

Greece – innovation 1:

TERRA THESSALIA: A TERRITORIAL CLUSTER OF VALORISATION OF HNV

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- Location: Thessaly, Greece
- HNV system: Shepherd sheep and goat farming system. Potentially all HNV farming systems
- Scale of operation: 7 small dairy territories (approx 7 km²)
- Timespan: The Terra Thessalia cluster as an institutional entity is the output of the strategic MED programme LACTIMED (2013-2015). This is an ongoing project (started in late 2016). Today the actors involved assume the Terra Thessalia initiative to promote their local dairy products.
- Keys to success: funding from the European programme ENPI MED, value chain approach, cluster with a territorial dimension, development of a participatory guarantee system, recognition by the market of the value of products with pastoral origin, redistribution system



Figure 1

Scale of operation

The cluster includes 7 small dairy territories, approximately 500 pastoral farms, 7 family artisanal dairies, and a significant number of supporting agencies (LAGs, Cooperative Banks, Industry and Commercial Chambers, Public Research Laboratories). A general problem is being addressed (HNV marginalization and lack of reward of their multi-functional role and the of their products' quality), through a localized example at the optimal geographic scale (organizationally in a regional level and productively in the level of small territories and HNV holdings)



Figure 2



Problems addressed by this example

- Deficit in the horizontal and vertical cooperation of local and public bodies
- Risk of losing heritage resources (landscape, pasture biodiversity, identity dairy products, traditional techniques, etc.) and environmental degradation
- Lack of visibility of the specific quality of GI dairy products on the market through a guarantee system
- Risk of usurpation of cultural resources (eg. PDO label)
- Lack of professionalization of traditional pastoral activity
- Lack of access of remote farms and artisanal dairies in HNV pastoral areas to market channels
- Need to enhance the spirit of cooperation and networking of territorial actors
- Lack of awareness by local actors regarding close links between HNV-specific product quality-consumers
- Continuous decrease on the value of pastoral products

Story in a nutshell

Creation and adaptation of a territorial dairy cluster integrating in an innovative way local productive forces as well as small dairy territories of Thessaly Region. Improvement of the image and promotion of the HNV character of localized pastoral farming systems to support and preserve them through a new organizational structure of the dairy sector, support and consultancy services, and a Territorial Participatory Guarantee System regarding the distinctiveness of origin-placed dairy products.

Keys to succes:

- The auspices, the prestige and the funding provided by the European program ENPI CBC MED; the support of the laboratories of 3 Universities; the participation of all directly and indirectly involved actors and in the value chain
- The creation and integration of three bodies within a governance structure that covers and represents: a) the territory, b) support and research bodies and c) producers and processors
- Crisis revealed market distortions and thus the importance of cooperation; consumers are turning to local and Greek food products (value for money)
- Asymmetrical power relations in the governance of the value chain of PDO cheeses -and in particular of the popular Feta cheese being in a growing demand- in favor of large industrial dairies and distribution networks (oligopolistic market structures).
- Active involvement of producers in a process, not of radical changes in the organization of the pastoral system, but of improving, guaranteeing and highlighting attributes and practices already existed in farms of HNV type.
- The innovative role of PGS combines simultaneously the respect for HNV specifications on behalf of livestock breeders and consumers' expectations
- positive reaction of quality markets

What does «Terra Thessalia» achieve for HNV farming?

- Key points: Organization of 3 bodies, provision of services, creating a multi-actor platform for dialogue, development and implementation of a Participatory Guarantee System and territorial Marketing, product sale
- 7 small historical dairy territories, 500 holdings and 7 artisanal dairies 100.000 sheep and goats (pilot application in 60 herds- 13.000 animals)



General achievements of the action

- Creation and operation of a flexible governance form based on three bodies that represent the territory (a Territorial Assembly which function and objectives are governed by a Charter), the services (Terra Thessalia, Non-profit Company) and the production/marketing of products (Trade Thessalia Lactis- Private Limited Company)
- The ability of producers and processors to guarantee themselves the relationship between HNVf and the quality of their products was reinforced with the implementation of the Participatory Guarantee System (PGS)
- the new organization and support structures have developed techniques in order to improve grazing practices, ration etc
- local actors engaged in Terra Thessalia (breeders, cheese makers) have perceived the importance of pastoral system
- the first tentative market sales (niche markets) abroad and in the domestic market under the Terra Thessalia label confirm the interest of consumers for place-based quality cheese.
- implementation of a redistribution system of the surplus



Figure 3

Does it improve the socio-economic situation of HNV farming?

