

Supporting the agrifood sector



A Policy Brief from the Policy Learning Platform on
SME competitiveness

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Summary

The policy brief focuses on the agrifood sector. It covers topics such as the EU agriculture and food policies, improving the food value chain, collaboration in the food sector, access to funding, accelerating food businesses and encouraging organic farming and production. It is primarily based on the knowledge generated by the Interreg Europe community and takes a deeper look into relevant EU policies, support instruments and programmes and good practices, policy changes and pilot actions related to supporting the agrifood sector.



Introduction

Food is essential to human life - it is the [second largest household expenditure in the EU](#). The agrifood sector has a strong cultural and social importance in Europe considering its strong tradition and the contribution of the sector to keeping rural economies alive and maintaining rural areas and landscapes across the EU. Remarkably, the EU's common agricultural policy (CAP) [represented about 35% of the overall budget](#) of the EU in 2020¹. Food has also become very topical in the light of COVID-19 and Russia's invasion of Ukraine as the importance of resilient food systems and food security has risen dramatically in Europe.

The topic of food and agriculture itself is vast and cross-cutting with topics such as rural development, industrial innovation and research, sustainability, the circular economy, consumerism, etc. This policy brief narrows the focus on **SME competitiveness** and takes the perspective of improving public policies to generate more favourable conditions for food and agricultural businesses. The policy brief predominantly covers themes such as **improving the food value chain, collaboration in the food sector, access to funding, accelerating food businesses and encouraging organic farming and production**. This policy brief builds upon the knowledge generated by the Interreg Europe community and takes a deeper look into relevant EU policies, support instruments and programmes and good practices related to agrifood. The brief highlights inspirational **Interreg Europe good practices, policy changes and pilot actions**. Many of the examples throughout the sub-chapters are highly transferable and could inspire similar initiatives in other regions and countries.

The first chapter gives a broad context to the global food situation by looking at SDGs and malnourishment, obesity, and resource scarcity challenges. The second chapter gives an overview of the scope of the European agrifood sector. The third chapter highlights the key policies on the EU level that drive the development of the agrifood sector. The fourth chapter dwells deeper into some of the challenges of SMEs in the agrifood sector and provides solutions through Interreg Europe good practices. The policy brief ends with key conclusions and a list of relevant Interreg Europe projects and materials for further reading.

Further reading

We believe that this policy brief could provide you with new ideas on how some of the agrifood support solutions featured could also be applied in your context.

If this is a topic of deeper interest to you, we also encourage you to check out our Online Workshop "[Challenges and opportunities for the European agri-food sector](#)" and our previous policy brief "[Regional branding for SME success](#)".

Food – an essential component of a sustainable global future

Perhaps more than any other business sector, the well-being of the agrifood sector is connected to the well-being of humankind. Multiple [UN Sustainable Development Goals](#) (SDGs) - "Zero Hunger", "Good Health and Well-Being" and "Ensure sustainable consumption and production patterns" - are directly linked to the global food system. These SDGs are the blueprint for achieving a better and more sustainable future for all.

¹ Although its share has been mostly in decline since 1980 when it made up 65.5% of the EU budget.



Unfortunately the [2022 report](#) released by the Food and Agriculture Organizations (FAO), a specialized agency of the UN, conveys a bleak message “the world is moving backwards in its efforts to end hunger, food insecurity and malnutrition in all its forms.” According to the report **undernourishment** has reached 9.8% and between 702 and 828 million people were affected by hunger in 2021. Ironically, according to the WHO [around 39% of the world’s adult population is overweight](#) and 39 million children under the age of 5 were **overweight or obese** in 2020. Furthermore, according to FAO, almost 3.1 billion people could not afford a healthy diet in 2020 which was 112 million more than in 2019, reflecting the inflation in consumer food prices stemming from the economic impacts of the COVID-19 pandemic and the measures put in place to contain it. For low-income groups, price is a key food choice determinant often to the detriment of the healthier options.

At the same time, it has been estimated that [20% of the total food produced each year is lost or wasted](#) in the EU. This accounts for 88 million tonnes or 173kg/per person of **food wasted** with an estimated cost of 143 billion. Food waste is also responsible for about [10%](#) of global greenhouse gas emissions. According to [EIT Food](#) preventing food loss and food waste at scale would offset huge amounts of environmental damage and biodiversity loss as well as increase the accessibility of food for food insecure populations. Furthermore, according to [the European Commission](#) food consumption is the main driver of negative environmental impacts generated by households in the EU, followed by housing (especially space heating) and mobility (particularly the use of private cars).

Nonetheless, population and income growth will continue to drive food demand. 70% of freshwater global consumption is currently used for agriculture. The World Bank [has estimated](#) that “by 2050, feeding a planet of 9 billion people will require an estimated 50% increase in agricultural production and a 15% increase in water withdrawals.” This is massive **pressure on the natural resources** of the world. Meeting the additional demand will depend on the availability of productive resources and innovation in technologies and business models as well as improvements in supply and value chains.

A key recommendation from FAO is that governments must “start rethinking how they can reallocate their existing public budgets to make them more cost-effective and efficient in reducing the cost of nutritious foods and increasing the availability and affordability of healthy diets, sustainably and leaving no one behind”. While malnourishment, obesity and resource scarcity challenges are not the central focus of this policy brief it is nonetheless important for the reader to keep these figures and trends in the background while reading the suggestions of the following report. Any intervention and solution to the challenges in the agrifood sector should always be placed in the context of the global food emergency and the need to transform food systems.

SME competitiveness and agrifood

The European food sector

The food sector as a whole is a **complex network made up of vast supply chains**. According to [the SinCE-AFC project’s e-book](#), the agri-food chain consists of multiple NACE classification² sections: “Agriculture, forestry and fishing”; “Manufacturing”, “Wholesale and retail trade”, and “Transportation and storage”, “Accommodation and food service activities”. There are around [11 million farms in the EU](#)

² NACE (Nomenclature of Economic Activities) is the European statistical classification of economic activities.



that produce agricultural products, around 300 thousand food processors and another 2.8 million enterprises within the food distribution and food service industry.

The food and drink industry is the [EU's biggest manufacturing sector](#). According to [Eurostat](#)³, in 2019 the sector employed nearly 4.2 million people, generated €967 billion in turnover and €190 billion in value added in the EU. In half of the Member States, the food and drink industry is the biggest manufacturing employer. 99.2% of European food and drink businesses are SMEs. According to [FoodDrinkEurope](#) the EU food and drink industry is comprised of **289,000 SMEs** that account for 40.5% of the sector's turnover and 58.4% of employment.

