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Marketing Sustainable Agriculture: An analysis of the potential role of new food supply chains in sustainable rural development		
<b>Acronym of the project</b>		
SUS-CHAIN		
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<b><u>PROJECT COORDINATOR</u></b>		
<b>Name</b>	<b>Title</b>	<b>Address</b>
J.S.C. Wiskerke	Prof.dr.	Wageningen University – Rural Sociology Group Hollandseweg 1 6706 KN Wageningen The Netherlands
<b>Telephone</b>	<b>Telefax</b>	<b>E-mail address</b>
+31 317 482769 / 484507	+31 317 485475	<a href="mailto:Han.Wiskerke@wur.nl">Han.Wiskerke@wur.nl</a>
<b>Key words</b> (5 maximum - Please include specific keywords that best describe the project.).		
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<b>World wide web address:</b> <a href="http://www.sus-chain.org">www.sus-chain.org</a>		

## List of participants

Participant	Address	Telephone & Fax	Status	Short name	Participant no.
Wageningen University - Rural Sociology Group	Hollandseweg 1 6706 KN Wageningen The Netherlands	T: +31 317 484507 F: +31 317 485475	Contractor Coordinator	UAW	P1
Centre for Agriculture and Environment	P.O. Box 10015 3500 AA Utrecht The Netherlands	T: +31 30 2441301 F: +31 30 2441318	Subcontractor of UAW	CLM	S1
University of Gloucestershire – Countryside and Community Research Unit	Dunholme Villa Park Campus Cheltenham GL50 2RH United Kingdom	T: +44 1242 544083 F: +44 1242 543273	Contractor	UGLO	P2
International Institute for Environment and Development	3 Endsleigh Street London WC1H 0DD United Kingdom	T: +44 2078727328 F: +44 2073882826	Subcontractor of UGLO	IIED	S2
Institut d'Economie Rurale de l'Ecole polytechnique fédérale de Zurich	ETH-Zentrum 8092 Zürich Switzerland	T: +41 21 693 57 13 F: +41 21 693 57 17	Contractor	ETH.AGRA. ARIER	P3
Service Romand de Vulgarisation Agricole	Av. Des Jordils 1-CP 128 CH-1000 Lausanne 6 Switzerland	T: +41 21 6194404 F: +41 21 6170261	Subcontractor of ETH.AGRA. ARIER	SVRA	S3
University of Pisa - Department of Agricultural Economics	Via S. Michele degli Scalzi 2 56124 Pisa Italy	T: +39 050571553 F: +39 050571344	Contractor	UPSA.DAGA	P4
L'istituto Regionale Interventi Promozionali in Agricoltura	Via della Villa Demidoff 64d 50127 Firenze Italy	T: +39 55 3215064 F: +39 55 3246612	Subcontractor of UPSA.DAGA	IRIPA	S4
University of Gent - Department of Agricultural Economics	Coupure Links 653 9000 Gent Belgium	T: +32 9 2645926 F: +32 9 2646246	Contractor	RUG	P5
Vredeseilanden-Coopibo	Blijde Inkomststraat 50 3000 Leuven Belgium	T: +32 16 316580 F: +32 16 316581	Subcontractor of RUG	VC	S5
Baltic Studies Centre	Rostokas iela 60-24 Riga LV 1029 Latvia	T: +371 9417173 F: +371 7089860	Contractor	BSCLV	P6
Institute of Philosophy and Sociology	Akademijas laukums 1 Riga LV 1009 Latvia	T: +371 7229208 F: +371 7210806	Subcontractor of BSCLV	IPS	S6
J.W. Goethe University Frankfurt - Institute for Rural Development Research	Zeppelinallee 31 60325 Frankfurt am Main Germany	T: +49 69 775001 F: +49 69 777784	Contractor	UFRANK	P7
Ecozept	Oberer Graben 22 D-85354 Freising Germany	T: +49 81 6114820 F: +49 81 61148222	Subcontractor of UFRANK	Ecozept	S7

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# 1 OBJECTIVES AND EXPECTED ACHIEVEMENTS

## 1.1 Objectives

The purpose of the project is to assess the potential role of food supply chains in the enhancement of sustainable food production and rural development by identifying critical points in food supply chains which currently constrain the further dissemination of sustainable production, and recommend actions that are likely to enhance the prospects for sustainable food markets. Specific attention will be given to factors related to the organisational structure of food supply chains and interactions between different stages of the chain.

Specific objectives are:

- (1) To map the diversity (in time and place) of current definitions of sustainability that are associated with new food supply chains. To examine the extent to which there is convergence / consensus regarding competing meanings of sustainable production and quality at different levels of different food supply chains in various European regions, i.e. southern Europe (Italy), eastern Europe (Latvia) and western Europe (The Netherlands, United Kingdom, Belgium and Germany). To examine the extent to which sustainability claims are intertwined with other quality attributes, such as health, food safety, regional identity and ethics (e.g. fairness of trade<sup>1</sup> and labour standards). To map, on the basis of a set of indicators (e.g. actors involved, types of relations, spatial distribution, degree of formalisation of standards, etc.), the diversity of food chains, which incorporate sustainable farm products, taking account of situational specificities in different member states.
- (2) To order this diversity by identifying the most widely encountered bottlenecks and constraints that inhibit the enhancement of sustainable food production. To examine in detail the ability of the food chain as a whole to convey consumers' expectations and civic values related to sustainability and food quality to farmers.
- (3) To examine different ways of communication and mechanism of economic coordination between the actors in the food chain (e.g. labelling, face to face selling, product regulations, farm plans, codes of best practice etc.) and assess their capacity to enhance cohesive, collective action within sustainable food supply chains. To do so a carefully selected, representative set of case examples in different countries will be studied to assess their performance in relation to factors such as marketing channel choice, institutional embedding and policy interfaces.
- (4) To develop performance indicators (e.g. high / low consumer prices, improvement/worsening of farmers' income, participation to the process of standard setting, degree of concentration of power along the chain, consumer confidence, etc.) and methods that assess the collective performance of the food chain as a whole towards sustainable food production and transparent food markets.
- (5) To examine the relevant policy environment for the development of sustainable food supply chains. To formulate policy recommendations to public institutions at different levels (local, regional, national and European) that could help to overcome the bottlenecks in the food chain that inhibit the wider development of markets for sustainable farm products.

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<sup>1</sup> Transactions in which all actors involved receive an equal share of the value added, in which all actors involved are remunerated for the efforts they make and for the risks they take, based on a correct pricing of all production factors (including labour) and in which there is no transfer of costs (e.g. associated with environmental pollution) to society.

## ***1.2 Expected Achievements***

The following achievements are expected:

- (1) A macro-level description and analysis of on-going experiences in different parts of western, eastern and southern Europe with respect to various organisations of food supply chains and various approaches to increase consumer trust (organic farming, integrated production, PDO/PGI etc.). This will indicate the relative importance and durability of these approaches in different countries.
- (2) A desk-study summarising previous findings on consumers' attitudes towards sustainable food products.
- (3) An analysis of discourses on the sustainability of 'new' food supply chains in different national/regional settings. These will give insight in the degree to which sustainability definitions are intertwined with other quality concerns (health, food safety, ethics) and opinions of relevant stakeholders on the potential contribution of different approaches to sustainable food supply chains.
- (4) A set of representative in-depth case studies (2 per country) for their demonstrative power, successful performance and innovation potential, covering diverse and contrasted types of food supply chain organisations.
- (5) A set of indicators which enables an assessment of the performance of food supply chains, especially in terms of their ability (a) to encourage technical changes at both agricultural and processing levels, (b) to restore consumer confidence (c) to incorporate societal demands and environmental objectives, (d) to retain value added at farm level and with rural areas, and (e) to create cohesion between different stages of the supply chain.
- (6) Best-practice recommendations for actors involved in sustainable food supply chain initiatives:
  - Ways to define specifications related to sustainability along the supply chain under varying influences of actors (producers, co-operatives, processing companies, retailers, consumers).
  - Ways of reducing the transaction costs of achieving 'sustainability' in the food chain.
  - Ways to communicate to consumers and improve their confidence in food quality.
  - Ways to successfully coordinate the collective action of actors within food supply chains.
- (7) Information and recommendations to public institutions at different levels (local, regional, national, European) in respect of the promotion of sustainable food chains.
- (8) Academic research findings and scientific publications, concerning amongst others conceptions of the sustainability of food chains and an assessment of the capacity of food chains to accommodate sustainability principles at different levels and scales.

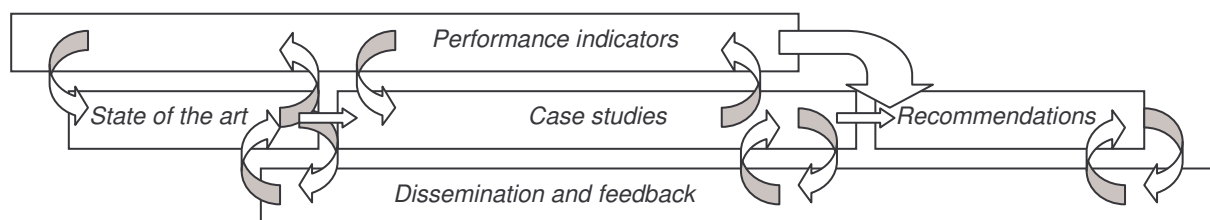
## 2 PROJECT WORKPLAN

### 2.1 Introduction

To address the objectives and achieve the expected results a workplan consisting of five, partly consecutive and partly parallel, phases (which each consist of one or more workpackages) has been designed. The workplan has been divided into these phases, as each phase corresponds with one or two (in case of phase 4) milestone(s) (see table 3). The five phases are:

1. *Performance indicators*: development and fine tuning of food supply chain performance indicators (workpackage 1: months 0 - 22)
2. *State of the art*: the diversity and dynamics of food supply chains and consumers' attitudes (workpackages 2 & 3: months 2 - 10)
3. *Case studies*: micro-level assessment of the socio-economic performance of food supply chains (workpackages 4, 5 & 6: months 10 - 26)
4. *Recommendations*: recommendations for policy makers at regional, national and European level and for food supply chain stakeholders (workpackage 7: months 27 - 34)
5. *Dissemination and feedback*: dissemination of results to and feedback on provisional results by the academic and professional public (workpackage 8: months 6 - 36)

In the figure below the relations and interaction between the different phases is presented. This is followed by a brief description of the workplan per phase.



**Figure 1.** Relation and interaction between the different phases of SUS-CHAIN

#### **Phase 1:** *Performance indicators (months 1 - 22)*

The project commences with the development of a provisional set of performance indicators. Indicators will be developed for three different aspects of food supply chains:

1. The organisational structure of food supply chains.
2. The socio-economic sustainability of food supply chains and discourses on ecological sustainability.
3. The institutional setting of food supply chains.

The provisional set of performance indicators will be developed by means of a desk study on the basis of literature reviews and an assessment of completed and ongoing work of the project contractors and subcontractors. These provisional performance indicators will be used to:

- map and analyse the socio-economic dynamics and diversity of food supply chains and their institutional environment;

- assess the socio-economic performance of food supply chains;

The provisional set of performance indicators will serve as input for the second phase of the project. Based on the results of the second phase of the project, the set of indicators will be fine-tuned. The fine-tuned set of performance indicators will be used to conduct the case studies (phase 3 of the project). Based on the results of the case studies the set of performance indicators will be finalised. The final set of performance indicators will not only be used to map and analyse the socio-economic dynamics and diversity of food supply chains and to assess their socio-economic performance, but also to:

- identify strengths, weaknesses, opportunities and threats for enhancing the performance of food supply chains towards sustainability;
- identify 'entrance' or 'nodal' points for intervention aimed at enhancing the performance of food supply chains towards sustainability.

The final set of performance indicators will serve as input for the policy and practical recommendations (phase 4).

### ***Phase 2: State of the art (months 2 - 10)***

The second phase is entitled 'state of the art' and entails a macro-level description and analysis of the dynamics and diversity of food supply chains as well as of consumers' attitudes towards sustainable food products in the participating countries. The objectives of this description and analysis are:

1. To get a general overview of the diversity in socio-economic dynamics of food supply chains regarding sustainability in relation to their socio-institutional environment. This includes:
  - Approaches to and organisational forms of food supply chains;
  - Policies and regulations with respect to sustainable food production in general and food supply chains in particular;
  - Stakeholders' perceptions of and involvement in food supply chains;
  - Consumers' attitudes towards sustainable food products
2. To assess the general performance (sustainability, transparency, trust) of food supply chains, especially their ability to:
  - Initiate or encourage technical changes at both agricultural and processing levels;
  - Restore consumer confidence in food and the way it is produced at processed;
  - Incorporate environmental objectives and societal demands with regards to food production;
  - Enable viable economic development by retaining sufficient value added at farm level and within rural areas;
  - Create cohesion between different stages of the supply chain.
3. To identify major opportunities and constraints with respect to improving the performance of food supply chains towards sustainability.

The macro-level description and analysis will be conducted by means of a well-balanced range of complementary methods and tools, such as reviews of completed and ongoing research on different aspects of food supply chains as well as on their socio-institutional environment, analysis of policies at national and European level regarding food supply chains, a desk study summarising previous findings on consumers' attitudes towards sustainable food products and interviews with relevant stakeholders (e.g. farmers' associations, retailers, consumers' organisations and policy-makers).

### ***Phase 3: Case studies (months 10-26)***

The third phase of the project aims to result in a more in-depth and fine-tuned understanding of the socio-economic dynamics of food supply chains. This general aim of phase 3 is somewhat similar to that of phase



2. The main difference is that the focus of phase 2 is on the meso/macro-level dynamics of food supply chains, while phase 3 focuses on micro/meso-level dynamics. As such phase 3 will result in a much more detailed understanding of the dynamics of food supply chains compared to phase 2. Another difference between phase 2 and phase 3 is that the main focus of phase 2 is on description and analysis, while the main focus of phase 3 is on assessment of the performance of different food supply chains.

Phase 3 starts with the development of the case study methodology and the selection of cases. This is followed by 2 in-depth case studies per participating country. The objectives of the case studies are:

- A detailed description and analysis of the organisation forms and structures of different food supply chains;
- A detailed description and analysis of the ways of communication and mechanisms of (horizontal and vertical) coordination within different food supply chains (e.g. labelling, face to face selling, product regulations, farm plans, codes of best practice etc.) as well as an assessment of their effectiveness in creating cohesion and successful collective action between different actors in the chain.
- A detailed description and analysis of the socio-economic dynamics of different food supply chains, both in time and in space.
- An assessment of the performance of different food supply chains in terms of different aspects of sustainability;
- Identification (per case study) of bottlenecks that constrain the improvement of the collective performance towards sustainability.
- A detailed description of the relevant policy environment associated with sustainable food supply chains (per case study) and analysis of relevant policy interfaces for different food supply chains.

With respect to the case study selection it is crucial to come to an adequate, well-balanced and representative set of case examples, that cover diverse and contrasted food chain supply organisations. To reach this objective the well-known methodology of Glaser and Straus for comparative analysis<sup>2</sup> will be applied. On the basis of the macro-level description and analysis (Phase 2) contrasting cases with respect to relevant key factors will be added to the set of cases until the 'point of saturation' is more or less reached. That is until it reasonably well covers the range of sustainable food supply chain initiatives encountered in the relevant empirical reality. A provisional case-study selection will be presented to the Commission services for possible comments.

The case-study methodology to be applied will first of all be based on the provisional sets of indicators as developed in Phase 1 and will initially address the same key factors. When during Phase 2 of the project additional relevant themes emerge, additional indicators may be formulated. Based on the experience of applying the set of indicators in Phase 2 the provisional set of indicators will be improved and adjusted.

It is foreseen that the case-study methodology will incorporate elements of different research methods that are applied in sociological and economic sciences and in the study of consumer perceptions. These may include: qualitative interviews, quantitative surveys, transaction cost analysis, discourse analysis and innovative consumer studies. The final case study methodology will be presented to the Commission services for possible comments.

Phase 3 ends with a transversal analysis of all the case studies. By following a comparative approach the transversal analysis will focus at identifying communalities and dissimilarities within the representative set of case examples, in order to answer the following objectives:

- To identify major patterns and underlying trends and trajectories regarding the socio-economic structure and dynamics of sustainable food supply chains by building typologies;
- To identify mechanisms of communication and economic coordination that are successful in creating cohesion and effective collective action of stakeholders for different types of food supply chains.

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<sup>2</sup> Glaser, B.G. and A.L. Strauss (1967) *The discovery of grounded theory. Strategies for qualitative research* (Chicago)

- To assess the performance of different types of food supply chains in terms of different aspects of sustainability and identify underlying key factors.
- To identify 'nodal' points for (policy and other types of) intervention aimed at enhancing the performance for different types of food supply chains.
- To identify bottlenecks and constraints for different types of food supply chains as well as possible ways to overcome these.
- To identify the relevant policy environment and associated policy interfaces for different types of food supply chains.

#### ***Phase 4: Recommendations (months 27-34)***

The fourth phase of the project will focus on the translation of research findings into recommendations for policy and other types of intervention. The recommendations will first of all build upon the findings from the meso / macro-level analysis of phase 2 and the micro / meso-level analysis of phase 3. Where necessary at specific points (e.g. specific policy schemes or regulations) limited additional research will be done, mainly consisting of the consultation of policy makers (at different levels), organisations of stakeholders and desk-studies. Two types of recommendations are intended:

1. Policy recommendations, enabling policy-makers at regional, national and European level to support the development of sustainable food supply chains;
2. Practical recommendations (i.e. protocols: tools, methods and strategies), enabling actors in the food supply chain and 'surrounding' actors (e.g. farmers' unions, consumer organisations, environmental groups, extension services, applied research institutes, local partnerships) to improve the performance of food supply chains towards sustainability.

The 'nodal' points for intervention to enhance the collective performance of (different types) of food supply chains, that were identified in the previous phases, will form the basis for the formulation of recommendations. In this phase the relevant policy environment associated with sustainable food supply chains that was 'mapped' in Phase 2, and described more profoundly as part of the case-studies, will be analysed in relation to different types of food supply chains. The methodology to be applied is that of interface analysis. 'Interface analysis' focuses on the complex and often highly differentiated interactions between policy and practice, which can differ considerably between different contextual settings. It is therefore highly suitable for analysing the impact of policy frameworks on the performance of supply chains in the context of different supply chain organisations and national/regional contexts.

As far as possible it is intended to identify communalities in the policy interfaces associated with food supply chains in different territorial contexts in order to come to general recommendations for different types of supply chain organisations. Where this is not possible in view of regional differences, the focus will be on general, more procedural recommendations related to different aspects of the policy process such as policy formulation, implementation, monitoring and the role of organisations of stakeholders in these.

In the analyses of policy interfaces special attention will be given to interrelations between different policy schemes and measures, by assessing the impact of combined implementation, studying possibilities for creating synergies between different policies, and indicating ways to overcome fragmentation and contradictions. Also the evolutionary dynamics of sustainable food supply chains will be addressed by identifying specific bottle-necks and requirements in different stages of their development as well as ways to facilitate the building of 'social capital' over time.

#### ***Phase 5: Dissemination (months 6-36)***

In SUS-CHAIN we opt for an active involvement of end-users throughout the project. The participation of

NGO's (as subcontractors) is of crucial importance for the dissemination activities of the programme and guarantees adequate access to and good communication with three different target groups:

1. Stakeholders in the social and institutional environment of food chains (e.g. politicians, consumer organisations, environmental groups, applied research institutions, extension services etc.)
2. Actors in the food chain and organisations of these (e.g. farmers, retailers, processing industry, etc.)
3. The scientific community (agricultural sciences, environmental sciences, consumer studies, economy, sociology, rural studies, etc.).

At the start of this last phase of the project a dissemination plan will be drawn out, with a specific input of and role for the NGO-subcontractors. The plan will be presented to the Commission services for comments, suggestions and approval.

At national level three seminars will be organised oriented at the most relevant combination of target groups for each specific national/regional setting. The aim of these seminars is to get feedback from the target groups on the provisional results of the project, to validate these provisional findings and to disseminate results to the target groups. The seminars will be organised one month before the delivery date of important deliverables and/or milestones. In this way the national research teams (contractors and subcontractors) will be able to use the comments of the seminar participants (i.e. representatives of the target groups) in the finalisation of different deliverables (reports). The first seminar (month 9) is intended to get feedback on the provisional set of performance indicators and on the provisional results of phase 2 and to get suggestions for interesting and relevant cases for phase 3. The aim of the second seminar (month 20) is to get feedback on the results of the case studies, in particular on the assessment of the socio-economic performance of the food supply chains and on the identification of opportunities and constraints for the sustainable development of these food supply chains. At the second seminar the results from other countries will be discussed as well in order to assess whether experiences from other countries are relevant to the domestic situation. The third and last seminar (month 31) will be organised to get feedback on and fine-tune the practical and policy recommendations.

At the European level the dissemination activities will focus at the elaboration of a practical protocol of ways to improve the collective performance of sustainable food supply chains. This protocol will be presented at an international conference oriented at Commission representatives and policy makers / stakeholders' organisations from the participating countries. Dissemination of results to the scientific community will, besides the national seminars, mainly be done by means of the various reports of the project and a scientific book, in addition to normal channels of publication such as scientific journals, presentations at scientific conferences and the Internet.

## ***2.2 Project structure, planning and timetable***

### **2.2.1 Progress during the first and second reporting period**

Although the legal starting date of the project is the 1<sup>st</sup> of January 2003, the actual work commenced on the 1<sup>st</sup> of March 2003.<sup>3</sup> In general this implies that the first and second reporting period cover months 1 to 10 and 11 to 22 of the workplan respectively.

Figure 2a shows the planning of the workpackages and workpackage-tasks according to the TA. Figure 2b shows the actual progress made during the first and second reporting period as well as the expected

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<sup>3</sup> Although the contracts were signed by the European Commission on the 19<sup>th</sup> of December 2002, it took until the 15<sup>th</sup> of February 2003 before the project coordinator received the signed contracts. For several contractors it was only possible to appoint researchers upon receipt of the signed contract. Therefore it was only feasible to start with the actual work on the 1<sup>st</sup> of March 2003.

workplan for the third reporting period. For the following workpackages and tasks the actual work differs from the TA:

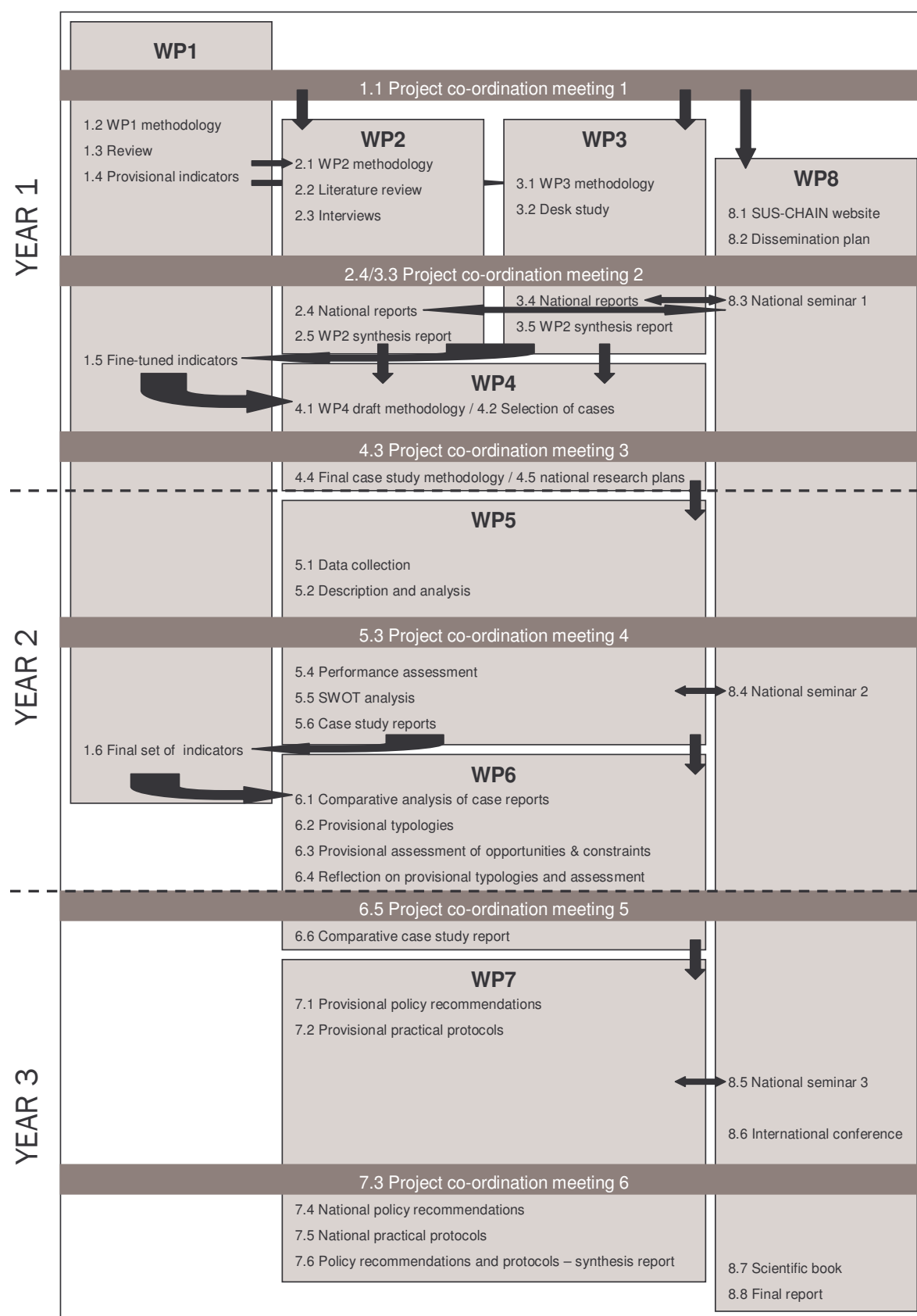
- *Task 1.2:* The WP1 coordinators (P3), upon request of the project coordinator, produced a first draft of the WP1-methodology prior to the first project coordination meeting (task 1.1). This was done to have some substantial input for this meeting.
- *Task 1.3:* Based on the first draft of the WP1 methodology P1 made a format for the review of literature and ongoing research<sup>4</sup>. All participants, in collaboration with their subcontractors, were requested to write a 10-page position paper discussing the following topics:
  - o Vision on the general orientation of SUS-CHAIN
  - o Short characterisation of food supply chains in one's own country: organisational structure, institutional setting, sustainability performance (incl. key indicators)
  - o Dynamics and diversity of food supply chains (incl. sustainability bottlenecks)
  - o Important aspects of and diversity in consumers' attitudes
  - o General guiding principles for SUS-CHAIN

The position papers were presented at the first project coordination meeting and were used as input for the development of the provisional set of FSC performance indicators (WP1) as well as for the development of the methodologies for workpackages 2 and 3.

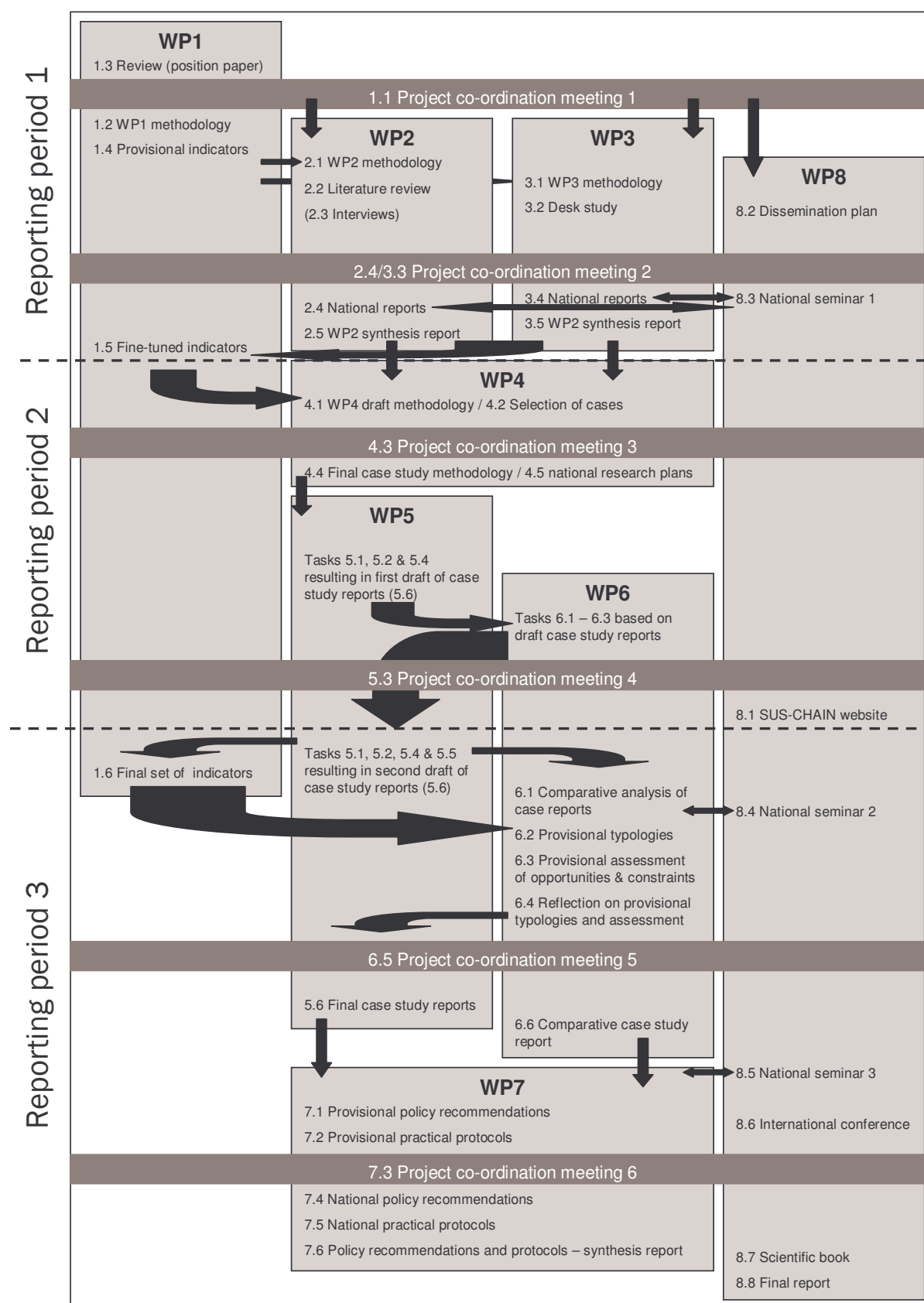
- *Task 2.3:* In most of the countries more time was spent on the literature review than planned according to the TA. There was a common shared opinion among the SUS-CHAIN partners that in-depth interviews with stakeholders would on the one hand be time-consuming and on the other hand hardly contribute to a better understanding of the macro-level dynamics and diversity of food supply chains. Furthermore, by means of the national seminars, stakeholders would be consulted anyhow. Therefore it was decided to leave it up to the national teams whether or not they would conduct in-depth interviews.
- *Task 8.1:* Mainly as a result of administrative problems within Wageningen University (P1) the launching of the SUS-CHAIN website ([www.sus-chain.org](http://www.sus-chain.org)) was delayed by more than a year.
- *WP4:* Although the development of the case study methodology commenced according to plan, the finalisation took several months longer. As the case studies are the innovative and analytical core of the project, it was generally felt that ample time should be dedicated to the development of a thorough and well-elaborated case study methodology, which was understood and shared by all partners.
- *WP5 & WP6:* Draft case study reports were written before and presented at the 4<sup>th</sup> project coordination meeting in Martigny (Switzerland) in November 2004. At this meeting a first transversal case study analysis was carried out in different working groups. In order to have sufficient time for the case studies themselves and to benefit from mutual insights and preliminary analyses, the decision was taken to alter the relationship between both workpackages; i.e. from consecutive to parallel. As a result, more time can be dedicated to the case studies, which at the same time benefit from several intermediate and preliminary transversal analyses. This also implies that after the finalisation of the case study reports (June 2005) the final transversal case analysis can be completed within one month (i.e. July 2005).
- *Tasks 8.4:* The objective of the second national seminars is to disseminate and get feedback on the final drafts of the case study reports. As the finalisation of the case studies has been delayed by approximately 6 months, the second national seminars have been postponed to the beginning of the third reporting period.
- *Task 1.6:* The final set of indicators will be based upon the second draft versions of the case study reports, which are to be completed before the 5<sup>th</sup> project coordination meeting. As result task 1.6 has been postponed from the end of the second reporting period to the beginning of the third reporting period.

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<sup>4</sup> See Annex 1a of the first progress report



**Figure 2a.** Project planning according to Technical Annex.



**Figure 2b.** Project realisation in the first and second reporting period and expected project planning for the third reporting period

The table below presents an overview of the deliverables of the project, the expected delivery date and the status of the deliverables.

Deliverable	Delivery date (according to TA)	Status	Comments
1. Workpackage 1 methodology	1 (March 2003)	Completed	
2. Provisional performance indicators	2 (April 2003)	Completed	
3. Workpackage 2 methodology	2 (April 2003)	Completed	
4. Workpackage 3 methodology	2 (April 2003)	Completed	
5. Dissemination plan (Workpackage 8 methodology)	6 (August 2003)	Completed	
6. SUS-CHAIN website	9 (Nov 2003)	Completed	Was launched during the 2 <sup>nd</sup> reporting period
7. National seminar 1 (feedback on workpackages 1, 2 & 3)	9 (Nov 2003)	Completed	National seminars were held in Nov or Dec 2003 in Switzerland, Italy, Belgium and Latvia. The national seminars in the Netherlands, UK and Germany took place in Jan or Feb 2004.
8. FSC dynamics (national reports workpackage 2)	10 (Dec 2003)	Completed	
9. Consumers' attitudes (national reports workpackage 3)	10 (Dec 2003)	Completed	
10. FSC dynamics and diversity in Europe (synthesis report workpackage 2)	10 (Dec 2003)	Completed	
11. Consumers' attitudes in Europe (synthesis report workpackage 3)	10 (Dec 2003)	Completed	
12. Fine-tuned set of performance indicators	11 (Jan 2004)	Completed	
13. Overall case study methodology	12 (Feb 2004)	Completed	Final version completed in June 2004; See Annex 1
14. National research plans	12 (Feb 2004)	Completed	
15. National seminar 2 (feedback on case studies)	20 (Oct 2004)	Delayed	Due to a delay in the start of the case studies national seminars have been postponed to the beginning of the 3 <sup>rd</sup> reporting period
16. Case study reports	21 (Nov 2004)	Delayed / in progress	Draft case study reports were ready in November 2004; final reports expected in June 2005
17. Final set of performance indicators	22 (Dec 2004)	Delayed / In progress	Will be based on final case study reports
18. Transversal case analysis	26 (Apr 2005)	In progress	Expected to be completed in July 2005
19. National seminar 3 (feedback on provisional recommendations)	31 (Sept 2005)	Not started	
20. Policy recommendations (national reports)	32 (Oct 2005)	Not started	
21. Practical protocols (national reports)	32 (Oct 2005)	Not started	
22. International conference	33 (Nov 2005)	Not started	
23. Practical & Policy recommendations (synthesis report workpackage 7)	34 (Dec 2005)	Not started	
24. Scientific book	36 (Feb 2006)	Not started	
25. SUS-CHAIN final report	36 (Feb 2006)	Not started	
26. Professional publication	36 (Feb 2006)	Not started	Additional deliverable, focussing on case studies and recommendations

All deliverables that were supposed to be completed during the first reporting period have been completed, albeit that several (i.e. D6, D7, D10 & D11) were only completed during the second reporting period. For the



second reporting the second national seminars (D15), the case study reports (D16) and the final set of indicators (D17) have been delayed. This is due to the fact that on the one hand the development and finalisation of the case study methodology (D13) took longer than planned and on the other hand the case studies themselves require more time than foreseen. As the second national seminars (D15) are intended to get feedback on final draft case study reports and the final set of indicators (D17) is to be based upon final case study reports, both deliverables are automatically delayed as well.

Milestone 2 has been completed (with a few months delay). The realisation of milestones 1 and 3 (see the table below) is in progress albeit that several months of delay is foreseen for both.

<b>Milestone</b>	<b>Delivery date</b>	<b>Short characterisation</b>	<b>Current status</b>
1. Food supply chain performance indicators	22 (31 Dec 2004)	A methodological publication as final result of workpackage 1. Builds indirectly on workpackages 2, 3, 4, 5 & 6.	in progress; expected date of completion is June 2005
2. State of the art	10 (31 Dec 2003)	A descriptive and analytical macro-level overview of the dynamics and diversity of food supply chains in Europe in relation to their institutional setting and consumers' attitudes towards sustainable food products. Final result of workpackages 2 & 3.	Completed in June 2004
3. Case studies	26 (30 April 2005)	A micro-level assessment of the dynamics, diversity and socio-economic performance of food supply chains and of the ways to improve the socio-economic sustainability of food supply chains. Final result of workpackages 4, 5 & 6.	in progress; expected date of completion is September 2005
4. Marketing sustainable agriculture: protocol for stakeholders	34 (31 Dec 2005)	A practical set of recommendations, tools, methods and strategies for improving the performance of food supply chain, aimed at actors in the food supply chain and different stakeholders. Final result of workpackage 7, builds on all previous workpackages	in progress
5. Marketing sustainable agriculture: policy recommendations	34 (31 Dec 2005)	Policy recommendations for regional, national and European authorities on the kind of policies and/or policy-making processes needed to enhance the development of sustainable food supply chains. Final result of workpackage 7, builds on all previous workpackages.	not started
6. The role of food supply chains in sustainable rural development	36 (28 Feb 2006)	Empirical, methodological and theoretical results, summarising all findings of the project. Final result of workpackage 8, builds on all previous workpackages.	in progress

## 2.2.2 Results, discussion and conclusions

During the *first reporting period* workpackages 2 and 3 were finalised, albeit that the synthesis reports of both workpackages (deliverables no. 10 and 11) were finalised at the beginning of the second reporting period. Together these workpackages contribute towards milestone 2: the state of the art.

During the *second reporting period* workpackages 1 (profile and performance indicators), 4 (case study methodology) and 5 (case studies) were supposed to be finalised. Due to the fact that the development of the case study methodology and the execution of the case studies took longer than planned it is not possible to report about the final results of WP1 and WP5. Therefore the preliminary results will be presented and discussed. Despite the fact that the case studies were not finalised during the second reporting period, draft



case study reports were written before and presented at the 4<sup>th</sup> project coordination meeting in Switzerland. This allowed for a first analysis of the case studies (i.e. workpackage 6). The preliminary results of WP6 are therefore also presented in this annual report.

In this section the main findings and (preliminary) results of the project are presented and discussed, in the order of the workpackages:

1. Development of profile and performance indicators (section 2.2.2.1)
2. Macro-level dynamics and diversity of food supply chains in Europe (section 2.2.2.2)
3. Consumers' attitudes and behaviour (section 2.2.2.3)
4. Case studies (section 2.2.2.4)
5. Stakeholders' feedback (section 2.2.2.5)

### 2.2.2.1 Profile and performance indicators

The objective of the SUS-CHAIN methodology is to be able to compare case-studies and highlight regularities in the key factors of success or failure of the initiatives. In 2003, the WP1 first report had recommended partners to follow a step by step approach and to make decisions about the following points: (1) selection of a few relevant themes and, for each theme, (2) choice of profile indicators and (3) choice of performance indicators. A working paper was proposed for comments and enrichment by the partners.

In 2004, major progresses have been made to finalise this work. A few relevant themes have been chosen, which focus on the main research questions. Discussion groups (one per theme) have met during the meetings of Pisa (I) and Martigny (CH) and debated about the way actors are dealing with the problem in each country (profile indicators), the main hypotheses that can be made about the theme, the choice of relevant performance indicators, the key factors of success or failure of the initiatives. The following five themes have been chosen<sup>5</sup>:

1. Marketing and communication, linked to WP3: choice of the type (product segment/ sales channel) and main competitors; "promises" of sustainability to the consumer, as a marketing argument; legal aspects of labelling; promotion strategy.
2. Commercial performance: commercial success and failure, prices paid by the consumer, credibility of the promise for the consumers and their associations, transparency, food safety, prices paid to the producers and added value.
3. Public support: main sources of support, kinds of support, objectives and types of intervention during the initiative life cycle.
4. Nature and governance of the organisation: initiators, present structure (actors, commercial links or contracts, other links...); history of the organisation, scaling-up process; management of the organisation (technical and commercial), coordination mechanisms/conventions, share of the added value and producers' negotiation power within the initiative.
5. Impact on rural development: theoretical links between sustainability, multi-functionality and rural development, credibility of the sustainability promise according to experts / stakeholders, conditions for positive effects of an initiative on rural development.

#### *Profile indicators*

Profile indicators present the main objectives and strategic choices of the initiative, regarding the concerned theme (marketing and communication, commercial performance, public support, organisation and governance,

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<sup>5</sup> At the fourth project coordination meeting a sixth theme – *Embeddedness and locality* – has been chosen. The development of relevant profile and performance indicators for this theme is still in progress.

impacts on rural development). These indicators are decisions that are chosen and controlled by the actors. The indicators proposed in the WP1 report of September 2003 and detailed in the database of Sustainable initiatives (WP2) in November 2003 have been completed in 2004 during WP4.

#### *Verification of hypotheses*

Hypotheses are assumptions that we expect to be correct. To verify these hypotheses will help us to highlight regularities and lessons about initiatives' success from the case-study analysis. Hypotheses were chosen during the Pisa meeting (January 2004) and finalised during the Brussels workshop (July 2004). A principal hypothesis was selected: "Scaling up an initiative changes the nature of the organisation (structure, rules, procedures, values, goals) and its sustainability performance". The WP4 case study methodology (see Annex 1) proposed a list of questions to verify the set of hypotheses. Identifying key hypotheses was very useful to select performance indicators.

#### *Performance indicators*

Performance is a result, a fact that must be assessed by a relevant method. In 2004, this issue has been discussed mainly during the Martigny meeting (November 2004). The exercise is quite difficult because of the small size of many initiatives, the interaction of merchant and non-merchant objectives, a lack of methods to assess the positive externalities of initiatives. Discussions have been fruitful and should lead to an original and a breaking through approach of food systems performance.

#### *Key factors of success or failure of the initiative*

What are, for each initiative, the key factors of success or failure? We separate internal factors (Strengths and Weaknesses that the actors can change) from external factors (Opportunities and Threats that the actors cannot change), in order to be able to build later a set of SWOT matrix, which will propose recommendations to the institutions and the actors. This question will be developed in 2005, using the case-studies comparison. An overview of key factors of success and failure will enable a thorough fine-tuning and final selection of crucial, important and relevant performance indicators.

The following tables highlight progresses in building profile indicators and performance indicators during 2003 and 2004.

<b>Theme 1 : Marketing and communication</b>		
<b>Year</b>	<b>2003</b>	<b>2004</b>
<i>Profile indicators</i>	<ul style="list-style-type: none"> <li>- size of the initiative</li> <li>- distribution channel</li> <li>- promise of sustainability to the consumer : ecological, origin, fair trade</li> <li>- type of labels and ownership</li> <li>- main competitors.</li> </ul>	<ul style="list-style-type: none"> <li>- size of the initiative</li> <li>- typology grid : product / sales channel</li> <li>- promise of sustainability to the consumer : ecological, origin, fair trade</li> <li>- type of labels and ownership</li> <li>- size of the market segment</li> <li>- Main competitors.</li> </ul>
<i>Performance indicators</i>		<ul style="list-style-type: none"> <li>- label notoriety by consumers</li> <li>- ability to create symbolic capital</li> <li>- clear communication on the promise to the consumer.</li> <li>- competencies in marketing</li> <li>- initiative market power towards retailers</li> </ul>

<b>Theme 2 : Commercial Performance</b>		
<b>Year</b>	<b>2003</b>	<b>2004</b>
<i>Profile indicators</i>	<ul style="list-style-type: none"> <li>- size of the initiative</li> <li>- reference market</li> </ul>	<ul style="list-style-type: none"> <li>- size of the initiative</li> <li>- reference market</li> </ul>
<i>Performance indicators</i>	<ul style="list-style-type: none"> <li>- market attractiveness (size and growth)</li> <li>- competitive position of the initiative (size, growth, market gap..).</li> </ul>	<ul style="list-style-type: none"> <li>- market attractiveness</li> <li>- competitive position</li> <li>- premium paid by the consumer / conventional products</li> <li>- volume at the production level</li> <li>- premium paid to the producer/ conventional product</li> <li>- technical support to the producers</li> <li>- social support to the producers.</li> <li>- producer risks and uncertainties</li> <li>- improvement of food safety, quality and transparency</li> <li>- social benefits, influence and regional economic development.</li> </ul>

<b>Theme 3 : Public Support</b>		
<b>Year</b>	<b>2003</b>	<b>2004</b>
<i>Profile indicators</i>	<ul style="list-style-type: none"> <li>- level : local, regional, national</li> <li>- type of institutions</li> <li>- kinds of support</li> </ul>	<ul style="list-style-type: none"> <li>- level : local, regional, national</li> <li>- type of institutions : private, public, voluntary sector.</li> <li>- kinds of support</li> <li>- receivers of support</li> <li>- time in the initiative's life cycle</li> </ul>
<i>Performance indicators</i>		<ul style="list-style-type: none"> <li>- level of dependence on public support &amp; voluntary sector support.</li> <li>- convergence of objectives</li> <li>- relevance of receivers</li> <li>- relevance with receivers' needs</li> <li>- time and knowledge needed to deal with applications.</li> </ul>

<b>Theme 4 : Nature and Governance of the Organisation</b>		
<b>Year</b>	<b>2003</b>	<b>2004</b>
<i>Profile indicators</i>	<ul style="list-style-type: none"> <li>- number of producers</li> <li>- date of birth</li> <li>- main initiators</li> <li>- type of organisation</li> <li>- partnerships of big processors and retailers</li> <li>- type of centre of operations</li> <li>- certification organisation</li> </ul>	<ul style="list-style-type: none"> <li>- number of producers</li> <li>- date of birth</li> <li>- main initiators</li> <li>- type of organisation</li> <li>- partnerships of big processors and retailers</li> <li>- type of centre of operations</li> <li>- certification organisation</li> <li>- stage in the transition cycle(s)</li> <li>- coordination mechanisms and structures.</li> <li>- conditions of entry of new members.</li> </ul>
<i>Performance indicators</i>	<ul style="list-style-type: none"> <li>- common values</li> <li>- ability to innovate on technical, commercial and management issues</li> </ul>	<ul style="list-style-type: none"> <li>- common strategic vision</li> <li>- farmers' involvement</li> <li>- democratic decision making</li> <li>- stabilization of quantities and prices</li> <li>- clear and fair members' rights and duties.</li> </ul>

<b>Theme 5 : Impact on Rural Development</b>		
<b>Year</b>	<b>2003</b>	<b>2004</b>
<i>Profile indicators</i>	<i>Sustainability profile (economic, social, environmental): initiative perception.</i>	<i>Sustainability profile (economic, social, environmental): initiative perception.</i>
<i>Performance indicators</i>	<i>Grading by stakeholders of the present initiative effects (economic, social, and environmental).</i>	<i>Comparison of effects (economic, social, environmental) between present initiative, conventional FSC and scaled-up initiative by experts, stakeholders and policy makers</i> Economic <ul style="list-style-type: none"> <li>- NVA in region</li> <li>- Direct, indirect &amp; induced employment in region</li> <li>- Farmer's share in retail</li> <li>- Transaction costs of establishment</li> <li>- Transaction costs of maintenance</li> <li>- Dependence on public sector support</li> <li>- Displacement effects within region</li> <li>- Halo effect</li> </ul> Social <ul style="list-style-type: none"> <li>- Self organisational capacity increased</li> <li>- Bridging capital increased</li> <li>- Learning knowledge enhanced</li> <li>- Enhanced trust/faith in food system</li> <li>- Enhances social inclusion</li> <li>- Yields job satisfaction</li> <li>- Encourages succession</li> </ul> Environmental <ul style="list-style-type: none"> <li>- Increases biodiversity</li> <li>- Reduces negative external effects</li> <li>- Increases positive external effects</li> <li>- Enriches cultural landscape</li> <li>- Reduces road miles</li> </ul>

### 2.2.2.2 Dynamics and diversity of food supply chains in Europe – a macro-level perspective

The macro-level dynamics and diversity of food supply chains in Europe will be discussed and summarised along three main themes:

1. Drivers of change in food supply chains
2. Areas of dynamism
3. Bottlenecks and constraints for improving the sustainability of food supply chains

#### Drivers of change

The institutional setting for food supply chains has undergone dramatic change in all the countries included in this study. No longer are producers the dominant actors; the balance of power has shifted firmly in favour of an increasingly concentrated retail sector whose main focus is satisfying consumer expectations and demands. This has occurred against a background of increased consumer concerns about the environment, food quality and safety along with a redirection of policy to move away from the industrial model of agriculture and take into account the broadening scope of agriculture.

This section seeks to draw out similarities and differences across the countries using a PEST framework which includes:

- **Political factors.** For example: the relative power and agendas of those actors involved within FSCs; the multiple retailers as arbiters of quality; the waning power of the farming lobby; the impact of NGOs; the sustainable development of FSCs; health and diet; food access; control within FSCs at various levels.
- **Economic factors.** For example: economic marginalisation; regional identity; falling farm incomes; globalisation and localisation; adding value; comparative advantage; acknowledgement of externalities such as 'food miles'.
- **Social factors.** For example: the individualisation of risk; changing perceptions of quality; the effect of food scares; ethical awareness of environmental and equity issues; food access; local identity; personal health; trust.
- **Technical factors.** For example: distribution; scale; GMOs; the Internet; vacuum packing.

### *Political*

At European level, the reform of the CAP in 2003 shifts the form of regulation in the farm sector away from production support towards direct payments. It can be argued that such an approach will lead farmers to reduce levels of production, especially in more marginal areas and this could result in adverse knock-on effects in some areas. However, alongside the decline in production-oriented support, there has been an increase in the level of support for diversified enterprises on farms (and rural development), as well as a necessity to introduce agri-environmental programmes, which are likely to impact beneficially on the environmental sustainability of farming systems.

The drive to decouple European farm policy from production can be seen to be influenced largely by WTO imperatives, although the eastward expansion of the EU can also be seen as an influence, because of concerns relating to the affordability of the old CAP. There is a principal difference in food cultures between countries that have a history of more open trading and those that have protected their national agricultures to a greater degree stands out. The UK and the Netherlands, with their long histories of international trade and their colonial enterprise, appear to have advanced further down the route, which more willingly throws their farming and food sectors open to market forces. The impacts of globalisation have proceeded faster where there is a policy predilection towards more open trade and a national culture that has fostered farm modernisation and a commodity production approach to farming.

Clear policy differences exist in the special case of Latvia, until 1991 a socialist republic in the Soviet Union; now on the threshold of EU membership. Inevitably, the Latvian situation is coloured by the massive extent of state ownership and by the problems of creating private companies from previously state owned assets and letting market forces rip in an agro-food sector that was struggling to reacquire itself with markets.

The shift from an agricultural to a more rural policy is evident throughout Europe without exception, placing a new emphasis on opportunities for the development of sustainable food chains. However, as the Belgian report points out, the success of this process could be impeded by the fragmented nature of different political competencies. The acceptance of such a change differs and the precise configuration of the rural policy varies from country to country, but there is nowhere that has not experienced this trend and no-one who anticipates that it will not continue. In Latvia, the SAPARD programme of the EU has endeavoured to prepare the country for a more rural policy orientation after accession. In the other non-EU country, Switzerland, a more rural and more environmentally friendly agricultural policy is in place.

Food production and the utilisation of the countryside has become increasingly contested and political, incorporating a broad range of issues and interests, such as heightened consumer awareness of (the impact of) food production methods, a succession of food scares and associated concerns over food safety, nutritional

issues, and environmental concerns. Fuelled by the emergence of strong public concern about food quality and safety and the emergence of a EU rural policy, the roles and spheres of responsibility of national government ministries are undergoing a process of restructuring or reorientation to develop a more integrated, regional approach to the development of agro-food systems, which addresses the needs of a broader range of rural and food stakeholders, in particular consumers. As the Dutch report puts it, its ministry has moved from a “*farmers’ ministry*” to a “*ministry for consumer and citizen*”. The British, German and Dutch ministries of agriculture have been replaced (or renamed) to encompass food safety and environmental responsibilities and/or consumer protection. Both the UK and Belgium have newly established agencies to deal with food safety and public health issues, whilst in Italy the roles of the Ministry of Environment and the Ministry of Health have become increasingly significant as far as food and agricultural policy is concerned. Although the Italian Ministry of Agriculture has apparently retained its influence over agricultural policy without major restructuring, this has been achieved by a change of focus that takes on board the changed circumstances of agriculture. In Italy, a much broader range of institutions is involved in the re-regionalisation of food systems and the policy integration is more regional than rural.

Against a backdrop of the diversification of agriculture and a shift towards integrated rural development, a process of territorialisation of policies has occurred. Regional governments and the local administrative level in both Italy and Germany have extended their roles beyond that of policy implementation and delivery to make a more strategic contribution. It is found in most highly developed form in Germany, where a profound restructuring of farming and food systems into a more regional model has underpinned FSC policy reform. Italy’s strong regional orientation in policy is reinforced by an existing strong identity for regional food and where origin of production is a strong signifier of quality. Even a country as small as Belgium can and has regionalised its farming and food policies. Agricultural policy in the UK, with its strong tradition of centralised government, has also undergone a process of regionalisation. Although this has no doubt been influenced by the general trend towards integrated rural development in the regions and latterly the fall out from the UK’s Foot and Mouth crisis in 2001, at this stage it is more a by-product of the country’s overall devolution process as opposed to a strategic change in direction for food and farming.

A significant policy difference is the extent to which FSC developments are seen holistically or as completely separate policy arenas. Germany and the UK stand out as taking a holistic and integrated view of policy for FSCs, what is described in the German report as a ‘whole chain ethos’. The publication of the *Curry Report* in the UK and its demands to reconnect the production and consumption of food indicates a milestone in policy development. This message of reconnection might be pursued in a different way in Germany but the resonances of the policy are very similar. In other countries, the rather more traditional productivist sectoral policy for the farm sector still seems to prevail. The Belgian report notes how this strong production orientation remains as a major policy influence, and in the Netherlands, whilst there is no specific policy aim with regard to FSCs and rural development at national level, the willingness to engage in these issues is much higher at community or regional level.

The trend away from a producer-oriented policy setting is reflected in all countries, to a varying extent, in the waning influence of the traditionally powerful farming lobbies and unions in the policy making process. The one clear exception is Latvia where the *Latvian Agricultural Joint Consultative Council* (LOSP) uniting 48 agricultural organisations still has a significant role in policy making. Italian and, to a lesser extent, Belgian farming unions appear to have bucked this trend by moving away from a predominantly productivist ideology to embrace the concept of the multifunctional role of agriculture. Both Italy and Switzerland have reinforced the role of producers’ associations and inter-professional bodies through legislation. Small-scale producers in general are politically less organised and represented in policy networks, but there are signs in the Netherlands and Belgium and, to a lesser extent, the UK that producers are (re)organising to regain the initiative by forming

organisations that represent small-scale, regional or alternative methods of production, fostering greater collaboration between producers (and other rural stakeholders) so that they can take advantage of new marketing opportunities. Such developments represent new territory for these countries with their tradition of centralised policy making and food systems.

Simultaneously, other rural and food stakeholders and non-governmental interest groups are emerging as an important force in rural decision making processes. Increasing attention to the links between agriculture and other fields of activity such as tourism, the environment, health and food quality have progressively broadened the policy network. Some of these are well-established national organisations such as the German *Deutscher Verband für Landschaftspflege* (DVL), an umbrella organisation representing countryside conservation groups and *Legambiente* in Italy. International NGOs such as *Greenpeace* and *WWF* have also become heavily involved in the debate on food and farming, and, the *Slow Food* consumer movement has been particularly significant in Italy. In the UK, *Sustain* has emerged as a significant co-ordinating NGO over a relatively short period of time. It is an umbrella organisation for 100 NGOs with an interest in sustainability in the FSC from both a farming and health standpoint. At the same time, the Belgian report observes a tension between predominantly environment-oriented groups and other countryside inhabitants who are grouping together to preserve their traditional rural ways of life. This clash of interests is evident in both Belgium and the UK in the area of field sports such as hunting which, in the UK, is actively supported by the Countryside Alliance.

