

**D4.5 National Synthesis Report on
Case Studies in Germany:
NAWARO
Regionalmarke Eifel**



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Encouraging Collective Farmers Marketing Initiatives (COFAMI)

Background and objectives

- Collective action by farmers has played an important role in the history of European agriculture and rural development. During the 20th century the joint actions of farmers in many EU countries gave rise to the foundation of agricultural marketing co-operatives, resulting in better market access, increased farm incomes and regional employment. More recently farmer collectives have made an important contribution to the spread of sustainable production methods.
- Now European agriculture is facing a range of new challenges. Farmers have gradually lost control over supply chains, due to the growing power of retailers, and are also confronted with a general decline and reorientation of policy support. At the same time, there is a need to respond to changing consumer demands for food safety, quality and an attractive countryside. Again, collective action may help in finding appropriate answers for these new challenges.
- Against this background the COFAMI project studies the potential role of collective farmers' marketing initiatives (COFAMIs) in finding adequate responses to changing market and policy conditions. More specifically it aims to identify the social, economic, cultural and political factors that limit or enable the development of such initiatives. The project also seeks to identify viable strategies and support measures to enhance the performance of collective farmers' marketing initiatives.

Steps in the research

- At the start of the research a **conceptual framework** for the study of COFAMIs will be developed. A review of relevant scientific literature and a 'quick-scan' of 8 previous EU research projects which included COFAMI cases will provide the basis for this.
- For each study country a **status-quo analysis** of collective marketing initiatives and relevant contextual factors will be made. This involves an overview of existing COFAMIs, their aims, organisational forms and strategies, relations with other supply chain partners, and relevant market and policy environments.
- A series of 18 in-depth **case studies** of different types of COFAMIs will be conducted. These will provide more detailed insights into the influence of different factors that limit and enable the development, performance and continuity of COFAMIs. The performance of initiatives in terms of social, economic and environmental impacts will also be assessed.
- In the **synthesis** the results of these different research activities will be integrated into general conclusions about the relative importance of various limiting and enabling factors for different types of COFAMIs. Support strategies for COFAMIs and measures to improve their performance and dissemination will also be formulated.

Project results and consultation

Participatory methods and stakeholder consultation will play a key role in all stages of the project, to ensure that research outcomes are grounded in field experiences and policy debates. A National Stakeholder Forum will be established in each participating country. In addition a European-level expert group of scientific and field experts will be formed to broaden geographical coverage beyond the 10 countries represented in the project.

The research will provide farmer groups, support organisations and government agencies with insights into different collective marketing strategies, their success and failure factors, and suggestions of measures that support COFAMIs. Additionally, the project will contribute to scientific and policy debates on the role of farmers' initiatives and new supply chain arrangements in promoting sustainable rural development and the supply of safe and quality food.

All project results will be made available through the project website www.cofami.org

Project partners

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List of abbreviations

- BLE: “Bundesanstalt für Landwirtschaft und Ernährung” (Federal Agency for Agriculture and Food), agency that pays the premiums
- HBV: “Hessischer Bauernverband” (Hessian Farmers’ Union), see chapter 2.4.2.
- MR: “Maschinenring” (Machinery exchange cooperative), see chapter 2.4.1.
- Marktstrukturgesetz: Market Structures Law, a law for the financial support of COFAMIs
- NAWARO initiative: „Hessische Erzeugergemeinschaft für nachwachsende Rohstoffe w.V.“ (Hessian collective farmers marketing initiative for renewable primary products)
- WAS: Agrarian service of Wetterau, see chapter 2.4.1.
- Wetterau: a region within the federal state of Hessen; the core region of the NAWARO initiative

1 Introduction

1.1 Collective marketing activities in Germany

The first efforts to improve agricultural marketing in Germany were aiming at removing the structural disadvantages of the agricultural sector and introducing marketing ‘top-down’ by law. The result of these efforts was the Marketing Fund’s Law in 1969, and the establishment of the CMA (Central Marketing Association of the German Agriculture). This organisation was created to improve the competitiveness of the German agriculture and its products in the growing European market by using modern methods and measures. To finance the work of the CMA, ‘forced’ contributions were levied at the bottlenecks of the German agriculture, forestry and food industry (which are e.g. slaughterhouses, dairies, mills, breweries or sugar refineries). The annual budget of the CMA, composed of the farmers’ contributions, EU money and own revenues, is about 100 million EUR. The existence and necessity of the CMA is mainly undisputed. However, in 1991 the CMA’s activities were restructured in order to achieve a stronger orientation towards the producers. Nowadays, innovative and market-oriented producer ‘associations’ are better targeted and therefore the central marketing activities of the CMA complement cooperative group marketing very well (see WP 3 country report Germany; JAHN / KNICKEL, 2006).

In the 1970s many Producer Communities have been founded, but in the 1980s and 1990s the number stagnated and even decreased again. Producer Communities have not really profited from systematically implementing measures to obtain independent product and programme arrangements. Also production and/or quality regulations are not used efficiently enough. Also, concerning the use of a consequent information and communication policy it can be stated that the members in general lack an adequate motivation to organise them. From this it can be summarised that the potential of Producer Communities has not been used sufficiently. Their success could have been much higher if they would have strategically and operationally integrated their initial aims.

1.2 Position of cases in national context

Starting in the early 1990s a significant number of producer, producer-consumer and producer-consumer-environmentalist initiatives have been established in Germany. The aim is to experiment with and, if possible, establish alternative patterns of production, processing and marketing – often characterised by more direct linkages and shorter chains. What these approaches have in common is a) that they are different from the mainstream food systems, CMA activities and conventional Raiffeisen type cooperatives; and b) that they respond to consumer needs, as they try to provide high-quality and ‘ecologically correct’ food in a transparent manner.

The two core cases presented in this report stand for this new type of cooperative marketing initiative. The first is almost completely driven and governed by farmers; the second is a joint initiative of a wide spectrum of actors.

The two initiatives are:

- The „Hessian collective farmers marketing initiative for renewable primary products” (NAWARO).
- “Regionalmarke Eifel” – the first German regional brand.

2 The „Hessian collective farmers marketing initiative for renewable primary products” (NAWARO)

2.1 General information degree of collectivity

The NAWARO initiative („*Hessische Erzeugergemeinschaft für nachwachsende Rohstoffe w. V.*“) was founded in the Hessian district of Wetterau in 1994, with an acreage of 500 ha of rape from set-aside-areas, 150 members and a sales volume of biodiesel of 1.950.00 litres.

The NAWARO initiative was chosen because of its interesting and innovative concept characterised by a continuous advancement. Its particularity is its successful marketing of a mass product without a special quality. Members of the initiative even emphasise that they need a non-specifiable product.

It grew up to more than 1.500 members, a hectareage of 10.800 ha of rape, 1.300 ha crops for Biogas und ethyl alcohol and a sales volume of biodiesel of 45 Mio. litres in 2006. The market share of the NAWARO initiative is about 20% of Hessian rape cultivation. The actual members are almost exclusively residents of Hessen, and partial from the peripheral regions of neighbouring federal states. There are no restrictions for new members except that they must be farmers (no business is admitted). Actually, the NAWARO initiative unites 1650 farmers with farms sizes from 10 to 1000 ha (a rape acreage from 0.5 to 200 ha). The average rape acreage of a member farm is about 10 ha, equivalent to a production of 35 t of rape.

The NAWARO initiative

- is contracting farmers for cultivation and supply of renewable primary products
- represents the interests of its member farmers concerning renewable primary products, e.g. the marketing of biodiesel, planning calculations for converting plants for oilseed and other renewable resources
- concludes marketing contracts with its customers. The rape is processed at different oilmills. The rape oil is sold either to the oilmill or to the WAS (Agrarian service of Wetterau, the subcompany of the MR), which processes it to biodiesel. The by-products are also used, e.g. grist and forage glycerine, which is marketed by the WAS.
- has an equity holding on the biodiesel production plant in Neuss (Rheinische Bioester GmbH & Co KG) via its subcompany Hessische Nawaro Kapital GmbH
- provides information on current topics concerning renewable primary products
- offers energy specialist advisory services for biogas plants and biomass cropping
- offers advanced training and information activities. But little efforts are made concerning publicity as “good prices are the best argument”. The NAWARO initiative spreads information via the regional farmers’ paper and is present with a stand at soil- and water associations` meetings.

- is member of different networks. It is e.g. representing the farmers' interests as a member of the Hessian Biogas competence centre (Hero, Hessisches Kompetenzzentrum für Nachwachsende Rohstoffe)
- lobbies federal states- and federal politics, in cooperation with its partners

By constitution (see Annex), the **intended purpose** of the association is the production and marketing of crops and parts of crops for industrial use in the “non-food-sector” and for the production of energy. This purpose is to be reached through common production- and quality rules in order to assure a market-driven supply and common marketing rules

In order to achieve this aim, agreements can be made with other organisations and corporations. Every farmer sustainably producing crops for industrial use in the “non-food-sector” and for the production of energy residing in its area of operations can become member of the association. **Members** are obliged to follow the rules of production and quality and therefore admit inspections by the NAWARO initiative. Furthermore, they have to observe the common marketing rules and make the agreed contributions. If the general meeting did not decide on exemptions, farmers have to deliver all their sales products covered by the NAWARO initiative to the initiative.

Concerning the **financial settlements between NAWARO initiative and the farmers**, farmers pay a membership fee, the annual basic contribution, a payment per contract, and a quantitative payment. As a disbursement, farmers first get an advance payment and then a bonus depending on the way of marketing.

Activities effectuated commonly are the definition of production standards/ product quality specification (they take the oil mill's standards as a basis), quality control, the compilation of promotion material, product marketing, negotiations with retailers (by the NAWARO officers), storage and transport facilities (by commissioned farmers or agricultural traders), and learning activities (in cooperation with the vocational school). The activity effectuated individually by each farmer is the production of agricultural products (rape or energy plants).

The NAWARO initiative's main activities:

a) Rapeseed and Biodiesel

The NAWARO encourages farmers to grow Non-Food-Rape on set-aside-areas or on arable farmland (the latter is subsidised with the “energy plant premium” of 45 €/ha). A contract between the NAWARO initiative and the farmer is concluded saying that the initiative will buy a certain amount of rape. The NAWARO initiative pays the security to BLE (The Federal Agency for Agriculture and Food, agency that pays the premiums) and feels responsible for clearance and formalities. Securities are only refunded when evidence is provided that the rape has been used for non-food-purposes. The NAWARO initiative also provides vouchers and incurs the monetary transactions.

Price basis for marketing is the best possible utilisation by the NAWARO initiative. The storage of the products takes place at facilities of agricultural traders, of agricultural cooperative societies, and of farmers. The removal is organised by the NAWARO initiative. The rape can also be shipped directly to the oilmills by the farmer himself. Quality must meet the oilmills standards. The NAWARO initiative does not provide its own quality control. According to the NAWARO initiative, a higher and stable price can be realised when marketing together.

In cooperation with the NAWARO initiative, the subsidiary company of the “Maschinenring”, the “Agrarian Service of Wetterau” (Wetterauer Agrar Service, WAS) offers biodiesel, biodiesel-Service stations and bio-degradable lubricants. There is also a specialist counselling for farmers wanting to change over to biodiesel use.

The NAWARO initiative offers further services via Internet (partially via links on external websites) on:

- Biodiesel-petrol stations in Hessen and Germany
- Biodiesel prices for delivery to large customers
- The running costs of biodiesel lorries (calculator)
- Biodiesel prices on petrol stations
- Current releases of cars using biodiesel and information on new cars with an biodiesel-option
- Current development of the crude oil prices
- Biodiesel-DIN-Norms (quality assurance)

As a result of its efforts, the NAWARO initiative has set-up a Hessian market for biofuels in cooperation with distributors and “Maschinenringen”. The circular flow model „Biofuels from Hessian farmers“ has been organised: farmers can realise a higher added value due to a closed chain from production to marketing. The rape price for the farmers ex regional stock in 2006 lay 1-3 € /dt higher compared to the pure delivery of the products to other contractual partners.

Concerning rape for food production, prices are fluctuating much. Therefore, the NAWARO initiative is observing the rape market and offers a price information fax. It also conveys stocked lots for its farmers and offers supply contracts ex oilmill.

b) Biogas

The NAWARO initiative started supporting biogas in 2005, when it realised its profitability and noticed that a new main pillar for member farms could be established. The initiative has established an energy specialist counselling in cooperation with MR Kassel, an accredited point for the counselling of new biogas plants. Farmers have the possibility to consult the NAWARO initiative with questions concerning systems engineering, the fermentation process and in order to get assistance in legal questions. In a further step, a detailed business assessment is offered and services for administrative issues and advice on the use of biomass are provided.

The arrangement of cultivation contracts and organisational assistance is comparable to the Biodiesel procedure (see above). The pricing is carried out directly between the farmer and the biogas plant holder. As a neutral institution, the NAWARO initiative also mediates between farmers and biogas plant holders.

Today, out of more than 100 biogas plants in Hessen, 40 are confederated in NAWARO’s specialist counselling (with an acreage of >3000 ha). There is also an intense cooperation with the Hessian biogas competence team („Kompetenzteam Biogas Hessen“).

Below, a survey of the contracts offered by the NAWARO initiative is given: they offer contracts for non-food rape (on set-aside-areas), for the “energy plant” rape (on arable farm land), for food-rape (price information service and procurement of stocked lots), for non-

food-cereals (on set-aside-areas), for non-food-biogas-substratum (on set-aside-areas) and for “energy plant”- biogas-substratum (on arable farm land).

2.2 Timeline/ development of initiative

In 1992, there was a political decision to have an obligatory percentage of **15% of set-aside-areas** on Hessian farms from 1993 on. It was determined that no food products could be cultivated on these areas. Pushed by this development, people from “Maschinenring”, water- and soil associations and the Hessian farmers` union assembled in summer 1993 with the aim to develop an added value out of these set-aside-areas. They soon found out that it was allowed to grow primary renewable products instead. For the actors, a period of extensive inquiries started, when they thought about which crop would promise the best sales potential. The initiators informed themselves on different types of fibre plants and biofuels. They tried vegetable oils, ethyl alcohol and verified how the vehicle`s motors worked. They visited pilot schemes of biodiesel production in northern Germany and in Austria.

At the same time, they were **looking for a sales market**. With the sugar beet transport alliance, they found an important customer willing to run its lorries with biofuels. Contrary to efforts with biodiesel use, attempts to run the sugar beet lorries with vegetable oil proved to be unsuccessful. The initiators therefore decided on biodiesel as their main sales potential. They initiated a network of biodiesel petrol stations and lobbied for the release of biodiesel cars in order to broaden the sales market. At the same time, close cooperation with the town of Bad Nauheim (30.000 inhabitants) was initiated. The town was ready to use biodiesel in its vehicles and public buses.

When the sales potential was secured, the **NAWARO initiative was founded** in February 1994, with 150 members and a hectarage of 500 ha of rape from set-aside-areas. Its aim was not to make profit but to get the highest possible price for the farmers. In the beginning, it was planned to deliver rape to the oilmill of Mainz, but as the mill only accepted the “official” cooperative societies, the NAWARO initiative chose to mainly deliver to the Neuss oilmill and entered appropriate contracts.

The NAWARO initiative`s office **resides in the WAS`s agency** and uses the office facilities of the WAS. Therefore almost no own equipment was necessary. Moreover, right from the beginning, the initiative did not have its own employees, but delegated WAS staff paid per hour. So costs were minimised. In the first year, the executive director of the NAWARO initiative changed. But according to the members, the change was unproblematic.

