

Appendix 7: Germany (NC7)

Organising partner:	KultLand, ILS	Innovation Type
Practice:	Landwege e.G. - A producer-consumer cooperative enables regional and ecological food supply (Germany, DE8C)	
Practice context:	NUTS 3 region - Lübeck - Intermediate area	
Confrontation context:	Germany (NUTS 0)	
Workshop location:	Online	
Date:	November 16th 2021	

Summary

In November 2021, Kulturland and ILS held an online event in collaboration with the Bundesverband der Regionalbewegung, with the participation of 32 people. The workshop's objective was to present the case study Landwege eG and to discuss the transferability of this approach to other regions in order to favour rural development in Germany. After the presentation of the case in the plenary session, we split the audience in 3 areas of interest to explore the topic from a diverse point of view. The groups representing the consumers, farmers and public authorities made extensive contributions to the enrichment of the case, adding critical factors, barriers to the implementation as well as proposals to facilitate the removal of the barriers. The process was concluded with a focus group discussion, concluding that while such an example of cooperation could be highly suitable to foster the development of any intermediate rural region in Germany, the presence of the right set of human skills and personal characteristics of the initiators as well as the respective impacted community need to be carefully considered.

Context

For this confrontation we selected participants from all over Germany (NUTS 0 Level). The case study addresses a very actual topic, which can be relevant and interesting for every region in Germany. For this reason we decided to open the discussion for the whole country.

There are 10 consumer-producer associations (CPA) in Germany, which were mostly funded in the late 80s but there are currently a many-fold initiatives aiming to create one. Germany has a strong tradition of building networks and Organising collective structures to align around a common aim. For example,

one participant mentioned: “cooperative as a legal form has a good reputation and is well suited and established in Germany” (DE3-NC7 02). In the beginning only few people are necessary to establish such a collaboration, so many connect it with very little effort. Due to the extended national geographic area such organisations also make a lot of sense, since they create a sense of security in a smaller regional market within the national boundaries. The trend for more transparency in the food system¹³ strongly supports the drive to regionalisation. This can be specified by the increasing wish of consumers to know the “origin of their food” (DE3-NC7 02) as one of the participants stated, and the wish for fresh products from the neighbourhood. Cooperative regionalisation also creates the necessary structure for learning and knowledge exchange, to potentialize positive results through bundling of energy and the creation of synergies.

In partnership with one of the organisations promoting the regionalization and collaboration of producers - the Federal Association of the Regional Movement¹⁴ - the regional team developed the workshop aiming to reach a broad range of participants from different stakeholder groups as well as different parts of the country.

The trend for collaboration seems to be very strong, and to even be reaching partnerships across borders, as one of the participants stated: in the triangle D, NL, Belgium “there is an initiative promoting regionalisation and the creation of alternative food systems” (DE3-NC7 07). This network of players in the agricultural and food sectors - in this case Foodhub - engages in the development of new propositions and future-oriented solutions on how to move food from the field to the shelf.

Many of the current trends identified in the rural trends analysis¹⁵ support the diversification and specialisation of the agricultural and rural economy, as well as the increasing willingness to cooperate with other players in the food system. Consumer-producer associations could therefore be a powerful instrument to promote the desired changes that result in more transparency, food-production alternatives, as well as security and sovereignty in the food system.

But within this fertile environment it rests one important question: how can consumers and producers be brought together for a long lasting cooperation?

Results

First impressions

The interest in the case study was very high since Landwege eG is a well known and established consumer-producer cooperative (CPC) in Germany. All different stakeholder groups mentioned several advantages that such a system can offer. Starting with the human and social effects such as the (a)

¹³ Trend card 60, ruraltrends.eu

¹⁴ Der Bundesverband der Regionalbewegung eG, <https://www.regionalbewegung.de/aktuelles/>