CONTRIBUTION OF SMES AND LARGE COMPANIES TO THE EU FOOD AND DRINK INDUSTRY (2018, %)

● SMEs ● Large companies

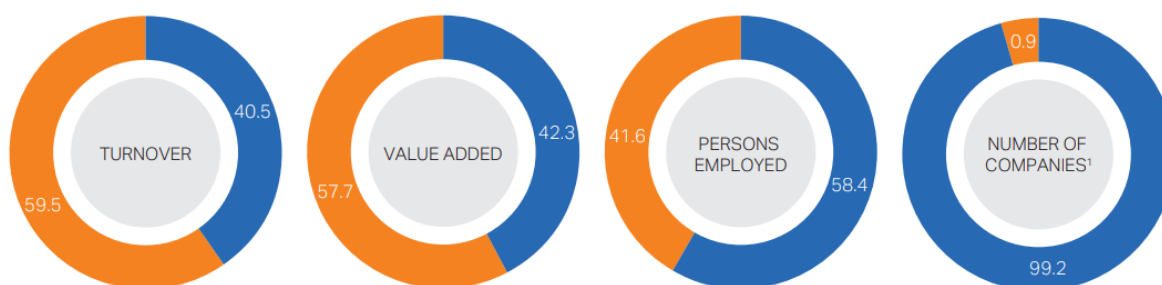


Figure 1. Graphics from FoodDrinkEurope report “Data & Trends. EU Food and Drink Industry 2021”, data based on Eurostat

In short, the food supply chain is a major source of jobs and economic activity. People are employed in producing, preparing, processing, packaging, storing, transporting and selling. According to the [European Commission](#) the farming and food sectors together provide nearly 40 million jobs in the EU. This constitutes around **a quarter of all EU employment**.

Challenging times for SMEs

The past couple of years have not been smooth sailing for farmers and agrifood SMEs. Food prices have been on the rise due to Covid, the Ukraine-Russia war, extreme weather conditions caused by climate change, rising raw material prices, and increasing global demand due to population growth in Asia and Africa. For example, the EU's exports and imports with Ukraine, a major contributor to the wheat, maize and sunflower oil trade globally, [declined dramatically in 2022](#). Agricultural businesses are unique in the sense that they depend more on the weather and climate than many other sectors and that there is an [“inevitable time gap”](#) between consumer demand and farmers being able to supply. Furthermore, national and international supply chains have been disrupted at a time when consumer demand and public policy expect greener and smarter solutions from businesses – a transition that is **expensive and not without its risks** for the businesses.

[A survey conducted among SMEs within the FRIDGE project](#) found that the biggest bottlenecks of SME productivity are **access to financial resources, pricing and payment conditions, the scale of production and workforce skills**. Considering the last, as many European agrifood SMEs are in rural areas, their competitiveness is directly impacted by ageing societies and the lack of skilled workforce caused by brain drain. The report also points out the **missing cooperation culture, and unwillingness to network and involve external partners** in the company's processes as a challenge. This is not surprising as the food industry is largely traditional and businesses are often direct competitors. According to the report, on the business level SMEs face challenges such as “high competition, price pressure, low productivity, high production costs, cost volatility and other related bottlenecks.”

³ Online data code: SBS_NA_SCA_R2; NACE classification “Manufacture of food products.”; 2019 statistics based on 27 Member States.



Furthermore, SMEs and farmers are also faced with **changing customer demands and public policies**. New trends like digitalization, personalized nutrition and sustainability are increasingly shaping the food industry and demand innovation. Another such trend is organic farming. While in 2012 9.5 million hectares of agricultural land in the EU was organic, [in 2020](#) the figure was already 14.7 million hectares making up 9.1% of total agricultural land. In 2021, the EC presented an [Action Plan for the development of organic production](#). Its overall aim is to “boost the production and consumption of organic products and reach 25% of agricultural land under organic farming by 2030, as well as to increase organic aquaculture significantly”. This change will also correspond to funding, as the current 7.5 billion EUR support to organic farming from CAP is expected to increase 5-8 times. These trends mean that **existing agrifood SMEs need to adjust to the changing conditions to remain competitive**. It also means that **new innovative food startups can emerge**.

Some challenges can to some extent be alleviated by policy and support measures. According to a report by the [Food and Land Use Coalition](#), there is a need to use policies to “allocate risk (market, weather, production) so that farmers do not carry most of it while receiving the least of the returns, protecting their tenure and giving them confidence to make longer-term investments, improving opportunities for women and younger farmers, and respecting their experience in land stewardship and food production.” In other words, **the sustainable livelihood of farmers and rural communities needs to be addressed** when designing transformative policies for the next decade.

The next chapter gives an overview of EU policies that set the tone for the future of the European agrifood sector.

Food and EU policy

Common Agricultural Policy (CAP)

Launched in 1962, the EU’s [common agricultural policy](#) (CAP) aims to support farmers and the rural economy, help tackle climate change and promote the sustainable management of natural resources as well as maintain rural areas and landscapes. CAP is the main regulatory framework for the primary sector. To underline the significance of CAP, it is once more necessary to state that it represented **about 35% of the overall budget of the EU in 2020**. The CAP is currently [under reform and a new one will start in 2023](#). The updated CAP aims to foster a sustainable and competitive agricultural sector that can support the livelihoods of farmers and provide healthy and sustainable food for society, as well as vibrant rural areas.

CAP is supported by two funds drawn from the long-term budget of the EU – the European agricultural guarantee fund and the European agricultural fund for rural development – and amounts to €386.6 billion. The [European agricultural guarantee fund](#) (EAGF) primarily finances income support for farmers and [market intervention measures](#). Market measures aim to stabilise agricultural markets and prevent market crises from escalating, boost demand and help EU agricultural sectors to better adapt to market changes. This includes intervention buying, private storage aid, sector-specific supports, exceptional market disturbance measures, and the EU school fruit, vegetables and milk scheme.

The [European agricultural fund for rural development](#) (EAFRD) is one of the five funds included under the framework of the [European structural investment funds](#) (ESIF), which target cohesive investment toward sustainable economic development in the EU. EAFRD finances the EU’s contribution to [rural development programmes](#) (RDPs). While the European Commission approves and monitors RDPs, decisions regarding the selection of projects and the granting of payments are handled by national and regional managing authorities. The priorities and focus areas of RDP include opportunities to support projects focused on rural cooperation, diversification, development of SMEs, better integrating SMEs in the agrifood supply chain, and so on. The EAFRD can also provide [investment support](#) for rural enterprises and projects through financial instruments, such as loans, guarantees, or equity.