Some countries have witnessed increased activity at a regional/local level to revitalise rural areas by building up networks involving a range of local actors. A strategy of localisation through intensified interaction and cooperation is perceived as a way to (re)empower rural actors (including producers) and provide a buffer against the forces of globalisation. This process has been greatly facilitated by an increasingly devolved administrative and political framework influenced by NGOs, and actions such as LEADER, whose projects are a prominent and pan-European example of local partnerships that have developed throughout Europe. These partnerships and coalitions of stakeholders have emerged, sometimes endogenously, but often with some public sector support as a form of resistance to the globalising tendencies in economy and society.

All of the country studies give evidence of a myriad of groups and initiatives, for example the *Regionen Aktiv* pilot programme in Germany, constituted as co-operatives or other coalitions, some sectoral, some regional, some organic, although the extent and impact varies between countries. Even in traditionally unitary action states as the UK have witnessed the emergence of such activity. Most are trying to reassert local control over development processes and regain power and retain more value added in the region in question, although the extent to which this trend is embedded in the notion of 'defensive localism' as opposed to an actual shift towards sustainable and quality food production and consumption has been questioned. Within LEADER there have been high grant rates, but unlike other measures, low volume spent. There is potential for additionality but the extent to which this is realised is questionable.

An agenda which underpins much policy is the commitment to Rio principles for sustainable development and the articulation of sustainability through/under Local Agenda 21. In most reports this is an invisible presence, whereas it was highlighted in the German report as part of the new regionalisation ethos.

The policy drive to increase the safety of food and better regulate the food from a quality perspective aims to ensure healthy and safe food following a spate of food scares (especially Belgium and the UK), and the dramatic decline in consumer confidence. Partly as a response to this, agencies were established in Belgium (Federal Agency for the Safety of the Food Chain) and the UK (Food Standards Agency) in 2000 to restore public confidence in the food system through providing a science-based and objective assessment of risk.

The demand of consumers for higher quality and food safety has triggered new initiatives both from the government and market-middlemen in a number of countries. There is now greater emphasis on self regulation and the BE, IT, NL and UK reports all observe how responsibility for food quality control has shifted away from



government and public health authorities, towards industry actors (mostly the major retailers). For example, in the UK, the 1990 Food Safety Act effectively gave corporate retailers “political legitimacy for regulatory control” within the food chain. The 2002 EU food law has reinforced this by placing responsibility on the food operator to ensure compliance. In essence, these regulatory changes exemplify a change from public to private interest regulation, which has resulted in the regulatory domain becoming more closely aligned with the consumption end of the food chain, rather than the production end. Growing concerns that the regulation of the food chain had favoured economic actors over the public interest, led to the formation of the Directorate General for Consumer Protection (DG-XXIV), or DG-SANCO, in 1997 and the EFSA now takes responsibility for food science in order to restore public confidence in the food system and to protect the public interest.

### *Economic*

The dominant economic force is that caused by competition in a highly competitive market place. This competition is the motor of the market economy. As mentioned above, in many but not quite all of the countries, there has been a marked shift of power away from producers and processors to retailers. The European farm sector has lost some of its mantle of protection as the CAP has reformed and the policies for the farm sector have been drastically altered in the accession states and Switzerland in the last decade. This has brought market forces to bear with a vigour not previously experienced since before the Second World War in the UK, and for even longer in some of the other countries.

The main economic outcome in FSCs has been the decline in the number of farmers, the cost-price squeeze affecting the farm sector, major price pressure on processors and attempts to strip out costs of production and distribution in a drive for competitive advantage. Particularly in the retail end of the chain, but to a degree in processing, there has been a marked concentration of ownership, creating firms with very substantial buying power. Discount supermarkets, in particular in Germany and Belgium, are bringing increased pressure to bear on producer prices. These processes of consolidation and concentration are evident from Italy to Latvia.

Increased standardisation and concentration of power in the hands of major retailers raises concerns about the diminishing diversity of products and excluding smaller supply chains. Many supermarkets now deal with ‘preferred suppliers’, whereby suppliers are obliged to conform to the standards and specifications set by the multiples in order to have access to these markets. At the same time, whilst the concentration of the major retailers has a tendency to push towards greater industrialisation of the supply chain, it also forces producers to seek added value options, for example, by processing and marketing through alternative supply chains. In almost all of the countries there is a large number of small and medium sized enterprises (SMEs) and micro-businesses and a large number of small farmers, which create an almost dualistic industrial structure. In several countries, observers commented on the desperately difficult challenges of being a middle-sized firm (or farm) connected to the mainstream FSCs. The sharpness of the adjustment pressures in the farm sector can be seen in many countries as creating a search for alternative and usually shorter FSCs, over which farmers can exercise a greater degree of control.

A principal difference is the relative size of the alternative and traditional sectors. In some countries, such as the Netherlands and Belgium, this sector is very small indeed; probably at well under 2% of the market for food (although there is no clear definition as to what comprises the alternative food sector). In somewhere like Italy, the share of this sector is much larger, possibly as much as four or five times so. This re-regionalisation of food markets in Italy would appear to be largely a demand driven phenomenon, in contrast to the more policy driven approach in Germany.

In all countries, there is evidence of product differentiation and brand proliferation. Brands can be created by any chain actor, from biodynamic farmers, to food processors, to retailers and these may be producer



driven, retail driven, demand driven or may be mediated by the state. Many smaller operators have sought to create value added and competitive advantage by capitalising on consumer demand trends through quality production and labelling, as well as labels of origin. Perhaps one of the most successful examples of this common to all countries is the organic sector. PDOs and PGIs are also a means of preserving regional traditions and economically marginal enterprises from international competition. Such measures are widely adopted in countries with more local or regional specialities such as Germany, Switzerland and Italy, but even in a country like the Netherlands with its industrialised food systems, farmers are looking interested in PDO products such as Parma ham. The UK report suggests that demand for PDOs and PGIs is most likely to come from those businesses that see it as a good marketing opportunity, rather than as a means of protecting SMEs.

Major retailers and other industry players have also perceived a demand trend towards sustainable agriculture products and are looking for differentiation and higher value added options. In Switzerland considerable efforts are undertaken upstream of the supply chain to develop production standards and control procedures. In the UK, there has been a growth of (private sector and NGO initiated) quality assurance schemes (QAS), which seek to positively differentiate food produce from the 'norm'. However, despite being 'independently' established, many QAS do eventually become linked with and in some cases dominated by the large retailers who may insist on sourcing through a particular QAS. In this way, standards for products that were initially earning a premium become 'normalised' and the minimum point of entry into the supermarkets. It has been suggested that these schemes are an attempt by the multiples to consolidate competitive advantage with a spin-off effect that responds to consumer's concerns. A great deal is invested in registering and promoting PDO/PGI products. However, according to the Swiss report, PDO/PGI products are de-facto de-classified on the shelves of the retailers, as there is no legal obligation to mention or use the PDO/PGI logo on the packaging.

The extent to which there is transmissibility of production standards along the supply chain varies considerably between countries. In Switzerland, the branding strategies of the two major retailers have the potential to override new regional labelling initiatives, whereas in a number of other countries, there is clear transparency whereby the product attributes are evident and transmitted all along the FSC. There is widespread use of supermarket 'own labels' (also for organic products) in the UK and Switzerland with the accompanying implications for decision-making and negotiation within the supply chain. The German report points to the lack of clear regulations on labelling which has led to the unsubstantiated exploitation of environmental, animal welfare, nutritional and health claims on food labels leading to lack of transparency and loss in consumer confidence.

The mainstream food sector in the UK has proved adept at taking up certain products from the alternative food sector and mainstreaming them. Organic food is perhaps the best example of this, although it has been suggested that the economic advantage of local or regional sourcing may drive certain changes in the food system for major retailers in the foreseeable future. Swiss supermarkets have similarly taken up the mantle of organic food, whereas, for a variety of reasons, it is weakly represented in Dutch and German supermarkets. In general, the UK big retailers have been keener to embrace (albeit at slightly different pace/time) the more sustainable forms of food product than some of their continental counterparts. This partly stems from close cooperation between UK multiples and some sections of the organic farming sector to increase availability and access, whilst in Germany has a well-known tradition of marketing organic food through well-established customised retail channels.

### *Social*

There is no doubt that social factors strongly shape the course of FSCs. Societal pressure has put issues such as the environment, animal welfare and food quality high on the agricultural policy agenda and these demands have been recognised as new opportunities for many farm households. A principal socio-cultural difference is

the extent of consumer attachment to regional food production. This is flagged up as a key feature of the Italian food system. Although there are parts of the Swiss system that illustrate a partial consumer attachment to locally specific production, such demand constitutes a smaller proportion of the food system than in Italy. The German study also indicates how consumer surveys yield evidence of a strong desire for re-regionalisation of food. In the UK, amongst a minority of consumers, there is an ambivalent attitude to supermarkets and other large-scale elements of the FSC, and an increasing association between sustainability and locally produced food which has provided a context in which an alternative food sector has been able to develop. In the Flanders region of Belgium, consumers are apparently less interested in regional identity, while this approach has a certain success in the Walloon region where there is perhaps a closer association between origin and quality.

There is evidence that more sustainable products are conceptualised more in environmental terms in northern Europe and more in terms of local specificity of production in southern Europe. With only one southern European partner, it is difficult to get corroborative evidence, but the notions of 'specificity' and 'typicity' are much more strongly highlighted in the Italian report than any other.

Three general common trends stand out with respect to other social factors. First, many more people live in smaller households where more adults work, there is less time for meal preparations and more 'grazing' and snacking takes place than in the past. Second, increasingly affluent populations are spending a much greater proportion of expenditure on food outside the home. Third, there are now many NGOs operating from international down to local level that are energising the construction of alternative food futures. Their existence is itself a manifestation of concern about the contemporary state of FSCs.

In spite of all the hype surrounding the development of the alternative sector and the renewal of traditional food systems, and interest in short chain marketing initiatives, there has been a remarkable willingness of the average consumer (if one exists) to embrace the conveniences of the supermarket. The inexorable rise of the supermarket system reflects its capacity to deliver a wide range of produce that the contemporary consumer wants or that he/she can be persuaded to want in a convenient place.

However, from a demand perspective, there is also widespread evidence of consumer distrust, which has arisen in different countries from different food scares, in almost all of which the large-scale food sector is implicated. The BSE crisis has cast a dark shadow not just over the red meat industry, but is seen as the prime example of where modern farming, feeding and meat processing practices have gone badly wrong. But, as noted above, behind the mistrust, there is still a remarkable willingness to use the large-scale sector with its enormous variety, its convenience and apparent low prices.

### *Technological*

A number of technological factors have impacted on FSCs across all countries including the development of more efficient cool chains, allowing longer shelf life, easier long distance storage and the rapid advance of pre-prepared food technologies. Electronic tagging of food at reasonable cost, to be able to ensure traceability, is a core issue confronting large-scale processors and retailers. The Italian report notes a particular technical development in liquid milk, which allows a longer shelf life for the product. Whilst communications technologies such as the Internet have expanded distribution options for niche products, for example in Italy and the UK, this strategy has been successfully embraced by some of the major UK multiples creating an even more competitive environment for smaller scale operators. The issue of GMOs was mentioned as a factor in only four countries; Belgium, the UK, Switzerland and Germany.

## Areas of dynamism

A number of factors impacting on the dynamism of FSCs seem to be common across all the partner countries, although there are certainly differences in emphasis. These factors include: a succession of food scandals and crises that have led to a growing distrust and critical awareness amongst certain consumers concerning the production of their food; increasingly differentiated consumer demands; market liberalisation and a growing cost-price squeeze on mainstream producers (most noted in the NL and BE reports); a tendency towards de-territorialisation, standardisation and concentration within the conventional FSC, leading to a loss of transparency and a disconnection between producers and consumers; governmental introduction of food safety self-regulation within the FSC (especially within the UK, NL and BE reports), which has led to greater standardisation but also normalisation; average farm sizes are increasing and the numbers of farmers are decreasing; a reduction in the power of the agricultural policy community and a rise in corporate retailer power, whereby the latter are now (invariably) seen as the most powerful actors within the FSC; and the emergence of a myriad of small-scale, local, regional, artisan, organic, ethical, traditional and direct FSC initiatives.

As a result of these elements of dynamism, there is a widely identified bifurcation between those food supply chains linked to normalised and concentrated systems (dominated by corporate retailers and large processors), and those more intent on product differentiation linked to regional or localised production systems (typified by producer co-operation and more direct producer-consumer interaction). Within the context of the SUS-CHAIN project these have often been described as the 95% (in that in simplistic terms they deliver circa 95% of all food) and the 5%, respectively. The latter have attracted enormous attention as being inherently more 'sustainable' than the 95%, and yet they are relatively insignificant economically. Conversely, the 95% are generally perceived to be less 'sustainable', but of much larger economic significance. Arguably, therefore, dynamic processes that result in a small 'sustainability' gain within the 95% may have a larger overall impact on aggregate welfare, than a proportionately larger 'sustainability' gain within the 5%. Critically, this suggested dichotomy is not impermeable and the two sectors are in a constant state of dynamic interaction, with critical implications for the future sustainability of FSC. However, what also seems to be likely is that there is no middle ground between these two extremes.

### *The 95% - normalised, concentrated and conventional*

Within the context of SUS-CHAIN it is the growing dominance of the corporate retailers that is highlighted as the most dynamic element affecting the sustainability of FSCs. Their primacy within the FSC varies, but in many cases four or five companies (two in the case of Switzerland) are responsible for over 80% of food retail sales. Across many of the different food sectors described, and all the partner countries, there is a process of concentration and normalisation within conventional FSCs, driven forward by large food processing and marketing companies. Industrial logic and private regulation initiatives dominate, leaving little room for manoeuvre by individual producers and suppliers: either they follow the rules of the mainstream actors, or they must develop an alternative approach.

A major component of this concentration and normalisation has been a process of vertical integration between large-scale conventional farmers, industrial-scale processors, and the corporate retailers, whereby the retailers (in particular) have sought to control the quality (in food safety terms) of the produce they sell in order to ensure they comply with their obligations of 'due diligence'. Food safety legislation increasingly gives responsibility to the large private actors within the respective chains, and most now have their own codes of quality (such as EurepGap) which suppliers must adhere to if they wish to sell to the retailer (or processor) concerned. Within this context, sustainability is equated with the ability to compete on price, which in turn necessitates that suppliers/producers increase their scale of operation through concentration and

intensification in order to remain economically viable. The effect is that smaller producers/suppliers are effectively denied access to this FSC. Nevertheless, in the Latvian report, the increased involvement of the large retailers is viewed as having improved quality control within the FSC.

Until recently, large companies engaged in food processing and retailing were essentially only interested in mainstream food products, but clearly they are now increasingly concerned to differentiate themselves through providing 'high quality' produce, wherein quality is equated with traceability and origin, artisan production methods and ethical concerns. As such, there has been a proliferation of private quality assurance schemes within the conventional FSC (usually driven by the corporate retailers), which seek to demonstrate 'higher' quality standards (with this focus on 'higher quality' being in addition to food safety concerns). In some cases these initiatives may result in extra income for the producers concerned, but it is apparent that they are frequently becoming the 'norm' if producers/suppliers want to access a particular outlet, at which stage there is commonly no longer a price premium available. In Belgium, for example, fruit and vegetable producers are not obliged to obtain the hallmark *Flandria*, but there is a recognition that their produce will not be accepted by the large-scale operators if they do not. The producer is then tied to particular production standards, even though there is no contract as such and often no financial premium in doing so. To some extent it seems that large-scale producer cooperatives are redressing the power imbalance between corporate retailers and relatively smaller-scale producers, particular in Italy, but less so in other countries (most notably the UK and Latvia).

In relation to the *quantities* of 'sustainable' produce sold, the strategy of the large retailers is critical. In many countries, for example, organic produce has until fairly recently been sold through specialist outlets, or by direct sales, meaning that in economic terms it has remained marginal. Organic produce continues to be sold through these traditional outlets, but progressively (even in Germany) the large retailers are selling more and more organic produce (markedly raising its profile and economic significance), and in the UK over 80% is now sold in this way. Likewise, the Swiss report noted the impact of the Coop supermarket starting to sell organic produce in 1993 (as a means of differentiating itself from its main competitor). Similar tendencies were noted in the UK report with respect to 'fairtrade' produce. Nevertheless, despite the involvement of actors within the 95% (most notably the corporate retailers) in providing greater quantities of 'sustainable' produce, there are widespread concerns amongst the reports that less benefit/value added will go to the producers concerned; that the mainstream actors emphasis on sourcing produce at the lowest possible price (whether of higher quality or not) means that the produce is often sourced on a global basis, thereby bringing into question its environmental sustainability (as identified with some organic produce); and the lucrative nature of certain 'quality' produce is prompting large-scale actors to industrialise what were once artisan processes in order to capture the value-added potential. As highlighted within the Dutch report, it is critical to understand the dynamics between smaller-scale (5%) operations within the FSC and those of the large-scale (95%).

In rural development terms, the dynamics of the 95% lead inevitably towards industrialised farming and a reduction in the number of farmers, as well as international sourcing which means that those rural areas unable to supply what is demanded by the mainstream players are marginalised.

#### *The 5% - diversified, regionalised and alternative*

Those suppliers and/or regions unable (or unwilling) to compete within the mainstream FSC have sought to create production niches, often utilising traditional species or varieties, artisanal skills, and making specific quality claims related to the origin of production (including ethical considerations), thereby increasing the transparency of food provision ('food with a story'). Coupled with this, direct and regional marketing initiatives are perceived to produce additional income and employment in rural areas, as well as enabling synergies with other rural development activities such as rural tourism. However, it is stressed that these initiatives must always be seen against the ever increasing concentration of the mainstream (or 95%) FSC. It is also pertinent

to ask to what extent these processes are the result of market and producer-driven pressures, or supply-side driven (by ethical consumers, for example).

As mentioned in the introduction to this section, a myriad of what might be termed 5% initiatives have emerged across the partner countries, although there are certainly differences in emphasis. It is also the case that the figure '5%' is somewhat arbitrary: useful descriptively, but in reality the economic market share of these initiatives is likely to range from perhaps 1-2% (in the case of the UK, BE, NL), up to perhaps 10-15% in the case of Italy and more still in the case of Latvia. These figures are little more than guesswork, but the point is that the economic significance of the '5%' is not uniform across the SUS-CHAIN partners.

In the Dutch report, the primary motivation is on providing 'alternatives' to the mainstream FSC in order to diversify production, add value, and circumvent the cost-price squeeze. However, even within these 'alternatives' the aim is often towards extending their range to a national or pan-national level, and ensuring convenience to the consumer. Nevertheless, there are also initiatives intent on circumventing the 95% structures and enabling direct relations between producers and consumers, such as farmers' markets and specialist farm shops. There seems to be a certain ambivalence as to whether the 95% and the 5% should remain as separate identities, or whether there is any future in bridging the divide (and if so, how). Although not articulated in quite the same terms, these ideas find a resonance within the Belgium report, where a wide range of 'alternatives' are identified. Yet, at the same time they are described as being rather limited, usually linked to organic farming (often sold through the 95%), the promotion of specific quality attributes (adding value to counter the cost-price squeeze), or making direct linkages between producers and consumers (such as within farmers' markets).

As with the NL and BE reports above, the UK report suggests that initiatives within the 5% are an opportunity for producers (and consumers) to overcome some of the constraints of the 95%, even though some of these initiatives often end up becoming part of the 95%. Again, as with the NL and BE reports, initiatives such as farmers' markets and farm shops are an important and rapidly growing development within the 5%, distinct from the 95%. The 5% initiatives are specifically linked to rural development and a strongly emerging regional agenda. This is encapsulated with the twin notions of 'local' and 'locality' food products, with the former intent on localising the FSC (i.e. remaining within the 5%), and the latter on valorising local/regional food products (which may, or may not, remain within the 5%). The German report indicates an even stronger regional emphasis, coupled with organic production and the direct marketing of produce. The notion of 'food with a story', which is told either through direct contact between the producers and consumers concerned, or through ensuring that consumers have access to good information about the produce they are buying. Again it seems likely that some of this produce will remain within the 5%, but some will also be channelled through the 95%.

Dynamism within the Italian report is heavily focused towards regionalisation and the promotion of traditional products. Some of this production remains orientated towards the local or regional level, utilising local markets and shops; some retains strong linkages to its production roots and yet is large scale and sold through large national retailers, or even internationally (e.g. where large cooperatives are involved); some even starts off with a regional identity, but becomes part of a 95% actor's marketing strategy. These tendencies are also evident in the Swiss report, although more in terms of artisan production rather than regional identity *per se*. Artisan production is seen to be vital for the protection of the way of life in particular (usually mountainous) areas, through enabling better prices for smaller producers. As with many of the reports, localised outlets for these products certainly exist, but the introduction of PDO/PGI certification is perceived as a real opportunity for traditional products to enter large retailers and to access to the export market.

Dynamism within the 5% sector of the Latvian FSC differs from the other reports, mainly due to Latvia's recent history of state ownership and the emergence of a market economy since 1991. Unlike the other

partner countries, a much more significant localised 'alternative' structure has continued to exist within Latvia<sup>6</sup> (household production, direct sales to local markets etc.), whatever the overarching structures. As such, the continuance of these FSCs is not considered to be new or dynamic, but traditional, making up perhaps 30% of the whole FSC. New 5% FSC initiatives in Latvia refer to new products, new production methods and new marketing outlets. Nevertheless, in large part due to Latvia's imminent entry to the EU, there is an emphasis on engaging the larger-scale actors in these initiatives in order to increase their economic scope and developmental potential.

It seems clear, therefore, that although FSC dynamism can be identified in terms of the 95% and the 5%, there is very considerable interaction between the two sectors. As suggested in a number of the reports, it is critical to understand what happens to the sustainability criteria inherent within the 5% once they engage with the 95%, whether this be in terms of selling through the corporate retailers, or being appropriated by a large processor. It is also critical to understand the nature of the permeability between the two sectors, in order to clarify the nature of the bottlenecks inhibiting the development of more sustainable FSCs.

### **Bottlenecks and constraints for improving the sustainability of food supply chains**

Below a synthesis of the national WP2 reports is discussed in order to facilitate an understanding of the issues that might hinder the development of sustainability within FSCs:

- Regulations within the FSC tend to relate to the 95%, meaning that they may sometimes be inappropriate for emerging FSC relations within the 5%. For example, in the Dutch report it is suggested that a dominant expert system is exclusively science-based (appropriate for the 95%), whereas within alternative FSC non-scientific motivations and trust negotiations may also be valued and yet not recognised within the dominant expert system.
- Most financial support still goes to mainstream production and marketing (the 95%) in order to support their business competitiveness, and is not well targeted to the support of alternatives (the 5%). An increased regional emphasis within many countries would seem to be changing this, but the whole system of subsidies needs to be examined and their legitimacy questioned.
- Particularly within the Dutch, UK and Belgium reports there is recognition that policy is mainly oriented towards agricultural production for the world market, which cannot easily be combined with improving the overall sustainability of FSCs.
- The liberalisation of trade is contributing to a cost-price squeeze, wherein many cheaper food imports are perceived as unfair competition for domestic producers due to less strict regulations, most notably concerning animal welfare standards. Within the Latvian report there are particular concerns about illegal imports of food, and in general there is a recognised need for clearer country of origin labelling.
- A lack of appropriate small and medium scale processing, storage, preservation and marketing facilities is adversely affecting the development of alternative small-scale FSCs. These facilities are mainly geared towards large-scale production and marketing structures. Many of the reports highlight the recent closure of large numbers of smaller-scale abattoirs as a problem. A lack of specific organic processing facilities is recognised in many of the reports as leading, on occasions, to organic produce being sold as conventional with no price premium being paid.
- There has been a general 'stripping out' of the middle within FSCs through processes of competition. This is manifest in the declining numbers of regional wholesalers; the demise of medium-sized processors; and

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<sup>6</sup> The current continuance of this 'alternative' structure is a function of the transition process towards a market economy, and the economic casualties of this transition needing to find cheap food in local markets and from household plots.



the huge reduction in smaller and medium-sized retailers. The effect of this has been that it is now much harder to scale up smaller-scale (5%) initiatives, because in many cases there is no longer an infrastructural stepping stone available.

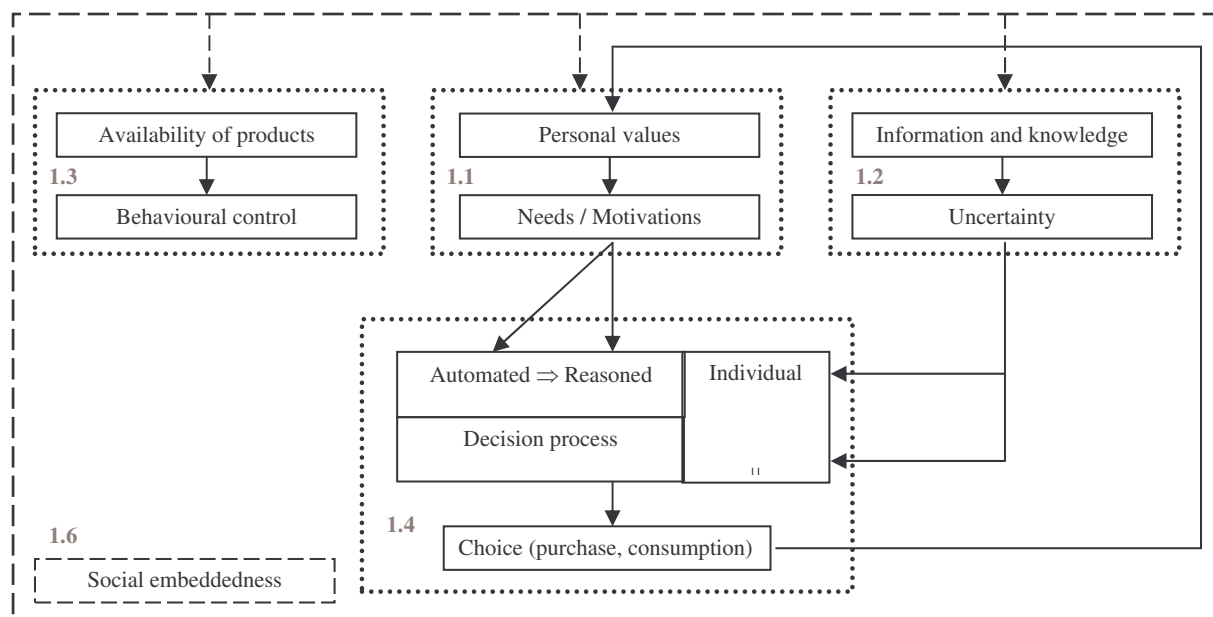
- There is often an asymmetry in negotiation power between small-scale producers and large scale processors/retailers, meaning that the latter are able to (unfairly?) determine contracts and conditions of supply. Even where 'quality' products are involved, there is a danger that the emphasis on lowering costs leads to a replication of conventional supply chain relationships. This tendency is recognised in all of the reports, although the Italian report in particular stresses that sustainable food production often takes place on very small units and the need, therefore, for these small (and often fragmented) producers to coordinate their actions.
- The high percentage of food sold in supermarkets is recognised as highly significant across all the countries. In terms of being a bottleneck, this is generally understood in terms of the emphasis on price competition and the pursuit of profit, which may have the effect of undermining the ethical or sustainability attributes of a product and reducing margins to the suppliers concerned. The German report, in particular, highlights the need for fair prices to be paid for food, or else sustainability and rural development generally becomes impossible.
- The Swiss corporate retailer duopoly poses specific problems, most notably the retailers' reluctance to include origin of production labelling at the point of sale. However, it is also indicative of the more widespread recognition that the large retailers will only promote a particular initiative if it is in their own commercial interests to do so.
- Poor communication to the end-consumer about the sustainability attributes of a particular food product denies the opportunity to persuade them of the broader 'value' of a product they might wish to pay a price premium for. Within the Latvian report, low financial purchasing power is seen as limiting the demand for food that needs to command a price premium.
- Domestic organic production is often highlighted as being insufficient to meet the domestic demand (often due to climatic limitations, but in the Italian report associated with EU quota restrictions), meaning that organic produce frequently needs to be imported. This tendency is particularly noted in the UK where 85% of organic produce is imported, with clear sustainability implications.
- A critical factor in improving the sustainability of FSC is to increase the volumes involved (within the 5%), whilst retaining the underlying quality and exclusivity of the product concerned. There is a recognition that a balance needs to be found between practical market elements and underlying philosophical considerations. Coupled with this, are concerns that 'high quality' initiatives that exhibit sustainability potential (within the 5%) are often being appropriated by the large-scale actors (the 95%) once they are perceived to be sufficiently lucrative. Again, the question is how to balance their 'quality' sustainability credentials with their scale of operation.

### **2.2.2.3 Consumers' attitudes and behaviour**

According to the technical annex, the main objectives of WP 3 were to identify and assess the diversity in consumers' attitudes towards sustainable food products by means of a desk study summarising previous findings. This was reformulated in the context of the workpackage methodology with "the identification of strategies to stimulate sustainable consumption" as main objective and objectives: (i) to understand the decision making process of consumers of sustainable products, (ii) to identify barriers for consumption of sustainable food products and (iii) to identify possibilities to eliminate these barriers.

The consumer behaviour model of Jager (2000; see also below) was the starting point for the conceptual framework that serves as a guideline the national and synthesis reports. This knowledge allows to identify important barriers for sustainable consumption and formulate possible measures to remove these barriers. As a conclusion, strategies for the enhancement of sustainable consumption are discussed.

An important remark is however that most results are focused on the sales of sustainable products in supermarkets. Although the importance of out-of-house consumption increases in Europe, there are almost no data available on the consumer preferences and motivations towards this type of consumption. In many cases, there is also a lack of information about direct selling and short food supply chains and the reasons why consumers prefer to buy their products there.



*Conceptual framework to investigate consumer behaviour towards sustainable food products (according to the consumer behaviour model of Jager, 2000)*

## Definitions of sustainability for food products

There is nowadays a general recognition that the impact of the food sector extends beyond what happens on the farms themselves, and incorporates complex relationships between rural development, food production, processing, distribution and consumption at a variety of scales. Issues of provenance, and the environmental, economic and social costs/benefits associated with its production and consumption, have necessitated a critical appraisal of what is meant by sustainable agriculture and sustainable food production (UK report).

A traditional view on sustainability is that sustainability is reached when environmental soundness, economic viability, and social justice are equitably balanced among all actors. The major advantage of this definition is that it holds on all levels; but sustainability is at the same time a very complex notion that is often not understood by the consumer. This complexity is also in contrast with the (simplified) marketing approach of sustainability used by some actors in the chain.

A definition of sustainable agriculture is only mentioned in the UK report and originates from the Sustainable Development Commission. It concerns agriculture that contributes to the overall objectives of sustainable



development – to meet the needs of the present without compromising the ability of future generations to meet their own needs. Starting from this definition, seven objectives for sustainable agriculture within the UK are formulated ((SDC, 2003).

At the other end of the food supply chain, sustainable food consumption is defined by the Dutch and Belgian report (Bruyer et al., 2003; Meulenbergh, 2003). Both definitions have in common that sustainable consumption is not only determined by the individual needs of the consumer, but that there is a broader view on the social and ecological relevance of production.

Several countries report furthermore that different types of products are linked to the concept of sustainability. According to the Swiss report, the categories concern the environment, fair trade and the origin of the product; the Italian report has very similar criteria to categorise the products, namely ecological, geographical and ethical products. The German report states that three types of products are perceived as “more than the standard food offer” by the consumer: organic, regional and fair trade products. In Belgium, Mathijs (2003) puts that the different aspects of sustainability lead to four types of products that could be communicated to the consumers: government protection, sector labels, distribution brands and private labels, and direct contact with the consumer.

### **General food consumption trends**

Important trends in food consumption are the observation that the basic needs are fulfilled, the socio-demographic changes in society and the growing consumer awareness and concerns.

Although five countries mention the fulfilment of the basic needs of consumers, this probably is the case in all countries; the consequences attributed to this phenomenon however differ amongst the countries. Examples are the low willingness to pay for food products, the decreasing budget spent on food products and the complex nature of food consumption. The tendency towards individualisation, hedonism and attention for well-being, which were mentioned by three national reports, are in many cases also a consequence of the satisfaction of basic needs.

Socio-demographic changes are another obvious tendency in many (all) countries. There is for example an increasing number of double-income and one-person households, more women are present in the workforce and the population is ageing. Several other trends, such as the increasing demand for convenience food in order to manage time and work more efficiently, but the changes in type of food consumption and distribution (growing success of the catering sector and supermarkets) can also be linked to this.

Consumer awareness and concerns are the third food consumption trend. These result in many cases from the several food crises and scares in Europe and can lead to an increased interest in health-related food and organic products. The growing interest for new and alternative products can also be linked with to these concerns and the fulfilment of the basis needs, but it has to be understood in a broader context. Many consumers are nowadays interested in ethnical products and other using situations, probably as a consequence of the increasing globalisation and modernisation.

### **Consumer behaviour towards sustainable food products**

#### *Consumers' values, needs and motivations*

A general claim concerning this topic is that food is a low involvement product and therefore consumers do not link their food consumption with environmental and societal problems. All countries however mention that

individualistic motives, such as health (as the key issue), price, taste, appearance and convenience are important for the consumer. A growing group of consumers is also concerned about sustainability issues and they mention altruistic motives to buy sustainable products. Therefore, a combination of personal advantages (such as security for health) and of sustainable products (e.g. protection of the environment, animal welfare, fair trade, regional identity) should be targeted. Personal advantages are almost an essential conditions because these are important for the majority of the consumers.

A comparison over the seven SUS-CHAIN national reports learns that taste and good quality is mentioned in all the individual reports, followed by health (6 countries) and environmental (5 countries) concerns. In four country reports, value for money / price and identification / social motives are mentioned as motivations that influence the sustainable consumption of consumers.

Similar results can be found in the international literature. Thøgersen & Ölander (2002) studied the human values (which are assumed to be some of the most stable phenomena in a person's mental set-up) and the emergence of a sustainable consumption pattern. Their results show that Danish consumers give a higher priority to benevolence and universalism than to power and achievement, but hedonism is also a high priority value. This finding can lead to conflicts between striving for a more sustainable lifestyle and hedonic desires. According to Magnusson *et al.* (2003) health is the most important predictor of attitudes and the purchase intention for four types of organic foods. Purchase frequency is however also influenced by environmentally friendly behaviour such as saving electricity, refrain from car driving to spare the environment, etc. Other important determinants are age, the factor environment and in some cases gender or education.

#### *Information, knowledge and uncertainty*

A major problem concerning this topic which is mentioned by all country reports, is the limited and inaccurate knowledge of the consumer on agriculture and food production in general. The reports also mention that consumers have a low understanding and are not capable of interpreting information concerning food production. The confusion is furthermore enhanced by the large and still increasing amount of sustainable labels, initiatives, and certification systems on the market. The issue of limited knowledge is also linked to a limited search behaviour and lack of interest, but is also a consequence of the growing gap between producers and consumers. Uncertainty is another important issue and results in many cases from the recurring food crises in Europe. Consumers try to reduce their uncertainty by establishing a relation based on trust with the retailer or even the producer of the food. Another possibility is to find credibility in the claims of labels and hallmarks.

#### *Availability of products and behavioural control*

Comparative analysis learns that many sustainable products (e.g. organic products) do not longer belong to a niche market but have an increased availability, due to the increased number of distribution channels (mainly supermarkets) that sell these products. An increase in organic convenience food was noticed in the UK. However, sustainable products are still seldom offered in a broad and deep assortment, while consumers claim that a higher availability could increase their consumption. The German report furthermore mentions that sustainable food products are presented in a less attractive way in comparison with their conventional equal.

For local food, some (often practical) difficulties are mentioned but these could be solved in new chains. These new and innovative marketing channels are not mentioned by all reports, but different initiatives of course exist in each country.

The sales of fair trade products are in evolution in several countries and these products are in many cases available in supermarkets. Two countries, however, report an inefficient distribution of these products.

Briz & Al-Hadji (2003) refer to a study of MAPA (2002) that identifies two main commercialisation models

for organic products across Europe. Model A is the one in which most of the sales is made through hypermarkets and supermarkets, as for example in Denmark, Austria, Sweden and the United Kingdom. While in model B the specialised stores are the most important outlet with Italy, France, the Netherlands and Spain as examples. This difference leads to an important distinction in the percentage of organic product sales. In model A, this is on average 1,375% of the agricultural and food market and only 0,575% for model B. The authors conclude that, as soon as the distribution channels change and organic products are available at hypermarkets, providing appropriate information about organic food could lead to a higher level of consumption.

#### *Decision-making process: attitude and consumption behaviour*

The gap between the positive attitude and intention of consumers and their actual purchase behaviour is the most important bottleneck according to the different country reports. Different explanations are suggested and price is hereby considered to be an important obstacle. Another problem is that consumers often have a negative perception of essential attributes such as taste and convenience. Next to these attributes, the sustainable aspects of the product should be trusted. The image of the products, producer and trader should be able to convince the consumer to buy the product. Furthermore, behaviour based on habit is also proposed as a reason for the low market share of sustainable products. Even if consumers have good intentions, once in the shop they will search for their habitual products or are influenced by situational factors such as promotion. Several national reports mention a positive perception of regional and local food products, since they have the image of freshness and quality and contribute to the regional economies and identity.

Next to the values, Thøgersen & Ölander (2002) also studied consumer behaviour and found that behaviour is rather variable in time because of external conditions and the frequency of performing a certain behaviour. Stability of behaviour is often assumed to be the result of habits, but the authors conclude that, when behaviour is stable, the forces determining behaviour are unchanged. It was furthermore observed that predominant causal influence between basic values and environment-friendly behaviour indeed goes from values to behaviour in a short-term perspective.

#### *Socio-demographic profile*

An overview of the results concerning the socio-demographic profile is given in the table below. Generally, this table mentions issues that have a positive influence on the purchase and recognition of three types of sustainable products. Elements that have a negative influence on the purchase decision are indicated with '−'. The table comprises furthermore three types of sustainable products: (i) ecological products but most studies concern organic products, (ii) regional and typical products, and in some cases farm products, but this is mentioned explicitly, and (iii) ethical products which are in all cases fair trade products. A problem with the interpretation of these results is the fact that no distinction can be made between regular and occasional buyers. This could lead to different findings because both groups do not have the same expectations and involvement.

If the results of the different studies on ecological products are compared, the presence of children or young families as a positive factor can be noticed several times. This has probably to do with the health concerns of parents towards their children. Another recurring element is the beneficial effect of a higher income, although this is seen as a negative element in a Belgian study for the highest and lowest income classes. Organic consumers seem to have a rather high level of education, but not all research could prove this tendency. The results concerning the age of the consumers and their gender differs from country to country, but the relatively higher presence of the age group 40-44 seems a common element. In several countries, there are also differences noticed in the purchase behaviour according to the region.

**Socio-demographic profiles of sustainable products mentioned in the country reports**

Country	Ecological products (organic)	Regional products	Ethical products (fair trade)
NL	1. No differences 2. Elderly, with children, higher income 3. Higher education, involved in societal organisations		1. Better educated 2. Better educated, age 40-49, smaller families
UK	Families, age 35-44, ABC1	1. Age 55+, ABs & Es, family groupings, women 2. Farm products: rural consumers	
CH	German speaking part, age 40-49, income effect	French speaking part, city, men, - younger	
IT	1. Male, high socio-economic level, graduate, age 40-49, North, self-employed 2. (Medium-) high income, young families, North, 3-4 members in family		Age 35-55, academically well-qualified, North, buy in World Shops, men or women
BE	1. Women, city, age 25-45, young children, - highest & lowest income class 2. Similar results gender & age, decreasing trend social class	Farm products: older consumers, - 1 person households, upper social class	Age 31-44, male, higher educated, men
LV	Better educated, better off, city dwellers and women		
DE	1. Higher incomes, higher formal education, relatively young, with children 2. Relative high willingness to pay, in dink households 3. Socio-demographic criteria loose explanatory potential 4. Confirmation results 1.	1. Wide-minded, high willingness to pay, relatively high revenues 2. Patriotism 3. Elderly people with low level of formal education	Young families, high formal education

The socio-demographic profiles of consumers of regional and traditional products don't seem to have common elements, except for a relatively higher age in the UK, Belgium and Germany, and a younger age is a negative indicator in Switzerland.

A high formal education is a common characteristic of consumers who buy fair trade products. These consumers are in many cases also relatively young (35-40), except for the Dutch case where the group 40-49 is more present. Other socio-demographic characteristics of buyers from ethical products are that they have a young or small family, but no statement can be made about their gender.

There are some important differences between the socio-demographic profiles for the three groups of sustainable products and so it is impossible to identify 'THE consumer of sustainable products'. It can however be stated that educated people with a relatively high income and that are between 35 and 45 years old have a higher chance to buy sustainable products.

*Social embeddedness*

A first dimension of social embeddedness mentioned in several reports is the involvement of consumers and citizens in the food supply chain, the reconnection of consumers with the food they eat and the increasing significance of social relations within the FSC. The link between consumers and the other chain actors is at this moment not widely developed and in some countries, a disconnection can even be noticed. Measures to improve this situation are for example the covenants in the Netherlands. Improved relations between the

different levels in the FSC will inevitably lead to a situation of more trust and transparency. The UK report furthermore mentions the definition of local embeddedness. This concept adds the relevance of the location to the social embeddedness, which gives more recognition to the social ramifications of the exchange process.

A second aspect of social embeddedness is the fact that a consumer is only a small part of the entire society and hence undergoes influences from that society. Examples are the food scares and crises, fashion trends, familial judgement and decisions made by other actors in the food supply chains. Other influences come from the process of post-modernity and the milieu the consumer belongs to.

### **Barriers for consumption of sustainable food products**

Price seems to be the most important barrier for sustainable consumption as it was (in)directly mentioned by all countries. The consumers perceive the price of sustainable products as being too high and this has several reasons. The country reports mention the low willingness to pay a price premium, a lack of insight on the origin of the price premium, the unfair comparison with non-sustainable products, etc.

A second barrier is the remoteness between production and consumption. It concerns for example the consumers' limited knowledge of agriculture and production processes and a lack of insight of the implications of food purchase decisions. This lack of information does not only concern agricultural and food production, but in many countries there is also a lack of knowledge or confusion about the concept sustainability and the corresponding logos and labelling. A problem is that sustainability is a credence quality and this hampers the creation of authority and trust.

The availability of sustainable products is the third identified barrier. These problems are related to problems of local food shops (difficult access, opening hours, ...), the presence of sustainable products in supermarkets as major sales outlet, but also to the continuous presence of products expected by the consumers.

Other barriers are the importance of the consumer's decision process with for example the problem of a negative attitude towards sustainable food products, the necessity to respond to consumers' needs and finally the appearance and quality of the product.

These barriers are also identified in other countries and available literature. Briz & Al-Hadji (2003) for example indicate that the two main reasons for not consuming organic products are the lack of knowledge and confidence considering these products and the absence of organic produce in the consumers' frequently visited shops. Vindigni *et al.* (2002) state that, despite the green trend in consumer values and attitudes, there are still several important barriers to be overcome. The first one concerns the reluctance of the consumers to pay higher costs, not only in money, but also in time and effort. A second barrier is the unwillingness to accept sacrifices in the subjectively perceived quality of the sustainable variant. Finally, sustainable food consumption is also constrained by the complexity of the information related to the product characteristics and the impact of the mode of production on the environment.

### **Possibilities to remove the above-mentioned barriers**

The measures proposed by the countries can be grouped as possibilities to remove five different (groups of) barriers: the price barrier, limited knowledge, consumer decision-making process and needs, confusion about logos and labelling and, finally, the availability of sustainable products.

Many measures concern the limited knowledge of the consumers of agricultural and food production; in

some cases this is however extended to a limited knowledge of all actors in the chain. Important elements hereby are education and providing information without specification of its nature, the stimulation of alternative food supply chains and a greater access to suitable information. The Swiss case is a very particular one as almost the entire agricultural system meets prescriptions concerning ecological sustainability, but the discussion remains if this should be communicated to the consumers.

In previous paragraphs, the higher price and price premium of sustainable products were considered to be the most important barriers for sustainable consumption and several measures are proposed to overcome this barrier. Governmental intervention and self-regulation are the tools that were most frequently cited. Examples are subsidies for sustainable and taxes for non-sustainable products, internalisation of sustainability aspects in price setting and a greater availability of sustainable products in supermarkets which will lead to a price reduction. Other possibilities are that non-buyers are persuaded of the value of sustainable products and become willing to pay a higher price for these products; a reduction of production costs through collaboration between actors and FSCs and finally, the concept of 'transparent price' could also be useful.

The proposed measures to limit the confusion about logos and labels are very diverse, but still they aim at a better understanding by the consumer. This can be done through a continuous dialog, better contact, limitation of the number of sustainability hallmarks and improved knowledge.

The increased availability of sustainable products was frequently mentioned by the national reports, but this is not the case for the way in which this can be achieved. It is however a fact that many of the proposed measures don't work on one single barrier, but also have effects on other barriers. If the consumer demand for sustainable products for example grows, because the consumer are better informed and prepared to pay the inevitable (but perhaps lower) price premium, the availability in supermarkets will grow as these actors don't want to loose their market share.

The proposed possibilities aim at changing consumer decision-making from automated to reasoned processing and from social to individual processing. After deliberation and consequently the purchase of a sustainable product, consumers will need heuristics to develop a new routine in buying these sustainable products. Heuristics are hereby defined as behavioural rules that are used to reduce complex themes to a level that can be used in consumers' daily life.

## **Strategies to stimulate sustainable consumption**

The strategies to stimulate sustainable consumption can be summarised as the improved availability of sustainable products, the need for police involvement and the provision of information. Although these issues are not mentioned directly by all reports, they are particularly relevant for most of the countries.

It was already clear from the identification of barriers that the availability of sustainable products is a major problem. Several country reports mention thereby that it is important that these products are present in all marketing channels and thus also in supermarkets. A major condition hereby is a changed perception from the big retailers, in many cases combined with a better organisation of the producers to provide enough products at the right time. The example of fair trade products, which are in several countries present in the supermarkets, shows that this type of broader availability is possible. There is of course also the danger this will lead to unwanted side effects such as the presence of many foreign sustainable products in the supermarkets.

A second point of interest is information. It was shown several times that the average consumer is unaware of the agricultural production practices and has limited knowledge about food production, the concept of sustainability and so on. A major strategy should thus be to provide information to the consumers about all these issues. A side-effect could be that a better informed consumer is willing to pay a higher price for

sustainable products as he can now assess the benefits of these products and the reasons for the price premium.

A final element concerns the policy involvement in the process of promoting sustainable production and consumption. It was mentioned several times that the government has its responsibilities to create a better context for sustainable production and should also give incentives to motivate the consumer to buy sustainable products. A broad set of tools and measures can be used for this on the different levels in the food supply chain.

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### 2.2.2.4 Case studies

In this section the case studies will be presented and discussed. This section commences with a brief discussion of methodological aspects. This is followed by a brief presentation of the case studies. This section is concluded with a preliminary analysis of the case studies.

### Methodological aspects<sup>7</sup>

The objectives, general approach and the expected achievements of the case studies together constituted a general framework, which provided an overall starting point for the case study methodology. However,

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<sup>7</sup> See Annex 1 for a detailed description of the case study methodology.

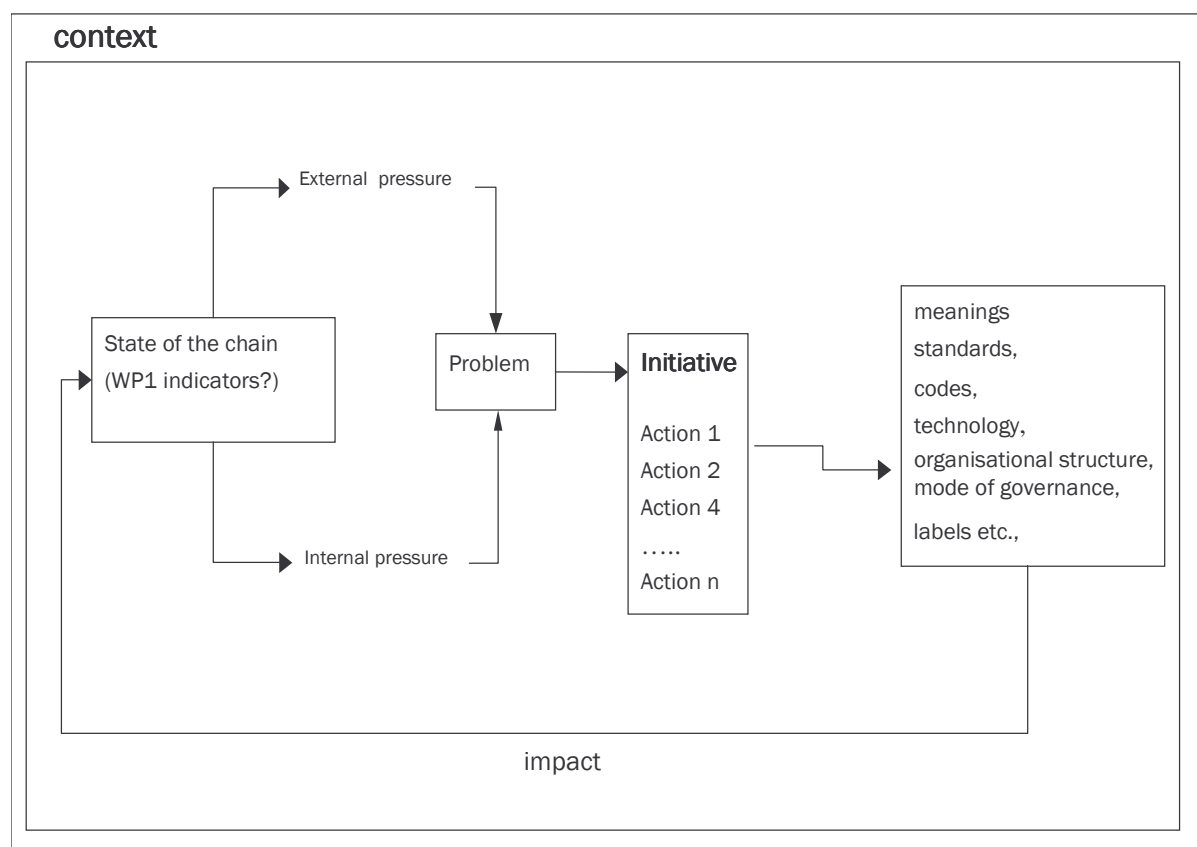


several strategic decisions had to be made with respect to the guiding principles for the case study methodology. These decisions regarded the following questions:

1. What is the focus of the case studies?
2. What will be the unit of analysis?
3. How many units of analysis per case study?
4. Which criteria to use for the selection of cases?

#### *Focus of the case studies*

To address the objectives of SUS-CHAIN in general and of the case studies in particular, the case studies were to focus on processes (rather than, for example, on structures). Processes can be represented as follows (see also figure below): an initial state of a food supply chain, assessed on the basis of sustainability criteria by actors outside the chain (public opinion, health or environmental authorities, etc...) or by actors within the chain (consumers, retailers, processors producers) in relation to a specific context, gives rise to pressures that put into question the present state of the matter, until a problem is recognized and defined. The problem, once recognized, raises strategic questions: e.g. how to restore consumers' trust or how to maintain a minimum level of welfare in the countryside? Such questions are addressed through one or more initiatives started by actors who build alliances to carry them out.



Each initiative is composed of a cluster of actions. Each action aims to obtain specific outputs (for example, creating a label implies technical coordination, organisational innovation, new technologies, etc.) All outputs have an impact on the state of the food supply chain and therefore on the boundaries, relevance and intensity of the problem. The impact can be broken down into components to assess the change produced

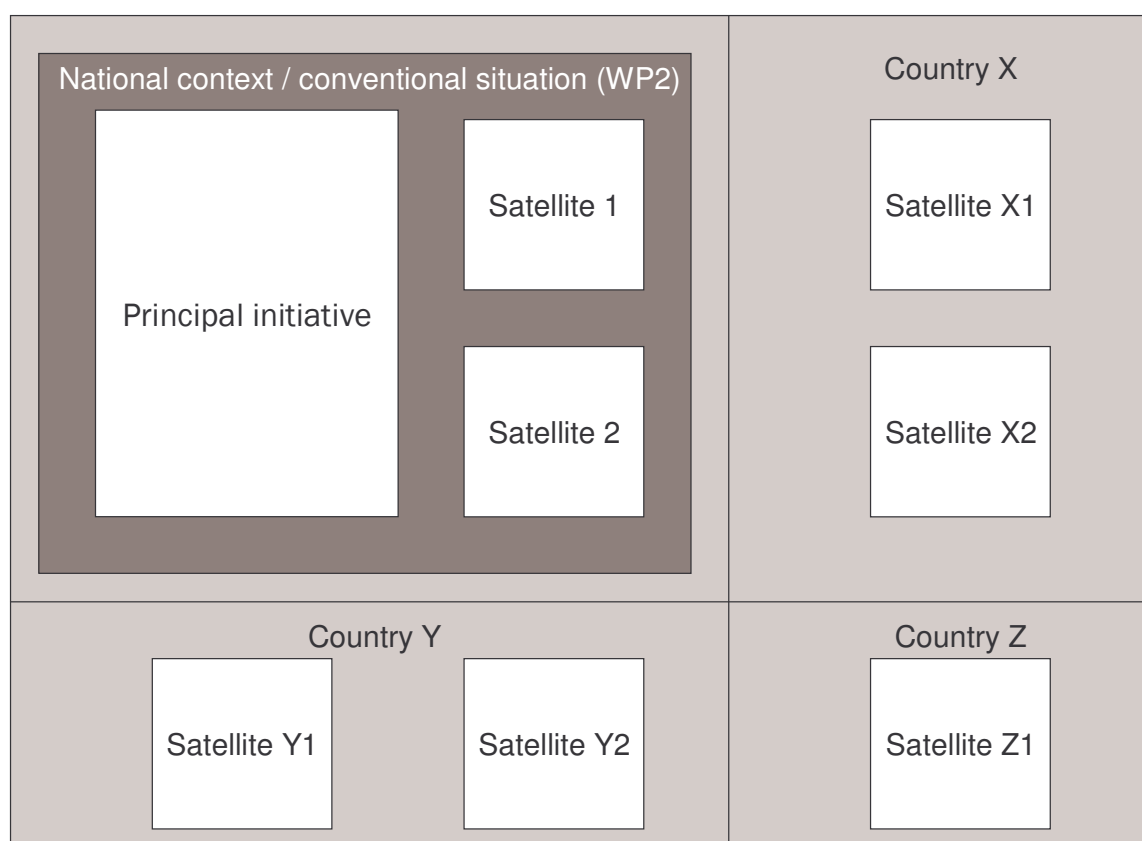
on different subsystems. Sometimes, initiatives generated by one problem take autonomous paths and become part of new clusters (umbrellas). For example, a labelling scheme based on safety claims evolves into regional quality schemes.

#### *Principal initiative and satellite cases*

According to the technical annex, the SUS-CHAIN project should deliver  $2 * 7 = 14$  case-studies. If each case-study covered only one initiative, it would be difficult to create a representative set of cases. On the other hand, the technical annex requires *a detailed understanding of the complex interrelations, dynamics, interfaces and synergies embodied in sustainable food supply chains in specific national/regional settings*. Therefore, the level of inquiry has to go sufficiently in depth to go beyond the mere description. With the case-studies at least three goals had to be fulfilled:

- a good coverage of diversity of initiatives
- enough information to compare
- enough information to add value to already existing literature and to build theory

It was therefore decided that a case study had to include at least three initiatives: one principal initiative, at least one national satellite initiative and at least one foreign satellite initiative (see figure below). This strategy appeared to be the most effective one to address all three goals mentioned above. Initiatives had to be linked together into a unitary narrative.



In order to design a case, the following steps were to be taken (see also figure above):

1. *Choice of unit of analysis* → principal initiative.
2. *Identification of the conventional unit for comparison* → national context / conventional situation.
3. *Choice of replications* → satellites:
  - One different solution within the national context (a product, a commercial pattern, trademark, certification systems, etc.) → satellite 1, 2, etc.
  - One similar and/or one different solution in another country → satellite X1, X2, Y1, Y2 and/or Z1, etc.