Pilot actions have shown a reduction on the production cost due to the improvement of pastures and secondly due to the configuration of a balanced and adjusted ration in cooperation with the Agricultural University of Athens, local zootechnicians and livestock farmers. The guarantee of extensive production systems through the PGS, increased the value of the products. Particularly for holdings with strong orientation towards HNV systems (transhumance, locale race etc.) the increase in the final price appears much bigger. A system for the redistribution of a part of the added value allowed by the increase in the value of Terra Thessalia HNVf products has been foreseen and agreed for the benefit of these farms

Does it maintain or improve HNV values?

Nowadays, the local actors engaged in Terra Thessalia (breeders, cheese makers) have perceived the importance of local breeds, grazing and traditional practices to enhance the value of the dairy product and thus the viability of the production unit. There is now a commitment that is already being realized, to enrich the PGS with criteria and indicators that will promote the relationship between biodiversity and HNVf (grazing management plans, ecological corridors, hedges etc.)

Does it include conservation of nature values as an explicit objective?

There is a strict commitment that the production and promotion of dairy products from TERRA THESSALIA concerns only pastoral herds of local breeds. What is more, TERA THESSALIA's entire marketing policy is based on preserving and promoting the HNV character of the production systems of these collaborating holdings. The charter for the small dairy regions and the PGS specifications, explicitly mention the respect of the objective above, alongside the implementation of a redistribution system of profits for the support of the bodies that are involved with specific actions in preserving the HNV character of the production systems. The value of the pastures, for the animal welfare and the product quality, is highlighted. Also the spring season milk and cheese are promoted as of the highest quality due to the flora and biodiversity associated with the particular agro-ecological context of PINDOS (a specific mixture of Mediterranean biodiversity and flora).

Could the innovation be made more directly beneficial for HNV farming and nature values? If so, how?

The most direct benefit for HNVf depends on:

- The amount of value that Terra Thessalia can redistribute to livestock breeders and hence the success of the promotion of its products through a territorial marketing. The expected increase of economic benefits will have a positive impact on strengthening the role of HNVf and its values and also on the efforts that are made in order to manage.
- The cooperation with collective territorial bodies from HNV areas (e.g. PINDOS network) in order to a) utilize the "Cooperation" measure of RDP, b) extend the application of the PGS in the agro-ecological field and enrich it with more HNVf criteria and indicators c) enrich training with issues like the connection of biodiversity and HNVf and d) broaden the marketing strategy with the incorporation of HNVf services (pastoral tourism)



Figure 5



Figure 4

How does «Terra Thessalia» respond to the HNV LINK innovation themes?

