



# **Training of Advisors**

## **Agri-Food Chain Organization**

*“Organization, Integration, Access and Development”*

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**FAS Team**



# Relevance for Farmers



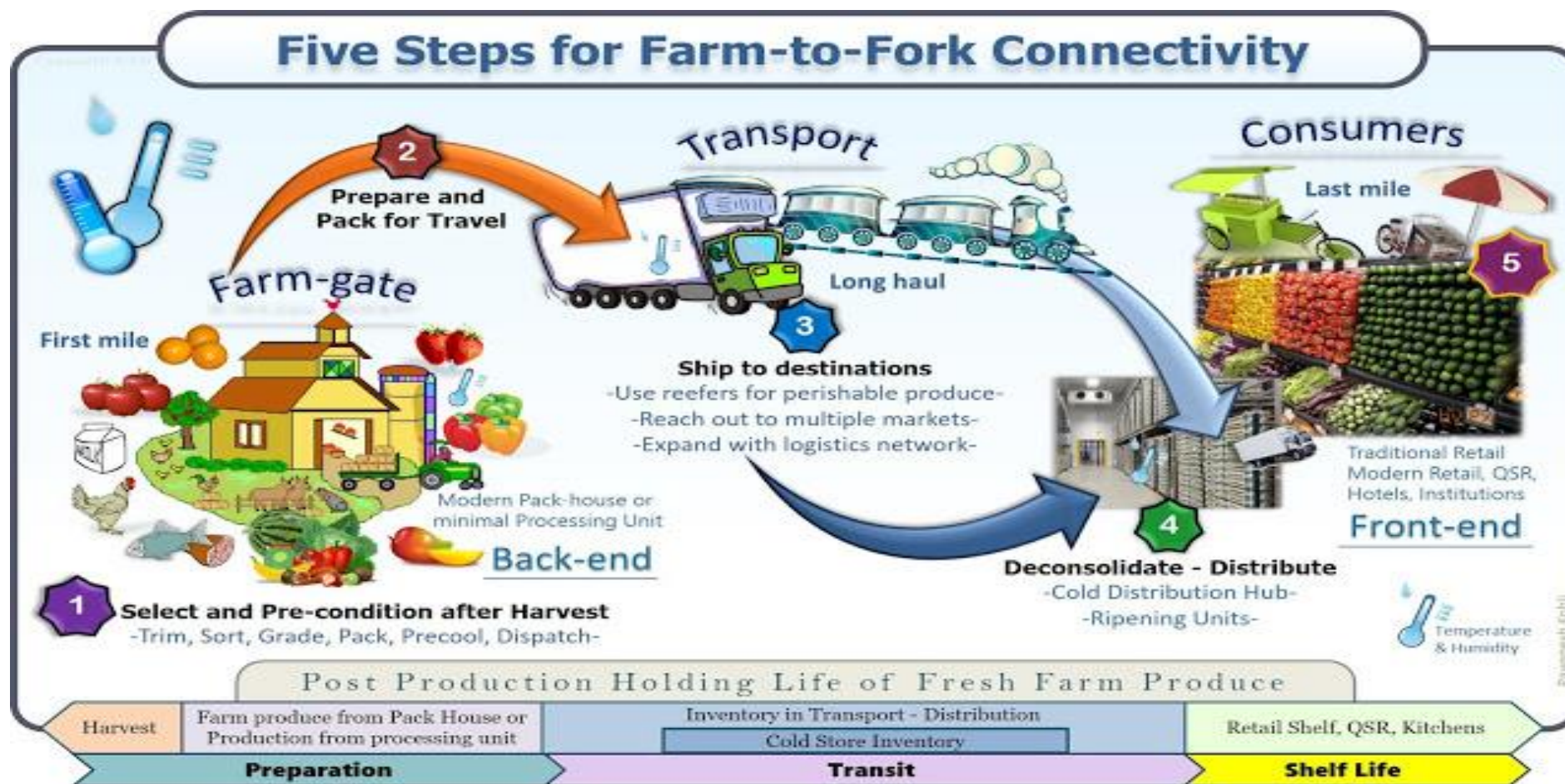
**Organisation** of farmers, **Integration** in food chain, **Access** to new market opportunities and further food chain **Development** will lead to:

- Improvement in net farming income resulting in better quality of life
- Contribution to viable and competitive farming operations ensuring long-term sustainability
- Preservation of farm/family farm jobs
- Wider recognition by consumers, more valorised products