Support by the “Marktstrukturgesetz” (market structures law) was only applied for in 1997 because of bureaucratic problems (interaction of the federal states- the federal- and EU-legislation). Moreover, the NAWARO initiative wanted to have a basic turnover so that support was profitable. Governmental aid by the “Marktstrukturgesetz” was paid for 5 years (until 2002): 3 x 40.000 € and 2 x 20.000 €. According to its members, the support by “Marktstrukturgesetz” has been very important to the NAWARO initiative.

In 1998, the **percentage of compulsory set- aside-area was lowered** to 5%. This meant an enormous decline in rape production. But as the NAWARO initiative had not financed big investments and had low administrative efforts, it did not have economic disadvantages. As a reaction to the political change, the NAWARO initiative considered to grow hemp or sun flowers. It tried experimental cultivation and got into contact with potential customers, but the crops proved to be inefficient.

The initiative became aware of the need to have its own capital in order to get creditworthy and for paying the securities at BLE (the Federal Agency for Agriculture and Food, agency that pays the premiums). The NAWARO initiative's own capital resources include money that is assigned to certain farmers (originating from surpluses that were retained) as well as money that is not assigned to certain farmers. Moreover, the "**Hessische Nawaro Kapital GmbH**", a 100% subcompany of the NAWARO initiative, was founded in 2001. The common stock came from the NAWARO initiative, from farmers and from the "Maschinenringe". Lots of NAWARO initiatives' members (but not all) gave capital to the "Nawaro Kapital" Corporation.

In 2004, a **premium payment for energy crops** (45 €/ha) was established. From then on, rape from agricultural land was also used within the NAWARO initiative's activities. In the same year, the "Erneuerbare Energien Gesetz" (**Law on renewable energies**) was established in Germany. It offers a certain "feed-in remuneration" for the supply with current produced by renewable energy sources (see Annex) and therewith secures the profitability of biogas production. In 2005, the NAWARO initiative decided to also attend to biogas and ethyl alcohol.

The federal state of Hessen established a **government aid for biogas plants**. In order to receive the payments, plants have to become member in a "counselling circle". Via this support measure, the NAWARO initiative receives an indirect support: it gets 450 € per biogas plant that is counselled. After for 3 years, support phases out and structures must be self-supporting. In exchange, the initiative has to deliver data on the biogas plants to the federal state.

A new cycle of government aid for the NAWARO initiative started in 2006 (60.000 € per annum for 3 years) when it had been settled that one Cofami was allowed to attend to more than one product. According to the executive director, this covers approximately half of the administration costs.

In 2006, the **taxation of biodiesel** was agreed on. As this immensely affects the profitability of the product and therefore the NAWARO initiative's sales market, intensive lobbying activities are aiming at the withdrawal of the taxation of biodiesel. In order to also "survive without biodiesel", the production of wood pellets, glycerine and biogas was initiated (carried out by the WAS).

According to all actors, there have been **no internal crises** within the NAWARO initiative: "The right persons have come together". Today, the NAWARO initiative unites 1650 farmers and advises 40 biogas plants. It has grown beyond Hessen and includes farmers from the bordering federal states. 50 lorries of the sugar beet alliance are powered by biodiesel. The NAWARO initiative is entirely accepted and recognised by the farmers. The percentage of members with big farms is increasing - as economical profit plays a major role in their decisions.

Table 1: Development of the NAWARO initiative in figures

Year	Number of farms	Area of rape (ha)	Area of crops for biogas and ethyl alcohol	Sales volume of biodiesel (l)
1994	150	500		1.950.000
2003	1.000	4.320		15.000.000
2004	1.050	4.400		20.000.000
2005	1.250	6.900	800	40.000.000
2006	1.500	10.800	1.300	45.000.000
2007*	1.700	11.000	4.000	30.000.000

* preliminary

Milestones

1993: Preliminary works

In the first year with the obligatory 15 % of set-aside-areas, ideas were exchanged between farmers on how to create an added value out of these areas.

1994: Foundation

The Cofami was founded in February. Three years later only, it received support by “Marktstrukturgesetz” funds.

1998: Decrease in eligible acreage

The percentage of set-aside-areas was lowered. As a result, the capacity of rape cultivation decreased. The Cofami examined alternatives.

2001: Foundation of the capital corporation of the Cofami

The “Hessische Nawaro Kapital GmbH” was founded. From then on, the Cofami got financially engaged in the oilmill company.

2004: Enlargement of area of operations

A premium payment for energy crops was established. From then on, rape from agricultural land was also used within the NAWARO initiative’s activities. One year later, the NAWARO initiative decided to also attend to biogas and ethyl alcohol.

Development of the acreages of NAWARO members (contract types) 1994-2007

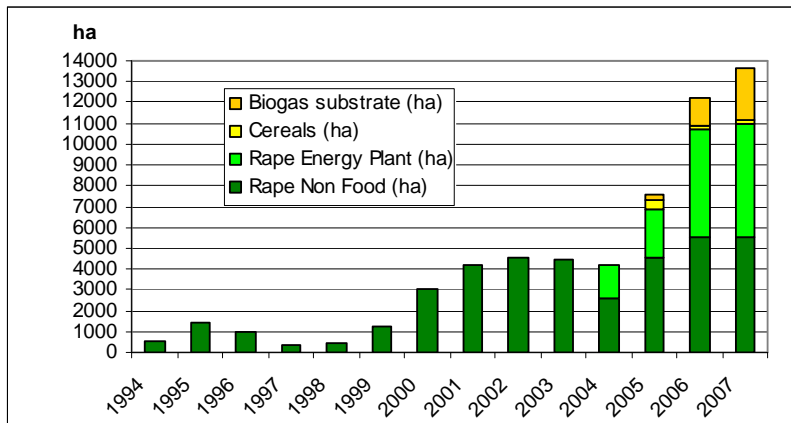


Figure 1: Development of the acreages of NAWARO members (contract types)

Ideas for future development:

According to one interviewee, there is potential for some more 1000 ha of renewable primary products in the Wetterau region, although the cultivation of rape is on its limit. Perhaps there will be even new species with special substances of content.

In order to produce BtL-fuels (liquid fuels made of solid biomass), there are considerations to grow other crops (fast-growing tree species, Miscanthus etc.). For such a purpose, the NAWARO initiative could also pose as a procurer, bundling quantities and attending to organisation and logistics. A rise in prices for other products like cereals is considered to be likely if the spectrum of cultivated renewable primary products is broadened.

The NAWARO initiative is planning to intensify its efforts in counselling and have employed a person advising farmers concerning the storage of rape in order to secure quality.

NAWARO initiative's actors are convinced that the sales of biodiesel to end customers will decline because of the taxation of biodiesel. But they think there will still be a sales market because of the compulsory blending of biofuels with diesel and petrol.

Moreover, there are considerations to obtain shares in a biogas plant (via the Nawaro Kapital GmbH or the WAS) or perhaps in the remote future have its own ethyl-alcohol-plant.

2.3 Influence of limiting and enabling factors

The influence of limiting and enabling factors according to the “Guidelines” is described in the following Table 2:

Table 2: Influence of limiting and enabling factors

Factors as described in grid of limiting / enabling factors	Points of attention for case study analysis	Relevance for performance and dynamics (High-Medium-Low-Not)	In what specific way(s) limiting / enabling for COFAMI performance and dynamics? (Positive-negative for each specific expression)
Main descriptive data			
Proximity / remoteness to urban centers	Relevance of urban influences / demands for rural dynamics, specific market opportunities, transport / infrastructural costs	L	
Natural conditions (landscape, biodiversity)	Synergies with other economic activities (e.g. tourism, handicraft), social demand / appreciation of rural amenities, potentials for product quality differentiation	L	
Production conditions for agricultural land use (soil quality, natural handicaps, land segmentation)	Opportunities / limitations for productive agricultural use, competitiveness on global markets	M	+ Agricultural productivity in the region is high, therefore a high yield is realized (which is important as quantity is much more important than a specific quality)
Relative importance of agriculture for regional income and employment	Relevance of changing rural economies, importance of agriculture in regional development	M	+ With the biofuel production (biodiesel, biogas) new production lines and value added chains have been successfully established in the region.
Density of farms with similar production structures	Relevance of diversification tendencies within farming, opportunities / critical mass for joint activities	M	+ As there the density of farms with similar production structures is high, costs for logistics/ storage decrease.

Factors as described in grid of limiting / enabling factors	Points of attention for case study analysis	Relevance for performance and dynamics (High-Medium-Low-Not)	In what specific way(s) limiting / enabling for COFAMI performance and dynamics? (Positive-negative for each specific expression)
Job opportunities in other sectors	Relevance of pluriactivity / multiple incomes for farm households	L	
Socio-political / institutional context			
Urban-rural interrelations	Relevance of urban-rural commuting, migration, rural newcomers, demographic developments etc.	L	
Role of farmers' associations / unions in rural policies	Relevance of farmers' associations and their influence in policy processes	H	+ The regional farmers' union (HBV) has got a high influence on politics. As NAWARO is excellently cooperating with HBV, it profits from these contacts.
Attitude of farmers' associations / unions towards collective marketing	Relevance of historical experiences with / tradition of collective action and co-operation	H	+ Because of the cultivation of sugar beet, there is a tradition of collective working in the area: a sugar plant had been founded collaboratively and after its closure, farmers again had to confederate in order to organize the transport/ logistics
COFAMIs role in policy networks	Interfaces between COFAMIs and rural policies	H	+ From the beginnings, NAWARO kept good contacts with politicians and collaborated in the following political networks: A round table on biomass in the "Wetterau district", The "Hessian centre of excellence for renewable primary products" (Hero) The project "Biofuels Hessen"
Territory based policies (presence / absence, network-	Relevance of territory based policies within major policy concerns,		+ Linkages are related to the establishment of new product lines and value added

Factors as described in grid of limiting / enabling factors	Points of attention for case study analysis	Relevance for performance and dynamics (High-Medium-Low-Not)	In what specific way(s) limiting / enabling for COFAMI performance and dynamics? (Positive-negative for each specific expression)
characteristics)	in/exclusion of stakeholders, bottom up versus top down approaches, etc.	M	chains – which coincides with the state MoA policy. Territory based policies and networks are less important.
Institutional support to COFAMIs			
Existence of formal regulatory framework for collective action / marketing	Legal possibilities / restrictions for collective action	H	0 Within the “market structures law”, support can be given to Cofamis that comply with certain rules. Support payments were delayed due to bureaucratic problems (interaction of the federal states- the federal- and EU-legislation). But support was considered crucial to the development of NAWARO.
Rural public-private partnerships	Opportunities for widening relevant networks and relations with state agencies, new forms of governance	H	+ The county administration was very interested in building a network on biomass and working together with NAWARO.
Rural innovation approaches	Support for multiple stakeholder learning / negotiation processes	L	
Institutional facilitation capacity	Capacity of state agencies at various levels to support rural innovation processes	L	
Institutional willingness / capacity to create ‘protected spaces’ for new institutional arrangements	Openness / support for alternative approaches for institutionalizing rural development and innovation	M	+ See above

Factors as described in grid of limiting / enabling factors	Points of attention for case study analysis	Relevance for performance and dynamics (High-Medium-Low-Not)	In what specific way(s) limiting / enabling for COFAMI performance and dynamics? (Positive-negative for each specific expression)
Socio-cultural context			
Culture and positive experience of cooperation	Farmers' trust in collective action / marketing, cooperative tradition	M	+ See above: Because of the cultivation of sugar beet, there is a tradition of collective working in the area: a sugar plant had been founded collaboratively and after its closure, farmers again had to confederate in order to organize the transport/ logistics
Rural social cohesion	Trust among rural actors in collective action / marketing, opportunities for widening networks / exploiting synergies	M	+ See above +There is a strong and active farmers' union.
Presence/ absence of agriculture in local identity	Cultural status of agricultural activities /identities, opportunities for valorizing regional identity	L	
Traditions of particular (e.g. artisanal) agricultural production)	Existence of (farm-based) gastronomic and artisanal tradition, typical food qualities	L	
Specific processing skills	Existence of rural SMEs / farm-based with interest / experience in specific / artisanal food processing techniques	L	
Economic and market contexts			
Competition on relevant markets: number of actors; price evolution, market share, competition with other market parties	General context on relevant markets in terms of concentration, price levels and price-squeeze tendencies, existence of attractive niche markets and medium scale retailing opportunities	M	+ Because of the complete chain from production to marketing, NAWARO can offer higher prices to farmers than competitors.

Factors as described in grid of limiting / enabling factors	Points of attention for case study analysis	Relevance for performance and dynamics (High-Medium-Low-Not)	In what specific way(s) limiting / enabling for COFAMI performance and dynamics? (Positive-negative for each specific expression)
Ownership of actors on the markets (co-operative, private, state, hybrid forms)	Influence of COFAMIs members on marketing strategies, producers' organizational and support mobilization capacity	M	+ Farmers (potentially) have a significant influence on decision-making and strategy development in the COFAMI (which in reality does not play a big role because of a high degree of consistency in goals among management and farmers)
Type of marketing strategies (marketing channels, development of innovation and experimentation, price policy)	Capacity of COFAMI to adequately respond to food chain dynamics (quality standards, pooling, quality differentiation, building market power)	H	+ NAWARO is very flexible because of extensive price comparison, use of different marketing channels, ongoing search for new marketing possibilities, marketing of by-products as well.
Relations between actors on the markets (strategic alliances, hybrid forms)	Strategic alliances with chain partners and / or territorial marketing partnerships (long-term supply contracts, standards, etc.)	H	+ Collaboration with the sugar beet transport alliance has been the road to success for the NAWARO initiative. The oilmills in Mainz and Neuss are the most important customers (they set standards). Collaboration with retailers of petroleum in the region. The NAWARO initiative is informed by price information organisations
Importance of local, regional and national markets	Relevance of regional / national market context in terms of consumer /societal demands and opportunities for marketing products, goods and services	M	+/- The national market (and therewith national policies, e.g. the current taxation of biodiesel) is important for the biodiesel demand.
Importance of international markets for buying and selling products and services	Dependence on / need to adjust to developments (price / standards) on supra regional markets	M	+/- The development of the international crude oil market directly affects the demand for biodiesel.

Factors as described in grid of limiting / enabling factors	Points of attention for case study analysis	Relevance for performance and dynamics (High-Medium-Low-Not)	In what specific way(s) limiting / enabling for COFAMI performance and dynamics? (Positive-negative for each specific expression)
Learning context			
Existence/ absence of relations with local or regional actors to develop learning initiatives	Relationships with knowledge institutions (extension services, research) as co-producers of innovation	M	+ Qualification opportunities concerning renewable energies were created in the county's vocational school. Apparently, the NAWARO initiative has contributed to such developments.
Existence / absence of training to facilitate farmers participation in COFAMIs management	Relationships with knowledge institutions in relation to internal management and organization	L	

2.4 Network relations

2.4.1 Internal network

The internal network of the NAWARO initiative is represented in Figure 2. The NAWARO initiative's **organisational form** of an "economical association" (wirtschaftlicher Verein) was predetermined by the "Marktstrukturgesetz" funds (as a standard for supported Cofamis). Institutions of the association are: the general meeting, the directorate and the advisory board. The NAWARO initiative pays attention to a balanced internal representation of interests. In the directorate, members from all the Hessian regions are assembled. In the advisory board, there are people from the Hessian farmers' union, from the federal states alliance of the MR, as well as farmers located in regions that are not represented in the directorate. For current transactions, the directorate avails itself of an executive director. Currently, there are two executive directors, one biogas specialist counsellor and two other employees involved in administration. All employees are engaged by the WAS and the office facilities of the WAS are used.

The MR Wetterau e.V. (MR) is a federation of farmers within the county of Wetterau. Key activities are the placement of labour and large-scale agricultural engines among the member farms, business management, organisation of the common removal of sugar beet, development and realisation of ideas concerning processing and marketing of agricultural products, and the offering of know-how in large-scale agricultural technology.

