

LOCAL



HUB

FOOD HUBS The next step in the re-territorialisation of food systems

Study Case in Pays de Condruses (Belgium)
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Authors:

Jean François Pecheur (GAL Pays de Condruses)
Miguel Sousa (Lead Expert, AGRI-URBAN Network)
Antonio Zafra (Co-coordinator AGRI-URBAN Network)

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*"Sometimes
the best way to fix the system
is to start a new one..."*

Open Food Network (UK)

I) PREFACE

Food Hubs are defined by the United States Department of Agriculture (USDA) as "a business or organization that actively manages the aggregation, distribution, and marketing of source-identified food products primarily from local and regional producers to strengthen their ability to satisfy wholesale, retail, and institutional demand". Their development has been more notable in the United States thanks to public support as well as the drive of the private and social initiative, but it is part of trends that are taking place internationally in contexts as diverse as Australia (<http://www.foodhubs.org.au/>), and many other countries and regions in Europe, numbering some of them:

- United Kingdom (<https://www.gov.uk/government/news/food-hubs-to-drive-rural-food-revolution>),
- Holland (<http://www.northsearegion.eu/reframe/news/setting-up-a-foodhub/>)
- Sweden (<http://www.northsearegion.eu/reframe/innovation/foodhubs-in-west-sweden/>)
- Belgium, as we can discover in this document.

Food Hubs are one more link in the model of the agricultural value chain that share common values related to conservation, sustainability, healthy access to food and support for local farmers.

The rapid expansion of the Food Hubs have to do with two trends that run in parallel nowadays in the context of food production and consumption. On the one hand, consumer concerns about the quality and provenance of food have not stopped growing. On the other hand, globalization has endangered the survival of small agrifood farms, those that have generally supplied short distribution channels, where small retail shops have practically disappeared from the marketing chain. In a context where the environmental problems linked to the production and consumption of food must also occupy a prominent place in public policies as well as in consumer decisions at all levels, Food Hubs are, among other instruments, innovation initiatives that can contribute to renew partnerships between agri-food producers that reinvent the role of cooperatives while reconnecting the local and regional territory with consumers.

This new strategy contributes to identify the sources, to improve food safety and commercialization, by allowing consumers to know the origin of the products they buy. Food distribution centers offer to small and medium farmers the opportunity to access larger or additional markets. Finally, the existence of these food agglomerate

and distribution models also covers the existing

gaps in infrastructure, transport, storage and product processing.

Although in many cases the companies and organizations that currently operate within the framework of Food Distribution Centers or Food Hubs have been in existence for decades, the implementation of this type of structure and the use of this term has become more common and widespread in the last decade.

There are several main roles that this type of centers try to fulfill:

- **Logistics and services:** reception of products from different producers for direct distribution; elaboration of new products transformed from raw materials received; distribution of the products received after storage and transport;
- **Marketing:** seeking markets, recruiting producers and consumers, marketing and sales of products, and promotion of the brand identity of farms and production farms
- **Producers Consultancy Services:** production planning, wastage and recycling management services, training and workshops ...
- **Community engagement:** volunteers programmes, social events, farm visits, etc.
- **Web of Practices:** Communication networks, expertise sharing, events ...

Food Hubs operate in different ways:

- **Retail trade or from producer to consumer,** being the case of a direct distribution model with high added value, either at the place of production, in a commercial establishment or through a subscription by consumers to a regular supply of products from a certain producer (Community Supported Agriculture)
- **Wholesaler or from producer to company/institution.** This system allows producers to access higher volume markets such as schools, supermarkets, hospitals and restaurants, guaranteeing greater efficiency in the service and supply to buyers throughout the year.
- **Hybrid.** In this case, retail and wholesale operations coexist.

Food Hubs are promoted and managed under different organizational forms, whether through non-profit organizations, companies or cooperatives.

II) CASE STUDY

II.1. Introduction

In 2007, the mayor of Ouffet, Head of the Walloon Agency for the Promotion of Quality Agriculture, made the following statement: "Condroz has a deficit in terms of short supply chain". The Pays des Condruses LAG¹ saw in this negative outlook on the state of resilience of his food system an opportunity to establish a new development approach.

Indeed, towards the end of the first decade of the 21st century, in light of the various food crises, consumers' attention turned once again to local products. Initiatives such as farm shops, garden sharing, CSA² and newly established farmers started to gain momentum.

