establishment of a totally new and innovative crowd-sourcing concept combined with a local financial intermediary: Åre Lokalkapital serves as an intermediary between entrepreneurs with new innovative ideas and possible funding actors both locally and globally. An entrepreneur from the region searches for funding uploads details on the planned investment to the webpage back-office. Åre Lokalkapital when apply their internal checklist and if it finds the investment economically, socially and environmentally viable, it announces it on the public website and through their networks for investors (more [info](#)).

#### Czech Republic

##### Simplifying Costs



The Czech Republic's RDP has introduced simplified administration systems that improve transparency and reduce risks of errors concerning eligibility. These simplification actions are based on a list of market prices for agricultural equipment and other common costs incurred by RDP projects (more [info](#)).

# RDP OPPORTUNITIES FOR IMPROVING THE AGRI-FOOD SUPPLY CHAIN

## COOPERATION & ORGANISATION

*In open markets, cooperation among actors has become a key feature to enhance the competitiveness of the EU agri-food enterprises. This can involve horizontal cooperation between actors at the same stage of the supply chain, vertical cooperation along it, as well as other forms such as rural-urban, local- regional, transnational, and producer-research. New technologies and collaborative platforms are useful tools to access markets and get better returns.*



### RECOMMENDATIONS

**Use the full scope of RDP measures to encourage horizontal and vertical cooperation in the supply chain and improve market access** (e.g. Cooperation, LEADER, Producer Groups, etc.).

**Promote cooperation between rural-urban and local-regional initiatives.**

**Explore ICT platforms in the supply chain** to enable cooperation between consumer groups and producers.

**Build agri-food clusters at local level (linked to regional clusters).**

**Support the organisation of cooperatives throughout the supply chain**, including the development of leadership and improvement of market information.



### INSPIRING IDEAS

 UK - Scotland

Scotland's Chocolate Trail



Producers in Scotland saw the opportunity to link together their activities to encourage greater visitor numbers to rural destinations by creating a network of artisan chocolatiers (more [info](#)).

 Europe

LINC



LINC stands for Leader Inspired Network Community, an initiative of Local Action Groups and Network Support Units. Local actors from different countries meet and exchange ideas on thematic issues and methodologies, participate in interactive competitions and use the relaxed atmosphere to make new friends and to strengthen existing relationships (more [info](#)).

 Slovenia

Cooperative development to increase market presence



Certified organic farmers established a producer group and presence at local markets in the North East of Slovenia. The group also helped to establish direct relationships with consumers by using a range of promotion and awareness raising actions. The project helped to increase direct selling skills, improve sales and expand regional market opportunities in the organic sector. It stimulated private investments in follow-up information promotion initiatives and raised other farmers' interest in cooperation (more [info](#)).

# RDP OPPORTUNITIES FOR IMPROVING THE AGRI-FOOD SUPPLY CHAIN

## MARKET ACCESS & QUALITY

Producers can thrive when they have the appropriate market information and understanding, linked with appropriate systems to deliver the quality and service required. Investments at different points in the chain need to be backed up with market measures and training. Supply chain interventions should start and end with the market.



### RECOMMENDATIONS

Explore all options for short circuits but also consider other markets (national, international).

**Enable producers to access and understand market trends and segmentation** by using information systems and market data.

**Target growing market opportunities** such as: local food, urban markets, organic farming public food, consumer concern for animal welfare.

**Build trust and knowledge of consumers.** Target specific activities to raise awareness of the regional products through promotional activities.

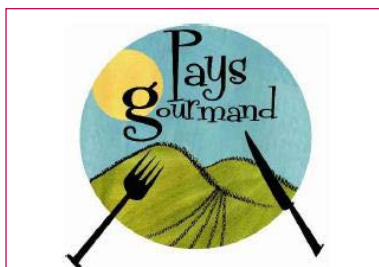
**Enhance the use of well-designed quality schemes** to enable greater market access and increase added value. Avoid a confusion of labels and schemes.



### INSPIRING IDEAS

#### France

Promoting French local restaurants



LEADER support was used to establish a local brand, the 'Pays Gourmand' label, which aimed to recognise the restaurateurs of the territory that offer local products in their restaurants. The development of the label included a series of animation activities to establish cooperation between restaurateurs and producers of the territory, such as the organisation of meetings and training for professionals (more [info](#)).

#### Latvia

Mobile slaughterhouse for common use



A group of livestock farmers in Latvia aimed to address the challenges they faced in processing and selling their meat, including increased competition and the lack of easy access to slaughterhouse facilities. They sought new ways to diversify their business and remain competitive. EAFRD support via LEADER enabled them to buy a mobile slaughterhouse and the necessary equipment. They set up a non-profit association to manage the service and now the farmers can choose whether to sell processed meat to retailers or slaughterhouses or meat products directly to the local markets (more [info](#)).

#### Austria

Drive in of delight



A farm shop/drive-in and producer of regional specialities created, healthy take-away meals using local, organic produce, located just off motorway 129 in Wilhering, Austria. By keeping the supply chain short, the consumer can have access to fresh, seasonal domestic products straight from the producer. At the same time, network of farms with high social and ecological values farms which produces the products can be reinforced. In doing so, the regional economy and agriculture can be strengthened to stimulate job creation (more [info](#)).