The WAS (**Agrarian service of Wetterau**) is a 100% subcompany of the MR. There are no direct legal coherences with the NAWARO initiative, but its aims are the counselling on bioenergy use and the procurement and marketing of biodiesel (the NAWARO initiative's main end product). The WAS, within the scope of an agency agreement, handles the commercial operations of the COFAMI and markets the biodiesel.

The "**Hessische Nawaro Kapital GmbH**", a 100% subcompany of the NAWARO initiative, was founded in 2000/2001. It has a holding in the oilmill company "Rheinische Bioesther GmbH &Co" in Neuss, which annually produces 150.000 t of biodiesel.

The NAWARO initiative was founded on the initiative of the MR and is still closely connected with the MR and the WAS (see above). The WAS, the NAWARO initiative and the "Hessische Nawaro Kapital GmbH" have the same executive director.

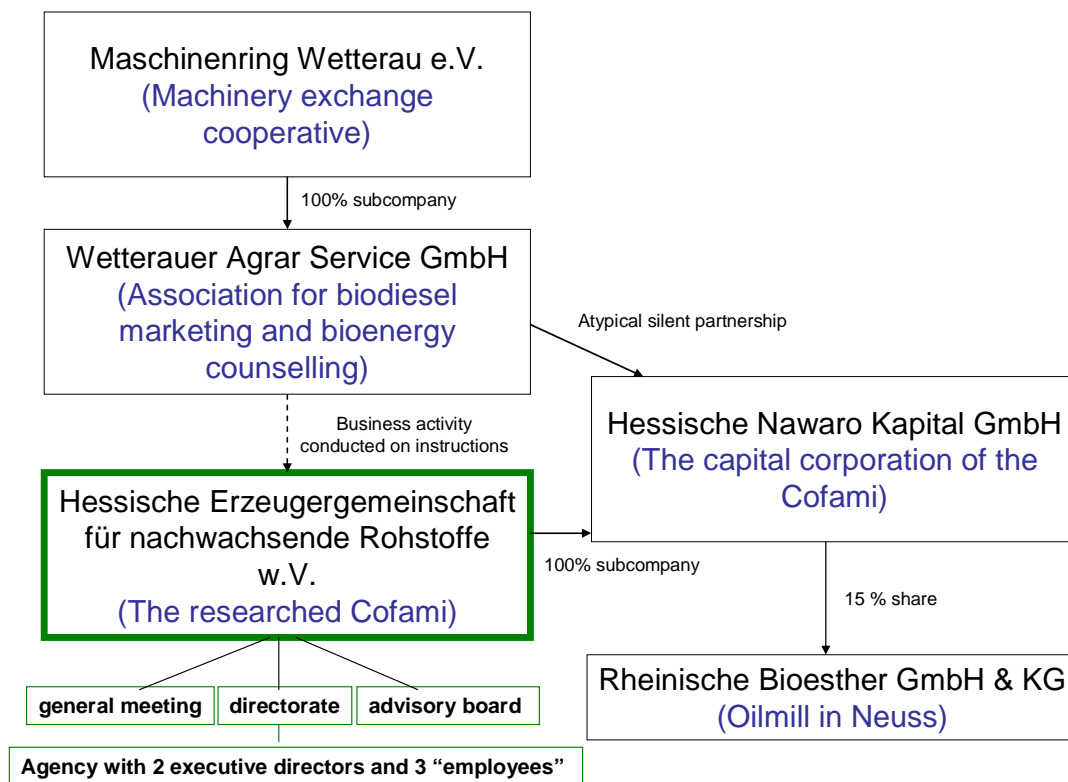


Figure 2: The internal network of the NAWARO initiative

2.4.2 Interface and external actors

The interface and external network of the NAWARO initiative is represented in figure 4.2.

Networks

- In the “Wetterau district”, a round table on biomass (“Wetterau- A region full of energy”) was initiated in spring of 2006 by the local government, with attendance of the NAWARO initiative, craftsmen and energy supply companies amongst others. When the initial circle grew too big, a steering committee and working groups were established. Aims are to raise the use of renewable energies up to 15% in 2015, to improve regional business cycles and added value, to secure and sustain workplaces, to diversify incomes in agriculture and forestry and to install pilot projects.
- The NAWARO initiative is a member of the “Hessian centre of excellence for renewable primary products” (Hero). Organised by the federal state of Hessen and initiated by the NAWARO initiative and the Hessian farmers` union, Hero was founded in 2004. It serves as a network for all activities concerning renewable primary products in Hessen, bundles interests and provides information.
- The NAWARO initiative is a partner in the project “Biofuels Hessen”, which was initiated in 2005 and is supported by the FNR (German Agency of Renewable

Resources). Within the network, the NAWARO initiative is responsible for counselling and the selling of biodiesel.

- Right from the beginning, the NAWARO initiative had good contacts to “Carmen”, a network for renewable primary products in Bavaria.
- The NAWARO initiative is a member of UFOP (Union for Promoting Oil and Protein Plants), Fachverband Biogas (German Biogas Association) and of BBK (Federal Association for Biogenous and Regenerative Fuels). They carry out public relations and lobbying conjointly.

Associations

- The NAWARO initiative intensely uses its good contacts to “Maschinenringe”.
- It also works closely together with water and soil associations.
- The NAWARO initiative is a member in the board for renewable primary products (where it is also represented in the advisory board) and the board for cereals of the Hessian Farmers’ Union (HBV). The HBV’s board for renewable primary products was founded in 1993. It assembles twice per annum. Starting from Hessen, the foundation of a board for renewable primary products in the National Farmers’ Union has also been established. The HBV disposes of contacts all over Germany and has always had numerous connexions to the provincial government. The NAWARO initiative and the HBV intensely work together and carry out common promotion activities (e.g. a common appearance at the Agritechnica fair).
- The NAWARO initiative also has good contacts to the “Landesbetrieb Landwirtschaft Hessen” (LLH, the association for agricultural consulting in Hessen). They cooperate e.g. concerning counselling on biogas-plants.

Market partners

- Collaboration with the sugar beet transport alliance has been the road to success for the NAWARO initiative. The alliance has been involved from the beginning. Close personal connections exist not only because its administrator is in the directorate of the NAWARO initiative today. The sugar beet transport alliance is independent, but the “Maschinenring” is commissioned with the supply with drivers, the clearings etc.
- The oilmills in Neuss, Oxenford and Frankfurt are important customers.
- The NAWARO initiative collaborates with retailers of petroleum in the region. From the beginning on, the NAWARO initiative has animated retailers to build biodiesel stations and to bring biodiesel to the farms.
- The NAWARO initiative is informed by the price information organisations CMA (Central Marketing Organization of German Agricultural Industries) and CASH! (Corporate Agro System Hessen).

Competitors

Instead of marketing their rape via the NAWARO initiative, farmers have the possibility to sell their rape to the agricultural trade or rural cooperatives. An advantage is that it is easier to have one partner for everything. But there are also dependencies of farmers because of the prefinancing of production equipment. Unlike the NAWARO initiative, agricultural traders retain profits. According to NAWARO’s actors, the initiative has lower clearing costs and a better marketing. (e.g. by additionally marketing by-products), its prices are always better

than those of their competitors. Moreover, farmers do not have to mind moisture of the oilseed, as they do when marketing to agricultural traders (there, they have to accept deductions when moisture is higher than 9%). According to a competitor, marketing prices of the NAWARO initiative have not always been better and always depend on the year. Partially, the NAWARO initiative has good connections and collaborates with agricultural traders or rural cooperatives (e.g. concerning storage, processing, and transport of rape).

Administration/ Politics

- There are close contacts between local authorities and the NAWARO initiative, e.g. assistance in counselling and in the implementation of projects. The local agencies for agriculture care for the clearing of contracts.
- The NAWARO initiative has been closely cooperating with the town of Bad Nauheim (30.000 inhabitants). Since the foundation of the NAWARO initiative in spring 1994, the city has used biodiesel in its vehicles and public busses. There has also been a pilot scheme concerning the use of vegetable oil in public busses in Fulda (a Hessian town with 64.000 inhabitants). The county administration ideally supported the efforts in renewable energy use and converted their company cars to biodiesel use.
- According to the NAWARO initiative, federal politics have the biggest influence on its economic well-being. The NAWARO initiative is active with lobbying activities and public relations not only in the federal state of Hessen but also in the federal government. NAWARO initiative's actors claim that there are too many mineral oil lobbyists in federal politics. The role of politics is considered rather negative because of being unstable. The taxation of biodiesel is considered counterproductive, especially in conjunction with the current debate on climate protection.

Other COFAMIs influencing the NAWARO initiative

- Before, there was a Cofami for fibre plants, but there had been no sales potential. The NAWARO initiative learnt its lesson from it and organised the sales in advance.
- Right from the beginning, the NAWARO initiative had excellent contacts to the VNR (Verwertungsgesellschaft für nachwachsende Rohstoffe), a federation of regional Cofamis in Bavaria that market rape conjointly. Currently, there are still interchanges and the WAS is stockholder in the VNR.
- There is a rape oil Cofami with its own rape press in the Rhön region producing vegetable oil. According to the NAWARO's actors, it is not a competitor, and contacts are spare.
- According to the NAWARO initiative's actors, some "Cofamis" in the region were founded pro forma by agricultural traders, just in order to get the public funds, although they were not really collective approaches. They mostly had no business establishment of their own.
- "Hessenknolle" is an initiative for the common cultivation and marketing of potatoes.
- The "Landmarkt" initiative directly markets agricultural products, e.g. to a big supermarket group (REWE). The development of this Cofami has possibly been affected by the success of the NAWARO initiative as it had created a climate of people taking matters into their own hands.

Critical voices

There had been some critical voices concerning increasing rape cultivation and fearing an intensification of agriculture. However, according to the NAWARO initiative, they have become silent. In the eyes of the initiative's members, maize monocultures shouldn't be feared as biogas plants on the basis of cereals are planned. Concerning genetically modified plants, there has been a lot of media hype some time ago, but according to the NAWARO initiative, it has decreased. Many farmers themselves (e.g. the Hessian Farmer's Union) do not think there is a need for GMOs as there is no demand by consumers.

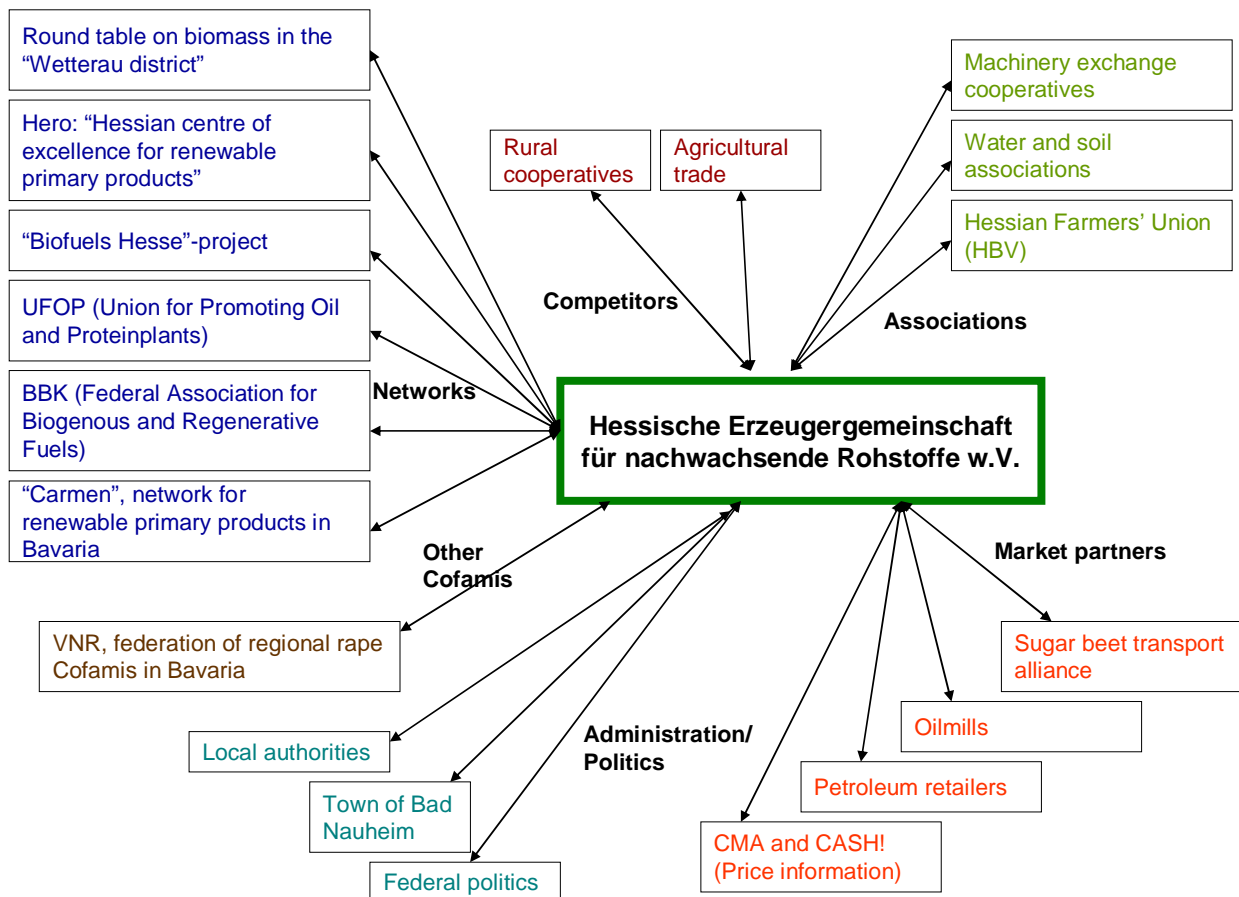


Figure 3: The interface and external network of the NAWARO initiative

2.5 Status of capital assets

In this chapter, "Relevance" indicates if this specific capital was relevant for the development of the COFAMI, "Status" indicates if and to what extent it was available and "Dynamics" indicates if this capital changed during time.

Financial capital

(Relevance: +, Status +, Dynamics: +)

- The NAWARO initiative started with hardly any financial capital. Three years later, public funds were provided by the "Marktstrukturgesetz". According to the NAWARO initiative's actors, this support was essential for the development of the initiative. Today, proprietary capital of the NAWARO initiative exists on the one hand

unbound and on the other hand related to individual farmers (which means a mutual trust for farmers).

Physical capital

(Relevance: ++, Status 0, Dynamics: 0)

- Infrastructure for transportation is good and the denseness of agricultural crop land is high.
- A cost-efficient interplant mechanisation was available in the region and no new production techniques were needed.
- An important point is the effort to minimise costs. As the premises of the WAS could be used, no extra equipment was necessary. Moreover, employees of the WAS could be delegated for Cofami work and the NAWARO initiative did not need employees of its own. For these reasons, the NAWARO initiative did not have any economic disadvantages when the percentage of compulsory set-aside-area decreased.
- Storage is effected at farmer's, agricultural trader's and agricultural cooperative societies' facilities.

Natural capital

(Relevance: +, Status +, Dynamics: 0)

The region (the Wetterau district, centre zone of the NAWARO initiative) is characterized by the following features:

- Before the foundation of the NAWARO initiative, there had almost been no rape in the region because of the sugar beet production, thus there was a potential to develop. Likewise, there was little biogas production existent.
- The stocking rate of livestock as well as specialised crops is relatively low, thus competition with other farm development branches is low.
- Climate and soils are favourable for agricultural production and a basis for high biomass yields.
- As the Wetterau serves as a local recreation area for the densely populated Rhein-Main-area, tourism and landscape protection are important.
- The Wetterau is a role model concerning nature conservation. Therefore, the NAWARO initiative has close connections to nature conservation actors. The WAS initiated a project for water-friendly agriculture.

