HealthyGrowth – From Niche to Volume
with Integrity and Trust

Dissemination Targeting Policy

Deliverable 7.3

November 2016

Contributions of the HealthyGrowth teams

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Dissemination targeting policy and administration

The aim of the HealthyGrowth project was to develop recommendations for policy and administration. Deliverable 7.3 gives an overview of the project activities that influenced policy processes during the project time, and it shows the recommendations targeting policy and practice.

All HealthyGrowth teams contributed to D7.3:

- Noe, E., Laursen, K, and Kielson, Ch. (coordinating team), Denmark
- Furtschegger, Ch. and Schermer, M., Austria
- Lamine, C., Cardona, A. and Renting, H., France
- Häring, A.-M., Münchhausen, S.v. and Knickel, Kh., Germany
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- Girgzdien, V. and Skulskis, V., Lithuania
- Borec, A. and Prisenk, J., Slovenia
- Giray, H. and Atasay, A., Turkey

Active contributions to policy processes:

- Haack, Michaela and Häring, Anna Maria (September 2016) Stagnating offers of regional products: experiences on hampering factors for the public procurement of regional food for school cantinas - information for policy makers and public procurement agencies. Contribution to a policy and stakeholder workshop No 1 of the State of Brandenburg [#30715]
- Haack, Michaela and Häring, Anna Maria (September 2016) Enhancing factors for the procurement of regional food for public cantinas - information for policy makers and public procurement agencies. Contribution to the policy and stakeholder workshop No 2 of the State of Brandenburg [#30716]
- Münchhausen, v., Susanne and Häring, Anna Maria (May 2016) HealthyGrowth policy recommendation; a contribution to the policy paper for the National Strategy for Organic Farming (ZÖL) of the Federal Ministry for Food and Agriculture (Germany); coordinated by TI Braunschweig [#30474]
- Schermer Markus (Oktober 2015) BioHealth – International Comparison of BioRegions; a contribution to a participatory workshop with representatives of the organisations BioAustria, Bioregion Mühlviertel and the State of Upper-Austria [#30752]
- Schermer Markus (Oktober 2014) BioRegion Mühlviertel: Strengths and Weaknesses of the internal and externa development; contribution to a policy stakeholder event [#30751]

Future contribution to policy processes of the on-going HealthyGrowth project in 2017 (Sweden):

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WP7 produced and disseminated policy recommendations based on the results of the multi-perspectival analysis of WP5. Feedback from policy makers and stakeholders (practitioners, administration, policy makers, NGOs, etc.) contributed to the development of the policy briefing:


The following section shows the project brochure "HealthyGrowth: How can organic supply chains grow without losing their added value? Results and recommendations"

This document is available for download. For the English version, please see http://orgprints.org/30759/
HealthyGrowth: How can organic supply chains grow without losing their added value?

Results and recommendations

October 2019

Background
Companies that produce or market organic food often emerge from niche markets. In their early years, many companies realize that organic food production is highly valued. Health, ecology, and fairness are seen as being intrinsic to organic food production. However, rapid sales growth can sometimes lead to compromises that weaken some of these values.

Higher values
Value added organic food refers to both the product quality, that is the use of the best possible raw goods, and processing quality. Processing quality is achieved by the type of production and conditions, such as environmental impact and animal welfare. The guarantee of higher quality and the transparency and reliability along the value chain poses special challenges.

The goal of “HealthyGrowth”
The HealthyGrowth Project’s goal was the analysis of growth processes in the organic food sector. It examined how to safeguard the integrity and transparency of the value chain despite the increasing distance between the producer and the consumer. It examined business-oriented initiatives that succeeded in balancing growth, maintaining value added products, and convincing the consumer that a higher price is justified. HealthyGrowth recognizes that policy funding schemes of many countries already address some of the suggested measures such as information and training courses, support of advisory services, and public procurement procedures etc. The following recommendations aim to reinforce the success of existing schemes but also emphasize the potential to promote values-based growth processes in the organic sector in a more comprehensive way.

Case studies and comparative analysis
Case studies were undertaken by 10 national research teams studying 18 cases, critically examining the differences in business growth, in organic farming and food production. These formed the basis for actions and recommendations relevant to practice and policy.