#### *Hypotheses and research questions*

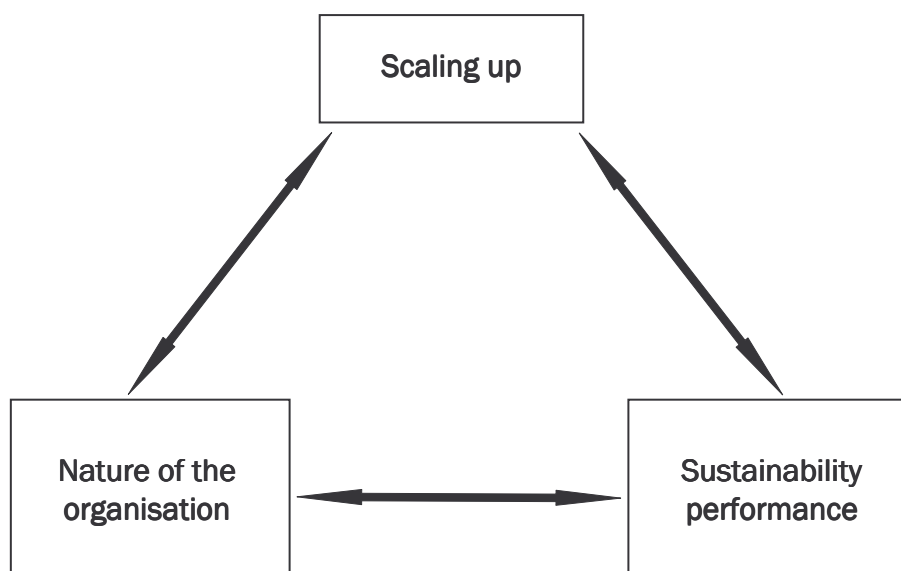
At the third project coordination meeting, held in Pisa (Italy) on 28, 29 & 30 January 2004, the decision was made to structure the case studies along several hypotheses. In this situation hypotheses were not primarily meant to be validated or falsified through case studies. Rather they were considered to function as heuristics.

#### Main hypothesis and sub-hypotheses

The main hypothesis around which cases were to be built is the following:

**Hypothesis:** *Scaling up an initiative in the field of NFSCs changes the nature of the organisation (structure, rules, procedures, values, goals) and its sustainability performance*

The hypothesis contains three keywords: scaling up, nature of the organisation, sustainability performance. Each of them is linked to the others in a dynamic model, as in the following framework:



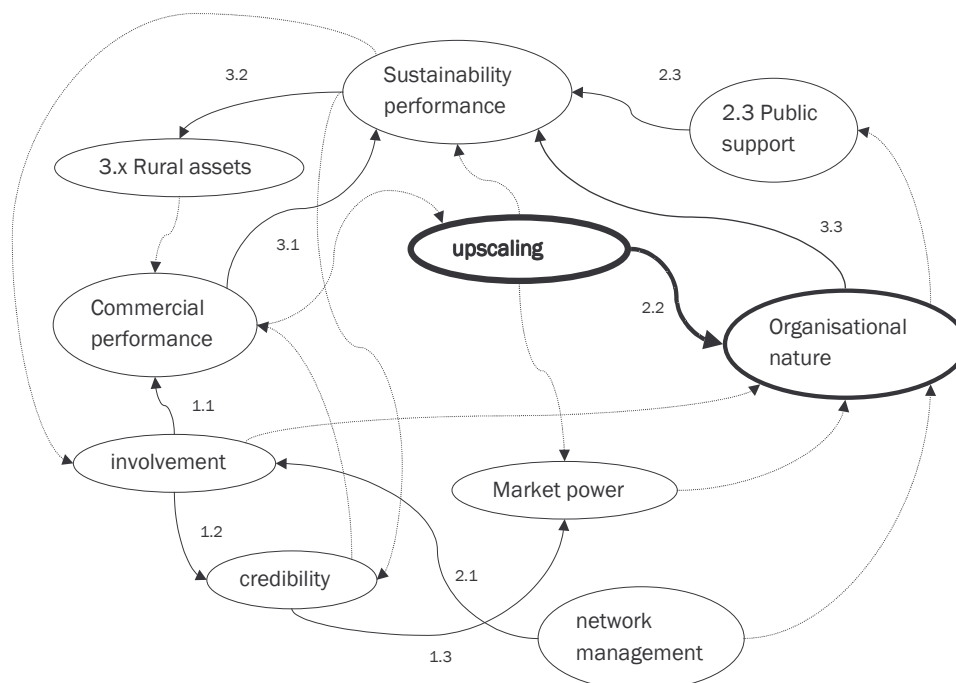
In all cases under examination all the three aspects had to be taken into consideration, as they are steps of

the same process. In order to do so, actor-network theory (ANT) was used as the principle research methodology (see also annex 1). Scaling up can be measured both by growth of volumes, values, number of similar initiatives, and more in general by the impact an initiative has on society.

The general hypothesis was broken down into three sub - hypotheses:

<p><b>Sub-Hypothesis 1:</b> <i>Scaling up depends on commercial performance and appropriate public support</i></p> <p>1.1 Commercial performance of sustainable FSCs depends on a specific marketing competence. Appropriate marketing competence is the key to build consumer involvement, stimulate participation, realise “food citizenship” to identify and meet “higher” needs and motivations, and create wants for sustainable food products.</p> <p>1.2 Public policy will be successful when it support the possibility to coordinate and make strategic decisions (prices, volumes, product differentiation...)</p>	
<p><b>Sub-Hypothesis 2:</b> <i>Nature of organisation changes with scaling up as an effect of growth in market power and of the increased pressure of economic constraints and logics</i></p> <p>2.1 Market power is a hurdle for successful development and commercial performance of sustainable food supply chains, because its reduces credibility among consumers</p> <p>2.2 The direction of change of the nature of organisation depends on the management of the network.</p>	
<p><b>Sub-Hypothesis 3:</b> <i>NFSCs have a positive effect on rural sustainable development</i></p> <p>3.1 New FSCs positively <u>support the rural economy</u> through defending and/or creating employment and income.</p> <p>3.2 New FSCs positively strengthen local and regional capacity to self organisation and self governance.</p> <p>3.3 New FSCs improve the sustainability and the liveability of the rural areas.</p>	

The relation between the main hypothesis and the sub-hypotheses can be illustrated as follows:



### Sub-hypotheses, research questions

For each of the sub-hypotheses a large number of research questions were formulated and different profile and performance indicators were proposed for description and assessment. To enable comparison between and analysis of all cases the decision was taken to select a limited number of basic research questions as well as profile and performance indicators to be used in each case study. In the table below these basic research questions and common profile and performance indicators are presented. Which of the other questions and indicators (see annex 1 for a complete overview) were used in the case studies was to be decided by the research teams themselves, depending on their own interests as well as on the characteristics of the case itself.

<b>Main hypothesis:</b> <i>Scaling up an initiative in the field of NFSCs changes the nature of the organisation (structure, rules, procedures, values, goals) and its sustainability performance</i>		
<b>Sub-Hypotheses</b>	<b>Basic Research questions</b>	<b>Common profile and performance indicators to all cases</b>
Sub-Hypothesis 1: <i>Scaling up depends on commercial performance and appropriate public support</i>	<ul style="list-style-type: none"> <li>– Has the considered initiative scaled up? If not, why hasn't the initiative scaled up?</li> <li>– How do the actors involved assess their commercial performance? What relation exists between marketing actions and these achievements?</li> <li>– What kind of public support has been granted to the initiative?</li> </ul>	<ul style="list-style-type: none"> <li>⇒ Rate of growth</li> <li>⇒ Price differentials</li> <li>⇒ Types of public support granted</li> </ul>
Sub-Hypothesis 2: <i>Nature of organisation changes with scaling up as an effect of growth in market power and of the increased pressure of economic constraints and logics</i>	<ul style="list-style-type: none"> <li>– How has the nature of the organisation changed along the process of scaling up?</li> <li>– How has market power distribution changed along with the initiative?</li> </ul>	<ul style="list-style-type: none"> <li>⇒ Asset specificity</li> <li>⇒ Mapping of networks at different stages</li> <li>⇒ Narrative of network creation</li> <li>⇒ List of problems ranked by importance by stakeholders</li> </ul>
Sub-Hypothesis 3: <i>NFSCs have a positive effect on rural sustainable development</i>	<ul style="list-style-type: none"> <li>– Does the initiative support the rural economy?</li> <li>– Does the initiative strengthen local and regional capacity to self organization and self governance?</li> <li>– To what extent does the initiative improve the sustainability and liveability of the rural areas?</li> </ul>	<ul style="list-style-type: none"> <li>⇒ List of resources ranked by importance</li> <li>⇒ Number and type of stakeholders involved</li> <li>⇒ Rate of demographic change in the relevant area</li> <li>⇒ IDEA indicators as perceived by informants and stakeholders .</li> </ul>

### Main cases and satellite cases

In the table below the main cases, national satellites and international satellites are presented. Together the cases represent an impressive diversity in terms of:

- Sustainability meanings or promises (ethical, ecological, health, quality, culture, locality)
- Starters (public, NGO, retail, processors, farmers)
- Actions taken (communication, education, technical innovation, certification, regulation, political action, organisational innovation)
- Output pursued or obtained (awareness, technical standards, codes of practices, new technologies, organisational arrangements, new organisations, labels, hallmarks)
- Functional integration (impact on subsystem, i.e. production, processing, food service, marketing and

distribution, consumption)

- The geographical scope of the chain (local, regional, national, international)
- The type of product (conventional, organic, PDO/PGI)
- The problems addressed (improving farmers' livelihoods, building/improving local capital, responding to safety/ecological crises, open/enlarging new markets of sustainable products, greening/moralising conventional networks/chains/subsystems, raising awareness and stimulating changes in attitudes and behaviour of the involved actors)

COUNTRY	MAIN CASE	NATIONAL SATELLITES	INTERNATIONAL SATELLITES
P1 THE NETHERLANDS (NL)	Case 1 De Hoeve BV (chain organisation for selling sustainable produced pigmeat: scale 1000 pigs a week)	LIVAR (producers' association of 5 pig farmers): high quality pig meat for out of home market. Scale: $\pm$ 20 pigs a week Dumeco (large scale chain organisation for slaughtering, processing and selling pigmeat): a quality line for delivery to supermarkets. Scale > 2000 pigs a week.	Vita project (Belgium): chain organization for selling sustainable produced pig meat. Scale: $\pm$ 600 pigs a week. Chain organization for selling Neuland pig meat (Germany): Scale $\pm$ 650 pigs a week
	Case 2: Dairy co-operative Cono (Dairy chains in the Western Peatland Region)	Groene Hart Landwinkels (Farm shops selling of raw milk farm cheese) Cheese line of dairy cooperative Campina (in discussion)	Switzerland- Cheese production: Emmenthaler (or another Swiss cheese)
P2 GREAT BRITAIN (UK)	Case 1: Public sector food procurement: in the National Health Service Cornwall Food	Satellite (to be confirmed): Royal Devon & Exeter or North Devon Hospital Trust	To be confirmed. The case study does not fit well with any other country case studies, therefore we propose to gather mostly secondary data from all partner countries
	Case 2: Procurement of local food by UK supermarkets	1) Waitrose 'Locally Produced' 2) Budgens/Taste of East Anglia	1. Germany – Tegut (to be confirmed)
P3 SWITZERLAND (SW)	Case1: Rye Bread of the Valais - Pain de seigle du Valais AOC (typical product; quality certification)	Coop Naturaplan organic special breads (main competitor on the national market) Pain Paillasse (a very successful private brand (franchising) at national level.) Regional brand Valais Excellence (a regional brand for agricultural products in Valais).	1- Italy : Cutigliano cheese (same scaling-up problem : connecting to a national network)
	Case 2: Natura Beef – a national certified bovine meat	Viande de nos Monts (a regional joint initiative of producers, butchers and slaughterhouses). Viande des Mayens du Valais (a regional initiative -meat supply chain- aiming at saving a local breed and keeping an open landscape in the Valais mountains).	To be specified
P4 ITALY (I)	Case 1: CAF (Co-operative of meat cattle breeders)	Intensive Chianina breeding: de-territorialisation of local race breeding Azienda Salvadori: Direct selling of organic meat at farm level	1.The Netherlands – Zeeuwse Vlegel (getting closer to consumers)

COUNTRY	MAIN CASE	NATIONAL SATELLITES	INTERNATIONAL SATELLITES
	Case 2: Raw milk sheep cheese	The raw milk sheep production in the Volterra area (other initiative of quality certification of raw milk sheep cheese (PDO) Lardo di Colonnata (other initiative aiming to legitimate the producer's rights to produce; typical product, quality certification)	1. Switzerland– Rye Bread
P5 BELGIUM (BE)	Case 1: Biomelk Vlaanderen (organic milk in Flanders)	1. Het Hinkelspel (cheese dairy co-operative; raw milk cheese; direct selling)	1. Germany - Upländer Bauernmolkerei
	Case 2: Farm products of the Westhoek (marketing of regional products)	Westvlaams rood (breeding of a regional beef race; big retailers; initiative that failed or has been stopped: reasons?) Organic beef cooperative (cooperative of farmers selling organic beef to big retailer; problem of organization, selfgovernance)	2. To be specified
P6 LATVIA (LV)	Case 1: LAMCB (Beef meat production/Latvia Association of Meat Cattle Breeders)	(in discussion) Zaube biological slaughter (in discussion) Galas nams (local short chain of meat supply)	1. (possibly) Switzerland – Beef Cattle Breeders
	Case 2: Rankas Piens (Ranka Dairy chain)	(almost decisive) Smiltenes Piens (similar to the principal initiative but in competitive/coercive relations with Rankas Piens. Keipenes Piens (a small-scale local dairy collecting and processing organic milk)	1. Germany - Upländer Bauernmolkerei 2. Belgium - Biomelk Vlaanderen
P7 GERMANY (DE)	Case 1: Upländer Bauernmolkerei (dairy sector; organic milk; co-operative)	In discussion: 1. Rhöngold dairy (why it was discontinued). 2. Söbbeke (similar initiative, but more national level). nature of organization? impact on rural economy (as compared with Upländer)? 3. Molkerei Schrozberg (successful dairy in Baden-Württemberg; cooperates with Tegut supermarket chain: what is their strategy? nature of organization?	Belgium.–Organic milk sector in Flanders / Biomelk Vlaanderen Latvia.–Rankas Piens / Lazdonas piensaimnieks
	Case 2: Tegut supermarket chain (Conventional food retailers)	Regional retail chain Feneberg (Conventional food retail in a small region) what is their strategy? Retail chain GLOBUS (national food retail) what is their Strategy? what is their motivation for taking up organic products now? Tagwerk (regional organic food retail) what is their strategy?	Great Britain: Waitrose Switzerland: Coop Natura Plan

### Cross-case analysis (preliminary results)

At the 4<sup>th</sup> project co-ordinating meeting in Martigny (November 2004) six broad themes were identified as core issues. They are:

1. Commercial performance and distribution of value added.
2. Marketing (actions) and communication.



3. Public support (kind, significance) and other types of intervention.
4. Nature of organisation, self-governance and changes during scaling up.
5. Impact on the rural economy and rural assets: connections with rural development.
6. Social embeddedness, local networks and locality.

For these six themes profile and performance indicators have been developed for descriptive and analytical purposes (see also section 2.2.2.1), as these themes will serve as general framework for a cross-case analysis

#### Theme 1: Commercial performance and distribution of value added along FSCs

The questions addressed within this theme are;

- Has market power been a hurdle for successful development and commercial performance of sustainable food supply chains, e.g. because it reduced credibility among consumers?
- How has market power distribution changed along with the initiative?
- What relation exists between changes in market power and credibility (loyalty, involvement etc.) among consumers?
- How is value added distributed along FSC?
- What are the strengths (and weaknesses) of our FSC in terms of commercial performance and distribution of value added along FSCs? Are there common patterns?

The success of a sustainable food supply chain among others can be measured by means of commercial performance and the distribution of value added along the FSC.<sup>8</sup> There is consensus in the reports that the commercial performance of FSCs is strongly influenced by the size and the marketing position of the initiative. Classic indicators to characterise the commercial performance are for example the relation to the reference market, the size and growth of the initiative, the market attractiveness and the competitive position of the initiative. Data on these indicators have to be given in the final case study reports differentiated by the different levels / actors in the food supply chain (e.g. producers, intermediates and consumers).

There are key factors that have an influence on the commercial performance. They can be classified into factors on the side of the consumer and factors on the side of the producer.

The factors are, among others, the following ones:

<b>on the side of the consumers</b>	<b>on the side of the producers</b>
<ul style="list-style-type: none"> <li>▪ food safety</li> <li>▪ quality transparency</li> <li>▪ social benefits (externalities)</li> <li>▪ regional economic development</li> </ul>	<ul style="list-style-type: none"> <li>▪ technical support</li> <li>▪ social support</li> <li>▪ risks within the initiative</li> </ul>

In most case study reports questions are raised that relate to the generation of value added, its distribution and the related issues:

- Who pays for an increased value added and how is this negotiated, fixed and communicated?
- Who pays for intermediary costs and how is this negotiated, fixed and communicated?

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<sup>8</sup> The value added is defined as the difference between the performance or output of an economic unit and the used goods and services which were needed to produce the economic units (value added = performance - intermediate inputs). Performance is the valued output of production (sales revenue +/- change in stock). Intermediate inputs are externally sourced goods and services which are used / consumed during production, including delivered materials and

- Who pays for the coordination between the consumers, producers and commercial organisations (transaction costs)?
- Who carries the (economic) risks of the initiative?
- What happens to all the influencing factors and to the generation of value added, its distribution and the related issues when the initiative is scaled-up?

At the present stage of the case study reports, these questions are not yet dealt with in-depth. Some first information is given in individual case study reports.

Cases where it is explicitly stated that significant 'new' / additional value added is created and stays in the region are the following ones:

- The Belgian case of the "Farm products of Westhoek" shows that with direct selling at the farm or through farmer shops the value added stays in the region or on the farm. As the chain is very short, the distribution along the chain is not relevant.
- Another case, where a significant proportion of the value added directly goes to the farmers is the German case of the "Upländer Bauernmolkerei". The regional origin of the product is important. In a new marketing line organic milk is sold to the consumer at an additional price premium of 5 cent. The consumers have the choice to buy high quality milk or to buy high quality milk from the region with an extra 5 cent which is transferred completely to the farmers in the region who produce the milk. This "campaign" is called "Erzeuger-Fair-Milch" (milk that is fair for producers).
- In the De Hoeve pig meat production (The Netherlands) the pig farmers receive a higher margin per kg meat. The higher margin is covered by a reduction in costs that is connected with a shortening of the chain (direct selling to the butchers or selling only through one retailer to the butchers) and it is related to a better quality of pork. At the same time consumer prices can be kept at the same level of conventional meat.
- Similarly in the two Latvian examples commercial performance plays a major role with corresponding benefits for the farmers and the production regions.

Cases where there are still some difficulties with value added are the following ones:

- The second Belgian case "Biomelk Vlaanderen" is an example where there still is no or only very limited added value. The commercial performance is described as very poor as there is only a small market for organic milk. The problem is aggravated by the fact that there is only a relatively small number of organic producers and the costs of processing the organic milk separately from conventional milk are therefore quite high. The price paid to farmers depends on the amount of milk which is sold as organic milk. Scaling up is considered vital to the initiative, it is a major objective for the "Biomelk Vlaanderen" actors.

*Note:* At present there is in general too little information about prices, costs and value added in case study reports. In order to be able to put forward some more precise analyses and comparisons it is necessary to have more quantitative information, for example about the prices the producers receive selling their products and about the prices consumers pay buying the products.

Some additional issues that come up in the case studies:

- Market power distribution is not a relevant question in the case of direct marketing (the farmers have the market power; value added stays on the farm, no distribution along the chain) (e.g. Farm products

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obtained services, but not the factor 'work'. The factor 'work' is, together with the factor 'capital', the subject of the value added.

of the Westhoek; the chain of De Hoeve is very short; so the value added is directly transferred to the pig farmers.

- Various strategies to maintain / increase market power can be found: gaining new market partners (e.g. Upländer Bauernmolkerei cooperating more closely with larger retailers: Alnatura, Rewe; and using different distribution channels: direct selling, wholesalers, retail, gastronomy, etc.) (e.g. De Hoeve: market power has increased because of knowledge, increased trust in the organisation and the taking over of additional functions in the chain; but willingness of wholesaler and butchers is still important factor). Italian raw milk sheep cheese case: producer members maintain a positive control on the market of the cheese, because of direct selling and their right to decide the price; at the same time they are not able to control higher prices eventually imposed by the retailers to the final consumer.
- The farmers position is very clearly strengthened by the delimitation of origin; it can be strengthened further, when this is linked with the creation of a corresponding farmers' / producers association (e.g. Tegut / 'Rhöngut'). Tegut is a well managed supermarket chain of high commercial performance. 'Rhöngut' is a key commercial project of Tegut that expresses nicely the overall philosophy of the enterprise and FSC.
- Producer price premiums: e.g. CAF - Co-operative of meat cattle breeders pays to its members 20% more than the reference prices for beef; Italian raw milk sheep cheese case: price differential since the consortium was constituted is not significant in direct selling, while in the shops outside the area or in fairs it can reach 36%.
- Natura Beef is considered a commercial (and lobbying) success and has scaled-up considerably; state support to the organisation is no longer essential, as the majority of the costs are covered by the associations incomes; state support, through direct payments to the producers, higher on average than for other productions, influences the price possibilities considerably.
- De Hoeve BV: Producers realise better margins by efficiency and meeting the demands of processors (here: butchers); but margins in chain (wholesaler) are under extreme pressure; consumer prices can be kept equal to conventional market; 'Green label' is not a guarantee for a better commercial performance: it is used more for organising the chain on a different way. Dairy co-operative Cono shows that there is a strong relationship between marketing and performance (Bertolli formula?).
- Rankas Piens dairy: Continuous innovation (search for and implementation of new actions in terms of marketing, investment, quality control and product development) improves commercial performance and scaling-up; new product development and development of specialized products with high added value - to move from mass production towards "quality" and industrialized niche production -, quality control and marketing are considered crucial for commercial success.
- Risk reduction is an important issue: e.g. CAF - Co-operative of meat cattle breeders ensures its members a constant butchery and sale of their produce.
- Up-scaling depends on building authority (trust), finding the right match between partners (demand led), realising an efficient chain; strong relations between network (step by step) approach, chain knowledge, realising of synergy, governance by demand and commercial performance (De Hoeve BV).
- Procurement of local food by UK supermarkets: Commercial performance is described as very poor; this is because: "local is not enough"; centralised decision making, promotion, and distribution; no push from central government (delegated to regional government, who have trouble establishing dialogue with retail HQs); slow progress in the High Weald region due to the lack of established brands. Co-op is unwilling to support the trial of new local foods; the local food offer of Co-op is probably a "reaction" to the competitor rather than a pro-active move for competitive advantage.
- Latvian Association of Meat Cattle Breeders: Unfavourable market conditions and inconsequent

government policy have negative impact on scaling up; farmers lack the financial resources for investments to develop their farms; only small scale and irregular marketing activities that have an insignificant impact.

- Rankas Piens dairy: Ambiguous situation of milk producers who face the dilemma price-for-milk interest vs. commercial performance interests of the company.

## Theme 2: Marketing conception, marketing actions and communication

The core questions addressed within this theme are:

- Has appropriate marketing competence been the key to build consumer involvement, stimulate participation, realise “food citizenship” to identify and meet “higher” needs and motivations, and create wants for sustainable food products? Are there other key factors?
- What are the strengths (and weaknesses) of our FSC in terms of marketing conception, marketing actions and communication? Are there common patterns?

Marketing is more than just “putting on the market”, “enhance sales” or “advertising”. It is one possible way of managing enterprises (and one of the most successful). Modern marketing tries to see the entire enterprise and all its everyday problems from a point of view outside the enterprise: the market.

According to marketing theory the success of an enterprise depends on its capacity to permanently understand, anticipate, form and adapt to market development. Since the 1960s, most industry sectors put up marketing theory in their management philosophy, the food sector being among the last ones to follow this development.

Marketing management divides up into two spheres: strategic marketing (analytical market observation and derivation of the enterprises objectives) and operational marketing (defining strategies and applying measures). There are four fields of marketing measures (the “marketing mix”): Product, Price, Place (Distribution) and Promotion / Public Relations (Communication).

The main levels of the marketing conception are:

1. Analysis (of the market and the framework conditions, including SWOT, PEST etc.).
2. Objectives (fixing the goals the enterprise attempts to reach, e. g. market share, turnover, but as well ethical or ecological goals, values, philosophy).
3. Strategies (the ways by which the objectives are to be obtained: market segment, distribution channel, positioning).
4. Marketing mix (action).

Since the 1980s, marketing theory tries to take up ecology and sustainability challenges and to provide guidelines how enterprises (FSC, as well) can integrate these requirements. It is often claimed, that successful ecological marketing fulfils two preconditions:

1. Ecological (sustainable, ethical...) criteria are taken into account at a high level within the marketing conception: at best, these questions are considered in the analytical process and form an integral part of the enterprises objectives. They will, consequently, be translated into the strategies and actions of the enterprise.
2. On the level of measures, any action is following the “4 C” principle: competence, coherence, commitment and co-operation.

Using marketing and communication measures enterprises have the possibility to present themselves by imparting values or messages, like ethical ones, and to position themselves in the market. A key term of positioning is the “unique selling proposition” (USP), a set of items that renders the enterprise (the FSC) and

its products un-replaceable (to a certain extent) in the perception of consumers. Cues like ethical / ecological correctness and / or sustainability can very well be part of the USP of food FSC.

FSCs which incorporate sustainable aspects into their business philosophy, their values their strategies and finally into their communication, have to deal among other things with the following factors in order to be successful:

1. They have to formulate a clear, convincing and also appealing claim ("promise"): e.g. the products attributes (organic production, production on a particular territory, outstanding taste or artisanal fabrication) have to be put forward in a way that consumers understand and appreciate.
2. The claim ("promise") has to be coherent and it should fulfil its engagement.. It should be in the field of competence of the FSC.
3. In case that the major claim will be gained on by the "mainstream", e.g. through adjustment of the product prices, through a decrease of the differences in quality or through a strong extension of the marketing structures, there is the risk that the contradiction between intrinsic values and real act will grow ( and that the USP obtained will get less "unique". And that would lead to a loss in credibility / authenticity and needs continues effort in innovation and commitment.
4. Initiatives should strengthen their capacity to make alliances with other stakeholders in order to promote the product and/or the brand (co-operation and vertical linkage through the FSC, from producers to consumers).

The following examples show, where initiatives have been successful in terms of fulfilling one or several of the mentioned factors, or, on the other hand, where they are failing because of not fulfilling one or several of these factors.

#### *Factor 1: Formulating a clear, convincing and also appealing claim*

- Organic products seem to meet these requirements. The problem is the relative complexity of organic farming and food processing. Even though clear legislative criteria exist, consumers knowledge about and trust into organic produce is limited. Communication on organic is often complicated and about unpleasant ("turn-away") themes: pollution, toxic residues, pesticides in agriculture. Successful initiatives communicate organic in a simple and pleasant way.
- Regional products have the important advantage of a simple message: the origin does need much less communication effort than e.g. organic farming in order to be understood even by less interested consumers. Organic FSC, that can integrate regional cues into their communication succeed better in their linkage to consumers.
- Strong initiatives link simple, positive messages to their image or even to their name (tegut: good food, Rhöngut: tasty organic specialties from the region, Upländer Bauernmolkerei: original products from a well-known region, authentic products from farmers)
- Weak initiatives often have trouble to find their position (that is, to define their image between different claims regional - rural - ecologically / ethically correct)

#### *Factor 2: Coherence of the claim and trust*

##### Strong initiatives

- In the case of the Italian co-operative of beef cattle breeders (CAF) the local consumers in the region trust in the cooperative and in the brand "CAF". But the communication is made mainly by the supermarket; the producers themselves have little influence on communication.
- In the case of the Swiss brand "Natura beef" it is remarkable how very well known it is among consumers. Consumers trust the brand. The brand is still owned by the producers but, as the

producers made an agreement with the major retailer (COOP), the brand is actually mainly promoted by the supermarket. One result is that the market power of the farmers has become rather weak.

#### Weak initiatives

- The case of the Latvian Association of Meat Cattle Breeders shows that there is a lot of internal communication (within the network and association), but a severe lack of communication towards consumers.

#### *Factor 3: Scale increases and loss in credibility / authenticity*

- Strong initiatives successfully scale up by continued vertical linkage / re-grounding. The organic meat and beef offer of Tegut was, at first, not specifically regional - the enlargement of the assortment was done by reinforcing authenticity, credibility and, thus, the key competence of Tegut: a regional retailer of high quality food. Strong initiatives willingly restrain themselves even when they are growing or are offered growth possibilities e. g. they carefully decide upon transport / distribution distances. They communicate openly upon this self-restriction in order to reinforce their credibility.
- Weak initiatives get caught between opposite market trends. Tegut (even though they are doing relatively well) has problems to face the competition of hard discounters. Their attempt to communicate, when addressing consumers, clearly on “cheap” and “correct” products by internal labelling does not entirely overcome the problem that these products are shelf-neighbours. The wide range of qualities and prices renders less visible the company's policy.

#### *Factor 4: Alliances with other stakeholders*

- Strong initiatives often link in a structured, explicit and reciprocally allying way within the FSC. They search, integrate or even form regional and local networks of different stakeholders from within their branch, but as well from other societal entities (Upländer). Very big actors can be successful without explicit alliances to other stakeholders. Tegut seems to be independent from the direct support of other societal entities and refuses to engage into formalised vertical interdependencies. Nevertheless, Tegut seems to be settled on a more subtle “network” of regional interests - difficult to measure.

Some additional issues that come up in the case studies:

- Collective actions to promote the brand (e.g. fairs, receptions, information evenings) are often considered vitally important (e.g. Farm products of the Westhoek). Italian raw milk sheep cheese case: Creation of a collective brand certifying safety and quality to consumers; active involvement of the shepherds in building marketing strategies; trust and co-operation with local health authorities
- Good public relations (corporate identity, marketing actions, clear regional alignment) can contribute significantly to the growth of an initiative (gaining new distribution partners like retailers, wholesalers) (e.g. Upländer Bauernmolkerei: regional / collective brand / corporate identity; advertising, package design, information, sales folder). A marketing action that is implemented at present by the Upländer Bauernmolkerei adds 5 cent to a litre organic milk and communicates that this extra 5 cent (that is printed on the bottle) goes directly to the regional producer; it is up to the consumer to decide to pay the normal price premium or to pay the 5 cent extra; the action is very successful: overall sales increased significantly
- Well-conceived consumer information can play a major role (e.g. Tegut regularly publishes a consumer journal that links background information on farming, region and environment with quality of life, cooking / recipes and products). Dairy co-operative Cono: Intrinsic production features and milk quality features were used in marketing; image building to create special atmosphere / lifestyle around the



cheese; external features (world heritage, cows in meadows) are used to link the product with country side / rural environment; Beemster Kaas is promoted as high quality cheese of grazing cows. Is the linking of sustainability to lifestyle marketing and particular target consumer groups a fragile combination or a key to success?

- Procurement of local food by UK supermarkets: “Meet the buyer” events were carried out by Regional Food Groups; they provided a filter and reduced search costs for new suppliers.
- Latvian Association of Meat Cattle Breeders: No attention about marketing and a lack of communication towards the consumer; a marketing strategy, brand and communication towards the consumer has to be developed. But: there is no habit in beef meat consumption.

### Theme 3: Public support (kind, significance)

Questions to be addressed within this theme are:

- Was public policy successful in terms of supporting the coordination and making of strategic decisions (prices, volumes, product differentiation...)?
- What kind of public policies hampered the development of the initiatives?
- How have public policies affected strategic decisions?
- What are the strengths (and weaknesses) of our FSC in terms of efficiently utilising different kinds of support along FSCs?
- What have been efficient kinds of support? Are there common patterns?

External networks play an important role regarding business support or business promotion. Financial but also non-financial support can derive from the public sector. Other potential providers of support are private actors or non-profit-organisations. The following types of support thus have to be distinguished:

- Financial support, e.g. as investment or as start-up financing;
- Information, marketing support, public relations, legitimisation;
- Training and consulting;
- Admittance of new approaches and innovations (experiments) (e.g. Tegut case study: public administration hindered the development of 'Rhöngut', a new and meanwhile very successful product line because of restrictions on natural air-drying of meat products).

In the present market situation, which is affected by concentrated and price oriented competition, financial support plays a particular role for establishing and developing *new* or *alternative* marketing initiatives. But this also holds the risk of (over-)dependency towards investors like the state or banks.

Several case studies show that the support received from the public sector is most important in the initial phase of an initiative. Or in other words, elaborating new models often requires external support. This can be seen in the case of the Italian raw milk sheep cheese initiative Italy where many actors (among them the public sector) supported the initiative at the beginning and opened the way to continue using raw milk instead of pasteurised milk.

It can also be said, that some availability of funds tends to stimulate the creativity of actors or the development of new ideas and models. But it has to be taken into mind, that in the case of quickly developed ideas or with projects that are primarily targeted at public funding schemes there can be a lack of good business plans or of well figured out, longer-term perspectives.

On the other hand, scaling up, dissemination or expansion of an initiative may not even need external support. If support is needed in these later phases of an initiative, it is often mainly the support of the private sector. This is obvious in the case of “Public sector procurement in the National Health Service (NHS) in UK, where only the private sector supports the initiative in the phase of expansion.



With respect to achievement of more positive and more lasting effects of support schemes, the following strategies should be pursued:

- Programmes should be more holistic and facilitate linkages between different actors and also different projects.
- The capacity of initiatives should be strengthened to mobilise support. To reach this aim, it has to be clear for the actors that time and knowledge is needed to deal with applications and bureaucracy in general.
- For the success of an initiative it is very important that there is convergence of objectives and agenda.
- For the new member states it must be noted that SAPARD and/or similar programmes have been very important for the constitution and development of initiatives.

#### *Some additional issues that come up in the case studies*

From the case study reports it can be seen that importance of the public support received for the start-up and progression of the initiatives differs a lot:

- no public support
  - o Biomelk Vlaanderen
  - o Tegut... supermarket
  - o Dairy co-operative Cono: only support is publicity on the grazing cows issue
  - o Procurement of local food by UK supermarkets
- support has been of some importance
  - o Upländer Bauernmolkerei: governmental and non-governmental organisations / institutions
  - o CAF - Co-operative of meat cattle breeders: no involvement of regional institutions around this project; the abattoir was built with public investment support
  - o Italian raw milk sheep cheese case: informal support prevailed in the interessement phase, while formal support (incl. financial) occurred in the enrolment and mobilisation phase
  - o De Hoeve BV: support from province, EU and national government
  - o Latvian Association of Meat Cattle Breeders: only a small number of stakeholders received premiums and SAPARD funding
  - o Natura Beef: there was a lot of public support in the first phase of the initiative (1973-1980); state support to the organisation is no longer essential, as the majority of the costs are now covered by the associations incomes; indirect state support remains in the form of direct payments to the producers (higher on average than for other productions)
- support has been important
  - o Farm products of the Westhoek: started as a 5b-project; gets regional funding
  - o Cornwall Food Programme: not a commercial operation as such; public support / funding has been crucial (Objective 1)
  - o Rye Bread of the Valais: support of the regional authorities and the Chamber of Agriculture has been decisive from the beginning; the initiative costs are still partly paid by the institutional support

#### *Non-financial forms of support*

- Italian raw milk sheep cheese case: the Director of A.P.A. interact with Local Health Authorities, Tuscany Region and the University of Florence in order to find suitable technical arrangements; furthermore he sensitises the shepherds of Pistoia Mountains about conforming their production to the

new rules.

- Admittance of new approaches and innovations (experiments) (e.g. Tegut case study / 'Rhöngut'; see above).

#### *The particular case of Latvia*

The following aspects characterize the particular situation in Latvia that may in some respect be typical for the particular challenges in the new member states:

- A new set of regulatory / economic framework conditions has been introduced within a relatively short time period:
  - o change of rules;
  - o information required by economic actors.
- There tends to be an insufficient capacity to lobby for rural and FSCs interests. Often the interests of larger farmers and processors are predominant.
- It is to be expected that for some time there will be significant differences in subsidy levels between EU member states resulting in an unfair competition, increasing (food) imports by new members states.

#### Theme 4: Nature of organisation, self-governance and changes during scaling up

Questions addressed by this theme are:

- Did our FSCs positively strengthen local and regional capacity to self organisation and self governance? Is there a broad participation of the local population?
- Have new institutional forms been developed?
- Was there a large diversity of stakeholders involved at the local level (social embedment) and was it important?
- How has the nature of the organisation changed along the process of scaling up?
- What are the strengths (and weaknesses) of our FSC in terms of nature of organisation, self-governance? Are there common patterns?

The nature of an organisation or better the form of organisation is one of the key factors that influence the success of newly established initiatives and also their continuity in the future.

A first comparative analysis of those cases of FSCs that appear more sustainable leads to the following conclusions:

- Business and assortment strategies have to be embedded deeply in each level of a chain and of an enterprise. The strategies have to be supported by all decision-makers in the chain and all staff.
- Charismatic persons (leaders) who often played an essential role in the history of an enterprise, have the possibility to use large personal networks. Often this is linked with the risk of a concentration of power; it tends to increase dependencies and eventually decreases the motivation of other actors or partners within the enterprise or the chain. Even economical success may in the end depend upon single persons and personal networks.
- Concerning the joint enterprise or project, there is always the risk of diverging objectives and motivations. This mostly happens when there are many different partners working together in a chain. The balance of maintaining and adjusting the quality demands and message along the chain always represents a particular challenge.

Success and the economical, social and ecological performance of enterprises are among others demonstrated through the process of growth. Besides positive socio-economic effects like employment creation or the increase of income and value added within a region, the process of growth also implicates

changes. These changes may have negative effects on the internal and external structures of an initiative and also on the credibility at the consumers. Scaling up may lead to the following:

- The demand that is connected with quantity buyers (e.g. retailers) may cause a (too!) fast growth, with which the further development of the organisational structures and the claims towards product quality can not keep pace with.
- Changes because of growth may be expressed in the form of an adjustment of the organisational structure but also in form of modified values. Different value systems for example between younger and elder colleagues, and the resulting conflicts, may only come out during rapid processes of growth. Older actors tend to stick to the former values, and the younger colleagues in contrast think and act more pragmatic. Almost always a new agreement of the strategic vision will be necessary.

Some additional issues that come up in the case studies:

- Dairy co-operative Cono: Alignment of production process (artisan-high quality) with niche market approach (special labels, higher price, specific target groups) is important. CONO coordinates and manages quality requirements of milk supply, artisan production process, packaging and marketing and logistics; other chain partners (wholesalers, small shops) became more dependent of the chain leader; a power shift is referred to: CONO management gains at cost of other chain actors (small shops and wholesalers).
- Some initiatives are characterized by a rather rapid growth (e.g. Upländer Bauernmolkerei: 1996: 1 Mio. kg organic milk / year; 2004: 14 Mio. kg / year; Tegut supermarket: 'Rhöngut', a particular product line, has 40 % growth rates p.a.; CAF - Co-operative of meat cattle breeders: from 1 occasional veal in 1998 till 15 per week in 2004; De Hoeve BV; Rye Bread of the Valais: the initiative is a commercial success, volume has doubled in 4 years; the decline of rye production in the region has been stopped (but: support of the regional authorities and the Chamber of Agriculture has been decisive; initiative costs are still partly paid by the institutional support).
- Natura Beef has been a huge success in terms of growth and spread: between 1977 and 1980 the number of members went from 42 to 118 (phase 1); between 1980 and 1990 the number of members went from 118 to 750 (phase 2); the initiative has reached a national dimension and has had a strong growth right until 2003 with a good added value for its members; in 1983 the association decided to create 9 regional groups; 1990 - 2004 (phase 3) the initiative had to look for new ideas as there was a saturation in the main outlet; as COOP is the main retailer for the beef, it became quite strong in the last years and now can impose own requirements; all new producers of Natura Beef must produce according to the organic standards and produce Natura-Beef-Bio; so the initiative created a new label (SwissPrimBeef) which has a stronger accent on quality aspects (less on the natural).
- A rapid increase in scale and new members tend to increase heterogeneity and bring in different ideas that need to be integrated / combined with original ideas; structures normally need to evolve / be changed (e.g. CAF - Co-operative of meat cattle breeders: in order to fulfil the increased demand for beef, the co-operative has accepted new members, some of which coming from outside and of different size; some argue that the co-operative has not changed enough to take into account the increased heterogeneity of its members) (e.g. Italian raw milk sheep cheese case: establishment of a filter - code of practice - among the producers; success of the initiative has led to the emergence of conflicts among local stakeholders regarding the control of the initiative; a new project for PDO registration entailing the opening of the group for producers - in that case territorially determined -, is introducing the necessity to re-discuss the internal rules). De Hoeve BV: the right combination of interests between chain partners and willingness to invest on a long term is needed.

- Rye Bread of the Valais: Entry of the big retailers' bakery units may lead to more industrial values; the organisation will have to take very soon strategic decisions about scaling up or not; the main scaling up problem is "connecting to global markets".
- Natura Beef: The management has been professionalized; through strong communication efforts, members have remained committed. The association's work includes the definition of the code of practices and of the quality requirements, the search and selection of new partners (bakers and producers), price and condition negotiations, promotion (in collaboration with the main commercial partners), the management of volumes (including over the seasons) and the controls and traceability through licences and in collaboration with 'Beefcontrol'.
- Often the initiatives strengthened the regional capacity to self organisation and self governance. In many case studies it is considered a major achievement to collaborate and strengthen the position as a group of producers (e.g. Biomelk Vlaanderen; Upländer Bauernmolkerei; Farm products of the Westhoek; CAF- Co-operative of meat cattle breeders: creating room for manoeuvre with the institutions at regional and national level; Italian raw milk sheep cheese case: the initiative strongly supported the capacity building of local producers, but it is still mainly linked to the local level and dependent on the director of the consortium).
- Procurement of local food by UK supermarkets: Does the initiative strengthen local and regional capacity to self organization and self governance? Waitrose: no; Co-op: unlikely
- De Hoeve BV: During up-scaling partners and processes (e.g. method of pricing) have changed.
- Often first rather loose collaboration in the initial stages of a project is formalised in a later stage during scaling up (e.g. Farm products of the Westhoek; Tegut / 'Rhöngut': Rhöngut: scaling up has led to more formal and reciprocal linkages with farmers; Italian raw milk sheep cheese case: the consortium consolidated through the time as a "close" organisation, because of the strict rules for new members to join; De Hoeve BV: shareholdership in Hoeve B.V., the chain management organisation; etc.).
- Mergers: Sometimes initiatives merge formally with already existing partners (e.g. Upländer Bauernmolkerei).
- Some initiatives produce regularly spin offs, that strengthen the FSC / company (e.g. Tegut where this is very pronounced: establishment of subsidiary companies, which have the same basic principles).
- A rapid increase in scale of production may require new market outlets / marketing strategies: e.g. CAF - Co-operative of meat cattle breeders where new circuits (specialised shops) at national level have been opened.
- In the case study Cornwall Food Programme it is explored how to roll out (elements of) this model to other regions and/or organisations.
- Latvian Association of Meat Cattle Breeders: Number of association members and their market power have increased, therefore, the association gradually begin to fulfil the initially defined tasks.
- Rankas Piens dairy: The strong and innovative personality of the leader - no decisions are made without his supervision - has been the driving factor for the development of the enterprise / initiative; a side effect is the limited involvement of shareholders; homo-centric management style which may run in conflict with increasing complexity of organisation and the need for more collective decision making, management style and organisational culture. Similarly in the Upländer Bauernmolkerei the strong and innovative personality of the leader has been vitally important. It has been replaced over time by a broader organisational structure. A minimum condition is that management and decision-making transparency is ensured. The challenge is the consolidation of the managerial team, loyalty and motivation of employees; managerial reflection: ability to reflect about the increasing complexity of organization, identify critical issues in management; ability to change the managerial style towards

more collective and team-based management.

#### Theme 5: Impact on the rural economy and rural assets: Connections with rural development

Key questions for this theme are:

- What are the strengths (and weaknesses) of our FSC in terms of impact on the rural economy and rural assets?
- What real evidence do we have?
- Are there common patterns?

Rural development is the growth, advancement and evolution of rural communities, businesses and people. It is the outcome of a nurturing environment where

- the rural community shares a vision which is supported regionally, provincially and nationally;
- the government supports the community vision with an appropriate economic, social and regulatory climate;
- a balanced emphasis is placed on social, economic and environment priorities; and where
- the rural community, private sector, government departments and different levels of government work closely together as partners with common goals.

The success of sustainable food supply chains has to be measured not only by means of their entrepreneurial success but also in terms of their contribution to rural development. Rural development can be measured with economical, social and ecological indicators (see tables in section 2.2.2.1):

- Economic indicators may concern the 'new' or additional value added within a region or as well the direct, indirect and induced effects on employment. In connection with these indicators, it is expected that in the case studies the part of the value added that remains for the farmers we will be examined as well as the level of transaction costs and the possibilities to reduce them. Other aspects that are to be examined are the degree of dependency on public support and the multiplier effects that are created within the region. Relevant indicators: NVA in region; direct indirect and induced employment in region; farmer's share in retail; transaction costs of establishment; transaction costs of maintenance; dependence on public sector support; displacement effects within region; halo effect.
- Social indicators concern the conditions of employment, the ability of self-organisation (and creation of social capital), the trust of consumers in FSCs, the job-satisfaction of actors within a chain, and, at a higher level, the social embeddedness of chains and enterprises, the conservation of typical regional traditions and the reputation of agriculture in the society. Relevant indicators: Self organisational capacity increased; bridging capital increased; learning knowledge enhanced; enhanced trust/faith in food system; enhances social inclusion; yields job satisfaction; encourages succession
- Environmental indicators include among others the preservation of the cultural landscape, the reduction of "food-miles" and more generally the contribution of marketing to support sustainable cultivation forms and therefore the conservation of a high quality of environment. (e.g. Rye Bread of the Valais: rye production is very spectacular at the harvest time and provides a new type of outstanding landscape; the rye production is a high standard integrated pest management production or organic; the species requirements are now in discussion). Relevant indicators: Increases biodiversity; reduces negative external effects; increases positive external effects; enriches cultural landscape; reduces road miles.

A key question will be in how far we have indeed assessed our case studies in terms of these indicators. Did, for example, our FSCs actually support the rural economy through defending and/or creating employment and income?

In general there tends to be relatively limited quantified information. A possibility to really assess performance is to compare the existing initiative with a) the most comparable conventional equivalent

('normalised' initiative) and b) the scaled up alternative. And to 'flag' differences (rather than measuring) in terms of -, -, 0, +, ++ (proposal at Martigny meeting). If we are able to follow this proposal this would provide a rough grouping of initiatives; indicate strengths and weaknesses (all++ or some ++?); expose initiatives that are promising in sustainability terms (those that do not lose their ++ as they grow). Triangulation had been suggested as potentially useful to yield insights as to whether there is shared vision by different chain actors (and experts and policy makers).

Some additional issues that come up in the case studies:

- Often the strengthening of the rural economy is an objective of the initiatives / projects. And it is assumed too in most cases that there is an improvement in sustainability and liveability of the rural areas (e.g. Farm products of the Westhoek; Upländer Bauernmolkerei; .....). Until now almost no hard data are available on socio-economic impacts. Data are being compiled at present for the Upländer Bauernmolkerei. De Hoeve BV: Initiative supports the regional economy by connecting regional pig farmers to a regional butcher and a regional wholesaler; multiplying the same approach to other regions.
- Dairy co-operative Cono: Price for milk is higher compared to other co-ops; extra price for grazing cows, countryside / landscape; overall effect, however, is minimal.
- The hypothesis that new FSCs have a positive effect on rural sustainable development is the focus of the Cornwall Food Programme case study; there is broad consensus that the project has/will impact positively to reduce 'food miles' in the local area; the level of impact depends on amount of local production vs. local supply; the LM3 - local multiplier - method was applied to demonstrate the impact on the local economy.
- Organic agriculture improves the sustainability of the rural areas, especially the environmental aspects. This effect is limited because normally there are only a small number of organic dairy farmers / the proportion in all farms is rather low (e.g. Biemelk Vlaanderen; Upländer Bauernmolkerei; CAF: consolidation of the knowledge about organic production processes.
- Stabilisation of farm incomes and maintenance of farming contributes to the maintenance of the cultural landscape and to an increased attractiveness for tourism (e.g. Upländer Bauernmolkerei: synergies between improved regional level income opportunities; maintenance of cultural landscape by appropriate land use systems and improved potential for rural tourism; similarly: Tegut / 'Rhöngut' / Biosphere Reserve Rhön. Consolidating (organic) supply chains and market opportunities stabilizes the position of farming and regional production (e.g. CAF - Co-operative of meat cattle breeders; Italian raw milk sheep cheese case. Rye Bread of the Valais: The initiative is very small but is crucial to the two regional mills survival.
- Procurement of local food by UK supermarkets: Does the initiative support the rural economy? / improve the sustainability and liveability of the rural areas? Waitrose: no; Co-op: unlikely.
- Latvian Association of Meat Cattle Breeders: The initiative has a moderate effect on the rural economy as well as on the sustainability and liveability of the rural areas.
- Rankas Piens dairy: Indirect benefits (taxes, relations to other businesses in the region); relations with business support and regulatory institutions.
- Natura Beef: Initiative contributes to the income of numerous part-time producers in marginal areas; extensive grassland use corresponds to Swiss societies demand for positive externalities; the initiative was a precursor in the development of farmer owned labels in Switzerland.



Theme 6: Social embeddedness, local networks, locality

Relevant questions for this theme are:

- What are the strengths (and weaknesses) of our FSC in terms of social embeddedness, local networks and the capitalisation of locality?
- What are the main challenges to embeddedness during the expansion of networks? How have FSC dealt with these challenges?
- Are there common patterns?

Under this broad theme a number of important aspects are being dealt with. They are important because they directly affect the functioning (and success) of FSCs within society and within a particular local context. The aspects dealt with are:

- the embedding of governance of networks at the local level and the challenge to embeddedness during the expansion of networks;
- networks that are messy to deal with, which is why (a) there is often a charismatic person at the centre, and (b) rushed efforts at embeddedness or efforts to localise highly centralised systems may be characterised to shallow and poorly functioning networks (e.g. big retailers' attempts at local sourcing);
- embeddedness as a dynamic and not a fixed concept; it also takes on different meanings, including symbolic values associated with place.

There is a typology of embeddedness that goes beyond products:

- products' embeddedness;
- peoples' embeddedness (producers, consumers, store managers, etc.);
- retailers' embeddedness;
- FSCs embeddedness, i.e. the interface between producers, retailers, consumers and support institutions.

The way that these work together is important to all SUSCHAIN initiatives, and may change at different levels of the chains. Embeddedness leads to a legitimisation of initiatives by local people, and thereby raises the political capital of an initiative. A key question is what happens to local embeddedness when an initiative scales up.

Important seems to be the distinction between "embeddedness", "local networks" and "locality". A more theoretical definition with relevance for the main research hypothesis should still be looked for. Embeddedness is connected to local networks and locality, however it is also a broader concept of social and cultural affection, and it can be described as a shared relationship (not only local producers, but distant consumers may experience and express embeddedness through buying regional products).

Local networks are usually the organisational form of new initiatives, however they might expand and include other chain actors. Locality is a geographically fixed place but in food chains it is being transformed, expanded and marketed as symbolic capital. Networks probably are the best organisational form to manifest embeddedness and locality and to govern new initiatives in FSCs

Embeddedness can, on the one hand, be conceptualised as defensive localism, on the other as a celebration of 'place'. How authentic are claims of embeddedness? People may connect embeddedness with a distinct locality outside of their own region. Networks and locality are interrelated and different actors in FSCs have their perception and say on embeddedness and locality.

There are only few relevant indicators of embeddedness in the current WP1 set e.g.

- What is the level of participation of local people in the initiative?
- Who is included and who is excluded (and why)?



*Note:* A particular effort still needs to be made in order to make embeddedness comparable across the case studies. We need to look again at empirical indicators, some of them can be derived from the research questions list. However the main data would be qualitative indicators and qualitative assessments/descriptions from the case study reports.

Some additional issues that come up in the case studies

- New networks between regional and national actors evolved (e.g. Upländer Bauernmolkerei; Italian raw milk sheep cheese case: the creation of the Consortium and the Slow Food Presidium significantly supported the typical production of raw milk sheep cheese. Networks are strengthened and motivated further following economic success (e.g. Upländer Bauernmolkerei).
- Building an alliance with the consumers (e.g. Upländer Bauernmolkerei; Italian raw milk sheep cheese case).
- CAF - Co-operative of meat cattle breeders is described as being less able to activate new networks and coalitions between the farming population and other rural interest groups.
- De Hoeve BV: To strengthen the regional embedding and development of the Hoeve chain a rural development programme project was started up in July 2003; the project is focused on exchanging knowledge, scaling up and sustaining (improving animal welfare, regional development); now there is a strong network of all chain members (feed supplier, pig farmer, slaughterhouse, etc).
- Dairy co-operative Cono: Supports regional identity (Beemster).
- Rye Bread of the Valais: The collective organisation (alliance) is a model for other blooming initiatives; the initiative plays an important role in the global regional strategy to offer the regional consumers (residents and tourists) a basket of high quality PDO artisan food products; it is an active member of the regional brand Valais, which promotes high synergies with other regional products (cheese, dry meat, wines, etc.).

#### **2.2.2.5 Co-production of knowledge (national seminars)**

During the course of the project three seminars are organised in each of the participating countries. The aim of these seminars is to disseminate the results of the project to an audience of FSC stakeholders (producers, processors, distributors, retailers, and consumers), policy makers, interest groups (e.g. environmental organisations, farmers' unions, and animal welfare organisations) and researchers. However, by means of these seminars the national research teams also aim to get feedback on provisional results and to get different target groups involved in project activities such as analysis, case study selection, and formulation of recommendations. As such the national seminars provide a platform for the co-production of knowledge between the research teams and different groups of stakeholders.

The first national seminars (partly held at the end of the first reporting period and partly at the beginning of the second reporting period) were meant to disseminate and get feedback on the results of the state-of-the-art description and analysis (WP2 and WP3). The second national seminars (planned for the end of the second reporting period but postponed to the beginning of the third reporting period) are related to the case studies. At third national seminars (scheduled for the end of the third reporting period) the provisional practical and policy recommendations will be discussed.

This section will mainly discuss the new insights developed about the functioning of FSCs through interaction between project researchers and seminar participants. Other aspects of the national seminars

will be presented in chapter 5 (Exploitation and dissemination activities). The new insights particularly regard issues such as development trends, drivers of change, bottlenecks, new initiatives towards sustainable food chains, as well as key elements and indicators for sustainable FSCs.

## Functioning and performance of FSC

Discussions at national seminars across different countries have taken different focuses. Although it is not always clear if those country-specific themes have been driven by the organisers or brought up by the discussants obviously they reflect the important issues regarding the functioning and performance of FSCs in specific national contexts.

Food supply chains within and between the countries are not homogenous. At present there is present a great variety of FSC with respect to their lengths and amplitudes of localization. The following characteristics of functioning and performance of FSC were identified in the seminars:

- Stakeholders in food chains and during various its processes remain rather disconnected (NL, LV) or some of them (small and medium scale agents) even isolated (UK). Sooner there is a present competition than communication and cooperation between the agents. Such a fragmentation and lack of communication hampers transparency and traceability of processes within the chains and contributes to mistrust among actors.
- There is inequality and disbalance between stakeholders along the food chains. Different stakeholders bear different influence in food chains. Producers seem to be in less powerful situation with respect to the next agents in food chains – retailers and wholesalers. Producers have no sufficient negotiation power (often because of the lack of co-operation among them) and as follows they experience financial problems (NL). While the first link in the food chains remains rather marginalized, more power is possessed in the retailing sector of food chain where are observed considerable concentration.
- The reports witness also a significant policy influence on functioning and performance of FSC. The political measures are both stimulating (f.i., support for innovative co-operation projects in chains, local products, subsidies to farmers) and oppressive (f.i., countering dumping prices). However, they are seen as rather ambiguous with respect to supporting sustainability. There is established discrepancy between various policies – social, environmental, economic, health (UK) and they can have a double effect – introduction of quality standards contribute to sustainability in long-term and in the meantime it can have negative immediate effects, which mostly are experienced by small producers.
- National food chains are becoming more and more incorporated in international food systems and are shaped by global processes. ““External” factors such as the likely impact of global warming and the outcome of the CAP Mid-term Review need to be factored into future plans.” (UK) The seminars brought up several evidences (often negative) of the internationalisation of national food chains: declining national self-sufficiency in food production and increasing inequalities and retail concentration because of globalisation in United Kingdom (UK), pressures of globalisation, increased competition with foreign brands and domestic market (LV), regional apple juice to be sold through different channels in Europe (NL).
- All the national reports deal with the role of consumers in FSC. Together with growing concern about food quality among consumers make other agents in food chain to pay more attention to food security. On the other hand, still a majority of consumers use mainstream food sector (UK) and prefer to buy less expensive products (BE) and to save money as much as possible. (DE) Demand for more sustainable products, although rather stable, is not constant and it has impact on the relations between the other

agents in the FSC. “The inconsistent demand hampers to establish more sustainable relation between wholesalers and growers.” (BE)

- Although sustainability is still insufficient and lacking in conventional FSC or in some cases even unsustainability is growing (NL) the seminars show that sustainability aspects are more aware and becoming more integrated in performance of various food chain agents. “Participants from the ‘mainstream’ sector especially, note that all agricultural production has become more sustainable over the past years..” (BE) “Mainstream embracing innovative ideas, e.g., organic food, farmers’ markets” (UK) However, often it was recognized that there is different understanding of quality and sustainability along the food chains. Moreover, as it was demonstrated by Latvian case, in larger chains there are higher quality standards and more strict control than in smaller ones where meeting quality standards create more problems.