These features make the region a relatively favourable site for NAWARO's activities.

Human capital

(Relevance: ++, Status ++, Dynamics: 0)

- According to all interviewees, idealist individuals with innovative ideas and a great commitment to the project have played a major role for the success of the NAWARO initiative. As people, especially the executive directors, had profound know-how and were taking responsibility, the initiative has always been proactive and flexible.
- The executive directors' capacity to negotiate successfully was also mentioned as a big asset.

- Flexibility: Beyond, the NAWARO's actors are in a permanent process of adapting to new options, e.g. modelling business calculations (in order to analyse if the access to new production techniques was profitable) or establishing cultivation trials for new crops.
- Extensive preparations: Before the start, lots of preliminary work and inquiries had been done. The initiators had tried vegetable oils, ethyl alcohol and verified how the motors worked. They visited pilot schemes of biodiesel production in northern Germany and in Austria.
- A hindering factor may be that farmers were rather passive and risk-conscious. Originally, it was planned that every farmer delivering rape should be obliged to take back a certain amount of biodiesel. This plan did not work, because farmers refused as biodiesel was not profitable compared to the comparatively cheap agricultural mineral diesel. Only when the NAWARO initiative's initiators declared the initiative itself responsible for sales, farmers got convinced.

Social capital

(Relevance: ++, Status ++, Dynamics: +)

- There is the need of an institution accounting for the new idea (the MR in the NAWARO initiative's case): it offers a platform for exchange where members can be directly addressed and asked for their wishes.
- The build-up of numerous networks was crucial. Many people and groups got involved in renewable primary resources` matters and started collaborating.
- From the beginnings, there has been a very close cooperation between the NAWARO initiative's members and the Hessian Farmers` Union (HBV), which assembles most of the Hessian farmers. Lobbying and public relation have also been carried out hand in hand with the (HBV).
- Events have always been accompanied by intensive public relations in order to get backup by the public.
- Political climate concerning renewable energies is positive: there are federal support programmes for renewable energies and biogas plants. The federal state of Hessen has declared the aim of increasing the percentage of renewable energies up to 15% and also supports the setup of biogas plants.
- According to an executive employee of the district administration, there is a tradition of collective working in the area due to the cultivation of sugar beet: As early as at the end of the 19th century, a sugar plant had been founded collaboratively. When it closed, farmers again had to confederate in order to organize the transport/ logistics.

Other enabling factors in conjunction with NAWAROs capitals and strategies

Development of a sales market

- The initiators of the NAWARO initiative had been aware that there had to be a sales market right from the beginning. So they developed their own sales market for rape. In this context, the cooperation with the sugar beet transport alliance was crucial for the initiative's success. The administrator of the sugar beet transport alliance is member of the directorate of the NAWARO initiative today. At the same time, the NAWARO

initiative's initiators lobbied for the release of biodiesel cars in order to broaden the sales market.

- The NAWARO initiative realised that a certain size was crucial for the disposal of quantities. It managed to bundle quantities. Today, there are NAWARO initiative's members from all over Hessen and the peripheral regions of neighbouring federal states.

Participation

- Within the NAWARO initiative, the farmer is involved in the whole value-added chain. ("from the cultivation to the tank").
- In contrast to possible competitors (agricultural trade), there are no particular interests of individuals who want to make a deal.
- Calculations are transparent: farmers know to which company their rape was sold and how the price is composed.
- Proceedings and contracts are transparent: the directory and the advisory board are always informed on the conclusion of contracts with customers and partners.

Organisation

- Bureaucracy has to be kept down: The NAWARO initiative pays the prices ex oilmill and does not take charge of the storage.
- The NAWARO initiative is not involved in the general agricultural counselling (concerning species, pest management, and fertilisation). Thus it is not dissipating its energies.
- As there is little administration effort, benefits go directly to the farmers and not to the association.
- Public relations were attached a high importance to: events have always been accompanied by intensive public relations in order to get backup by the public.

Examples for the mobilization of a capital in order to make use of / overcome contextual factors: In order to capitalise the opportunity that farmer's unions play an important role in rural policies, the NAWARO initiative used their social capital: 'close personal contacts to farmer's unions representatives' and tried to influence regional and federal policies. In order to overcome the constraint that it did not get any support in the beginnings, the NAWARO initiative used its social capital: 'close contacts to the MR and WAS'. This way, it could use their facilities and hence was able to minimize costs and avoid intense financial engagement.

2.6 Impacts of the initiative

Market performance ++

- As the NAWARO initiative took advantage of the whole value added chain, the market price for rape rose (also in agricultural trade). Compared to the beginnings of the NAWARO initiative, the price for rape has doubled. The achievement of an added value out of set-aside-areas is remarkable.
- In the region, the regional added value (in agriculture as well as in other fields) has increased.

- Employment has increased in processing plants, storage facilities and logistics.

Social performance ++

- The NAWARO initiative helped improving the image of farming in society.
- Alternatives for farms have been developed.
- As a result of the increase in prices, chances for the safeguarding of farms and the continuation by the successors may have risen.

Cultural performance 0

- Local traditions and traditional production techniques are untouched by the NAWARO initiative's activities.

Educational performance +

- As all promises by the NAWARO initiative have been kept, the confidence of farmers in collective action has been strengthened.
- The NAWARO initiative itself only offers some information activities, but there are qualification opportunities in the vocational school of the county of Wetterau. The district's administration wants to start a "qualification push" concerning renewable resources. Apparently, the NAWARO initiative has contributed to such developments.

Political performance +

- Influences on policy making can be presumed, as the NAWARO initiative with its backup in the farmers' union constitutes an actor not to be neglected.
- Moreover, it had an influence on the communities opting for biofuels (see chapter 2.4.2). Besides, the "Round Table on biomass" initiated by the local government, the "Hessian centre of excellence for renewable primary products" organised by the federal state of Hessen and the project "Biofuels Hessen", supported by the FNR (German Agency of Renewable Resources) are political initiatives that trace back to an intensive engagement of the NAWARO initiative.

Environmental performance 0

- There are impacts on the environment: the use of biodiesel has undisputed good effects on emissions. However the effects on biodiversity and landscape are rather discussed.
- According to the NAWARO initiative's actors, a contribution to environmental protection is made because more biodiesel is used in the whole region.
- Farmers emphasize that rape has relatively positive effects on the following crop. But of course, this depends on the alternatives. Energy crops for biogas production can expand crop rotation.

Table 3: “External” impact assessment by the research team

RD Sustainability indicators	Performance scores of COFAMI
Case: NAWARO in Hessen	-- = highly negative - = negative o = still little significance + = positive ++ = highly positive
Economic	
NVA in region	+
Direct, indirect and induced employment in region	+
Increase of farmer’s share in retail prices	++
Farm level transaction costs	0
Dependence on public sector support	(-) (only indirectly)
Displacement effects within region	0
Halo effects	0
Social	
Self organisational capacity	++
Bridging capital	++
Learning & knowledge	+
Enhanced trust/faith in food	0
Enhances social inclusion	0
Yields job satisfaction	+
Encourages succession	+
Environmental	
Increases biodiversity	-
Reduces negative external effects	+ (CO2)
Increases positive external effects	+ (CO2)
Enriches cultural landscape	0
Reduces road miles	+

2.7 Conclusions

The NAWARO initiative is a highly successful COFAMI characterised by a large potential of innovation and flexibility. In contrast to many other COFAMIs examined within the project, its particularity is the successful common marketing of a mass product without a special quality.

Another characteristic is that the NAWARO initiative has always been highly dependant on policies: the percentage of obligatory set-aside-areas, the “market structures law”, the introduction of a premium payment for energy crops, the law on renewable energies and the introduction of the taxation of biodiesel played decisive roles for the development of the COFAMI. All these policy opportunities and threats, in a positive as well as in a negative

sense, led to adaptation processes and changes of strategy within the COFAMI. In the NAWARO initiative's case, it is obvious that policy dependency always went together with flexibility. Networks were creatively used and new resources were mobilised as a reaction to policy changes.

Moreover, the NAWARO initiative is an interesting example on how COFAMIs can influence policies: different political networks have emerged in the region that trace back to an intensive engagement of the NAWARO initiative.

Concerning factors of success, two main points should be stressed particularly: a very important factor was the incorporation of a multitude of actors. On the one hand, the COFAMI is strongly connected with the widely accepted and established "Maschinenring" from which it also uses the office facilities and employees. On the other hand, "external" actors are strongly integrated: especially the close collaboration with the regional farmer's union was crucial for the COFAMI's success. Moreover, human capital was an important factor of success for the COFAMIs development. Actors did not rush things, but acted with caution and innovativeness. Before the start, extensive preparations have been made and market potentials have been sounded. Only when the sales market was developed, they started their activities. Now that the initiative is established, actors still are in a permanent process of adapting to new options, e.g. modelling business calculations or establishing cultivation trials for new crops.

Altogether, it can be noted that there were quite a huge stock of capitals available right from the beginning; internal strengths clearly outweighed weaknesses. On the other hand, external influences did not only offer opportunities, but also constituted threats to the COFAMI that could, with a lot of flexibility, be overcome in many cases.

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Interviewees:

Georg Dierschke: Executive director of the NAWARO initiative since May 1994

2 farmers producing rape for the NAWARO initiative

Kai Klimek, WAS-employee responsible for biogas

Herwig Marloff: Directorate of the NAWARO initiative and also chairman of the county's farmers („Kreislandwirt“) and involved in the sugar beet transport alliance

Peter Rudel, Local government of the district of “Wetterau”, Head of the department for development of the district, agriculture, environment, construction trade

H. Scheibel, agricultural trader in Obermörlen (competitor as well as cooperation partner of the NAWARO initiative)

D. Weisel: WAS-employee responsible for oilseed and accountancy

Hans Georg Wagner: Chairman of the study group on renewable primary products of the Hessian farmers' union

Ulrich Wenderoth: Executive director of the NAWARO initiative since 2000

Annex: Set-aside areas in Hessen 1993 - 2007

Set-aside areas in Hessen 1993 - 2007						
Jahr	Percentage min	Percentage max	Rate of support in DM/€	% fallow ground in rotation	% Simple set-aside	% Permanent fallow ground
1993	15	15	324			
1994	15	15	453			
1995	12	33	583	12-16,99	17-33	20-33
1996	15	33	738	15-33	20-33	15-33
1997	15	33	738	15-34	20-34	15-34
1998	5	33	738	5-33	5-33	5-33
1999	5	33	740	5-33	5-33	5-33
2000	10	33	631			
2001	10	33	677			
2002	10	33	346,5 €			
2003	10	50	346,5 €	Note: 50% because of flood in 2002		
2004	5	33	346,5 €			
2005	8,81	8,81	300,39 €	Note: Implementation of single farm payments		
2006	8,81	8,81	300,39 €			
2007	8,81	8,81	300,39 €			

Table 4: "Feed-In-Remuneration" for Biogas in Germany 2007

„Feed-In-Remuneration“ for Biogas by the German Law on Renewable Energies 2007			
	bis 150 kWeI	150-500 kWeI	500-5000 kWeI
Grundvergütung	10,98 €	9,45 €	8,50 €
Nawarobonus	6,00 €	6,00 €	4,00 €
KWK-Bonus	2,00 €	2,00 €	2,00 €
Innovationsbonus	2,00 €	2,00 €	2,00 €
Gesamt	20,98 €	19,45 €	16,50 €

3 “Regionalmarke Eifel”

3.1 General Information/ Degree of collectivity

“Regionalmarke Eifel” has been the first German regional brand. It stands for quality products originating in the Eifel region. **The Eifel region** is located in the very west of Germany. It covers areas located in the German federal states of Rhineland-Palatinate and North Rhine-Westphalia as well as in Belgium and Luxemburg. The regional development strategy aimed at the establishment of a regional brand “Eifel” with all German administrative districts and therefore agreed on a distinct boundary of the model region Eifel. Based on this definition, the model region has a total area of 600.000 ha, whereof 245.000 ha are agriculturally used. The region has 685.700 inhabitants and is highly attractive for tourism.

The **Eifel landscape** consists of low mountains, extinct volcanoes, small lakes, forests, traditional villages, and extensive agriculture mostly based on grasslands. As in most rural areas, a structural change takes place: the average acreage per farm increases and the number of farms as well as employment in agriculture decreases. In order to respond to these developments, the initiative decided to bundle available energies and make use of the prospects of the region: the good image of the Eifel region, the orientation towards Europe and the cooperation between agriculture, trade and tourism. **Aim of the regional brand** is to generate a higher added value for producers and for the whole region out of natural and processed products originating from agriculture and forestry. Therewith, the strengthening of quality-orientated small- and medium sized structures in the Eifel area is supposed to lead to the preservation and the further development of the traditional cultural landscape.

The initiative has developed **common quality criteria and a logo**, and cares for the distribution of local quality products. The “Regionalmarke Eifel”-logo is assigned to foodstuffs, wood products and to services in tourism if a controlled quality and a guaranteed origin from the Eifel area are transparently proven. The logo with an “e” on a four-colour-background symbolises the diversity of the different quality products from agriculture, forestry, handicraft and tourism. The use of “Regionalmarke EIFEL” can be applied for by all producers and processors of agricultural and forestry products as well as service providers in tourism located in the Eifel region. The brand is assigned product-related. Precondition is that the user identifies with the principles of “Regionalmarke EIFEL” and meets the quality criteria for its products and services. For all “Eifel”-products, the compliance with quality criteria is controlled and documented by independent inspectors.

Today, there are 165 users of the brand, thereof 60 producers, 30 hotel and gastronomy businesses and 75 vacation rentals. The range of products comprises around 180 products.

The **products** covered by “Regionalmarke Eifel” include pork, beef, lamb, sausages and ham, fruit, juice and spirits from traditionally managed orchards, berries and grapes, cheese, honey, eggs, wine, wood, heating wood and furniture and services in tourism. The range of organic products comprises different varieties of bread, meat/sausages, cheese and cereals and is currently about 25 %. Brand users in tourism have to prove a minimum quality classification and are, amongst others, obliged to offer a defined percentage of “Regionalmarke Eifel”-products (up to 30% in their third year), to take part in qualification seminars and training courses, and to promote “Regionalmarke Eifel”. The difference compared to agricultural/processed products is that in tourism, the whole business, and not only a specific product, is certified.

For agricultural products and processing, self-dependant implementation partners (“Produzentenprüfungsgemeinschaften”, **producer’s audit alliances**) have been founded for the bundling of product groups: Eifel Premium Schinken GmbH (ham), Eifel Wurst GmbH (sausages), Eifel Edelbrand w.V. (spirits), Eifel Bio e.V. (organic products), Wild (game), and Interessengemeinschaft Honig und Käse (honey and cheese). In these alliances, both producers and processors are joined in order to bundle activities, agreeing on new products, elaborating quality criteria and reporting to the "Regionalmarke Eifel GmbH" management. The adequate activities in the tourism sector are carried out by “Eifel Tourismus GmbH”.

An interesting point is that both farmers and **craftsmen** take part in the producer’s audit alliances, e.g. for pork. Processors either sell the products in their own selling points or pass them on to sales and distribution. At the moment, processors are mainly butchers. Furthermore, there is one organic cheese dairy belonging to a farm producing organic cheese. Also, one firm produces organic bread with the “Eifel”-logo, but only markets via its own sales channels. There are quality criteria for “conventional” Eifel-bread and products defined as well and there are a variety of local small scaled baker businesses interested, but they fear the crowding-out-effect of their core products when also offering "Regionalmarke Eifel"-products. According to the county’s association of craftsmen, it would therefore make sense to supply bakeries in urban areas, but therefore logistics and the daily allocation of commodities still pose a challenge. Furthermore, representatives of handicraft are actively taking part in "Regionalmarke Eifel" concerning the fabrication of furniture. There is cooperation between forest farmers and carpenters with the aim to produce local furniture.

