

SLOVAKIA

Agri-food chain integration & quality

Location

Revúca

Programming period

2014 – 2020

Priority

P3 - Food chain & risk management

Measure

M04 – Investments in physical assets & M16 - Cooperation

Funding (EUR)*

Total budget 1 888 871
EAFRD 1 011 570
National/Regional 337 190
Private 540 111

Project duration

2019 – 2020

Project promoter

BioEn s.r.o. (Lead partner)

Contact

lgallo@combin.sk

Website

www.gemerskeovecky.sk/

* Sum of M16.4 and M04.2 support received by the Lead partner.

A partnership between farms and a cooperative to modernise the production of dairy products and establish their own short supply chain.

Summary

Three dairy farm businesses and a cooperative, in southern Slovakia, formed a partnership to modernise their sheep milk production and establish their own short supply chain. The partners jointly created the brand “Gemerske ovecky” to promote their sheep’s milk products, and, with support from several effectively integrated measures of the Slovakian Rural Development Programme (RDP) they financed a marketing campaign and modernised.



Results

All partners in the business grouping were able to radically improve production capacity and launch new high quality food products through their own dedicated short supply chain. The marketing strategy raised their business profile and increased their customer base by establishing a new brand. This restructuring and modernization has increased sales and improved the economic performance of all four partners.

12 new jobs have been created by the lead partner.

Lessons & Recommendations

- ❑ Paying Agencies operate with lengthy and complicated procedures. This needs to be factored into project and cash-flow planning.
- ❑ A key success factor was the partners’ willingness to cooperate and jointly invest in innovative technologies.



Context

In order to build on several years of successful cooperation, a small farming partnership in Slovakia decided to formalize their activities and establish their own short supply chain. Three farms (BioEn s.r.o., AGROTERRA s.r.o., Agrár LAND s.r.o.), together with the AGRODRUŽSTVO-S cooperative, had been successfully producing sheep's milk and sheep's milk products for many years when they realized that they would need to increase the efficiency of their production process in order to maintain a steady market for their products. With the BioEn s.r.o farm acting as lead partner, the four entities applied for support through an integrated project which combines several measures from the Slovenian Rural Development Programme.

Objectives

The project aimed at:

- modernising the facilities and equipment of the project partners;
- increasing the quality of production and extending their products range;
- reducing production costs and improving working conditions;
- establishing a common marketing campaign and sales strategy; and
- creating new jobs in the region (which suffers from high unemployment).

Activities

The partners applied for support under sub-measure 16.4 - horizontal and vertical cooperation among supply chain actors to finance the establishment and promotion of their short dairy supply chain. They created their own brand of 100% sheeps milk products named "Gemerske ovecky" or "Sheep milk from the Gemer region". RDP funds financed the partners' marketing and promotional activities, which included creating their own websites and e-shop, placing paid adverts in agriculture/food sector magazines, renting billboard space, creating a visual identity for branded graphics (including decals for five vans), and producing varied promotional material and media to support the campaign.

In addition, two of the partners (AGROTERRA and AGRODRUŽSTVO) received support under sub measure M04.1 - Support for investments in agricultural holdings, to modernise their facilities. AGROTERRA converted a disused cowshed into a sheep pen, installed a new milking parlor with two rows of 24 milking places, and constructed sheep corridors, an engine room, staff toilets, and a boiler

room. Within the same project, the AGRODRUŽSTVO cooperative purchased a sheep feed wagon.

BioEn s.r.o. (the lead partner), and Agrár LAND, secured financing from sub-measure M04.2 - Support for investments in process/marketing and/or development of agricultural products. The investment enabled BioEn to construct a milk processing facility (including a cesspool, sewerage, fencing and the reconstruction of a transformer station), and also, to set up a smokehouse and purchase the equipment for making smoked cheeses. The investment additionally supported the purchase of a packer, a yoghurt filler, a capper, and a telescopic handler for manure removal and enabled the Agrár LAND farm to purchase two refrigerated vans and three mobile shop vans.

Main results

With targeted financial support for the reconstruction and modernisation of their facilities and their business activities, the business grouping was able to radically improve production capacity and launch new high quality food products through their own dedicated short supply chain. The marketing strategy raised their business profile and increased their customer base by establishing a new brand. This has increased sales and improved the economic performance of all four partners.

Indicatively, the lead partner BioEn s.r.o. achieved the following:

- sales increase of 90% with a 95% increase in the number of customers
- production efficiency improvement estimated at 80%
- 12 new jobs created, and a further 30% workforce increase envisaged by 2025.

Key lessons

A significant constraint on this project was the fact that the Paying Agency required a significant amount of time to complete the administrative checks. This had a negative impact on the schedule of support payments to the partners and, consequently, the cashflow for project implementation.

A key success factor was the partners' willingness to cooperate and jointly invest in innovative technologies that would modernize their operations and increase their product quality and economic performance.

Human resources are an essential aspect of any development initiative and should therefore be acknowledged, and resourced accordingly, from the project design stage.