

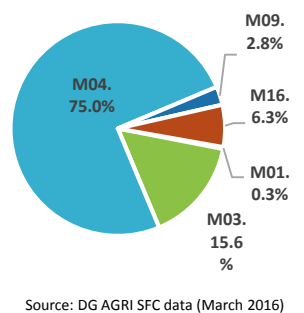


## Case Study – Supporting the development of Smart and Competitive Supply Chains in the Basque Country (Spain)

### Introduction

This case study presents the main policy actions & tools implemented in the Basque Country (Spain) to support the development of the regional agri-food supply chains. The agri-food sector represents a strategic sector for the region (1.5 % of GDP) which is facing problems in terms of competitiveness, generational renewal, and quality of employment. It is characterised by small-sized farms with low productivity. In terms of competitiveness, there is lack of transformation of products on the farm.

This case study illustrates possible ways to tackle the multiple challenges of the supply chain through a robust strategic approach involving both the private and public sectors. The Regional Strategic Plan for a Competitive Agri-food Industry (PCAI) sets out the specific objectives and actions to develop the agri-food supply chain, different sources of financing available at regional, national and EU levels (including the Rural Development Programme (RDP)). This maximises the complementarities of the different funding sources.



In this context, the RDP 2014-2020 of the Basque Country allocates EUR 55.3 million to improve the integration of primary producers into the supply chain (through the RDP Focus Area (FA) 3A).

In particular, the RDP will support investments in physical assets dedicating 75% of the FA funding (RDP Measure 4); farmers entering into certified quality schemes (RDP Measure 3); and cooperation among the supply chain stakeholders (RDP Measure 16).

### Strategic approach to supply chains in the region - policy framework

#### How is the supply chain supported at the regional level?

For the period 2014-2016, the Basque Country government updated the PCAI. Managed by the Department for Agriculture, Fisheries and Food, this Strategic Plan sets out the overall framework to boost the development of a competitive and resilient agri-food industry, linked to local high quality products.

Specific actions are defined to help to solve most of the outstanding needs of the Basque agri-food businesses in the context of the economic crisis; to boost economic growth; to create jobs and to develop a more competitive and sustainable agri-food industry.



To achieve these objectives, the involvement of the main regional stakeholders in the agri-food supply chain (primary producers, processors, distributors, consumers) in the development and design of the PCAI and key actions was considered important in order to define a comprehensive strategy focusing on relevant aspects for the supply chain.

In this context, RDP support is targeted at actions that contribute to achieving the objectives set in the PCAI.

#### Main strategic streams of the Regional Plan for a Competitive Agri-food Industry (PCAI):

The PCAI defines five main strategies to achieve its objectives:

- **Innovation and transfer of technologies:** boosting innovation and technology transfer to generate value added.
- **Knowledge and training:** facilitating transfer of necessary knowledge and skills to professionals in certain areas (commercial, marketing, e-business, etc.). A regional 'Training Plan for the Food Industry' is developed – tailored to increase the level of professionalism in the sector.
- **Boost efficiency:** supporting actions to encourage cooperation among actors, integration of the value chain and seeking synergies along the chain.
- **Market promotion and development:** creating interrelationships between the primary sectors and the food industry to increase the presence of Basque food products in local, regional, national and international markets.
- **Financial support:** providing the necessary tools to finance agri-food businesses to implement projects (also through cooperation) while sharing the risks.

[http://www.nasdap.ejgv.euskadi.eus/contenidos/plan\\_programa\\_proyecto/pcia/def/adjuntos/PCIA\\_plan.pdf](http://www.nasdap.ejgv.euskadi.eus/contenidos/plan_programa_proyecto/pcia/def/adjuntos/PCIA_plan.pdf)

### Innovation, ideas and advice.

#### How is advice / knowledge transfer delivered to rural supply chains?

Advisory Services and support for innovation actions are implemented through an intermediate body of the Basque Government, FUNDACIÓN HAZI FUNDAZIOA (HAZI Foundation). Advisory Services are fully funded by the regional government, and hence it is not an area supported by the RDP, which strategically concentrates funding in other important areas of intervention for the agri-food supply chain. The HAZI Foundation brings in a wide range of existing stakeholders to support innovation and provide Advisory Services to rural stakeholders. In this context, it also implements specific projects to enhance knowledge, innovation and entrepreneurship.

#### HAZI Foundation Innovation project: 'Thursdays' dedicated to Rural Entrepreneurship 2016

Implemented between 2011 and 2013, this project was targeted at any person who wanted to start a new economic activity in a rural area in the Basque Country, both in the primary sector and in any other field of activity. It consisted of five training sessions for entrepreneurs and a final meeting. 'Thursday on Rural Entrepreneurship' offered a comprehensive training programme throughout the entire year and implemented the last Thursday of each month to tackling different topics relevant for any entrepreneur (development of a business idea, emotional intelligence, finance, social networking, business communication). Each training session was complemented with practical examples that illustrate the experiences of other entrepreneurs.