The comparative analysis reveals six key points and shows the benefit of strengthening values-based growth for businesses and value chains.

Cooperation and effective communication for organic value chains
Long-term cooperation based on trust plays a central role in the implementation of agreed standards for labeling, development of joint logistics systems, and the comprehensive integration of value chains. However, it is not unusual for tensions to emerge with the rapid growth of value chains. Tensions can be related to product and processing quality, physical proximity (logistically), management of seasonal supply and the need for cooperation with traditional processors or trading companies. Changes and adjustments affect both individual companies and also cooperation throughout the chain.

Suggestions for practice
It is crucial to use appropriate organizational and governance structures to manage and control these tensions and foster development. Adjustments often affect all business partners. Remaining problems must be overcome jointly to maintain good business relationships. Openness and participation help to build and retain trust. This concerns the relationship among the business partners, as well as the relationship of the businesses with the consumer and the water company. Discussion about the core values and business goals that the businesses depend on is a prerequisite for values-based growth.

Specific starting points
- Use of informal meetings to exchange and inform each other. Events such as summer festivals or plant visits are important for these informal exchanges. Though often undervalued, they are useful.
- An organization can bring their partners in the chain together using these events, for example, with an Open House Day.
- Organizing regular discussion groups, to confirm formal agreements (crop expectations, agreements for storage, logistics, and so on), it is important for value chains to have the involvement of processors, dealers, marketers and possibly even consumers.
(0) continued: Cooperation and effective communication for organic value chains

Long-term, successful cooperation is based on a combination of trust, written contracts, and informal agreements. Reliable delivery and payment, for example, strengthen mutual trust.

- Publication of minutes from those meetings to strengthen the culture of transparency along the chain and to decrease the risk of possible doubts about competition between the partners;
- With serious communication problems, timely support using advisors or neutral moderators;

Policy suggestions
Good cooperation among business partners and along the value chain makes it possible to reach targets more efficiently. Support can include providing contacts for contractual advice, moderation of the process, mediation, consultation on schemes to fund support programmes and maintenance of online platforms (network coordination, chain management), for example, for contractual advice, moderation of the process, advice on support payments, online tendering.

Supporting producer groups that aim to establish more formal associations, Operational Groups, networks and possibly also consultants (multi-development programmes).

Assistance for SMEs, for example, development of economic clusters through business development (ETRIF).

Specific starting points
- Developing contacts (network coordination, chain management), for example, for contractual advice, moderation of the process, advice on support payments, online tendering;
- Supporting producer groups that aim to establish more formal associations, Operational Groups, networks and possibly also consultants (multi-development programmes).
- Assistance for SMEs, for example, development of economic clusters through business development (ETRIF).
- Creating a strategic plan, for example, co-operation with programmes such as ELLER, ETER or transnational.

(0) Use of consultation for the management of organic enterprises

A number of case studies show that there are significant differences in rates of growth and development trajectories. Deficits in management are apparent in many agricultural and food businesses with limited investment in loans, knowledge and skills. Many managers say in hindsight that they could have avoided many mistakes if they had had access to professional management advice. Instead, they acquired this knowledge often through trial and error.

Typical challenges are:
- Developing strategic goals consistent with short and long term planning while taking into account specific values;
- Knowledge of the market situation and competitive advantages;
- Locking-style, efficient decision making and successful integration to growth;
- Organisational structure and restructuration, for example, in developing new departments, such as a production or sales areas, and applying professional planning techniques;
- Establishing suitable approaches for personnel management;
- Financial control, which is critical and makes long-term stability and financing.

It appears that these enterprises existing professional input, e.g. to set up quality management systems at an early stage were considerably strengthened.

Suggestions for practice
Regarding investment planning, businesses should target costs for planning and advice. If professional support for management is neglected, the effect can show years later, e.g., for example, personnel policy has not kept up with production development.

Certification suitable for business development in the organic sector is available.

Specific starting points
- Allocate financial accounting and market monitoring to external service providers.
- Timely use of service providers for participatory strategy processes or individual coaching for management teams.
- Management style: cooperation and participation should always be considered.
- Reorganisation: Use professional planning techniques.