### **Major trends in development of FSC**

There is a growing awareness about the role of communication and various informational activities in establishing sustainable FSC. In Germany communication more frequently turns to emotional aspects than rational arguments. In Belgian and UK cases on-going contacts with mass media were mentioned. Also fair trade day/week, TV broadcasts, educational/informational events on whole process of FSC play significant role in informational process of general public on sustainable products. National seminar participants from Germany discussed regional marketing initiatives. Also in other countries awareness of professional marketing approach is increasing. This goes in line with large stakeholders’ initiatives. For example, in The Netherlands and Belgium large distributors take on activities in development of products for niche markets, which is a consequence of recognition that differentiation of the products can provide solution in the high competition circumstances. New techniques are more and more frequently used to improve food safety and traceability (e.g. packaging), although question that came up in The Netherlands seminar discussion – “whether consumers will accept technological solutions in sustainable development?”

Another tendency that came up during UK national seminar discussion is that chain actors tend to shorten the chains through various small scale initiatives (e.g. home delivery), because food chains are too long. The same tendency of increase of short chains is observable in The Netherlands. The saying “small is beautiful” turns to be approved approach.

In Germany at the national seminar were presented examples of the long term sustainable strategies in food processing and marketing that has led to networking activities between stakeholders. Discussion participants in Latvia acknowledged networking as proper institutional arrangement in the promotion process of new products to consumers. However, networking and cooperation between chain actors in all the research participant countries needs to be improved.

### **Drivers of change in FSC**

#### Environmental concern

In Northern European countries, similarly like in The Netherlands, main drivers of change are linked to environmental friendly behaviour and responsibility, nature preservation and animal welfare. Another driver is society’s growing concern about health, food quality and food risks as well as changing eating habits. Rural landscape maintenance and diversification of rural production also are among main drivers that alongside

impose double stress on sustainable products producers.

#### Identity

In Southern European countries cultural aspects such as identity, taste and regional authenticity are main drivers towards sustainable food chains. In Latvia as well it was observed that consumers generally tend to choose domestic products.

#### Transparency/knowledge

According to evidence from national seminars another driver of change is growing consumers' interest and demand for transparency in sustainable products food chain that is an indicator of insufficient informational work so far. Alongside to full-scale marketing campaigns both in UK and Belgium schools and educational work was emphasized as potential components of ensuring functioning of sustainable food chains.

#### Cooperation

According to Latvian and German cases, another important driver of change is cooperation between researchers and processing enterprises in order to develop new products and to improve the quality of production and networking activities such as alternative farmers associations, biological producers associations etc.

#### European integration

In Latvia European integration and the related enforcement of regulations on standardization of production were mentioned as a major driver of change. Seminar participants have observed that "European norms" have to be enforced regardless of the producers' share of market and marketing channels. This process requires financial investments and particularly small producers and processing industries face great difficulties to meet these standards.

### **Critical points and bottlenecks in functioning of sustainable FSC**

During the national seminars in all the countries several critical points in functioning of sustainable FSC were found. In spite of the fact that bottlenecks identified by stakeholders were various and dependent on different factors, multiple common features were discovered:

- Consumer behaviour is strongly determined by low price expectations and most people buy in the shops with the least product prices.
- In West European countries, which during 1990s were characterized as environmentally conscious, and where 'green consumption' was present as part of ecological awareness the environmental topic is loosing its role in shaping consumer behaviour. This creates serious bottleneck in functioning of sustainable FSC, whereas in Latvia ecological awareness could be played as a chancy tool in constructing new and 'stylish' consumer behaviour.
- Toughening competition and price wars are other major problems that many producers particularly small enterprises face in all the countries researched.
- At political level government's lack of interest in sustainability and limited support to special sustainability measures hampers development of FSC.
- Low level of cooperation between small and medium scale producers, processors and retailers. Cooperation is hindered due to conflicting interests, multitude of actors, and low apprehension of

common interests of the chain as a whole.

- Lack of appropriate marketing and communication of sustainability, which causes very slow increase of sustainable products share in the market.
- Small producers find it harder to meet quality demands set by retailers who have become the dominant economic actors in food chains. Besides, supermarkets' interest in sustainable products is not profiled and explicit.
- Weak communication between chain actors.

All together the national seminars provided the proof that development of sustainable food supply chains are hampered on several levels by different obstacles. Often problems and critical points are related to communication and lack of information. Improved marketing techniques and communication and at all levels involving stakeholders could bring in necessary improvements and solutions in ensuring functioning of FSCs.

### **Marketing and communication opportunities and performance for sustainable products**

The marketing channels used by the sustainable FSCs are direct marketing (like selling via farm gate or in farmers' markets, direct supplies to the customers), regional marketing activities (the activities connected with the product origin) and mainstream marketing through the regular marketing channels.

Lack of marketing skills and resources among farmers are an obstacle to establish sustainable FSC and enter into the already existing ones. The regional marketing level seems to be the most promising in enhancing the sales (DE) for sustainable production because of rational arguments, like short 'food miles' and freshness and also emotional arguments, linking the product with the image of the region and safety, because it is near and known, and safe.

Communicating sustainability to the consumers in general is considered by the stakeholders to be quite problematic. Rational arguments do not work well when communicating sustainability to the consumers. The traditional way of communicating sustainability through the environmental and ecological topics does not seem relevant and appealing for the customers anymore, as the consumer trends have more been oriented towards entertainment and individualism; social and emotional arguments can work better. It was recognised that this communication should be performed in a more emotional and picturesque way, connecting the ecological and entertaining aspects inherent in the sustainable produce.

### **Dynamism, innovation and new initiatives in FSC**

The initiatives can be started in all the areas of the chain, though some parts are more capable and have the power and facilities to start a new initiative. The perception of sustainable innovations can differ across the countries. Two major tendencies can be seen in the Netherlands, with the development of the niche markets by the large actors in the food market, and emergence of short, regional and sustainable FSCs. A similar tendency can be noticed in Belgium, where the large retailing companies search for producers and processing industries of sustainable products for their supermarket chains.

Interest in ecological consulting, emergence of certification systems is a new tendency in Germany. The development of long-term and sustainable relationships between the producers and retailers as well as building networks indicates another area of dynamism.

In Latvia, the dairy sector can be considered as one of the most innovative. The examples of Lazdona

and Ranka dairies show the potential for small and medium sized local industries, as they have the facilities to develop regionally identifiable products.

Producer driven innovations are also present, and they are oriented towards (1) introducing new raw products and local processing initiatives, and (2) multifunctional/complex services combining the production with services for tourists.

Detailed classification of the initiatives (UK) allows differentiating between the innovative activities in different societal levels with distinct interests, facilities employed and also the outcomes. Initiatives within the chain (producer initiatives, processor initiatives, retailer initiatives), in the local environment, community and consumer initiatives, health initiatives, ethical initiatives, facilitatory initiatives and the Internet (a classification adopted from the UK National seminar report) represent the broad range of parties involved and interested in sustainability in FSCs and social and technical capacities for that.

A kind of 'public procurement' is expected regarding the education and informing of the society in general about sustainable and tasty food, and that is why a new initiative has emerged to include lessons on food habits in the school curricula (UK, NL). Consumer engagement in the innovative activities regarding sustainable products is also welcome. Due to a possible gap between an active citizen and a consumer, these roles are not always well compatible.

### **Impact on rural development**

In general the seminars witness that the relation between sustainable food chain and its impact on rural development are not well approved among stakeholders or there are different understandings and attitudes about it. Similarly, they have different understandings about sustainability and its relevance. In general small and medium initiatives are acknowledged to have a greater positive impact on the rural environment and the rural economy in comparison to large food industries. However, at national level the impact of the small and medium initiatives on rural development might be less due to size and number of actors involved.

Across the different seminars, the following issues were considered to be relevant for understanding the impact of FSCs on rural development:

- Contribution to rural economy - employment and farmer's income.
- Regionalisation and distinctiveness - recognition of local and regional products.
- Health – nutritional food, food security.
- Reanimation of social links and networking - cooperation and networking, good local networks of farmers.
- Environment : landscape, wildlife, ecology, genetic diversity

### **The key elements and indicators for sustainable FSCs**

The discussions in the national seminars on the importance of distinct elements and performance indicators characterizing sustainability throughout the food supply chain revealed

- the activity-oriented sustainability concept, as it can be characterized by goals to be achieved within the FSCs (like reduced waste, maximum efficiency in using the chain inputs, etc), to achieve certain sustainability qualities,
- the existence of sustainable relationships in all the joints of the structure of FSCs (mutual cooperation, social responsibility, personal attitudes – 'a face' given to the producers, processors).

A distinction can probably be made between the sustainability performance indicators and sustainability elements characterizing the chain in general. Economic profit and measurable results of environment-friendly activities can be considered the performance indicators of a FSC. The cooperation between the chain members and the communication with the society constitute social sustainability of the chain.

*Economic sustainability* was stressed in one way or another in all the national seminars as one of the basic prerequisites for sustainability within the food supply chain, decent income for the farmers (BE, DE, UK) and division of the added value along the chain (BE, NL, UK) being the most important. Besides, a sustainable food supply chain should be able to exist without being subsidized (BE, DE). Hence the discussions of the stakeholders focus upon transparency and an equitable distribution of the margins throughout the chain.

*Environmental/environment-friendly production process* also contributes to the sustainability of FSCs, though it is sometimes unclear what can be considered to be environmentally sound and what cannot, as a profound lifecycle analysis is required for such decision. Besides, some small-scale environmental solutions can easily be implemented, like reduction of pollution and waste, and successfully maintained resulting in efficient and sustainable production (the example of HiPP, Germany). Reduction of waste and minimum emission are generally considered to be the most important sustainability performance indicators (NL). Animal welfare is also considered to be an important sustainability indicator (UK, DE).

*Social responsibility* is also vital for the sustainability performance of FSC. The stakeholders as inherent in the sustainability concept consider the idea of social responsibility as the guiding principle in the labour relationships (GB), in the relationships with consumers and within the whole chain. Cooperation, close relationships and communication throughout the FSCs between the members of the chain characterize sustainable relationships and considerably contribute towards the overall sustainability of the chain.

*Sustainable production* can be characterized by quality and the elements of regionalism, seasonality, added value and a 'face'. In general, broad product range and continuous innovation are the prerequisites for the product sustainability. As well as the choice of the appropriate markets and marketing approaches, putting the product into the right market and communicating the product correctly to the right consumer audiences, is important. The discussion of the placement of sustainable products in the niche market explored the relationship between the chain size and sustainability, and it reveals an interesting tendency to consider sustainability as characterizing not only small chains producing niche products, but also longer chains with a more intensive scale of production and extended markets.

### 2.2.3 A look ahead to the third reporting period

The first months of 2005 (i.e. the third reporting period) will be devoted to the finalisation of the set of profile and performance indicators (WP1) and the case studies (WP5). The majority of the work during the third reporting period will be analysis of the case studies (WP6) and the formulation of practical and policy recommendations (WP7). Furthermore, a substantial amount of dissemination activities are foreseen for the third reporting period:

- Organisation of second and third national seminars, which focus on the provisional results of the case studies and on the recommendations respectively.
- Preparation and organisation of the international conference, at which the final results of the project are presented to and discussed with an international audience of researchers, policymakers, interest groups and FSC stakeholders.
- Writing, editing and publication of two books (a scientific publication and a professional publication) and a



practical toolkit for FSC stakeholders and local organisations.

#### **2.2.4 Action requested from the Commission during the third reporting period**

According to the Technical Annex the following action is requested from the Commission during the second reporting period:

1. To comment on the final draft of the set of performance indicators, specifically to assess the relevance of these indicators for EU policies with regard to sustainable development, rural development and food quality and safety.
2. To collaborate with the SUS-CHAIN coordinator and the WP8 coordinator in the preparation and organisation of the international conference.
3. To comment on the focus, objectives and tables of contents of the final publications (books and practical toolkit for FSC actors) of the project.

## 2.3 Description of the workpackages

### 2.3.1 Development and fine-tuning of food supply chain performance indicators (WP1)

**Phase:** 1

**Start date:** 1 March 2003

**Completion date according to TA:** 31 December 2004

**Expected completion date:** 30 June 2005

**Current status:** delayed/in progress

**Partners responsible:** P3

**Person months per partner and total:**

Participant no.	P1	P2	P3	P4	P5	P6	P7	Total
Person-months	4.50	1.50	6.75	1.50	1.50	1.50	1.50	18.75

**Already devoted person months per partner and total:**

Participant no.	P1	P2	P3	P4	P5	P6	P7	Total
Person-months	3.45	0.85	6.55	1.25	1.00	1.50	1.80	16.40

#### *Objectives*

The main objective of this workpackage is to develop and fine-tune (through literature review, policy analysis and case-studies) food supply chain performance indicators. These indicators will be used for:

- mapping and analysing the socio-economic dynamics of food supply chains;
- assessing the socio-economic performance and ecological sustainability of food supply chains;
- identifying constraints and opportunities for improving the collective performance of food supply chains towards sustainability;
- identifying 'entrance' or 'nodal' points for intervention aimed at enhancing the collective performance of food supply chains towards sustainability.

#### *Methodology and study materials*

The work for this workpackage is divided into 6 consecutive tasks:

1. Project coordination meeting 1: In month 1 all participants (P1-P7) and their subcontractors (S1-S7) will meet to discuss the overall framework of the project and to outline the work to be done for WP1.
2. WP1 methodology: After the meeting (and based upon it) the workpackage coordinator ETHZ (P3) will, in collaboration with the scientific coordinator (P1), construct a methodology for WP1. The methodology will entail guidelines on how to collect, describe and assess performance indicators for three different aspects of food supply chains:
  - a The organisational structure of food supply chains.
  - b The sustainability of food supply chains in terms of socio-economic performance and discourses on ecological sustainability.
  - c The institutional setting of food supply chains.
3. Review: Following the WP1 methodology, P1-P7 will conduct a review of literature on food supply chains and of completed and ongoing research on food supply chains, in order to collect, describe and assess

relevant and interesting food supply chain performance indicators for three different aspects of food supply chains.

4. Provisional indicators: At national level the results of the review will be discussed by the national teams of participants and subcontractors, resulting in national sets of provisional indicators. These national sets of provisional indicators will be collected, compared and assessed by P3 (in collaboration with P1) in order to develop general provisional sets of indicators. This provisional framework will be used as input for WP2 & WP3.
5. Fine-tuned indicators: Based upon the results of WP2 & WP3 and the feedback given at the first national seminars (see WP8), P1 to P7 and S1 to S7 will assess the provisional sets of indicators and propose improved sets of indicators. All proposals will be collected, compared and assessed by P3 (in collaboration with P1) in order fine-tune the sets of indicators. This fine-tuned framework will be used as input for WP4 (case study methodology).
6. Final indicators: Based upon the results of the case studies (WP5) and the feedback given at the second national seminars (see WP8), P1 to P7 and S1 to S7 will assess the fine-tuned sets of indicators and propose final sets of indicators. All proposals will be collected, compared and assessed by P3 (in collaboration with P1) in order finalise the sets of indicators. The final sets of indicators will be used as input for the comparative case-study analysis (WP6) and for the recommendations (WP7).

### ***Progress during the first reporting period (summary)***

P3 produced a first draft of the WP1 methodology (task 1.2) before the first project coordination meeting (task 1.1), based upon which P1 prepared a format (see annex 7.1a) for the research and literature review (task 1.3). This review was carried out in each country with the aim to provide input for the development of provisional FSC performance indicators (i.e. D2). The reviews and the discussion following the presentations at the first project coordination meeting were used by P3 to compile a provisional set of FSC indicators (D2). In this, a distinction was made between profile indicators (to be used for describing and analysing the dynamics and diversity in the structure, organisation and governance of FSCs) and performance indicators (to be used to assess the sustainability performance of FSCs). Given the objectives of the state-of-the-art analysis (WP2 and WP3) P3 proposed to work on the development of profile indicators during the first project year and shift the focus to performance indicators during the second year, as these would be highly relevant for assessing the case studies. Throughout the first reporting period the set of indicators have been updated several times.

### ***Progress during the second reporting period***

In 2004, major progresses have been made towards a finalisation of WP1. A few relevant themes have been chosen, which focus on the main research questions. Discussion groups (one per theme) have met during the meetings of Pisa (I) and Martigny (CH) and debated about the way actors are dealing with the problem in each country (profile indicators), the main hypotheses that can be made about the theme, the choice of relevant performance indicators, the key factors of success or failure of the initiatives. In a two days seminar in March 2004, P3 worked on WP1 and especially on the hypotheses that were selected in Pisa (January 2004) and on the articulation between profile indicators and performance indicators. The team then sent a working document to P4 to be incorporated in the case study methodology. For a more detailed presentation of the progress made in WP1 in 2004 see section 2.2.2.1.

**Deliverables**

Deliverable	Delivery date (according to TA)	Status	Comments
D1) Workpackage 1 methodology	March 2003	completed	
D2) Provisional sets of FSC performance indicators	April 2003	completed	
D12) Fine-tuned sets of FSC performance indicators	January 2004	completed	
D17) Final sets of FSC performance indicators	December 2004	delayed /in progress	<i>Due to a delay in the finalisation of the case studies, the finalisation of the set of indicators is also delayed.</i>

**Milestones**

Milestone	Completion date (according to TA)	Status	Comments
M1) Food supply chain performance indicators	December 2004	in progress	<i>The work on performance indicators is continuously updated throughout the project on the basis of results of WPs 2 – 6. Due to a delay in the finalisation of WP5, the completion of this milestone is also delayed.</i>

**2.3.2 Macro-level analysis of food supply chain dynamics and diversity (WP2)****Phase:** 2**Start date:** 1 March 2003**Completion date according to TA:** 31 December 2003**Completion date:** 30 June 2004**Current status:** completed**Partners responsible:** P2**Person months per partner and total:**

Participant no.	P1	P2	P3	P4	P5	P6	P7	Total
Person-months	4.50	6.50	2.50	2.50	2.50	2.50	2.50	23.50

**Already devoted person months per partner and total:**

Participant no.	P1	P2	P3	P4	P5	P6	P7	Total
Person-months	4.80	7.90	3.90	2.50	2.50	2.50	3.70	27.80

**Objectives**

- To get a general overview of the territorial diversity of the socio-economic dynamics of food supply chains regarding sustainability and transparency in relation to their socio-institutional environment. This includes:
  - Approaches to and organisational forms of food supply chains;
  - Policies and regulations with respect to sustainable food production in general and food supply chains in particular;
  - Stakeholders' perceptions of and involvement in food supply chains.
- To assess the general performance (sustainability, transparency, trust) of food supply chains.

3. To identify major bottlenecks with respect to improving the collective performance of food supply chains towards sustainability.

### ***Methodology and study materials***

The work for this workpackage is divided into 6 consecutive tasks:

1. WP2 Methodology: The workpackage coordinator (P2) will develop, in collaboration with the scientific coordinator P1, a methodology for the workpackage. The provisional sets of indicators (D2 - see WP1) will serve as input for the development of the methodology of WP2. The methodology for the workpackage will include the following aspects:
  - The kind of literature to be reviewed: e.g. policy documents, scientific papers, empirical descriptions, etc.;
  - A guideline for assessing the reviewed literature;
  - The kind of actors to be interviewed: e.g. policy-makers, consumer organisations, environmental groups, farmers' unions, retailers, researchers, etc.;
  - A guideline or questionnaire for conducting the interviews;
  - A framework (i.e. detailed table of contents) for the WP2 national reports.
2. Literature review: All participants (P1-P7) will carry out a review of literature on different aspects of food supply chains to assess the socio-economic dynamics of food supply chains in relation to their socio-institutional environment (e.g. policies, regulations, institutional arrangements, stakeholders' perceptions and actions).
3. Interviews: P1 to P7 and S1 to S7 will conduct interviews with different experts and stakeholders to complete the macro-level analysis of the socio-economic dynamics and performance of food supply chains. At national level the participants and their subcontractors will decide on the allocation of interviews.
4. Project coordination meeting 2: In month 8, after having completed the literature review and the interviews, P1 to P7 will meet to exchange research findings and to assess the kind of feedback wanted on the provisional results of WP2 from the target groups at the first national seminars (see WP8).
5. WP2 national reports: Based on the literature review (task 2.2), the interviews (task 2.3), the decisions made at the second project coordination meeting (task 2.4) and the feedback from the target groups at the first national seminars (task 8.3) national WP2 reports will be written by P1-P7 in collaboration with S1-S7.
6. WP2 synthesis report: Based on the national reports P2, in collaboration with P1, will write a synthesis report, which will:
  - stress the diversity of approaches, socio-economic dynamics and socio-institutional settings with respect to food supply chains;
  - identify the main similarities and differences between countries or European regions regarding these topics;
  - assess the performance of different forms of food supply chains;
  - identify major bottlenecks and opportunities for enhancing the performance of food supply chains.

### ***Progress during the first reporting period (summary)***

At the first project coordination meeting P2 (the WP2 coordinator) presented a first outline of the WP2 methodology. Based on the comments of and questions raised by all participants P2 produced a final version of the WP2 methodology within one month after the meeting. All national teams succeeded in producing draft (partially incomplete) national reports by the end of August 2003. Based on these draft reports P2 made a summarising overview of the differences and similarities in FSC dynamics. This draft synthesis, which also included an overview of items and issues missing in each national report, was ready by and presented at the

second project coordination meeting held in Cheltenham (UK) on October 1<sup>st</sup>, 2<sup>nd</sup> and 3<sup>rd</sup> 2003. In the months following the second project coordination meeting all national teams were able to finalise the WP2 national reports by the end of the first reporting period.

### ***Progress during the second reporting period***

Due to the fact that most reports were submitted to the WP2 coordinator by the end of December 2003, P2 was unable to finalise the WP2 synthesis report before the end of this first reporting period. P2 carried out a cross-country comparative analysis of the data collected in the individual country reports. Progress on the comparative analysis report for WP2 report was presented to the project consortium at the 3<sup>rd</sup> project meeting in Pisa. A first draft of the final WP2 synthesis report (D10) was circulated for comment in March 2004 and finalised by June 2004.

D10 highlights the main differences and similarities between the countries regarding food supply chain dynamics. Specifically, the report

- Outlines the policy and regulatory framework within which food supply chains operate;
- Identifies some major driving forces for change in the food supply chain using PEST framework, with a focus on similarities and differences between countries or European regions;
- Examines the structure and governance of the main sectors
- Stresses the diversity of approaches, socio-economic dynamics and socio-institutional settings with respect to food supply chains;
- Identifies major bottlenecks and opportunities for enhancing the performance of food supply chains;
- Highlights initiatives which reflect the diversity of food supply chains across Europe and develop a typology based on those initiatives.

### ***Deliverables***

<b>Deliverable</b>	<b>Delivery date (according to TA)</b>	<b>Status</b>	<b>Comments</b>
D3) Workpackage 2 methodology	April 2003	completed	
D8) FSC dynamics (national reports WP2)	December 2003	completed	
D10) FSC dynamics and diversity in Europe (synthesis report WP2)	December 2003	completed	<i>Finalised in June 2004</i>

### ***Milestones***

<b>Milestone</b>	<b>Completion date (according to TA)</b>	<b>Status</b>	<b>Comments</b>
M2) State of the art	December 2003	completed	<i>Completed in June 2004</i>

### 2.3.3 Desk study on consumers' attitudes towards sustainable food products (WP3)

**Phase:** 2

**Start date:** 1 March 2003

**Completion date according to TA:** 31 December 2003

**Completion date:** 15 April 2004

**Current status:** completed

**Partners responsible:** P5

**Person months per partner and total:**

Participant no.	P1	P2	P3	P4	P5	P6	P7	Total
Person-months	3.75	1.75	1.75	1.75	6.50	1.75	1.75	19.00

**Already devoted person months per partner and total:**

Participant no.	P1	P2	P3	P4	P5	P6	P7	Total
Person-months	3.50	1.25	1.75	1.75	7.00	1.35	2.35	18.95

#### **Objectives**

The objective of this workpackage is to identify and assess the diversity in consumers' attitudes towards sustainable food products by means of a desk study summarising previous findings.

#### **Methodology and study materials**

The work for this workpackage is divided into 5 consecutive tasks:

1. WP3 methodology: At the start of the workpackage P5 will produce a workpackage methodology, specifying the research methods to be used for the desk study, the kind of literature to be reviewed and a framework for assessing the reviewed literature and for documenting the findings of the desk study.
2. Desk study (literature review): On the basis of the methodology all participants will carry out a desk study for their own country. The provisional results of the national desk studies will be discussed with the subcontractors for feedback and comments.
3. Project coordination meeting 2: All participants will meet to exchange national findings of the desk studies to identify differences and similarities between regions and countries regarding the consumers' attitudes.
4. National reports: The participants, assisted by their subcontractors, will document their findings in a national report.
5. Synthesis report: Based on the national reports and the project coordination meeting, P5 will write a synthesis report, summarising the results of this workpackage.

#### **Progress during the first reporting period (summary)**

Being a desk study, WP3 focused exclusively on the analysis of secondary, i.e. existing data sources. WP3 was developed in two stages:

1. Construction of a database on available literature and other sources of information (e.g. consumer panel data) concerning consumers' attitudes and behaviour. This was completed by the end of July 2003.
2. Upon this P5 developed guidelines for the national reports, which were submitted by the end of the first reporting period



**Progress during the second reporting period**

In the second reporting period, P5 made a thorough examination of the seven individual country reports. Based on the findings, some countries were asked to add some information or to elaborate on certain topics the first draft of the national report. The reading of the country reports also learned that the chosen theoretical framework could also be used to structure the WP3 synthesis report.

Based on the available information, a draft synthesis report was written. These results were presented at the second project meeting in Pisa, Italy (January 2004). This led to a discussion and the remarks of the other partners were taken into account in the further elaboration and finalisation of the WP3 synthesis report. The improved version of the report was sent to all partners to gather some more remarks and corrections. The final version of the WP3 synthesis report was available by April 2004.

**Deliverables**

Deliverable	Delivery date (according to TA)	Status	Comments
D4) Workpackage 3 methodology	April 2003	completed	
D9) Consumers' attitudes (national reports WP3)	December 2003	completed	
D11) Consumers' attitudes in Europe (synthesis report WP3)	December 2003	completed	<i>Final version completed in April 2004</i>

**Milestones**

Milestone	Completion date (according to TA)	Status	Comments
M2) State of the art	December 2003	completed	<i>Completed in June 2004</i>

**2.3.4 Case study methodology (WP4)**

**Phase:** 3

**Start date:** 1 November 2003

**Completion date according to TA:** 28 February 2004

**Completion date:** 16 July 2004

**Current status:** completed

**Partners responsible:** P4

**Person months per partner and total:**

Participant no.	P1	P2	P3	P4	P5	P6	P7	Total
Person-months	2.75	0.75	0.75	3.25	0.75	0.75	0.75	9.75

**Already devoted person months per partner and total:**

Participant no.	P1	P2	P3	P4	P5	P6	P7	Total
Person-months	3.45	2.05	1.00	3.25	0.75	1.15	0.95	12.60

**Objectives**

1. To develop a methodology for conducting in-depth qualitative and quantitative studies of food supply chains.
2. To develop methodologies for assessing the dynamics and performance of food supply chains.
3. To select 2 cases per country, ensuring that together the case studies are representative for the diversity of food supply chains in the participating countries.
4. To develop a national research plan, based upon the overall case study methodology.

**Methodology and study materials**

The work for this workpackage is divided into 5 consecutive tasks:

1. Draft methodology: In collaboration with P1, P4 will develop a draft version of the case study methodology.
2. Selection of cases: In each country the participants in collaboration with their subcontractors select 2 case studies. They will present their proposed cases by means of a brief description of the food supply chains they intend to study.
3. Project coordination meeting 3: All participants and their subcontractors will meet to comment on, discuss and fine-tune the draft version of the methodology. At this meeting the complete collection of proposed case studies will be discussed to assess whether all case studies together represent the diversity observed by means of the macro-level description and analysis (WP2). Important criteria for assessing the representativeness are organisational forms of food supply chains, success and failure and sustainability issues (e.g. environmental aspects, economic aspects or socio-cultural aspects).
4. Final case study methodology: After the meeting P4 (in collaboration with P1) will develop a final version of the case study methodology.
5. National case-study research plans: All participants and their subcontractors will translate the case study methodology to their national context. This may, for instance, include the translation of questionnaires (for interviews or surveys) into the national language. All participants and their subcontractors will develop national research plans, entailing e.g. the persons to be interviewed, the number of interviews and surveys, the division of work between the participant and its subcontractor, etc.

**Progress during the first reporting period (summary)**

As the success and innovativeness of the project will largely depend on the results of the case study, the WP4 coordinator (P4) and the SUS-CHAIN coordinator decided to start two months sooner (than foreseen in the TA) with the development of a case study methodology. A first draft was written in November 2003.

**Progress during the second reporting period**

The first draft of the case study methodology was presented and discussed in the third project coordination meeting in January 2004 in Pisa. According to the comments given by all participants P4 and P1 elaborated a second version of the case study methodology, where they proposed to increase the number of cases by conducting multiple-case case studies: every national team was asked to propose two (multiple-case) case studies and to provide information about the principal and satellite cases according to a guideline prepared by P4. According to the draft methodology of WP4 discussed with all partners and continuously adapted in collaboration with P1, P4 used a first case study as pilot case in order to test the draft methodology, so that the theoretical basis, the hypothesis and research questions indicated in the methodology could be tested, before other partners started the case study fieldwork. All the research questions were operationalised into questions and research instruments for the fieldwork, so that to build a clear plan for the interviews to be made and the stakeholders to be involved in the research.

According to that version of the methodology, and to the pilot case first tested, all partners started to select their case studies and to conduct the field-work, also according to the case studies research plans previously prepared (D14).

In collaboration with P1, and the theoretical suggestions given by the UK partner (P2), a "Layout of the case study reports" was elaborated, in order to provide all the partners with a common frame for reporting the case studies (see WP5, D16). In that way the case study methodology was built and enriched step by step along with the development of the project, up to the final version, completed in July 2004, after a 1-day WP4&WP5 coordination meeting where all partners could assess together the methodology to be used for case studies (D13).

### ***Deliverables***

<b>Deliverable</b>	<b>Delivery date (according to TA)</b>	<b>Status</b>	<b>Comments</b>
D13) Overall case study methodology	February 2004	completed	<i>Finalised in July 2004</i>
D14) National research plans	February 2004	completed	<i>Finalised in July 2004</i>

### ***Milestones***

<b>Milestone</b>	<b>Completion date (according to TA)</b>	<b>Status</b>	<b>Comments</b>
M3) Case studies	April 2005	in progress	<i>First steps (i.e. case study methodology, draft case study reports and draft comparative analysis) towards this milestone has been set.</i>

## **2.3.5 Case studies (WP5)**

**Phase:** 3

**Start date:** 1 March 2004

**Completion date according to TA:** 30 November 2004

**Expected completion date:** 30 July 2005

**Current status:** in progress

**Partners responsible:** P4

**Person months per partner and total:**

Participant no.	P1	P2	P3	P4	P5	P6	P7	Total
Person-months	9.75	6.75	6.75	8.75	6.75	6.75	6.75	52.25

**Already devoted person months per partner and total:**

Participant no.	P1	P2	P3	P4	P5	P6	P7	Total
Person-months	6.50	4.25	4.50	7.25	3.25	3.20	5.00	33.95

**Objectives**

The general objective of this WP is to conduct 2 in-depth case studies per country. Specific objectives of the case studies are:

- A detailed description and analysis of the socio-economic dynamics of different food supply chains;
- An assessment of the performance of different food supply chains;
- Identification (per case study) of bottlenecks that constrain the improvement of the collective performance towards sustainability

**Methodology and study materials**

The work for this workpackage is divided into 6 consecutive tasks:

1. Data collection: interviews and surveys: All participants and all subcontractors will collect data by means of interviews, surveys, and transaction costs analysis. The methods of data collection are outlined in D13 (see WP4) and may differ according to varying national or regional circumstances (see D14).
2. Description and analysis per case: All participants and all subcontractors will produce a draft description and analysis of the dynamics of the food supply chains being studied.
3. Project coordination meeting 4: The draft descriptions and analyses will be discussed at a meeting of all participants. The aim of the meeting is to exchange research findings and to assess whether sufficient data have been collected to meet the objectives of WP5. Depending on the outcome of the meeting, additional data may have to be collected by the participants and their subcontractors.
4. Assessment of food supply chain performance: All participants and subcontractors will assess the performance of the food supply chains they have studied. The fine-tuned sets of performance indicators (D14 – see WP1) will be a crucial instrument for performance assessment.
5. Identification of opportunities & constraints: All participants and subcontractors will identify opportunities and constraints for improving the performance of the food supply chains they have studied.
6. Case study reports: All participants and subcontractors will publish their findings in case study reports, which will address the objectives of the workpackage.

**Progress during the first reporting period**

No progress has been made as this workpackage commenced on the 1<sup>st</sup> of March 2004 (i.e. the second reporting period).

**Progress during the second reporting period**

In the second reporting period P4 started the coordination of WP5 by testing the draft methodology on a pilot case study (the "Raw Sheep Milk Cheese", RSMC), in order to assess the guiding principles for conducting the case studies for all partners. After a 1-day WP4&WP5 meeting with all partners, where the methodology and the pilot case were discussed, the final methodology was delivered, with the guidelines for the theoretical background, the methods for fieldwork and the reporting for the case studies.

On the basis of the methodology (D13) each partner selected two main case studies, besides two satellite cases per main case at national level, and two international satellite cases. After the cases were selected each partner built a case study research plan (D14), as a guide for conducting the selection of methods of work, the fieldwork, and the analysis of the cases.

Between June and December 2004 all partners conducted the fieldwork for their national main and satellite cases, while starting the analysis of data, so that a provisional case study report could be prepared for the 4<sup>th</sup> SUS-CHAIN Project Coordination Meeting, held in Martigny (Switzerland) in November 2004.

On the basis of the discussion held in the meeting, further data collection was undertaken to enrich the

considerations and conclusions for the case studies. In the end of 2004 the case study reports are framed, even if still in progress, because important considerations can emerge from the discussion that will take place during the Second National Seminar, which will be held in 2005.

### ***Deliverables***

<b>Deliverable</b>	<b>Delivery date (according to TA)</b>	<b>Status</b>	<b>Comments</b>
D16) Case study reports	November 2004	in progress	draft versions were ready in November 2004, final versions expected in July 2005

### ***Milestones***

<b>Milestone</b>	<b>Completion date (according to TA)</b>	<b>Status</b>	<b>Comments</b>
M3) Case studies	April 2005	in progress	First steps (i.e. case study methodology, draft case study reports and draft transversal analysis) towards this milestone has been set.

## **2.3.6 Comparative case study analysis (WP6)**

**Phase:** 3

**Start date:** 1 October 2004

**Completion date according to TA:** 30 April 2005

**Expected completion date:** 30 September 2005

**Current status:** in progress

**Partners responsible:** P7

**Person months per partner and total:**

Participant no.	P1	P2	P3	P4	P5	P6	P7	Total
Person-months	2.25	0.25	0.25	0.25	0.25	0.25	3.75	7.25

**Already devoted person months per partner and total:**

Participant no.	P1	P2	P3	P4	P5	P6	P7	Total
Person-months	0.25	0	0	0	0	0	1.00	1.25

### ***Objectives***

The overall aim of this workpackage is to conduct a transversal analysis of all case studies. Specific objectives of the transversal analysis are:

1. To identify major patterns and trends regarding the socio-economic evolutionary dynamics of food supply chains by building typologies;
2. To identify key factors that determine the performance of food supply chains.

### ***Methodology and study materials***

1. Analysis of case study reports: Using the finalised sets of performance indicators (D17) P7 will review and analyse all case study reports (i.e. the executive summaries of the case study reports as for dissemination purposes the case study reports will be written in the national languages).
2. Provisional typologies of food supply chains: In collaboration with P1, P7 will build provisional typologies of food supply chains to order the diversity of food supply chain dynamics.
3. Provisional assessment of constraints and opportunities: P7 will, together with P1, identify (per typology) the key factors that determine the performance of the food supply chain and assess the
4. Feedback on provisional typologies and assessment: All subcontractors will comment on the provisional typologies and assessment of constraints and opportunities.
5. Project coordination meeting 5: The provisional typologies, the provisional assessment of constraints and opportunities and the feedback from the subcontractors will be discussed at a meeting.
6. Comparative case study report: Based on the feedback from the subcontractors and the discussions during the meeting, P7 will write a comparative case study report, summarising all findings from the case studies.

### ***Progress during the first reporting period***

No progress has been made as this workpackage commenced on the 1<sup>st</sup> of October 2004 (i.e. the second reporting period).

### ***Progress during the second reporting period***

On the 1<sup>st</sup> of October 2004 P7 requested all partners to provide an overview of the key issues, themes and research questions being addressed in their principal, national and international satellite case studies (see Annex 2). On the 15<sup>th</sup> of October P7, P4 and P1 met in Frankfurt to prepare guidelines for working sessions at the 4<sup>th</sup> project coordination meeting. These guidelines were based upon the overview compiled by P7, the case study methodology and the updated version of WP1. The decision was taken to start working on the comparative case study analysis during the 4<sup>th</sup> SUS-CHAIN project coordination meeting in Martigny. Six theme groups were formed for that purpose:

1. Commercial performance and distribution of value added.
2. Marketing (actions) and communication.
3. Public support (kind, significance) and other types of intervention.
4. Nature of organization, self-governance and changes during scaling up.
5. Impact on the rural economy and rural assets: connections with rural development.
6. Social embeddedness, local networks and locality.

The objectives of working in these thematic groups were threefold:

1. improvement of individual analysis
2. joint comparative analysis
3. joint reporting / publication

Cross-cutting questions that were addressed in each thematic working group were:

- strengths & weaknesses of each particular initiative
- opportunities & threats for each particular initiative
- promising strategies to pursue & best practices (based on the SWOT analysis)
- relevant sustainability (relations with, impacts on) issues per topic

Based upon the draft case study reports, which were written prior to and presented at the 4<sup>th</sup> project coordination meeting in Martigny, and the results of the thematic working groups, P7 assessed the advancement of the case study analysis by posing the following questions:

- Have sufficient data been collected to meet the objectives?
  - o to assess performance of FSCs?
  - o to identify opportunities & constraints
  - o to identify nodal points for policy & other types of intervention
- Are approaches used in data analysis & presentation sufficiently comparable?
- How can the description and analysis of each case be improved?

Based on these question each national team was given feedback.

After the meeting, making use of the draft case study reports and the results of the thematic working groups, P7 commenced with the preparation of a first transversal case study analysis report. Parts of this draft report have been presented in section 2.2.2.4 of this progress report.

### ***Deliverables***

<b>Deliverable</b>	<b>Delivery date (according to TA)</b>	<b>Status</b>	<b>Comments</b>
D18) Transversal case analysis	April 2005	in progress	A first draft was completed by the end of the 2 <sup>nd</sup> reporting period (see section 2.2.2.4)

### ***Milestones***

<b>Milestone</b>	<b>Completion date (according to TA)</b>	<b>Status</b>	<b>Comments</b>
M3) Case studies	April 2005	in progress	First steps (i.e. case study methodology, draft case study reports and draft transversal analysis) towards this milestone has been set.

## **2.3.7 Recommendations (WP7)**

**Phase:** 4

**Start date:** 1 May 2005

**Completion date according to TA:** 31 December 2005

**Expected completion date:** 31 December 2005

**Current status:** not started

**Partners responsible:** P1

**Person months per partner and total:**

Participant no.	P1	P2	P3	P4	P5	P6	P7	Total
Person-months	5.25	1.25	1.25	1.25	1.25	1.25	1.25	12.75

**Already devoted person months per partner and total:**

Participant no.	P1	P2	P3	P4	P5	P6	P7	Total
Person-months	0	0	0	0	0	0	0	0



**Objectives**

1. To provide policy recommendations for policy-makers at regional, national and European level with respect to improving the collective performance of food supply chains towards sustainability.
2. To recommend tools, methods and strategies to actors in food supply chains and surrounding actors (e.g. farmers' unions, consumer organisations, environmental groups), which can be used to improve the collective performance of food supply chains towards sustainability

**Methodology and study materials**

1. Provisional policy recommendations: All participants will develop provisional policy recommendations for regional and national public authorities, based on the results of workpackages 1, 2, 3 and 5.
2. Provisional practical protocols: All subcontractors will develop provisional practical protocols for actors in the food supply chain and different stakeholders in the institutional environment of food supply chains, based on the results of workpackages 1, 2, 3 and 5.
3. Project coordination meeting 6: All participants and all subcontractors will meet to comment on and fine-tune the provisional national policy recommendations and provisional practical protocols. Through a comparative analysis the participants and subcontractors will propose ideas for a European report entailing practical and policy recommendations.
4. Policy recommendations (national reports): All participants will finalise the national policy recommendations, taking the comments given at the meeting into account, by writing a national report.
5. Practical protocols: All subcontractors will finalise the national practical recommendation, taking the comments given at the meeting into account, by writing a national protocol for actors in the food supply chain and stakeholders in the institutional environment of food supply chains.

**Progress during the first and second reporting period**

No progress has been made as this workpackage will commence on the 1<sup>st</sup> of May 2005.

**Deliverables**

Deliverable	Delivery date (according to TA)	Status	Comments
D20) Policy recommendations (national reports)	October 2005	not started	
D21) Practical protocols (national reports)	October 2005	not started	
D23) Practical & policy recommendations (synthesis report WP7)	December 2005	not started	

**Milestones**

Milestone	Completion date (according to TA)	Status	Comments
M4) Marketing sustainable agriculture: protocol for stakeholders	December 2005	not started	
M5) Marketing sustainable agriculture: policy recommendations	December 2005	not started	

### 2.3.8 Dissemination and feedback (WP8)

**Phase:** 5

**Start date:** 1 August 2003

**Completion date according to TA:** 28 February 2006

**Expected completion date:** 28 February 2006

**Current status:** in progress

**Partners responsible:** P6

**Person months per partner and total:**

Participant no.	P1	P2	P3	P4	P5	P6	P7	Total
Person-months	9.05	1.55	1.55	1.55	4.80	5.05	1.55	25.10

**Already devoted person months per partner and total:**

Participant no.	P1	P2	P3	P4	P5	P6	P7	Total
Person-months	2.85	0.20	0.10	0.10	0.10	1.80	0.20	5.35

#### **Objectives**

To have feedback on the provisional results of the project and to disseminate the final results of the project to three different target groups:

1. stakeholders in the social and institutional environment of food chains (e.g. politicians, consumer organisations, environmental groups, etc.)
2. actors in the food chain (e.g. farmers, retailers, processing industry, etc.)
3. the scientific community (agricultural sciences, environmental sciences, consumer studies, economy, sociology, rural studies, etc.).

#### **Methodology and study materials**

1. SUS-CHAIN website: As soon as the project starts P1 will develop a SUS-CHAIN website, which will be launched at the start of this workpackage. P1 will maintain and update the website throughout the project. All synthesis reports, executive summaries of national reports and reports of the national seminars will be placed on the website. The website will also entail descriptions of the participants and subcontractors, brief CV's of the scientific teams and links to websites of relevant stakeholders' organisations. The website is a means to disseminate results to different target groups.
2. Dissemination plan: At the start of the workpackage P7 (in collaboration with P1) will write a dissemination plan, outlining in detail the practical implications (e.g. target groups, timetable for deliverables, methodology for the national seminars, etc.) of the dissemination strategy as described in section 5 of the technical annex.
3. National seminar 1: In month 9 the subcontractors will organise the first national seminar to disseminate the provisional results of WP1, 2 & 3 to the target groups and to get feedback on the provisional sets of performance indicators (WP1) and on the state of the art concerning the dynamics of food supply chains (WP2) and consumers' attitudes (WP3). The seminar is also intended to get suggestions from the target groups for the case studies (WP5).
4. National seminar 2: In month 20 the subcontractors will organise the second national seminar to disseminate the provisional results of the case studies and get feedback on these provisional results. In addition the second seminar is intended to collectively assess the opportunities and constraints for

improving the performance of food supply chains.

5. National seminar 3: In month 31 the subcontractors will organise the third national seminar to disseminate the provisional practical and policy recommendations and to fine-tune the recommendations on the basis of the feedback given by the target groups.
6. International conference: In month 33 P5 will, in collaboration with P1 organise an international conference especially oriented at Commission representatives and policy makers / stakeholders' organisations from the participating countries. At the conference the major policy recommendations and the protocol to enhance the collective performance of sustainable food chains will be presented.
7. Scientific book: P1 will, together with P5 and P6, edit a scientific book, which will discuss the potential role of new food supply chains in sustainable rural development. All contractors and subcontractors will contribute to this book by writing and submitting empirical, methodological and/or theoretical papers.
8. Final report: P1 will write a final report according to the Commission guidelines.

### ***Progress during the first reporting period (summary)***

During the first reporting period the main dissemination activities were related to the elaboration of dissemination plan, establishing links with stakeholders and preparing the organisation of first national seminars. The first national dissemination seminars were organised in Switzerland, Latvia, Belgium and Italy in November and December 2003.

### ***Progress during the second reporting period***

The first national seminars in the Netherlands, the UK and Germany were organised in January and February 2004. All national teams reported on the results of national seminars according to a guideline developed by the WP8 coordinator. Based upon these national reports, the WP8 coordinator wrote a synthesis report highlighting the main outcomes and issues raised at national seminars.

The second national seminars, which were foreseen to take place at the end of the second reporting period, have been postponed till the beginning of the third reporting period due to a delay in the completion of the case studies.

Other dissemination activities undertaken by SUS-CHAIN Project consortium in 2004 included the organisation of a special Workshop entitled "The contribution of new food supply chains to sustainable rural development" at the XI<sup>th</sup> World Congress of Rural Sociology in Trondheim, Norway, July 2004 (see <http://www.irs-world.org/XI/program/workshops.html#15>). Several partners submitted papers based on SUS-CHAIN research, which they presented at this conference

At the Martigny meeting in November 2004, P1 proposed to finalise the project by publishing two books:

1. A scientific book (as planned, see D24), in which empirical, methodological and theoretical advancements in the field of agro-food and rural development studies are presented and discussed. Every participant will contribute to one or more book chapters.
2. A professional publication (not planned, now included as D26), in which the 14 case studies are presented and analysed as well as the results of the transversal case study analysis and the recommendations. All chapters are to be illustrated with figures, tables and high quality photographs. This book is meant for FSC stakeholders, NGOs and policy makers.

This proposal was accepted by the project consortium.

**Deliverables**

<b>Deliverable</b>	<b>Delivery date (according to TA)</b>	<b>Status</b>	<b>Comments</b>
D5) Dissemination plan	August 2003	completed/ in progress	A 1 <sup>st</sup> and 2 <sup>nd</sup> version were written during the first reporting period. D5 will be revised and updated throughout the project, e.g. by adding specific guidelines for national seminars, books and international conference
D6) SUS-CHAIN website	November 2003	completed	Was launched during the 2 <sup>nd</sup> reporting period
D7) National seminars 1	November 2003	completed	National seminars were held in 2003 in Switzerland, Italy, Belgium and Latvia. The ones in the Netherlands, UK and Germany took place in Jan or Feb 2004
D15) National seminars 2	October 2004	delayed	
D19) National seminars 3	September 2005	not started	
D22) International conference	November 2005	not started	
D24) Scientific book	February 2006	not started	
D25) SUS-CHAIN final report	February 2006	not started	
D26) Professional book	February 2006	not started	

**Milestones**

<b>Milestone</b>	<b>Completion date (according to TA)</b>	<b>Status</b>	<b>Comments</b>
M6) The role of food supply chains in sustainable rural development	February 2006	in progress	All workpackages, tasks and deliverables contribute towards this final milestone of the project.



## 3 ROLE OF PARTICIPANTS

### 3.1 Wageningen University – Rural Sociology Group (P1)

#### ***Name and address of the participating organisation***

Wageningen University - Rural Sociology Group  
 Hollandseweg 1, 6706 KN Wageningen, The Netherlands  
 Tel. +31 317 484507  
 Fax +31 485475  
 E-mail [office.rso@wur.nl](mailto:office.rso@wur.nl)

#### ***Scientific team***

Prof. dr. ir. J.S.C. Wiskerke	Chair & Professor / Head of Department
Prof.dr.ir. J.D. van der Ploeg	Professor
Ir. H. Renting	Assistant professor/Lecturer
Ir. R.E. van Broekhuizen	Sr. researcher (hired for this project)
Ir. P.J. Brandsma	Jr. researcher (hired for this project)
Ir. J. Wiersum	Jr. researcher (hired for this project)
Ir. F.P.M. Verhoeven	Jr. researcher (hired for this project)
Dr.ir. D. Roep	Sr. researcher (hired for this project)
Ir. H.A. Oostindie	Jr. researcher (hired for this project)

#### ***Contractual links to other participants***

None

#### ***Objectives***

The overall aim of the project is to assess the potential role of food supply chains in the enhancement of sustainable food production and rural development by identifying critical points in food supply chains which currently constrain the further dissemination of sustainable production, and recommend actions that are likely to enhance the prospects for sustainable food markets.

Specific objectives for the work to be carried out in the Netherlands are:

- To map the current definitions of sustainability that are associated with new food supply chains in the Netherlands. To examine the extent to which sustainability claims are interwoven with other quality attributes. To map, on the basis of a set of indicators, the diversity of food chains in the Netherlands.
- To identify the bottlenecks which constrain the enhancement of sustainable food production in the Netherlands.
- To examine ways of communication and mechanism of economic coordination between the actors in the food chain in the Netherlands.
- To develop performance indicators and methods in order to assess the collective performance of the food chain as a whole towards sustainable food production.
- To examine the relevant policy environment for the development of sustainable food supply chains and to formulate policy recommendations for provincial and national authorities in the Netherlands.

The results derived from the research activities carried out in the Netherlands will be used to address the

overall objectives (see section 1.1) of the SUS-CHAIN project.

### **Workplan**

P1 is the administrative and scientific coordinator of the project and will therefore play a key role in the scientific coordination, development, monitoring and finalisation of all 8 workpackages (in collaboration with the respective workpackage coordinators). P1 is also coordinator of workpackage 7. In addition to these coordination tasks, P1 carries out the full range of research and dissemination activities in the Netherlands required to realise the project's objectives.

More specifically the workplan for the Dutch team (i.e. P1 and S1) is as follows:

- *WP1:* P1 will support P3 in the development of a methodology for WP1. According to the WP1 methodology, P1 will conduct a review of Dutch literature and research on food supply chains, in order to assess relevant and interesting FSC performance indicators for three different aspects of FSCs, and to develop national sets of provisional indicators with S1. Based upon the results of WP2 & WP3 and the feedback from the first national seminar, P1 and S1 will contribute to the assessment of the provisional indicators and propose improved sets of indicators. Based upon the results of the case studies and feedback from the second national seminar, P1 and S1 will contribute to the assessment and finalisation of the fine-tuned sets of indicators.
- *WP2:* P1 will support P2 in developing a methodology for the workpackage. The provisional sets of indicators will serve as input for this. P1 will carry out a literature review for the Netherlands on different aspects of FSCs to assess their socio-economic dynamics. P1 and S1 will carry out interviews to supplement this. Based on the review and the interviews P1 will write a national report in collaboration with S1 (D8).
- *WP3:* P1 will support P5 in developing a methodology for the workpackage. P1 will carry out a desk study and (in collaboration with S1) write a national report for the Netherlands on consumer attitudes to sustainable food products (D9).
- *WP4:* P1 will support P4 in developing a methodology for the case studies. P1 and S1 will propose and select 2 case studies for in depth study in the Netherlands. Following the finalisation of the case study methodology, P1 and S1 will translate the case study methodology to the Dutch context and develop a national case study research plan (D14).
- *WP5:* P1 and S1 will collect data for the two Dutch case studies according to the methods outlined in D13 and D14. The Dutch team will also produce a draft description and analysis of the dynamics of the Dutch FSCs being studied and will assess their performance making use of the indicators developed for performance assessment (i.e. WP1). From this, the Dutch team will identify opportunities and constraints for improving the performance of the FSCs under study. Finally, the Dutch team will publish the findings in two case study reports (D16).
- *WP6:* P1 will support P7 in the transversal analysis of the case studies report. The Dutch team will comment on the provisional typologies and assessment of constraints and opportunities produced by P7 and P1.
- *WP7:* P1 will develop provisional policy recommendations for the Dutch regional and national public authorities based on the results of WPs 1, 2, 3 and 5. S1 will develop provisional practical protocols for Dutch FSC actors and different stakeholders in the institutional environment of FSCs based on the results of WP 1, 2, 3 and 5. These will be fine-tuned at the third national seminar and at meeting 6, and Dutch national reports will be written on policy recommendations (D20) and practical protocols (D21) by P1 and S1 respectively. P1 will develop a synthesis report of workpackage 7 (D23), summarising and synthesising all national reports on policy recommendations and all national practical protocols as well



as the results of the international conference.

- *WP8*: P1 will develop and regularly update a SUS-CHAIN website (D6). P1 will support P6 in developing a dissemination methodology. S1 will organise the first Dutch national seminar to disseminate and get feedback on the provisional results of WP 1-3 (D7). S1 will also organise the second national seminar to disseminate and get feedback on the provisional Dutch case study results (D15). The provisional policy recommendations and practical protocols will be disseminated in the third national seminar (D19) organised by S1 where these results will be refined. Together with P5, P1 will organise an international conference aimed to discuss and fine-tune the scientific findings and the provisional practical and policy recommendations with Commission representatives and policy makers and stakeholders' organisations from the participating countries (D22). P1 will, together with P5 and P6, edit a scientific book, which will discuss the potential role of new food supply chains in sustainable rural development (D24). Both P1 and S1 will contribute to this book. Finally P1 will develop a final report summarising all project findings (D25).

### **Deliverables**

<b>Deliverable</b>	<b>Delivery date (according to TA)</b>	<b>Status</b>	<b>Comments</b>
D6) SUS-CHAIN website	September 2003	Completed	<i>Launch of the website was postponed to 2<sup>nd</sup> reporting period</i>
D7) National seminar (feedback on WP1, 2 & 3)	November 2003	Completed	<i>Held on 12 February 2004</i>
D8) FSC dynamics (national report WP2)	December 2003	Completed	
D9) Consumers' attitudes (national report WP3)	December 2003	Completed	
D14) National research plan	March 2004	Completed	
D15) National seminar 2 (feedback on case studies)	October 2004	Delayed	<i>Will take place on the 23<sup>rd</sup> of June 2005</i>
D16) Case study reports	November 2004	Delayed / in progress	<i>Draft reports ready in November 2004</i>
D19) National seminar 3 (feedback on provisional recommendations)	September 2005	Not started	
D20) Policy recommendations (national report)	October 2005	Not started	
D21) Practical recommendations (national report)	October 2005	Not started	
D22) International conference	November 2005	Not started	
D23) Practical & policy recommendations (synthesis report WP7)	December 2005	Not started	
D24) Scientific book	February 2006	Not started	
D25) SUS-CHAIN final report	February 2006	Not started	
D26) Professional book	February 2006	Not started	

### ***WP1: Development and fine-tuning of food supply chain performance indicators***

#### ***Research activities during the first reporting period (summary)***

P1's research activities during the first reporting period basically came down to three aspects:

1. Review of literature and ongoing research resulting in a Dutch position paper, which was presented at the first project coordination meeting
2. Feedback on draft documents written by P3
3. Scientific coordination of WP1 with other workpackages

**Research activities during the second reporting period**

Most of the work carried out by P1 included the coordination between the development and fine-tuning of profile and performance indicators on the one hand and the development of the case study methodology (WP4) and the analytical framework for the transversal case analysis (WP6) on the other hand. This was done through frequent e-mail exchange as well as through several one-day management meetings in Brussels and Frankfurt.