Farm to Fork and Biodiversity strategies

In the context of the [European Green Deal](#), two major strategies have been developed to enable the transition to sustainable food systems, reduce waste, and tackle the key drivers of biodiversity loss. First, the [Farm to Fork Strategy](#) is aiming to make food systems fair, healthy and environmentally friendly. While the focus is predominantly on reducing pollution (reduction in the use of pesticides, nutrient loss, etc) and food waste, the activities envisioned also involve rethinking the role of various operators in the food value chain as well as increasing public awareness and meeting the demand for sustainable food. Second, the [Biodiversity strategy](#) is a comprehensive, ambitious and long-term plan to protect nature and reverse the degradation of ecosystems which among other challenges also tackles food insecurity.

EU quality policy

The [EU quality policy](#) protects the names of specific products to promote their unique characteristics, linked to their geographical origin as well as traditional know-how. Product names can be granted with a 'geographical indication'⁴ if their qualities are specifically linked to the area of production. The recognition enables consumers to trust and distinguish quality products and helps producers to market their products. [According to 2018 data](#), products sold under geographical indications are estimated to represent around 5.7% of EU food and drink production, and 15% of EU food and drink exports.

Initiatives

There are also multiple relevant initiatives on the pan-European level:

- [EIT Food](#) is a large European food innovation initiative, supported by the [European Institute of Innovation and Technology](#) (EIT) under [Horizon Europe](#), working to make the food system more sustainable, healthy and trusted and to illustrate the central position of the agrifood sector in Europe's industrial and innovation strategy.
- [The European Innovation Partnership for Agricultural Productivity and Sustainability](#) (EIP-AGRI) is one of five European Innovation Partnerships launched in 2012. It aims to foster competitive and sustainable agriculture and forestry sector. It bridges the gaps between research and practice in agriculture, forestry and agribusiness, and encourages sharing innovative ideas.
- [The Smart Specialisation Platform for Agri-Food](#) orchestrates and supports the efforts of EU regions committed to work together for developing a pipeline of investment projects connected to agriculture and food.
- The [European network for rural development](#) acts as a hub of information on how rural development policy, programmes, projects and other initiatives work in practice and how they can be improved to achieve more. The ENRD supports the effective implementation of EU countries' rural development programmes by generating and sharing knowledge, as well as facilitating information exchange and cooperation across rural Europe.
- [LEADER / Community Led Local Development](#) (CLLD) is a "bottom-up" approach that has been used for 30 years, in which farmers, rural businesses, local organisations, public authorities and individuals from different sectors come together to form Local Action Groups to improve the potential of their areas.

⁴ There are four types of geographical indications:

- PDO – Protected Designation of Origin - Product names registered as PDO are those that have the strongest links to the place in which they are made.
- PGI – Protected Geographical indication - PGI emphasises the relationship between the specific geographic region and the name of the product, where a particular quality, reputation or other characteristic is essentially attributable to its geographical origin.
- GI – Geographical indication of spirit drinks and aromatised wines - The GI protects the name of a spirit drink or aromatised wine originating in a country, region or locality where the product's particular quality, reputation or other characteristic is essentially attributable to its geographical origin.
- TSG - Traditional speciality guaranteed - Traditional speciality guaranteed (TSG) highlights the traditional aspects, such as the way the product is made or its composition, without being linked to a specific geographical area. The name of a product being registered as a TSG protects it against falsification and misuse.



Regional policies and measures for supporting the agrifood sector

Having covered the sector's importance, general challenges, trends, and broad EU-level policies, programmes and initiatives in the last chapter, the rest of the policy brief takes a closer look at various good practices, policy changes and pilot actions from the **Interreg Europe community** that have been implemented in European regions to support the competitiveness of the agrifood sector.

Improving the value chain

Smooth cooperation along the food value chain is especially important for **reducing costs and food waste**. In light of COVID-19 and global conflicts disrupting pre-existing value and supply chains, it has become more important to set up shorter local and pan-European value chains in the food sector. [The EC DG Agriculture and Rural Development](#) projects that demand for locally produced food and shorter supply chains will continue until 2030. Promoting local production and consumption has several benefits for regional development, namely, it can help reduce the harmful environmental impact of transporting goods over a long distance and it supports economic activity locally.

An inspiring example of **shortening the supply chain** comes from Pamplona, Spain, where the consumers formed the cooperative Landare to buy products from proximity producers directly. Initiatives such as Landare are important for building trust between consumers, farmers, and food sector SMEs. They also ensure that farmers get a fair price for their goods.

LANDARE cooperation between consumers for organic consumption in direct relationship with producers



Landare is an organic consumers' association, a cooperative supermarket in the metropolitan area of Pamplona. Its members joined to have access to ecological and healthy food at popular prices. They bet on products of proximity and a direct deal with producers, and this allows the establishment of fair and mutually beneficial exchange relations. It is a participative organization, committed to values and benefits for the community: healthy food, agroecology and responsible consumption.

Landare has 2.800 member families and offers more than 3.000 references in 2 stores. One of the aims of consumers is to get variety, quality and fair prices in the shopping basket. Fair trading relationships are promoted, buying directly from 122 producers and creating long-lasting relationships based on mutual trust. The sale prices are established so that 80% goes to producers and 20% to management costs such as salaries and rentals. In this way, a lower price is obtained for consumers and a greater margin for producers, forging a win-win relationship.

Find out more about the practice [here](#).

Image Source: <http://landare.org/>



SMEs in the food sector rely on good business relationships upstream, particularly with retailers. The above-mentioned [survey conducted among SMEs within the FRIDGE project](#) showed that SMEs in the food sector would like to see more **governmental support towards the retail/distribution sector and consumers/customers**. In this light, the Food Academy Programme from Ireland is an excellent example. Not only does the programme offer a 4-day marketing training to new and early-stage food business owners, but it also puts them in direct contact with SuperValu, a supermarket chain. SMEs that go through the programme are given a chance to test-run their products on the shelves of the retailer. Therefore, the programme addresses some common obstacles for new businesses in the food sector: marketing properly their product, finding access to their first clients, and developing sales channels.



Food Academy Programme

The Food Academy is a training programme aimed at supporting and nurturing start-up food businesses. The Local Enterprise Offices have joined forces with Bord Bia and SuperValu on this initiative to provide a consistent level of food marketing knowledge to new and early-stage food business owners.

