

## Summary of the answers to the rural network questionnaire: EAFRD - European Agricultural Fund for Rural Development - and LFSCs - local food supply chains

In the framework of the 2007-2013 programming, the French rural network launched a national initiative group on local food supply chains at European level. After a first reflection work on the definition and the prospect of Member states' local food supply chains, conducted between 2011-2012, the French rural network proposed analyzing the “leverages and obstacles” effects of EAFRD on the development of these local food supply chains, redefining them with a view to the next programming and giving recommendations on the measures to keep, to improve and to create.

In fact, the European Commission has integrated the short food supply chains in its rural development regulation proposal. This topic was defined as a priority in the framework of priority no. 3 – “Enhancing competitiveness of all types of agriculture and enhancing farm viability, promoting food chain organization and risk management in agriculture”. Member states would have, during the next programming the opportunity to implement thematic subprograms for the development of local food supply chains, thereby giving a particular visibility to the issue.

In order to feed the reflection on the development of a specific regulatory framework on local food supply chains the European working group developed a questionnaire to facilitate a better understanding of the effects of EAFRD on the development of food chains and on the balanced development of territories and to draw lessons for further programming.

The investigative work conducted between November 2012 and February 2013 gave a view on the present implementation of LFSCs in Member states, and on how to improve the accompaniment to European funds with a view to the next programming.

The questionnaire was sent to all national rural networks in Europe and to the 26 French regional rural networks. Eleven national rural networks<sup>1</sup> answered, including Hungary, by 3 LAGs. Six regional rural networks (Aquitaine, Midi-Pyrénées, Martinique, Provence-Alpes-Cote d'Azur, Rhone-Alpes<sup>2</sup> and Franche-Comté) answered. We are grateful to all the contributors.

The résumé is always delicate as it supposes extracting the ideas and the main contributions while leaving room to particular contributions. We hope that the reading of this résumé would reflect all the contributions, without trying to be exhaustive. It is intended to raise awareness of the guidelines

<sup>1</sup> Denmark, Hungary (3 LAGs), Flanders, Finland (answers given by a senior expert Heidi Valtari, from the working group Food-Finland under the Rural policy committee, [www.ruokasuomi.fi](http://www.ruokasuomi.fi), University of Turku Brahea Centre for Training and Development, [www.brahea.utu.fi](http://www.brahea.utu.fi)), Spain, Portugal, Slovakia, France, Latvia, Scotland and Malta.

<sup>2</sup> This questionnaire was filled in the name of the “rural network” and of the “DRAAF Rhône-Alpes”

for defining local food supply chains (I), illustrate Member states' priorities (II), point the main lessons from the actual implementation of EAFRD (III) and identify further actions (IV).

## I/ Towards a common definition?

All the countries answering uttered a shift from the notion of short chain to that of a **local** circuit including the geographical dimension, ahead of the link between producers and consumers. The reference to this **spatial proximity** seems however to be insufficient in the definition given to article 2 of the draft regulation for rural development: "short supply chain: a supply chain involving a limited number of economic operators, committed to co-operation, local economic development, and close geographical and social relations between producers and consumers".

It is interesting to note that the majority of countries/regions like Denmark, Finland, Flanders or Spain doesn't have a "national" definition but rather guidelines or principles framing the notion, without defining it precisely.

The notion of **industry**<sup>3</sup> is also more and more prevalent. It supposes projecting local food chains as a global system, accompanying the upstream and downstream of the industry and coordinating actors. The "industry" dimension allows maintaining agriculture within territories, developing jobs and rural areas' attractiveness and creating virtuous circles, as some countries point out.

In France, the place given to local chains in regional policies is increasing, as the answers coming from Aquitaine, Midi-Pyrénées, Rhône-Alpes, Franche-Comté, Martinique and Provence-Alpes-Côte d'Azur prove. They are part of a particular aid to structuring food industries.

However the PACA rural network emphasizes that the importance of these chains in maintaining agriculture within territories is to be discussed as "the LFSCs are not always a solution to maintain farming".

To conclude, we are moving towards a common understanding of local food chains in Europe following these criteria:

- Concept of territories and spatial proximity
- A number of intermediates that varies up to 1 from the need to think in terms of "industry" and thus add local intermediates (processors, retailers)
- Concept of strong social bond and confidence relation between consumers and producers/processors/sellers, with a high demand for traceability
- Response to a societal demand to valorize local agricultural production and the emergence of food security/public health issue
- Valorization of farmers and their work.

Though, it is a permissive definition that should adapt to local issues. For example, the spatial dimension in Finland is not an acceptable criteria as some producers are very isolated and thus they

<sup>3</sup> The notion of industry is to be considered as the whole supply circuit, taken globally, from upstream to downstream

cannot integrate local chains except going to a market located relatively far from their production place.