¹⁵ Trend cards 2, 23, 24, 25, 60, ruraltrends.eu

ability to connect a broad range of people with similar interests, but from different target groups - namely ecological food production - , (b) the valorization of the customers as individuals as well as (c) the contribution to the development of a higher consciousness and self-confidence of consumers through knowledge transfer and consumer-producer binding. Furthermore the participants mentioned advantages in the spectrum of more obvious business and financial advantages, such as: joined forces that enable the operation of larger investments, longer-term planning, enhanced direct-marketing reach, market proximity via the cooperative shop, possibility to add an additional sales channel to the direct selling, financial stability, resilience and independence. Under this perspective, independence from the market structure was highlighted: the cooperative enables the creation of “a separate market that enables members of the cooperative to act more independent from the global market prices” (DE3-NC7 10). This is one specific aspect that was mentioned across all stakeholder groups, for example one participant of the stakeholder group public authorities mentioned: “for farmers it would be attractive to be in a cooperative, because they can guarantee an outlet market” (DE3-NC7 09) and “the broad range of products required in food retailing (e.g. farm shops, village stores) secures a sales market for member farms” (DE3-NC7 04). Through the increased brand awareness achieved through collaboration, closed-loop production, processing and distribution as well as the fact that “each coop member acts as a multiplier” (DE3-NC7 02) a certain market growth can be organically and sustainably generated.

The participants many times highlighted the advantage of cooperatives, if compared to (a) associations, due to its capacity to better steer growth and act in a more entrepreneurial form, as well as to achieve greater commitments from partners and members when “compared to the coming and going of people in associations” (DE3-NC7 14) and (b) to solidary agriculture¹⁶ for its capacity to reach a broader target audience.

Critical factors

Participants were very positive towards the case therefore the critical factors identified were limited. Interestingly, the authorities made most contributions regarding this topic, and they were mainly related to the availability of an appropriate demand. Participants mentioned that the transferability should be evaluated from the customer base view, e.g.:

- a. in regions that have a high purchasing power and high education,
- b. regions where there is an old “organic scene,”and
- c. very rural regions, where community-supported agriculture is being run by young people.

If these conditions are not available, it would be necessary to educate and increase the awareness of the population and the producers of the new forms of agriculture such as cooperative community-supported agriculture, as well as about the culture and responsibility towards regional and organic food.

¹⁶ SoLaWi, Solidarische Landwirtschaft, <https://www.solidarische-landwirtschaft.org/>

Key issues and barriers

Participants identified a big set of barriers, some of them shared among different stakeholder groups, some of them were only mentioned by a specific stakeholder.

The participants broadly agreed that it is difficult to recruit new and motivate existing consumer-members. This activity could be cost intensive, “spin the drums to recruit people, recruit members is costly” (DE3-NC7 11). In general consumers are interested and suitable, but often do not make active contributions for a long time, as it needs “years of commitment and stamina from consumers” (DE3-NC7 05) which “most of the time only want to procure their food cheaper” (DE3-NC7 05). Actively engaged members, who gain interest and commitment to voluntarily dedicate time to manifold activities (liabilities like general assembly, etc) are rare (DE3-NC7 06). Another common topic was the government subsidies policy. Both sides, farmers and consumers, mentioned that those policies are too strict from their point of view, because both existing subsidies and trading agreements create incentives in the wrong direction and “set fatal pricing signals” (DE3-NC7 02). Too restrictive rules do not leave room for pioneering and innovation. Farmers with their strenuous working day “go to the tooth” (DE3-NC7 05), at some point the strength is over to work in the honorary office. This effort should be honoured.

Additional barriers identified by the different stakeholder groups were as follows (stakeholder group mentioned in brackets):

1. financial means for the initial investments to diversify their offering (farmers)
2. cost of hiring administrative staff (consumers)
3. Marketing capability to (a) effectively communicate genuine regionality to the outside world and (b) to differentiate from existing ones (consumers & farmers)
4. Lack of contact persons in the administration on the subject of nutrition (public administration)
5. Consumers' contradictory desire for low price and high convenience: only with a widespread interest in regional and/or organic food is it possible to create more demand in that sector and therefore initiate a change in agriculture (public administration).