Food Academy Start aims to provide small food businesses with a solid foundation to progress to the shelves of retailers. All participants in Food Academy will be given the opportunity to pitch their product to a panel of SuperValu representatives including the local SuperValu owner. The panel mentor the businesses, and share their expertise and advice, to allow the participants to make any changes they deem necessary to improve their offer.



The Food Academy Start Programme is delivered through workshop-style training over 4 days and includes individual mentoring. It is supported by SuperValu in the context of retail expertise and provides a route to market. On successful completion of the programme, SuperValu will provide participants with the opportunity to trial their product in the local stores for a trial period of 12 weeks, providing an advantage for small businesses to gain feedback directly from the retailer with an opportunity to further develop their product, marketing approach, packaging and distribution.

Find out more about the practice [here](#).

Image Source: <https://www.interregeurope.eu/good-practices/food-academy-programme>



Government support in providing access to consumers and retailers can also be found in Bavaria, Germany, where a trilogy of online platforms has been set up to connect regional producers, suppliers and consumers. Digital networking possibilities and marketing in a free environment can help to secure the survival of small producers in particular. The Bavarian State Ministry set up the platforms to shorten distances and strengthen the purchasing power of the region as well as increase market transparency.

Consumers demand more and more transparency from the food value chain. It has been identified as a top food trend for 2021. Consumers expect to access reliable information on more ethical production that would consider animal welfare and be environmentally conscious and sustainable. [The Food and Land Use Coalition](#) has recommended that governments should **do more to increase transparency and data availability in the food sector**. More concretely, “readily accessible data will help strengthen the governance of food and land use systems, including holding powerful players to account, and also set the standard for private sector transparency.” The Coalition has also recommended that businesses should require adherence to the same standards from all business partners and cut ties with suppliers that transgress.

Therefore, the Bavarian platforms are valuable because they provide a comprehensive range of information, such as the location as well as the distance between producers and suppliers, the networks created within the regional market, or information on production and selling patterns.

Trilogy of Platforms: sustainable food chains and development of the local food sector

The Bavarian State Ministry of Food, Agriculture and Forestry intends to support and promote healthy food with a regional focus. The enhancement of networking and the exchange of the individual players in the value chain are important. For this purpose, online platforms have been developed. The platforms provide an overview of the regional procurement situation in Bavaria and facilitate contacts for the purchase of regional food.



Regional products from local suppliers can be found through the following platforms. The main differences between the platforms are the target groups:

- “Regionales Bayern” is addressed to consumers.
- “Wirt sucht Bauer” is addressed to producers and gastronomy.
- “RegioVerpflegung” is addressed to traders, producers and community catering/cantines.

Find out more about the practice [here](#).

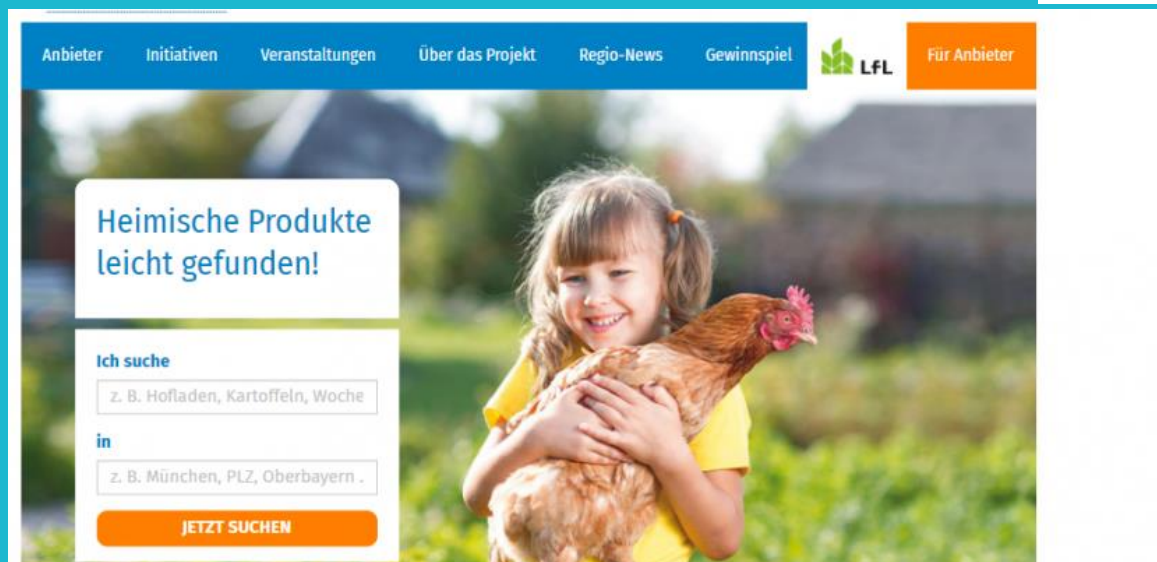


Image Source: <https://www.interregeurope.eu/good-practices/trilogy-of-platforms-sustainable-food-chains-and-development-of-the-local-food-sector>

Policy change in Aargau, Switzerland – taking a value chain approach in resource allocation

Thanks to the Interreg Europe project [SME ORGANICS](#) the Swiss project partner FiBL – Research Institute of Organic Agriculture was able to implement a policy change within their region. Namely, the lessons learned from the project led to the **re-allocation of funds** in the Aargau canton. The funds of the Cantonal Measurement Package for agriculture, production, sales promotion and innovation of Aargau Canton that before were only intended for farms (for advisory services, farm extension and trials) were made available **for the development of the whole organic food chain**, therefore including food processing and commerce. This was achieved thanks to the inspiring good practices from other regions (such as the French region Nouvelle Aquitaine) and the setting up of the local stakeholder group that enabled discussions on policy changes in Aargau. The improvement is expected to have a positive impact on the regional organic sector as a whole. Further information on this policy change can be found in the [“When Europe cooperates, regions benefit”](#) publication.



Want to know more about the agrifood value chains?

During the EU Green Week in June 2022, the Policy Learning Platform held a webinar on the topic of smart and green local agrifood value chains. It put the spotlight on the transition to a smart and green European food system through more local agrifood value chains. The webinar featured practices and lessons from projects [CityZen](#) and [RUMORE](#). The recording and key learnings of the event are available [here](#).



Enhancing cooperation

As mentioned above, businesses in the agrifood sector **tend to lack a cooperation culture** and there is an unwillingness to network and involve external partners in the company's processes. This is especially the case among similar SMEs from the same region and position in the value chain. However, there is great potential for collaboration. According to the [common agricultural policy](#), “by working together, businesses participating in local food projects can find new ways of selling more of their products and attracting new types of customers”. Cooperation among farmers, producers, consumers and the public sector can lead to solutions to the above-mentioned challenges of SMEs.