Spain remains however committed to keep a maximum of one intermediary in the definition of a local chain. Flanders also insists on the proximity between the producer and the consumer.

## II/ Priorities in Europe

Nowadays, the main priorities, transversal and more or less marked, in encouraging the development of LFSCs are:

- Assist to the **organization and the development of food industries** (production-processing-sale) and enable diversification
- Improve **skills** of economic actors, through training, and thus encourage greater competitiveness between small farms
- Provide a **better visibility** to local production
- Create **added value and jobs** in order to reinforce the attractiveness of territories
- Promote a **qualitative production** by labeling and ensure food production's transparency in order to ensure traceability.

To meet these priorities, many support instruments already exist in Europe, at different scales: national, regional and local. Thus, Finland is preparing its 1st national program for local food 2012-2015. Latvia has a national scheme for qualitative food that allowed the creation of a logo and a label, and a scheme for organic agriculture. Slovakia adopted specific legislation according to "farm sale" at national level.

The Scottish rural network supports local chains by different means:

- [Food Processing Manufacturing and Co-operation Scheme](#) (FPMC) – Plan for conducting change throughout the food industry
- [On farm retailing](#)/Farm sale
- [On farm processing and manufacturing](#)/Diversification and support program for producers to processing and trade.
- [LEADER](#)

In France: an action plan in order to promote the development of local food supply chains was advanced by the Ministry of Food and Agriculture. This ministerial plan comes to reinforce the national food plan. A set of tools and devices comes to support these plans and projects at national and local level (Rural excellence center, CASDAR, EAFRD on a whole: axis 1, Leader, as well as the rural network and regional networks that focused a big part of their work on it).

The PACA region for example also has a lot of instruments in order to support LFSCs: EAFRD Measure (121C4, 331bis, 123A), LEADER, National food plan (PNA), CASDAR, Positive modulation aid to installation, Animation of the Regional rural network, Organic plan and a Politic framework of the Regional Council for the development of short chains<sup>4</sup>.

<sup>4</sup> Employment assistance in supply areas for catering, Call for proposals on short chains: support for the development of local chains, mainly for catering, Working groups' animation: sale conditions and food service.

Other French regions (Aquitaine, Rhône-Alpes, Franche-Comté, Martinique, Midi-Pyrénées), have also implemented financial assistance/support instruments, mainly through the regional rural network.

Finally, to support aid instruments, rural networks often developed a number of tools including:

- The publishing of guides targeting different audiences (officials, technical staff, etc) and on different subjects (public procurement, catering etc)
- Organization of trainings (public tender, ...)
- Organization of fairs, seminars, conferences, open days to local products
- Website (e.g. internet platform for food supply in Martinique)
- Collective platform
- Calls for projects (including Midi-Pyrénées and Nord-Pas de Calais regions)

### III/ Main lessons

EAFRD mobilization is generally considered important in Europe for the development of LFSCs. It serves as a leverage to improve farms' competitiveness, ensure a balanced regional development, organize industries and sustain small farms.

#### 1) LEADER :

**Leader approach** is privileged for the development of LFSCs as LAG territories are places of experimentation, they have facilitation and engineering abilities which make easy project's implementation and some of them set out of local development strategies clearly turned to LFSCs. It's the case of 4 out of 5 LAGs in Franche-Comté or of the Une Autre Provence LAG (standing across Rhône-Alpes and PACA regions), which focused its local development strategy on products' development and gradually structuring the taste for a regional economy.

The concepts of **"territory"** and **"identity"** are important to promoting the development of LFSCs, as Spain or Midi-Pyrénées emphasized.

#### 2) Mobilization of EAFRD:

The main difficulties in accessing EAFRD come from an insufficient visibility of the fund and because the LFSCs are not specifically targeted in EAFRD so we cannot properly perceive them as a "lever effect". Another major obstacle to sustaining the implementation of concrete projects is related to the eligibility of project leaders and of the beneficiaries of the actions. The LFSCs being innovative new chains, projects related to them are often not suitable to regulations and therefore cannot be financed, which goes in the detriment of the territory and of the project leader.

#### French exception?

While the mobilization of EAFRD for the financing of projects related to LFSCs doesn't seem to be a problem in Europe, if it is not exceptionally, in France, answers are hesitant and underline the difficulties in EAFRD's mobilization for various reasons.

For example, the answers returned by the PACA region illustrate the types of problems EAFRD's mobilization encounters:

- **Inadequate mobilization of measures 121C4 and 311bis.**

**Reasons:** a delayed start of these measures but a lack of time to adjust the criteria according to the needs and lifts.