While we sensed a growing demand from consumers, we still needed to address the challenge of making the market accessible to local producers.

This is when we created the Point FERME³ cooperative (www.pointferme.be) with the support of around fifteen farmers. The concept is very simple, i.e. for producers do their job: produce quality food. The cooperative is in charge of sales and logistics. Initially, the cooperative mainly sold vegetables baskets and the offer was gradually expanded to meet growing consumer demand for diversified local products.

A virtual hub was created via an e-commerce website and subsequently a physical hub was hosted at a farm belonging to one of the co-operators. The latter having become too small, the LAG will invest 500 000 € in a modern FOOD HUB that will allow Point FERME to host a powerful logistics platform to store its members products and prepare orders for its customers.

To implement this, we have received financial support from the Walloon Region (see below).

II. 2. A policy supported by the Walloon Region

In Wallonia, the Regional Government has decided to support the creation of Food Hubs through an economic revitalization programme called the Marshall Plan. Two calls were launched in 2011 and 2015. Nine projects were selected in 2011 and in 2015, 18 new projects received funding. The budget for this second call was €8,169,000.

These calls are intended to support actions put forward by producer groups, cooperatives, promotional bodies and public authorities to

promote, transform, store, condition and/or market agricultural products with the aim to foster the supply and demand chain for local products.

The Walloon Government sees Food hubs as an important leverage for the development of agriculture. The Hub structures are intended to host farmers or cooperatives who wish to develop a business in processing or marketing agricultural products. Their goal is to enable farmers to start a new business without having to make substantial real estate investments. The Hubs address the logistical constraints faced by many farmers who wish to promote and sell part of their production themselves.

Overall, Food Hubs empower producer organizations and support cooperative structures by reducing production costs and enhancing the value of their products.

¹ Local Action Groups (LAGs) are the mainstay of the implementation of the LEADER-CLLD approach (European Agricultural Fund for Rural Development - EAFRD).
² Community supported agriculture



The Paysans et Artisans Food Hub - View of the Food hub extension

II. 3. A variety of projects

This section provides an overview of a few projects supported by the Walloon Government. The projects offer a range of activities, from storage to processing of dairy or meat produce. This shows the extent to which the concept of Food HUBs is versatile.

Moreover, within each territory the concept of FOOD Hub strengthens local initiatives and promotes cooperation between different stakeholders in the food chain.

Finally, some examples presented below also illustrate cases of rehabilitation of industrial heritage in decay. In addition to boosting sales in short distribution circuits and creating jobs upstream of primary production, the installation of a Food Hub within a city or a village provides a solution in terms of the urban and/or architectural redevelopment of a neighbourhood or building. This is the case of the Paysans et Artisans (farmers and craftsmen) project and the Point FERME project.

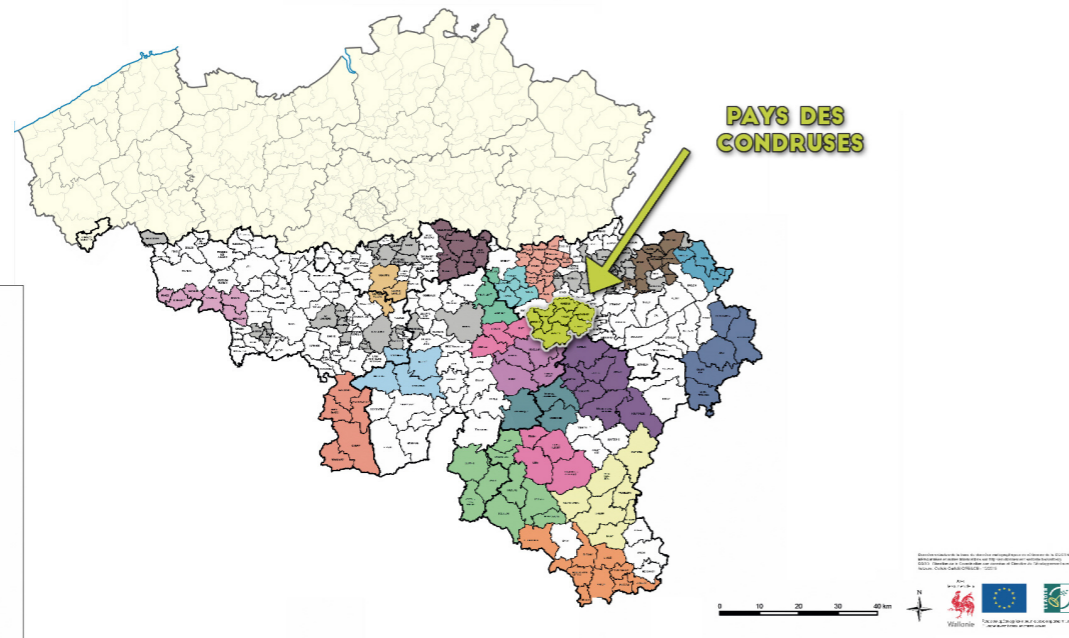
II.3.1 Paysans et Artisans: a cooperative offering a wide range of activities (www.paysans-artisans.be)