A good example is the **regional food cluster initiative** from South Ostrobothnia, Finland, which increases the competitiveness of local SMEs. The “Food Forum” is a platform for key stakeholders in the food industry to **set and pursue macro-goals** for developing the food sector in South Ostrobothnia through targeted and open collaboration activities. The “Food Team” is a second network in the regional food industry that provides targeted **training opportunities** for food companies in the region. It is worth noting that these practices were the result of ERDF-funded projects. The fact that Food Forum and Food Team have become self-sustainable by regional actors after external funding ended is a sign of the success of these practices.

Food Forum and Food Team: Regional Food Innovation Cluster Networks in South Ostrobothnia

Food Forum and Food Team are food sector collaboration networks that operate in South Ostrobothnia. The networks aim to enhance innovativeness and information sharing within the region's food sector.

Food Forum is a collaboration among five key actors working within the food sector development in the region. The forum meets three to four times a year. The main activities are: 1. organisation of Food Business Summit (a yearly national event), 2. organisation of Food Business Challenge (an innovation competition for students), 3. organisation of smaller events related to new knowledge and innovations in the agrifood sector.

Food Team is a looser network that has been directed especially toward food sector companies and their development. The team brings together companies within the food sector and enhances their exporting possibilities. It also aims to enhance the conspicuousness of the region as Food Province and its know-how in the food sector.

Find out more about the practice [here](#).



Another example of collaboration comes from the City of Ghent, Belgium, where local product growers and producers are brought together in one promotional centre. It is a **public-private partnership** that enables to collectively increase the visibility of local gastronomy. A key element in setting up the centre was the neutral mediator and facilitator role that the public authority played. The coordination by the public body was needed to overcome the hurdles of local competition and instead see the bigger picture of how all local producers can benefit by cooperating within the centre.

Public-Private cooperation in the Butchers' Hall*

This unique cooperation between public partners (Province of East Flanders, Economic Council of East Flanders, city of Ghent, and private companies (producers of regional products) is an example of successful and ongoing public-private cooperation. The objectives of the cooperation are:

1. Promoting the East Flemish regional products





2. Supporting the East Flemish economy by storytelling (regional products, historical building and function, touristic centre)

3. Giving consumers and tourists a unique experience in a historical setting**



Find out more about the practice [here](#).

*Previously known in Dutch as Groot Vleeshuis has now changed their name to Lekker Oost-Vlaams

** By now, the centre has changed its location.

Image Source: <https://www.grootvleeshuis.be/>

Policy change in Northern and Western Region, Ireland – food industry recognized as a vital economic driver of the region

As a result of the [EUREGA](#) project, Northern and Western Regional Assembly, Ireland, was successful in influencing the [Regional Spatial & Economic Strategy \(RSES\)](#) for the Northern and Western Region by having gastronomy and the food industry **recognised as a vital sector** and economic driver in the region. The change was significant as the



RSES provides a high-level legislative framework for the Northern and Western Region for 12 years (2020-2032) that supports the implementation of the National Planning Framework and the relevant economic policies and objectives of the Government. As a result of the stakeholder meetings and learning outcomes from the EUREGA project, the Regional Strategy now includes a Regional Policy Objective (RPO 4.23) which states “To create a stronger and more resilient region by protecting and stimulating gastronomy as part of our cultural heritage and also by identifying new opportunities for economic development.”

Collective brands for agriculture SMEs and agritourism

Regional agricultural SMEs can also be supported by creating a common territorial brand. Often such brands guarantee a local origin and they help raise the consumer’s awareness of the companies’ commitment to quality. Because branding is time-consuming and cost-intensive, SMEs cannot always afford to develop their own strong standalone brand. Therefore, they benefit from being associated with a specific and recognisable common brand.

Cross-sectoral collaboration can also be encouraged. A good fit is found in many regions between the agriculture and the tourism sectors. Putting businesses from these two sectors together can boost the creation of new coordinated and collaborative efforts in marketing and lead to new business streams and tourism services. Besides economic benefits, these practices can also raise customers’ awareness of the origin of healthy products.

Various branding and agri-tourism good practices have been previously covered in the policy brief “[Regional branding for SME success](#)” (October 2021).

Access to funding

Access to funding is a challenge to SMEs and startups in most sectors and **agrifood is not any different** in this regard. The Interreg Europe community has various examples of making funding available to the sector. In Hungary, non-specific economic development tenders had often been unreachable for food businesses, as they could not meet some of the economic requirements of the calls. In 2019, a specific call for grant and loan applications was set up, specifically dedicated to the modernisation of the food industry.



The EDIOP 1.2.6-8.3.4-16 call for application for food industry SMEs

The call for applications “Support for complex investments of medium-sized companies in the food industry with a combined loan product” was specifically designed for medium-size food industry companies in Hungary. The purpose of the call was to promote the development, role and market position of medium-sized food SMEs, to support investments leading to job retention, and to reduce regional disparities by supporting complex investments, providing a combination of a non-repayable grant and a soft loan. Investments should increase capacities and improve technological readiness, competitiveness and resource efficiency. Eligible activities are the acquisition of new equipment and machines, development of new technologies and capacities, use of renewable energy sources, investment in infrastructure and buildings, acquisition of IT tools and software, production licenses, and production know-how acquisition.

The amount of a non-refundable grant was 50- 750 million HUF, with a loan of 50-2000 million HUF. So far 60 applications were supported accounting for a total of 19,5 billion HUF, or roughly €56 million.

Find out more about the practice [here](#).



Similarly, **dedicated grants** have been offered to entrepreneurs operating in the agrifood sector of Navarre, Spain. They are expected **to improve the competitive position** of the region’s entrepreneurs and the agrifood sector as a whole. A noteworthy element of the grant scheme is that those prioritizing organic production were awarded higher scores, thus encouraging a transition from conventional to organic food production.

Support for investment in agrifood industries



The programme of Rural Development of Navarre 2014-2020 included grants to encourage investment in the processing, marketing or development of agricultural products for improving the competitive position of the agrifood sector of Navarre. Beneficiaries of these grants could be individuals and companies that meet the requirements of having a production plant in Navarre and developing activities of processing, marketing or developing agricultural products. These grants were co-financed by 31% by the European Agricultural Fund for Rural Development

Find out more about the practice [here](#)

Policy change in Nouvelle Aquitaine – creation of the ALTER’NA fund

Based on the learnings of the Interreg Europe [SME ORGANICS](#) project, the French region Nouvelle Aquitaine launched a new dedicated fund – the ALTER’NA fund – for supporting organic farmers and SMEs. The inspiration for the fund came from Navarre (see good practice above) and would not have been launched without integrating lessons learnt from the project.