**Table 3.1.1** Person-months available and spent per WP1 task

Task	Total person-months available (TA)		1 <sup>st</sup> reporting period		2 <sup>nd</sup> reporting period		3 <sup>rd</sup> reporting period		Total person-months spent	
	PI	SI	PI	SI	PI	SI	PI	SI	PI	SI
Scientific coordination	3.00		1.10		1.00				2.10	
Workpackage coordination										
1.1 Meeting	0.25	0.25	0.25	0.25					0.25	0.25
1.2 WP Methodology										
1.3 Review of literature and ongoing research	0.50		0.50						0.50	
1.4 Development of provisional indicators	0.25	0.10	0.25	0.10					0.25	0.10
1.5 Finetuning of indicators (input from WP2 & 3)	0.25	0.10	0.10	0.10	0.15				0.25	0.10
1.6 Finalisation of indicators	0.25	0.10								
<b>Total</b>	<b>4.50</b>	<b>0.55</b>	<b>2.20</b>	<b>0.45</b>	<b>1.15</b>				<b>3.45</b>	<b>0.45</b>

**WP2: Macro-level analysis of food supply chain dynamics and diversity****Research activities during the first reporting period (summary)**

Based upon the WP2 methodology a draft national report was written between April and August 2003. This draft report was revised according to comments and suggestions by the WP2 coordinator. The national report was finalised in December 2003.

**Research activities during the second reporting period**

During the second reporting period no research activities for WP2 were undertaken, except for giving feedback on several drafts of the WP2 synthesis report written by P2.

**Table 3.1.2** Person-months available and spent per WP2 task

Task	Total person-months available (TA)		1 <sup>st</sup> reporting period		2 <sup>nd</sup> reporting period		3 <sup>rd</sup> reporting period		Total person-months spent	
	PI	SI	PI	SI	PI	SI	PI	SI	PI	SI
Scientific coordination	2.00		1.80		0.50				2.30	
Workpackage coordination										
2.1 WP Methodology										
2.2 Literature review	1.00		1.00	0.50					1.00	0.50
2.3 Interviews	1.00	1.00	0.30	0.30					0.30	0.30
2.4 Meeting										
2.5 National reports	0.50	0.50	1.00	0.50	0.20				1.20	0.50
2.6 WP synthesis report										
<b>Total</b>	<b>4.50</b>	<b>1.50</b>	<b>4.10</b>	<b>1.30</b>	<b>0.70</b>				<b>4.80</b>	<b>1.30</b>

*WP3: Desk study on consumers' attitudes towards sustainable food products***Research activities during first reporting period (summary)**

In the summer of 2003, according to the guidelines provided by P5, a literature database was made. Furthermore the accessibility to consumption data and databases from primary research was examined. On the basis of the literature database and according to the guidelines and format included in the methodology, a report on consumer attitudes and behaviour towards sustainable food products in the Netherlands was written. This report was completed by the end of the first reporting period.

**Research activities during the second reporting period**

During the second reporting period no research activities for WP3 were undertaken, except for giving feedback on the final draft version of the WP3 synthesis report written by P5.

**Table 3.1.3** Person-months available and spent per WP3 task

Task	Total person-months available (TA)		1 <sup>st</sup> reporting period		2 <sup>nd</sup> reporting period		3 <sup>rd</sup> reporting period		Total person-months spent	
	PI	SI	PI	SI	PI	SI	PI	SI	PI	SI
Scientific coordination	2.00		1.00		0.25				1.25	
Workpackage coordination										
3.1 WP Methodology										
3.2 Desk study (literature review)	1.00	0.25	1.00	0.25					1.00	0.25
3.3 Meeting	0.25		0.25						0.25	
3.4 National reports	0.50	0.25	1.00						1.00	
3.5 WP synthesis report										
<b>Total</b>	<b>3.75</b>	<b>0.50</b>	<b>3.25</b>	<b>0.25</b>	<b>0.25</b>				<b>3.50</b>	<b>0.25</b>

**WP4: Case study methodology****Research activities during first reporting period (summary)**

Together with P4 as coordinator of WP4, a draft case-study methodology, included criteria for case-study selection was written by the end of the first reporting period.

**Research activities during the second reporting period**

This first draft was sent to all the partners. The great many comments were utilised to improve and further develop the methodology and to produce a second more detailed draft. This draft was discussed at the third project coordination meeting in January 2004 in Pisa. By means of working group discussions new input for the case study methodology was developed, requiring yet another major revision of the case study methodology. This was done by P4 in collaboration with P1. The third draft was discussed at an additional one-day meeting (attended by 1 or 2 researchers per country), organised by P1, in Brussels on the 28<sup>th</sup> of April 2004. Based upon this meeting a final draft version of the methodology was written by P4 and P1, which was sent to all partners at the beginning of May. On the 12<sup>th</sup> of July P1 and P4 organised another one-day meeting in Brussels to evaluate the case study methodology and to exchange experiences regarding the progress of the case studies. This evaluation resulted in a fifth and final version of the methodology, which was sent by P1 to the SUS-CHAIN consortium on the 23<sup>rd</sup> of July 2004.

**Table 3.1.4** Person-months available and spent per WP4 task

Task	Total person-months available (TA)		1 <sup>st</sup> reporting period		2 <sup>nd</sup> reporting period		3 <sup>rd</sup> reporting period		Total person-months spent	
	P1	S1	P1	S1	P1	S1	P1	S1	P1	S1
Scientific coordination	2.00		1.10		1.60				2.70	
Workpackage coordination										
4.1 Draft methodology										
4.2 Selection of cases	0.25	0.25	0.10	0.10	0.15	0.15			0.25	0.25
4.3 Meeting	0.25	0.25			0.25	0.25			0.25	0.25
4.4 Final case study methodology										
4.5 National case-study research plans	0.25	0.25			0.25	0.25			0.25	0.25
<b>Total</b>	<b>2.75</b>	<b>0.75</b>	<b>1.20</b>	<b>0.10</b>	<b>2.25</b>	<b>0.65</b>			<b>3.45</b>	<b>0.75</b>

**WP5: Case studies****Research activities during the second reporting period**

At the beginning of January 2004, P1 and S1 met to discuss potential case studies. A total of 5 potential cases were proposed at the third project coordination meeting in Pisa, after which two case studies were selected:

1. De Hoeve bv: a regional pig meat chain
2. Beemsterkaas of dairy cooperative CONO

The first case study has been carried out by P1, while the second has been the responsibility of S1. For both cases, interviews were held with different stakeholders and documents were read and analysed. For the first case study, two international satellite case studies (Vita in Belgium and Neuland in Germany) were

selected and visited (with members of De Hoeve bv). Also one of the national satellites, LIVAR pig meat chain, was visited and analysed. The satellite case study work for the second case study has been postponed until 2005.

For both cases draft reports, mainly focussing on the objectives, history and development of the initiative were written and presented at the 4<sup>th</sup> coordination meeting in Martigny in November 2004.

**Table 3.1.5** Person-months available and spent per WP5 task

Task	Total person-months available (TA)		1 <sup>st</sup> reporting period		2 <sup>nd</sup> reporting period		3 <sup>rd</sup> reporting period		Total person-months spent	
	PI	SI	PI	SI	PI	SI	PI	SI	PI	SI
Scientific coordination	3.00				1.00				1.00	
Workpackage coordination										
5.1 Data collection: interviews and survey	4.00	4.00			4.00	2.00			4.00	2.00
5.2 Description/analysis per case of FSC dynamics	1.00	1.00			1.00	1.00			1.00	1.00
5.3 Meeting	0.25				0.25	0.25			0.25	0.25
5.4 Assessment of FSC performance	0.50	0.50								
5.5 Identification of opportunities & constraints	0.50	0.50								
5.6 Case study reports	0.50	0.50			0.25	0.25			0.25	0.25
<b>Total</b>	<b>9.75</b>	<b>6.50</b>			<b>6.50</b>	<b>3.50</b>			<b>6.50</b>	<b>3.50</b>

#### WP6: Comparative case study analysis

#### Research activities during the second reporting period

At the beginning of October 2004, P7 and P1 commenced with the preparation of the analytical framework for the comparative case study analysis. They met together with P4 (coordinator of WP4 and WP5) in Frankfurt on the 15<sup>th</sup> of October 2005 to discuss the approach for the start of the comparative analysis by means of working groups at the 4<sup>th</sup> project coordination meeting in Martigny.

**Table 3.1.6** Person-months available and spent per WP6 task

Task	Total person-months available (TA)		1 <sup>st</sup> reporting period		2 <sup>nd</sup> reporting period		3 <sup>rd</sup> reporting period		Total person-months spent	
	PI	SI	PI	SI	PI	SI	PI	SI	PI	SI
Scientific coordination	2.00				0.25				0.25	
Workpackage coordination										
6.1 Analysis of case study reports										
6.2 Provisional typologies of FSC's										
6.3 Provisional assessment of constr. & opportun.										
6.4 Feedback on prov. typologies & assessment		0.25								
6.5 Meeting	0.25									
6.6 Comparative case study report										
<b>Total</b>	<b>2.25</b>	<b>0.25</b>			<b>0.25</b>				<b>0.25</b>	

**WP8: Dissemination and feedback****Research activities during first reporting period (summary)**

P1 assisted P6 in the development of a dissemination plan and a guideline for reporting about national seminars. Initially the first national feedback seminar in the Netherlands was planned in December 2003, but for logistic reasons it was postponed to February 12<sup>th</sup> 2004. P1 submitted a proposal for a working group entitled "The contribution of new food supply chains to sustainable rural development" for the XI<sup>th</sup> World Congress of Rural Sociology (Trondheim, Norway, 26-30 July 2004). This proposal was accepted in November 2003 and SUS-CHAIN partners were invited to submit abstracts for papers.

**Research activities during the second reporting period**

On the 12<sup>th</sup> of February the first national seminar in the Netherlands was held. This seminar was organised by S1. In total 40 people were invited, of whom 15 were actually present. Despite the low attendance rate, a very diverse group of stakeholders participated in the seminar. Remarkable was the presence of large food producers such as Heinz, Heineken, Nutreco, Dumeco, Campina and the total absence of retailers (Albert Heijn). Apart from the 'big players' also representatives of regional initiatives (Flevosap, Organic Agriculture Achterhoek), farmers and societal organisations joined the meeting.

P1 chaired a working group entitled "The contribution of new food supply chains to sustainable rural development" at the XI<sup>th</sup> World Congress of Rural Sociology (Trondheim, Norway, 26-30 July 2004). A total of 24 papers were presented and discussed at this working group, including 5 based on SUS-CHAIN. For more information, see chapter 5.

**Table 3.1.8** Person-months available and spent per WP8 task

Task	Total person-months available (TA)		1 <sup>st</sup> reporting period		2 <sup>nd</sup> reporting period		3 <sup>rd</sup> reporting period		Total person-months spent	
	PI	SI	PI	SI	PI	SI	PI	SI	PI	SI
Scientific coordination	2.00		0.50		0.50				1.00	
Workpackage coordination										
8.1 SUS-CHAIN website	3.00		0.10		1.50				1.60	
8.2 Dissemination plan										
8.3 National seminar 1 (assessment of phase 1)	0.10	0.25		0.15	0.10	0.20			0.25	0.35
8.4 National seminar 2 (assessment of phase 2)	0.10	0.25								
8.5 National seminar 3 (assessment of phase 3)	0.10	0.25								
8.6 International conference	0.25	0.25								
8.7 Scientific book	2.50	1.00								
8.8 Final report	1.00									
<b>Total</b>	<b>9.05</b>	<b>2.00</b>	<b>0.60</b>	<b>0.15</b>	<b>2.10</b>	<b>0.20</b>			<b>2.85</b>	<b>0.35</b>

**Significant difficulties or delays experienced during the first reporting period**

There were no significant major delays or other problems. Compared to the technical annex there are some minor changes that did not and will not hamper the ongoing research activities:

1. The first national seminar in the Netherlands, part of WP8, was planned for December 2003 but, due to some problems, had to be postponed to 12 February 2004.
2. The launch of the SUS-CHAIN web-site ([www.suschain.org](http://www.suschain.org)) was delayed due to internal organisational problems. It is expected to be ready by the end of spring 2004.

### ***Significant difficulties or delays experienced during the second reporting period***

No specific difficulties or delays were experienced by P1, except the general delay in the start and finalisation of the case studies due to which the second national seminar has been postponed to the beginning of the third reporting period.

### ***Sub-contracted work***

#### *Subcontractor (S1)*

Centre for Agriculture and Environment  
P.O. Box 62, 4100 ABN Culemborg, The Netherlands  
Tel. +31 345 470700  
Fax +31 345 470799  
E-mail [noerlemans@wur.nl](mailto:noerlemans@wur.nl)

#### People involved

- Natasja Oerlemans (coordinator of SUS-CHAIN activities for CLM)
- Kees Jaap Hin (researcher)
- Eric Hees (researcher)
- Gerwin Verschuur (researcher)
- Bea de Groot (administrative assistant)
- Francien de Groot (graphic designer)
- Simone Vlietstra (catering)

The two Dutch partners (the Rural Sociology Group of Wageningen University [P1] and the Centre for Agriculture and Environment [S1]) agreed to work as 'a team'. Each partner is responsible for their own tasks as defined in the technical annex, but crucial issues and decisions will be discussed jointly and both partners will mutually support each others activities (in order to optimise the use the present knowledge of all involved persons).

#### Activities carried out by the subcontractor during the first reporting period

- Participation in first and second project coordination meeting
- Contribution to the start-document for the first project coordination meeting. This start-document also served as input for WPs 1, 2 and 3.
- Contribution to the WP2 national report by writing one of the sector analyses (i.e. horticulture), by describing 6 (of the 14) sustainable food supply chains initiatives in the Netherlands and by commenting on draft versions of the WP2 national report.
- Preparation and organisation of the first national seminar (February 12<sup>th</sup> 2004).

#### Activities carried out by the subcontractor during the second reporting period

- Participation in third project coordination meeting in Pisa, Italy (28-31 January 2004)
- Organisation of National Seminar (12 February), including interviews with key speakers, preparation and



- attendance of CLM researchers.
- Preparation and implementation of case study research.
- Interviews, discussion group, analysis and writing of results.
- Feed back to people interviewed.
- Interim meetings with Dutch researchers from Wageningen University (P1)
- Participation in fourth project coordination meeting in Martigny, Suisse (10-12 November 2004).

### ***3.2 University of Gloucestershire - Countryside and Community Research Unit (P2)***

#### ***Name and address of the participating organisation***

University of Gloucestershire  
 Countryside and Community Research Unit (CCRU)  
 Dunholme Villa  
 Park Campus  
 Cheltenham GL50 2RH  
 United Kingdom

#### ***Scientific team***

Prof. Bill Slee	Professor and Director of CCRU
Dr. James Kirwan	Research Fellow
Carolyn Foster	FT researcher (employed for SUS-CHAIN from 01.01.2004)

#### ***Contractual links to other participants***

None

#### ***Objectives***

The overall aim of the project is to assess the potential role of food supply chains in the enhancement of sustainable food production and rural development by identifying critical points in food supply chains which currently constrain the further dissemination of sustainable production, and recommend actions that are likely to enhance the prospects for sustainable food markets.

Specific objectives for the work to be carried out in the UK are:

- To map the current definitions of sustainability that are associated with new food supply chains in the UK. To examine the extent to which sustainability claims are interwoven with other quality attributes. To map, on the basis of a set of indicators, the diversity of food chains in the UK.
- To identify the bottlenecks which constrain the enhancement of sustainable food production in the UK.
- To examine ways of communication and mechanism of economic coordination between the actors in the food chain in the UK.
- To develop performance indicators and methods in order to assess the collective performance of the food chain as a whole towards sustainable food production.
- To examine the relevant policy environment for the development of sustainable food supply chains and to formulate policy recommendations for regional and national authorities in the UK.

The results derived from the research activities carried out in the UK will be used to address the overall objectives (see section 1.1) of the SUS-CHAIN project.

### **Workplan**

P2 will carry out the full range of research and dissemination activities in the UK required to realise the project's objectives. P2 is also responsible for WP2 coordination and all the research tasks in the UK. S2 will contribute to all workpackages by means of feedback and reflection on intermediate results and provisional conclusions. In addition S2 will carry out one case study, organise the UK national seminars and write the practical protocols for the UK.

More specifically the workplan for the UK team (i.e. P2 and S2) is as follows:

- *WP1:* According to WP1 methodology, P2 will conduct a review of UK literature and research on food supply chains, in order to assess relevant and interesting FSC performance indicators for three different aspects of FSCs, and to develop national sets of provisional indicators with S2. Based upon the results of WP2 & WP3 and the feedback from the first national seminar, P2 and S2 will contribute to the assessment of the provisional indicators and propose improved sets of indicators. Based upon the results of the case studies and feedback from the second national seminar, P2 and S2 will contribute to the assessment and finalisation of the fine-tuned sets of indicators.
- *WP2:* P2 will develop a methodology for the workpackage (D3). The provisional sets of indicators will serve as input for this. P2 will carry out a literature review for the UK on different aspects of FSCs to assess their socio-economic dynamics. P2 and S2 will carry out interviews to supplement this. Based on the review and the interviews P2 will write a national report in collaboration with S2 (D8). Based on all the national reports P2 will write a synthesis report (D10). As part of this workpackage and WP3, P2 organised a project coordination meeting in Cheltenham.
- *WP3:* P2 will carry out a desk study and (in collaboration with S2) write a national report for the UK on consumer attitudes to sustainable food products (D9).
- *WP4:* P2 and S2 will propose and select 2 case studies for in depth study in the UK. Following finalisation of the case study methodology, P2 and S2 will translate the case study methodology to the UK national context and develop a national case study research plan (D14).
- *WP5:* P2 and S2 will collect data for the two UK case studies according to the methods outlined in D13 and D14. P2/S2 will also produce a draft description and analysis of the dynamics of the UK FSCs being studied and will assess their performance making use of the indicators developed for performance assessment. From this, P2 and S2 will identify opportunities and constraints for improving the performance of the FSCs under study. Finally, P2/S2 will publish the findings in two case study reports (D16).
- *WP6:* P2 and S2 will comment on the provisional typologies and assessment of constraints and opportunities produced by P7 and P1.
- *WP7:* P2 will develop provisional policy recommendations for the UK regional and national public authorities based on the results of WPs 1, 2, 3 and 5. S2 will develop provisional practical protocols for UK FSC actors and different stakeholders in the institutional environment of FSCs based on the results of WP 1, 2, 3 and 5. These will be fine-tuned at meeting 6, and UK national reports will be written on policy recommendations (D20) and practical protocols (D21) by P2 and S2 respectively.
- *WP8:* S2 will organise the first UK national seminar to disseminate and get feedback on the provisional results of WP 1-3 (D7). S2 will also organise the second national seminar to disseminate and get feedback on the provisional UK case study results (D15). The provisional policy recommendations and

practical protocols will be disseminated in the third national seminar (D19) organised by S2 where these results will be refined. Both P2 and S2 will contribute to a scientific book based on the project.

### ***Deliverables***

<b>Deliverable</b>	<b>Delivery date (according to TA)</b>	<b>Status</b>	<b>Comments</b>
D3) WP2 methodology	April 2003	Completed	
D7) National seminar (feedback on WP1, 2 & 3)	November 2003	Completed	<i>Due to logistical reasons the national seminar was postponed to 21 January 2004</i>
D8) FSC dynamics (national report WP2)	December 2003	Completed	
D9) Consumers' attitudes (national report WP3)	December 2003	Completed	
D10) WP2 Synthesis report	December 2003	Delayed	<i>Due to the fact that all national WP2 reports were finalised by 31 December 2003 it was impossible to finalise this deliverable during the first reporting period.</i>
D14) National research plan	March 2004	Not started	
D15) National seminar 2 (feedback on case studies)	October 2004	Not started	
D16) Case study reports	November 2004	Not started	
D19) National seminar 3 (feedback on provisional recommendations)	September 2005	Not started	
D20) Policy recommendations (national report)	October 2005	Not started	
D21) Practical recommendations (national report)	October 2005	Not started	

### ***WP1: Development and fine-tuning of FSC performance indicators***

#### ***Research activities during the first reporting period***

P2 participated in the 1<sup>st</sup> project meeting to discuss WP1 the methodological approach to this workpackage. Prior to this meeting P1 contributed to a start up document based on a (brief) review of literature and ongoing research, including proposals for profile and performance indicators. A number of sustainability indicators were proposed from the UK team. This information was used by the Swiss team to prepare a second version of the WP1 document as well as a format for describing the initiatives. Fine-tuning of WP1, based on e-mail discussions, has continued throughout the reporting period.

#### ***Research activities during the second reporting period***

No substantial work has been carried out for WP1 during the second reporting period, except for the fact that P2 has proposed a large number of performance indicators, including a method for performance assessment, to assess the impact of food supply chain initiatives on sustainable rural development. This proposal was discussed at the 4<sup>th</sup> project coordination meeting in Martigny.

**Table 3.2.1** Person-months available and spent per WP1 task

Task	Total person-months available (TA)		1 <sup>st</sup> reporting period		2 <sup>nd</sup> reporting period		3 <sup>rd</sup> reporting period		Total person-months spent	
	P2	S2	P2	S2	P2	S2	P2	S2	P2	S2
Scientific coordination										
Workpackage coordination										
1.1 Meeting	0.25	0.25	0.25	0.25					0.25	0.25
1.2 WP Methodology										
1.3 Review of literature and ongoing research	0.50		0.10						0.10	
1.4 Development of provisional indicators	0.25	0.10	0.30	0.10					0.30	0.10
1.5 Finetuning of indicators (input from WP2 & 3)	0.25	0.10	0.20						0.20	
1.6 Finalisation of indicators	0.25	0.10								
<b>Total</b>	<b>1.50</b>	<b>0.55</b>	<b>0.85</b>	<b>0.35</b>					<b>0.85</b>	<b>0.35</b>

**WP2: Macro-level analysis of FSC dynamics and diversity****Research activities during the first reporting period (summary)**

As WP2 coordinators, P2 developed a methodology to be applied by all partners for the data collection. The data collected by P2 were integral to the literature review of the UK food supply chain, conducted as part of WP2 in order to identify the dynamics and diversity of food supply chains within the UK in relation to their institutional setting. The report ran to over 200 pages and was completed in December 2003 in conjunction with S2. P2 organised the second SUS-CHAIN meeting in Cheltenham between October 1st-3rd 2003, which included presenting some initial findings on the results of submitted drafts of WP2 national reports for discussion.

**Research activities during the second reporting period**

During the second reporting period, P2 carried out a cross-country analysis of the data collected in the individual country reports. Preliminary results were discussed at the 3<sup>rd</sup> project coordination meeting in Pisa and a draft synthesis report was circulated for comment in March 2004. Comments were received by the end of April and a revised final version produced by the end of June 2004.

Task	Total person-months available (TA)		1 <sup>st</sup> reporting period		2 <sup>nd</sup> reporting period		3 <sup>rd</sup> reporting period		Total person-months spent	
	P2	S2	P2	S2	P2	S2	P2	S2	P2	S2
Scientific coordination										
Workpackage coordination	2.00		2.00						2.00	
2.1 WP Methodology	1.00		1.00						1.00	
2.2 Literature review	1.00		1.40						1.40	
2.3 Interviews	1.00	1.00		0.20						0.20
2.4 Meeting										
2.5 National reports	0.50	0.50	1.00	1.80					1.00	1.80
2.6 WP synthesis report					2.50				2.50	
<b>Total</b>	<b>6.50</b>	<b>1.50</b>	<b>5.40</b>	<b>2.00</b>	<b>2.50</b>				<b>7.90</b>	<b>2.00</b>

*WP3: Desk study on consumers' attitudes towards sustainable food products***Research activities during the first reporting period (summary)**

In the summer of 2003, according to the guidelines provided by P5, a literature database was made. Furthermore the accessibility to consumption data and databases from primary research was examined. On the basis of the literature database and according to the guidelines and format included in the methodology, a report on consumer attitudes and behaviour towards sustainable food products in the UK was written. The UK national WP3 report was submitted to the workpackage coordinators in December 2003. The report ran to 43 pages.

**Research activities during the second reporting period**

P2 reviewed and commented on the synthesis report as well as updating sections of the UK report.

**Table 3.2.3** Person-months available and spent per WP3 task

Task	Total person-months available (TA)		1 <sup>st</sup> reporting period		2 <sup>nd</sup> reporting period		3 <sup>rd</sup> reporting period		Total person-months spent	
	P2	S2	P2	S2	P2	S2	P2	S2	P2	S2
Scientific coordination										
Workpackage coordination										
3.1 WP Methodology										
3.2 Desk study (literature review)	1.00	0.25	0.40	0.10					0.40	0.10
3.3 Meeting	0.25		0.25	0.25					0.25	0.25
3.4 National reports	0.50	0.25	0.40		0.10				0.50	
3.5 WP synthesis report					0.10				0.10	
<b>Total</b>	<b>1.75</b>	<b>0.50</b>	<b>1.05</b>	<b>0.35</b>	<b>0.20</b>				<b>1.25</b>	<b>0.35</b>

*WP4: Case study methodology***Research activities during the second reporting period**

P2 provided extensive and detailed comments on all draft methodology papers. At the 3<sup>rd</sup> project meeting, P2 and S2 presented proposals for potential UK case studies. In April 2004, Bill Slee and Carolyn Foster attended a coordination meeting in Brussels to further revise and finalise the WP4 methodology. Following this, In May 2004, a paper was written by P2 on Actor Network Theory which was circulated among the project partnership with suggestions on how to apply ANT to SUS-CHAIN. P2 and S2 drew up national research plans for their two respective case studies: 1) local food procurement in the public sector, and 2) local food procurement by supermarkets.

**Table 3.2.4** Person-months available and spent per WP4 task

Task	Total person-months available (TA)		1 <sup>st</sup> reporting period		2 <sup>nd</sup> reporting period		3 <sup>rd</sup> reporting period		Total person-months spent	
	P2	S2	P2	S2	P2	S2	P2	S2	P2	S2
Scientific coordination										
Workpackage coordination										
4.1 Draft methodology					0.80				0.80	
4.2 Selection of cases	0.25	0.25			0.25	0.25			0.25	0.25
4.3 Meeting	0.25	0.25			0.40	9.25			0.40	9.25
4.4 Final case study methodology					0.20				0.20	
4.5 National case-study research plans	0.25	0.25			0.40	0.25			0.40	0.25
<b>Total</b>	<b>0.75</b>	<b>0.75</b>			<b>2.05</b>	<b>0.75</b>			<b>2.05</b>	<b>0.75</b>

*WP5: Case studies***Research activities during the second reporting period**

UK Case Study 1 is being carried out by P2 and concerns public sector food procurement in the UK. Specifically, Case Study 1 investigates the Cornwall Food Programme, an initiative to increase the supply of local food into Cornwall National Health Service. Work on this began with an exploration of existing research and other background data on the subject, and preliminary discussions with relevant actors in the field of public sector food procurement. Following this initial period, P2 developed three qualitative, semi-structured interview guides for external, internal and interface stakeholders in conjunction with S2. The internal questionnaire was piloted at Bedford NHS Trust in August 2004, following which the interview guides were revised. Interviewing began in September 2004. By the end of the reporting period most interviews were completed although it will not be possible to interview suppliers of the initiative until 2005. Preliminary results of the case study were presented at the 4<sup>th</sup> project coordination meeting in Martigny in November 2004. The international satellite for Case Study 1 is being carried out across the partner countries who have been requested to provide information on the state of the art of public sector food procurement in their respective countries.

UK Case Study 2 is being carried out by S2, in collaboration with the Kent High Weald Project and Imperial College's Centre for Food Chain Research. The Case Study investigates procurement of local and regional food my mainstream supermarkets, using the High Weald of the counties of Kent and Sussex as study area. Semi-structured interview guides were developed for External Stakeholders, Intermediate Stakeholders, Retail store managers, Suppliers (farmers and food processors), and Farmers/Producers in conjunction with P2. All interviews are now complete. Market research of consumers in retail stores in the region is planned for February 2005, in association with the launch of a new range of local products by the Co-operative Retail Group. Preliminary results of the case study were presented at the 4<sup>th</sup> project coordination meeting in Martigny in November 2004. A visit to the satellite case study—local procurement by COOP Italia in Tuscany—has been arranged for February 2005. The consumer research and satellite case material will be included in the final Case Study 2 report.

**Table 3.2.5** Person-months available and spent per WP5 task

Task	Total person-months available (TA)		1 <sup>st</sup> reporting period		2 <sup>nd</sup> reporting period		3 <sup>rd</sup> reporting period		Total person-months spent	
	P2	S2	P2	S2	P2	S2	P2	S2	P2	S2
Scientific coordination										
Workpackage coordination										
5.1 Data collection: interviews and survey	4.00	4.00			4.00	3.50			4.00	3.50
5.2 Description/analysis per case of FSC dynamics	1.00	1.00								
5.3 Meeting	0.25				0.25	0.25			0.25	0.25
5.4 Assessment of FSC performance	0.50	0.50								
5.5 Identification of opportunities & constraints	0.50	0.50								
5.6 Case study reports	0.50	0.50								
<b>Total</b>	<b>6.75</b>	<b>6.50</b>			<b>4.25</b>	<b>3.75</b>			<b>4.25</b>	<b>3.75</b>

**WP8: Dissemination and feedback****Research activities during the first reporting period (summary)**

Two abstracts were submitted on behalf of the UK SUS-CHAIN team to the XI World Congress of Rural Sociology in Trondheim (26-30 July 2004).

**Research activities during the second reporting period**

The first national seminar was held in January 2004, at the National Agricultural Centre, at Stoneleigh, Warwickshire, hosted by Farmers World Network. It brought together 38 academics, farmers, retailers, special interest groups, food processors and representatives of major NGOs from across the UK. The plenary presentation of WP2 and WP3 was followed by a workshop discussion of the current state of UK food chains with respect to sustainable agriculture and rural development, the main areas of dynamism within UK agrifood chains (mainstream and alternative), the bottlenecks to achieving more sustainable agrifood chains, and the areas for manoeuvre, and suggested case studies which would benefit from further analysis. Papers were presented by P2 and S2 at the XI World Congress of Rural Sociology in Trondheim in July 2004.



**Table 3.2.8** Person-months available and spent per WP8 task

Task	Total person-months available (TA)		1 <sup>st</sup> reporting period		2 <sup>nd</sup> reporting period		3 <sup>rd</sup> reporting period		Total person-months spent	
	P2	S2	P2	S2	P2	S2	P2	S2	P2	S2
Scientific coordination										
Workpackage coordination										
8.1 SUS-CHAIN website										
8.2 Dissemination plan										
8.3 National seminar 1 (assessment of phase 1)	0.10	0.25		1.14	0.20	0.80			0.20	1.94
8.4 National seminar 2 (assessment of phase 2)	0.10	0.25				0.10				0.10
8.5 National seminar 3 (assessment of phase 3)	0.10	0.25								
8.6 International conference	0.25	0.25								
8.7 Scientific book	1.00	1.00								
8.8 Final report										
<b>Total</b>	<b>1.55</b>	<b>2.00</b>		<b>1.14</b>	<b>0.20</b>	<b>0.90</b>			<b>0.20</b>	<b>2.04</b>

**Significant difficulties or delays experienced during the first reporting period**

- Little work was actually done on the WP2 synthesis report during this accounting period due to the late start of this project.
- The national seminar was delayed until the 2<sup>nd</sup> reporting period for reasons of logistics.

**Significant difficulties or delays experienced during the second reporting period**

The preparation process for WP5 has taken longer than expected. This is partly because the analysis of public sector procurement (PSP) in the context of sustainable food supply chains is relatively new and time was needed for the researchers to familiarise themselves with procurement processes in hospitals and schools as well as EU procurement legalisation. This involved several meetings with professionals in the field as well as an extensive literature search and subsequently participation in a couple of workshops. This input of extra time was felt to be justified, as the issue of enhanced sustainability in PSP is under-researched and yet is currently an area of considerable dynamism in the UK which has captured the imagination of policy makers and practitioners alike. Thorough preparation was vital to carrying out an informed and relevant piece of research.

**Subcontracted work***Subcontractor (S2)*

International Institute for Environment and Development (IIED)  
 3 Endsleigh Street  
 London WC1H 0DD  
 UK  
 T: +44 2078727328  
 F: +44 2073882826  
 E-mail: [Bill.Vorley@iied.org](mailto:Bill.Vorley@iied.org)

Subcontracted work during the first reporting period

- Participation in first and second project coordination meeting
- Preparations for the 1<sup>st</sup> UK national seminar (WP8).
- Input into the start up document (WP1).
- Contribution of a chapter on the sectoral context of UK FSCs to the WP2 report.

Subcontracted work during the second reporting period

- Contribution of a chapter on the sectoral analysis of the WP2 synthesis report.
- Organisation of the first national seminar in the UK; for support in organising this first national seminar S2 has subcontracted with the Farmers World Network.
- S2 carries out one of the case studies in the UK (procurement of local food by supermarkets), for which it has sought collaboration with
  - o The Kent High Weald project, for support in data collection and identification of appropriate stakeholders in the High Weald region
  - o Dr Andrew Fearn, of the Imperial College Centre for Food Chain Research, for support in developing interview guides, and conducting consumer research

These partnerships have greatly assisted in ensuring that the case study has maximum utility for groups in the region, which are attempting to improve the sustainability of retailing through increased procurement of local food products.
- Participation in third and fourth project coordination meeting.

### ***3.3 Swiss Federal Institute of Technology – Institute of Agricultural Economics (P3)***

#### ***Name and address of the participating organisation***

Institute of Agricultural Economics of the Swiss Federal Institute of Technology Zurich (ETHZ)  
 Institut d'économie rurale ETH  
 Antenne romande (IER-AR)  
 Case postale 110  
 1015 Lausanne  
 Switzerland

T: ++ 41 21 693 57 13

F: ++ 41 21 693 57 17

E-mail: [sophie.reviron@iaw.agrl.ethz.ch](mailto:sophie.reviron@iaw.agrl.ethz.ch)

#### ***Scientific team***

Dr. Jean-Marc Chappuis	Senior researcher
Dr. Sophie Réviron	Senior researcher
Mrs. Marguerite Paus	Junior researcher (since 1.10.2004)
Prof.dr. Bernard Lehmann	Professor

***Contractual links to other participants***

None.

***Objectives***

The overall aim of the project is to assess the potential role of food supply chains in the enhancement of sustainable food production and rural development by identifying critical points in food supply chains which currently constrain the further dissemination of sustainable production, and recommend actions that are likely to enhance the prospects for sustainable food markets.

Specific objectives for the work to be carried out in Switzerland are:

- To map the current definitions of sustainability that are associated with new food supply chains in Switzerland. To examine the extent to which sustainability claims are interwoven with other quality attributes. To map, on the basis of a set of indicators, the diversity of food chains in Switzerland.
- To identify the bottlenecks which constrain the enhancement of sustainable food production in Switzerland.
- To examine ways of communication and mechanism of economic coordination between the actors in the food chain in Switzerland.
- To develop performance indicators and methods in order to assess the collective performance of the food chain as a whole towards sustainable food production.
- To examine the relevant policy environment for the development of sustainable food supply chains and to formulate policy recommendations for regional and national authorities in Switzerland.

The results derived from the research activities carried out in Switzerland will be used to address the overall objectives (see section 1.1) of the SUS-CHAIN project.

***Workplan***

P3 will carry out the full range of research and dissemination activities in Switzerland required to realise the project's objectives. P3 is also responsible for WP1 coordination and all the research tasks in Switzerland. S3 will contribute to all workpackages by means of feedback and reflection on intermediate results and provisional conclusions. In addition S3 will carry out one case study, organise the Swiss national seminars and write the practical protocols for Switzerland.

More specifically the workplan for the Swiss team (i.e. P3 and S3) is as follows:

- *WP1*: At the start of the project P3 will develop a methodology for WP1 (D1). According to this methodology, P3 will conduct a review of Swiss literature and research on food supply chains, in order to assess relevant and interesting FSC performance indicators for three different aspects of FSCs, and to develop national sets of provisional indicators with S3. Based upon all national reviews P3 will develop a provisional set of FSC performance indicators (D2). This deliverable will serve as input for the methodologies of WP2 and WP3. Based upon the results of WP2 & WP3 and the feedback from the first national seminars, P3 will assess the provisional indicators and propose improved sets of indicators (D12). Based upon the results of the case studies and feedback from the second national seminars, P3 will develop a final set of FSC performance indicators (D17).
- *WP2*: Based upon the WP2 methodology P3 will carry out a literature review for Switzerland on different aspects of FSCs to assess their socio-economic dynamics. P3 and S3 will carry out interviews to supplement this. Based on the review and the interviews P3 will write a national report in collaboration with S3 (D8).
- *WP3*: Based upon the WP3 methodology P3 will carry out a desk study and (in collaboration with S3)

- write a national report for Switzerland on consumer attitudes to sustainable food products (D9).
- *WP4*: P3 and S3 will propose and select 2 case studies for in depth study in Switzerland. Following finalisation of the case study methodology, P3 and S3 will translate the case study methodology to the Swiss national context and develop a national case study research plan (D14).
  - *WP5*: P3 and S3 will collect data for the two Swiss case studies according to the methods outlined in D13 and D14. The Swiss team will also produce a draft description and analysis of the dynamics of the Swiss FSCs being studied and will assess their performance making use of the indicators developed for performance assessment. From this, the Swiss team will identify opportunities and constraints for improving the performance of the FSCs under study. Finally, the Swiss team will publish the findings in two case study reports (D16).
  - *WP6*: P3 and S3 will comment on the provisional typologies and assessment of constraints and opportunities produced by P7 and P1.
  - *WP7*: P3 will develop provisional policy recommendations for the Swiss regional and national public authorities based on the results of WPs 1, 2, 3 and 5. S3 will develop provisional practical protocols for Swiss FSC actors and different stakeholders in the institutional environment of FSCs based on the results of WP 1, 2, 3 and 5. These will be fine-tuned at meeting 6, and Swiss national reports will be written on policy recommendations (D20) and practical protocols (D21) by P3 and S3 respectively.
  - *WP8*: S3 will organise the first Swiss national seminar to disseminate and get feedback on the provisional results of WP 1-3 (D7). S3 will also organise the second national seminar to disseminate and get feedback on the provisional Swiss case study results (D15). The provisional policy recommendations and practical protocols will be disseminated in the third national seminar (D19) organised by S3 where these results will be refined. Both P3 and S3 will contribute to a scientific book based on the project.

### ***Deliverables***

<b>Deliverable</b>	<b>Delivery date (according to TA)</b>	<b>Status</b>	<b>Comments</b>
D1) WP1 methodology	March 2003	Completed	
D2) Provisional set of FSC performance indicators	April 2003	Completed	
D7) National seminar (feedback on WP1, 2 & 3)	November 2003	Completed	
D8) FSC dynamics (national report WP2)	December 2003	Completed	
D9) Consumers' attitudes (national report WP3)	December 2003	Completed	
D12) Fine tuned sets of FSC performance indicators	January 2004	Completed	
D14) National research plan	March 2004	Completed	
D15) National seminar 2 (feedback on case studies)	October 2004	Delayed	<i>Postponed to June 2005</i>
D16) Case study reports	November 2004	Delayed/ In progress	
D17) Final sets of performance indicators	December 2004	Delayed/ In progress	
D19) National seminar 3 (feedback on provisional recommendations)	September 2005	Not started	
D20) Policy recommendations (national report)	October 2005	Not started	
D21) Practical recommendations (national report)	October 2005	Not started	

*WP 1: Development and fine-tuning of food supply chain performance indicators***Research activities during the first reporting period (summary)**

The Swiss team (P3) is responsible for workpackage 1. Due to its role in the project, WP1 is to be seen as work in progress, i.e. providing input for other workpackages and being updated and revised according to the results of other workpackages. At the start of the project a first draft WP1 document has been written, which was updated twice (after the project coordination meetings) during the first reporting period.

**Research activities during the second reporting period**

The objective of the SUS-CHAIN methodology is to be able to compare case-studies and highlight regularities in the key factors of success or failure of the initiatives. In 2003, the WP1 report had recommended partners to follow a step by step approach and to make decisions about the following points: (1) selection of a few relevant themes and, for each theme, (2) choice of profile indicators and (3) choice of performance indicators. A working paper was proposed for comments and enrichment by the partners.

In 2004, major progress has been made to finalise this work. A few relevant themes have been chosen, which focus on the main research questions. Discussion groups (one by theme) have met during the meetings of Pisa (I) and Martigny (CH) and debated about the way actors are dealing with the problem in each country (profile indicators), the main hypotheses that can be made about the theme, the choice of relevant performance indicators, the key factors of success or failure of the initiatives.

In a two days seminar in March 2004, the Swiss team worked on WP1 and especially on the hypotheses that were selected in Pisa (January 2004) and on the articulation between profile indicators and performance indicators. The team then sent a working document to P4 to be incorporated in the case study methodology.

For a more detailed presentation of the progress made in WP1 in 2004 see chapter 2 – section 2.2.2.1.

**Table 3.3.1** *Person-months available and spent per WP1 task*

Task	Total person-months available (TA)		1 <sup>st</sup> reporting period		2 <sup>nd</sup> reporting period		3 <sup>rd</sup> reporting period		Total person-months spent	
	P3	S3	P3	S3	P3	S3	P3	S3	P3	S3
Scientific coordination										
Workpackage coordination	2.00		2.00						2.00	
1.1 Meeting	0.25	0.25	0.25	0.25					0.25	0.25
1.2 WP Methodology	1.00		1.00						1.00	
1.3 Review of literature and ongoing research	0.50		0.50						0.50	
1.4 Development of provisional indicators	1.00	0.10	1.00	0.10					1.00	0.10
1.5 Finetuning of indicators (input from WP2 & 3)	1.00	0.10	0.80	0.10	0.20				1.00	0.10
1.6 Finalisation of indicators	1.00	0.10	0.50	0.10	0.30				0.80	0.10
<b>Total</b>	<b>6.75</b>	<b>0.55</b>	<b>6.05</b>	<b>0.55</b>	<b>0.50</b>				<b>6.55</b>	<b>0.55</b>

*WP 2: Macro-level analysis of food supply chain dynamics and diversity***Research activities during the first reporting period (summary)**

The Swiss team made a big effort to produce cards for each important agricultural sector. These different cards helped to identify the various market segments within a sector and their relative importance. A first draft of the national report was written for the second project meeting in Cheltenham (October 2003). The discussion about the provisional WP2-results and the comments from the WP2 coordinator (the UK-team) were used to improve and fine-tune the report. The report was finalised in December 2003.

**Research activities during the second reporting period**

For P3 all research activities related to WP2 were finalised during the first reporting period.

**Table 3.3.2** *Person-months available and spent per WP2 task*

Task	Total person-months available (TA)		1 <sup>st</sup> reporting period		2 <sup>nd</sup> reporting period		3 <sup>rd</sup> reporting period		Total person-months spent	
	P3	S3	P3	S3	P3	S3	P3	S3	P3	S3
Scientific coordination										
Workpackage coordination										
2.1 WP Methodology										
2.2 Literature review	1.00		2.20						2.20	
2.3 Interviews	1.00	1.00	1.00	1.00					1.00	1.00
2.4 Meeting										
2.5 National reports	0.50	0.50	0.70	0.50					0.70	0.50
2.6 WP synthesis report										
<b>Total</b>	<b>2.50</b>	<b>1.50</b>	<b>3.90</b>	<b>1.50</b>					<b>3.90</b>	<b>1.50</b>

*WP 3: Desk study on consumer's attitudes towards sustainable food products***Research activities during the first reporting period (summary)**

A WP3 report was written for Switzerland in the first year of the project (2003). For this report it was difficult to find much literature on consumer's attitude in Switzerland because primary data is bought by large retailers who do not publish this information.

**Research activities during the second reporting period**

In the Pisa meeting (January 2004) the coordinator of WP3 presented the first draft of the synthesis report on consumers' attitude in Europe. He asked the national teams to complete their report in order to provide more precise information for the synthesis and better tackle the key issues he had identified in his first work. The final WP3 report for Switzerland was finalised in March 2004.

**Table 3.3.3** Person-months available and spent per WP3 task

Task	Total person-months available (TA)		1 <sup>st</sup> reporting period		2 <sup>nd</sup> reporting period		3 <sup>rd</sup> reporting period		Total person-months spent	
	P3	S3	P3	S3	P3	S3	P3	S3	P3	S3
Scientific coordination										
Workpackage coordination										
3.1 WP Methodology										
3.2 Desk study (literature review)	1.00	0.25	0.80	0.15					0.80	0.15
3.3 Meeting	0.25		0.25	0.25					0.25	0.25
3.4 National reports	0.50	0.25	0.40	0.10	0.30				0.50	0.10
3.5 WP synthesis report										
<b>Total</b>	<b>1.75</b>	<b>0.50</b>	<b>1.45</b>	<b>0.50</b>	<b>0.30</b>				<b>1.75</b>	<b>0.50</b>

**WP 4: Case study methodology****Research activities during the first reporting period (summary)**

During the first reporting period the Swiss team made the proposal to include the three key issues proposed in WP1 (Market and consumer issues, Supply chain organisation and governance, Effects on rural development) in the case study methodology. The Swiss team also provided an updated version of the FSC indicators that were included in the second draft version of the case study methodology.

**Research activities during the second reporting period**

During the second reporting period the Swiss team took part in the Pisa meeting where we worked on the selection and the construction of the hypotheses. They led the discussion group on “Organisation and governance of Food Supply Chain” and in collaboration with the coordinator of WP3 the discussion group on “Marketing and Consumers”.

In its two days seminar of March the Swiss team discussed the first selection of its case studies. They received a new draft of the methodology in April 2004 and we had the first contacts with the case studies partners (Rye bread of Valais and Natura Beef).

The Swiss team took part in the coordination meeting of 28 April in Brussels where hypotheses were discussed and a main hypothesis was selected: “Scaling up an initiative changes the organisation (structure, rules, procedures, values, goals)”. The Swiss team had its first interviews in May enabling a test of the methodology provided by P4. P3 prepared a first draft of the report (a pilot) that was sent to all partners before a second coordination meeting in Brussels on 12 July. The pilot was discussed in Brussels and contributed to the final report on case study methodology.



**Table 3.3.4** Person-months available and spent per WP4 task

Task	Total person-months available (TA)		1 <sup>st</sup> reporting period		2 <sup>nd</sup> reporting period		3 <sup>rd</sup> reporting period		Total person-months spent	
	P3	S3	P3	S3	P3	S3	P3	S3	P3	S3
Scientific coordination										
Workpackage coordination										
4.1 Draft methodology			0.25		0.10				0.35	
4.2 Selection of cases	0.25	0.25			0.25	0.25			0.25	0.25
4.3 Meeting	0.25	0.25			0.25	0.25			0.25	0.25
4.4 Final case study methodology										
4.5 National case-study research plans	0.25	0.25			0.15	0.15			0.15	0.15
<b>Total</b>	<b>0.75</b>	<b>0.75</b>	<b>0.25</b>		<b>0.75</b>	<b>0.65</b>			<b>1.00</b>	<b>0.65</b>

**WP 5: Case studies****Research activities during the second reporting period**

The Swiss team had the first contacts with the case studies partners (Rye bread of Valais and Natura Beef) in April 2004. They conducted the first interviews in May to test the methodology provided by P4 and prepare a first draft of the report (a pilot) that was sent to all partners before a second coordination meeting in Brussels. The pilot was read and commented by the manager of the Rye bread of Valais initiative.

P3 conducted further interviews during summer to complete our case study report on Rye bread of Valais. P3 had various contacts with S3 in order to coordinate both case studies in Switzerland.

P3 proposed a new version of the case study in September. After the congress in Trondheim, there was a big improvement on the several topics like "birth and development of an initiative", "actors' network", "organisation and governance", "performance in the market". P3 also commented on the report written by S3 on Natura Beef. Marguerite Paus, a junior researcher, started to work on SUS-CHAIN on 1 October 2004. The Swiss team had a meeting on 26 October in order to discuss the presentation of our case studies at the Martigny meeting. The version to be presented in November was finalised.

**Table 3.3.5** Person-months available and spent per WP5 task

Task	Total person-months available (TA)		1 <sup>st</sup> reporting period		2 <sup>nd</sup> reporting period		3 <sup>rd</sup> reporting period		Total person-months spent	
	P3	S3	P3	S3	P3	S3	P3	S3	P3	S3
Scientific coordination										
Workpackage coordination										
5.1 Data collection: interviews and survey	4.00	4.00			3.25	3.25			3.25	3.25
5.2 Description/analysis per case of FSC dynamics	1.00	1.00								
5.3 Meeting	0.25				0.25				0.25	
5.4 Assessment of FSC performance	0.50	0.50			0.30	0.30			0.30	0.30
5.5 Identification of opportunities & constraints	0.50	0.50			0.40	0.40			0.40	0.40
5.6 Case study reports	0.50	0.50			0.30	0.30			0.30	0.30
<b>Total</b>	<b>6.75</b>	<b>6.50</b>			<b>4.50</b>	<b>4.25</b>			<b>4.50</b>	<b>4.25</b>

**Workpackage 8: Dissemination and feedback****Research activities during the first reporting period (summary)**

The national seminar took place in Bienne on 2<sup>nd</sup> of December. 25 out of 40 invited people participated in the seminar, mainly from the French speaking part of Switzerland. The representatives of the retailers cancelled a few days before the meeting. Participants were satisfied and willing to follow the project to its end.

**Research activities during the second reporting period**

The work conducted on SUS-CHAIN gave the Swiss team the opportunity to take part in various seminars and conferences at national and international level:

1. 88th European Agricultural Economists Association seminar: Retailing and producers-retailer relationships in the food chains, Paris, 6 May 2004. P3 presented a paper: Reviron S. and Chappuis J-M, "Effects of the Swiss retailers' strategy on the governance structure of the fresh food products supply chains", 15 p. This paper was accepted to be published in *Agribusiness*.
2. XI world Congress of Rural Sociology, Trondheim, Norway, 25-30 July 2004. We presented a paper: Reviron S., Chappuis J-M and Barjolle D., "Why Economists need Sociologists for analysing the organisational choices of food local collective initiatives", 12 p.
3. Seminar of the Swiss Society for Agricultural Economics and Rural sociology (SSE-SGA), Lausanne, 18-19 March 2004. We presented a paper: Reviron, S., "Naissance et croissance des initiatives locales". The article was published in the review *Agrarwirtschaft und Agrarsoziologie*.

Sophie Révion made a presentation in a seminar organised by SRVA (S3) on 17 May 2004. The seminar was on "New supply chains: key steps in the development of an initiative" and her talk was on "Birth and growth of local initiatives for the marketing of quality products".

The Sus-Chain meeting in Martigny (10-12 November 2004) was an opportunity to have guests from the Rye bread of Valais initiative, the State of Valais (canton du Valais) and ETHZ. The guests received information on the project and took part in the presentation of the case studies. All Sus-Chain participants in Martigny were invited to a dinner by the State of Valais (canton du Valais). The Swiss team organised an excursion to visit three initiatives in the Valais region.

**Table 3.3.8** Person-months available and spent per WP8 task

Task	Total person-months available (TA)		1 <sup>st</sup> reporting period		2 <sup>nd</sup> reporting period		3 <sup>rd</sup> reporting period		Total person-months spent	
	P3	S3	P3	S3	P3	S3	P3	S3	P3	S3
Scientific coordination										
Workpackage coordination										
8.1 SUS-CHAIN website										
8.2 Dissemination plan										
8.3 National seminar 1 (assessment of phase 1)	0.10	0.25	0.10	0.25					0.10	0.25
8.4 National seminar 2 (assessment of phase 2)	0.10	0.25								
8.5 National seminar 3 (assessment of phase 3)	0.10	0.25								
8.6 International conference	0.25	0.25								
8.7 Scientific book	1.00	1.00								
8.8 Final report										
<b>Total</b>	<b>1.55</b>	<b>2.00</b>	<b>0.10</b>	<b>0.25</b>					<b>0.10</b>	<b>0.25</b>

***Significant difficulties or delays experienced during the first reporting period (summary)***

- The budget of the Swiss participant was cut down by the Swiss Federal Office for Education and Science. This had no negative effect on the workplan of the Swiss team
- The expected involvement of a junior researcher was not realized, due to the budget reduction and to uncertainty on the entire financing of the project.

***Significant difficulties or delays experienced during the second reporting period***

The national seminar due in 2004 will be organised in June 2005. It was decided that the case studies were not complete enough to be presented to our national partners because of the satellite cases that must still be incorporated. It was also considered to be inappropriate to present the case studies early 2005 when another meeting is scheduled at the end of 2005, beginning of 2006. The Swiss team plans to inform about the case studies, the synthesis and the preliminary recommendations at the last national meeting. For the second meeting, the Swiss team is taking stakeholders from the FSC initiatives (i.e. case studies) to Germany to visit several initiatives and retailers. S3 and the German subcontractor (S7) are organising the two days trip. A programme has been worked out and first contacts have been made in Germany.

***Sub-contracted work****Subcontractor (S3)*

Service romand de vulgarisation agricole (SRVA)  
Avenue des Jordils 1,  
CP 128,  
1000 LAUSANNE 6,  
Switzerland

Persons involved:

- Dr. Dominique Barjolle (SRVA) [d.barjolle@srva.ch]
- Peter Damary (SRVA) [p.damary@srva.ch]
- Pierre Praz (SRVA) [p.praz@srva.ch]

Sub-contracted work during the first reporting period

- SRVA was involved in the realisation of D8, the national report on food supply chain dynamics.
- SRVA organised the national seminar that took place in Bienne on 2<sup>nd</sup> December 2003. SRVA was also responsible for writing the national seminar report.
- SVRA participated in the first and second project coordination meeting.

Sub-contracted work during the second reporting period

- SRVA was responsible for the realisation of the case study on Natura Beef. P3 had permanent contacts with SVRA to comment on the methodology and to proceed on the case studies. SRVA has a good practical knowledge of operators in the food supply chains in Switzerland and it has been an asset for the project, to select the initiatives and to contact the partners (several interviews for each case study). In addition to the informal contacts throughout the year, the Swiss team (ETHZ and SRVA) had several coordination and work meetings in 2004: 29-30 March 2004 (Les Rasses), 26 October 2004 and 3 December 2004.
- SRVA also took an active part in the dissemination, in particular with a seminar on "New supply chains: key

steps in the development of an initiative” (17 May 2004).

- SVRA participated in the third and fourth project coordination meeting.

### ***3.4 University of Pisa – Department of Agricultural Economics (P4)***

#### ***Name and address of the participating organisation***

University of Pisa, Department of Agricultural Economics

Via S. Michele degli Scalzi 2, 56124 Pisa, Italy

Tel. +39 050571553

Fax +39 050571344

E-mail [gbrunori@agr.unipi.it](mailto:gbrunori@agr.unipi.it)

#### ***Scientific team***

Prof. G. Brunori	Associate Professor
Prof. L. Iacoponi	Professor – Chair of Agricultural Economics
Dr. M. Miele	Lecturer
Ir. A. Rossi	Senior Researcher
Ir. P. Pieroni	Junior Researcher (hired for this project)
Ir. F. Vanni	Junior Researcher (hired for this project)
Ir. A. Ara	Junior Researcher (hired for this project)
Ir. S. Medeot	Junior Researcher (hired for this project)

#### ***Contractual links to other participants***

None

#### ***Objectives***

The overall aim of the project is to assess the potential role of food supply chains in the enhancement of sustainable food production and rural development by identifying critical points in food supply chains which currently constrain the further dissemination of sustainable production, and recommend actions that are likely to enhance the prospects for sustainable food markets.

Specific objectives for the work to be carried out in Italy are:

- To map the current definitions of sustainability that are associated with new food supply chains in Italy. To examine the extent to which sustainability claims are interwoven with other quality attributes. To map, on the basis of a set of indicators, the diversity of food chains in Italy.
- To identify the bottlenecks which constrain the enhancement of sustainable food production in Italy.
- To examine ways of communication and mechanism of economic coordination between the actors in the food chain in Italy.
- To develop performance indicators and methods in order to assess the collective performance of the food chain as a whole towards sustainable food production.
- To examine the relevant policy environment for the development of sustainable food supply chains and to formulate policy recommendations for regional and national authorities in Italy.