The Paysans et Artisans cooperative was created to promote and facilitate access to the products of

local agricultural producers and craftsmen. Sixty-five of them have now joined the cooperative. At the end of November 2016, Paysans et Artisans inaugurated its Food Hub in the former freight shed at Floreffe station. This first building provides several functions

- Storage, sorting and distribution of orders (online shopping);
- Multipurpose room;
- Professional kitchen shared between different caterers using local food for cooking ;
- Small wholesaler supplying on-farm stores run by cooperative member, local grocery stores and local food restaurants.

Given the extent of its success, the cooperative will soon enlarge its Food Hub with the addition of a white extension covered with translucent polycarbonate panels, which respects the existing architecture. The two levels of the new building, totalling 425m², will house the following functions: a space between the two buildings containing an elevator and staircase, offices, a large storage area including a large cold storage, two or three processing plants that will be occupied by craftsmen from the cooperative. processing plants that will be occupied by craftsmen from the cooperative.



II.3.2 Agrinew - The processing plants "Famenne & Terroir": Producers' shared plants (opening June 2018)

Two processing and packaging plants will be made available to producers:

- A meat-cutting plant (with European certification) for cattle, pork, mutton and goat meat processing. From cutting to labelling, this plant will offer a complete service with guaranteed product traceability;
- A fruit and vegetables plant where goods can be cut and packaged as well as cooked or sterilized; This hub will complement the local products distribution network LogisticTerroirLux.

II.3.3 The cheese centre in Ciney: diversifying dairy products

This centre is composed of two dairy processing plants, one of which is mainly rented to producers and the other is used for training activities, the development of new products and manufacturing of dairy products. It also includes offices, a meeting room, other technical premises and a marketing support unit.

In terms of equipment, the Ciney Food Hub has vats holding 200l and 800l respectively as well as a third automated 600l cheese vat championing a

novel design, as well as several mechanical and pneumatic presses, pasteurizers, an ice cream maker, automated yoghurt makers and a maturing cellar.

II.3.4 Fruit processing plant

The WALLOPRESSE Food Hub hosts processing and marketing activities for fruits and vegetables. Apple, pear, cherry, carrot and even beet juices are produced here. The "Wallopresse" Food hub belonging to the Les Bocages organisation in Cul-des-Sarts, produces a whole range of healthy and quality juices, made from local produce. This hub houses a complete production line of juice, with a potential output of 1,500 l per hour.





The Agricovert shop in Gembloux

III.3.5 Agricovert Scrifs: shop and processing plant

(www.agricouvert.be)

Agricovert Scrifs is a social cooperative that brings together more than 30 producers. This cooperative sells local products online. The Food hub based in Gembloux includes a store, a kitchen, a meat processing plant and storage.



III.3.6 Le poulet de Gibecq (Gibecq chicken): a poultry cutting and processing plant

Le poulet de Gibecq has developed a farm poultry cutting and processing plant and store. More than 10 farmers benefit from this project which also provides for 5 direct jobs.



Gibecq chicken

II.4. Detailed analysis of the Food Hub of the Point FERME cooperative

II.4.1. The Cooperative

After gathering 15 producers, the LAG Pays des Condruses created The Point FERME cooperative in September 2011. As of 30 June 2015, it counted 32 A-shareholders, 22 of which were producers/suppliers.

The statutes of the cooperative specify that: "A-shares are so-called 'active' shares accessible to any natural or legal persons actively involved in the cooperative's social purpose⁴. Farmers, employees and founders of the company subscribe to A-shares and are considered Active Partners".

II.4.2. The concept

Point FERME offers products from around 50 producers in the Province of Liège, including seasonal fruits and vegetables, bread, cheese, yoghurt, chicken, duck, beef and sheep meat, cereals, flour, etc.