# What does this mean?

Organisation....Integration...Access....Development



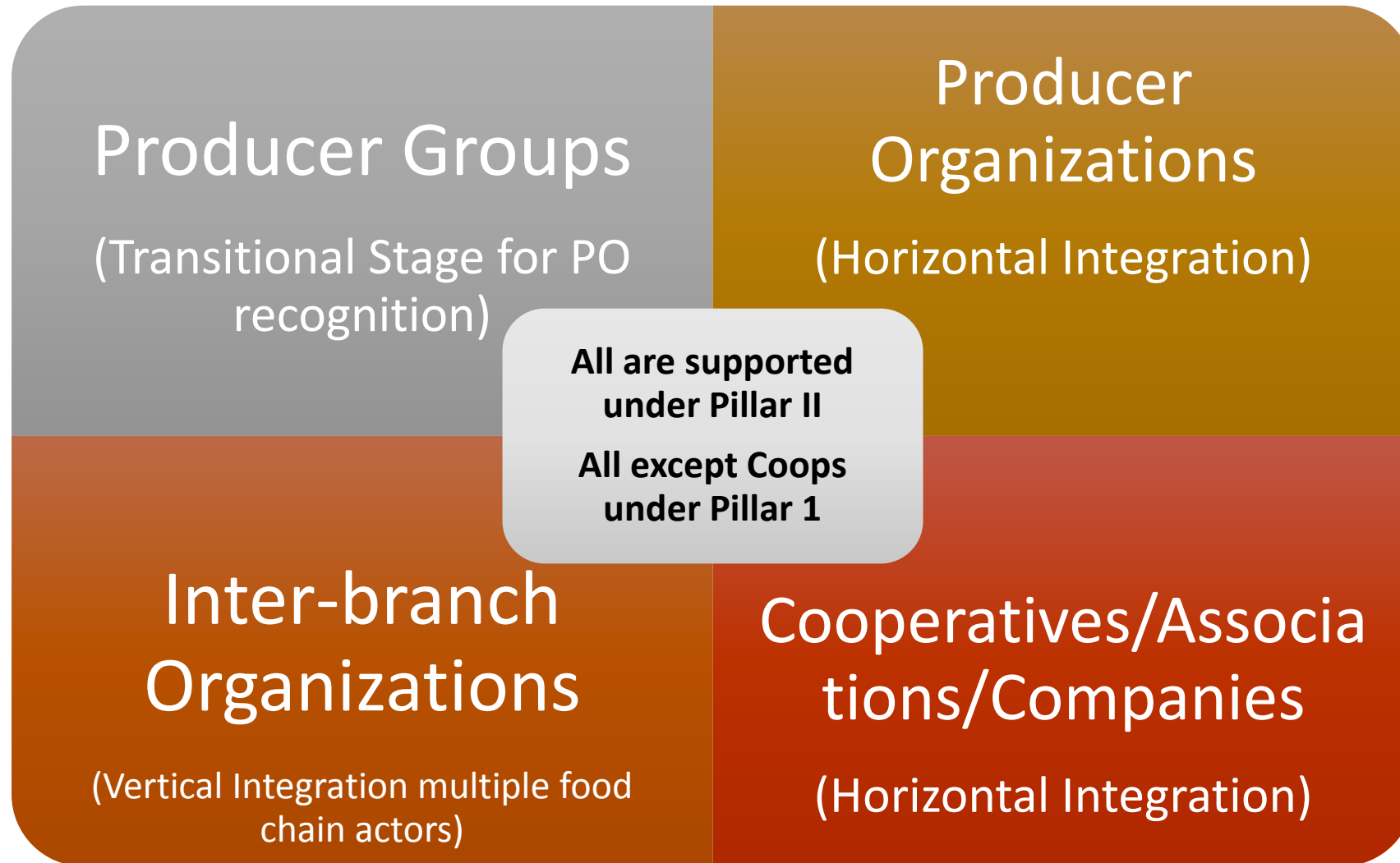


# Actors in the Food Value Chain





# Main forms of Farmer Organization





# Some important requirements



## Governed by national and EU legislation:

- Establishment of minimum number of producers
- Obligation to prepare annual operational programmes
- Have a sound professional management structure
- No conflict of interest
- Independent accounting and audit system for effective recording of value of marketed production (Critical for EU support)
- Balanced and proportionate voting rights
- Re-invest any profit or subsidies in its operations



