

# Local Food – But of Course!

Government Programme on Local Food and development objectives for the local food sector to 2020

Government Resolution 16 May 2013

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## SUMMARY

### What is local food?

*In this programme local food means locally-produced food that promotes the local economy, employment and food culture of the region concerned\*, has been produced and processed from raw material of that region, and is marketed and consumed in that region. In addition, the measures of this programme cover special products of certain, mainly small food companies with the most significant markets locally but which are also sold through various channels in other parts of Finland.*

*Local food and local origin and supply of food relate, in particular, to short supply chains. Short supply chains are defined by a small number of actors in the chain, close cooperation between actors, growth of the local economy, and geographical and social contacts between consumers.*

### Why local food?

Local food and the growing demand for it provide opportunities for work and earning a living in the region concerned, increase tax revenue and options for consumers to make food choices, enhance the viability of primary production through new marketing opportunities and value added in selection of products offered in stores, professional kitchens and tourism, promote business that is in line with sustainable development, open up responsible food production practices, and give the producers a face behind the product. Local food allows us to promote the preservation of local breeds and varieties and biodiversity, further develop the Finnish food culture rich in regional diversity and respond, even at quite a short notice, to changing consumer needs. Local food shortens the supply chain, thus facilitating the traceability of food and control of origin and labelling, which also contributes to preventing misconduct in the food chain. This means that local food has a role in reinforcing food safety as well.

### Vision

Local food produced in a consumer-driven way is valued and used in the entire food system and it has a growing positive impact on employment and on the local economy and food culture.

### Objectives

The objectives of the Local Food Programme are: 1) diversifying and increasing local food production to meet the demand and raising the value added, 2) improving the opportunities of small-scale food processing and sale through legislation and advice, 3) increasing the share of local food in public procurement through better procurement skills and quality criteria, 4) improving the opportunities in primary production, 5) closer cooperation between actors in the local food sector and 6) raising the appreciation of food and actors in the food chain.

### Nature of the programme

The programme is a steering instrument in support of the Government food policy. The programme sets down the objectives for promoting local food during the Government period extending until 2015 and the EU programming period 2014–2020.

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\* in this context region means the traditional 'maakunta' or a corresponding or smaller regional entity

The measures proposed in the programme are implemented by the relevant ministries, agencies, institutes, and regional and local state government. As a Government programme it is implemented through the administrative means available, but the objectives and strategic outlines create the foundation and value added to development work by all actors in the local food chain. Reaching the programme objectives calls for measures and collaboration all through the local food sector.

## **Objectives for the development of the local food sector to 2020**

### ***1) Diversifying and increasing local food production to meet the demand and raising the value added of local food***

The consumers usually make their daily food purchases at local, easily accessible retail stores. Growing demand for local food is also seen at retail stores, and it is important to increase the supply to respond to the consumer needs. To respond to the demand other, diverse distribution and sale channels are needed, including specialized local food stores, direct sale on farms, mobile sales units, local food circles, internet sales and sales events. A diverse range of local foods should be made available to professional kitchens as well.

To increase local food production and raise the value added to meet the needs of different consumer segments we need various kinds of development tools for businesses, diverse funding instruments, broad, cross-sectoral expertise, and research and innovation actions. Raw material producers, processors and end-users must engage in closer dialogue in order to achieve the right kind of products that meet the consumer needs.

#### **Target state 2020:**

- the value added of local food has grown, there is a wide range of products available, and they meet the needs of consumers, including professional kitchens
- there is easy and natural dialogue between consumers and producers that creates value added to both parties
- local food products are readily accessible to consumers; there are several sales channels for local food for the producer and processor to select the most suitable and profitable ones
- there is advanced logistics for small batches, allowing profitable and sustainable business
- local food is part of a high-quality tourism product, creates value added and profitability to actors in the food and tourism business of the region and makes Finland an even more attractive destination for tourism

### ***2) Improving the opportunities of small-scale food processing and sale through legislation and advice***

The operating environment must support the growing entrepreneurship and also create faith in the future growth of local food trends. The task of the administration is to provide sufficient operating conditions through functioning legislation and funding and advisory systems. Besides the traditional strong expertise relating to raw materials, enterprises need information on market prospects, expertise in marketing and communication (including social media), skills in meeting the consumer, assistance in product development, and information on advanced packaging and logistics solutions.

#### **Target state 2020:**

- level of know-how has risen at all stages of the food chain and expert services are readily available

- entrepreneurs have stronger business skills and they have faith in the future so that they invest in further processing capacity and are eager to search for new solutions
- legislation concerning enterprises is clear and supports comprehensive development of business activities

### ***3) Increasing the share of local food in public procurement through better procurement skills and quality criteria***

The use of local food in public procurement can be increased by utilising quality and environmental criteria. The means to facilitate the supply of local food to public kitchens include due emphasis, instead of price, to the best value for money and quality in procurement processes and developing quality criteria. There must be enough training and information available to municipal decision-makers, producers and processing companies on the procurement process, requirements of professional kitchens and products that are being offered.