As a grand finale, a final meeting organised for the potential entrepreneurs aimed at defining the objectives for their individual projects; enhancing the ability to identify business opportunities; promoting cooperation and presenting business experiences in rural areas.

<http://www.hazi.es/es/proyectoshazi/laguntza-nekazaritzako-elikagaien-industriari/7175-los-jueves-del-emprendimiento-rural-20162.html>

Main objectives of the 'Regional Strategy for Innovation and Cooperation' for the agri-food supply chain (EVIC)

- 1. Innovation through cooperation:** boosting the implementation of new knowledge on technology, practices, processes, management while incorporating creativity to combine ideas and solutions that seem unfeasible at first.
- 2. Boost multi-stakeholder cooperation:** connecting relevant stakeholders from different areas around collaborative spaces. This cooperation will be supported under the RDP, sectoral strategic plans and RIS3.
- 3. Develop cooperation platform:** It supports a specific instrument developed to implement all the actions of the strategy ('Katilu').

Cooperation is a driver of innovation in the Basque Country. In this respect, the government has created Katilu (<http://www.katilu.net/>), a specific instrument to implement the agri-food innovation strategy. Katilu is a public-private partnership initiated in 2011 by the Basque government. It provides a platform to enabling exchange of ideas, learning, innovation and cooperation among agri-food businesses and public business/institutions linked to innovation. 'Katilu' brings together people and organisations dedicated to boosting innovation in the sector through cooperation. It focuses on three main interconnected thematic areas:

- **Community:** platforms for a transparent exchange and communication between the different stakeholders (e.g. online platforms).
- **Learning:** workshops and meetings to enable exchange of knowledge between people and organisations, mutual learning, shared concerns, generation of ideas and proposals for cooperation projects.
- **Cooperation:** enabling team work to add value to cooperation projects and trigger the development of new ones (with a strong link to Measure 16 of the RDP).

#### How are innovation & cooperation along agri-food supply chains supported?

Innovation in the agri-food sector falls under the umbrella of the 'Regional Strategy for Innovation and Cooperation' for the agri-food supply chain (EVIC). This strategy is designed to maximise complementarities between different funding opportunities available such as the RDP, RIS3<sup>1</sup> strategies and H2020 programme.

The RDP supports cooperation through Measure 16. In this respect, 'Katilu' acts as the 'innovation broker' to trigger cooperation projects in the agri-food supply chain through various sub-measures:

- **Sub-measure 16.1** - *Support for the establishment and operation of EIP Operational Groups (OGs)*. Support will be provided for the implementation of EIP OGs and the costs related to pilot projects.
- **Sub-measure 16.2** - *Support for pilot projects and for the development of new products, practices, processes and technologies*. Support will be granted to cooperation projects involving small agri-food stakeholders to jointly organise their work and share infrastructure and resources. The aim is to support small agri-food stakeholders seeking to achieve economies of scale which they cannot do by themselves.
- **Sub-measure 16.4** - *Support for horizontal and vertical cooperation among supply chain actors*. Cooperation projects will be supported for the commercialisation and promotion of agri-food products through the development of short supply chains and local markets.

Complementary actions implemented by the regional government and public institutions in this area aim to improve participation in research projects related to innovation so that practices can be transferred.

**'AgriSPIN'**: funded under Horizon2020, the 'AgriSPIN' project aims to systematically explore the innovation practice of intermediary bodies and support services across different European regions. It includes aspects on communication and interaction among stakeholders. (<http://agrispin.eu/>)

**'ANATOLE' (Atlantic Network for organising the local economy)**: funded under the 'Transnational Operational Programme for the Atlantic Area', it aims to create a new local economy based on responding to consumer needs and understanding of the local economy as a way to promote the sale of local products of the primary sector. The innovative aspect of this project is the support it gets in Atlantic cities (urban areas) to organise and develop a new local economy based on proximity favouring the production, marketing and consumption of local food products. (<http://www.ieru.pt/Anatole/FR/inicio.html>)

## Knowledge transfer & skills acquisition

### What is the structure of knowledge transfer and skills acquisition?

The RDP supports actions oriented on training & skills acquisition, as well as demonstration activities and information actions through Measure 1.

This type of support covers actions such as courses and vocational training, knowledge transfer sessions with research institutions, as well as guidance or personalised coaching on specific stakeholder needs. These actions will cover thematic areas such as business management, marketing, entrepreneurship, organic farming, resource management, quality schemes and innovation among others.

The RDP establishes selection criteria for the supported projects to ensure linkages with the regional strategies. Additionally, the selection criteria give priority to projects involving young farmers as they are considered important players for boosting innovative practices and projects.

The public foundation 'HAZI FUNDAZIOA' is the beneficiary of this measure implementing capacity building activities on knowledge transfer and acting as an intermediate body in the RDP.

In addition, there are other instruments developed by the Basque Country government on knowledge transfer (see box below).