# Opportunities arising from better Organization



- Give a voice to the farmers
- Higher income stability
- Stronger bargaining power (market price lobbying)
- Swifter reaction to threats of market disturbance
- Greater legal certainty (Eg. contractual obligations)
- Collective investments, negotiations and marketing
- Creation of new products, brands & markets
- Improved positioning to access credit
- Sharing of risks



## The Local Context – Why it is crucial



- Small fragmented farm holdings
- Farmer organisations not providing market oriented services
- Issues with economies of scale
- High production costs due to heavy import of inputs
- Constraints in market opportunities due to insularity issues
- Weak regulatory system
- Limited resources for product and market development





# The Local Context – Some Challenges



- Legal text of “Competition Law” prohibits formation of any producer group if they control market share
- No legal text or transposition of EU legislation for PG, PO recognition
- Weak policies and public intervention (subsidies and social mechanisms)
- Lack of highly skilled and qualified managers
- Lack of regulatory standards, systems and resources



# Operational and Financial Mechanisms in the EU



Two main funding mechanisms – **EAGF & EAFRD**

## **EAGF (Market mechanisms for CMO namely Fruit and Veg)**

- Supports implementation of Operational Programmes of CMO PO's
- Approximate Annual Budget of 855 ME

## **EAFRD (Focus Area 3 – Integration of Producers in Food value Chain)**

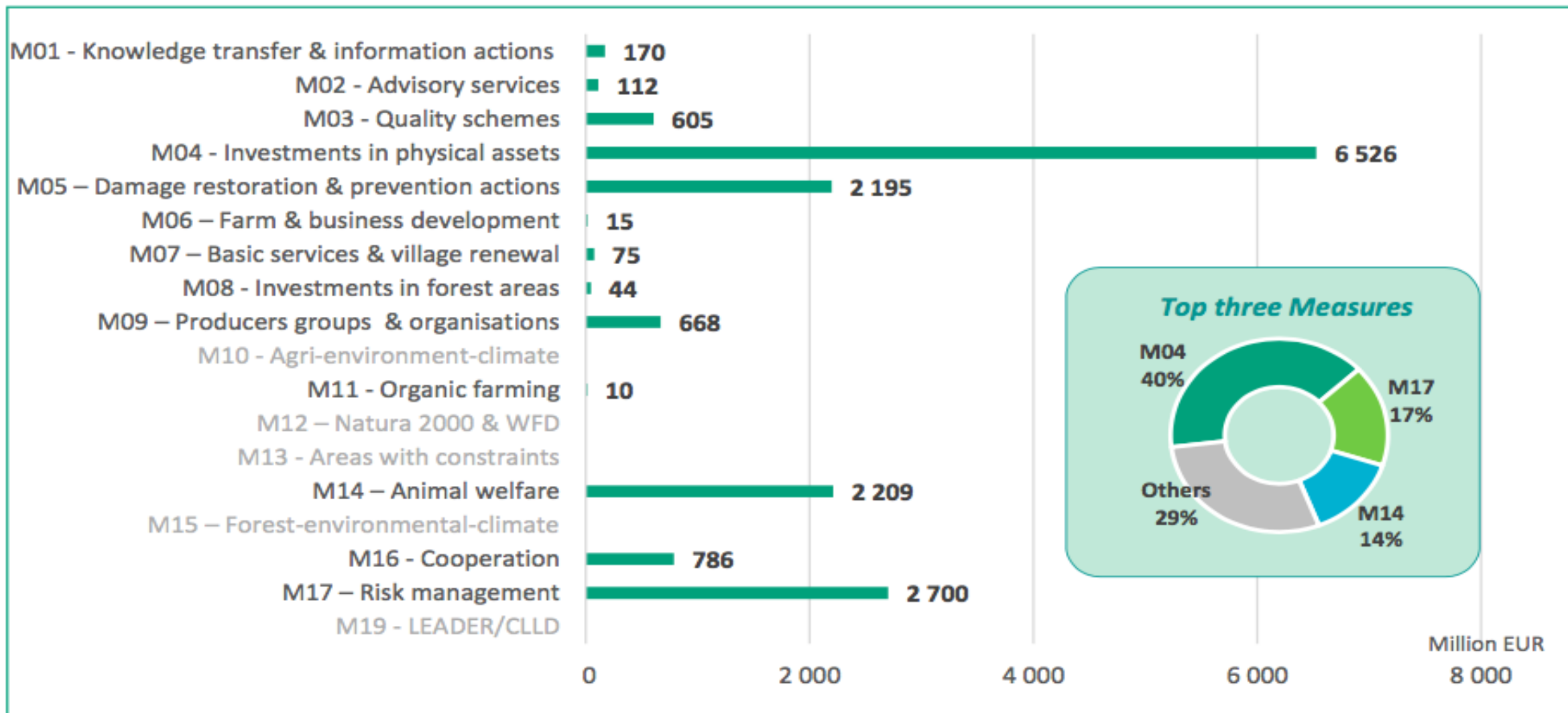
- Supports a range of measures – Investments, Cooperation, Quality schemes, Advisory, Training, producer groups, etc
- Programmed Budget 16.1 BE