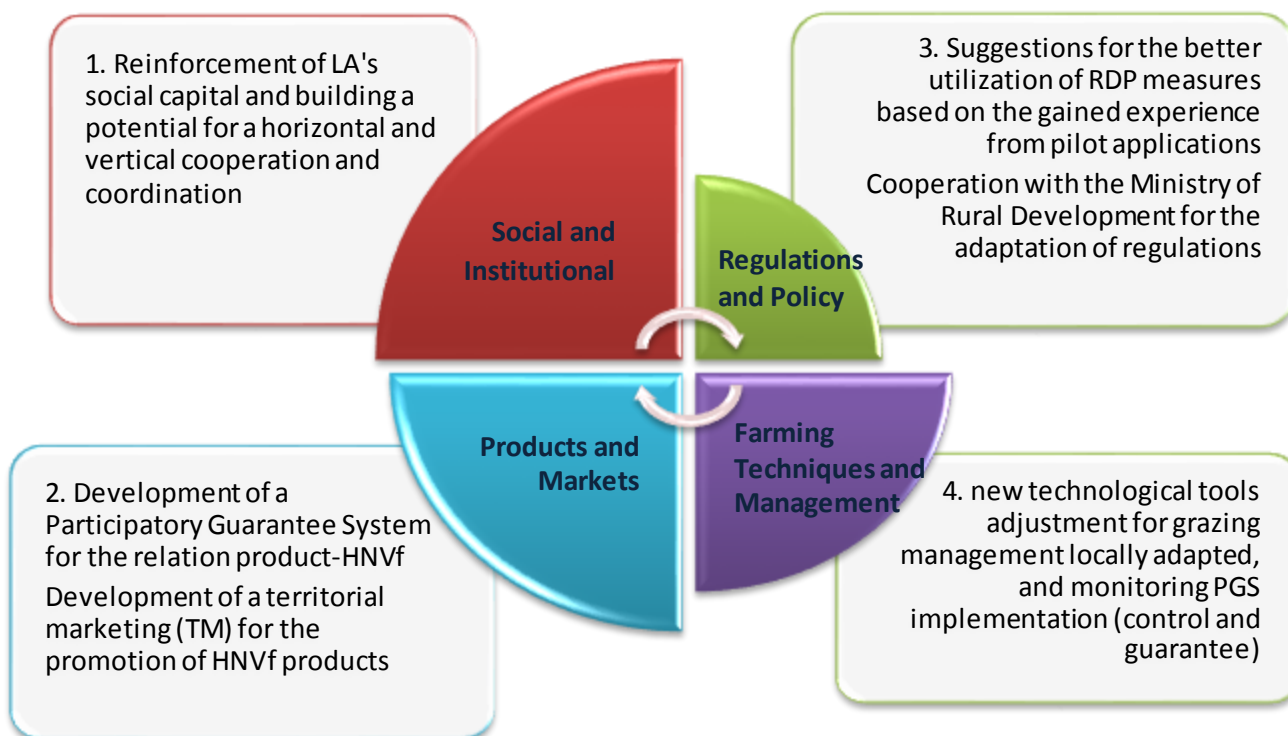


Figure 6 The framework HNV-Link used for evaluating innovations for high nature value farming

The main theme *Social and Institutional* gives priority to the organization of the livestock farmers with other actors (creation of a Territorial Cluster). The creation of TPGS, the construction of a common product etc. cover the theme *Products and Markets*, while the services that are offered by the cooperation structure the theme *Farm Techniques and Management*

1. The coexistence of the three bodies and their functional articulation reflect the balanced institutional representation of all the actors involved not only in the value chain but also in the marginalized and unrewarded pastoral farming (producers, pasture management or pastoral heritage management bodies). The organization of services by Terra Thessalia contributed to the establishment of regular consultations and the multiplication of thematic meetings between actors and special scientists (zootechnicians, range scientists, NTIC technologies, facilitators etc.) with the support of innovative diagnosis and planning tools.
2. The bottom-up development of the tools PGS and TM contributes (through the use of new spatial representation technologies, multi-media etc.) to the promotion of territorial resources and products connecting to HNVf. These tools function as a means through which consumers can enter and navigate in the HNVF world. The function of Terra Thessalia contributes to the development of new products under the Terra Thessalia label, in order to create added value through a marketing of products from HNV farming systems and areas.
3. Terra Thessalia, based on its services (grazing, local breeds, ration, etc), its pilot projects (native pastures improvement, demonstration pastoral farm) and policy proposals to the Ministry of Agriculture (entering local legume plants in the National Catalog, producing raw milk cheese), contributes to the effectiveness of RDP regulations and strengthens the position of HNV farmland and pastoral farming in rural development.

4. The use of new technological tools functions here as a means that will amplify the ability and skills of actors, especially breeders, to actively participate a) in diagnosis procedures and development plans concerning grazing management systems and HNV farmland, contributing in this way significantly to the facilitation of cooperation in thematic and multi-stakeholder meetings (researchers, technicians, public services) and b) in PGS implementation as monitoring system.