### 'NIREA' Programme

The 'NIREA' programme is a public-private partnership whose ultimate aim is to help stimulate the primary sector and regenerate rural and coastal areas. The programme implements the following activities:

- **'NIREA' programme promoters**: these are sectoral, regional and social actors who work for the regeneration of the primary sector and rural and coastal areas.
- **'NIREA' Commitments**: social and economic stakeholders formally sign commitments to regenerate the primary sector and rural and coastal areas. They receive a seal as proof of their commitment.
- **Awareness-raising initiatives**: projects or initiatives that transmit the values of the regional primary sector by promoting knowledge and recognition in the Basque society.
- **'NIREA's' network**: composed of the 'NIREA' promoters, it aims to maximise cooperation, generate forums to share knowledge, skills, experiences of collaboration and innovation, and find solutions to common or shared problems. Through the network's website, visitors can find information on local products and producers, experiences and events, and cooperation projects between rural and urban areas.

<http://www.nirea.eus/es/>

### Finance for investments

#### How is access to financial support addressed?

The PCAI considers the financial support a strategic priority for the agri-food sector. The aim is to ensure the availability of the necessary funding for business projects.

The RDP contributes to this objective by supporting investments through Measure 4 investments in physical assets. In the period 2014-2020, the programme will dedicate EUR 44.5 m on investments at farm level to improve their competitiveness, as well as to the transformation and commercialisation of agricultural products (support to 14% of the agricultural holdings).

Investments at farm level are specifically targeted through selection criteria for newcomers in the sector, youth, women, organic farming and agricultural holdings that commercialise their production through short supply chains (at least 40% of their total production). Investments in transformation and commercialisation or development of new products are also targeted, with a particular focus on those projects that achieve greater results in the sector in terms of added value and employment as well as to those which are:

- integrated projects, involving actors along the supply chain;
- Innovative;
- in line with sectoral strategic plans;
- use local produce and inputs;
- involve products which are part of certified quality schemes;
- cooperation projects of EIP Operation Groups;
- cooperation projects among enterprises;
- investments in ICT for commercialisation (including e-business).

In addition, the RDP expects the development of specific Financial Instruments to support these investments.

### Producers groups and organisations

#### How are producers groups and organisations supported in the region?

The creation of cooperatives and producers organisations is a strategic direction for the region aiming to improve the competitiveness of the agri-food supply chain. Characterised by the small size of the agricultural holdings, cooperation (horizontal and vertical) has proved to be essential for the sector to overcome the current challenges faced, which could not be done by the stakeholders individually. This intervention is fully supported by the RDP which will allocate EUR 1.5 m to support the creation of new producers groups and cooperatives of producers groups (Measure 9) in the production sectors in agriculture and forestry. This Measure will help to enhance the economic dimension of the agri-food business. This support shows many complementarities with the interventions implemented to boost vertical cooperation in the supply chain.

### Market access and quality

#### What are the key areas supported for accessing markets?

The strategic view for market access is based on enhancing the competitiveness of the food supply chain actors, as well as specialisation and differentiation of agri-food products based on quality. Actions in the region aim to support and encourage the production and promotion of quality products.

The RDP allocates EUR 8.7 m to support the participation of agricultural holdings in certified quality schemes, as well as activities for disseminating information and promoting products in the quality schemes in the EU (Measure 3). There is a large number of products which are part of quality schemes, including those listed under PDOs (Protected Designations of Origin) and PGIs (Protected Geographical Indications).



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RDP actions are complemented by others implemented by the regional government in line with the strategic view for market access through quality regional products:

### Promotional activities and publications:

Development of promotional outputs on the quality of regional products in order to enhance their image regionally and internationally. This promotional strategy goes in line with the spirit of boosting the image of 'EUSKADI' regional products as quality products.



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As an example, the government produced a booklet 'Quality food and drinks' which outlines the value and quality of the Basque food products. The booklet is produced in English to maximise its international impact. ([http://www.nasdap.ejgv.euskadi.eus/contenidos/informacion/publicaciones\\_promo/es\\_agripes/adjuntos/folleto\\_ingles.pdf](http://www.nasdap.ejgv.euskadi.eus/contenidos/informacion/publicaciones_promo/es_agripes/adjuntos/folleto_ingles.pdf))

### 'ON EGIN' - Improved collaboration between local producers and rural tourism establishments:

Rural tourism has an important role to play in promoting local and regional products as well as enhancing links between the rural and natural heritage and the primary sector.



© on egin

The 'ON EGIN' project was established to boost cooperation between agri-food stakeholders and the rural tourism sector. A total of 40 rural tourism houses participated on a voluntary basis, promoting 9 products which were all under different certified quality schemes. (<http://www.hazi.es/es/proyectoshazi/landa-itsas-garapena/4115-on-egin.html>)

### Basque Culinary Center:

Launched in 2011, the Basque Culinary Center is a private-public initiative enable training, innovation and promotion of regional gastronomy on the basis of quality products and dishes. This is considered a key factor for the socio-economic development of the area and the sectors. (<http://www.bculinary.com/es/home>)



### Creation of networks interested in food quality and gastronomy

The Basque Country is involved in the creation of a network of regions interested in working in food quality and gastronomy and food heritage. ([www.euromontana.org/](http://www.euromontana.org/)).