The fund is made up of 30 million euros coming from both regional funds and the EIF. The ALTER’NA fund is **a loan guarantee instrument** that benefits farmers by reducing the personal guarantees and interest rates required by banks. The investment risk is shared between the region, the EU, the bank and the farmer. Therefore, the instrument amplifies the amount of accessible loans for farmers and certain SMEs in the agrifood sector on advantageous terms. It **encourages organic SMEs to invest** thanks to easier access to bank credits. The fund is expected to boost the production and marketing of organic and sustainable produce. Together with the private sector, this funding is expected to support an investment level of €190 million. The ALTER’NA fund complements the regional agricultural policy implemented under the Rural Development Programmes.



How an Interreg Europe project led to the establishment of a new fund?

“On 23 November 2018 Alain Rousset, President of the Regional Council of Nouvelle Aquitaine, and Pier Luigi Gilibert, Managing Director of the European Investment Fund (EIF), officially launched ALTER’NA, whose aim is to strengthen support for farmers throughout Nouvelle Aquitaine. About two and a half years earlier the SME ORGANICS project had started...” Continue reading [the full story](#).

Pilot action in Wielkopolska Region, Poland – vouchers for limiting food waste

Another increasingly common financial instrument used to support SMEs is a **voucher scheme**. Interreg Europe has previously written in length about such funding instruments in the policy brief “[Vouchers for the competitiveness of SMEs](#).” In short, vouchers are designed, implemented, and deployed by public authorities to encourage certain behaviours, in this case, innovation in targeted companies. To a large extent, vouchers are used to promote innovation-related activities, the adoption of digital technologies, and the acquisition of new skills through training.

However, vouchers can also be used to promote innovation in the food sector, for example in limiting food waste. The Wielkopolska Region, Poland, project partner in [ECOWASTE4FOOD](#) used Interreg Europe funding to run a **pilot action** “Vouchers for innovative solutions limiting food waste.” The vouchers were meant for innovative solutions to limiting food waste. SMEs could get support in raising funds for the implementation of improvements or new products or technologies and solutions to limiting food waste in their companies.



What is a pilot action?

In the Interreg Europe framework, a pilot action is an implementation-related activity dedicated to testing a new approach to public intervention. This is usually the transfer of successful practice from one region to another, but it can also be a new initiative jointly designed by the project. If you are interested to know more, you can find other pilot action examples from this [article](#).

Accelerating and growing agrifood SMEs

Interreg Europe projects have also collected various good practices that deal with **incubating and accelerating businesses in the agrifood sector**. While incubators and accelerators are often run as private initiatives, it is interesting to see how, in the case of the Food Works Programme, business acceleration methods have entered the portfolio of Irish public business support organisations, combining a solid input of sector-related expertise and access to funding.

Food Works Programme

Food Works is a government-supported accelerator programme designed to help export-orientated entrepreneurs become part of Ireland’s growing food and drink industry. Established in 2012, Food Works is run by three government agencies – Bord Bia, Enterprise Ireland and Teagasc. Since then Food Works has helped more than 70 Irish food entrepreneurs scale their businesses.





Food Works is run through a series of workshops and one-to-one mentoring. Successful participants are given an invaluable range of practical business support required to develop an initial concept into a winning food product with international appeal and global export potential.

The available supports include consumer market research, business plan development, technical advice and commercial viability testing. Additionally, successful applicants can gain fast-track access to research and development (R&D) facilities, potential investors, and state funding.

Food Works is open to all determined and energetic individuals with an interest in building an international food business in Ireland. The ideal candidates are ambitious entrepreneurs or companies with less than 4 years trading that wish to target new export markets and scale their business.

Find out more about the practice [here](#).

Listen to Patrick Devine from the Northern and Western Regional Assembly present the Food Works Programme in [an Interreg Europe workshop](#).

Image Source: <https://www.foodworksireland.ie/>



A university-led example comes from Germany. The Food Startup Incubator Weihenstephan (FSIWS) is a sector-specific incubator that aims to encourage the set-up of new student businesses as well as support existing food startups. The general approach of the FSIWS is to foster entrepreneurship and sustainability by **providing low entry hurdles as well as low financial risks** for startups and founding teams. FSIWS has developed a clear and well-working structure for providing business support in the food sector. The incubator has also piloted various initiatives to provide specific support to local farmers or female founders.

Food Startup Incubator Weihenstephan FSIWS

The Food Incubator is led by the public University of Applied Sciences Weihenstephan-Triesdorf HSWT. The FSIWS supports startups and founding teams with innovative and sustainable food ideas through four main aspects:

- Providing the infrastructure for the food production on a laboratory and pilot scale as well as co-working spaces
- Teaching and training in the field of food technology, entrepreneurship, business administration and finance
- Providing financing instruments for the startup, growth and scaling phase
- Network to fellow startups, food technology and entrepreneurship experts, business angels, investors, retailers

The incubator is accessible to HSWT students and external founders through a two-semester-long certification programme. Food startups can also sign user agreements with the university to use the production areas of the university.

Find out more about the practice [here](#).

Listen to Anna Katharina Distler from the Competence Center for Nutrition speak about the FSIWS in [an Interreg Europe workshop](#).

Image Source: <https://fsiws.com/>



A very innovative good practice comes from Ireland, where local small-scale food producers have been given the opportunity **to rent state-of-the-art professional kitchen facilities** developed by the Cork County Council. The decision to build such facilities was made when the County acknowledged that many of the micro-scale food producers did not require large units on a full-time basis and had so far continued to produce from their own homes or garages. The Cork Incubator Kitchen experience has already shown that such rentable facilities give micro-enterprises a chance to grow and expand.



Cork Incubator Kitchens

Cork County Council has developed two kitchen units to support emerging and existing small food ventures. This allows small-scale producers to rent a state-of-the-art facility for a number of hours, concentrate production into those few hours and free up their time for sales, marketing and other parts of the fledgling business.



Two units were developed in Cork, with the conversion of two existing industrial units; one as a bakery kitchen and one as a catering kitchen. State-of-the-art professional kitchens are available on a 24-hour basis and can be booked on an hourly or block basis. The operation of the kitchens is contracted to a food safety company, which provides a facilities manager to oversee operations and provide training to users of the kitchens.