# Eligible actions under EAFRD

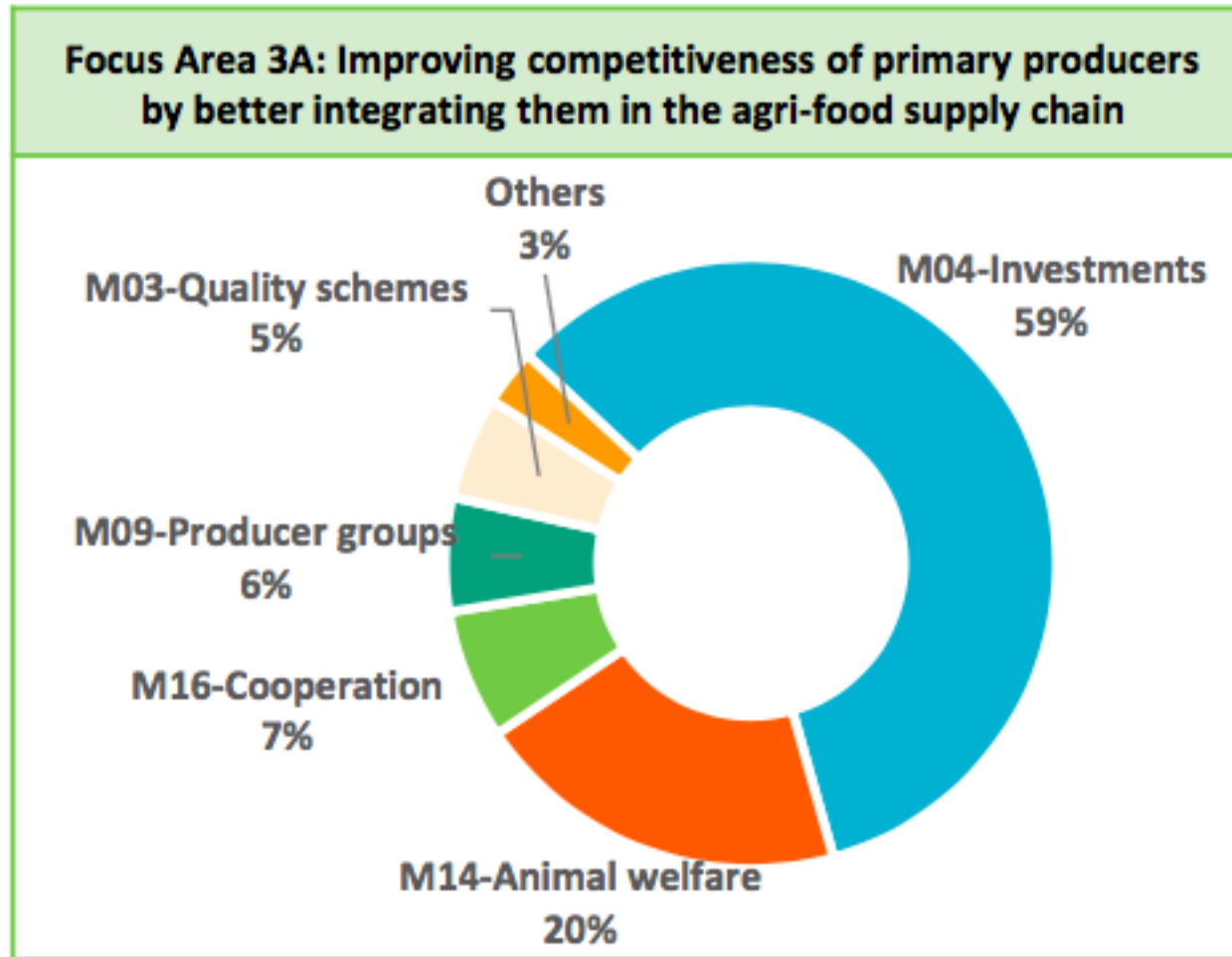


The following chart presents an overview of the distribution of the planned public expenditure on Priority 3 by Measure (million EUR).