Target groups for the sales of Eifel-Products are food retailers and local gastronomy. Today, there are 160 stores, thereof 110 big food retailers and 50 smaller shops like butchers etc. that sell "Regionalmarke Eifel"-products. The two big food retailers “REWE” and “Edeka” play a major role in **distribution** in the Eifel -but also in cities, particular in and around Cologne. Some other retailers and smaller shops also offer the premium Eifel products. There are no long-term supply contracts, but the stores order the wares when necessary. Actually, the main aim is to establish and strengthen reliable distributive channels, particularly the organisation of logistics and agreements with big trade chains. "Regionalmarke Eifel GmbH" does not have its own internet shop, but two participating butchers have established a (quite small) **internet-based mail-order trading** with which it is possible to order present baskets, no individual products.

Concerning product groups, “Regionalmarke Eifel” chose a double-tracked strategy: on the one hand, they are concentrating on fast moving and fresh products like e.g. eggs, where the price difference is only about 20 cents per package. These products are top-selling at the moment, predominantly in the region. On the other hand, prices for upscale products like honey and spirits can be twice as high as for conventional ones.

Market share of “Regionalmarke Eifel”- products is difficult to estimate, but very low. As an example, “Eifel Premium Ham” competes, as one of the “youngest” products on the shelves, with up to 120 other suppliers. Individual farmers or processors also do direct selling, but most of them market their main part via “Regionalmarke Eifel GmbH”. If (mainly fresh products) are sold directly to consumers under the “Eifel”-logo, the turnover is reported to "Regionalmarke Eifel GmbH". "Regionalmarke Eifel GmbH" does the transaction with producers on a commission basis and negotiates prices with the retailers. The commission is small, depends on the product and covers all costs, e.g. for the storage of the products. There are also no member fees to be paid. **Logistics** are kept as simple as possible. A member

butcher who has his own lorries delivers the wares and is also commissioned with the storage of products.

Public relation plays an important role in promoting the regional brand: the regional management in the past and the “Regionalmarke Eifel GmbH” today (see chapter 3.2 for explanations) distribute information material and organise trade fair appearances or organised the school competition on “Agriculture in the Eifel” and the “Eifel week” in Luxembourg. Sometimes, even individual members organised events, e.g. the cycle race “Eifel-Premium-Ham-Cup”, or events that connect the sale of products from the Eifel with the public reading of “Eifel-mystery stories”.

Quality criteria that underlie the Eifel-logo guarantee

- the provenience from the Eifel region
- premium quality that clearly lays above standard
- consumer-oriented transparency in the whole production- and services-chain
- production and processing related to natural circumstances and contributing to the further development of the traditional cultural landscape.

Activities effectuated commonly are the definition of production standards/ product quality specification (by quality committees), quality control (by control bodies), the compilation of promotion material, product marketing, negotiations with retailers (by the brand management), storage and transport facilities (by a commissioned member butcher), processing of the raw products and learning activities (by the product-group-related implementation partners). Activities effectuated individually are the production of agricultural products, partially storage of the farm’s products, and the offering of services in tourism.

3.2 Development/ Timeline

In 2001, the “**Regionen Aktiv**” **competition** was initiated by the Federal Ministry of Food, Agriculture and Consumer Protection. Background of the competition was the realignment of agricultural and consumer policy taking consumer’s concerns as a starting point. The competition was supposed to strengthen competitiveness of agriculture as a stabilising factor of landscape and rural culture. Aims of the competition were the initiation of regional cycles, transparency in food production and marketing, the establishment of new chances of employment and income sources and a close producer-consumer-relation in order to increase the added value in the region.

In the Eifel, the administrative district of Bitburg-Prüm (a county within the Eifel region) and the natural park Südeifel took commonly part in the competition. In advance to their application, they visited other COFAMIs, e.g. “Unser Land” (Counties around Munich) and “Qualität Tirol” (Austria) where they picked up helpful suggestions for the product marketing. This very first **model region** is about four times smaller than the reference area “Eifel”, but it had always be planned to comprise the other Eifel counties.

The Eifel **Regional Development Group** representing 30 institutions of all significant interest groups in rural development had been founded in 2001. From the very first, the group aimed at the vision of a much broader sponsorship from the whole Eifel region and regarded itself as a pilot group. The Regional Development Group was, for image reasons, incorporated at the existing organisational structure of the natural park “Südeifel”. The Regional Development Group developed a regional development conception. They were successful and selected as one of 18 German “model regions” being supported by the federal government

over a period of four years. According to the actors, the effects of the “Regionen Aktiv”-principles, especially regionality, partnership and integration, have always been closely related to the provided support money.

The development of a **regional brand “Regionalmarke Eifel”** was the main point in the regional development strategy that had been presented as the contribution for the “Regionen Aktiv”-competition. Besides, other fields of activities within the competition were: the development of distribution and marketing structures, a publicity campaign, counselling on technology and innovations for rural commerce and a marketing offensive for local handicraft as well as the further development of an overall concept for the orientation of agriculture, of the natural parks, of rural tourism and of renewable energies in the region (with an “energy-counselling-offensive”). In total, 60-70 projects within “Regionen Aktiv” have been supported so far. But always, the regional brand was the main pillar of the activities. Right from the beginning, **quality committees** were called up for the domains of foodstuff, wood and services in tourism in order to define minimum standards for the regional brand.

Before the competition, actors in tourism from the Eifel region had got together and developed the **“e”-logo** standing for the Eifel as a destination for tourism. The external consulting company FUTOUR GmbH, which had, at that time, been involved in the development of Eifel tourism, was then charged by the Regional Development Group to support the brand development of “Regionalmarke Eifel” and the implementation process. The logo was recognised by the German Patent and Trade Mark Office in March 2003.

The Regional Development Group was first supported by two **regional managers** who cared for the project management, the coordination of the implementation of measures, networking, project-controlling as well as for public relations. As it got clear that agriculture and the marketing of agricultural products gained more and more importance, the limited company **“Regionalmarke EIFEL GmbH”** was founded in the beginning of 2004 in order to establish self-supporting structures concerning the brand management and to independently further develop the regional brand. It is owned by four 25%-shareholders: the county’s farmers’ union, the county’s association of craftsmen, the Eifel tourism association and the natural parks of northern and southern Eifel. Thus, the main pillars of regional development: agriculture, handicraft, tourism and nature conservation are represented. “Regionalmarke EIFEL GmbH” is responsible for the day-to-day business, marketing measures and concludes brand use contracts with the licensees.

In December 2005, an important step was made towards a more efficient marketing: the **“REWE” food retailer** was won as a strong partner for the large scale product marketing. In the following, other retailers like “Edeka” were won as market partners. From then on, a strong growth in selling points, producers and service providers in tourism set in (see Table 5). Analogue to the number of products, sales volume also decoupled between 2005 and 2007. In order to improve logistics, a **centre of distribution** was established accommodating for the claim of gastronomy and food retailers for one-stop-availability of products.

Table 5: Economic development of “Regionalmarke Eifel” in figures

	March 2005	March 2007
Selling points	31	160
Producers	10	60
Gastronomy businesses	24	30
Holiday homes	36	70
Products	approx. 20	approx. 200

In January 2006, one of the regional managers was displaced by a graduated merchant. He officiated as executive secretary as well as regional manager. According to the actors, professional vigour was considerably improved then as economic aspects gained importance. In October 2006, another merchant was employed as a replacement for the second regional manager.

In April 2006, the Federal Government decided to **continue the “Regionen Aktiv”-program** for the years 2006/2007. Declared aim was the further development and the long-term anchorage of the created structures in the model regions. At the beginning of this second phase of support, the partnership for the implementation of the “Regionalmarke Eifel”-project was enlarged on all 10 districts in Rhineland-Palatinate and North Rhine-Westphalia. In the second phase, the focus was laid even more on the central topic of the competition, activities concerning “Regionalmarke Eifel”. This topic was subdivided into three sub-topics: innovation for new products and quality standards, extension of logistics and recovery of new marketing channels, and the improvement of the standing of the “quality region Eifel” as a common cultural- landscape- and economic area.

In order to develop structures independent from the “Regionen Aktiv”-competition, to continue the commenced approaches and to set the course for a further development of the region, the 10 administrative districts of the German part of the Eifel and the 6 regional chambers of commerce allied to the “**Zukunftsinitiative Eifel**” (Future Initiative Eifel) in December 2005. Aim was to continue the arrangements initiated by “Regionen Aktiv”, but also to bundle measures from other support programmes in order to commonly strengthen the development of the Eifel region. An economic development strategy in the Eifel region was supposed to be commonly developed in 5 fields: tourism, agriculture, forestry, handicraft and business, transfer of technology and innovation. For each of these fields, a network has been established with one responsible person to concretise subjects with their partners and establish activities. An annual “Eifel conference” shall inform the public on the results of the networking processes. “Regionalmarke Eifel GmbH” is an important brick in the network and cooperates in the working group on agriculture. Within this development, it is planned to reorganize and enlarge the Regional Development Group.

The COFAMI:

In its intrinsic sense, in this case, “COFAMIs” are the “Produzentenprüfungsgemeinschaften” (producer’s audit alliances) that have joined for the bundling of product groups (e.g. ham, sausages, honey etc.). Accordingly, there are several COFAMIs within “Regionalmarke Eifel”. Still, when speaking of the “initiative”, the regional management (the brand management respectively) is referred to, because this is the institution that bundles activities and that is responsible for the common marketing of products under the “Regionalmarke Eifel”-logo.

Milestones:

2001: Establishment of the regional development concept by the Regional Development Group and start of the “Regionen Aktiv” competition

2003 (January): Start of the intensive cooperation in tourism (Eifel Tourismus GmbH)

2003 (October): Establishment of the regional Brand “Regionalmarke Eifel”

2004 (beginning): Foundation of the “Regionalmarke EIFEL GmbH”

2005 (December): Initiation of the “Zukunftsinitiative Eifel” uniting the main actors of a broader Eifel area

2005 (December): Recovery of the “REWE” food retailer as a strong partner for the large scale product marketing

2006 (April): Decision on the continuation of the “Regionen Aktiv”-program for the years 2006/2007

Critical phases:

The development of the initiative was quite linear and unspectacular. Roles of the internal actors did not change neither did the concept. There were almost no fluctuations of members in the Regional Development Group. Until 2006, there have only been slight personal changes. Also, only two groups joined the group e.g. the “Regionalvermarktungsagentur NRW” (regional marketing agency of North Rhine-Westphalia) which only has an advising function, as it is not located in the Eifel region.

Moreover, there have not been drastic political changes calling for adaptation. Aims and strategy of the initiative had been defined quite precisely in the regional development concept right from the beginning, and have, in large part, been realized as planned. Slight changes were e.g. undertaken concerning the organisation of distribution.

Plans for future development:

The main aim is, as financial support phases out in 2007, to establish self-supporting structures from 2008 on. According to the actors, product development and the comprehension of strong and professional market-oriented producers will play a major role in future. It was stated that now that support is going to expire, it is foreseeable that a few “black sheep” are going to leave the initiative, but this is not concerned to be a problem.

Concerning marketing activities, product development and the comprehension of strong and professional market-oriented producers will play a major role in future. Furthermore, a cooperation with the local dairy (“Milch-Union Hocheifel, MUH”) started in April 2007. Within this cooperation, the dairy is going to market 2 Mio litres of organic milk from the Eifel region with the “Regionalmarke Eifel”-logo. There are also plans to broaden the area of supply, e.g. to the neighbouring foreign districts (Ardennen). Moreover, a marketing cooperation with 7 mineral wells of the Eifel region is planned. “Regionalmarke Eifel GmbH” would also like to sell bread (at the moment, only organic bread is on sale) -there are bakers interested, but a mill is missing.

Furthermore, “Regionalmarke Eifel GmbH” plans to get more independent of its biggest retail partner. It is projected to win delicatessen and whole food shops for the distribution of its products and to enlarge internet trade. However, because of a higher labour-intensity and because of the lengthiness of such new projects, marketing to large surface food retailers is

given top priority. In tourism, it is planned to train more businesses and to support the development of sustainable enterprises.

Concerning public relations, "Zukunftsinitiative Eifel" aims at comprising the public, which so far does not know much on the project, as much as possible. An annual conference with broad attendance of the public shall be called up and a comprehensive internet platform is going to be completed. Furthermore, it aims at the development of the non-food-sector within the "Regionalmarke Eifel" (e.g. construction timber), and also concentrate on cultural activities.

3.3 Influence of limiting and enabling factors

The influence of limiting and enabling factors according to the “Guidelines” is described in the following Table 6.

Table 6: Influence of limiting and enabling factors

Factors as described in grid of limiting / enabling factors	Points of attention for case study analysis	Relevance for performance and dynamics (High-Medium-Low-Not)	In what specific way(s) limiting / enabling for COFAMI performance and dynamics? (Positive-negative for each specific expression)
Main descriptive data			
Proximity / remoteness to urban centres	Relevance of urban influences / demands for rural dynamics, specific market opportunities, transport / infrastructural costs	M	+ The region is not too far away from urban centres; this offers marketing possibilities.
Natural conditions (landscape, biodiversity)	Synergies with other economic activities (e.g. tourism, handicraft), social demand / appreciation of rural amenities, potentials for product quality differentiation	H	+ Landscape is very attractive for tourism and this offers big marketing potentials. + Landscape quality is associated with products.
Production conditions for agricultural land use (soil quality, natural handicaps, land segmentation)	Opportunities / limitations for productive agricultural use, competitiveness on global markets	M	+/- Production conditions are limited, grasslands predominate, but as there is no direct competition with highly productive land use, alternative approaches have developed.
Relative importance of agriculture for regional income and employment	Relevance of changing rural economies, importance of agriculture in regional development	M	+ Agriculture is relatively important in the area in terms of employment and multiplier effects.
Density of farms with similar production structures	Relevance of diversification tendencies within farming, opportunities / critical mass for joint activities	M	+ As the density of farms with similar production structures (extensive grasslands) is high, marketing for identical products is simplified.

Job opportunities in other sectors	Relevance of pluriactivity / multiple incomes for farm households	L	+/- Many farm households are pluriactive; particularly in the region. This doesn't however directly affect the COFAMI.
Socio-political / institutional context			
Urban-rural interrelations	Relevance of urban-rural commuting, migration, rural newcomers, demographic developments etc.	M	+ There are rural newcomers from the surrounding cities and these constitute a big demand and market opportunity.
Role of farmers' associations / unions in rural policies	Relevance of farmers' associations and their influence in policy processes	M	+ Farmers' unions are involved in the COFAMI development process and this is important as they traditionally have an influence on rural policies.
Attitude of farmers' associations / unions towards collective marketing	Relevance of historical experiences with / tradition of collective action and co-operation	M	+ Farmers' unions are involved in the COFAMI development process and this is important for the attitude of farmers towards the COFAMI as they have a big influence on them.
COFAMIs role in policy networks	Interfaces between COFAMIs and rural policies	M	+ The administrative district of Bitburg-Prüm (a county within the Eifel region) initiated the COFAMI together with the natural park Südeifel. Today, the COFAMI collaborates in different socio-political networks.