Find out more about the practice [here](#).

Image Source: <https://www.interregurope.eu/good-practices/cork-incubator-kitchens>



Encouraging organic farming and production

The EC goal of reaching 25% of agricultural land under organic farming by 2030 is quite ambitious considering the current figure is at 8.5%. Regions need to find ways **to encourage and support organic farming**. Following the [EC organic production action plan](#), activities could be undertaken on three axes: boosting consumption, increasing production, and further improving the sustainability of the sector.

For example, in Navarra a **training programme for food industry experts** was launched, ultimately aiming to advise producers and processors on how to transition to organic production and thus to better respond to market needs. Through the training course, practitioners from different backgrounds share experiences from their companies and farms and university lecturers provide a broader context. The training was launched because the demand for organic production had become higher than the offer. The course is expected to promote the competitiveness of the local SMEs and boost the agrifood industry of the region in general.

Agroecology and Rural Development Training Course



The growing demand for organic food by the food industry and consumers led the Public University of Navarra to set up a training course for training experts in agroecology. The newly trained experts could become advisors who

would increase the confidence of producers and processors in the future and would improve conversion towards organic food production. Finally, the industry will be able to increase the purchase of ecological raw materials in the region.

Find out more about the practice [here](#).

Image Source: <https://www.unavarra.es/home>



Not only do the farms need to become more organic but so does the food that is offered by food services. According to the [European Consumer Association](#), “a focus on consumer choice and individual responsibility alone will not be sufficient to bring about the significant changes in food habits that are required” and there is a “need to change the food environment (i.e. all factors that shape consumer choices, such as pricing, availability and marketing) in a way that makes it easy for consumers to adopt healthy and sustainable diets.” Therefore, **organic consumption can be encouraged by the food**



industry which in turn would increase demand for more organic farming. Growing consumption of organic products would encourage farmers to convert to organic farming and thus increase their profitability and resilience.

One such awareness-raising and encouragement programme aimed at restaurants is in place in Finland. The “Steps to organic” programme is a social undertaking that **encourages restaurants** to use more organic products. The programme has over 2500 members. It is a good example of a practice that targets a broad audience of private businesses with sustainability goals in mind. It motivates participation by increasing the visibility of the businesses involved in the programme. Participating kitchens have a chance to learn about food procurement and sustainable practices which helps to break down myths and barriers in taking the steps towards more eco-friendly production. For consumers, the programme offers an easily identifiable labelling system as well as a website repository that enable them to make organic consumption choices.

Steps to organic

Steps to organic is a voluntary programme for all professional kitchens in Finland. The programme helps to collect data about the development of the use of organic products in professional kitchens and reinforces the chain of organic food production and marketing. It also offers information on food procurement and knowledge on how to apply sustainable development to kitchen functions.

Steps to organic is a reliable model for increasing the use of organic ingredients in food services. Restaurants can get visibility and be able to transparently communicate their use of organic products. All participating restaurants get visibility through the programme’s website.

Restaurants and food services can also use the “star logo”. They get stars when they proceed on a six-step programme and increase their usage of organic food. The more organic stars the restaurant has, the more extensive the use of organic products is.

Find out more about the practice [here](#).

Image Source: <https://www.luomuravintola.fi/>



In a transition to more organic farming and production, it is also **necessary to prevent fraud, increase consumers' trust and improve the traceability** of organic products. The Interreg Europe project QUALIFY has gathered many good practices that aim to support SMEs with the implementation of different regulatory and quality standards.

Find out more about QUALIFY

QUALIFY or “[Quality standards and authenticity to foster competitiveness of agrifood SMEs](#)” is an Interreg Europe project fostering high safety, hygiene, and quality standards in the food sector. The project had collected good practices on how to implement quality control processes within the food sector from six European regions. Regions seeking to improve their quality procedures should look into the way the various advisory services have been provided and regulatory frameworks set up within the QUALIFY project.

We also recommend listening to the recording of the Online Workshop “[Challenges and opportunities for the European agri-food sector](#)” (March 2022) where Eva Gomar, from the Ministry of Climate Action, Food and Rural Agenda of the Catalan Government, represented the QUALIFY project as its lead partner. During her presentation, Eva shared many interesting practices from Catalonia.





What could policymakers do next?

Here are the main takeaways from this policy brief:

- Public authorities can support the agrifood SMEs by **creating favourable conditions for collaboration** along the value chain, i.e., among farmers, food SMEs, retailers and wholesalers. For example, the policy brief introduced the good practice Food Academy Programme from Ireland where a local retail company is involved in the training and mentoring of food sector SMEs and in providing a test-bed for selling their products. Important is also the collaboration between consumers and producers, and practices such as the cooperative Landare from Pamplona, Spain show the way how to shorten supply chains and create win-win situations between consumers and food sector SMEs.
- Transparency in the food value chain is a key trend for the next decade. Customers demand to know how and where their food is coming from. Public authorities can set up **frameworks, conditions and platforms to make the system more transparent and fairer**. The trilogy of platforms from Bavaria is a good example of how the public sector has stepped in to shorten distances and increase market transparency. The public sector can also support the food sector in such a transition by guiding them through the new quality standards.
- As with other sectors, SMEs benefit from **access to funding**. The policy brief has introduced promising examples of grants, guarantees and vouchers precisely dedicated to the agrifood sector. The ALTER'NA fund from the French region Nouvelle Aquitaine is especially inspiring as part of the guarantee funding was secured from the European Investment Fund.
- Non-financial support is equally important and the growth of agrifood SMEs can be supported through **acceleration and other training programmes**. Cooperation with universities provides opportunities for training and upskilling as proven by the FSIWS Incubator in Germany and the Agroecology and Rural Development Training Course in Navarra. The policy brief also featured alternative approaches, such as the Cork Incubator Kitchens which are publically-owned rentable kitchen spaces for micro-producers.
- To meet the EC targets of organic farming, regional authorities need to help generate favourable conditions locally. This can be done for example by implementing new training programmes for agrifood SMEs or by **creating more visibility to the benefits and the providers** of organic food. The publicly run “Steps to organic” programme from Finland that rates restaurants based on how much organic produce they use in their meals is a good starting point.
- As mentioned at the beginning of the policy brief, whenever a public policy or measure intervenes to support agrifood SMEs, **the broader challenges** of global malnourishment, obesity and food waste **should not be forgotten**. The FAO’s annual “state of the world” reports provide further recommendations and guidance for policymakers in this sector.
- The policy brief has only highlighted some of the good practices shared within the Interreg Europe community. There are many other inspiring examples to learn from. They can be found on the projects’ websites and the [good practice database](#).
A list of relevant projects is provided on the next page.