Proposed measures to overcome the obstacles identified

Solutions proposed by the participants covered a variety of topics and are listed below irrespectively of which stakeholder group has created it:

- a. Marketing
 - i. Taking consumer needs into account, e.g. via an intermediary between farms and members, a person who involves the customer group in the operational planning at an early stage.
 - ii. Innovations in direct marketing, broader exchange of information on the range of goods on offer as well as expanding the range of goods offered with complementary products, even if sometimes it happens at the costs of those products coming from other regions. “But we

- identified mushrooms were in high demand and we therefore searched for local producers to start the mushroom business in Bayern” (DE3-NC7 04).
- iii. Storytelling and contemporary marketing, e.g following the trend on veganism “for new/young target groups not the price is decisive for vegan consumption, but the story behind the product” (DE3-NC7 02).
- b. Financial support for innovation
 - i. Encourage bottom-up initiatives and not the ones demanded top-down, “an innovation fund, with money and trust” (DE3-NC7 12).
 - ii. Financial support to farmers for the long period of conversion from industrial/ intensive to organic farming.
 - c. Human capital
 - i. Besides money, members also need to participate to feel that they are a part of the organisation. But it is important to achieve this objective without transmitting the feeling of an obligation (for members) to "join", but that they can do so voluntarily.
 - ii. Identify pioneers, “draft horses¹⁷” (DE3-NC7 15) that have the power to drive development. If there aren’t enough available in the region, culture in the countryside (festivals, art cafes, etc,) could be created, to make rural areas more attractive for those types of pioneers and creative personalities.
 - iii. Specific targets, for example seniors, e.g. “senior academy” (DE3-NC7 02) for their time availability and engagement, as well as well connected people for their multiplier effect.
 - d. Policy and administration
 - i. Create a “nutrition council” that supports political bodies and administration better and transmits knowledge about agriculture and the real producing-conditions of farmers.
 - ii. Public policy for access to land: public sector to purchase agricultural land.
 - iii. Nationwide data-collection to evaluate the current development of organic agriculture, clearly demonstrating in which segments there is a shortage of organic supply and therefore more organic farmers are needed.
 - e. Community building and education/awareness building
 - i. Village stores as social meeting places (multi-functional houses) offering social activities and events to recruit members among other educational and awareness building objectives.
 - ii. Contacts with the population through farm visits.
 - iii. Regional and/or organic food in schools , KiTas, canteens.
 - iv. Actively seek cooperation within the community to approach and convince people.

Lessons learned and recommendations

The confrontation confirmed that human capital is crucial as the key factor for the success of the Landwege best practice. Financial resources, a favorable political, structural and social environment are important as well. But without the endurance and idealism required to build long lasting partnerships only average results will be achieved. A group of people with a lot of idealism and

¹⁷ “Zugspferde” is a German expression to designate people highly self-motivated and with great stamina to pursue an objective.

engaged over a long period of time, highly motivated to create a new and sustainable form of bringing farmer products to the market, willing to engage in meaningful activities is the key skill set for promoting innovation in the rural environment. The cooperation of several self-motivated people who supported each other, and through voluntary commitment are able to surpass the initial lack of financial resources which leads to a long lasting positive outcome. Fairness and solidarity can be promoted and rewarded, but cannot easily be subsidized. These are human characteristics that should be fostered.

The positive impact of collaboration that is achieved through the cooperative offers through size and diversity an improved capacity to deal with the increasing complexity of global markets. The horizontal collaboration of various producers creates not only the obvious advantages of security and stability through pooled financial resources, but also a more attractive and broader offering for consumers. In order to be successful the collaboration has to be lived all the way up to the supervisory board, which should be set up with members of all stakeholders involved such as producers, retailers and consumers.

Even though the topics discussed and the results brought by the different stakeholder groups were quite aligned, there were differences in opinions related to representatives from urban versus rural areas: the buying power, the size of the demand for organic products, the costs for implementing certain activities such as awareness campaign, educational and cultural events can vary significantly between different regions. Not only are the costs higher in urban areas, but the availability of trained and qualified people is scarcer in rural areas.

Due to the complexity of the process to establish a consumer-producer cooperative from scratch, we come to the conclusion that a “Consumer-Producer Cooperative Academy” would be a highly suitable way to provide the interested groups with a network and platform for learning and exchange. The documentation with a how-to phase model, with step-by-step recommendations and offering tools for each phase would add effectiveness and efficacy to the initiatives, speeding up the process and increasing the probability for success. From the creation of the cooperative all the way to the different phases of operation, this knowledge-base - nested within a network of like minded experienced people - would systematically lead newbies to the ideal approach, by walking the steps of the pioneers. Such a network, with experts offering support, could be created in collaboration between educational institutions and the regional agricultural associations.

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