The process that made it happen and critical factors for success

Definition and implementation of a territorial cluster capable of reinforcing and revealing the values and the qualities of HNV products

1. Cluster's territorial dimension:

Three different (institutional framework, objectives) cooperation forms that organize the relationship of the Value Chain with territories, HNVF and consumers

- Territorial Assembly: governed by a Charter
- Terra Thessalia: provision of services
- Trade Thessalia Lactis: marketing and markets

2. Participatory Guarantee System: bottom-up development and implementation (specification control)

3. Territorial marketing : contribution to markets' recognition of the value that derives from the product-HNVf link

4. Redistribution system of profits in favor of HNVf holdings

Actors and roles: The driving force was the Laboratory of Rural Space, University of Thessaly and the multidisciplinary team that was formed with the participation of the Agricultural University of Athens (milk sector, pasture management, organization of the livestock farms), Panteion University of Athens (label, certification, PDO, PGI, marketing) and the local Development Agencies. So the first actor, the Laboratory of Rural Space, was the organizer/facilitator of the meetings and the consultations and responsible for the coordination concerning the integration of researchers and technicians from other institutions. The actors involved were a) livestock farmers' cooperatives, b) small cheese makers that retain their artisanal character, c) public services, d) associations of pastoral communities, e) all the representatives of local authorities, f) cooperative banks and g) chambers of Commerce and Industry.

Institutional context that made it possible:

The initiative was favored by the institutional framework of decentralization (stronger Municipalities) and the creation of more flexible cooperation forms (professional, multi-stakeholder etc.) and the RDP regulations (quality systems). Territorial Assembly does not constitute a recognized institutional form. All the representatives of small dairy territories, links of the dairy chain coming from regional and national bodies (Region, Union of Hellenic Chambers, Association of Thessalian Enterprises and Industries, Cooperative Banks of Thessaly, Development Agencies and 3 universities) participate in the assembly. Its function and role are governed by the obligations and objectives set out in the Charter (monitoring the territorial strategy for the dairy chain). Its contribution to the support of the Territorial cluster and its dynamic presence rely on the social moral burden of the bodies within every small territory (Municipalities, Development Agencies, cultural associations etc.). Terra Thessalia is a non-profit legal entity and organizes the various support services (technical and advisory) throughout the Value Chain (livestock breeders, PGS implementation, marketing). Its members are representatives of the supporting mechanisms (Research Laboratories, Development Agencies, Cooperative banks, Chambers) and Trade Thessalia Lactis, which is the third structure. This is a Private Limited Company



charged with marketing and that is why its members are limited to livestock cooperatives and the group of small cheese-makers. In order to avoid conflicts the owner of Terra Thessalia brand name is Terra Thessalia.

Resources: The progress of the programme was made without problems due to funding from the ENPI MED. The creation of a multidisciplinary team has played a decisive role.

Processes: The building process was the following: a) creation of the three bodies, b) networking and pilot actions to support pastoral holdings (pastures improvement, ration, information on local breeds etc.), c) PGS planning and application and d) development of a "territorial" marketing for the promotion of Terra Thessalia and its products. Organization and establishment of numerous consultations that contributed to the familiarization between the various partners and actors and their integration in an institutional learning procedure (organization and operation of the cluster, operation of multi-stakeholder groups) and transfer of specialized knowledge

Critical factors for success: The redistribution system that was adopted works in favor of all those involved directly in the HNVF management and reflects the coherence of cooperation constituting a powerful tool for the success and continuation of this action. Recognition by the public bodies (Region, Ministry of Rural Development). An important factor regarding the active participation and commitment of livestock breeders was the fact that for them the organization and management of an HNV system is part of the knowledge, the practices and the experiences that they inherited. All actors know that the new expectations by an increasing part of the consumers link the quality and the identity of the product with the HNV systems and areas. New opportunities arise by the forthcoming activation of RDP measures (Cooperation, actions to strengthen biodiversity etc.), by the possibility of funding exports by local cooperative banks and from the better organization of the products' distribution networks. Also, new farmers are playing and will keep playing an important role.