Policy suggestions
Farmers or SMEs involved in processing or marketing have often wanted management (exp) professional support (strategic advice and coaching for managers and employees in key areas, personnel, financing) should be a fixed part of support programmes.

Specific starting points
- Increase of relevant advice and training to farmers and enterprises, for example, setting targeted advisory modules.
- Investment support only on presentation of company-specific, strategic development plans (ELLER/PUR, business development).
- Support for management coaching.
- Targeted (compliance) training for advisors in managing organic production and processing.
(III) Staff training for the organic value chain

Effective thinking and control and adaptability are required for growth, positive business development and cooperation along the chain. All case studies show that colleagues, producers, sellers and customers benefit when they communicate, manage effectively and professionalise their related activities. Further education for employees in production, processing and sales is also important for success. The range of quality factors in the food sector has increased markedly. Sufficient knowledge about aspects of organic production such as geographic origin or fair trade is especially important. This is significant in case studies of businesses such as bakeries, butchers, breweries and shops.

Those in control positions, rather than employees generally, are best suited to understand and safeguard special products and their processing specifications. Also, where growth occurs, employees' training needs to be adapted in new areas of production, procurement, marketing, finances and management. Not everyone can be assumed to have a fundamental knowledge of values-based, organic production and marketing.

Suggestions for practice

Many organic business entrepreneurs see education and training for new employees as part of their investment for business growth. New staff often participates in specific training.

Our case studies show that more targeted training is necessary, for example, of organic farming associations active in growing and purchased requirements of the values-based food sector.

Suggestions for policy

Publicly funded education and training should be strongly geared to the present and future requirements of practice and markets. Adapting education and training becomes a challenge for those involved in education policy and administration if they are not connected with the values-based food sector. In the interests of society, especially concerning health and environmental goals, these connections should be strengthened.

Specific starting points

- Developing in-house education and training ideas (in agreement with business partners)
- Greater use of external national education and training offers
- Organisation of, for example, regular groups for information sharing among organic farmers, processors and marketers through associations and federations
- Incorporating information about the differing requirements relating to the values-based food sector into the teaching and vocational training of farmers.

(IV) Public procurement – organic catering in public institutions

With growing awareness of the value of sustainable production and processing of food, expectations about procurement of goods and services are increasing. The public sector can directly promote the demand for organic, animal-friendly or otherwise produced food if those responsible for purchasing apply the appropriate criteria for public procurement procedures. Our findings, however, often point to a wide discrepancy between socio-political claims and the practical implementation of rules and regulations.

The procurement of sustainable catering services is often legally and socio-politically feasible. However, in practice, regarding implementation for schools, kindergartens, retirement homes and other institutions of public nature, this is often not the case.

The European-wide procurement law – the so-called Green Procurement Standards – created the basis for sustainability in public procurement procedures. The following criteria are relevant: organically produced food, short regional transit routes, including waste, use of environmentally-friendly equipment and cleaning agents, compliance with socio-political standards and support for innovative, small and mediumsized businesses (in rural areas).

Suggestions for practice

New providers can obtain targeted information about tendering from public administration, associations, federations, Chambers of Commerce or potential suppliers.

Outside the public sector, there are also commercial food businesses which could be interested in a safe and value-based supply.

Suggestions for policy and administration

The policy and public procurement requirements vary between regions and municipalities. This applies to tenders for supplies for schools, kindergartens and other organisations involved in public catering.

The procurement of sustainably produced food products is not yet compulsory. However, EU procurement law explicitly allows the use of sustainability criteria in public tenders. It suggests that the appropriate policy instructions apply to administration. Some countries are also using criteria for the procurement of catering services on the basis of EU Green Procurement Standards. The approach in regions and municipalities vary, which may lead to a promising exchange of experiences of sustainable procurement procedures.