The producers bring their produce to a platform and Point FERME prepares the baskets, which are then delivered to the pickup points. These are places where consumers usually meet, such as a workplace, association, local shop, school, private house, etc.

To order, consumers simply have to go online at www.pointferme.be, charge their account with their credit card and then place an order.

To create a collection point, one simply has to gather five interested people and fill out an online form (<https://www.pointferme.be/creerpoint.php>). The cooperative then gets in touch with the contact person to arrange a weekly delivery.

II.4.3. The producers

Point FERME is a cooperative open to all farmers in the Province of Liège. Currently, 50 producers work with Point FERME. New co-operators regularly join, increasing and enhancing the diversity of products offered by the cooperative.

Point FERME offers visibility to its co-operators-producers/farmers. Video clips are produced by Point FERME on each associate farmer/producer.

⁴"The purpose of the company, on own account, on behalf of third parties or in partnership with third parties, in Belgium or abroad is:
o marketing of farm produce. Farm produce is any organic or non-organic produce of animal or vegetable origin produced locally by agricultural holdings respecting their environment;
o support to producers, in particular through the organization and technical monitoring of production, the pooling of tangible or intangible resources and the provision of services".



Video clip 1: The Schalenbourg sisters' Farm
Click to see the video on youtube

II.4.4. Turnover trends

Each year, the cooperative's sales increase, despite a context of significant competition at the level of the Province of Liège. The selling growth is significant, the income was around 150 000€ in 2013 and are more than half a million in 2017.

For the cooperative, the Food hub is therefore a necessary tool to promote its development and thus create jobs for the producers and within the cooperative.

II. 4.5. FOOD HUB: renovation of an industrial building into a logistics platform for short distribution circuits

II.4.5.1. Location

The future agricultural relay hub will be located in Nandrin (25 km from the city of Liège and its metropolitan area of 600 000 inhabitants) in a building owned by the municipality. This building dating from the early 1970s is in a state of decay and requires renovation.

II.4.5.2. Transformation of the building

Works on the building include the transformation of an industrial-type building with a surface area of 200 m² into a high-performance logistics platform dedicated to short supply chain. . An additional floor will be created within the building, which will double the work surface.

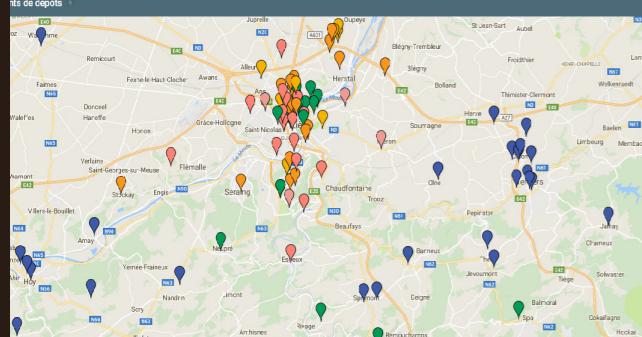
The works will consist of:

- Renovation of the roof
- Fire-resistance compliance of the structure
- Renovation of the roof windows
- Creation of window openings in the facades and placement of partitioning doors
- Installation of new window frames in front façade
- Building an external access road including manoeuvring area for suppliers and trucks of Point FERME
- Realization of 2 isolated interior offices and community premises;
- Construction of a mezzanine for storage
- Construction of 4 cold rooms of an area of 50m²
- Installation of compliant electrical installation
- Light installation in the workshop / office / cold room
- Installation of toilets and water treatment system (wastewater treatment plant)
- Fire alarm and burglar alarm
- Purchase of a stacker for cold room storage
- Installing a Farm Point signpost

The end of the transformation is planned for May 2018.



Image 1: Exterior view of the relay hub



II. 4.5.3. Financing, procurement contract, de minimis rule

The total amount of the works is €505,000 (excluding VAT and including architect fees):

- € 375,000 for the interior renovation of the building;
- € 80,000 for the outer renovation of the building;
- € 50,000 for architect fees.

The regional hub subsidy is subject to compliance with the European legislation on the de Minimis rule. This means that the release of the subsidy of € 356,000 is made by a maximum of € 200,000 every 3 years and leads to a complex financial arrangement with banks that generates relatively high interest costs.

An additional subsidy of € 100,000 from the Province of Liège has been granted to the municipality of Nandrin to carry out the external development: access road, parking and treatment plant.