The results derived from the research activities carried out in Italy will be used to address the overall objectives (see section 1.1) of the SUS-CHAIN project.

### **Workplan**

P4 will carry out the full range of research and dissemination activities in Italy required to realise the project's objectives. P4 is also responsible for WP4 and WP5 coordination and all the research tasks in Italy. S4 will contribute to all workpackages by means of feedback and reflection on intermediate results and provisional conclusions. In addition S4 will carry out one case study, organise the Italian national seminars and write the practical protocols for Italy. More specifically the workplan for the Italian team (i.e. P4 and S4) is as follows:

- *WP1:* According to WP1 methodology, P4 will conduct a review of Italian literature and research on food supply chains, in order to assess relevant and interesting FSC performance indicators for three different aspects of FSCs, and to develop national sets of provisional indicators with S4. Based upon the results of WP2 & WP3 and the feedback from the first national seminar, P4 and S4 will contribute to the assessment of the provisional indicators and propose improved sets of indicators. Based upon the results of the case studies and feedback from the second national seminar, P4 and S4 will contribute to the assessment and finalisation of the fine-tuned sets of indicators.
- *WP2:* Based upon the WP2 methodology P4 will carry out a literature review for Italy on different aspects of FSCs to assess their socio-economic dynamics. P4 and S4 will carry out interviews to supplement this. Based on the review and the interviews P4 will write a national report in collaboration with S4 (D8).
- *WP3:* Based upon the WP3 methodology P4 will carry out a desk study and (in collaboration with S4) write a national report for Italy on consumer attitudes to sustainable food products (D9).
- *WP4:* P4 will develop, with support of P1, a draft methodology for the case studies. P4 and S4 will propose and select 2 case studies for in depth study in Italy. Together with P1, P4 will assess the case studies proposed by the participants and make a final selection according to several criteria. The draft methodology and the selected cases will be discussed at third project coordination meeting, which will be organised by the Italian team. After this meeting P4, together with P1, will develop a final case study methodology (D13). P4 and S4 will translate the case study methodology to the Italian national context and develop a national case study research plan (D14).
- *WP5:* The Italian team will collect data for the two Italian case studies according to the methods outlined in D13 and D14. The Italian team will also produce a draft description and analysis of the dynamics of the Italian FSCs being studied and will assess their performance making use of the indicators developed for performance assessment. From this, P4 and S4 will identify opportunities and constraints for improving the performance of the FSCs under study. Finally, the Italian team will publish the findings in two case study reports (D16).
- *WP6:* P4 and S4 will comment on the provisional typologies and assessment of constraints and opportunities produced by P7 and P1.
- *WP7:* P4 will develop provisional policy recommendations for the Italian regional and national public authorities based on the results of WPs 1, 2, 3 and 5. S4 will develop provisional practical protocols for Italian FSC actors and different stakeholders in the institutional environment of FSCs based on the results of WP 1, 2, 3 and 5. These will be fine-tuned at meeting 6, and Italian national reports will be written on policy recommendations (D20) and practical protocols (D21) by P4 and S4 respectively.
- *WP8:* S4 will organise the first Italian national seminar to disseminate and get feedback on the provisional results of WP 1-3 (D7). S4 will also organise the second national seminar to disseminate and get feedback on the provisional Italian case study results (D15). The provisional policy recommendations and practical protocols will be disseminated in the third national seminar (D19) organised by S4 where these results will be refined. Both P4 and S4 will contribute to a scientific book based on the project.

**Deliverables**

Deliverable	Delivery date (according to TA)	Status	Comments
D7) National seminar (feedback on WP1, 2 & 3)	November 2003	Completed	<i>Held on 16 December 2003</i>
D8) FSC dynamics (national report WP2)	December 2003	Completed	
D9) Consumers' attitudes (national report WP3)	December 2003	Completed	
D13) Overall case study methodology	February 2004	Completed	<i>Final version completed in July 2004</i>
D14) National research plan	March 2004	Completed	
D15) National seminar 2 (feedback on case studies)	October 2004	Delayed	<i>Postponed to March 2005</i>
D16) Case study reports	November 2004	In progress	
D19) National seminar 3 (feedback on provisional recommendations)	September 2005	Not started	
D20) Policy recommendations (national report)	October 2005	Not started	
D21) Practical recommendations (national report)	October 2005	Not started	

**WP1: Development and fine-tuning of food supply chain performance indicators****Research activities during the first reporting period (summary)**

In collaboration with the subcontractor IRIPA P4 conducted a review of literature on food-supply chains in order to document interesting food supply chain performance indicators. The results of the review were discussed within the national team and with the subcontractor, in order to frame a national set of provisional indicators. The literature review results were incorporated in the research made for the National reports on Workpackage 2 and 3, while the national set of provisional indicators were used as base to work out the methodology for case studies, as co-ordinators of Workpackage 4.

**Research activities during the second reporting period**

On the basis of the analysis of the case studies (WP5) P4, in collaboration with the subcontractor, has started to discuss the final fine-tuned sets of indicators, which will be assessed after the second national seminar, which will be held in March 2005 (therefore in the third reporting period).

**Table 3.4.1** Person-months available and spent per WP1 task

Task	Total person-months available (TA)		1 <sup>st</sup> reporting period		2 <sup>nd</sup> reporting period		3 <sup>rd</sup> reporting period		Total person-months spent	
	P4	S4	P4	S4	P4	S4	P4	S4	P4	S4
Scientific coordination										
Workpackage coordination										
1.1 Meeting	0.25	0.25	0.25	0.25					0.25	0.25
1.2 WP Methodology										
1.3 Review of literature and ongoing research	0.50		0.50						0.50	
1.4 Development of provisional indicators	0.25	0.10	0.25	0.10					0.25	0.10
1.5 Finetuning of indicators (input from WP2 & 3)	0.25	0.10	0.25	0.10					0.25	0.10
1.6 Finalisation of indicators	0.25	0.10								
<b>Total</b>	<b>1.50</b>	<b>0.55</b>	<b>1.25</b>	<b>0.45</b>					<b>1.25</b>	<b>0.45</b>

**WP2: Macro-level analysis of food supply chain dynamics and diversity****Research activities during the first reporting period (summary)**

The UK-team as co-ordinator of this WP was supported with the development of the methodology for this WP. Profile indicators, developed by the Swiss team as co-ordinator of WP1, were used to provide a format for the description of sustainable food supply chains initiatives. The literature review, the discussions among different researchers in the field of sustainable development and the participation to meetings and conferences related to sustainable food-supply chains, as the SANA fair in Bologna, were the basis for writing the WP2 National Report. Besides the National Report on WP2, other documents were written, under the supervision of the WP2 co-ordinator, such as the WP2 Catalogue of FSC initiatives in Italy and a Summary of FSC initiatives in Italy.

**Research activities during the second reporting period**

The National Report on WP2, that is a macro-level analysis of food supply chain dynamics and diversity in Italy, with the WP2 catalogue of FSC initiatives in Italy, were the basis on which the discussion of the first national seminar was built. The results of that discussion helped the search for the cases to develop in WP5.

**Table 3.4.2** Person-months available and spent per WP2 task

Task	Total person-months available (TA)		1 <sup>st</sup> reporting period		2 <sup>nd</sup> reporting period		3 <sup>rd</sup> reporting period		Total person-months spent	
	P4	S4	P4	S4	P4	S4	P4	S4	P4	S4
Scientific coordination										
Workpackage coordination										
2.1 WP Methodology										
2.2 Literature review	1.00		1.00						1.00	
2.3 Interviews	1.00	1.00	1.00	1.00					1.00	1.00
2.4 Meeting										
2.5 National reports	0.50	0.50	0.50	0.50					0.50	0.50
2.6 WP synthesis report										
<b>Total</b>	<b>2.50</b>	<b>1.50</b>	<b>2.50</b>	<b>1.50</b>					<b>2.50</b>	<b>1.50</b>

**WP3: Desk study on consumers' attitudes towards sustainable food products****Research activities during the first reporting period (summary)**

The Belgian team, as workpackage co-ordinator, elaborated the methodology. The first part, consisted of a guideline and format for the collection of literature and data on consumer attitudes and behaviour. The second part, was a format and conceptual framework for the national reports. According to the guidelines provided by the Belgian team, a literature database was made. The topics of interest were consumer attitudes to food in general, food production systems, specific market channels and specific product attributes like food safety and food labelling. WP3 National Report: the report has been enriched with a data base related to consumers' attitudes and literature.



**Research activities during the second reporting period**

The WP3 National report on consumers' attitudes has been a continuous reference for building questionnaires, searching people to be interviewed, and analysing the responses of consumers related to the case studies developed in WP5.

**Table 3.4.3** Person-months available and spent per WP3 task

Task	Total person-months available (TA)		1 <sup>st</sup> reporting period		2 <sup>nd</sup> reporting period		3 <sup>rd</sup> reporting period		Total person-months spent	
	P4	S4	P4	S4	P4	S4	P4	S4	P4	S4
Scientific coordination										
Workpackage coordination										
3.1 WP Methodology										
3.2 Desk study (literature review)	1.00	0.25	1.00	0.25					1.00	0.25
3.3 Meeting	0.25		0.25						0.25	
3.4 National reports	0.50	0.25	0.50	0.25					0.50	0.25
3.5 WP synthesis report										
<b>Total</b>	<b>1.75</b>	<b>0.50</b>	<b>1.75</b>	<b>0.50</b>					<b>1.75</b>	<b>0.50</b>

**WP4: Case study methodology****Research activities during the first reporting period (summary)**

On the basis of the classification of sustainable food chain initiatives made in WP2, according to a typology grid out of WP1, a first draft of the case-study methodology, criteria for case-study selection and design were elaborated.

**Research activities during the second reporting period**

The draft case study methodology was discussed in the third project coordination meeting in January 2004 in Pisa. On that basis a selection of three provisional case-studies was made, and the cases were framed with the provisional case-study methodology.

After the third project coordination meeting in Pisa and other meetings with the Dutch Sus-chain coordinator in the Netherlands, a second draft of the case study methodology was defined. Based on the draft methodology, P4 in collaboration with the subcontractor IRIPA, and following the suggestions given by WP3 National report and the results of the first National seminar, selected two main case studies at national level.

A first case study was used as pilot case in order to test the draft methodology, so that the theoretical basis, the hypothesis and research questions indicated in the methodology could be tested, before other partners started the case study fieldwork. All the research questions were operationalised into questions and research instruments for the fieldwork, so that to build a clear plan for the interviews to be made and the stakeholders to be involved in the research. The research plan was framed into a research programme tailored on the specific case study to be developed (see D14).

According to that version of the methodology, and to the pilot case first tested, the second case study was selected, and according to the operationalisation of the methodology also the plan for that case study was prepared (D14).

In collaboration with the SUS-CHAIN coordinator (P1), and the theoretical suggestions given by the UK partner (P2), a "Layout of the case study reports" was elaborated, in order to provide all the partners with a common frame for reporting the case studies (see Annex 1, D16). In that way the case study methodology was built and enriched step by step along with the development of the project, up to the final version, completed in July 2004, after a project coordination meeting where all partners together assessed the methodology to be used for case studies (D13).

**Table 3.4.4** *Person-months available and spent per WP4 task*

Task	Total person-months available (TA)		1 <sup>st</sup> reporting period		2 <sup>nd</sup> reporting period		3 <sup>rd</sup> reporting period		Total person-months spent	
	P4	S4	P4	S4	P4	S4	P4	S4	P4	S4
Scientific coordination										
Workpackage coordination	1.00		0.50		0.50				1.00	
4.1 Draft methodology	1.00		1.00		-				1.00	
4.2 Selection of cases	0.25	0.25			0.25	0.25			0.25	0.25
4.3 Meeting	0.25	0.25	0.25	0.25	-	-			0.25	0.25
4.4 Final case study methodology	0.50				0.50				0.50	
4.5 National case-study research plans	0.25	0.25			0.25	0.25			0.25	0.25
<b>Total</b>	<b>3.25</b>	<b>0.75</b>	<b>1.75</b>	<b>0.25</b>	<b>1.50</b>	<b>0.50</b>			<b>3.25</b>	<b>0.75</b>

#### *WP5: Case studies*

##### ***Research activities during the second reporting period***

In the second reporting period P4 started the coordination of WP5 by testing the draft methodology on a pilot case study (the "Raw Sheep Milk Cheese", RSMC), so to assess the guiding principles for conducting the case studies for all partners. After a meeting with all partners, where the methodology and the pilot case were discussed, the final methodology was delivered, with the guidelines for the theoretical background, the methods for fieldwork and the reporting for the case studies.

On the basis of the methodology (D13) two main case studies were selected, besides two satellite cases per main case at national level, and two international satellite cases.

After the cases were selected a the research plan was made (D14), as a guide for conducting the selection of methods of work, the fieldwork, and the analysis of the case. Between June and September 2004 the fieldwork for the two main cases was carried out, and in the meantime the analysis of data was started, so that a provisional case study report could be prepared for the Fourth SUS-CHAIN Project Coordination Meeting, hold in Martigny (Switzerland) in November 2004.

On the basis of the discussion held in the meeting, further data collection was undertaken in December 2004, so to enrich the considerations and conclusions for the case studies. In the end of 2004 the case study reports are framed, even if still in progress, because important considerations can emerge from the discussion that will take place during the Second National Seminar, which will be held in March 2005.

**Table 3.4.5** *Person-months available and spent per WP5 task*

Task	Total person-months available (TA)		1 <sup>st</sup> reporting period		2 <sup>nd</sup> reporting period		3 <sup>rd</sup> reporting period		Total person-months spent	
	P4	S4	P4	S4	P4	S4	P4	S4	P4	S4
Scientific coordination										
Workpackage coordination	2.00				2.00				2.00	
5.1 Data collection: interviews and survey	4.00	4.00			4.00	4.00			4.00	4.00
5.2 Description/analysis per case of FSC dynamics	1.00	1.00			1.00	1.00			1.00	1.00
5.3 Meeting	0.25				0.25				0.25	
5.4 Assessment of FSC performance	0.50	0.50								
5.5 Identification of opportunities & constraints	0.50	0.50								
5.6 Case study reports	0.50	0.50								
<b>Total</b>	<b>8.75</b>	<b>6.50</b>			<b>7.25</b>	<b>5.00</b>			<b>7.25</b>	<b>5.00</b>

**WP8: Dissemination and feedback****Research activities during the first reporting period (summary)**

During the first reporting period P4 organised, jointly with the subcontractor IRIPA, the first National Seminar, held in Florence on December 16<sup>th</sup> 2004. The seminar was documented with a film, made by IRIPA, and a report, made by the staff of the University of Pisa.

**Research activities during the second reporting period**

The Second National seminar, planned for the end of 2004, was postponed to March 2005 (third reporting period), so to have time to conclude the case study phase, and therefore to collect the opinions of all the stakeholders involved. Those comments and discussions are considered necessary for the final assessment of the case study analysis, which is the basis for the case study reports. In order to facilitate the debate during the Second National Seminar the two case studies a video documentation has been started in the end of 2004.

In the meantime the case study which was tested as pilot case (RSMC) has been the source for a scientific article written by some members of the staff of the University of Pisa. Both works of the video and the article are in progress and will be finalised in 2005.

The coordinator of the Italian team also presented a paper at the XI<sup>th</sup> International Rural Sociology Conference in July 2004.

**Table 3.4.8** *Person-months available and spent per WP8 task*

Task	Total person-months available (TA)		1 <sup>st</sup> reporting period		2 <sup>nd</sup> reporting period		3 <sup>rd</sup> reporting period		Total person-months spent	
	P4	S4	P4	S4	P4	S4	P4	S4	P4	S4
Scientific coordination										
Workpackage coordination										
8.1 SUS-CHAIN website										
8.2 Dissemination plan										
8.3 National seminar 1 (assessment of phase 1)	0.10	0.25	0.10	0.25					0.10	0.25
8.4 National seminar 2 (assessment of phase 2)	0.10	0.25								
8.5 National seminar 3 (assessment of phase 3)	0.10	0.25								
8.6 International conference	0.25	0.25								
8.7 Scientific book	1.00	1.00								
8.8 Final report										
<b>Total</b>	<b>1.55</b>	<b>2.00</b>	<b>0.10</b>	<b>0.25</b>					<b>0.10</b>	<b>0.25</b>

***Significant difficulties or delays experienced during the first reporting period (summary)***

There were no significant major delays (taking into account that the actual start of the project was on the 1<sup>st</sup> of March 2003) or other problems, apart from the occurrence of deadlines of different reports at the same time.

***Significant difficulties or delays experienced during the second reporting period***

The main delays in the second reporting period were:

- The final case study methodology (D13) was delivered in July 2004, because of the necessity of testing it on a pilot case study, in order to provide all partners with clear indications on how to operationalise the theoretical methodology in the fieldwork and data analysis.
- The National research plan (D14) was delivered in May 2004 instead of February 2004, because of the time required for selecting the case studies and finding the suitable stakeholders to be interviewed, according to the methodology that was in the process of being finalised.
- The Second National seminar (D15) was postponed to March 2005 (third reporting period), because of the time needed to assess the case study analysis, and so the selection of the significant stakeholders to be involved in the seminar.
- The case study reports (D16) were postponed to March 2005 (third reporting period) in order to complete the case study conclusions with the results of the discussion that will be held during the Second National seminar.

***Sub-contracted work during the first reporting period******Subcontractor (S4)***

IRIPA

Via Villa Demidoff 64/d

50127 Firenze

Italy

T: +39 553215064

F: +39 553246612

E-mail: toscana@IRIPA .it

***First reporting period***

Contribution of the subcontractor to SUS-CHAIN work:

- WP1 – Development of sets of indicators: feedback on draft version of the provisional set of indicators.
- WP2 – Macro-level analysis of different FSCs: selection of initiatives and collection of data and information for the WP2 national report.
- WP3 – Desk study on consumers' attitudes: literature review and suggestions for national report.
- WP8 – Organisation of the first national seminar, held in Florence on December, 16th.
- Participation in second project coordination meeting.

***Second reporting period***

- WP4: IRIPA contributed significantly to select the case studies, particularly for the CAF case, and supported the University staff in order to realize the National case-study research plans (D14).
- WP5: IRIPA shared the work of data collection useful for the fieldwork, as well as the description and analysis of the cases that will contribute to describe FSC dynamics (D16).
- Participation in third project coordination meeting.

***3.5 University of Ghent – Department of Agricultural Economics (P5)******Name and address of the participating organisation***

University of Ghent - Department of Agricultural Economics

Coupure Links 653, 9000 Gent, Belgium

T: +32 9 2645926

F: +32 9 2646246

E-mail [Guido.VanHuylenbroeck@UGent.be](mailto:Guido.VanHuylenbroeck@UGent.be)***Scientific team***

Prof. dr. Guido Van Huylenbroeck

Professor

Prof. dr. Wim Verbeke

Professor

Ir. Anne Vuylsteke

Researcher

***Contractual links to other participants***

None

## **Objectives**

The overall aim of the project is to assess the potential role of food supply chains in the enhancement of sustainable food production and rural development by identifying critical points in food supply chains which currently constrain the further dissemination of sustainable production, and recommend actions that are likely to enhance the prospects for sustainable food markets.

Specific objectives for the work to be carried out in Belgium are:

- To map the current definitions of sustainability that are associated with new food supply chains in Belgium. To examine the extent to which sustainability claims are interwoven with other quality attributes. To map, on the basis of a set of indicators, the diversity of food chains in Belgium.
- To identify the bottlenecks which constrain the enhancement of sustainable food production in Belgium.
- To examine ways of communication and mechanism of economic coordination between the actors in the food chain in Belgium.
- To develop performance indicators and methods in order to assess the collective performance of the food chain as a whole towards sustainable food production.
- To examine the relevant policy environment for the development of sustainable food supply chains and to formulate policy recommendations for regional and national authorities in Belgium.

The results derived from the research activities carried out in Belgium will be used to address the overall objectives (see section 1.1) of the SUS-CHAIN project.

## **Workplan**

P5 will carry out the full range of research and dissemination activities in Belgium required to realise the project's objectives. P5 is also responsible for WP3 coordination and all the research tasks in Belgium. S5 will contribute to all workpackages by means of feedback and reflection on intermediate results and provisional conclusions. In addition S5 will carry out one case study, organise the Italian national seminars and write the practical protocols for Belgium.

More specifically the workplan for the Belgian team (i.e. P5 and S5) is as follows:

- *WP1*: According to WP1 methodology, P5 will conduct a review of Italian literature and research on food supply chains, in order to assess relevant and interesting FSC performance indicators for three different aspects of FSCs, and to develop national sets of provisional indicators with S5. Based upon the results of WP2 & WP3 and the feedback from the first national seminar, P5 and S5 will contribute to the assessment of the provisional indicators and propose improved sets of indicators. Based upon the results of the case studies and feedback from the second national seminar, P5 and S5 will contribute to the assessment and finalisation of the fine-tuned sets of indicators.
- *WP2*: Based upon the WP2 methodology P5 will carry out a literature review for Belgium on different aspects of FSCs to assess their socio-economic dynamics. P5 and S5 will carry out interviews to supplement this. Based on the review and the interviews P5 will write a national report in collaboration with S5 (D8).
- *WP3*: P5 will develop a methodology for the desk study on consumers' attitudes and behaviour (D4). Based upon the WP3 methodology P5 will carry out a desk study and (in collaboration with S5) write a national report for Belgium on consumer attitudes to sustainable food products (D9). Based upon all national reports P5 will write a WP3 synthesis report, summarising and analysing differences and similarities in consumers' attitudes and behaviour in the participating countries (D11).
- *WP4*: P5 and S5 will propose and select 2 case studies for in depth study in Belgium. P5 and S5 will translate the case study methodology to the Belgian national context and develop a national case study

research plan (D14).

- *WP5*: The Belgian team will collect data for the two Belgian case studies according to the methods outlined in D13 and D14. The Belgian team will also produce a draft description and analysis of the dynamics of the Belgian FSCs being studied and will assess their performance making use of the indicators developed for performance assessment. From this, P5 and S5 will identify opportunities and constraints for improving the performance of the FSCs under study. Finally, the Belgian team will publish the findings in two case study reports (D16).
- *WP6*: P5 and S5 will comment on the provisional typologies and assessment of constraints and opportunities produced by P7 and P1.
- *WP7*: P5 will develop provisional policy recommendations for the Belgian regional and national public authorities based on the results of WPs 1, 2, 3 and 5. S5 will develop provisional practical protocols for Belgian FSC actors and different stakeholders in the institutional environment of FSCs based on the results of WP 1, 2, 3 and 5. These will be fine-tuned at meeting 6, and Belgian national reports will be written on policy recommendations (D20) and practical protocols (D21) by P5 and S5 respectively.
- *WP8*: S5 will organise the first Belgian national seminar to disseminate and get feedback on the provisional results of WP 1-3 (D7). S5 will also organise the second national seminar to disseminate and get feedback on the provisional Belgian case study results (D15). The provisional policy recommendations and practical protocols will be disseminated in the third national seminar (D19) organised by S5 where these results will be refined. Together with P1 P5 will organise an international conference (D22). Together with P1 and P6 P5 will edit a scientific book (D24). Both P5 and S5 will contribute to a scientific book based on the project.

### **Deliverables**

<b>Deliverable</b>	<b>Delivery date (according to TA)</b>	<b>Status</b>	<b>Comments</b>
D3) WP3 methodology	April 2003	Completed	
D7) National seminar (feedback on WP1, 2 & 3)	November 2003	Completed	<i>Held on 15 December 2003</i>
D8) FSC dynamics (national report WP2)	December 2003	Completed	
D9) Consumers' attitudes (national report WP3)	December 2003	Completed	
D11) WP3 synthesis report	December 2003	Completed	<i>Completed in April 2004</i>
D14) National research plan	March 2004	Completed	
D15) National seminar 2 (feedback on WP4 & 5)	October 2004	Delayed	<i>Planned for 8 March 2005</i>
D16) Case study reports	November 2004	In progress	
D19) National seminar 3 (feedback on provisional recommendations)	September 2005	Not started	
D20) Policy recommendations (national report)	October 2005	Not started	
D21) Practical recommendations (national report)	October 2005	Not started	
D22) International conference	November 2005	Not started	
D24) Scientific book	February 2006	Not started	

*WP1: Development and fine-tuning of food supply chain performance indicators*

### **Research activities during the first reporting period (summary)**

- Information on existing initiatives in Belgium was gathered and stored in an Access-database. The final database gives an overview of 123 initiatives grouped into five categories: short supply chains, new actors in the supply chains, hallmarks and brands, regional products, initiatives for specific processing



and other initiatives.

- During, before and after project coordination meetings the Belgian team commented on various draft versions of WP1 documents, written by the WP1 coordinator.

### ***Research activities during the second reporting period***

During the second reporting period, the database was updated when new information was found on initiatives in Belgium. No further progress has been made by P5 concerning this workpackage.

**Table 3.5.1** *Person-months available and spent per WP1 task*

Task	Total person-months available (TA)		1 <sup>st</sup> reporting period		2 <sup>nd</sup> reporting period		3 <sup>rd</sup> reporting period		Total person-months spent	
	P5	S5	P5	S5	P5	S5	P5	S5	P5	S5
Scientific coordination										
Workpackage coordination										
1.1 Meeting	0,25	0,25	0,25	0,25					0,25	0,25
1.2 WP Methodology										
1.3 Review of literature and ongoing research	0,50		0,50						0,50	
1.4 Development of provisional indicators	0,25	0,10	0,25	0,10					0,25	0,10
1.5 Finetuning of indicators (input from WP2 & 3)	0,25	0,10								
1.6 Finalisation of indicators	0,25	0,10								
<b>Total</b>	<b>1,50</b>	<b>0,55</b>	<b>1,00</b>	<b>0,35</b>					<b>1,00</b>	<b>0,35</b>

### ***WP 2: Macro-level analysis of food supply chain dynamics and diversity***

#### ***Research activities during the first reporting period (summary)***

- A WP2 national report was written according to the guidelines provided by P2 and based on collected information.
- A draft report was submitted prior to the second project coordination meeting in Cheltenham (UK), the final national report was submitted in December 2003.

#### ***Research activities during the second reporting period***

The work of P5 on WP2 in the second reporting period was very limited. The work was mainly done by the workpackage coordinator. P5 only gave feedback on the draft WP2 synthesis report both at the third project coordination meeting in Pisa and via email.

**Table 3.5.2** Person-months available and spent per WP2 task

Task	Total person-months available (TA)		1 <sup>st</sup> reporting period		2 <sup>nd</sup> reporting period		3 <sup>rd</sup> reporting period		Total person-months spent	
	P5	S5	P5	S5	P5	S5	P5	S5	P5	S5
Scientific coordination										
Workpackage coordination										
2.1 WP Methodology										
2.2 Literature review	1,00		1,50	0,25					1,50	0,25
2.3 Interviews	1,00	1,00		0,25						0,25
2.4 Meeting										
2.5 National reports	0,50	0,50	1,00	1,00					1,00	1,00
2.6 WP synthesis report										
<b>Total</b>	<b>2,50</b>	<b>1,50</b>	<b>2,50</b>	<b>1,50</b>					<b>2,50</b>	<b>1,50</b>

*WP 3: Desk study on consumers' attitudes towards sustainable food products***Research activities during the first reporting period (summary)**

- P5 elaborated a methodology for WP3 at the start of the project. In this methodology P5 proposed to first develop a database of primary and secondary data on consumers' attitudes and behaviour and, based on this database, develop guidelines for national reports.
- Next to the elaboration of the methodology, a Belgian database and country report were prepared to serve as an example for the other partners.
- At the end of 2003, preparations were also made for the construction of the WP3 synthesis report. International references were searched in order to verify the findings in the SUS-CHAIN-countries.

**Research activities during the second reporting period**

The WP3 synthesis report was the main occupation of P5 during the first months of 2004. Based on the findings of the national reports, some country coordinators were asked for more accurate information and to complete their national reports on certain topics. This led to a first draft of the synthesis that was presented at the project meeting in Pisa. The outcomes and remarks of the discussion that followed were included in the final version of the WP3 synthesis report. The final version was completed in April 2004.

**Table 3.5.3** Person-months available and spent per WP3 task

Task	Total person-months available (TA)		1 <sup>st</sup> reporting period		2 <sup>nd</sup> reporting period		3 <sup>rd</sup> reporting period		Total person-months spent	
	P5	S5	P5	S5	P5	S5	P5	S5	P5	S5
Scientific coordination										
Workpackage coordination	2,00		2,00						2.00	
3.1 WP Methodology	1,00		1,00						1.00	
3.2 Desk study (literature review)	1,00	0,25	1,00	0,25					1.00	0.25
3.3 Meeting	0,50		0,50						0.50	
3.4 National reports	0,50	0,25	0,50	0,25					0,50	0,25
3.5 WP synthesis report	1,50				2,00				2,00	
<b>Total</b>	<b>6,50</b>	<b>0,50</b>	<b>5,00</b>	<b>0,50</b>	<b>2,00</b>				<b>7.00</b>	<b>0.50</b>

*WP 4: Case study methodology***Research activities during the first reporting period (summary)**

The work on the case study methodology was mainly done by the Italian coordinator, but at some moments feedback from the other partners was required and formulated. The initiatives identified in WP 1 and 2 were furthermore classified according to the grid proposed by the Swiss team and there was also a first selection of possible case studies in Belgium.

**Research activities during the second reporting period**

During the second reporting period, the WP4 draft methodology was read a few times and remarks and feedback were given to the workpackage coordinator. The content of the methodology and the selection of the cases was discussed at both project and coordination meetings. Based on the (final version) of the methodology, a national research plan for Belgium was elaborated and written.

**Table 3.5.4** Person-months available and spent per WP4 task

Task	Total person-months available (TA)		1 <sup>st</sup> reporting period		2 <sup>nd</sup> reporting period		3 <sup>rd</sup> reporting period		Total person-months spent	
	P5	S5	P5	S5	P5	S5	P5	S5	P5	S5
Scientific coordination										
Workpackage coordination										
4.1 Draft methodology					0,10				0.10	
4.2 Selection of cases	0,25	0,25	0,25	0,25					0.25	0.25
4.3 Meeting	0,25	0,25			0,25	0,25			0.25	0.25
4.4 Final case study methodology										
4.5 National case-study research plans	0,25	0,25			0,15				0.15	
<b>Total</b>	<b>0,75</b>	<b>0,75</b>	<b>0,25</b>	<b>0,25</b>	<b>0,50</b>	<b>0,25</b>			<b>0.75</b>	<b>0.50</b>

**WP 5: Case studies****Research activities during the second reporting period**

During the second reporting period, work for WP5 started with the elaboration of the workplan for the Belgian case studies. It was decided that both P5 and S5 would work out their own case study, being the marketing of regional products for P5 and Biemelk Vlaanderen (organic dairy sector) for S5.

Concerning those initiatives, information was gathered and appointments were made with both participants and stakeholders of the initiative. The findings were used for the description and analysis of the cases and a first start for the assessment of the FSC performance, the identification of opportunities and constraints and the case study reports

**Table 3.5.5** Person-months available and spent per WP5 task

Task	Total person-months available (TA)		1 <sup>st</sup> reporting period		2 <sup>nd</sup> reporting period		3 <sup>rd</sup> reporting period		Total person-months spent	
	P5	S5	P5	S5	P5	S5	P5	S5	P5	S5
Scientific coordination										
Workpackage coordination										
5.1 Data collection: interviews and survey	4,00	4,00			2,00	3,00			2,00	3,00
5.2 Description/analysis per case of FSC dynamics	1,00	1,00			0,25	0,25			0,25	0,25
5.3 Meeting	0,25				0,25	0,25			0,25	0,25
5.4 Assessment of FSC performance	0,50	0,50			0,25				0,25	
5.5 Identification of opportunities & constraints	0,50	0,50			0,25				0,25	
5.6 Case study reports	0,50	0,50			0,25				0,25	
<b>Total</b>	<b>6,75</b>	<b>6,50</b>			<b>3,25</b>	<b>4,00</b>			<b>3,25</b>	<b>4,00</b>

**WP 8: Dissemination and feedback****Research activities during the first reporting period (summary)**

The dissemination activity for the first reporting period was the national seminar that was organised on December, 15<sup>th</sup> in Strombeek-Bever (near Brussels).

**Research activities during the second reporting period**

In the second reporting period, there was no further progress concerning the planned dissemination activities as the second national seminar has been postponed to the third reporting period (March 8<sup>th</sup> 2005 in Ghent). Other dissemination activities include amongst others a presentation of a paper (based on WP3) at the XI<sup>th</sup> International Rural Sociology Conference in July 2004.

**Table 3.5.8** Person-months available and spent per WP8 task

Task	Total person-months available (TA)		1 <sup>st</sup> reporting period		2 <sup>nd</sup> reporting period		3 <sup>rd</sup> reporting period		Total person-months spent	
	P5	S5	P5	S5	P5	S5	P5	S5	P5	S5
Scientific coordination										
Workpackage coordination										
8.1 SUS-CHAIN website										
8.2 Dissemination plan										
8.3 National seminar 1 (assessment of phase 1)	0.10	0.25	0.10	0.25					0.10	0.25
8.4 National seminar 2 (assessment of phase 2)	0.10	0.25								
8.5 National seminar 3 (assessment of phase 3)	0.10	0.25								
8.6 International conference	2.00	0.25								
8.7 Scientific book	2.50	1.00								
8.8 Final report										
<b>Total</b>	<b>4.80</b>	<b>2.00</b>	<b>0.10</b>	<b>0.25</b>					<b>0.10</b>	<b>0.25</b>

**Significant difficulties or delays experienced during the first reporting period**

Due to the fact that the national reports of WP3 were submitted by the end of December 2003, it was not possible to finalise the WP3 synthesis report within the first reporting period.

**Significant difficulties or delays experienced during the second reporting period**

No specific delays, besides the general delay in case studies and second national seminar.

**Sub-contracted work**

*Subcontractor (S5)*

Vredeseilanden – Coopibo

Blijde Inkomststraat 50, 3000 Leuven, Belgium.

T: +32 16 316580

F: +32 16 316581

E-mail: [Lieve.Vercauteren@vredeseilanden.be](mailto:Lieve.Vercauteren@vredeseilanden.be)

First reporting period

- Gathering of information for the inventory of initiatives, feedback on the WP 2 report and collaboration for the writing of the paragraph on key issues.
- The main tasks of the subcontractor was the organisation of the first national seminar.
- Participation in first and second project coordination meeting.

Second reporting period

- Commenting on the proposed case study methodology.
- Participation in writing the national research plan.
- Participation in the two project coordination meetings.
- Case studie "Biomelk Vlaanderen": literature review, context analysis, data collection and description of FSC dynamics, interviews with stakeholders and resource persons.

- Preparation of the second national seminar: defining the teams, making a programme, reviewing the list of stakeholders to invite.

### ***3.6 Baltic Studies Centre (P6)***

#### ***Name and address of the participating organisation***

Baltic Studies Centre  
Rostokas iela 60-24, Riga LV 1029, Latvia  
Tel. +371 9417173  
Fax +371 7089860  
E-mail tt@iza.lv

#### ***Scientific team***

Dr.soc. Talis Tisenkopfs	Senior researcher/Director and country team coordinator in Latvia
Dr.soc. Aija Zobena	Researcher (hired for this project)
Ma. Soc. Sandra Sumane	Jr. researcher (hired for this project)
Ma. Soc. Ilze Lace	Jr. researcher (hired for this project)
Ma. Soc. Anita Kalnina	Jr. researcher (hired for this project)
Rita Sile	Assistant researcher (hired for this project)

#### ***Contractual links to other participants***

None

#### ***Objectives***

The overall aim of the project is to assess the potential role of food supply chains in the enhancement of sustainable food production and rural development by identifying critical points in food supply chains which currently constrain the further dissemination of sustainable production, and recommend actions that are likely to enhance the prospects for sustainable food markets. Specific objectives for the work to be carried out in Latvia are:

- To map the current definitions of sustainability that are associated with new food supply chains in Latvia. To examine the extent to which sustainability claims are interwoven with other quality attributes. To map, on the basis of a set of indicators, the diversity of food chains in Latvia.
- To identify the bottlenecks which constrain the enhancement of sustainable food production in Latvia.
- To examine ways of communication and mechanism of economic coordination between the actors in the food chain in Latvia.
- To develop performance indicators and methods in order to assess the collective performance of the food chain as a whole towards sustainable food production.
- To examine the relevant policy environment for the development of sustainable food supply chains and to formulate policy recommendations for regional and national authorities in Latvia.

The results derived from the research activities carried out in Latvia will be used to address the overall objectives (see section 1.1) of the SUS-CHAIN project.

### **Workplan**

P6 will carry out the full range of research and dissemination activities in Latvia required to realise the project's objectives. P6 is also responsible for WP8 coordination and all the research tasks in Latvia. S6 will contribute to all workpackages by means of feedback and reflection on intermediate results and provisional conclusions. In addition S6 will carry out one case study, organise the Latvian national seminars and write the practical protocols for Latvia.

More specifically the workplan for the Latvian team (i.e. P6 and S6) is as follows:

- *WP1:* According to WP1 methodology, P6 will conduct a review of Latvian literature and research on food supply chains, in order to assess relevant and interesting FSC performance indicators for three different aspects of FSCs, and to develop national sets of provisional indicators with S6. Based upon the results of WP2 & WP3 and the feedback from the first national seminar, P6 and S6 will contribute to the assessment of the provisional indicators and propose improved sets of indicators. Based upon the results of the case studies and feedback from the second national seminar, P6 and S6 will contribute to the assessment and finalisation of the fine-tuned sets of indicators.
- *WP2:* Based upon the WP2 methodology P6 will carry out a literature review for Latvia on different aspects of FSCs to assess their socio-economic dynamics. P6 and S6 will carry out interviews to supplement this. Based on the review and the interviews P6 will write a national report in collaboration with S6 (D8).
- *WP3:* Based upon the WP3 methodology P6 will carry out a desk study and (in collaboration with S6) write a national report for Latvia on consumer attitudes to sustainable food products (D9).
- *WP4:* P6 and S6 will propose and select 2 case studies for in depth study in Latvia. P6 and S6 will translate the case study methodology to the Latvian national context and develop a national case study research plan (D14).
- *WP5:* The Latvian team will collect data for the two Latvian case studies according to the methods outlined in D13 and D14. The Latvian team will also produce a draft description and analysis of the dynamics of the Latvian FSCs being studied and will assess their performance making use of the indicators developed for performance assessment. From this, P6 and S6 will identify opportunities and constraints for improving the performance of the FSCs under study. Finally, the Latvian team will publish the findings in two case study reports (D16).
- *WP6:* P6 and S6 will comment on the provisional typologies and assessment of constraints and opportunities produced by P7 and P1.
- *WP7:* P6 will develop provisional policy recommendations for the Latvian regional and national public authorities based on the results of WPs 1, 2, 3 and 5. S6 will develop provisional practical protocols for Latvian FSC actors and different stakeholders in the institutional environment of FSCs based on the results of WP 1, 2, 3 and 5. These will be fine-tuned at meeting 6, and Latvian national reports will be written on policy recommendations (D20) and practical protocols (D21) by P6 and S6 respectively.
- *WP8:* P6 will develop, together with P1, a methodology of dissemination and feedback (D5) S6 will organise the first Latvian national seminar to disseminate and get feedback on the provisional results of WP 1-3 (D7). S6 will also organise the second national seminar to disseminate and get feedback on the provisional Latvian case study results (D15). The provisional policy recommendations and practical protocols will be disseminated in the third national seminar (D19) organised by S6 where these results will be refined. Together with P1 and P5 P6 will be responsible for editing a scientific book (D24). Both P6 and S6 will contribute to this book based on the project.



**Deliverables**

Deliverable	Delivery date (according to TA)	Status	Comments
D5) Dissemination plan	August 2003	Completed / in progress	<i>Is regularly updated throughout the project</i>
D7) National seminar (feedback on WP1, 2 & 3)	November 2003	Completed	<i>Held in November 2003</i>
D8) FSC dynamics (national report WP2)	December 2003	Completed	
D9) Consumers' attitudes (national report WP3)	December 2003	Completed	
D14) National research plan	March 2004	Completed	
D15) National seminar 2 (feedback on case studies)	October 2004	Delayed	
D16) Case study reports	November 2004	In progress	
D19) National seminar 3 (feedback on provisional recommendations)	September 2005	Not started	
D20) Policy recommendations (national report)	October 2005	Not started	
D21) Practical recommendations (national report)	October 2005	Not started	
D24) Scientific book	February 2006	Not started	

**WP1: Development and fine-tuning of food supply chain performance indicators****Research activities during the first reporting period (summary)**

The Latvian team prepared the national Start-document for the first project coordination meeting in Utrecht, which served as input for WPs 1,2 and 3.

**Research activities during the second reporting period**

Based upon the results of the WP2 & WP3 and the feedback given at the first national seminars (see WP8), the Latvian team assessed the provisional sets of indicators and proposed improved sets of indicators. P6 and S6 took part in the discussions devoted to: the identification of relevant questions, issues and themes for the case studies; the revision of the set of indicators at the Pisa Meeting (28.01.2004 – 30.01.2004). The fine-tuned framework was used as an input for the WP4 (case study methodology). Based upon the provisional results of the case studies (WP5) the Latvian team assessed the fine-tuned sets of indicators and contributed to proposed final sets of indicators to be used for the comparative case-study analysis (WP6).

**Table 3.6.1** Person-months available and spent per WP1 task

Task	Total person-months available (TA)		1 <sup>st</sup> reporting period		2 <sup>nd</sup> reporting period		3 <sup>rd</sup> reporting period		Total person-months spent	
	P6	S6	P6	S6	P6	S6	P6	S6	P6	S6
Scientific coordination										
Workpackage coordination										
1.1 Meeting	0.25	0.25	0.25	0.15		0.10			0.25	0.25
1.2 WP Methodology										
1.3 Review of literature and ongoing research	0.50		0.40		0.10				0.50	
1.4 Development of provisional indicators	0.25	0.10	0.25	0.10					0.25	0.10
1.5 Finetuning of indicators (input from WP2 & 3)	0.25	0.10	0.10	0.05	0.15	0.05			0.25	0.10
1.6 Finalisation of indicators	0.25	0.10			0.25	0.10			0.25	0.10
<b>Total</b>	<b>1.50</b>	<b>0.55</b>	<b>1.00</b>	<b>0.30</b>	<b>0.50</b>	<b>0.25</b>			<b>1.50</b>	<b>0.55</b>

*WP2: Macro-level analysis of food supply chain dynamics and diversity***Research activities during the first reporting period (summary)**

For the national report and collecting data about new food supply chain initiatives literature has been analysed and media screening carried out. 25 interviews with actors in the food chains were conducted and a small-scale survey data analysed. The Latvian team prepared WP2 report for Latvia, which was completed at the end of the first reporting period.

**Table 3.6.2** *Person-months available and spent per WP2 task*

Task	Total person-months available (TA)		1 <sup>st</sup> reporting period		2 <sup>nd</sup> reporting period		3 <sup>rd</sup> reporting period		Total person-months spent	
	P6	S6	P6	S6	P6	S6	P6	S6	P6	S6
Scientific coordination										
Workpackage coordination										
2.1 WP Methodology										
2.2 Literature review	1.00		0.50						0.50	
2.3 Interviews	1.00	1.00	1.00	0.25					1.00	0.25
2.4 Meeting										
2.5 National reports	0.50	0.50	1.00	0.50					1.00	0.50
2.6 WP synthesis report										
<b>Total</b>	<b>2.50</b>	<b>1.50</b>	<b>2.50</b>	<b>0.75</b>					<b>2.50</b>	<b>0.75</b>

*WP3: Desk study on consumers' attitudes towards sustainable food products***Research activities during the first reporting period (summary)**

For the WP3 database the following activities were carried out: analysis of statistical data, review of published researches, documentary analysis, selected interviews and other methods. Next a report on consumer attitudes and behaviour towards sustainable food products in Latvia was written with a considerable assistance and input by subcontractor. The final version was completed in December 2003.

**Table 3.6.3** *Person-months available and spent per WP3 task*

Task	Total person-months available (TA)		1 <sup>st</sup> reporting period		2 <sup>nd</sup> reporting period		3 <sup>rd</sup> reporting period		Total person-months spent	
	P6	S6	P6	S6	P6	S6	P6	S6	P6	S6
Scientific coordination										
Workpackage coordination										
3.1 WP Methodology										
3.2 Desk study (literature review)	1.00	0.25	0.75	0.50					0.75	0.50
3.3 Meeting	0.25		0.10						0.10	
3.4 National reports	0.50	0.25	0.50	0.75					0.50	0.75
3.5 WP synthesis report										
<b>Total</b>	<b>1.75</b>	<b>0.50</b>	<b>1.35</b>	<b>1.25</b>					<b>1.35</b>	<b>1.25</b>

**WP4: Case study methodology****Research activities during the first reporting period (summary)**

The Italian team as co-ordinator of WP4, together with project coordinator drafted case-study methodology. This first draft was sent to all the partners and the Latvian team contributed with comments to further develop the methodology and to produce a second more detailed draft. P6 and S6 collected information and discussed potential cases at internal meetings.

**Research activities during the second reporting period**

Selection of cases: The Latvian team selected two case studies for in depth analysis – an up-scaling of a regional dairy *Rankas Piens* and initiative in beef cattle production undertaken by the Latvian Cattle Breeders Association. For both cases a quick scan description was prepared.

Project coordination meeting: P6 and S6 participated in third project coordination meeting in Pisa and in two smaller coordination meetings in Brussels in which the final case study methodology was elaborated.

National case-study research plans: Partner 6 together with Subcontractor 6 translated the case study methodology to the national context (the translation of methodology: hypothesis and research question in Latvian, modification of research questions into questionnaires for interviews into the Latvian and Russian language) and developed national research plans (the persons and institutions to be interviewed, the number of interviews, data collection, other field work activities).

**Table 3.6.4** Person-months available and spent per WP4 task

Task	Total person-months available (TA)		1 <sup>st</sup> reporting period		2 <sup>nd</sup> reporting period		3 <sup>rd</sup> reporting period		Total person-months spent	
	P6	S6	P6	S6	P6	S6	P6	S6	P6	S6
Scientific coordination										
Workpackage coordination										
4.1 Draft methodology										
4.2 Selection of cases	0.25	0.25	0.10	0.10	0.15	0.15			0.25	0.25
4.3 Meeting	0.25	0.25			0.25	0.25			0.25	0.25
4.4 Final case study methodology										
4.5 National case-study research plans	0.25	0.25	0.10		0.55	0.25			0.65	0.25
<b>Total</b>	<b>0.75</b>	<b>0.75</b>	<b>0.20</b>	<b>0.10</b>	<b>0.95</b>	<b>0.65</b>			<b>1.15</b>	<b>0.75</b>

**WP5: Case studies****Research activities during the second reporting period**

The objective of WP5 is to conduct 2 in-depth case studies in Latvia – the regional dairy case and the case of the Latvian Cattle Breeders Association. Specific objectives of the case studies are:

- a detailed description and analysis of socio-economic dynamics of initiatives;
- analysis of the regional dairy and the Latvian Cattle Breeders Association food supply chains;
- assessment of performance of *Rankas Piens* and the Latvian Cattle Breeders Association food supply chains;
- identification of bottlenecks and constrain towards sustainability.

Data collection: interviews and surveys: The Latvian team (i.e. P6 and S6) collected data by means of interviews, documentary analysis (government, association, statistical and media), focus groups, field visits, meetings, observations and other fieldwork methods. The data collection was organised in several rounds of fieldwork. In dairy case the researchers interviewed milk farmers, managers and board members of *Rankas Piens*, local municipality representatives, rural support institutions, retailers and other network actors. Researchers also drew network maps, took photographs and produced video records of the initiative for subsequent analysis and representation. The focus group with consumers was organised. In the Latvian Cattle Breeders Association case 11 face-to face interviews and 11 phone interviews with farmers were carried out as well as six interviews with experts. All interviews and focus groups have been transcribed.

Description and analysis per cases: Both P6 and S6 prepared the first draft case study description and analysis of the dynamics of the food supply chains of *Ranka Dairy* and the Latvian Cattle Breeders Association.

The draft reports included the analyses of:

1. Major trends;
2. Consequences and responses to major trends;
3. The aims of the initiatives and sustainability problems;
4. The starters of initiatives;
5. Activities carried out;
6. Outcomes of initiatives in terms of FSCs performance indicators;
7. Changes and consolidation of organisational structure of the initiatives.

Preliminary analysis of collected data suggest that two hypothesis of SUS-CHAIN project are particularly relevant for both cases - Sub – Hypothesis 1 “Scaling up depends on commercial performance and appropriate public support”, and Sub – Hypothesis 2 “Nature of organisation changes with scaling up as an effect of growth in the market power and of the increased pressure of economic constraints and logics”.

Project coordination meeting: The draft descriptions and analyses of case studies were presented and discussed at the SUS-CHAIN 4<sup>th</sup> coordination meeting in Martigny, Switzerland (10.11.2004.-12.11.2004.)

Identification of opportunities & constraints: Along with ongoing case studies P6 and S6 elaborate on opportunities and constraints for improving the performance of the food supply chains under investigation.

**Table 3.6.5** *Person-months available and spent per WP5 task*

Task	Total person-months available (TA)		1 <sup>st</sup> reporting period		2 <sup>nd</sup> reporting period		3 <sup>rd</sup> reporting period		Total person-months spent	
	P6	S6	P6	S6	P6	S6	P6	S6	P6	S6
Scientific coordination										
Workpackage coordination										
5.1 Data collection: interviews and survey	4.00	4.00			2.00	2.00			2.00	2.00
5.2 Description/analysis per case of FSC dynamics	1.00	1.00			0.50	0.50			0.50	0.50
5.3 Meeting	0.25				0.10				0.10	
5.4 Assessment of FSC performance	0.50	0.50			0.25	0.25			0.25	0.25
5.5 Identification of opportunities & constraints	0.50	0.50			0.25	0.25			0.25	0.25
5.6 Case study reports	0.50	0.50			0.10	0.10			0.10	0.10
<b>Total</b>	<b>6.75</b>	<b>6.50</b>			<b>3.20</b>	<b>3.10</b>			<b>3.20</b>	<b>3.10</b>

**WP8: Dissemination and feedback****Research activities during the first reporting period (summary)**

The Latvian team together with P1 is responsible for coordination of WP8. In the first reporting period the project dissemination plan was elaborated. The plan includes guidelines for the organisation of the first national seminars. Baltic Studies Centre together with the Latvian subcontractor Institute of Philosophy and sociology (FSI) established contacts with food supply chain stakeholders in Latvia and organized the first national seminar. The national seminar draft report was prepared.

**Research activities during the second reporting period**

National seminar 1: P6 together with subcontractor prepared the first national seminar final report. The report included: analyses of problems (producer, processing, retailing, consumer), changes and trends in the food supply chains in Latvia; drivers of change; innovation process; marketing; impact on the rural development; outcomes and conclusions of the seminar. The seminar participants admitted that fragmentation of the chain actors can be regarded as the bottom line problem in the food chains in Latvia.

Workpackage coordination: Based on national seminar reports P6 prepared a summarising overview and comparative analysis of first national seminars as well as provided guidelines for organisation of second national seminars. These were presented and discussed at project coordination meeting in Martigny. At project coordination meeting in Pisa P6 presented a methodological reflection paper regarding international joint case studies (e.g. comparative study of international satellite initiatives)

An additional dissemination activity was delivery of a paper "Communicating research results to the actors in food supply chains" for a special SUS-CHAIN project working group "The contribution of new food supply chains to sustainable rural development" at the XI World Congress of Rural Sociology in Trondheim, Norway, 25-30 July 2004.

**Table 3.6.8** Person-months available and spent per WP8 task

Task	Total person-months available (TA)		1 <sup>st</sup> reporting period		2 <sup>nd</sup> reporting period		3 <sup>rd</sup> reporting period		Total person-months spent	
	P6	S6	P6	S6	P6	S6	P6	S6	P6	S6
Scientific coordination										
Workpackage coordination	1.00		0.40		0.30				0.70	
8.1 SUS-CHAIN website										
8.2 Dissemination plan	1.00		0.75		0.25				1.00	
8.3 National seminar 1 (assessment of phase 1)	0.10	0.25	0.10	0.25					0.10	0.25
8.4 National seminar 2 (assessment of phase 2)	0.10	0.25								
8.5 National seminar 3 (assessment of phase 3)	0.10	0.25								
8.6 International conference	0.25	0.25								
8.7 Scientific book	2.50	1.00								
8.8 Final report										
<b>Total</b>	<b>5.05</b>	<b>2.00</b>	<b>1.25</b>	<b>0.25</b>	<b>0.55</b>				<b>1.80</b>	<b>0.25</b>

***Significant difficulties or delays experienced during the first reporting period***

One problem that had to be solved regarded the fact that at the start of project it became evident that the original subcontracting institution (the Latvian Institute of Agrarian Economics) was unable to effectively participate in SUS-CHAIN project (due to time constraints). This issue was discussed with the project coordinator and the decision was made to subcontract another organization: the Institute of Philosophy and Sociology. This decision was approved by the European Commission.

***Significant difficulties or delays experienced during the second reporting period***

Besides the general delay (at project level) in finalisation of case studies and organisation of second national seminars, there were no significant major delays or other problems.

***Sub-contracted work****Subcontractor (S6)*

Institute of Philosophy and Sociology  
Akademijas laukums 1, Riga LV 1940, Latvia  
Tel. +371 9418933  
Fax +371 7210806  
E-mail [atabuns@lza.lv](mailto:atabuns@lza.lv)

The following persons have contributed to the project: Aivars Tabuns, Aija Zobena, Ausma Tabuna, Mareks Niklass, Kistaps Vecgrīvis, Laura Sīma.

First reporting period

The subcontractor team headed by Dr.soc. Aivars Tabuns actively engaged in organization of national seminar and contributed substantially to the preparation of WP2 report and particularly the WP3 report on consumer attitudes in Latvia.

Second reporting period

- Participated in selection of cases for in depth investigation;
- Participated in elaboration of national case-study research plan;
- Actively engaged in case study of the Latvian Cattle Breeders Association food supply chains and carried out fieldwork: data collection, interviews, surveys, analysis of documents (government, association, statistical and media);
- Prepared a draft description and analysis of the dynamics of the food supply chains of the Latvian Cattle Breeders Association;
- Took part in project coordination meetings in Pisa, Brussels and Martigny;
- Contributed to the first national seminar report.

### ***3.7 JW Goethe University – Institute for Rural Development Research (P7)***

#### ***Name and address of the participating organisation***

IfLS - Institute for Rural Development Research at Johann Wolfgang Goethe University  
 Zeppelinallee 31, 60325 FRANKFURT am Main  
 Fon: ++49.69.775001 Fax: ++49.69.777784  
 E-Mail: Knickel@em.uni-frankfurt.de  
 Website: <http://www.ifls.de>

#### ***Scientific team***

Dr. Karlheinz Knickel	Senior Researcher, Coordinator German team
Dipl.Ing.agr. Gundula Jahn	Junior Researcher (hired for this project for 2004-2005)
Dipl.Ing.agr. Axel Dosch	Junior Researcher (hired for this project for specific analyses in 2004)

#### ***Contractual links to other participants***

None

#### ***Objectives***

The overall aim of the project is to assess the potential role of food supply chains in the enhancement of sustainable food production and rural development by identifying critical points in food supply chains which currently constrain the further dissemination of sustainable production, and recommend actions that are likely to enhance the prospects for sustainable food markets.

Specific objectives for the work to be carried out in Germany are:

- To map the current definitions of sustainability that are associated with new food supply chains in Germany. To examine the extent to which sustainability claims are interwoven with other quality attributes. To map, on the basis of a set of indicators, the diversity of food chains in Germany.
- To identify the bottlenecks which constrain the enhancement of sustainable food production in Germany.
- To examine ways of communication and mechanism of economic coordination between the actors in the food chain in Germany.
- To develop performance indicators and methods in order to assess the collective performance of the food chain as a whole towards sustainable food production.
- To examine the relevant policy environment for the development of sustainable food supply chains and to formulate policy recommendations for regional and national authorities in Germany.

The results derived from the research activities carried out in Germany will be used to address the overall objectives (see section 1.1) of the SUS-CHAIN project.

#### ***Workplan***

P7 will carry out the full range of research and dissemination activities in Germany required to realise the project's objectives. P7 is also responsible for WP6 coordination and all the research tasks in Germany. S7 will contribute to all workpackages by means of feedback and reflection on intermediate results and provisional conclusions. In addition S7 will carry out one case study, organise the German national seminars and write the



practical protocols for Germany.