Suggested starting points

- Specifically seeking information regarding the criteria and procurement practice regionally and nationally
- Registration with the official administrative procurement portal
- Agreements with other businesses or associations and the use of professional support for developing tenders

Suggestions for policy and administration

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Suggested starting points

- Definition of the term ‘sustainable procurement practice’ to establish clarity for the management of tenancy, including a list of verifiable criteria for practical implementation
- Develop compulsory sustainability criteria for public catering tenders
- Disseminate information and advice to decision makers and those responsible in local public administration offices
- Endorse a sustainable fixed price per meal that allows caterers to implement sustainability goals
- Tenders in schools (for each school or other institution) so that tender local caterers will be able to make an offer.
(IV) continued: Public procurement – organic catering in public institutions

- Flexible menu planning. Providers must often consult detailed menus months in advance, sometimes including seasonal vegetables that will not be available.
- Relevant proposals need a definition of the term ‘regional’ (for example, a geographical area, region or district). European law demands free access for all businesses. The place of origin of the goods is the criterion, rather than the location of the company.

(IV) The legal framework for organic value chains for meat and meat products

Producers, processors, and consumers of meat and meat products have a special status for individuals as well as for the public. Aspects of animal care and welfare relate to their rearing, fattening, and transport and slaughter. Species-appropriate methods of animal husbandry are relatively well-accepted on the basis of specific animal welfare labels or organic farming standards. Transport and slaughter are subject to a European-wide legal framework, but its interpretation varies greatly between member countries, regions, and states.

Veterinary authorities have a central role in the interpretation so they are responsible for approving small-scale and mobile slaughter and processing facilities. Butchers or farmers who want to build up a values-based meat chain often fail at the approval process stage. The problem intensifies if slaughter and meat processing companies must be integrated into a single entity. Hence, processors can process and sell meat conventionally, thus leading to a huge problem for integrated values-based chains, as many service providers cannot be integrated into a chain’s overarching concepts.

Suggestions for practice
- Regular communication among livestock owners, abattoirs, and butchers. A constructive working relationship with veterinary authorities in particular helps to ensure consistent practices.
- Obtaining information about variations in the interpretation of guidelines for artisan slaughter and abattoir use of existing opportunities.
- Setting and enforcing standards, agreements, and certification provides transparency and fosters consumer trust.

Suggestions for policy and administration
- Advisory services for relevant parties.
- Support for agreements among farmers and processors (sectorial clusters, market groups, and so on). EELR, EFRE, and other initiatives. Moreover, better coordination of investment support for production, processing, and marketing (EELR.
- EFRE, business development.
- Education and training about what is acceptable to approving authorities.
(VII) Social commitment to values-based food and nutrition

The research shows that social commitment to values-based food and nutrition varies strongly among countries and between cities and rural areas. The ideal of sustainable consumption is the linchpin for consumer-producer communities.

For many organic value chains which have grown from niches to medium-sized corporate structures, social or environmental commitment also has great significance, often in cooperation with associations, organisations or foundations. German case studies in particular show that cooperation is strengthened by supporting local conservation, youth initiatives or cultural projects. Overall, however, the respective cultural context seems to be of central importance. Caution is needed when transferring experiences and innovative ideas from one country to another.

Suggestions for practice

- Relatively open governance processes involve targeted stakeholders and enable businesses and initiatives to strengthen their central values and the implementation of their strategic goals.
- Discussions with community organisations call for intensive and often personal involvement. This provides a basis for a long-term trust-based relationship.
- Openness about the extra cost of production and processing backs up appropriate food pricing.

Specific starting points

- Particular importance of transparency of the flow of goods and processing processes.
- Introduction or improvement of participation processes for civil society groups.
- Cooperation with environmental and conservation groups can support sustainable business goals and open new options for internal and external communication.
- Open communication with consumers and community groups can be learned. Cost and added value must be credibly conveyed.

Suggestions for policy

- Mutual support in principle between businesses and community groups is well known. In the organic food industry there is also a close and growing connection with relevant community groups locally, regionally and nationally.
- Joint action almost always originates at the enterprise or food initiative level, but political decision-makers can also initiate or support community food projects.

Specific starting points

- Strengthening the engagement of civil society groups with targeted measures.
- Such measures can also benefit organic businesses.
- To summarise, all public organisations and policy-makers that are important for strengthening sustainable food production and the food industry are eligible for assistance.

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