Given that the total costs were below € 600,000, it was not necessary to conduct a European public procurement, so we opted for a negotiated direct procedure with advertising. In order to allow local businesses to submit a quote, we divided the public procurement into 5 lots:

- Demolition and structural works;
- Carpentry
- Electricity
- Heating and sanitary
- Cold room

This approach allowed us to appoint local companies whose prices were competitive.

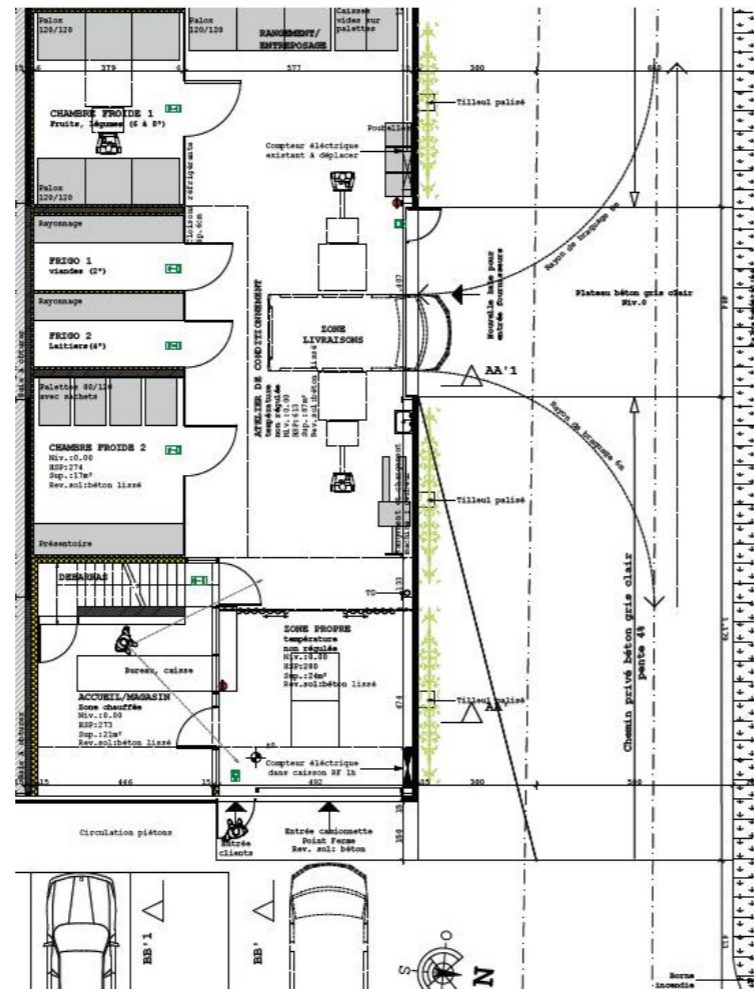


Image 2: Ground floor of the food hub: reception, storage and cold rooms

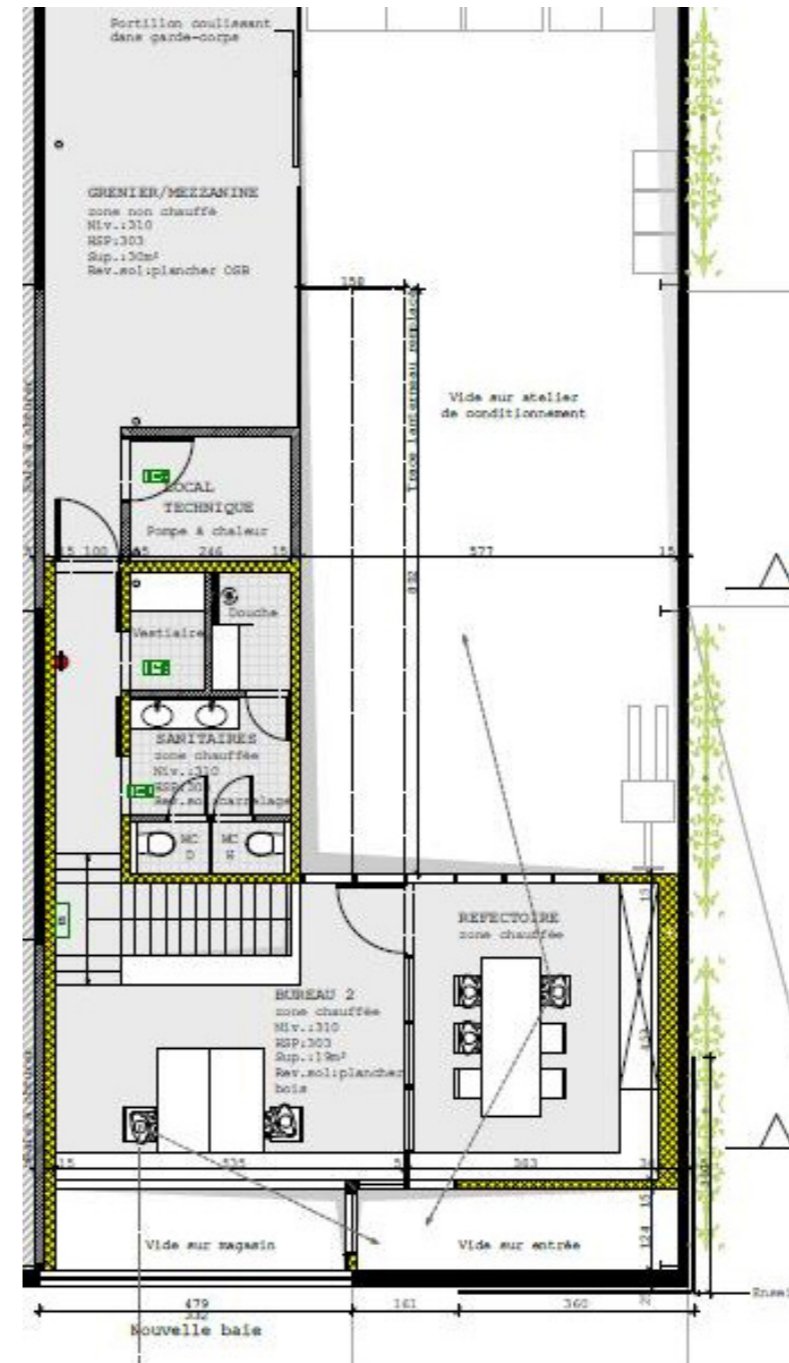


Image 3: 1st floor: offices, meeting room, storage and communal premises





III) EUROPEAN & SECTORAL CONTEXT. Food Hubs as an innovative and cooperative instrument.

The initiative described in this document is one more of those initiatives that try to rebalance the declining role of producers and consumers in relation to other actors involved in the food chain, promoting a positive repositioning for both.

Considering the existing imbalance, exemplified by the unfair and abusive commercial framework in existing contractual practices that clearly harm consumers and small producers, as well as the general unsustainability of the market system from a perspective that focuses on promoting food security and sovereignty, this type of initiative is aimed to foster a new relationship framework.

For this purpose, it is intended to promote an economic organization of producers with support from the regulatory framework and some other regulations that can help to obtain an environment of innovation and territorial base that connects the rural and urban space from a production flow and an ecologically and socially fair consumption. Food Hubs are becoming an alternative instrument to the conventional agri-food system as a way that ensures the survival of small producers and initiate the local and regional reconstruction of agri-food systems.