More specifically the workplan for the German team (i.e. P7 and S7) is as follows:

- *WP1:* According to WP1 methodology, P7 will conduct a review of German literature and research on food supply chains, in order to assess relevant and interesting FSC performance indicators for three different aspects of FSCs, and to develop national sets of provisional indicators with S7. Based upon the results of WP2 & WP3 and the feedback from the first national seminar, P7 and S7 will contribute to the assessment of the provisional indicators and propose improved sets of indicators. Based upon the results of the case studies and feedback from the second national seminar, P7 and S7 will contribute to the assessment and finalisation of the fine-tuned sets of indicators.
- *WP2:* Based upon the WP2 methodology P7 will carry out a literature review for Germany on different aspects of FSCs to assess their socio-economic dynamics. P7 and S7 will carry out interviews to supplement this. Based on the review and the interviews P7 will write a national report in collaboration with S7 (D8).
- *WP3:* Based upon the WP3 methodology P7 will carry out a desk study and (in collaboration with S7) write a national report for Germany on consumer attitudes to sustainable food products (D9).
- *WP4:* P7 and S7 will propose and select 2 case studies for in depth study in Germany. P7 and S7 will translate the case study methodology to the German national context and develop a national case study research plan (D14).
- *WP5:* The German team will collect data for the two German case studies according to the methods outlined in D13 and D14. The German team will also produce a draft description and analysis of the dynamics of the German FSCs being studied and will assess their performance making use of the indicators developed for performance assessment. From this, P7 and S7 will identify opportunities and constraints for improving the performance of the FSCs under study. Finally, the German team will publish the findings in two case study reports (D16).
- *WP6:* P7 will study and analyse all case study reports and in collaboration with P1 produce provisional typologies of FSCs and a provisional assessment of constraints and opportunities. S7 will comment on this. Based upon comments from the subcontractors and discussions during the 5<sup>th</sup> project coordination meeting P7 will write a comparative case study report, summarising all findings from the case studies (D18).
- *WP7:* P7 will develop provisional policy recommendations for the German regional and national public authorities based on the results of WPs 1, 2, 3 and 5. S4 will develop provisional practical protocols for German FSC actors and different stakeholders in the institutional environment of FSCs based on the results of WP 1, 2, 3 and 5. These will be fine-tuned at meeting 6, and German national reports will be written on policy recommendations (D20) and practical protocols (D21) by P7 and S7 respectively.
- *WP8:* S7 will organise the first German national seminar to disseminate and get feedback on the provisional results of WP 1-3 (D7). S7 will also organise the second national seminar to disseminate and get feedback on the provisional German case study results (D15). The provisional policy recommendations and practical protocols will be disseminated in the third national seminar (D19) organised by S7 where these results will be refined. Both P7 and S7 will contribute to the scientific book based on the project.

**Deliverables**

Deliverable	Delivery date (according to TA)	Status	Comments
D7) National seminar (feedback on WP1, 2 & 3)	November 2003	Completed	<i>To take place in February 2004</i>
D8) FSC dynamics (national report WP2)	December 2003	Completed	
D9) Consumers' attitudes (national report WP3)	December 2003	Completed	
D14) National research plan	March 2004	Completed	
D15) National seminar 2 (feedback on case studies)	October 2004	Delayed	
D16) Case study reports	November 2004	In progress	
D18) Transversal case study analysis	April 2005	In progress	
D19) National seminar 3 (feedback on provisional recommendations)	September 2005	Not started	
D20) Policy recommendations (national report)	October 2005	Not started	
D21) Practical recommendations (national report)	October 2005	Not started	

**WP1: Development and fine-tuning of food supply chain performance indicators****Research activities during the first reporting period (summary)**

The German team provided feedback to P3 (the coordinator of WP1). Feedback on draft versions of WP1 was given by email and during the first and the second project coordination meetings (Utrecht, March 2003 and Cheltenham October 2003).

**Research activities during the second reporting period**

No activities were undertaken during the second reporting period.

**Table 3.7.1** Person-months available and spent per WP1 task

Task	Total person-months available (TA)		1 <sup>st</sup> reporting period		2 <sup>nd</sup> reporting period		3 <sup>rd</sup> reporting period		Total person-months spent	
	P7	S7	P7	S7	P7	S7	P7	S7	P7	S7
Scientific coordination										
Workpackage coordination										
1.1 Meeting	0.25	0.25	0.25	0.25					0.25	0.25
1.2 WP Methodology										
1.3 Review of literature and ongoing research	0.50		0.80						0.80	
1.4 Development of provisional indicators	0.25	0.10	0.25	0.10					0.25	0.10
1.5 Finetuning of indicators (input from WP2 & 3)	0.25	0.10	0.50	0.10					0.50	0.10
1.6 Finalisation of indicators	0.25	0.10								
<b>Total</b>	<b>1.50</b>	<b>0.55</b>	<b>1.80</b>	<b>0.45</b>					<b>1.80</b>	<b>0.45</b>

**WP2: Macro-level analysis of food supply chain dynamics and diversity****Research activities during the first reporting period (summary)**

The actual national level research started with a review of relevant literature and data in Germany (incl. an extensive internet-based research). Interviews (telephone and personal) were carried out in order to fill gaps and clarify controversial issues and data. During the writing of the national report additional consultations took place for specific issues and questions.

In the first reporting period the national report 'Macro-level analysis of food supply chain dynamics and diversity' for Germany (89 pp.) was written. The report followed the common methodology for the literature review and guidelines provided by the work package coordinator.

**Research activities during the second reporting period**

No activities were undertaken during the second reporting period.

**Table 3.7.2** Person-months available and spent per WP2 task

Task	Total person-months available (TA)		1 <sup>st</sup> reporting period		2 <sup>nd</sup> reporting period		3 <sup>rd</sup> reporting period		Total person-months spent	
	P7	S7	P7	S7	P7	S7	P7	S7	P7	S7
Scientific coordination										
Workpackage coordination										
2.1 WP Methodology										
2.2 Literature review	1.00		1.40						1.40	
2.3 Interviews	1.00	1.00	1.30	0.80					1.30	0.80
2.4 Meeting										
2.5 National reports	0.50	0.50	1.00	0.20					1.00	0.20
2.6 WP synthesis report										
<b>Total</b>	<b>2.50</b>	<b>1.50</b>	<b>3.70</b>	<b>1.00</b>					<b>3.70</b>	<b>1.00</b>

**WP3: Desk study on consumers' attitudes towards sustainable food products****Research activities during the first reporting period (summary)**

Mid 2003 the literature review on consumers' attitudes towards sustainable food products was carried out according to the guidelines provided by the Belgian team. It was found that a remarkable wealth of data is available on consumer attitudes and trends. Several sources with very good primary data of panel- and marketing research were identified (in particular the data of GfK Nuernberg). Consumption data and databases from primary research were only available at a very high cost or not at all. All literature were compiled in an MS ACCESS data bank. A report on consumer attitudes and behaviour towards sustainable food products in Germany was written. The discussion about the provisional WP3-results and the comments from the WP3 coordinator (the Belgian team) were used to improve and fine-tune the report and to fill some gaps. The national report was completed by the end of the first reporting period.

**Research activities during the second reporting period**

No activities were undertaken during the second reporting period.

**Table 3.7.3** Person-months available and spent per WP3 task

Task	Total person-months available (TA)		1 <sup>st</sup> reporting period		2 <sup>nd</sup> reporting period		3 <sup>rd</sup> reporting period		Total person-months spent	
	P7	S7	P7	S7	P7	S7	P7	S7	P7	S7
Scientific coordination										
Workpackage coordination										
3.1 WP Methodology										
3.2 Desk study (literature review)	1.00	0.25	1.30	0.25					1.30	0.25
3.3 Meeting	0.25		0.25	0.25					0.25	0.25
3.4 National reports	0.50	0.25	0.80	0.25					0.80	0.25
3.5 WP synthesis report										
<b>Total</b>	<b>1.75</b>	<b>0.50</b>	<b>2.35</b>	<b>0.75</b>					<b>2.35</b>	<b>0.75</b>

**WP4: Case study methodology****Research activities during the first reporting period (summary)**

Feedback has been given on a draft case-study methodology to the Italian team that is coordinator of WP4. The inputs related in particular to the question of the classification of sustainable FC, the actual case-study methodology, and the criteria to be used for case-study selection.

**Research activities during the second reporting period**

The IfLS contributed to the development of the case study methodology; having in particular in mind the requirements of work package 6, the comparative case study analysis. The case-study methodology comprises elements of different research methods that are applied in sociological and economic sciences and in the study of consumer perceptions. They include qualitative interviews, quantitative surveys, economic analyses, discourse analysis and consumer focus groups. The selection of the two German case studies has built on WP2, the inventory of relevant FSC initiatives on the one hand, and the detailed layout of the case studies and willingness of key actors to cooperate on the other.

**Table 3.7.4** Person-months available and spent per WP4 task

Task	Total person-months available (TA)		1 <sup>st</sup> reporting period		2 <sup>nd</sup> reporting period		3 <sup>rd</sup> reporting period		Total person-months spent	
	P7	S7	P7	S7	P7	S7	P7	S7	P7	S7
Scientific coordination										
Workpackage coordination										
4.1 Draft methodology										
4.2 Selection of cases	0.25	0.25	0.25	0.25	0.05	0.05			0.30	0.30
4.3 Meeting	0.25	0.25			0.25	0.25			0.25	0.25
4.4 Final case study methodology					0.05				0.05	
4.5 National case-study research plans	0.25	0.25			0.35	0.40			0.35	0.40
<b>Total</b>	<b>0.75</b>	<b>0.75</b>	<b>0.25</b>	<b>0.25</b>	<b>0.70</b>	<b>0.70</b>			<b>0.95</b>	<b>0.95</b>

**WP5: Case studies****Research activities during the second reporting period**

After a meeting with all partners, where the methodology was discussed and the final methodology, the guidelines, the methods for fieldwork and the reporting for the case studies had been agreed upon, the actual implementation of the two German case studies started. On the basis of the methodology (D13) the two main case studies were selected, besides two satellite cases per main case at national level, and two international satellite cases. After the cases were selected a research plan was developed (D14) for guiding the fieldwork and the analyses. In July 2004 the fieldwork for the first main case started and in September for the second case. At the end of the year the analysis of data was started, so that a provisional case study report could be prepared for the 4th SUS-CHAIN Project Coordination Meeting, held in Martigny (Switzerland) in November 2004. On the basis of the discussion held in the meeting, further data collection and analysis was undertaken. Draft case study reports were available for each of the two case studies by the end of the second reporting period. These include a detailed description and analysis of the organisation forms and structures of the two cases; a detailed description and analysis of the ways of communication and mechanisms coordination as well as an assessment of their effectiveness in creating cohesion and successful collective action between different actors, a detailed description and analysis of the socio-economic dynamics of the two cases, an assessment of their performance in terms of selected sustainability aspects; an identification of the main bottlenecks in each case, and a description of the relevant policy environment and interfaces.

**Table 3.7.5** Person-months available and spent per WP5 task

Task	Total person-months available (TA)		1 <sup>st</sup> reporting period		2 <sup>nd</sup> reporting period		3 <sup>rd</sup> reporting period		Total person-months spent	
	P7	S7	P7	S7	P7	S7	P7	S7	P7	S7
Scientific coordination										
Workpackage coordination										
5.1 Data collection: interviews and survey	4.00	4.00			3.00	3.00			3.00	3.00
5.2 Description/analysis per case of FSC dynamics	1.00	1.00			1.00	1.00			1.00	1.00
5.3 Meeting	0.25	0.00			0.25	0.00			0.25	0.00
5.4 Assessment of FSC performance	0.50	0.50			0.25	0.25			0.25	0.25
5.5 Identification of opportunities & constraints	0.50	0.50			0.25	0.25			0.25	0.25
5.6 Case study reports	0.50	0.50			0.25	0.25			0.25	0.25
<b>Total</b>	<b>6.75</b>	<b>6.50</b>			<b>5.00</b>	<b>4.75</b>			<b>5.00</b>	<b>4.75</b>

**WP6: Comparative case study analysis****Research activities during the second reporting period**

WP 6 is coordinated by the IfLS (P7). With respect to the selection of cases for the in-depth analyses it was crucial - from the point of view of WP 6 - to come to an adequate, well-balanced and representative set of case examples that cover diverse and contrasted food chain supply organisations. By following a

comparative approach the comparative analysis will focus at identifying major patterns and underlying trends and trajectories regarding: the socio-economic structure and dynamics of sustainable food supply chains; mechanisms of communication and economic coordination that are successful in creating cohesion and effective collective action of stakeholders for different types of food supply chains; the sustainability performance of different types of food supply chains; 'nodal' points for (policy and other types of) intervention; bottlenecks and constraints as well as possible ways to overcome these; relevant policy factors and interfaces.

During the 4th SUS-CHAIN Project Coordination Meeting in Martigny first working groups were started on the comparative case study analysis. Six theme groups have been formed for that purpose:

1. Commercial performance and distribution of value added.
2. Marketing (actions) and communication.
3. Public support (kind, significance) and other types of intervention.
4. Nature of organization, self-governance and changes during scaling up.
5. Impact on the rural economy and rural assets: connections with rural development.
6. Social embeddedness, local networks and locality.

On the basis of the discussion held in the meeting, a first draft report has been prepared (see also section 2.2.2.4 of this progress report). This report will be jointly developed further during the third reporting period.

**Table 3.7.6** *Person-months available and spent per WP6 task*

Task	Total person-months available (TA)		1 <sup>st</sup> reporting period		2 <sup>nd</sup> reporting period		3 <sup>rd</sup> reporting period		Total person-months spent	
	P7	S7	P7	S7	P7	S7	P7	S7	P7	S7
Scientific coordination										
Workpackage coordination	1.00				0.50				0.50	
6.1 Analysis of case study reports	1.00				0.50				0.50	
6.2 Provisional typologies of FSC's	0.50									
6.3 Provisional assessment of constr.& opportun.	0.50									
6.4 Feedback on prov. typologies & assessment		0.25								
6.5 Meeting	0.25									
6.6 Comparative case study report	0.50									
<b>Total</b>	<b>3.75</b>	<b>0.25</b>			<b>1.00</b>				<b>1.00</b>	

#### **WP8: Dissemination and feedback**

##### **Research activities during the first reporting period (summary)**

The first German national feedback seminar was prepared during the last months of the first reporting period. The overall preparation and coordination of the first national seminar was in the hands of the German sub-contractor ECOZEPT GbR (S7).

##### **Research activities during the second reporting period**

The first German national feedback seminar was held on the 20 February 2004 in Nuernberg. The title of the seminar report is: "Sustainable food supply chains: Marketing challenges and chances" (Ecozept / IfLS,

2004). The seminar was carried out in the framework of the world organic trade fair "BioFach 04" which took place in Nuremberg from the 19 - 22 February 2004. We invited about 140 persons from the different stakeholder-groups by sending them written invitations and a flyer that was developed for this purpose. This resulted in a participation of 20 people representing a broad range of academics, farmers, interest groups and food processors. All participants received, by a special mailing and two weeks before the meeting, detailed back-ground information about the SUS-CHAIN project and its first results. Furthermore, participants were asked to fill in a questionnaire in order to a) measure their attitudes towards a set of food topics, and b) to get their evaluation of a set of sustainability indicators that we had chosen beforehand.

The first national seminar was split in several parts: After a brief presentation of the project and the results of WP2 and WP3 three speeches were delivered by stakeholders belonging to the food service/consulting and food processing level. These speeches provided important impulses for discussion. The moderation was done by Armin Kullman, IfLS. All the people attending the seminar were highly motivated and interested in the subject. All participants of the seminar received the following handouts: Information about SUS-CHAIN and the most important results of WP2 and WP3 (received in advance); a questionnaire to measure the participants' attitudes regarding to relevant issues (received in advance); the seminar report and analysis of the questionnaire; the address list of all participants; and a seminar evaluation paper.

As a whole the national seminar confirmed the analysis given in the national WP2 and WP3 re-ports. A report on the national seminar has been prepared. Press releases on the results of the national seminar have been launched and first publications have been achieved. A first major publication on the first results has been in AgraEurope on 1 March 2004. In addition the results of work packages 2 and 3 have been presented at various conferences and meetings (national and EU level). The idea is to actively engage in relevant national level discourses and to put the Germany SUS-CHAIN work in the centre of the debate. The feedback received so far is remarkable, and it appears that the project is dealing precisely with the right questions at the right time.

At the end of 2004 first steps have been undertaken to organise the second national feedback seminar.

**Table 3.1.8** Person-months available and spent per WP8 task

Task	Total person-months available (TA)		1 <sup>st</sup> reporting period		2 <sup>nd</sup> reporting period		3 <sup>rd</sup> reporting period		Total person-months spent	
	P7	S7	P7	S7	P7	S7	P7	S7	P7	S7
Scientific coordination										
Workpackage coordination										
8.1 SUS-CHAIN website										
8.2 Dissemination plan										
8.3 National seminar 1 (assessment of phase 1)	0.10	0.25	0.05	0.10	0.05	0.20			0.10	0.30
8.4 National seminar 2 (assessment of phase 2)	0.10	0.25			0.10	0.20			0.10	0.20
8.5 National seminar 3 (assessment of phase 3)	0.10	0.25								
8.6 International conference	0.25	0.25								
8.7 Scientific book	1.00	1.00								
8.8 Final report										
<b>Total</b>	<b>1.55</b>	<b>2.00</b>			<b>0.15</b>	<b>0.40</b>			<b>0.20</b>	<b>0.50</b>



***Significant difficulties or delays experienced during the first reporting period***

The first national seminar in Germany was planned for December 2003 but due to the opportunity to hold it in the framework of the *Biofach* Congress and Fair at Nuernberg it was postponed to February 2004. There were no other significant delays or problems.

***Significant difficulties or delays experienced during the second reporting period***

The main delays in the second reporting period were:

- The final case study methodology (D13), which was delivered only in July 2004.
- The National research plan (D14), which was developed parallel to D13, could only be finalized in July / August 2004 instead of February 2004.
- The second national seminar (D15) was postponed to February 2005 (third reporting period), because of the time needed to sufficiently advance the case study analysis.
- The final draft case study reports (D16) will only become available in March/April 2005 (third reporting period) because of the late start of the actual case study work.

***Sub-contracted work***

ECOZEPT GbR  
3 rue du Cheval Vert  
F- 34000 Montpellier  
Tel. / Fax : +33(0)467584227  
E-Mail: [schaer@ecozept.com](mailto:schaer@ecozept.com)

ECOZEPT GbR  
Oberer Graben 22  
D-85354 Freising  
Tel.: +49 +8161-1482-0  
Fax: +49 +8161-1482-22  
Website: [www.ecozept.com](http://www.ecozept.com)

ECOZEPT Team  
Dr. Burkhard Schaer  
Claudia Strauch

The two German partners - the IfLS [P7] and ECOZEPT GbR [S7]) agreed to work as partners. Cooperation and coordination between the two partners worked very well in the first year and is promising for forthcoming work. Each partner is responsible for their own tasks as defined in the TA, but crucial issues and decisions will be discussed jointly and both partners will mutually support each others activities (in order to optimise the use the present knowledge of all involved persons).

First reporting period (summary)

The activities carried out by ECOZEPT GbR (S7) in 2003 were:

- assist in the compilation of the start-document for the first project coordination meeting (basis for the national WP2 report);

- writing of parts of the sector analyses;
- analysis and writing of several sustainable food supply chains initiatives in Germany;
- preparations and organisation of the first national seminar (20 February 2004);
- participation in first and second project coordination meeting

### Second reporting period

#### *Meetings*

In 2004, Ecozept researchers Claudia Strauch and Burkhard Schaer participated at the SUSCHAIN-Meetings in Pisa (I), 27- 31 January 2004, at an interim meeting in Brussels, 12 July 2004, and at the Martigny (CH) meeting, 10 - 13 November 2004. In preparation of the Martigny meeting, Ecozept prepared the case study presentations. Beforehand, the required data research was carried out.

#### *Research and Reporting*

Ecozept is carrying out most of the work for the two in-depth case studies in Germany (WP 5) in 2004. The work includes a detailed description and analysis of the organisation forms and structures of the two cases; an analysis of the ways of communication and coordination mechanisms, a detailed description and analysis of the socio-economic dynamics of the two cases, an assessment of their performance in terms of selected sustainability aspects, an identification of the main bottlenecks in each case, and a description of the relevant policy environment and interfaces.

#### *National Seminars*

ECOZEPT GbR prepared and organized the first German national seminar which was carried out on 20 February 2004. As venue the world organic trade fair "BioFach 04" which took place in Nuremberg from the 19 - 22 February 2004 was chosen. A workshop report has been prepared. The report includes a summary of the discussions on: the functioning of FSC in Germany; the most important drivers of change; major trends in the development of FSC; new initiatives / ideas and developments towards sustainable food chains; questions related to a successful communication for sustainable food products; the potentials of regional marketing; and measures to enhance sustainability of food chains.

In the seminar evaluation it was found that the participants appreciated the seminar's course and agenda as well as the good organization, the choice of speeches / speaker and moderation. During the seminar there could be observed a good and easy atmosphere, the participants were highly motivated and interested. All participating stakeholders which filled in the evaluation form appreciated the good representation of different sectors as well as the professional background and knowledge of each other. Because of this there took place an interesting interaction between stakeholders with scientific and more practical experiences / background.

The preparations of the second national seminar started immediately after the Martigny meeting in November 2004. Development of a mailing list and first concepts of the seminar contents were created. We decided to have the seminar again during the BIOFACH in Nuremberg, the world biggest trade fare of organic products. The seminar was organised as a one-day workshop and forum.

#### *Other activities*

All through 2004, Ecozept used contacts with the food branch actors and with researchers to disseminate information about the SUSCHAIN project.

## 4 PROJECT MANAGEMENT AND COORDINATION

### 4.1 Project coordination meetings

Electronic communication and project coordination meetings are the key instruments used in the management and coordination of the project. According to the Technical Annex *“the participants will meet 6 times. On 3 of the 6 project coordination meetings the subcontractors will also be present”*. At the first project coordination meeting in the Netherlands it was decided that presence of the subcontractors at all 6 meetings would be important for the progress of the project, given the fact that the subcontractors play a specific and crucial role in all phases of the project. In the table below the dates, venues and topics of the 6 project coordination meetings are given. All meetings have been or will be held according to the schedule foreseen in the TA.

#### Overview of project coordination meetings

Meeting no.	Date	Location	Participants	Issues and workpackages (to be) discussed
1	5 – 7 March 2003	Utrecht, The Netherlands	P1 – P7, S1 – S7	Overall framework of the project (i.e. decision-making structures, communication flows, procedures); Methodology of WP1, 2 & 3; Time table for progress monitoring of WP1, 2 & 3
2	1 – 3 October 2003	Cheltenham, United Kingdom	P1 – P7, S1 – S7	Provisional results of WP2 & 3; Dissemination plan; Preparation of National Seminar 1
3	27 – 30 January 2004	Pisa, Italy	P1 – P7, S1 – S7	Provisional set of indicators; Case study methodology; Selection of cases; Time table for progress monitoring of WP5
4	10 – 12 November 2004	Martigny, Switzerland	P1 – P7, S1 – S7	Draft case studies; Thematic comparison of cases; Evaluation of National Seminar 1; Preparation of National seminar 2
5	18 – 20 May 2005	Riga, Latvia	P1 – P7, S1 – S7	Final set of indicators Comparative case study analysis; Methodology for WP7; Time table for progress monitoring of WP7; Preparation of National seminar 3 Preparation of books
6	2-3 February 2006 <sup>9</sup>	Ghent, Belgium	P1 – P7, S1 – S7	Preparation of international conference; Draft chapters of two books; Finalisation and evaluation of project; Time table for remaining months

#### 4.1.1 First reporting period

During the first reporting period two project coordination meetings were organised.

The first meeting was organised by P1 and was held in Utrecht (The Netherlands) on the 5<sup>th</sup>, 6<sup>th</sup> and 7<sup>th</sup> of March 2003. The objectives of this meeting were:

1. To get to know each other (team building)
2. To inform all participants about the scope, contents, objectives and workplan of SUS-CHAIN

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<sup>9</sup> The SUS-CHAIN consortium is of the opinion that an extension of the project by 6 months is needed to finalise books and to be able to organise a good international conference. The date of the sixth and last project coordination meeting is based on the assumption that the extension of 6 months is approved by the Commission.

3. To be informed (at a general level) about the situation in the participating countries with regard to the topics of the phases 1 and 2 of the SUS-CHAIN project (trends and diversity in the structure and organisation of food supply chains; trends and diversity in consumer behaviour; sustainability discourses and indicators)
4. To discuss the methodologies of workpackages 1, 2 and 3.
5. To inform all participants about the organisational aspects of the project, such as management structure, communication flows and deadlines for the first reporting period.
6. To agree on and set the dates and venues of the forthcoming project coordination meetings.

The evaluation of the meeting showed that in general the meeting was considered to be successful in terms of realising its objectives. However, three issues of concern were raised by the participants:

1. The focus and direction of the project was considered to be unclear, especially in terms of the kind of food supply chains to be studied (i.e. what is to be understood by 'new' food supply chains) and the relation with rural development.
2. The role of the different participants (in particular of the subcontractors) was considered to be unclear, specifically in terms of their ambitions for this project.
3. The size of the consortium (on average 4 participants per country) makes it difficult for everyone to be involved in plenary discussions.

The following remarks and promises were made by the coordinator to resolve these issues:

1. For the state-of-the-art analysis (in particular WP2) the full scope of food supply chains (ranging from local artisanal chains to international industrialised chains) should be topic of investigation. Only upon a complete overview a decision can be made regarding the kind of food supply chains to be studied in-depth by means of the case studies. This implies that the focus of SUS-CHAIN will become clearer as the project proceeds. With respect to the issue of rural development, the focus should be on agriculture-based rural development. This means that the (potential) impact of new food supply chains will be assessed on the basis of indicators such as (re)distribution of value added, farm family income (direct and indirect impacts), rural employment, etc... .
2. All contractors and subcontractors are requested to write a brief 'research interest paper', specifying their specific expertise for the project, the (theoretical, methodological or practical) aspects / questions they would like to focus on, the role they would like to fulfil in the project and the ambitions they have with / for SUS-CHAIN. These research interest papers are to be written before the second project coordination meeting, where they will be discussed.
3. The forthcoming meetings will be organised in such a way that discussions will take place in smaller groups. Plenary sessions will be devoted to presentations of deliverables and results of group discussions.

The second project coordination meeting was organised by P2 and held in Cheltenham (UK) on the 1<sup>st</sup>, 2<sup>nd</sup> and 3<sup>rd</sup> of October 2003. The objectives of this meeting were:

1. To discuss the provisional results of WP2, especially with regard to the differences and similarities between countries.
2. To be informed by P2 on how to finalise the WP2 national reports.
3. To discuss the second stage of the WP3 methodology (i.e. guidelines for the national reports)
4. To discuss the WP1 update on profile and performance indicators.
5. To discuss the research interest papers prepared by all contractors and subcontractors.
6. To discuss the dissemination plan.

7. To prepare the first national seminars.

Overall the meeting was evaluated positively. Several suggestions for improvement were made:

1. When organising group discussions, parallel groups should not discuss the same topic / theme, but rather different topics. This will increase the efficiency and output of the project coordination meetings.
2. To spend more time on theoretical debates, preferably by devoting at least half a day at the next meeting to the different theoretical approaches SUS-CHAIN is build on.
3. To include an excursion in the meeting program, so all participants can see (and taste) the empirical realities of SUS-CHAIN in different territorial settings.

These suggestions were taken on board when the program for the third project coordination meeting was prepared.

### 4.1.2 Second reporting period

During the second reporting period two general project coordination meetings were held as well as two interim coordination meetings. The latter lasted one day, were held in Brussels and attended by 1 or maximum 2 representative(s) per country.

The third project coordination meeting took place in Pisa (Italy) from the 27<sup>th</sup> to the 30<sup>th</sup> of January 2004. The last day of the meeting was actually a research seminar based on two EU projects, i.e. SUS-CHAIN and TRUC (see also chapter 5). The objectives of this meeting were:

1. To discuss and give feedback on the final draft version of the WP2 and WP3 synthesis reports.
2. To reflect on the first national seminars.
3. To discuss an updated version of the set of profile and performance indicators.
4. To examine the contents of the case-studies – by taking the results of WP1 (indicators), WP2, WP3 and WP8 (national seminars) as point of departure – in three different working groups:
  - Organisation and governance of FSCs.
  - Marketing and consumer issues.
  - Impact on rural development.
5. To discuss and give feedback on the draft case study methodology.
6. To present potential case studies and to select the final set of case studies based on several selection criteria.
7. To assess (in working groups) the case study methodology and to examine how specific case studies and/or specific initiatives can be compared.
8. To visit several food supply chain initiatives in Tuscany (excursion).
9. To present and discuss different theoretical perspectives (within sociology and economy) in the field of agro-food and rural development studies (research seminar).

The meeting was evaluated very positively as the general opinion was that major progress had been made, particularly regarding the case study methodology. Especially the decision to take several hypotheses as point of departure for the case studies was considered to be valuable.

In between the third and fourth project coordination meeting, two interim coordination meetings were held in Brussels. The first interim coordination meeting was held on the 28<sup>th</sup> of April. The objectives of this interim coordination meeting were:

1. To improve our common understanding of the finalities of the case studies

2. To discuss the new version of case-studies methodology
3. To clarify aspects still not clear
4. To approve the final list of case studies to be carried out
5. To agree on a common set of research questions, research output and indicators
6. To agree on further steps to be done.

The results of the meeting enabled the SUS-CHAIN coordinator and the WP4 coordinator to develop the final draft version of the methodology with the aim to increase the degree of commonality of case studies.

A second interim coordination meeting took place on the 12<sup>th</sup> of July 2004 in Brussels. The objectives of this meeting were:

1. To present one case study that has been carried out according to the case study methodology and to discuss the pros and cons of the case study methodology.
2. To exchange experiences regarding the progress of the case studies in the 7 countries.
3. To select a limited number of research questions and performance indicators which are to be addressed and assessed in all case studies.

Based on this second interim meeting the WP4 coordinator wrote the final version of the case study methodology, which was sent to the SUS-CHAIN consortium on the 23<sup>rd</sup> of July 2004.

The fourth project coordination meeting was held in Martigny (Switzerland) on the 10<sup>th</sup>, 11<sup>th</sup> and 12<sup>th</sup> of November 2004. Objectives of this meeting were:

1. To present and get feedback on the draft case study reports;
2. To commence with the comparative analysis of the case studies in six thematic working groups:
  - Commercial performance
  - Marketing and communication
  - Public support
  - Organisation and governance
  - Impact on rural development
  - Locality and embeddedness
3. To discuss the approach for the second national seminars based on the evaluation of the first national seminars
4. To visit several food supply chain initiatives in Switzerland (excursion).

The meeting was evaluated positively. All participants appreciated the plenary presentations of all case studies as this enabled everyone to take notice of the diversity of cases and the similarities and differences between them. The work in the thematic working groups was inspiring to all and proved to be a very valuable approach to have a first go at the comparative analysis.

## ***4.2 Other meetings***

In addition to the project coordination meetings other kinds of meetings have been held:

- Workpackage coordination meetings
- National coordination meetings

### 4.2.1 First reporting period

#### *Workpackage coordination meetings*

The SUS-CHAIN coordinator had short meetings with two of the workpackage coordinators:

- A meeting on 30 August 2003 in Utrecht (The Netherlands) with the WP8 coordinator to discuss and elaborate the dissemination plan.
- A meeting on 9 November 2003 in Utrecht (The Netherlands) with the WP4 coordinator to exchange ideas on the contents, focus and outline of the first draft of the case study methodology.

#### *National coordination meetings*

At national level the research teams (contractors and subcontractors) have met on a regular basis to discuss the progress of the research activities and to decide on the allocation of tasks and responsibilities. The frequency, contents and objectives of these meetings differ per country.

### 4.2.2 Second reporting period

#### *Workpackage coordination meetings*

During the second reporting period the SUS-CHAIN coordinator had several short meetings with workpackage coordinators:

- A meeting on the 15<sup>th</sup> of January 2004 in Wageningen (The Netherlands) with the WP4 coordinator to discuss a second draft version of the case study methodology and to prepare the third project coordination meeting.
- A meeting on the 18<sup>th</sup> of March 2004 in Lausanne (Switzerland) with the WP1 coordinator to discuss the progress of the development of profile and performance indicators in relation to the development of the case study methodology.
- A meeting on the 15<sup>th</sup> of October 2004 in Frankfurt (Germany) with the WP5 and WP6 coordinators to discuss general progress of the case studies and to construct a framework for the comparative case study analysis. For the latter an approach for collective working sessions at the 4<sup>th</sup> project coordination meeting was developed.

#### *National coordination meetings*

At national level the research teams (contractors and subcontractors) have met on a regular basis to discuss the progress of the research activities and to decide on the allocation of tasks and responsibilities. The frequency, contents and objectives of these meetings differ per country.

## 4.3 Electronic communication

From the very start of the project the habit to send draft and final versions of workpackage methodologies, national reports and synthesis reports to all project members by e-mail has been internalised and respected by all project members. The same holds true for commenting on drafts. All in all this demonstrates the active involvement in and commitment to the project.





## 5 EXPLOITATION AND DISSEMINATION ACTIVITIES

### 5.1 *National seminars*

As part of workpackage 8 each national team is obliged to organise three national seminars for a multiple target audience (e.g. FSC actors, scientists, policy-makers, interest groups, other stakeholders). The objective of these national seminars is to disseminate provisional results to different stakeholders but at the same time to get feedback on those provisional results. The latter can support national teams in the process of finalising reports, workpackages and milestones.

#### 5.1.1 First national seminars

The objective of the first national seminars is to present and get feedback on the provisional results of workpackages 1, 2 and 3. The first national seminars have taken place starting from late autumn 2003 till early spring 2004 (26<sup>th</sup> of November in Latvia, 2<sup>nd</sup> of December in Switzerland, 15<sup>th</sup> of December in Belgium, 16<sup>th</sup> of December in Italy, 22<sup>nd</sup> of January in UK, 12<sup>th</sup> of February in The Netherlands, 20<sup>th</sup> of February in Germany). The venues have been chosen in one or another way related to rural reality - during the World Organic Trade Fair "BioFach 04" in Nuremberg in Germany, at a rural conference centre in Latvia, etc.

Efforts have been made to gather at the seminars the stakeholders from all food chain stages (producers, distributors, retailers, consumers) and also other relevant agents, such as politicians and scientists. However, the responsiveness, availability and interest of all the invited has not been similar. Some sectors, especially retailing, remained underrepresented, whereas the organic sector was overrepresented in some countries.

Various methods have been combined and applied in the organisation phase of the seminars

- Mobilisation of stakeholders
- Drawing lists of invitees
- Sending out invitation letters
- Telephone calls, letters and double checks
- Preparation of information materials and handouts
- European FSC dimensions emphasised
- Finding proper place and adjacent event
- Good planning and preparatory work to get stakeholders at seminars

The seminars have been moderated either by SUS-CHAIN country team members or by invitees.

The seminars' programs have been split in several parts. They started with a plenary sessions, which included an introduction to the SUS-CHAIN project, its progress and first results; presentations about the main developments, issues and bottlenecks in the functioning of national and European FSC and sustainability issues. Presentations were given by SUS-CHAIN team members and/or invited keynote speakers. After the presentations there were discussions among the seminar participants about the presented topics.

In most countries the plenary session was followed by workshops/group sessions, except for Germany, where discussions were combined with stakeholder and market actor speeches “in order to be more attractive for food chain actors”. They have been devoted to exchange opinions about the current state and dynamics of food chains in national contexts, problems and constraints, driving factors, opportunities and new initiatives in sustainable food chains. Various methods were used to facilitate the discussions and to obtain better results: questionnaires to rank several sustainability issues, round-table brainstorm discussions, clustering the ideas, prioritising problems. The seminar participants have received several handouts: information about SUS-CHAIN and results, handouts of presentations, list of SUS-CHAIN partners, address list of seminar participants, questionnaires and evaluation papers.

The workshops/group sessions were followed by a final plenary session at which the results of the workshops/group sessions were presented. The seminars ended with an evaluation session in which participants in which, amongst others, improvements were suggestions for future national seminars.

The national seminars have proven to be a valuable tool for the SUS-CHAIN project. Dissemination of provisional results to and getting feedback from different kinds of stakeholders is considered to be an important means to validate and/or adapt research findings as well as to create commitment for and involvement in the project. For the forthcoming national seminars, it will be important to benefit as much as possible from the European scope of this project; i.e. stakeholders in different countries have emphasised that they are very interested in the socio-economic dynamics of food supply chains and in food supply chain approaches / configurations in other countries. Exchanging this kind of information is likely to be an asset of this project and a crucial strategy to maintain stakeholders’ commitment. For the forthcoming years it will, however, be a challenge to get the ‘big players’ (retailers and food processing industry) involved.

### **5.1.2 Second national seminars**

The objective of the second national seminars is to get feedback on the draft case study reports and to disseminate results (in particular also from other countries) to different stakeholders. As the finalisation of the case studies has been delayed by several months the decision has been taken to postpone the second national seminars, which were planned for October - November 2004, to the beginning of the third reporting period.

## ***5.2 Research seminars and workshops***

### **5.2.1 SUS-CHAIN – TRUC research seminar**

Following the third project coordination meeting in Pisa, P1 and P4 organised a research seminar entitled “*Rural development, communication and food supply chain dynamics: empirical realities, theories, methodologies and policies*” based on two European projects, i.e. TRUC<sup>10</sup> and SUS-CHAIN. In addition to researchers from both projects scientists, students and advisors from different parts of Italy attended this research seminar. It was held on the 31<sup>st</sup> of January at the University of Pisa. The following presentations were given:

- Jan Douwe van der Ploeg: The future of the CAP – implications of the shift towards the 2nd pillar for socio-economic research.

- Gianluca Brunori: An introduction to and overview of TRUC and SUS-CHAIN.
- Natasja Oerlemans & Paolo Pieroni: Comparative analysis of TRUC case studies.
- Sophie Réviron, Jean-Marc Chappuis & Dominique Barjolle: Vertical alliances for origin labelled food products: what is the most relevant economic model of analysis?
- Guido van Huylenbroeck: Understanding participation in and organisation of FSC initiatives through a transaction cost analysis.
- Talis Tisenkopfs: A reflection on the TRUC methodology.
- Deidre O'Connor: The TRUC evaluation grid.
- Han Wiskerke: Understanding the differential dynamics of incremental and radical innovations in FSC – a multi-level co-evolutionary framework.
- General discussion chaired by Jan Douwe van der Ploeg: Promising empirical realities and valuable methodologies and theories.

### 5.2.2 Workshop at XI<sup>th</sup> World Congress of Rural Sociology

At the XI<sup>th</sup> World Congress of Rural Sociology, which was held in Trondheim (Norway) from the 26<sup>th</sup> to the 30<sup>th</sup> of July 2004, the SUS-CHAIN coordinator chaired (together with colleagues from Ireland and Norway) a workshop entitled *The role of new food supply chains in rural development*.<sup>11</sup> The workshop was spread over several days and was, on average, attended by 40 social scientists. In this workshop 7 papers, which were based on SUS-CHAIN, were presented:

1. Han Wiskerke – The potential contribution of new food supply chains to sustainable rural development: setting the scene.
2. Henk Renting – Alternative food networks and rural development: empirical realities and theoretical and methodological issues.
3. Bill Slee, James Kirwan & Carolyn Foster – An overview of the dynamics and diversity of food supply chains in Europe.
4. Talis Tisenkopfs – Communicating research results to actors in food supply chains.
5. Sophie Réviron, Jean-Marc Chappuis & Dominique Barjolle – Why economists need sociologists for analysing the organisational choices of local collective food initiatives.
6. Gianluca Brunori & Andrea Marescotti – Trust, embeddedness, quality: towards a 'radical' marketing approach to local food.
7. Anne Vuylsteke, Isabelle Vackier, Wim Verbeke & Guido van Huylenbroeck – Consumer behaviour towards sustainable food products

In addition to these presentations another 15 papers were presented, covering food supply chains in other European countries, Latin America, Asia and Australia. This workshop gave the SUS-CHAIN consortium the opportunity to disseminate the project and its first results to an international audience of rural sociologists to position SUS-CHAIN in a global context and learn (empirically, methodologically and theoretically) from other experiences.

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<sup>10</sup> Transforming Rural Communication, a 5<sup>th</sup> framework Accompanying Measures project coordinated by Prof. Gianluca Brunori (see <http://www.arsia.toscana.it/truc/truc/index.htm> for more information)

<sup>11</sup> see <http://www.irsa-world.org/XI/program/workshops.html#15>

### 5.2.3 Workshop at XXI<sup>st</sup> Congress of the ESRS

P4 has taken the initiative to organise a workshop entitled “*Constructions of Food Quality in Contemporary Agri-Food Systems*” at the XXI<sup>st</sup> Congress of the European Society for Rural Sociology (ESRS). The XXI<sup>st</sup> ESRS congress will take place from 22-27 August 2005 in Keszthely (Hungary). Based on the following abstract the workshop has been approved by the scientific program committee:

Contemporary agri-food systems are situated in a rapidly changing economic, political, social and cultural climate, characterised by unpredictability and periodic crises, all of which have profound consequences for all actors involved. Against this backdrop, the construction of food quality is a much debated and highly contested issue. After a long time in which the agenda on food quality has been largely set up by food companies and traditional farmers' organisations, in the last years new actors and new themes have emerged. In front of an increasing attention of consumers to taste, technology-based innovation has shown signs of disaffection, and on the contrary culture- and nature-based innovation (expressed through organic and local food and mainly driven by farmers and farmers' networks) have developed new markets and created links with broader rural development processes. The purpose of this workshop is to examine this multi-faceted issue from a number of standpoints including *governance issues* – (public sector, private sector, multi-level governance, policy formulation and implementation); the role of different *organisational and institutional* arrangements in the construction of food quality; the role of consumers, citizens, food movements; *the role of innovation and producer perspective* on the construction of food quality.

### 5.3 Public presentations

Han Wiskerke (P1):

- “Versterking van de typiciteit van streekproducten: naar een gefaseerd stappenplan” (Strengthening the typicality of regional products: towards a phased approach) , Presentation and workshop, Innoplaza, Lunteren, 27 February 2003.
- “Globalisering of regionalisering van voedselproductie en consumptie” (Globalisation or regionalisation of food production and consumption, panel-member at a public debate organised by Friends of the Earth, Rode Hoed, Amsterdam, 4 June 2003.
- “SUS-CHAIN: scope, objectives & provisional results”, presentation at DG Agri followed by a presentation at the European Parliament, Brussels, 23 June 2004.

Sophie Révion & Jean-Marc Chappuis (P3):

- “Effects of the Swiss retailers' strategy on the governance structure of the fresh food products supply chains ”, paper presented at the 88th European Agricultural Economists Association seminar: Retailing and producers-retailer relationships in the food chains, Paris, 6 May, 15 p. (to be published in *Agribusiness* special issue, accepted).
- Seminar of the Swiss Society for Agricultural Economics and Rural sociology (SSE-SGA), Lausanne, 18-19 March 2004. We presented a paper: Révion, S., “Naissance et croissance des initiatives locales”. The article was published in the review *Agrarwirtschaft und Agrarsoziologie*, 2/04, p.113-133.

Anne Vuylsteke (P5):

- "Theoretisch concept korte ketens" (Theoretical concept short supply chains) for Wervel (2004).

Ecozept (S7) used its contacts with the food branch actors and with researchers to disseminate information about the SUSCHAIN project. The following presentations were given by staff members of Ecozept in 2003:

- February 2003, Augsburg (Germany): Presentation of SUSCHAIN at "Bioland" – the biggest organic farmers union in Germany.
- March 2003, Montpellier (France): Presentation of SUSCHAIN at a colloquium of the food chain research group MOISA. Public: 25 researchers of ENSA and INRA.
- June 2003, Munich (Germany): Presentation of SUSCHAIN at a congress of the Bavarian Ministry of Consumer Affairs and Food Safety. Topic: European Food Safety Concepts. Public: 250 members of Bavarian food administration bodies and food chain actors.
- June 2003 Clermont-Ferrand (France): Presentation of SUSCHAIN at a colloquium on organic and fair-trade food. Public: 20 postgraduate students and re-searchers of ENITA.
- October 2003, Braunschweig (Germany): Presentation of SUSCHAIN on a work-shop of FAL (Federal research institute for agriculture). Public: 40 scientists and food chain actors

## 5.4 Scientific and professional publications

Barjolle D., Reviron S and Chappuis J-M., forthcoming. "Organisation and performance of the origin labelled food alliances", in Bellows A. R., Focus on Agricultural Economics, Nova science publishers, New York, p. 211-245.

Brunori G., Cerruti R., Medeot S., Rossi A., forthcoming. "The raw sheep milk cheese of Pistoia mountains: a case study", accepted for publication in *Agricoltura Mediterranea: International Journal of Agricultural Science*.

Reviron, S., 2004. Naissance et croissance des initiatives locales, *Agrarwirtschaft und Agrarsoziologie*, 2/04, p.113-133.

Reviron S. and Chappuis J-M., 2004. "Vertical alliances for origin labelled products: what is the most relevant economic model of analysis?", in : Role of institutions in Rural policies and agricultural markets, G. Van Huylenbroeck et al. (editors), Elsevier, p. 239-254.

Wiskerke, J.S.C. & N.J. Oerlemans, 2004. The Zeeuwse Vlegel: a promising niche for sustainable baking wheat cultivation, in: J.S.C. Wiskerke & J.D. van der Ploeg (eds.) *Seeds of transition: essays on novelty production, niches and regimes in agriculture*, Van Gorcum, Assen, pp. 225-264.

## 5.5 Website

The project's website ([www.sus-chain.org](http://www.sus-chain.org)) was launched during the second reporting period. It contains the following information:

- Home: project synopsis
- Contact: contact details (name, address, phone, fax, email) of project coordinator and scientific officer
- Objectives
- Expected results
- Project workplan

- In general
- Brief description of the workplan per phase
- Deliverables list
- Milestones list
- Timetable
- Workpackage list
- Partners: list of participants with links to organisation and personnel involved (*still incomplete*)
- Results (*still under construction*)
  - Reports
  - Other publications
- Restricted Area
- Links

## **6 ETHICAL ASPECTS AND SAFETY PROVISIONS**

No ethical problems occurred during the first and second reporting period. Given the nature of the project, no ethical problems are foreseen for the forthcoming reporting period. The same holds true for safety provisions.





# ANNEX 1. CASE STUDY METHODOLOGY

*Gianluca Brunori and Han Wiskerke*

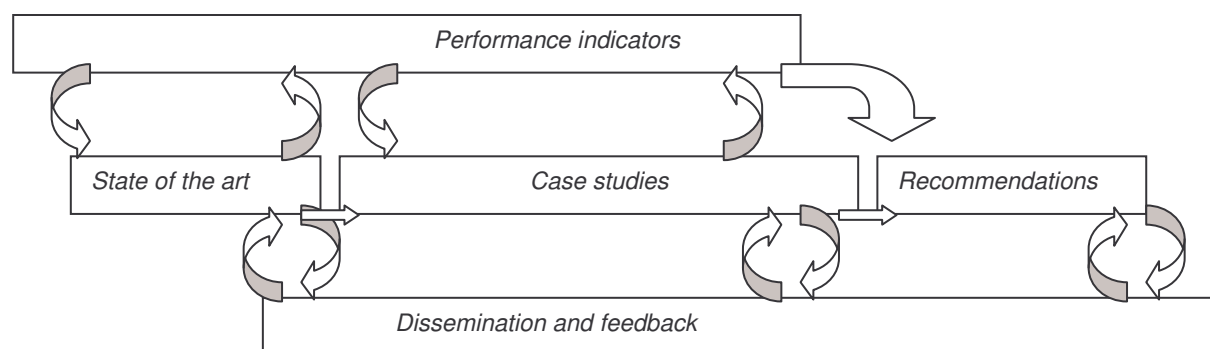
## THE ROLE AND POSITION OF THE CASE STUDIES IN SUS-CHAIN

### The SUS-CHAIN workplan

To address the objectives and achieve the expected results of the SUS-CHAIN project a workplan consisting of five, partly consecutive and partly parallel, phases (which each consist of one or more workpackages) has been designed. The workplan has been divided into these phases, as each phase corresponds with one or two (in case of phase 4) milestone(s). The five phases are:

1. *Performance indicators*: development and fine tuning of food supply chain performance indicators (workpackage 1: months 0 - 22)
2. *State of the art*: the diversity and dynamics of food supply chains and consumers' attitudes (workpackages 2 & 3: months 2 - 10)
3. *Case studies*: micro-level assessment of the socio-economic performance of food supply chains (workpackages 4, 5 & 6: months 10 - 26)
4. *Recommendations*: recommendations for policy makers at regional, national and European level and for food supply chain stakeholders (workpackage 7: months 27 - 34)
5. *Dissemination and feedback*: dissemination of results to and feedback on provisional results by the academic and professional public (workpackage 8: months 6 - 36)

In the figure below the relations and interaction between the different phases is presented.



**Figure 1.** Relation and interaction between the different phases of SUS-CHAIN

### Case studies: objectives, general approach and expected achievements

The third phase of the project aims to result in a more in-depth and fine-tuned understanding of the socio-economic dynamics of food supply chains. This general aim of phase 3 is somewhat similar to that of phase 2. The main difference is that the focus of phase 2 is on the meso/macro-level dynamics of food supply chains, while phase 3 focuses on micro/meso-level dynamics. As such phase 3 will result in a much more detailed understanding of the dynamics of food supply chains compared to phase 2. Another difference

between phase 2 and phase 3 is that the main focus of phase 2 is on description and analysis, while the main focus of phase 3 is on assessment of the performance of different food supply chains.

Phase 3 starts with the development of the case study methodology and the selection of cases. This is followed by 2 in-depth case studies per participating country. The objectives of the case studies are:

- A detailed description and analysis of the organisation forms and structures of different food supply chains;
- A detailed description and analysis of the ways of communication and mechanisms of (horizontal and vertical) co-ordination within different food supply chains (e.g. labelling, face to face selling, product regulations, farm plans, codes of best practice etc.) as well as an assessment of their effectiveness in creating cohesion and successful collective action between different actors in the chain.
- A detailed description and analysis of the socio-economic dynamics of different food supply chains, both in time and in space.
- An assessment of the performance of different food supply chains in terms of different aspects of sustainability;
- Identification (per case study) of bottlenecks that constrain the improvement of the collective performance towards sustainability.
- A detailed description of the relevant policy environment associated with sustainable food supply chains (per case study) and analysis of relevant policy interfaces for different food supply chains.

With respect to the case study selection it is crucial to come to an adequate, well-balanced and representative set of case examples, that cover diverse and contrasted food chain supply organisations. To reach this objective the well-known methodology of Glaser and Straus for comparative analysis<sup>12</sup> will be applied. On the basis of the macro-level description and analysis (Phase 2) contrasting cases with respect to relevant key factors will be added to the set of cases until the 'point of saturation' is more or less reached. That is until it reasonably well covers the range of sustainable food supply chain initiatives encountered in the relevant empirical reality. A provisional case-study selection will be presented to the Commission services for possible comments.

The case-study methodology to be applied will first of all be based on the provisional sets of indicators as developed in Phase 1 and will initially address the same key factors. When during Phase 2 of the project additional relevant themes emerge, additional indicators may be formulated. Based on the experience of applying the set of indicators in Phase 2 the provisional set of indicators will be improved and adjusted.

It is foreseen that the case-study methodology will incorporate elements of different research methods that are applied in sociological and economic sciences and in the study of consumer perceptions. These may include: qualitative interviews, quantitative surveys, transaction cost analysis, discourse analysis and innovative consumer studies. The final case study methodology will be presented to the Commission services for possible comments.

Phase 3 ends with a comparative analysis of all the case studies. By following a comparative approach the comparative analysis will focus at identifying communalities and dissimilarities within the representative set of case examples, in order to answer the following objectives:

- To identify major patterns and underlying trends and trajectories regarding the socio-economic structure and dynamics of sustainable food supply chains by building typologies;
- To identify mechanisms of communication and economic co-ordination that are successful in creating cohesion and effective collective action of stakeholders for different types of food supply chains.
- To assess the performance of different types of food supply chains in terms of different aspects of sustainability and identify underlying key factors.

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<sup>12</sup> Glaser, B.G. and A.L. Strauss (1967) *The discovery of grounded theory. Strategies for qualitative research* (Chicago)

- To identify 'nodal' points for (policy and other types of) intervention aimed at enhancing the performance for different types of food supply chains.
- To identify bottlenecks and constraints for different types of food supply chains as well as possible ways to overcome these.
- To identify the relevant policy environment and associated policy interfaces for different types of food supply chains.

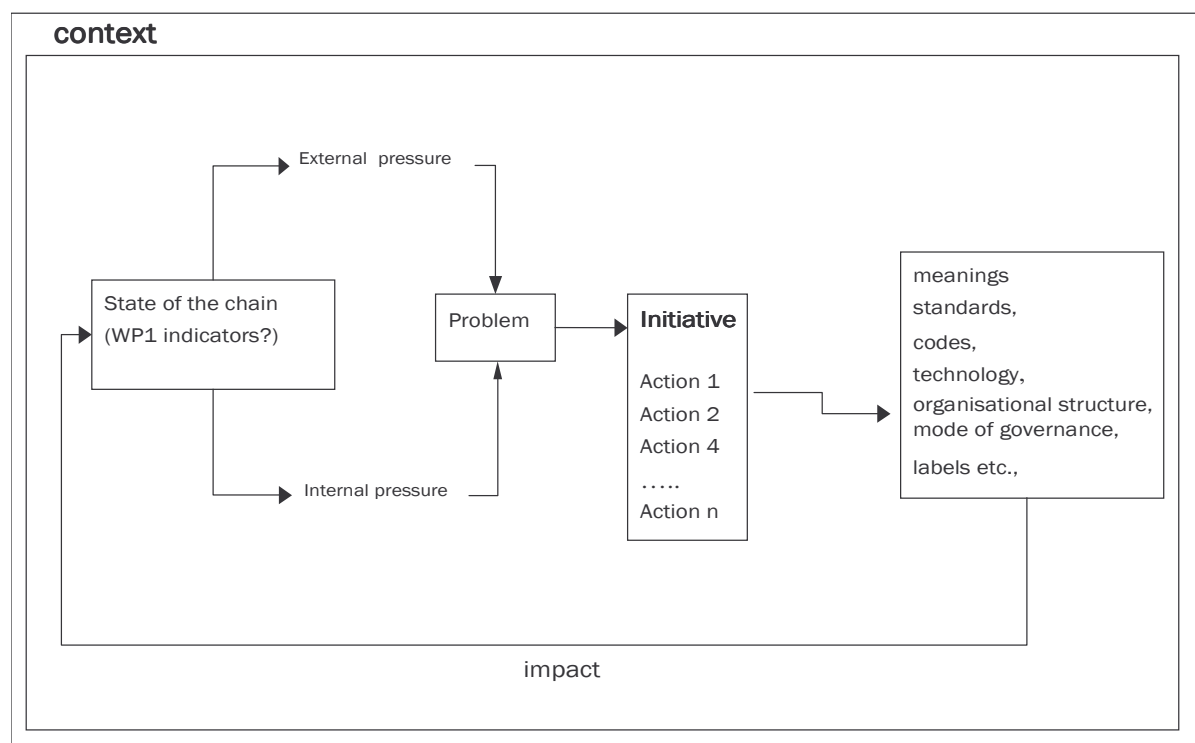
## CASE STUDIES: GUIDING PRINCIPLES

The objectives, general approach and the expected achievements of the case studies together constitute a general framework, which provides an overall starting point for the case study methodology. However, several strategic decisions have to be made with respect to the guiding principles for the case study methodology. These decisions regard the following questions:

1. What is the focus of the case studies?
2. What will be the unit of analysis?
3. How many units of analysis per case study?
4. Which criteria to use for the selection of cases?

### Focus of the case studies

To address the objectives of SUS-CHAIN in general and of the case studies in particular, the case studies should focus on processes (rather than, for example, on structures). We may represent processes as in the following example:



An initial state of the chain, assessed on the basis of sustainability criteria by actors outside the chain (public opinion, health or environmental authorities, etc. or by actors within the chain (consumers, producers, where to locate food movements?), in relation to a specific context, gives rise to pressures that put into question the present state of the matter, until a problem is recognized and defined. For example, the BSE crisis has emerged initially as a sectoral crisis, but the recognition and definition of the problem emerging from it (link with human CJ disease, link with feed coming from animal proteins, lack of controls, etc...) is a result of a rather long process.