**Criteria to be adapted:** e.g. the introduction of a collective dimension, especially cooperatives, inside measure 121C4 and the cooperatives' eligibility to measure 311bis, in fact, it is impossible to support trade cooperatives which do not process, as they are ineligible under measure 123A.

**Instruments' rivalry on the territories:** Articulation problem between LEADER and other instruments; competition in terms of significant differences in aid rates.

- **Good yet insufficient mobilization of measure 123A**

Strongly equipped measure at the beginning of the programming (14 millions) but for which mobilization is inadequate.

**Reasons:** lack of communication and of dispatch in order to inform potential beneficiaries.

Articulation between public funds and EAFRD remains fragile, communication towards the beneficiary is generally insufficient and too many divisions between measures are highlighted.

Regarding the **amounts EAFRD has mobilized**, the answers are not comparable as some provided the overall amount while others detailed the distribution of EAFRD.

They are as follows:

In Finland: €18 000 000 EAFRD for development projects; €9 000 000 for ESF and ERDF.

In Scotland: £70 millions EAFRD during 2007-2013 programming.

In France:

In Franche-Comté: €740 821.37 (RN + LAG + EAFRD aid)

In Rhône-Alpes: €900 000 EAFRD in 2012 for LFC projects in the region (measures 125C2, 321B, 341B)

In PACA: 121C4: €176 500 programmed (voted but still not engaged) over the €1 750 000 planned in the EAFRD model (2007-2013), accounting for 10%.

311bis: almost €60 000 programmed over the €2 000 000 planned in the EAFRD model, accounting for 3%.

Very few cases based on these 2 measures are undertaken to date (have a signed agreement).

123A: €10 300 000 programmed over the €14 600 000 planned in the EAFRD plan, accounting for 70%. The rate of cases undertook (signed agreement) is on the contrary 41% (€6.1 M). In 2013 fast efforts are needed in order to analyze all the cases and use the planned budget.

N.B.: EAFRD plan is under review for the last year of programming.

EAFRD aids to farms are mostly centered on processing and trade measures. Aids also serve to the **territorial organization** of LFSCs (improve knowledge, developing offer, food governance), however not enough.

Public aid especially intervenes in promoting knowledge improvement and developing the offer in France and Finland. For the others, aid also served to the promotion of local products in relation to

tourism. Spain mainly used aids to adapt sanitary rules to small producers, in order to promote the integration of local products in tenders, facilitate e-commerce and help agricultural unions and develop networking and cooperation between groups.

The most requested aid measures are:

Axis 1: 111, 112, 121C4, 123, 125C2, 126, 121C6, 121C3-2 or C3-3, 132, 133, 142, 143

Axis 2: 214 (MAE – only used in Spain)

Axe 3: 311, 312, 313, 321, 341B (in connection to Leader in Finland), 351

Axis 4: 431, 431, 421

Axis 5: 511 (Martinique), 511-1B for all those who use the rural network

The axis 1 is especially strong in Spain in comparison to other countries. Portugal puts forward measure no. 421 (cooperation).

In general, axis number 3 is more frequently used and is responsible for better integrated projects, especially through measures 341B (local development strategy) and 351 (Leader special measure), even if 341B appears to be insufficient as it concerns facilitation and engineering only.

### 3) Relationship with other funds:

While the relationship with other funds is mostly unknown, some networks gave interesting information and effective or possible relations. In Finland for example, the ESF intervened through educational programs.

In the PACA region, the ESF 2<sup>nd</sup> objective, axis 3, measure 6 “development of local initiatives and support to regional projects” assigned to the Regional Council, could support employment through local food supply chains but it is still to be confirmed. For the 3<sup>rd</sup> objective: a research has to be conducted in order to know the potential mobilization of this objective to employment in local food supply chains.

For the Axis 4 of ERDF<sup>5</sup>, Domain 4-2 “Increase the rural territories contribution to regional competitiveness”, it supported the projects for LFSCs development (e.g. support for the creation of a collective sale point at Gap) and Axis 3, Domain 3-4 “establish a development dynamics adopting production methods and sustainable consumption” (conducted in PACA by ADEME)

Thanks to funding from the European Social Fund (ESF), Grand Besançon in Franche-Comté conducted a project aiming to build bridges between the city and the village and which allowed the maintenance or the creation of agricultural activities through animation events (trainings, support to project holders) and the promotion of local initiatives (local producers’ market...).