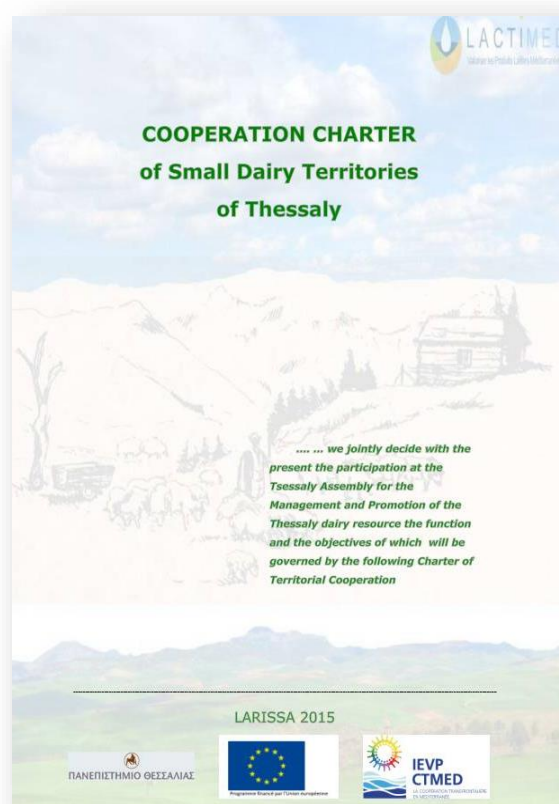


Figure 7

Limiting factors, actual/potential problems, and how could they be overcome:

- The mismatch between timetables for the implementation of support and funding policies. Despite the fact that the cooperation was ready to move to actions since the beginning of 2015, the relevant measures of the 2014-2020 RDP had not yet been activated in mid-2017
- Restrictions due to the crisis, imposed by memorandums (lack of bank borrowing, overtaxation of SMEs, farmers)
- Difficulty of local actors to cooperate and be flexible due to long persistence in individual strategies which is interpreted by the long-term marginalization of pastoral farming by national policies (reservation towards policies, bureaucrats and services) and by geographical isolation (mountainous areas)

- In this context, the interaction within the successive instances of rapprochement between different stakeholders (dairy actors, local development agencies, commercial and industrial chambers, cooperative banks, municipal services, etc.) on a wider regional level might create reciprocity and a spirit of cooperation, and restore the territorial anchorage of collective knowledge and practices. This process also brings local actors closer to the service sector and helps them become familiarized with the institutional environment of the public sector and existing policies.

Lessons learnt from this innovation example, and its potential replication

- The effort to support HNVf through consumer society requires:
 - mobilizing the actors of the value chain and the territory
 - control and guarantee of the HNVf links with its products as a prerequisite for the adoption of a competitiveness based on the specificity of these links
- The promotion of a cluster that incorporates principles, values and institutions outside the classical business and economical framework requires time since it is based on social relationships and trust building
- the innovation is transferable due to the low cost and favorable environment (policies and consumers)

Overall lessons from this example, especially from point of view of HNV farming?

Strengthening the marginalized HNV pastoral holdings that face the competition of the respective intensive holdings in the plain, depends on the ability of the territorial cluster to:

- intervene in the entire range of the dairy value chain
- link the increase of their products' value with the HNV characteristics of the holdings that produce them
- orientate part of the profits towards the reproduction of the HNV pastoral systems on which the above increase of value is based
- ensure the link between the farmers' inherited knowledge and practices with the new scientific knowledge through the cooperation of the research and support bodies (e.g. research related to the link of biodiversity and HNVf productivity)

Is the innovation unique to its territory and its characteristics, or is it replicable in other areas?

This particular innovation, being mainly organizational and immaterial, can be transferred to other HNV areas without high cost. Its representatives are determined to maintain HNVf and invest in the management and promotion of its relationship with the agri-foods they produce

Could it be rolled out on a bigger territorial scale?

Yes, as long as we separate the coordination-supporting aspect that can be developed at the scale of the Region (as Operational Partnership) from the productive aspect that should be handled by each territory separately according to the homogeneity of its HNVF heritage

What would be needed to do this successfully?

Cooperation with the regional and central services for an effective combination of motives and regulatory frameworks such as consulting services, training, financial motives, support of the market etc. Commitment of all the directly or indirectly bodies involved in the value chain to cooperate for the management of HNVf and the adoption of a strong tool for the specifications' control. Utilization of RDP funding tools.

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