How can the Policy Learning Platform support?

The [Interreg Europe Policy Learning Platform](#) can help regional policymakers to better design SME policies by facilitating the exchange of experience from different regional and institutional contexts and showcasing success stories via the [good practice database](#). In addition, the Policy Learning Platform can provide a forum for direct discussions among partners from different projects – either in thematic workshops, peer review learning, or in webinars and online discussions, and provide **expert advice** through our **on-demand [policy helpdesk service](#)**.



Relevant Interreg Europe projects

This policy brief has been a glimpse of the good practices reported and policy changes achieved within relevant [Interreg Europe](#) projects.



Agri Renaissance - Innovation-driven agri-food sectors for a European industrial renaissance

The overall objective of AgriRenaissance is to improve regional development policies and programmes under the Investment for Growth and Jobs goal in order to increase R&I resources and capacities of the agri-food sector, stimulate collaboration and foster its hybridization.



CityZen - Enhancing scalable innovations and new business models based on urban farming ecosystem values

CityZen responds to the growing number of cities and regions that recognize the benefits of urban farming for living sustainably and improving revenues. It aims to promote urban farming as a successful driving force for economic and social transformation by introducing the concept to policy makers.



Destination SMEs - Destination strategies for the competitiveness of the local SMEs

The aim of Destination SMEs is to assist European territories in designing effective destination management strategies in order to provide tourist SMEs with a favourable environment for growth and improve their competitiveness.



ECOWASTE4FOOD - Supporting eco-innovation to reduce food waste and promote a better resource efficient economy

The project's ambition is to address the crucial issue of food waste and to demonstrate that food waste could be at source of a resource efficient and environmentally friendly economy for the territories.



EUREGA - European REgions of GAstronomy building resilience and creating economic growth

EUREGA's main objective is to have food, food habits and gastronomy included and recognised in EU, regional and national strategies and policies. These should be seen both as a cultural asset and strong element in regional cultural identity and as a necessary tool to boost sustainable products and services.



FRiDGE- Development of food industry SME competitiveness for better potentials in growth

The FRIDGE partnership seeks to support the food and drink sector SMEs keep their position in the world market by interregional policy learning, promotion of good practices and leveraging interregional experience exchange.



FoodChains 4 Europe - Strengthening regional innovation policies to build sustainable food chains

The project focuses on innovation that contributes to the environmental sustainability of the food chain whilst contributing to social sustainability through increased access to high quality food. The consortium will support food sector businesses to deliver these innovations, both on financial and technological aspects.



NICHE - Building innovative food value chains in regions

By working together the NICHE partnership aims, through the improvement of existing policies, achieve an average 15 % increase in the adoption of research and innovation solutions by food sector companies in their regions.



QUALIFY - Quality standards and authenticity to foster competitiveness of agrifood SMEs

QUALIFY has been designed to foster the competitiveness of the SMEs in the agrifood sector by tackling a challenge that affects the involved regions and the whole EU (as stated by the European Commission): The improvement of the quality processes of these SMEs; The fight against the fraud in the sector.; The promotion of the authenticity in their products.



REGIONS4FOOD - REGIONal Strategies 4 FOOD 4.0 Revolution

The project develops creates synergies and opportunities among partners from different regions by identifying good practice implemented in other territories. Partners will work in close cooperation with stakeholders to interconnect regional innovation ecosystems.



RUMORE - Rural-Urban Partnerships Motivating Regional Economies

RUMORE improves regional innovation policies and capacities by fostering rural-urban cooperation and partnerships. The project enhances the delivery of innovation by improving innovation chains between rural and urban stakeholders and by supporting the better use of synergies between urban and rural areas.



RuralGrowth - increasing competitiveness of SMEs in the rural visitor economy sector

The aim of RuralGrowth is to improve the policies related to small rural businesses within the visitor economy. To achieve this, the scheme fosters the uptake of the green innovative solutions serving as a launchpad for the SME competitiveness and a driver for the sustainable development in the rural regions.



SinCE-AFC - Enhancing the Entrepreneurship of SMEs in Circular Economy of the Agri-Food Chain

SinCE-AFC aims at involving SMEs of the agrifood chain in circular economy through the promotion of the appropriate managing and financial horizontal mechanisms. All the agrifood agents committed to production, processing, packaging, distribution and final consumption are expected to operate in a coordinated way to better adapt to circular economy.



SME ORGANICS - Enhancing SME competitiveness and sustainability in the organic sector

The overall objective of the project is to improve policies and programmes to enhance the competitiveness and sustainability of SMEs in the organic sector. The project aims at supporting SMEs in improving their performance in order to enforce the growth capacity of the entire organic regional sector in regional, national and international markets.



Sources of further information

- **Other Interreg Europe Policy Learning Platform resources**
 - Online Workshop: "[Challenges and opportunities for the European agri-food sector](#)"
 - Online Workshop: "[Competitive and sustainable tourism sector](#)"
 - Webinar: "[Smart and green local agri-food value chains](#)"
 - Story: "[ALTER'NA: an innovative investment fund to support the agricultural transition](#)"
 - Story: "[The way to innovate in the food sector](#)"
 - Story: "[EU From Farm to Fork strategy](#)"
 - News: "[Circular economy in the agri-food sector](#)"
 - Policy Brief "[Regional branding for SME success](#)"
 - Policy Brief: "[How to boost entrepreneurship in rural areas?](#)"
 - Policy brief "[Vouchers for the competitiveness of SMEs](#)"
 - Peer review in Aragon: "[EU peers discuss digitalisation and technologies in light of depopulation challenges](#)"
 - Good practices available on the Policy Learning Platform [database](#)
 - 30 stories about the results of Interreg Europe cooperation: "[When Europe cooperates, regions benefit](#)"
- **European policies, programmes and initiatives**
 - [Biodiversity strategy](#)
 - [Common Agricultural Policy](#)
 - [EIP-AGRI](#)
 - [EIT Food](#)
 - [EU quality policy](#)
 - [European network for rural development](#)
 - [Farm to Fork Strategy](#)
 - [LEADER / Community Led Local Development](#)
 - [The Smart Specialisation Platform for Agri-Food](#)
- **Other useful sources**
 - SinCE-AFC project's e-book "[The Agri-food Circular Economy E-Book](#)"
 - FRIDE project's handbook "[Solutions for supporting growth in food industry SMEs](#)"

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#agrifood
#SMEcompetitiveness



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