In this general context, some authors (Berti & Mulligan, 2016) recommend a redefinition of the concept of Food Hubs, taking into account changes in the environment and the most recent experience

with this type of structure. In the era of e-business, the Food Hubs can also act as "strategic networks" between producers and consumers, generating "shared value" that can be fairly distributed and positively impact the territory. The Food Hub is thus involved in a process of re-territorialization based on a double strategy that includes both the 'creation of value' and 'the organizational strategy of the supply chain'. In the particular case of Digital Food Hubs they represent a promising alternative, which can be considered as a new disruptive business model, thanks to the use of digital technologies.

This specific analysis of Food Hubs is undoubtedly framed in a global context on sustainable food systems, where some researchers (Blay-Palmer, 2016) place a threefold strategic direction to understand the evolution towards these types of systems:

- The integration between different models of food systems and community visions
- The increase in the numbers and reach of sustainable food scaling systems by scaling out and up
- The appropriate governance of structures and institutions

Three transversal topics affecting the immediate future to which Food Hubs will be driven.

TO READ MORE:

- Berti, G. & Mulligan, C. (2016). *Competitiveness of Small Farms and Innovative Food Supply Chains: The Role of Food Hubs in Creating Sustainable Regional and Local Food Systems*. *Sustainability* 2016, 8 <http://www.mdpi.com/2071-1050/8/7/616>

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