# Intervention Logic of RDPs





# Some facts and figures



In the EU there are around 21,769 agricultural cooperatives with 6 M farmers as members (around 276 farmers each).

These generate a turnover of around 350 ME annually

It is estimated that under the current RD programming period support will be provided to:

- 130,000 holdings participating in new Producer Organisations
- 138,000 holdings participating in food quality schemes



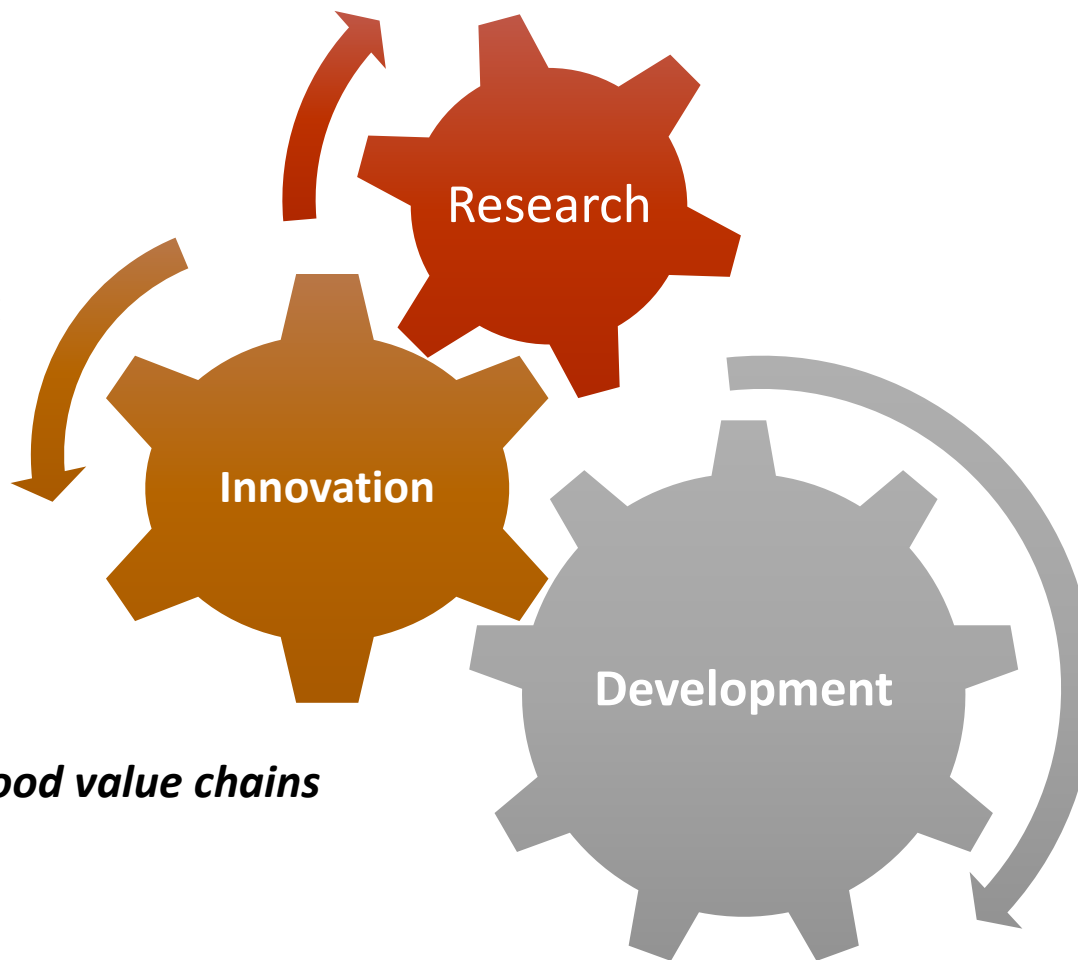
# Evolution of Food Value Chains in EU



## Horizon 2020

Agri-food Research and Development

European Innovation  
Partnership  
EIP AGRI



*Creation of networks of agri-food value chains*

**NIRAS**

Project funded by the EU Aid Programme for the Turkish  
Cypriot community implemented by NIRAS IC Consortium

**New products, techniques, markets...**



# Your role as Advisors



- Identify market opportunities
- Find local champions for group formation
- Sell the concept to other producers
- Advise on requirements, obligations and standards
- Support formation of legal clusters of producers
- Assist in business development plans and market strategies
- Facilitate access to credit





# So keep in mind...



## Where do we come from? Where are we? Where are we going?





# Thanks. Any Questions?



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