Territory based policies (presence / absence, network-characteristics)	Relevance of territory based policies within major policy concerns, in/exclusion of stakeholders, bottom up versus top down approaches, etc.	H	+ There are efforts of territory based policies. The region is one of 18 model regions in the “Regionen Aktiv” programme. The COFAMI is probably the most significant project in the model region. Politicians in the region know that the region has to be marketed as a whole in order to increase added value – mainly by tourism.
Institutional support to COFAMIs			
Existence of formal regulatory framework for collective action / marketing	Legal possibilities / restrictions for collective action	L	There are no significantly important regulations.
Rural public-private partnerships	Opportunities for widening relevant networks and relations with state agencies, new forms of governance	M	State agencies are involved in the network, but it would go too far to call it a “public private partnership”.
Rural innovation approaches	Support for multiple stakeholder learning / negotiation processes	M	+ The COFAMI is related to the innovative “Regionen Aktiv” pilot programme.
Institutional facilitation capacity	Capacity of state agencies at various levels to support rural innovation processes	M	+ The COFAMI is supported through the “Regionen Aktiv” pilot programme.
Institutional willingness / capacity to create ‘protected spaces’ for new institutional arrangements	Openness / support for alternative approaches for institutionalizing rural development and innovation	M	+ Local politicians are very open for the regional approach and also see the advantages for the region.
Socio-cultural context			
Culture and positive experience of cooperation	Farmers’ trust in collective action / marketing, cooperative tradition	M	+ There have been cooperation activities in the region before, but it was difficult to integrate them in the “Regionalmarke Eifel” –network.

Rural social cohesion	Trust among rural actors in collective action / marketing, opportunities for widening networks / exploiting synergies	M	+ See above
Presence/ absence of agriculture in local identity	Cultural status of agricultural activities /identities, opportunities for valorising regional identity	H	+ Agriculture is rather important for local identity and the preservation of the landscape.
Traditions of particular (e.g. artisanal) agricultural production)	Existence of (farm-based) gastronomic and artisanal tradition, typical food qualities	M	+ The intensity of agricultural production has always been relatively low and there are a number of regional speciality products.
Specific processing skills	Existence of rural SMEs / farm-based with interest / experience in specific / artisanal food processing techniques	M	There are only few region-specific traditional processing skills, but traditional dishes are now offered again in the "Regionalmarke Eifel GmbH"-gastronomy businesses.
Economic and market contexts			
Competition on relevant markets: number of actors; price evolution, market share, competition with other market parties	General context on relevant markets in terms of concentration, price levels and price-squeeze tendencies, existence of attractive niche markets and medium scale retailing opportunities	M	+/- Competitors are conventional retailers and products without a regional reference. Of course prices of the regional brand have to orientate on the "normal" prices. On the other hand, there are some other regionally marketed products (e.g. beef, pork, and spirits) but much smaller and product-related compared to Regionalmarke Eifel.
Ownership of actors on the markets (co-operative, private, state, hybrid forms)	Influence of COFAMIs members on marketing strategies, producers' organizational and support mobilization capacity	L	
Type of marketing strategies (marketing channels, development of innovation and experimentation, price policy)	Capacity of COFAMI to adequately respond to food chain dynamics (quality standards, pooling, quality differentiation, building market power)	H	+ The COFAMI is flexible and makes use of different marketing channels. New marketing possibilities are continuously explored.

Relations between actors on the markets (strategic alliances, hybrid forms)	Strategic alliances with chain partners and / or territorial marketing partnerships (long-term supply contracts, standards, etc.)	H	+ Collaborations along the supply chain are established. Retailers can rely on guaranteed qualities. But there are no long-term supply contracts as quantities are too small.
Importance of local, regional and national markets	Relevance of regional / national market context in terms of consumer /societal demands and opportunities for marketing products, goods and services	M	+/- The COFAMI only markets locally and regionally. Product prices on national markets influence price policy locally and regionally.
Importance of international markets for buying and selling products and services	Dependence on / need to adjust to developments (price / standards) on supra-regional markets	L	
Learning context			
Existence/ absence of relations with local or regional actors to develop learning initiatives	Relationships with knowledge institutions (extension services, research) as co-producers of innovation	M	+ Agricultural advisory services are member of the Rural Development group and try to pass on knowledge concerning the COFAMI. Training courses for participating farmers and service providers were established by the COFAMI's actors.
Existence / absence of training to facilitate farmers participation in COFAMIs management	Relationships with knowledge institutions in relation to internal management and organisation	L	

3.4 Network relations

3.4.1 Internal structures

Chapter 3.2 already provides an overview on the most important internal actors. In addition, some more detailed information is provided in the following.

The main actors of the brand management are the disposer of the brand, the “Regional Development Group in the Natural Park Südeifel”, and the taker of the brand, “Regionalmarke EIFEL GmbH”.

The Eifel **Regional Development Group** was founded in 2001. Therein, 30 institutions of rural development are represented originating in the following sectors: agriculture/ forestry, business/ industry/ trade, tourism, environment protection/ nature conservation, consumer protection, educational institution, research, and public bodies. This board makes all the fundamental decisions for the constitution and further development of the regional development concept of “Regionalmarke Eifel”, especially the agreement on the brand philosophy, on utilisation rules, on quality criteria and the guidelines on awarding of the brand. It decides on presented projects and priorities, cares for networking activities and is responsible for the further development of the composition of the group. Moreover, it is responsible for the protection of the brand at the German Patent and Trade Mark Office.

The Regional Development Group was first supported by two **regional managers**. As it got clear that agriculture and the marketing of agricultural products gained more and more importance, the limited company “**Regionalmarke EIFEL GmbH**” was founded in the beginning of 2004 in order to establish self-supporting structures concerning the brand management and to independently further develop the regional brand. Today, there are two employees: one sales manager and one brand manager (both merchants). Further information concerning “Regionalmarke Eifel GmbH” is provided in chapter 3.2.

The **partner for financial clearing** is the county administration of Bitburg-Prüm. It supervises the correct application of subsidies and at the same time acts as granting agency (one full-time position plus the responsible chief officer).

Advised by experts and practitioners, an autonomous **quality committee** of the Regional Development Board define the criteria for products and services of the regional brand Eifel. The committee consist of five persons with at least one “expert” for the respective field. On the basis of these quality criteria, products and enterprises are controlled annually by neutral **boards of control** in the whole production chain.

The external regional **consulting company FUTOUR GmbH**, which had been involved in the development of Eifel tourism before, was charged by the Regional Development Group to develop the development conception for the “Regionen Aktiv” competition and to support the brand development and the implementation process.

The users of the brand (producers, processors and service providers in tourism) are, as licensees, bound to the adherence of the rules of the contract on brand use. They pay royalties, prove controls and effect product-related marketing. For more information concerning the coherences, please see Chapter 3. **Logistics** are accomplished by a member butcher who is commissioned with the storage of products and uses his own lorries to deliver the wares.

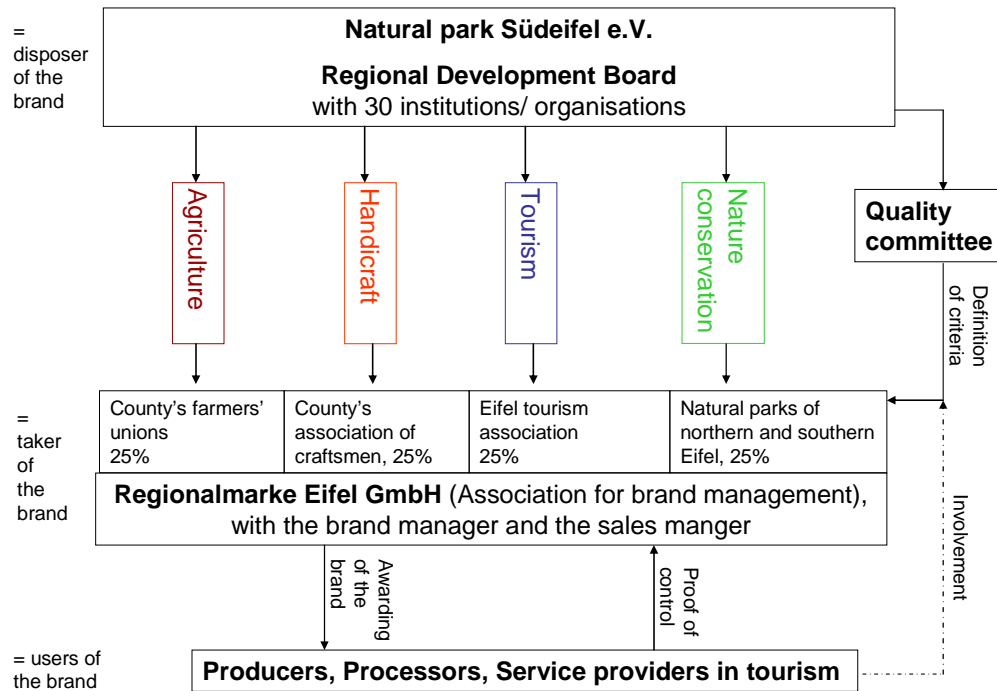


Figure 4: The internal network of "Regionalmarke Eifel" (according to Lukesch, modified)

Within the Eifel region, there are institutions and authorities that support "Regionalmarke Eifel" without being able to use it itself as a producer, processor or provider of services. These establishments can, if they feel committed to the philosophy and intentions of "Regionalmarke Eifel", become "**Partners of the Eifel**" (there are 32 at the moment) and present themselves accordingly.

The "**Zukunftsinitiative Eifel**" was established in 2005 uniting the 10 administrative districts of the German part of the Eifel and the 6 regional chambers of commerce and therewith lots of actors that have been/ are active in the "Regionen Aktiv"-process. Aim of the "Zukunftsinitiative Eifel" is to develop structures independent from the "Regionen Aktiv", to continue the commenced approaches and to set the course for a further development of the region. Aim was to continue the arrangements initiated by "Regionen Aktiv" (see also chapter 3.2). The "Zukunftsinitiative Eifel" received little support via "Regionen Aktiv" for some projects which had to be co-financed. It is trying to obtain a follow-up sponsorship, e.g. via the Leader-programme or via a programme for transnational cooperation.

3.4.2 Interface and external actors

Preliminary to the "Regionen Aktiv"-process, the degree of popularity and the positive image of the Eifel region as a high-level natural and cultural landscape has been strengthened by different actors. The "**Eifel-Association**" existing for decades had been a rambling club in the beginnings and meanwhile orientated towards cultural activities as well. Beyond, the large-area **natural reserves** formed and popularised the name of the Eifel landscape: The German-Belgian natural park "Hohes Venn", the European "Geopark Vulkaneifel" and, from 2005 on, the Eifel national park.

The model region could tie up to several existing initiatives and single projects. Some of the tasks now attended by the regional management were before, within their limited

competences, handled by business development or tourism associations. In the beginning of 2003, initiatives from both the Rhineland-Palatine and the North Rhine-Westphalian part of the Eifel had allied in a professional tourism association, the “**Eifel Tourismus GmbH**”. Within this development, competitive businesses, especially in agriculture and food processing, were considered important to maintain and to further develop an attractive cultural and holiday landscape. This and the preceding activities had been a precondition for the start and the acceptance of the process of the regional brand development in the whole Eifel region.

The “**Vulkaneifel**” area, also belonging to the Eifel area, is a LEADER+ region. But contacts between the initiatives are rare as conditions for the projects and sponsorship are very different.

Actors from agriculture and tourism are much more important for the initiative than actors from natural protection. Although the natural parks of Northern and Southern Eifel are shareholders of “Regionalmarke Eifel GmbH”, **nature conservation** plays a minor role in the overall concept compared to agriculture. However, of course, actors from nature conservation make their contributions in the elaboration of production criteria for “Eifel”-products.

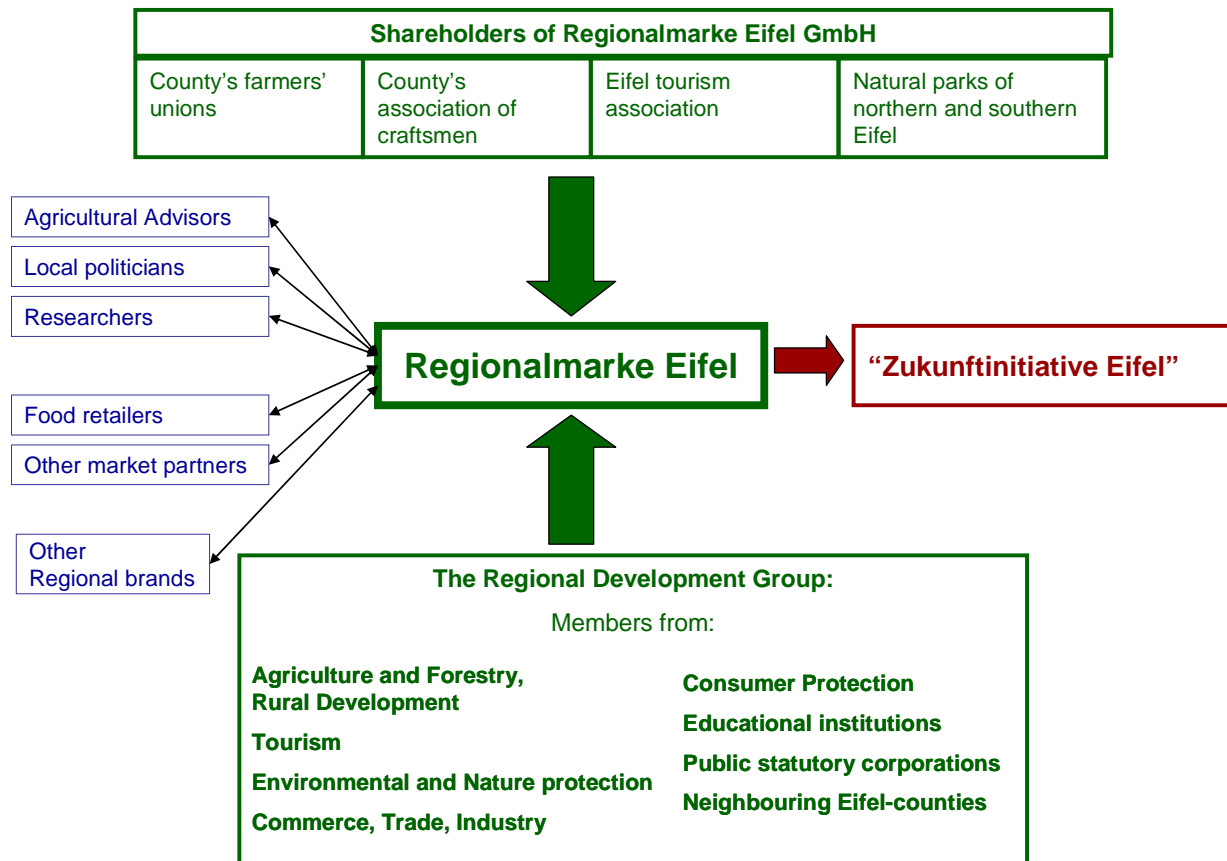
Guilds of the county’s **association of craftsmen** are integrated in the concept as well as **farmer’s unions** and different **associations in tourism**. As they are shareholders of “Regionalmarke Eifel GmbH”, there are lots of contacts and cooperation. There are also some contacts to regional and federal **environmental associations**. **Advisors in agriculture** are, in form of the “Dienstleistungszentrum Ländlicher Raum Eifel“ in Bitburg (service centre rural space Eifel) integrated in the Regional Development Group and involved in the development of quality criteria. Within this function, they also inform farmers on possibilities of joining the “Regionalmarke Eifel”.

There are good contacts to **local politics** and especially the strong assistance and active collaboration by the district administrator backed the project decisively. Communities and mayors of different communes are also involved in the project. The federal Ministry of Agriculture, who had initiated the “Regionen Aktiv” competition, is also involved in the processes, but rather as an observer. Though, there is a federal network of “Regionen Aktiv”-actors from all participating regions aiming at the improvement of exchange and gain of knowledge. **Researchers** play a role in the external network insofar as a lot of corollary research has been effectuated in the frame of the “Regionen Aktiv”- competition. But actors of the initiative complained that work for research would be too extensive and laborious.