Pressures can be external, that is coming from actors outside the chain (for example, public opinion, civil society) or internal, that is from actors who are involved in the chain. The problem, once recognized, raises strategic questions: e.g. how to restore consumers' trust or how to maintain a minimum level of welfare in the countryside. Such questions are addressed through one or more initiatives started by actors who build alliances to carry them out. Again, to address the strategic questions raised by the BSE problem (How to stop the epidemic?; How to avoid new cases in the future?; How to restore consumers' trust?) a large number of initiatives have been taken (labelling schemes, codes of practices, regulations, new control systems, new technologies) at all levels: public, farmers' associations, farmers, NGOs, etc.

Each initiative is composed of a cluster of actions. Each action aims to obtain specific **outputs** (for example, creating a label implies technical coordination, organisational innovation, new technologies, etc.) All outputs have an impact on the state of the considered chain and therefore on the boundaries, relevance and intensity of the problem. The impact can be broken down into components to assess the change produced on different subsystems. Sometimes, initiatives generated by one problem take autonomous paths and become part of new clusters (umbrellas). For example, a labelling scheme based on safety claims evolves into regional quality schemes.

## Unit of analysis

A next point of departure to agree upon regards the unit of analysis. In other terms: what is the object we would follow along our analysis? Following the arguments in the preceding section, the following units of analysis can be considered:

1. chains (or commodities)
2. starters (public, ngos, farmers, retail, processors, etc.)
3. problems
4. initiatives

Ad 1) *Chains* as units of analysis would imply, as we have done in the national report, a general description of the chain, a list of the most important problems, an analysis of a relevant set of initiatives undertaken to address the problems. Chains as units of analysis are very ambitious, and we would need a lot of information to be able to make a good case. Moreover, the case whose unit of analysis was a chain would lose its 'micro' character.

Ad 2) *Starters* as units of analysis would imply a general description of the actor, a list of the most important problems they have faced, the analysis of a relevant set of initiatives undertaken to address them. A case whose unit of analysis was an actor would create a problem of comparability, unless we decide to take into consideration a typology of actor (for example, valorisation consortia, cooperatives, retailers). Moreover, the description of an actor could imply a loss of focus on processes and on the role of other actors.

Ad 3) *Problems* as units of analysis would imply a general description of the problem, a list of the most important chains where the problem has emerged, an analysis of a relevant set of initiatives undertaken to address the problems. Similarly to the preceding option, a case whose unit of analysis was a problem would require a huge amount of information to be analysed properly.

Ad 4) *Initiatives* are, in our view, the most promising units of analysis. Initiatives as units of analysis (for example, 'Public procurement in Wales', 'Fair trade in England', "Farmers' markets in Tuscany") would allow us to describe the process as depicted in the preceding section, i.e.:

- What was the initial state of the chain and its context?
- What is the nature of internal and/or external pressures?
- Which problem was identified/perceived?
- What kind of actions were undertaken to address this problem?
- Who were the initiators of the initiative?
- Which actors were enrolled?
- Which (new) problems had to be solved?
- What kind of actions were undertaken to address these new problems?
- Etc.....

### **The number of units per case**

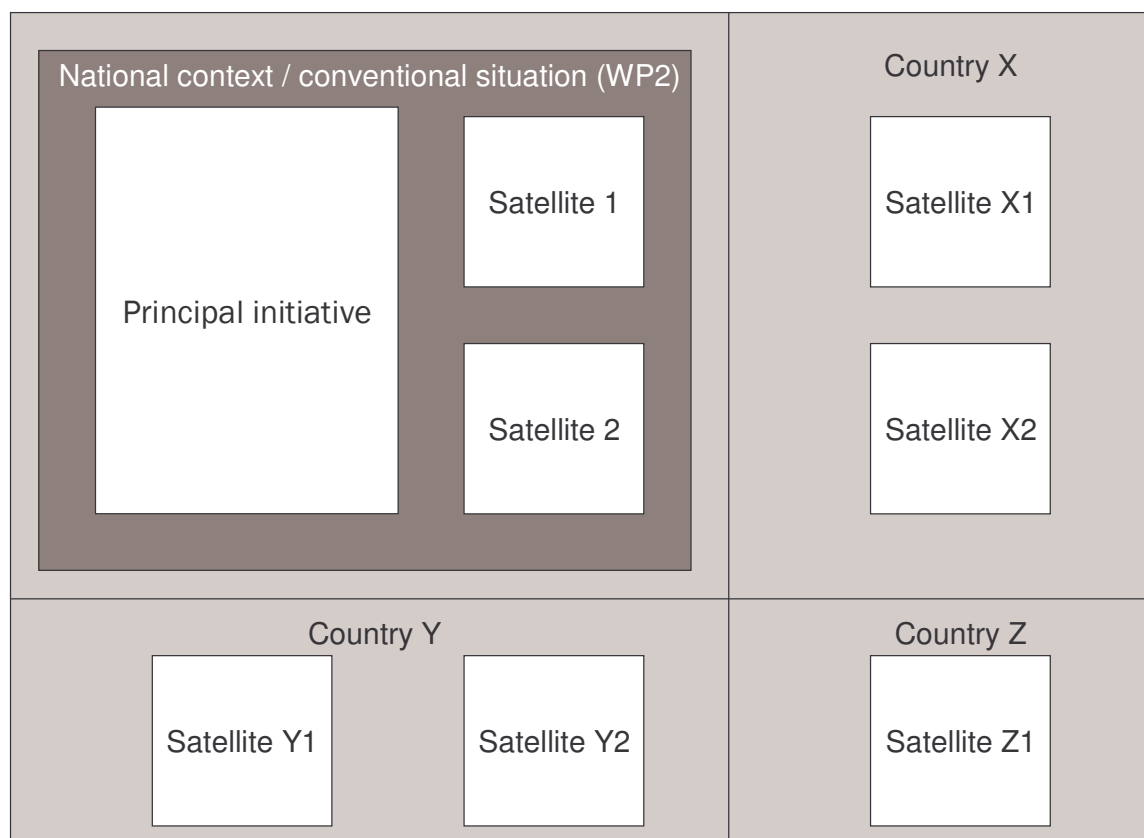
According to the technical annex, the SUS-CHAIN project should deliver  $2 * 7 = 14$  case-studies. If each case-study covers only one initiative, it will be difficult to create a representative set of cases. On the other hand, the technical annex requires *a detailed understanding of the complex interrelations, dynamics, interfaces and synergies embodied in sustainable food supply chains in specific national/regional settings*. Therefore, the level of inquiry has to go sufficiently in depth to go beyond the mere description. With our case-studies, we need to fulfil at least three goals:

1. to have a good coverage of diversity of initiatives
2. to have enough information to compare
3. to have enough information to add value to already existing literature and to build theory

Given the amount of resources, the first goal is mainly addressed with a high number of cases, while the third with a low number of in-depth cases.

We therefore suggest that a case study should include at least three initiatives: one principal initiative, at least one national satellite initiative and at least one foreign satellite initiative. This strategy appears to be the most effective one to address all three goals mentioned above. Initiatives should be linked together into a unitary narrative, aiming to show, for example:

1. how an initiative considered 'innovative' deviates from the existing state of the matter;
2. how different initiatives concur to obtain the same objective; or
3. why some initiatives succeed and similar initiatives, but in different contexts, do not; or
4. how the same type of initiative can obtain, in different contexts, different outputs



In order to design a case, we suggest making the following steps (see also figure above):

1. *Choice of unit of analysis* → principal initiative: Choose an initiative as 'starting point', whose distinctive feature is, at least for hypothesis, 'innovative'.
2. *Identification of the conventional unit for comparison* → national context / conventional situation: Single out the sector or chain(s) (and its subsystems) where the initiative takes places to be used as yardstick / background / context to assess 'alternativeness' or 'innovativeness', by analysing sustainability performance, bottlenecks, co-ordination patterns, communication practices, etc. In general the WP2 national reports, especially the descriptions and analyses of different sectors, should provide at least basic (and in some cases) sufficient information to understand the conventional situation and approach.
3. *Choice of replications* → satellites. Choose at least:
  - One different solution within the national context (a product, a commercial pattern, trademark, certification systems, etc.) which is innovative as well → satellite 1, 2, etc.<sup>13</sup>
  - AND
  - One similar and/or one different solution in another country which is innovative as well → satellite X1, X2, Y1, Y2 and/or Z1, etc.<sup>14</sup>

<sup>13</sup> As a national satellite one may use an initiative that has been (or is currently being) studied as part of another research project. This may imply that a small research effort is sufficient to transform it into a suitable SUS-CHAIN satellite initiative. However, it may also be decided to examine an initiative (as satellite) that has not been studied before. This implies that the kind and amount of research to be undertaken for this satellite is equal to kind and amount of research to be undertaken for the principal initiative.

<sup>14</sup> As a foreign satellite one may use an initiative that has been (or is currently being) studied (by others) as part of another research project. However, one may also decide to use a principal initiative of for instance country X as one's foreign satellite (and vice versa).

## Criteria for case study selection

As mentioned in section 1.2 (and also in the TA) it is, with respect to the case study selection, crucial to come to an adequate, well-balanced and representative set of case examples, that cover diverse and contrasted sustainable farming systems and food chain organisations. If cases are focused on initiatives, we need to group them into a relatively small number of categories. This implies a need for some kind of taxonomy. Taxonomies have been proposed by the co-ordinators of WP1 as result of the ongoing work on profile and performance indicators and by the co-ordinators of WP2 as result of the analysis of FSC initiatives. Based on these proposals and ongoing work the following criteria are suggested for the selection of cases:

1. The kind of sustainability meanings (promises) that are attached to the commodity as communicated or as perceived, e.g.:
  - Ethical
  - Ecological
  - Economic
  - Health (food safety, nutritional value)
  - Quality (organoleptic quality, quality management...)
  - Cultural diversity
  - Community (identity, awareness, social embeddedness, social capital)

These meanings are not necessarily independent from each other. Depending on the type of initiative, organic can be linked to ethical, ecological, quality etc.

2. The starters of the initiatives, e.g.:

- Public sector /institutions
- NGO
- Retail, processors
- Farmers/farmers' associations
- Extension service
- Private consultants agency

In many cases initiatives started by different actors may converge into umbrella initiatives (for example, co-operatives who align producers into quality schemes converge with retail initiatives to create private labels, or NGOs and farmers' associations that organise events to which farmers are involved to sell their products).

3. The type of actions taken, e.g.:

- Communication
- Education, training
- Technical innovation
- Technical alignment / standard creation
- Certification
- Regulation
- Facilitation
- Political action
- Organizational arrangements
- New channels (farmers' markets, food shows, food subscriptions, selling on farm, etc..)

4. The output pursued or obtained, e.g.:

- Economic (income, employment, rural tourism)
  - Organisational (organisational arrangements, new organisations)
  - Social (social embeddedness, awareness / endorsement of sustainability meanings,
  - Quality (health, safety, taste)
  - Cultural
  - Technical (technical standard, codes of practices, new technologies)
  - Improvement of environmental sustainability (rules, codes of practices)
  - Product differentiation/ market visibility ( Labels, hallmarks)
5. The geographical scope of the initiative, e.g.:
- Local
  - Regional
  - National
  - International
  - Global
6. The market segment, e.g.:
- Conventional
  - Normalised / standardised (e.g. HACCP)
  - Fair trade
  - Organic
  - Artisanal (incl. PDO/PGI)
  - New product
7. The impact on subsystems, e.g.:
- Production
  - Processing
  - Food service
  - Marketing and Distribution
  - Consumption
  - Marketing (conceptions, strategies and policies)
  - Knowledge/competence and discourse production
  - Science and technology production
  - Regulatory politics
  - Rural development: employment- income- social cohesion- resilience of concerned social subsystem- tourism- landscape- bio diversity- natural resources- gender issues
8. The problems addressed, e.g.:
- improving farmers' livelihoods
  - building/improving local capital (natural, social, cultural, economic, institutional)
  - responding to health concerns/ecological crises
  - greening/moralising conventional networks/chains/subsystems
  - raising awareness and stimulating changes in attitudes and behaviour of the involved actors
  - open/enlarging new markets of sustainable products
  - improvement of management of distribution aspects
  - a fair distribution of added value within the system
  - a low uncertainty on future, to allow producers to build long term strategies and transmit farms.
  - perspectives for the most fragile producers.
  - credibility of the sustainability promise to the consumer (linked to the issue of negative externalities)



- towards the production territory and the society).
- protection (creation) of positive externalities to (re)build rural resources.

Understanding the dynamics of a specific initiative and assessing its socio-economic performance is a means to strengthen and deepen our understanding of crucial themes regarding the development of new food supply chains and their impact on sustainable rural development. This implies that with respect to a specific theme several initiatives have to be studied. We suggest therefore that a taxonomy based on problems is the most promising in terms of comparative analysis. This means that cases should cover all the listed problems, and there should be enough replications to allow for comparison. However, we also must care that the cases cover the diversity encountered with respect to the other criteria.

### **Selection and assessment of case studies: general guiding principles**

Based upon the previous sections of this chapter, we can draw some general guiding principles for the selection and assessment of the case studies:

- 1) The focus of the case studies is on processes of change.
- 2) Initiatives are the unit of analysis.
- 3) One case is made up of at least 3 initiatives: 1 principal initiative and 2 satellite initiatives (of which 1 foreign).
- 4) The total of 14 cases should represent a wide diversity with regards to the problems being addressed. However, the diversity with regards to other criteria, such as the sustainability problems, the starters of the initiative, the type of actions taken, the output pursued, the geographical scope, the market segment and the impact on subsystems should also be taken into account.

To the guiding principles mentioned above we can add the following ones:

- There has to be a comparative element
- Information must be accessible/available: a) availability of process information (how is the chain configured/designed? which moments of adjusting the policy/strategy has been taken place, etc.? b) availability of some economic information (figures of turnover, costs, investments, size of the market-segment, etc.)
- There must be sufficient “novelties” and connections with rural development (typical products, social embeddedness, upstream differentiation, etc.) available within the case studies.
- Within the case study we have to put attention to small scale initiatives (5%) as well as to large scale initiatives (95%). The exchange / confrontation of ideas between these FSCs could lead (in our opinion) to a good insight in suitable strategies for up-scaling and improving sustainability of FSCs/initiatives.

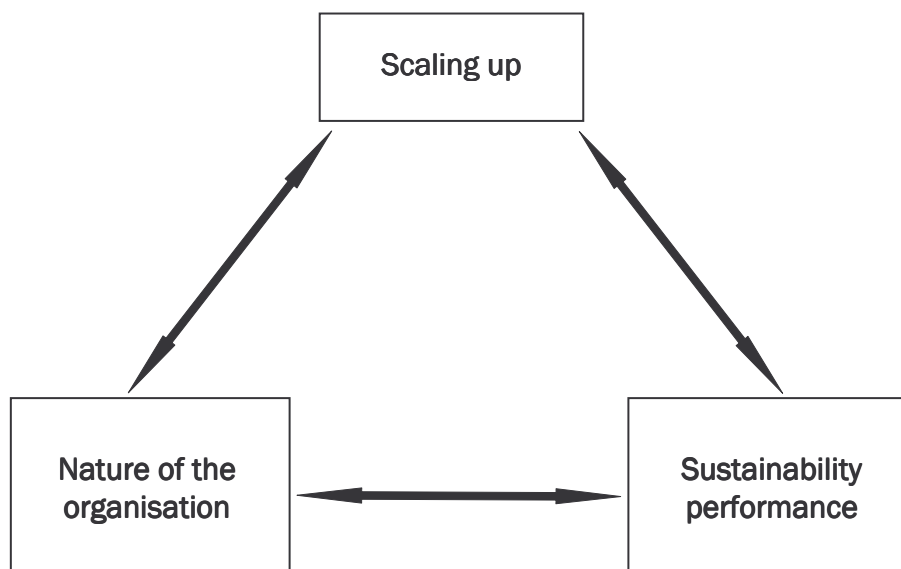
## **HYPOTHESES AND RESEARCH QUESTIONS**

### **Hypotheses**

The main hypothesis around which cases should be built is the following:

**Hypothesis:** *Scaling up an initiative in the field of NFSCs changes the nature of the organisation (structure, rules, procedures, values, goals) and its sustainability performance*

The hypothesis contains three keywords: scaling up, nature of the organisation, sustainability performance. Each of them is linked to the others in a dynamic model, as in the following framework:



The term '**Organisation**' in the hypothesis can have three meanings:

- a 'closed' network characterised by a clear distinction between an 'inside' and an 'outside'
- a process of network-building along with redistribution of tasks and roles;
- an 'hybrid governance structure', that is 'a set of institutional arrangements within which a transaction is organised' (see paper Guido and Anne)

When studying the case we should look at all the three aspects, as they are steps of the same process. Actor-network methodologies allow looking at the continuity between these forms.

**Upscaling** can be measured both by growth of volumes, values, number of similar initiatives, and more in general on the impact an initiative has on society.

The main hypothesis can be broken down into three sub - hypotheses:

**Sub – Hypothesis 1: Scaling up depends on commercial performance and appropriate public support**

*1.1 Commercial performance of sustainable FSCs depends on a specific marketing competence. Appropriate marketing competence is the key to build consumer involvement, stimulate participation, realise "food citizenship" to identify and meet "higher" needs and motivations, and create wants for sustainable food products.*

*1.2 Public policy will be successful when it support the possibility to coordinate and make strategic decisions (prices, volumes, product differentiation...)*

**Sub – Hypothesis 2: Nature of organisation changes with scaling up as an effect of growth in market power and of the increased pressure of economic constraints and logics**

*2.1 Market power is a hurdle for successful development and commercial performance of sustainable food supply chains, because it reduces credibility among consumers*

*2.2 The direction of change of the nature of organisation depends on the management of the network. Good management of the network happens when:*

- The problem and the objectives at the beginning are well formulated
- Initiatives can select their members.
- Rules and duties of its members are clearly defined
- The internal communication is well organised

**Sub – Hypothesis 3: NFSCs have a positive effect on rural sustainable development**

*3.1 New FSCs positively support the rural economy through defending and/or creating employment and income. That is more the case*

- When the initiatives are market driven
- When this initiatives are constructed as alliances
- When the initiatives are territorial and local resources based

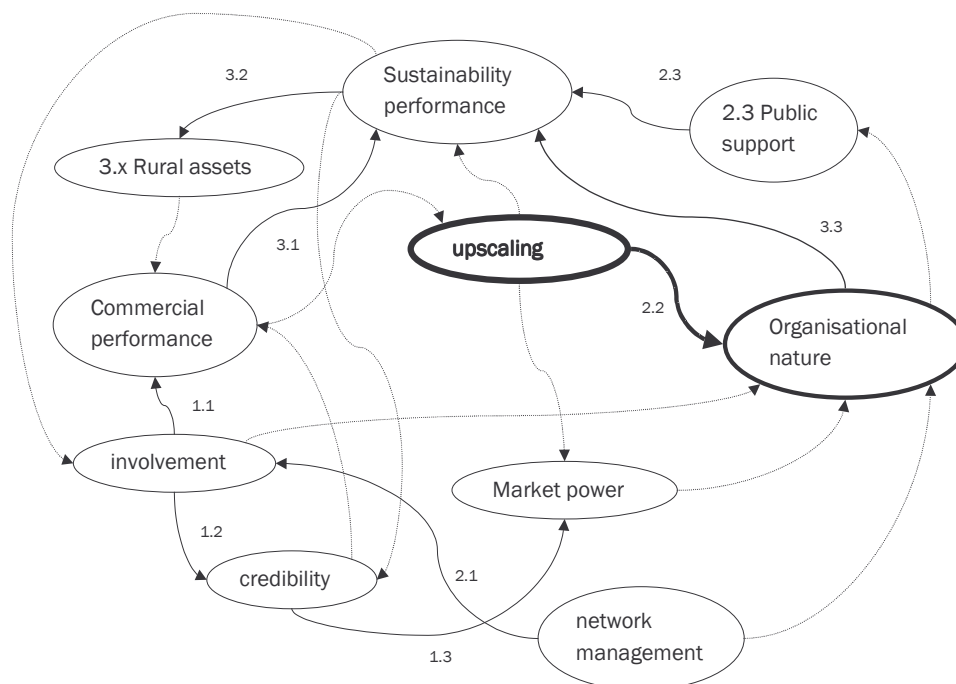
*3.2 New FSCs positively strengthen local and regional capacity to self organisation and self governance. That is more the case*

- When there is broad participation of local population
- When new institutional forms are developed
- When there is a large diversity of stakeholders involved at the local level (social embedment)

*3.3 New FSCs improve the sustainability and the liveability of the rural areas. That is more the case*

- When positive externalities increase and the negative externalities decrease
- When the agricultural production method is defined according to sustainability principles

The relation between the hypothesis and the sub-hypotheses is illustrated as follows:



## From hypotheses to research questions

Hypotheses should drive the data collection and analysis. It is possible that not all hypotheses are relevant to the cases. From the beginning, however, each group should make clear which hypotheses will be relevant to their cases.

<b>Sub – Hypothesis 1: Scaling up depends on commercial performance and appropriate public support</b>	What is the meaning of scaling up in this case? How can scaling up in this case be measured? Has the considered initiative scaled up? If not, why hasn't the initiative scaled up?
1.1 Commercial performance of sustainable FSCs depends on a specific <u>marketing competence</u> . Appropriate marketing competence is the key to build consumer involvement, stimulate participation, realise “food citizenship” to identify and meet “higher” needs and motivations, and create wants for sustainable food products.	How do the actors involved assess their commercial performance? How has the initiative succeeded in linking up the consumers (what arguments have been used ?) To what extent has the considered initiative been able to identify and meet higher needs and motivations? To what extent has the initiative involved consumers, stimulated participation, created wants for sustainable food products, realised ‘food citizenship’? What relation exists between marketing actions and these achievements?
1.2 Public policy will be successful when it support the possibility to coordinate and make strategic decisions (prices, volumes, product differentiation...)	What kind of public support has been granted to the initiative? What kind of public institutions have been involved in the initiative? (local, regional, national, european etc.) What kind of public policies hamper the development of the initiative? How have public policies affected strategic decisions?
<b>Sub – Hypothesis 2: Nature of organisation changes with scaling up as an effect of growth in market power and of the increased pressure of economic constraints and logics</b>	How can the ‘nature of the organisation’ in this initiative be defined? How has the nature of the organisation changed along the process of scaling up?
2.1 Market power is a hurdle for successful development and commercial performance of sustainable food supply chains, because it reduces credibility among consumers	How has market power distribution changed along with the initiative? What relation exists between changes in market power and credibility (loyalty, involvement etc.) among consumers?

<p>2.2 The direction of change of the nature of organisation depends on the management of the network. Good management of the network happens when:</p> <ul style="list-style-type: none"> <li>• The problem and the objectives at the beginning are well formulated</li> <li>• Initiatives can select their members.</li> <li>• Rules and duties of its members are clearly defined</li> <li>• The internal communication is well organised</li> </ul>	<p>How the network has been managed? What is the effect of management?</p> <p>To what extent has the considered initiative developed methods to select their partners?</p> <p>What are the dominant problems and objectives at the beginning of the initiative? How have they shaped the organisation?</p> <p>Have rules and duties of the organisation been clearly defined? How and at what stage?</p> <p>What happened when new actors were involved in the initiative as the initiative grew?</p>
<p><b>Sub – Hypothesis 3: NFSCs have a positive effect on rural sustainable development</b></p>	
<p>3.1 New FSCs positively support the rural economy through defending and/or creating employment and income. That is more the case</p> <ul style="list-style-type: none"> <li>• When the initiatives are market driven</li> <li>• When this initiatives are constructed as alliances</li> <li>• When the initiatives are territorial and local resources based</li> </ul>	<p>Does the initiative support the rural economy? Has it created employment and income?</p> <p>Is the initiative market driven? What relations exist between market and other drivers?</p> <p>What kind of alliances are at the basis of the initiative?</p> <p>What are territorial and local resources at the basis of the initiative?</p>
<p>3.2 New FSCs positively strengthen local and regional capacity to self organisation and self governance. That is more the case:</p> <ul style="list-style-type: none"> <li>• When there is broad participation of local population</li> <li>• When new institutional forms are developed</li> <li>• When there is a large diversity of stakeholders involved at the local level (social embedment)</li> </ul>	<p>Does the initiative strengthen local and regional capacity to self organization and self governance?</p> <p>What is the level of participation of the local population to the initiative? Who is included and who is excluded (and why)?</p> <p>Have new institutional forms developed along the development of the initiative?</p> <p>Which stakeholders have been involved in the initiative? Who is included and who is excluded (and why)?</p>

<p>3.3 New FSCs improve the sustainability and the liveability of the rural areas. That is more the case:</p> <ul style="list-style-type: none"> <li>• When positive externalities increase and the negative externalities decrease</li> <li>• When the agricultural production method is defined according to sustainability principles</li> </ul>	<p>To what extent does the initiative improve the sustainability and liveability of the rural areas?</p> <p>What are the positive and negative externalities of the initiative?</p> <p>Are agricultural production methods defined according to sustainability principles?</p> <p>Has the initiative created employment and employment opportunities?</p> <p>To what extent has the initiative contributed to repopulate very marginal areas, regain power, and alleviate rural poverty?</p> <p>How has income of involved actors changed along with the initiative?</p> <p>To what extent has the initiative improved the capability of the territory/rural community to develop their own strategy?</p> <p>To what extent has the initiative improved the capacity of rural communities to react to problematic events?</p> <p>To what extent has the initiative been able to adjust sectoral crisis?</p> <p>To what extent has the initiative been multiplied and generalised in other contexts?</p> <p>To what extent has the initiative contributed to sustainability and implemented multifunctionality?</p> <p>To what extent has the initiative articulated to the whole territory and contributed to the whole attractiveness of the territory?</p> <p>What tensions have been generated along with the development of the initiative?</p>
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## RESEARCH METHOD

### From research questions to data collection

We'd suggest leaving the space open to a variety of different approaches and methods, according to context's specifics and partners' vocational guidance and/or necessities. Information sources can be grouped into the following categories (elaborated upon Yin, 2003):

<i>Documentation</i>	<ul style="list-style-type: none"> <li>- Letters, memoranda etc</li> <li>- Agendas, minutes of meetings, written reports and events</li> <li>- Administrative documents</li> <li>- Formal studies or evaluations of the same 'site' under study</li> <li>- Newspaper clippings and other articles on mass media</li> <li>- Images</li> </ul>
<i>Archival records</i>	<ul style="list-style-type: none"> <li>- Service records (eg. Number of clients served)</li> <li>- Organisational records</li> <li>- Maps and charts</li> <li>- Survey data</li> <li>- Personal records (such as diaries, calendars etc.)</li> </ul>
<i>Individual Interviews</i>	<p>Interviews can be done to <i>informants</i>, that is people who know in-depth the initiative or some of its aspects, or to <i>respondents</i>, that is people directly involved in the initiative. They can be of different types:</p> <ul style="list-style-type: none"> <li>- <b>open-ended interviews (very general guidelines)</b></li> <li>- <b>focused interviews (a more precise set of questions)</b></li> <li>- <b>surveys (more structured questions)</b></li> </ul> <p>Moving from the research questions provided above, each group will design specific questionnaires according to each respondent/informant. Circulation of such questionnaires between groups is highly recommended.</p> <p>A plan for interviews should be preceded by a mapping of the network of the initiative.</p> <ul style="list-style-type: none"> <li>- number of interviews is determined by researcher</li> <li>- who will be interviewed depends on the focus of the case study</li> <li>- justification of selection of persons in case study report</li> </ul>
<i>Focus groups</i>	Collective interviews based on specific protocols (could be an interesting method to study consumers' attitudes and behaviour)
<i>Direct observations</i>	Observation of meetings, sidewalk activities, factory work, classrooms, ..
<i>Participant observation</i>	The interviewer has a direct involvement in the initiative
<i>Physical artifacts</i>	A technological device, a tool or instrument, a work of art etc..

Data collection will be analysed and elaborated into the following outputs:

- indicators [numbers or words. Words should be normalised to allow comparison]
- narratives [texts with stories of specific events, patterns, situations]

- diagrams
- explanations [texts responding to questions such as why?]
- models [diagrams linking together empirical evidence as cause/effect relations]

As not all hypotheses will be relevant to each case, groups should make clear which hypotheses will be taken into consideration. A common set of indicators, however, is necessary. The following tables make a summary of the research questions, the indicators necessary to address the questions and the information sources needed. In bold indicators that could be common to all cases.

Research question	Indicators	Other outputs	Sources	Notes
<b>Scaling up</b>				
1 - How scaling up can be defined in this case		Definition and indicators		
2 - Has the considered initiative scaled up?	Growth rates in terms of: <ul style="list-style-type: none"> <li>- volume</li> <li>- values</li> <li>- number of farmers and other actors involved</li> <li>- range of products</li> <li>- Number of imitations</li> </ul>		Numeric data if available	
3 - If not, why hasn't the initiative scaled up?		List of reasons	Interviews to respondents and informants	
4 - How can the 'nature of the organisation' in this initiative be defined? 5 - How has the nature of the organisation changed along the process of scaling up?		Organisational description	Interviews to stakeholders	
<b>Public support</b>				
6 - What kind of public support (including training and publicity) has been granted to the initiative? 7 - What kind of public institutions have been involved in the initiative? (local, regional, national, european etc.) 8 - Who benefited from public support? 9 - What kind of public policies hamper the development of the initiative? 10 - How have public policies affected strategic decisions?	<u>Types of public support granted</u> Total amount of public support		Interviews to stakeholders	



<b>Governance</b>				
11 - What are the attributes of the most relevant transactions taken along with the initiative?	Asset specificity Uncertainty Frequency Instruments Adaptation mechanisms Contracts Diagnosis		Interview to respondents	<i>See paper of Anne - Guido</i>
12 - How the organisation has been managed? 13 - What is the effect of management?		<b>Mapping of networks at different stages</b> Narrative of network creation	Interviews to informants and stakeholders	<i>See methodology for network mapping</i>
14 - To what extent has the initiative developed methods to select their partners?			Interview to stakeholders Statutory rules	
15 - What are the dominant problems and objectives at the beginning of the initiative? How have they shaped the organisation?		<b>List of problems ranked by importance by stakeholders</b>	Interviews to stakeholders	
16 - Have rules and duties of the organisation been clearly defined? How and at what stage?	Summative evaluation (insufficient, sufficient, good, excellent)		Interviews to stakeholders	
17 - What happened when new actors were involved in the initiative?	Changes in participation, rate of compliance,	cases of opportunistic behaviour	Interviews to stakeholders	
18 - What kind of alliances are at the basis of the considered initiative?		<b>Network maps</b>	Informants	
19 - Have new institutional forms developed along the development of the initiative?			Statutory rules / covenants Interviews to informants	
<b>Commercial performance and marketing competence</b>				
20 - Is the initiative successful in a conventional marketing perspective?	Price differentials Profits Rate of growth Brand loyalty Market shares	McKinsey matrix	Numeric data if available Interviews to informants	
21 - How do the actors involved assess their commercial performance?		List of criteria (efficiency, effectiveness, impact)	Interviews to respondents and informants	
22 - How has the initiative succeeded in linking up the consumers (what arguments have been used ?)	Summative evaluation (insufficient, sufficient, good, excellent)	List of need and motivation of consumers. List of arguments used to meet them	Interviews to respondents Interview to consumers	

23 - To what extent has the initiative involved consumers, stimulated participation, created wants for sustainable food products, realised 'food citizenship'? What relation exists between marketing actions and these achievements?	Number of typologies of involved actors Organisational arrangements to involve consumers and other stakeholders		<b>Interviews to respondents</b> Interviews to informants Documentation	<i>See governance section</i>
<b>Rural development</b>				
24 - Does the initiative support the rural economy? 25 - Has it created/increased employment and income?	Prices at all levels of the chain Delta employment and income		<b>Statistical data</b>	<i>See IMPACT toolbox - controfactual analysis</i>
26 - Is the initiative market driven? What relations exist between market and other drivers?			<b>Informants</b> <b>Secondary data</b>	
27 - What are territorial and local resources at the basis of the considered initiative?		List of resources ranked by importance	<b>Informants, stakeholders</b>	
28 - What is the level of participation of local population to the initiative? 29 - Who is included and who is excluded (and why)?	Number of newsletters, meetings, other events Rate of participation to events	Organisational arrangements to stimulate participation	<b>Informants</b>	<i>See marketing section</i>
30 - What are the positive and negative externalities of the initiative		List of positive and negative externalities	<b>Interview to stakeholders</b>	<i>Different views by different stakeholders</i>
31 - To what extent has the initiative contributed to repopulate very marginal areas, regain power, and alleviate rural poverty?	Rate of demographic change in the relevant area		<b>Official statistics</b>	<i>See IMPACT toolbox - controfactual analysis</i>
32 - To what extent has the initiative improved the capability of the territory/rural community to develop their own strategy?	Summative evaluation (insufficient, sufficient, good, excellent)		<b>Interviews to stakeholders</b>	
33 - To what extent has the initiative improved the capacity of rural communities to react to problematic events?	Summative evaluation (insufficient, sufficient, good, excellent)		<b>Interviews to stakeholders</b>	
34 - To what extent has the initiative contributed to sustainability and implemented multifunctionality?	IDEA indicators as perceived by informants and stakeholders (see Wp1 report)		<b>Interviews to informants</b>	
35 - To what extent has the initiative articulated to the whole territory and contributed to the whole attractiveness of the territory?	Summative evaluation (insufficient, sufficient, good, excellent)		<b>Interviews to informants</b>	
36 - What tensions have been generated along with the development of the initiative?			<b>Interviews to informants</b>	

## International case-studies

International case studies can be performed in different ways:

- partners can provide data and information on specific questions posed by the foreign partner
- Partners can design a specific inquiry on a jointly basis, the local partner will carry out fieldwork, the analysis will be common
- a visit can be arranged to carry out a joint fieldwork

In the last case, the visiting partner should be available for ca 3-4 days in the visiting country. Here is a possible arrangement of a joint case-study

- The local partner would prepare some material in advance to be provided to the international partner
- The local partner will arrange logistics for the visit.
- The local partner would discuss together with the visitor the plan for interviews and the questionnaire
- The international partner will lead the interview, the local partner will provide translation
- The international partner will make a report and embody it within its own case-study

## LAYOUT OF THE CASE STUDY REPORTS

Case study reports are to be written according to the following format:

### 1) *Introduction*

### 2) *The context (including the profile and performance of the (conventional) chain(s)/sector(s) before the start of the initiative)*

- For the general context include the relevant aspects of WP2 and WP3
- Describe the chain (follow the product) as indicated in WP1 by the Swiss team (annex c)
- The aspects that the initiative aimed/is aiming to address, and the sustainability problems emerging from it.

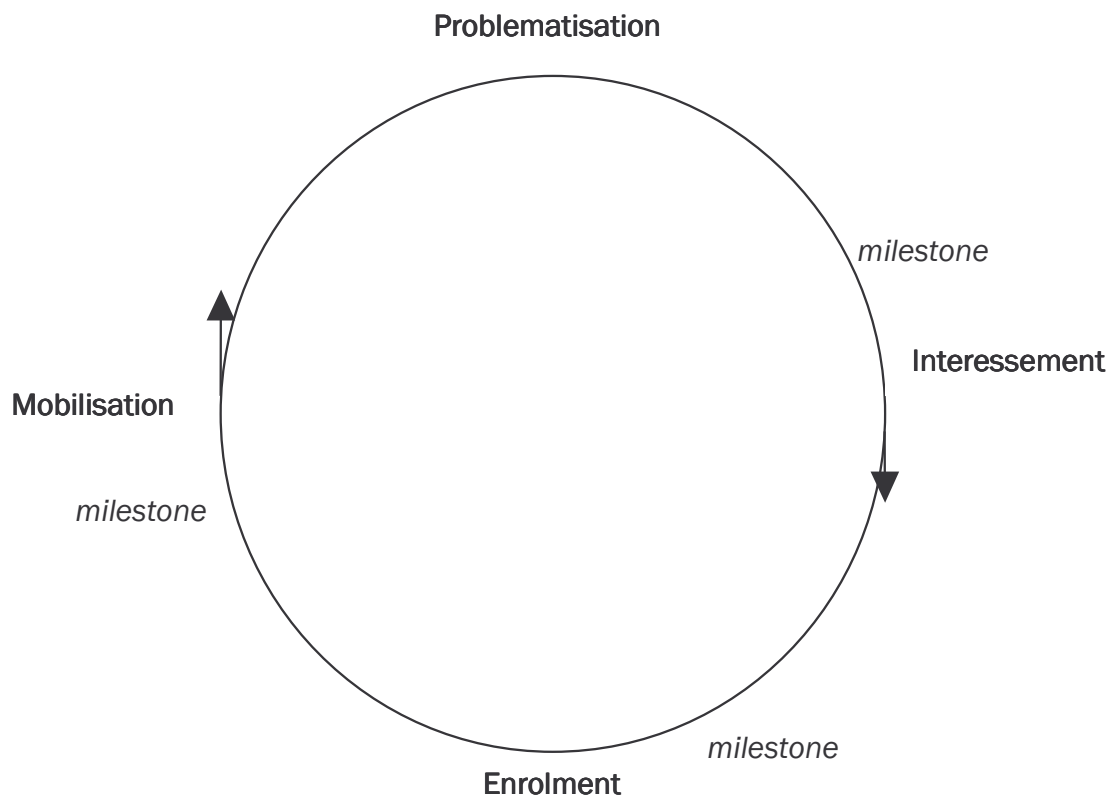
### 3) *Objectives and state-of-the-art of the type of initiative*

- Short description of what the case is about: briefly describe the initiative as response to the problem above defined
- A general overview of the type of initiative in the national or international context. For example, for public procurement, fair trade, farmers' market there is already quite a lot of literature and many short cases could be shown. This section should embody information from other partners.

### 4) *The story of the principal initiative*

The case should develop a narrative explaining how a specific sustainability concept is progressively embodied into initiatives and how these initiatives change the existing networks. The story should follow the actors in their network building. The story should be subdivided into translation cycles. In fact, the process of network building is characterised by a 'closure', that is when a network consolidates into an organisation (in general, through formalisation), can act as an actor (for example, a consortium, an association etc.) and can represent itself outside. Translation cycles are articulated into four stages: 1) problematisation, 2) intersement, 3) enrolment; 4) mobilisation, as explained in Carol and James' paper.

Each cycle brings to a consolidation of a new network, according to the following scheme:



Once enrolment has happened and mobilisation has started, the network works as an actor, and can activate new cycles of translation making part of new networks.

The passage from a step to another is marked by the presence of milestones.

#### 1. Identification of the starter/s

- Identify the actors who started/manage the initiatives, their social and cultural background, and the conception of sustainability they carry forward.
- Describe the aspects of the story of the actor necessary to understand the nature of the organisation [for example, for cooperatives the story should cover the period from the foundation to the 'starting point' of the narrative, see next section].

#### 2. Genesis of the problem and formulation of the initial project (Problematisation).

- The emergence of the problem, or its precipitation into actors' awareness, identifies the 'starting point' of the case. In other words, the starting point should be identified as the moment in which the actor/s formulate a project to face a problem/crisis. All events preceding the starting point should be described in the preceding section.
- The genesis of the problem should be described in relation to external and internal pressures.

Milestone: agreed definition of the problem.

#### 3. Development of the initiative (interessement - enrolment - mobilisation)

##### *Interessement*

- Describe the initial project of the initiative.
- Analyse the way the starters are able to link up with other actors and with non humans (living organisms, built environment, technologies) around the project.
- Identify the resources they have access once they set up a relationship with new actors;

- Analyse the actions taken by the actors along with the project.
- Analyse how they deal with the principal obstacles to the fulfilment of their goals.
- Analyse how the initial project changes along with the process;
- Analyse how, for effect of any new relationship, the relevant network evolves.
- Map the network that has been constructed (see Appendix A), and describe the changes occurred compared to the preceding cycle.

Milestone: objectives around which actors 'align' [for example, the need to write common quality requirements]

#### *Enrolment*

- Analyse how, for effect of any new relationship, the actors negotiate/reshape their initial conception of sustainability;
- Analyse the different positions, the contrasts emerging and their resolution;
- Analyse the consolidation of the network around the obligatory passage points
- Map the network that has been constructed (see Appendix A), and describe the changes occurred compared to the preceding cycle.

Milestones: formalised outcomes: sustainability promise to the consumers, technical requirements, organisational rules;

#### *Mobilisation*

- Analyse how the new network operates to implement the proposed solution;
- Analyse how the new network represent itself to the outside (for example, how communicates the sustainability promise);
- Analyse the outcomes of the actions taken by the actors and assess their contribution to the performance of the initiative;
- Map the network that has been constructed (see Appendix A), and describe the changes occurred compared to the preceding cycle.

#### *5) Satellite cases*

Satellite cases should be either inserted as boxes within the preceding section, or as separate paragraphs. Each satellite case should make explicit the specific aspects to be compared and contrasted with the principal cases.

#### *6) Profile and performance of the chain after the initiative*

Respond to the questions generated by the main hypothesis and by the sub hypotheses

#### *7) Discussion*

- Potential for scaling up
- Highlight contradictions arising along with the scale-up of the initiatives

#### *8) a short narrative of the case*

The summary should put in a synthetic way the story of the case by showing the cycles of translation and the stages for each of them

## METHODOLOGY: A SYNTHESIS

### Hypotheses, research questions and indicators

<b>Hypothesis:</b> <i>Scaling up an initiative in the field of NFSCs changes the <u>nature of the organisation</u> (structure, rules, procedures, values, goals) and its sustainability performance</i>		
<b>Sub-Hypotheses</b>	<b>Basic Research questions</b>	<b>Common Indicators to all cases</b>
Sub – Hypothesis 1: Scaling up depends on commercial performance and appropriate public support	<ul style="list-style-type: none"> <li>• Has the considered initiative scaled up? If not, why hasn't the initiative scaled up?</li> <li>• How do the actors involved assess their commercial performance? What relation exists between marketing actions and these achievements?</li> <li>• What kind of public support has been granted to the initiative?</li> </ul>	Rate of growth Price differentials Types of public support granted
Sub – Hypothesis 2: Nature of organisation changes with scaling up as an effect of growth in market power and of the increased pressure of economic constraints and logics	<ul style="list-style-type: none"> <li>• How has the nature of the organisation changed along the process of scaling up?</li> <li>• How has market power distribution changed along with the initiative?</li> </ul>	Asset specificity Mapping of networks at different stages Narrative of network creation List of problems ranked by importance by stakeholders
Sub – Hypothesis 3: NFSCs have a positive effect on rural sustainable development	<ul style="list-style-type: none"> <li>• Does the initiative support the rural economy?</li> <li>• Does the initiative strengthen local and regional capacity to self organization and self governance?</li> <li>• To what extent does the initiative improve the sustainability and liveability of the rural areas?</li> </ul>	List of resources ranked by importance Number and type of stakeholders involved Rate of demographic change in the relevant area IDEA indicators as perceived by informants and stakeholders (see Wp1 report)

## Layout of the case

- 1) *Introduction*
- 2) *The context ( including the profile and performance of the (conventional) chain(s)/sector(s) before the start of the initiative)*
- 3) *Objectives and state-of-the-art of the type of initiative*
- 4) *The story of the principal initiative*
  1. Identification of the starter/s
  2. Genesis of the problem and formulation of the initial project (Problematisation).  
Milestone: agreed definition of the problem.
  3. Development of the initiative (interessement – enrolment – mobilisation)  
*Interessement*  
Milestone: objectives around which actors ‘align’ [for example, the need to write common quality requirements]  
*Enrolment*  
Milestones: sustainability promise to the consumers, technical requirements, organisational rules;  
*Mobilisation*
- 5) *Satellite cases*
- 6) *Profile and performance of the chain after the initiative*
- 7) *Discussion*
- 8) *a short narrative of the case*





## ANNEX 2. CASE STUDIES

COUNTRY	MAIN CASE	CORE ISSUES IN MAIN CASE	NATIONAL SATELLITES and KEY QUESTIONS for satellites	INTERNATIONAL SATELLITES
BELGIUM (BE)	Case 1: <b>Biomelk Vlaanderen</b> (organic milk in Flanders)	<ul style="list-style-type: none"> <li>commercial performance and marketing competence</li> <li>self-governance</li> </ul>	1. <b>Het Hinkelspel</b> (cheese dairy co-operative; raw milk cheese; direct selling)	1. <u>Germany</u> - Upländer Bauernmolkerei
	Case 2: <b>Farm products of the Westhoek</b> (marketing of regional products)	<ul style="list-style-type: none"> <li>nature of organization</li> <li>impact on rural development and rural economy</li> </ul>	1. <b>Westvlaams rood</b> (breeding of a regional beef race; big retailers; initiative that failed or has been stopped: reasons?)  2. <b>Organic beef cooperative</b> (cooperative of farmers selling organic beef to big retailer; problem of organization, selfgovernance)  3. (additional???) <b>Farmers' markets</b>	2. To be specified

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GERMANY (DE)	Case 1: <b>Upländer Bauernmolkerei</b> (dairy sector; organic milk; co-operative)	<ul style="list-style-type: none"> <li>public support (kind, significance)</li> <li>nature of organization (and changes during scaling up)</li> <li>impact on rural economy / rural assets / connections with rural development</li> </ul>	<p><i>In discussion:</i></p> <ol style="list-style-type: none"> <li><b>Rhöngold dairy</b> (why it was discontinued).</li> <li><b>Söbbeke</b> (similar initiative, but more national level). nature of organization? impact on rural economy (as compared with Upländer)?</li> <li><b>Molkerei Schrozberg</b> (successful dairy in Baden-Württemberg; cooperates with Tegut supermarket chain / another [satellite] case study); comparison with Upländer); what is their strategy? nature of organization?</li> </ol>	<p><u>Belgium</u>.--Organic milk sector in Flanders / Biomelk Vlaanderen</p> <p><u>Latvia</u>.--<i>Rankas Piens</i> / <i>Lazdonas piensaimnieks</i></p> <p>Others could be:</p> <ul style="list-style-type: none"> <li>Naturli us de Region Zurcher Berggebeit (CH)</li> <li>Melinda and Trentina cooperatives (IT)</li> <li>Green Hat (NL)</li> </ul>
	Case 2: <b>Tegut supermarket chain</b> (Conventional food retailers)	<ul style="list-style-type: none"> <li>commercial performance, distribution of value added</li> <li>marketing (actions) and communication (e.g. labeling)</li> <li>social embeddedness, self-governance</li> </ul>	<ol style="list-style-type: none"> <li><b>Regional retail chain Feneberg</b> (Conventional food retail in a small region) what is their strategy?</li> <li><b>Retail chain GLOBUS</b> (national food retail) what is their Strategy? what is their motivation for taking up organic products now?</li> <li><b>Tagwerk</b> (regional organic food retail) what is their strategy?</li> </ol>	<ol style="list-style-type: none"> <li><u>Great Britain</u>: Waitrose</li> <li><u>Switzerland</u>: Coop Natura Plan</li> </ol>

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ITALY (I)	Case 1: <b>CAF</b> (Co-operative of meat cattle breeders)	<ul style="list-style-type: none"> <li>Producers' cooperative</li> <li>Appropriate organizational arrangements</li> <li>Scaling up and retailers' strategies</li> <li>Overcoming consumers' biases in beef consumption</li> <li>Strategies of valorization</li> </ul>	<ol style="list-style-type: none"> <li><b>Intensive Chianina breeding:</b> de-territorialisation of local race breeding</li> <li><b>Azienda Salvadori: Direct selling of organic meat at farm level</b></li> </ol>	<u>1. The Netherlands</u> - Zeeuwse Vlegel (getting closer to consumers)
	Case 2: <b>Raw milk sheep cheese</b>	<ul style="list-style-type: none"> <li>legitimatization of the producers' right to produce with traditional techniques</li> <li>building dense local networks</li> <li>building an alliance with consumers (marketing strategies and communication, labeling)</li> <li>impact on the rural economy</li> </ul>	<ol style="list-style-type: none"> <li><b>The raw milk sheep production in the Volterra area</b> (other initiative of quality certification of raw milk sheep cheese (PDO))</li> <li><b>Lardo di Colonnata</b> (other initiative aiming to legitimate the producer's rights to produce; typical product, quality certification)</li> </ol>	1. <u>Switzerland</u> - Rye Bread

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THE NETHERLANDS (NL)	<b>Case 1 De Hoeve BV</b> (chain organisation for selling sustainable produced pigmeat: scale 1000 pigs a week)	<ul style="list-style-type: none"> <li>Nature of the chain organization and changes during scaling up</li> <li>Public support (kind, significance)</li> <li>Commercial performance, distribution of value added,</li> </ul>	<p><b>LIVAR</b> (producers' association of 5 pig farmers): high quality pig meat for out of home market. Scale: <math>\pm</math> 20 pigs a week</p> <ul style="list-style-type: none"> <li>What kind of brand strategy has been followed and why? What are the demands/criteria towards sustainability and who controls them?</li> <li><b>Who governs and what are the mechanisms of governance?</b></li> <li>How are they capable to market the pig parts which are not suitable for the out of home market?</li> </ul> <p><b>Dumeco</b> (large scale chain organisation for slaughtering, processing and selling pigmeat): a quality line for delivery to supermarkets. Scale &gt; 2000 pigs a week.</p> <ul style="list-style-type: none"> <li>What kind of strategy has been followed for scaling up?</li> <li><b>Who governs and what are the mechanisms of governance?</b></li> <li>What is the impact of upscaling on nature of the chain organisation (coordination mechanisms, participation) and demands/criteria towards sustainability</li> </ul>	<p>Vita project (Belgium): <b>chain organization for selling sustainable produced pig meat. Scale: <math>\pm</math> 600 pigs a week.</b></p> <ul style="list-style-type: none"> <li><b>How is this chain organized and why so?</b></li> <li>What are the demands/criteria towards sustainability and who controls them?</li> <li><b>Who governs and what are the mechanisms of governance?</b></li> <li>What are the possibilities /constraints for scaling up sustainability?</li> </ul> <p>Chain organization for selling Neuland pig meat (Germany): <b>Scale <math>\pm</math> 650 pigs a week</b></p> <ul style="list-style-type: none"> <li><b>How is this chain organized and why so?</b></li> <li><b>Who governs and what are the mechanisms of governance?</b></li> <li>What are the demands/criteria towards sustainability and who controls them?</li> <li>What are the possibilities /constraints for scaling up sustainability?</li> </ul>

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	Case 2: <b>Dairy co-operative Cono</b> (Dairy chains in the Western Peatland Region)	<ul style="list-style-type: none"> <li>▪ Nature of the organization and history of scaling up process</li> <li>▪ Role in the FSC , commercial performance, marketing.</li> <li>▪ Critical events, milestones in organization, production and market and consequences for the nature and shape of the organization</li> <li>▪ Sustainability indicators used by the cooperative</li> </ul>	<ol style="list-style-type: none"> <li>1. <b>Groene Hart Landwinkels</b> (Farm shops selling of raw milk farm cheese)</li> <li>2. <b>Cheese line of dairy cooperative Campina</b> (in discussion)</li> </ol>	<ol style="list-style-type: none"> <li>1. <u>Switzerland</u>– Cheese production: Emmenthaler (or another Swiss cheese)</li> </ol>

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GREAT BRITAIN (UK)	Case 1: Public sector food procurement: in the National Health Service <b>Cornwall Food Programme, Cornwall NHS Partnership Trust</b>	<ul style="list-style-type: none"> <li>Stability and development of the network; nature of organisation (and changes during scaling up)</li> <li>Role of public support and funding;</li> <li>Impact on RD in the region (mostly economic but also environmental and social);</li> <li>Barriers, constraints, limitations;</li> <li>Rolling out elements of the initiative.</li> <li>Social embeddedness, self-governance</li> </ul>	<p>Satellite (to be confirmed):</p> <p><b>Royal Devon and Exeter or North Devon Hospital Trust</b></p>	<p>To be confirmed. The case study does not fit well with any other country case studies, therefore we propose to gather mostly secondary data from all partner countries. I have sent a request to partners for assistance but so far have not received any responses. Maybe we can discuss this further in Geneva. Alternatively, we may focus on Italy where there have been a number of interesting initiatives in this field.</p>
	Case 2: <b>Procurement of local food by UK supermarkets</b> The Co-operative Group in the High Weald of SE England	<ul style="list-style-type: none"> <li>Realities of implementing local procurement policies within centralised distribution system;</li> <li>Role of consumer expectations for 'local' food</li> <li>Commercial performance, impact on RD in the region</li> <li>Opportunities for local/regional government support</li> <li>Barriers, constraints, limitations;</li> <li>Lessons for scaling up</li> </ul>	<p>1) Waitrose 'Locally Produced'</p> <p>2) Budgens/Taste of East Anglia</p>	<p>1. <u>Germany</u> - Tegut (to be confirmed)</p>

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LATVIA (LV)	Case 1: <b>LAMCB</b> (Beef meat production/Latvia Association of Meat Cattle Breeders)	<p>The core question in this case is the role and ability of farmers association to facilitate introduction and development of a new type of beef meat production in Latvia. The field study focuses on the network evolution, reveals successes in learning, technical innovation and starting up of production, and indicates failures in commercialization and market distribution. Therefore the main hypothesis relates to limits and flaws of organizational structure. Case study mainly focuses on three core issues:</p> <ul style="list-style-type: none"> <li>• Commercial performance</li> <li>• Marketing and communication</li> <li>• Nature of organization</li> </ul>	<ol style="list-style-type: none"> <li>1. (in discussion) <b>Zaube biological slaughter</b></li> <li>2. (in discussion) <b>Galas nams</b> (local short chain of meat supply)</li> </ol>	<ol style="list-style-type: none"> <li>1. (possibly) <u>Switzerland</u> - Beef Cattle Breeders</li> </ol>

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	Case 2: <b>Rankas Piens</b> (Ranka Dairy chain)	<p>The core question in this case is scaling up process of a regional dairy "Rankas Piens" (modernization of production, improvement of marketing, development of new products) and related to these process changes in network relations and internal management of the company. We mainly focus on three core issues:</p> <ul style="list-style-type: none"> <li>Commercial performance</li> <li>Marketing and communication</li> <li>Nature of organization</li> </ul> <p>The basic hypothesis is constructed around assumption and fieldwork evidence that scaling up and improvement of commercial performance increases complexity of business operation in food chain and poses difficult challenges in terms of internal organization of enterprise and style of management.</p> <p>The other core issues (public support, impact on rural economy, and social embeddedness) are also evident, however less salient in the case.</p>	<ol style="list-style-type: none"> <li>(almost decisive) <b>Smiltēnes Piens</b> (similar to the principal initiative but in competitive/coercive relations with Rankas Piens. The argument to chose this satellite is a different management style and internal organization of the company as different response to similar problems.)</li> <li>(in discussion) <b>Keipenes Piens</b> (a small-scale local dairy collecting and processing organic milk. This is a new initiative, the first case in Latvia when organically produced milk is being processed and packed separately.)</li> </ol>	<ol style="list-style-type: none"> <li><u>Germany</u> - Upländer Bauernmolkerei</li> <li><u>Belgium</u> - Biemelk Vlaanderen</li> </ol> <p>If each country has to chose one principal case for international comparison/ joint study we would prefer the dairy case</p>



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SWITZERLAND (SW)	Case1: <b>Rye Bread of the Valais</b> - Pain de seigle du Valais AOC (typical product; quality certification)	<ul style="list-style-type: none"> <li>Commercial performance (from the regional to the national market)</li> <li>Nature of organization (and changes during scaling-up)</li> </ul>	<ol style="list-style-type: none"> <li><b>Coop Naturaplan organic special breads</b> (main competitor on the national market)</li> <li><b>Pain Paillasse</b> (a very successful private brand (franchising) at national level.)</li> <li><b>Regional brand Valais Excellence</b> (a regional brand for agricultural products in Valais).</li> </ol>	1- <b>Italy</b> : Cutigliano cheese (same scaling-up problem : connecting to a national network)
	Case 2: <b>Natura Beef</b> - a national certified bovine meat	<ul style="list-style-type: none"> <li>Commercial performance (search for new outlets)</li> <li>Marketing (actions) and communication</li> </ul>	<ol style="list-style-type: none"> <li><b>Viande de nos Monts</b> (a regional joint initiative of producers, butchers and slaughterhouses).</li> <li><b>Viande des Mayens du Valais</b> (a regional initiative -meat supply chain- aiming at saving a local breed and keeping an open landscape in the Valais mountains).</li> </ol>	3. To be specified