In Franche-Comté, the ESF funded a study on the regional status of the Associations for the Preservation of Peasant Agriculture (APPA), their socio-economic impact, and the ability to federate them while the ERDF was mobilized in educational projects in primary school (CPIE de la BRESSE) in connection with the cuisine of Lons-le-Saunier, to make the link between quality of food served and guests’ knowledge.

<sup>5</sup> Regarding ERDF, it could have included local circuits nevertheless it targets improvements of the air quality and the promotion of sustainable production patterns for small and medium-sized enterprises (SMEs) only.

In Martinique, we will note the ESF aid of a social grocery. In Portugal, the Human Potential Operational Program in connection to the Social Development contract, also benefits from the European Social Fund.

Portugal highlights that projects linking urban and rural are not eligible and that constitutes an obstacle to the development of local food chains, though the relation city-countryside it's important to promote the growth of these industries.

Finally, Finland asks about the influence of the European Fisheries Fund on the LFSCs. A relation should be planned for the following programming.

#### 4) Contribution of the rural network:

It is mainly considered a strong one because the Rural Network helps create links between rural actors and thus initiate meetings and projects, finance extremely necessary before the projects starts studies (knowledge of customers' expectations, study on the obstacles to the development of LFSCs, etc.), allow methodological support and disseminate information. But, exceptions occur. For example, the Danish rural network is not much involved as "local products networks were very much funded at local or regional level by local stakeholders and entrepreneurs".

### IV/ Recommendations

Measures to keep would be 351 (especially for Leader), 311 (diversification) and 121C (transformation). Measure 341B (local development strategy), although interesting, should be improved, as the Midi-Pyrenees region has shown: "Measure 341B is just a facilitation and engineering measure [...] we must build a readable policy, combining several EAFRD measures, current axis 1 (farmers' training, installation, investment, transformation) and axis 3 (animation, territorial training, agricultural tourism, people services, cultural identity ...)". For the PACA region, which in its contribution details very precisely those "keep-improve" measures, "information and marketing activity" measure 133 it's to be kept as article 17 of the EAFRD proposed regulation doesn't include the actual measure 133, but just measure 132.

Fishery sector should also be integrated to LFSCs development public policy, as it is a partitioned area that should be connected to other funds.

In fact, all countries/regions underline the need of an integrated approach to LFSC, and of providing access to a set of joint instruments that will support structured projects. In consequence, **multi-fund** seems to be essential to structuring and integrated projects, taking care to maintaining the aid to animation and engineering within territories.

It should also ensure the availability of funds to SMEs and to collective structures (cooperatives, associations, groups, etc.) and improve communication on aid measures so that project leaders and beneficiaries have easy access to information.

Finally, in the future measures to structure industries, to help people without farmers' status to install (outside family circle) and to meet the need for observation, networking and animation in order to strengthen LFSCs support in the territories will be needed. The Rhône-Alpes region underscores the need for tools to measure the impact of the LFSCs supportive public policies on households' food consumption. A study is being conducted in this area to measure the impact of public policies that accompany LFSCs and the cost of creations including collective sale points.

Spain suggests having higher co-financing rates when the project concerns LFSCs and that it should ensure farmers' participation while drawing attention to the fact that Europe must also struggle to maintain the diversity of the food and agricultural production, in order to avoid an already very strong homogenization.

### In brief

LFSCs appear as an important lever for maintaining economy and services within rural areas, for promoting local agriculture and promoting the strengthening of social ties. Overall, we can see that if the EAFRD contributed to the emergence of LFSCs and to their development within European territories, it was very little coordinated, and thus complicating it and rendering problematic aid's accessibility.

The **next programming** period must be used to support the growth of LFSCs through structuring them and providing them an integrated and partnership dimension, by adjusting the definition of the sub-program for short-circuits. Eligibility rules must change in order to be more flexible to those rather often innovative initiatives that do not fit any category. They must give room to **innovation**, and enable all stakeholders to contribute to the development of LFSCs. For example, the EAFRD may finance platforms for the collection or the distribution of food products. Rural networks have a role to play in supporting LFSCs, through disseminating information and reinforcing knowledge and skills. They should strengthen their action in this direction.

Finally, consistency is also to be found with the free competition provision of the European Treaty: can we advantage local purchase of agricultural food products and by the public, via a "local product" label for example? The issue of public procurement is essential to consider the development of the supply of public catering by LFSCs.

For any kind of information regarding this local food chains study please contact:

Julia Manaquin, French rural network support unit: [j.manaquin@rct-territoires.com](mailto:j.manaquin@rct-territoires.com)

Brigitte Midoux, Ministry of agriculture, food and forestry: [brigitte.midoux@agriculture.gouv.fr](mailto:brigitte.midoux@agriculture.gouv.fr)

Editing date: March 20, 2013 – modified April 15 2013