Trade partners are mainly large-scale **food retailers**, but also a few smaller shops (see chapter 3). Local gastronomy involved in the “Regionalmarke Eifel” also plays a role in marketing. The “**Schweine-Vermarktungs-Genossenschaft Rheinland-Pfalz-Hessen-Saar e.G.**” (SVG, Pig marketing cooperative) was founded in 1992 as a marketing platform of different collective farmers’ marketing initiatives and recognized as a COFAMI itself in 2003. The SVG has its own regional brand “Saugut Eifelschwein” (“Super Eifel-pork”), standing for the provenance from the Eifel region.

The **regional brand “Natürlich Eifelrind**”, initiated by the German Farmer’s Union and supported by Deutsche Bundesstiftung Umwelt (DBU, the federal environmental foundation), CMA (the Central Marketing Association of German Agriculture) and the federal states of Rhineland-Palatinate and North Rhine-Westphalia, has been started in 1997. It markets beef to local retailers (predominantly to another company than “Regionalmarke Eifel GmbH”). Aim is to market beef that predominately originates from nature conservancy areas. Although the approach is quite similar to the one of “Regionalmarke Eifel GmbH”, the two initiatives do

not work together (attempts of cooperation have failed). According to an actor of “Natürlich Eifelrind”, the "Regionalmarke Eifel" concentrates too much on quality production but is not able to market sufficient quantities. Compared to “Natürlich Eifelrind”, quality criteria are slightly higher. Although the two initiatives do not get along very well, they do not really compete for market share, as, according to the actors, “market is gigantic”.



3.5 Status of capital assets

In this chapter, “Relevance” indicates if this specific capital was relevant for the development of the COFAMI, “Status” indicates if and to what extent it was available and “Dynamics” indicates if this capital changed during time.

Financial capital:

(Relevance: ++, Status ++, Dynamics +)

In the beginning, only the aid money by the “Regionen Aktiv” competition was available for the initiative. In total for all activities within “Regionen Aktiv”, 1.86 Mio € from the beginnings until 2005, and 225,000 € for the years 2006/2007 were spent. But for the second period, a partial self-financing is compulsory (30% in 2006 and 50% in 2007). The own capital resources are brought up by the participating counties (depending on the number of residents). Today, with the “Zukunftinitiative Eifel”, it is tried to establish self-supporting structures.

Physical capital

(Relevance: +, Status 0, Dynamics 0)

Starting point for the candidature of the region at the “Regionen Aktiv”-competition was the region’s relatively remote location and bad infrastructural connection to urban centres (of course, compared to “remote areas” in Eastern regions it is still not too bad). However, there were local processors on which abilities could be built on. Moreover, the network in tourism was already existent when “Regionen Aktiv” started. Thus, communication channels have already been established and could be used by the initiative.

Natural capital

(Relevance: +, Status ++, Dynamics 0)

The Eifel landscape consists of low mountains, extinct volcanoes, small lakes, forests, traditional villages, and extensive agriculture mostly based on grasslands. Accordingly, the landscape is very convenient for tourism and predestined for the “marketing” of its beautiful landscape. As in most rural areas, a structural change takes place: the average acreage per farm increases and the number of farms as well as employment in agriculture decreases.

Human capital

(Relevance: ++, Status ++, Dynamics 0)

Willingness of very different partners in rural development to learn and to cooperate was crucial for the development of the initiative. A multitude of actors and multipliers has been integrated in the regional development process. Moreover, a competent and efficient process management resulted in good collaboration and division of work between the regional management and the partner for financial clearing and positively influenced the trust of actors in the project. Furthermore, the help of individual promoters was crucial. Municipalities, administration and politics also play a major role in the network. Especially a strong assistance and active collaboration by the district administrator backed the project decisively and convinced other district’s administrators to join. Furthermore, the chairman of the county’s farmers’ union and the director of the Eifel tourism association got very involved with the development of the network.

Social capital

(Relevance: ++, Status +, Dynamics +)

Before the starting of the initiative, there have already been efficient associations within the fields of agriculture, tourism, handicraft and nature conservation (Farmer’s unions, guilds of the county’s associations of craftsmen etc.). Also, local initiatives for the marketing of special products (e.g. pork or spirits), valorising local identity, existed in the region that could be built on. But some of these initiatives have stayed independent and did not join the “Regionalmarke Eifel”. There is e.g. the association “Natürlich Eifelrind” (“Naturally Eifel-beef”), “Saugut Eifelschwein” (“Super Eifel-pork”) or “Eifel-Premium Brand” (“Eifel Premium Spirits”). Moreover, an important point leading to the establishment of the initiative was the menacing decrease of significance of agriculture and a decline in people engaged in agriculture respectively. Another positive premise was that, as the initiative had emerged out of a competition, it was accompanied by high public interest.

Other enabling factors in conjunction with the initiative's capitals and strategies

Networking

- Competences of the integrated partners are optimally used. Strong partners for the support of "Regionalmarke Eifel" were recovered: e.g. banks, a chamber of commerce and industry, county and municipal administrations got involved.
- A federal network of "Regionen Aktiv"-actors improved the exchange and gain of knowledge.
- Organic and conventional farms were equally integrated.

Comprehending approach

- According to the actors, a big advantage of the "Regionen Aktiv"-approach (e.g. in contrast to the Leader- approach) was that "absurd" regulations and bureaucracy regarding the dimensions of the project region were avoided. The project was not restricted to a certain determined area. Within other programs, projects end at council's borders, which is an insurmountable obstacle for e.g. efforts in tourism.
- Win-Win-Situations were created: the clear marketing strategy, initiated in the tourism branch, was transferred to other sectors and resulted in positive effects for producers, processors and service providers.
- The project is broadly attended: the participating actors also carry out a function of multiplier and spread the processes in their organisations and administrations.
- Self-dependant implementation partners were formed for special products (e.g. ham, sausages, organic products etc.).
- The establishment of the "Regionalmarke Eifel" was accompanied by a centrally coordinated public relations campaign.
- Consciously no party politics were admitted within the Regional Development Group.

Innovation

- The initiative is in a permanent process of further developing and designing new products.
- The process is always open for new interested actors and new cooperation partners are searched for consistently.

Participation

- A multitude of actors has been integrated in the regional development process. This factor contributed to a higher acceptance and significance of the concept and led to a common responsibility. As partners are directly accountable for the regional development concept and made the respective decisions themselves, all actors feel highly responsible for the overall process. Actors form a "common destiny" for whose success they account to.

Efficient organisation

- The regional management and the partner for financial clearing are very closely associated.

- The clearing of the regional budget directly on-site leads to an acceleration in cooperation and implementation.
- As bureaucratic charges were kept low, actors could decide directly “on-site” and act quickly.

Other limiting factors in conjunction with the initiative’s capitals and strategies

A disadvantage of the organisation based on participation is that decision processes take longer, as different perceptions have to be discussed in order to make decisions acceptable for everyone. The necessity for coordination at the regional management and the project partners is accordingly high.

A negative aspect of the regional boundary is the bigness of the region as it extends on two federal states with 10 counties altogether. The accordingly necessary ways of communication still partially have to be established.

Examples for the mobilization of a capital in order to make use of / overcome contextual factors: The initiative made capital from the opportunities a) that natural conditions in the Eifel region are very favourable for regional marketing and b) that agriculture is very present in local identity. It mobilized its social capital and used the existing network in tourism as well as its competencies in agriculture, handicraft and nature conservation in order to capitalise the Eifel’s positive image. On the other hand, the initiative managed to benefit from the region’s relatively remote location and bad infrastructural connection to urban centres as well as the structural change in agriculture: these ‘threats’ to local economy convinced all actors of the necessity to collaborate.

3.6 Impacts of the initiative

Market performance ++

- In the region, so far isolated approaches were aggregated in order to build new added value chains. The total added value in the region increased. Beyond, an increase in sales volume is anticipated.
- Completely regional value added chains were established.
- As new value added partnerships were established, the competitiveness of small and medium-sized enterprises in the region improved.
- Marketing of regional products in the region was optimised. Quality of both products and services in the region increased.
- The profile of the Eifel region was sharpened and the offering in tourism was improved and completed: in the federal “tourism-service-quality-offensive”, 69% of the businesses in the federal state of Rhineland-Palatinate that obtained the certificate came from the Eifel region.
- “Regionalmarke Eifel”-products obtain a premium price compared to conventional products. Though price differences to conventional products vary much depending on the product. E.g., a package of eggs is only about 20 cent more expensive, while durable products like honey or spirits can be twice as expensive. It is reported that farmers got plus 4 € for their porkers, though depending on conventional prices.

Social performance ++

- Networks were established constituting the frame for an intensive knowledge exchange and a growth in know-how. A platform of communication was built up and actors in rural development now collaborate that have not cooperated before.
- Rivalry thinking was reduced and win-win partnerships were established.
- As new value added partnerships were set up, workplaces were created and preserved: Within the "Regionalmarke Eifel GmbH", 2 positions have been created and in the county's administration of Bitburg-Prüm, one position has been preserved. In the „Eifel Tourismus GmbH“, one position was established (financed by the federal state) occupied with qualification measures for service providers in tourism.
- Effects on gender, generation and farm succession are not known.
- It can be assumed that by the activities of "Regionalmarke Eifel", the image of farming in society has improved -as consumers' reference to the origin of their foods is strengthened.

Cultural performance +

- Regional identity and regional cohesion was strengthened and self-confidence of the region rose. The Eifel region now accretes and conceives itself more and more as an overall region. The Eifel as a whole natural area got more and more accepted by its residents and became an identification factor.
- The attractiveness of the region concerning tourism offerings increased a lot, also due to the fact that media presence of the Eifel region in publicity has increased much.
- It is assumed that appreciation of certain traditional production techniques rose, as e.g. traditional dishes are offered in the "Regionalmarke Eifel GmbH"-gastronomy businesses. Likewise, an awareness raising effect on the cultural richness of the area, local traditions etc. can be presumed.

Educational performance +

- Consumers were sensitised with regard to quality and regional products. According to a survey by the regional management, the brand awareness has increased enormously (from 29% in 2004 to 60% in 2005).
- Knowledge was transferred between different partners of the supply chain and between different actors in rural development.
- Training courses for participating farmers and service providers were established (for in total 250 businesses) in order to get to know the quality criteria underlying the "Regionalmarke Eifel GmbH". Instructions are carried out by the respective producers' audit alliances in cooperation with "Regionalmarke Eifel GmbH" (for agricultural/ processed products) and by „Eifel Tourismus GmbH“ (for services in tourism). In tourism, more than 300 businesses have been trained.

Political performance 0

- Starting from the initiative, district administrators from all “Eifel” districts have come together and local politicians of the county councils are now cooperating within the “Zukunftsinitiative Eifel” e.g. in order to discuss financial bases for the project. Local politicians have always encouraged the project and asked for more initiative.

- According to the actors, the political trend towards regional development is strengthened by the initiative and politicians that are not directly involved complaisantly follow the activities.

Environmental performance +

- Quality criteria stipulate a rather nature-oriented way of production. Although, most farmers that joined “Regionalmarke Eifel” have farms with a rather low intensity and did not have to adapt production techniques when joining the “Regionalmarke”. Others, e.g. with intensive egg production, decided not to join as quality criteria were too ambitious.
- Moreover, it can be guessed that the initiative encourages farmers to think about organic production which evidently causes less environmental burden.
- The initiative is climate relevant insofar as regional cycles imply less energy for transports and therefore fewer emissions.
- Within the “Regionen Aktiv”-competition (although not directly for the regional brand), the use of renewable energies play an important role.
- Distances for livestock transports are much shorter than usual, as slaughterhouses are located in the region. There is the requirement that transports have to be briefer than 3 hours.
- As actors originating from agriculture and nature protection are cooperating in the project, mutual understanding between these fields is supported. Still, the integration of actors from nature protection seems to be less important than previewed and agricultural issues play the dominant role.

Table 7: “External” impact assessment by the research team

RD Sustainability indicators	Performance scores of COFAMI
Case: Regionalmarke Eifel	-- = highly negative - = negative o = still little significance + = positive ++ = highly positive
Economic	
NVA in region	+
Direct, indirect and induced employment in region	+
Increase of farmer’s share in retail	++
Farm level transaction costs	0
Dependence on public sector support	- - (but it is going to change)
Displacement effects within region	0 / (-)
Halo effects	+
Social	
Self organisational capacity	++
Bridging capital	++
Learning & knowledge	+
Enhanced trust/faith in food	++
Enhances social inclusion	0
Yields job satisfaction	+
Encourages succession	+
Environmental	
Increases biodiversity	0 / (+)
Reduces negative external effects	0 / (+)
Increases positive external effects	0 / (+)
Enriches cultural landscape	+
Reduces road miles	++

3.7 Conclusions

The most noticeable characteristic of the initiative is the extremely broad approach. That way, a real quarry of innovative ideas has been created which also helped strengthening regional consciousness and self-confidence of the whole region. Within the "Regionalmarke Eifel", actors from all groups relevant for rural development are involved, so almost no “external” actors that do cooperate in the network could be found.

Actors of the four domains agriculture, tourism, trade / crafts and nature protection collaborate all over the chain: from the development of quality criteria, the production and processing of products to the common marketing of products. This integrated approach is a basis for the active construction and use of synergy effects and a more effective implementation of the overall ‘project’ (everybody contributes his part). The involvement of

so many actors of course also poses obstacles, but overall, it leads to a bigger acceptance and a common responsibility.

The diversity of actors is also reflected in the extreme variety of products: today, the range of products comprises around 180 products. This is, of course, an administration and coordination effort that should not be underestimated.

It is also especially interesting that - first triggered by the "Regionen Aktiv"- pilot programme, cooperation was enlarged to much larger scale than the original region. Today, new and promising approaches within the "Zukunftsinitiative Eifel" relate to a much larger area.

With the local county administrations and the chambers of commerce, strong partners were won and it seems that this new concept could lead to powerful and effective self-supporting structures.

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Interviewees:

Arnd Balter, Brand manager at Regionalmarke Eifel GmbH, since Oct. 2006

Karin Faust, ERAG Eifel-Rindfleisch-Absatz-Gemeinschaft (Regional brand „Natürlich Eifelrind“)

Fleischerei Peters (butcher), Niederprüm

H. Fuchs, Branch manager of the REWE retail in Niederprüm

Dirk Kleis, director of the county's association of craftsmen of Bitburg-Prüm

Martina Knauf, county administration of Bitburg-Prüm, employee for financial clearing (since 2004)

Markus Pfeiffer, sales manager at Regionalmarke Eifel GmbH, (since Jan. 2006)

Klaus Schäfer, director of „Eifel Tourismus GmbH“

Christiane Steil, ex-regional manager of "Regionalmarke Eifel" (2003-2006)

Rainer Wirtz, county administration of Bitburg-Prüm, Chief officer (since the beginnings)

3.9 Annex: Constitution of Regional Development group

Table 8: Institutions constituting the Regional Development Group

Sector	Actors
Agriculture and Forestry, Rural Development	<ul style="list-style-type: none"> ■ Kreisbauernverband Bitburg- Prüm ■ Arbeitsgemeinschaft bäuerliche Landwirtschaft ■ Direktvermarkter Eifel-Mosel - Saar e.V. ■ Bioland-Gruppe Eifel ■ Landfrauenverband Prüm ■ Waldbauverein Bitburg ■ Dienstleistungszentrum Ländlicher Raum Eifel, Bitburg ■ Regionalvermarktungsagentur NRW (beratend) ■ Landesforstverwaltung, Forstamt Bitburg
Tourism	<ul style="list-style-type: none"> ■ Hotel- und Gaststättenverband Bitburg-Prüm ■ Eifel Tourismus GmbH ■ Sport und Tourismus GmbH ■ „Urlaub auf dem Bauernhof Neuerburg“ e.V. ■ Interessengemeinschaft „NaturUrlaub bei Freunden“
Environmental and Nature protection	<ul style="list-style-type: none"> ■ Naturpark Südeifel e.V. ■ Naturpark Nordeifel e.V. ■ Bund für Umwelt und Naturschutz (BUND) ■ Naturschutzbund (NABU), Kreisgruppe Bitburg-Prüm ■ Landesjagdverband
Commerce, Trade, Industry	<ul style="list-style-type: none"> ■ Kreishandwerkerschaft Westeifel ■ Strukturförderungsgesellschaft Bitburg-Prüm mbH ■ Industrie- und Handelskammer Trier
Consumer Protection	<ul style="list-style-type: none"> ■ Verbraucherberatung Trier (beratend)
Educational institutions	<ul style="list-style-type: none"> ■ Kreisvolkshochschule Bitburg-Prüm ■ Grünes Land Eifel Ardennen (GLEA) Prüm (beratend)
Public statutory corporations	<ul style="list-style-type: none"> ■ Kreisverwaltung Bitburg-Prüm ■ Aufsichts- und Dienstleistungsdirektion Trier (ADD) – Referat „Ländliche Entwicklung“ ■ Gemeinde- und Städtebund, Kreisgruppe Bitburg-Prüm
Neighbouring Eifel-counties	<ul style="list-style-type: none"> ■ rheinland-pfälzische Eifel-Landkreise (Trier-Saarburg, Bernkastel-Wittlich, Daun) ■ nordrhein-westfälische Eifel-Landkreise (Euskirchen, Düren, Aachen)

Chairman of the Regional Development Group is the District Administrator of the county of Bitburg-Prüm, M Roger Graef. He is covered for by the chairman of the county's farmers' association, M Michael Horper, and the director of the "Struktur- und Förderungsgesellschaft Bitburg-Prüm mbH", M Rainer Wirtz.

4 Satellite cases

4.1 Selection of satellites

The main consideration with respect to the selection of satellites has been to use the comparison with a similar case that is different in very specific aspects, in a way, that allows a checking of the conclusions drawn on the basis of the particular core case.

The main characteristics of the NAWARO in terms of a functioning of farmer collaboration are:

- First, it is the apparently smooth operation and extremely low transaction costs that are related to the joint operation in the market.
- Second, it is the innovativeness and capability in exploring new market opportunities and in developing suitable product lines and value added chains.

Another important feature seems to be that the whole development largely comes from the farmer's side. It is in terms of the establishment and further development of the initiative largely independent from financial support programmes.¹

For our project the first two points seem most promising for comparative research. Why precisely are transaction costs so low – something that is extremely important in any joint action in a competitive environment? And what makes the initiative so innovative in terms of the capability to continuously adapt and explore new opportunities? We will compare the case with the Latvian case study on rapeseed oil in order to identify possible differences in a) organisation and management, and b) differences in market and farm structural contexts that might affect performance.

As for the core case on regional labelling and regional marketing we want to compare the initiative with similar initiatives in the model region Biosphere Reserve Rhön.

Key questions in the regional labelling and regional marketing satellite analysis relate to possible differences in the expected future development dynamics of the initiatives and the main determinants (internal, external): Will there be a point of saturation where little additional growth can be expected or even is beneficial? How can turnover with local / regional products be consolidated at a rather high level? How can relations with conventional retail and markets be organized in more favourable, mutually beneficial ways? What is the role of continuous development and innovation?

4.2 Satellite 1: Latraps (Latvia)

Latraps is a cooperative that markets rapeseed and crops. It was established in 2000 in Zemgale region by 12 large farm owners (300 to 800 ha), who decided to cooperate in order to export grain and rapeseed. Similar like in the NAWARO case, Latraps has had a very positive and dynamic development. Already in the first year the Latraps cooperative turned out to be successful and profitable. The success attracted other farmers, and during the next year the number of members has grown up to 80. Nowadays Latraps is the biggest

¹ The fact that the biofuels market as a whole is subsidized is largely irrelevant in this respect (and one could even argue that the subsidies only correct a market imperfection, namely the insufficient valuation of fossil fuels and the externalization of the costs of fossil fuel use, which is expressed above all in climate change costs).

cooperative society in Latvia with around 400 members. The cooperative has expanded its network all over the country, and there is a wide range of farmers in the cooperative - farm sizes vary from 10 to 4000 hectares.

With the increasing number of members it is more and more found complicated to manage a (very) large network and the cooperative leaders are considering the need to reorganize the cooperative. In the NAWARO case a more continuous development in the longer term can be observed that has been accompanied by a continuous development of management structures and organizational features.

Latraps was the first 'new' cooperative, established by individual farmers who had agreed to try to create a collective organization in order to improve farmers' situation in the market. Relatively little experiences with new and self-determined forms of cooperation therefore existed to benefit from.

In both cases, the initiators of the cooperative are involved in other professional associations as well (high social capital).

Latraps as well as NAWARO are involved actively in policy formulation processes and collaborate with the ministry of agriculture in order to promote own interests. While, however, Latraps mainly is interested in national and EU level policy formulation, we found that NAWARO has much closer links with communal, regional and federal state policy processes and actors. NAWARO clearly has influences at these levels that are practically relevant for its further development.

In both cases the initiators and key actors in the initiatives are business-oriented and they have or have attracted professional management and external experts. In both cases this has contributed enormously to success. In both cases play marketing strategies and long term partnerships with processors/buyers of the farmers produce a major role. The management constantly works towards the improvement and the discovering of the new opportunities for marketing and added value production.

The key issues that have been identified in the Latraps study are fully confirmed by the NAWARO experience. They concern key organisational issues for successful management of farmer cooperation:

- The cooperative has to be run by (a) skilful, professional and well paid manager(s).
- Member farmers have to refrain from engagement in daily management activities.
- A cost efficient management of a cooperative is a core success factor.
- A minimum level of volumes in markets and a minimum turnover is a precondition for an efficient business operation in many respects.
- Cooperatives may run in trouble if there is an economic dominance of one or few members.

4.3 Satellite 2: Regionalmarke Ostfriesland, Germany

The regional brand 'Ostfriesland' was created to support quality products from agriculture, forestry, crafts and tourism services originating from the region of East Frisia (Ostfriesland). Similar as the 'Regionalmarke Eifel' it has been developed as a part of the region's participation in the 'Regionen Aktiv' competition. Agriculture in the region of East Frisia, similarly as in the Eifel is highly restricted by nature protection laws. Economically, both

region lack employment possibilities, as there is no important industry. In both regions there is a large number of outward commuters, and the degree of income and spending power is relatively low.

The development of a regional brand, 'Ostfriesland', was part of the regional development strategy elaborated for the competition; with the main goal to create a new regional economy based on local quality products. The initial idea was to create a whole value added chain from producer to consumer and to create a regional brand to market these products. As this aim could not be realised in the form initially planned, the focus shifted to marketing the brand itself to make the region's attractiveness known throughout Germany. Besides, the marketing of regional food was pursued by a marketing agency founded.

The first attempts to establish the brand had already been made in 2003, but it took until 2005 to fully develop a concept. The brand became patented in January 2006. It can now be used by license according to the regulations of the patent-owning association, 'Region Ostfriesland e.V.'. In contrast to the 'Regionalmarke Eifel' the agricultural product marketing has been replaced to a considerable extent by institutional users like communities or tourist offices. Present aims are to broaden the publicity of the brand and to gain new licensees. In cooperation with the Ostfriesland tourist association, possibilities to use the brand in internet marketing are being developed.

The brand can be used in relation to five fields: 'Ostfriesland', 'tourism', 'agriculture and processing', 'business and trade' and 'education and culture'. It is commercialised via licensing. The association 'Region Ostfriesland e.V.' is owner of the brand. The licensing modalities are regulated within a formal contract between the association and the licensee, and are monitored by the association. Licensees are allowed to use the brand only for goods and services that are produced within the region. They have to provide information on their distribution channels and volume. The association provides the marketing strategy and the quality management connected with the brand.

From its beginning the project had been strongly related to the work of the regional management, the executive of 'Region Ostfriesland e.V.', as it is directly run by them. Because of problems occurring in the management, also the project had to face a lot of difficulties and was almost given up. This led to some adjustments which allowed continuing the project beyond the first period of governmental aid. Critical here, like in the previous satellite, is the capacity to react in clever and efficient ways.

The high degree of dependence on public policy programmes led towards management activities to continually acquire financial support. This keeps the management from its daily work, and it may lead to the design of projects apart from local preferences, just in order to get the money. Policy change brings with it opportunities and threats. COFAMIs need to have the capacity to react. Adaptation processes and changes of strategy within COFAMIs are critically important.

4.4 Satellite 3: Model region Rhön

In 1991 the Rhön Biosphere reserve was established and approved by the UNESCO. It consists of regions in the German federal states of Hesse, Bavaria and Thuringia. A main aim of the Biosphere reserve is to preserve the diversity and quality of the Rhön habitat by the incorporation of the local agriculture, nature conservation, tourism and business. In the long-term perspective economic structures should be built for agriculture and business which include the aim of protection and care of the local landscape and nature. The aim is to create a

sustainable development where social and economic needs meet with the conservation of nature. From 1991 to 1995, together with all relevant actors in the region, a framework concept for conservation, care and development of the Biosphere reserve was worked out. It outlines the main aims and actions of the reserve and must be seen as a consensus between the different regional actors.

Concrete aims are the establishment of a regional label, the support of regional agriculture and products (e.g. the use of 'Streuobstwiesen', i.e. orchard meadows), the sharpening of the regional identity (e.g. Rhön sheep) and the (tourist) information and education regarding the local nature conservation.

Organisationally different bodies were set up in the federal states and also a working group to organise the cooperation between the three federal states as well as an advisory board. An important step was to establish park rangers and regional management offices. Their task is to act as contact persons and to solve conflicts at the regional level. The cooperation with public regional bodies is critically important in this respect.

The sustainable development strategy in the Rhön Biosphere Reserve was to exploit products and services in market niches. Most influence could be stated for regional shops and gastronomy, but also for agriculture, food trade and even industry and crafts.

Over time a lot of projects, like the development of products or labels, have been realised or are still running which build on the endogenous potential of the region and are connected to it. Some examples are 'From the Rhön – for the Rhön', 'Rhön in motion' (*Rhön im Fluss*), Rhön sheep, Rhön trout or Rhönwood refiner.² What these products have in common is that a special quality is safeguarded by certain production standards. The production of novelty is closely connected with these projects. Impressive is the range of different projects which have been developed so far. They come from such areas as environmental education and information, nature and landscape conservation, agriculture and forestry, tourism, settlement, social issues, business and energy. It can be said that for most of the products a new brand name or an own label has been created. Also a lot of new distribution networks or producer networks have been established for the different products. The novelty lies in the connection of the products and quality standards in the region. So within the region trust can be built on these products to be products of high quality and some emotional connection might also be possible. Another novelty is the strategy to convince the gastronomy to use regional products and to make them recognisable for the public, whether inhabitants or tourists, with the Rhön label. The sheep might be a good example to illustrate that. With their production a new market was generated which had not existed before. The sheep could be established as a new label for the region, have qualified agricultural enterprises, offered a new and unique meal for gastronomy and a new marketing agency was established which today has a local shop where it sells not only flesh of Rhön sheep, but also other regional products.

The variety of products which have been created and marked with the regional Rhön label stand for the main strategy: It is to create a local production process and establish high quality standards to become a trade mark. There are also projects which try to set up local marketing organisations which then try to distribute their products. It seems that the strategy has a wider spectrum than just to create different separate products which. Instead, there seems to be the attempt to create an umbrella brand name, 'Rhön', which is connected to different kinds of products. The question for the future is how the different federal states and their

² Meyer/Klinge, 2007: Biosphärenreservat Rhön: Partizipation im ökosystemaren Ansatz und historischer Rückblick.

administrative bodies will be able to find a new common structure to reach the aim of creating a common brand name. So the attempt to create an own market for Rhön products exists, but has to be elaborated, and the top coordination under one brand is still missing and has to be realised in the future.

Looking at the effective policies, it becomes obvious that a vital institutional arrangement could be generated with the implementation of a broad discussion after the establishment of the Rhön Biosphere Reserve which led to a common vision and thus to the accumulation of social capital. With a clear strategy, it also led to new kinds of production which are oriented towards high-quality production in market niches. All of this has made a lot of endogenous potential available, also for the further development of the Rhön region.

The building on local resources helps to find specific resources in the region which can, in combination with novelty production and social capital, lead to new economic products which are competitive at least in the local market because of their high quality standard, and with greater marketing efforts might even be successful in wider markets. This becomes apparent through the variety of products which have been developed over the years and which are connected to the region by including 'Rhön' in their name. But there still seems to be a limitation on the competitiveness because of the missing umbrella brand name which might create access to wider markets.

5 Overall conclusions and recommendations

Successful initiatives are characterised by continuous innovation and flexibility. Framework conditions appear to be far less important.

External influences not only offer opportunities, but also constitute threats. COFAMI with sufficient flexibility can overcome these in many cases. Critical thus is the capacity to react in clever and efficient ways. Changes in external conditions (policy etc.) bring with them opportunities and threats, in a positive as well as in a negative sense. They need to trigger adaptation processes and changes of strategy within COFAMIs. In the NAWARO initiative's case, it is obvious that policy dependency always went together with flexibility.

Strong COFAMIs can influence policies: different political networks have emerged in the region that trace back to an intensive engagement of the NAWARO initiative.

Concerning factors of success, two main points should be stressed particularly:

- A very important factor often – not always – is the incorporation of a multitude of actors and the coordination of different interests and views. NAWARO is a good example. It is strongly connected with the widely accepted and established "Maschinenring" from which it also uses the office facilities and employees. And, in addition, it manages to link up with "external" actors and networks. Especially the close collaboration with the regional farmer's union was crucial for the COFAMI's success. COFAMIs need to learn how to creatively influence and support relevant networks. Only then can new resources be mobilised for changes.
- Within the "Regionalmarke Eifel", actors from all groups relevant for rural development are involved, so almost no "external" actors that do cooperate in the network could be found. It is also especially interesting that - first triggered by the "Regionen Aktiv"- pilot programme, cooperation was enlarged to much larger scale

than the original region. Today, new and promising approaches within the “Zukunftsinitiative Eifel” relate to a much larger area.

- Human capital is an important factor of success for the development of the two core case study COFAMIs presented in this report. Actors did not rush things, but acted with caution and innovativeness. Before the start, extensive preparations have been made and market potentials have been sounded. Only when the sales market was developed, they started their activities. Now that the initiative is established, actors still are in a permanent process of adapting to new options, e.g. modelling business calculations or establishing cultivation trials for new crops. In successful COFAMIs it can be seen that internal strengths clearly outweighed weaknesses.

The most noticeable characteristic of the NAWARO and Regionalmarke Eifel initiatives is their broad approach. That way, a real quarry of innovative ideas has been created which also helped strengthening regional consciousness and self-confidence of the whole region.

Actors of the four domains agriculture, tourism, trade / crafts and nature protection collaborate all over the chain in the Regionalmarke Eifel initiative: from the development of quality criteria, the production and processing of products to the common marketing of products. This integrated approach is a basis for the active construction and use of synergy effects and a more effective implementation of the overall ‘project’ (everybody contributes his part). The involvement of so many actors of course also poses obstacles, but overall, it leads to a bigger acceptance and a common responsibility. The diversity of actors is also reflected in the extreme variety of products: today, the range of products comprises around 180 products. This is, of course, an administration and coordination effort that should not be underestimated.

In both initiatives – the NAWARO and Regionalmarke Eifel initiatives – it was found that the cooperation with local county administrations, the chambers of commerce, and suitable networks strong partners were won. It seems that this particular aspect is critically important for the establishment of powerful and effective self-supporting structures – particularly in the initial phases.