#### **Target state 2020:**

- supply of and access to local food has improved and it is a natural part of public catering services, local food is taken into account in municipal procurement strategies and it is used and valued in all Finnish municipalities
- criteria used in competitive tendering include, besides nutrition and other quality, environmental issues and sustainable consumption, seasonal products and freshness

### ***4) Improving the opportunities in primary production***

Policy actions relating to agriculture should recognise the opportunities of primary products and their processing and placing on the market as well as short supply chains and allow and promote investments in support of these in the support schemes. The profitability of primary production should be improved by easing its production cost structure and providing the actors with access to diverse production and business advice and innovation networks. The consumers must be provided with true and accurate information on the food chain and origin of food. The operating conditions needed for primary production must be taken into account in the steering of building and in land use planning.

#### **Target state 2020:**

- production of local food is a central element in securing self-sufficiency and emergency supplies
- local food production and processing are part of profitable production on a growing number of farms and support the viability of the smallest farms as well

### ***5) Closer cooperation between actors in the local food sector***

Growth in the local food sector requires a consistent long-term effort targeted in the same direction. There must be easy and natural cooperation networks and open dialogue between the actors. In networking it is important to look into the future across administrative, operative and sectoral boundaries.

#### **Target state 2020:**

- national strategies and outlines show the way for the local food chain and secure the growth of the sector

- development work is effective and it is done in genuine cooperation between different actors in the local food chain

#### ***6) Raising the appreciation of food and actors in the food chain***

Models and habits related to food learned as children persist throughout our lives. Food and nutrition education aims to increase the interest in food and appreciation of food and its makers. Higher appreciation of food contributes to ensuring that food production continues in Finland, which has significant impacts in terms of the supply of high-quality raw material as well as through employment and tax revenue in the whole society. Jobs in the sector are not perceived as very attractive, which means that there is work to be done in the different parts of the chain to enhance its image.

#### **Target state 2020:**

- appreciation of local food and its makers increases among the consumers
- our food culture with special regional characteristics creates strong value added to the whole food chain
- food and nutrition education from preschool all through the education system lays the foundation for sustainable food choices all through our lives

# LOCAL FOOD PROGRAMME

## **Background**

In the Government Programme the local food sector is clearly recognised as a future growth sector. The competitiveness of and cooperation within the sector is developed as specified in the National Food Strategy and Food Policy Report. According to the Government Programme, development programmes are to be implemented concerning organic and local food.

Growth in the food sector can be founded on the natural strengths of Finland, including abundant and pure soil and water resources, which allow us to also have pure raw material for food. Climate change and the consequent global shortage of water may enhance Finland's role as a food producer. In the different parts of the food chain we have good and skilled labour force, comprehensive control systems, and companies that invest a great deal in product development to introduce new, innovative products in a consumer-driven manner. Today the food industry is the fourth largest industrial sector in Finland with a gross value added of the production at 11.3 billion euros.

Finnish food industry is characteristically bipolar. We have a few large food business companies whose products cover the majority of products and services in the sector and reach all Finnish consumers and their awareness. On the other hand, 90% of the total of about 3000 Finnish food companies are quite small, even microenterprises run by a single person. Food companies operating in a small scale are local food producers by nature: studies<sup>1</sup> show that most of the raw material acquisition and sale of the products takes place within the region where they are located. However, in the production and processing of local food there is a need for farms and food companies of all sizes.

Local food has been a growing global trend for years, and it has been getting stronger in Finland as well. People want to know the origin of food and have a face for its producers, raw material should be fresh and as unprocessed as possible and food is expected to offer experiences, stories and, above all, genuineness and taste. Local food production is an example of solutions that aim for a more sustainable green economy. The transition towards green economy changes the traditional markets and production, while providing new business opportunities as more and more of the focus is shifting to responsibility for well-being, resource efficiency, cleaner and safer production, closed nutrition and energy cycles and economies founded on natural resources, as well as social justice, sustainability and local aspects.

In the background survey for the Local Food Programme commissioned by the Ministry of Agriculture and Forestry<sup>2</sup> the share of local food in the food sales of daily consumer goods was estimated at 8% and that in the supply of special food stores, restaurants and cafes and public

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<sup>1</sup> Forsman, Sari (2004). How do small food-processing forms compete? A Resource-based approach to competitive strategies. Agricultural and Food Science in Finland, Vol. 12, Supplement No. 1, 2004. MTT Agrifood Research Finland. Helsinki.

Hiekkataipale, Minna-Maaria (2004). Elintarvikealan pk-yritysten toimintaympäristö 2004. Savonia-ammattikorkeakoulun julkaisusarja D 8/2004. Kuopio.

Mäki, Seija. Elintarvikealan pk-yritysten toimintaympäristö 2008. Savonia-ammattikorkeakoulun julkaisusarja D 9/2008. Kuopio.

<sup>2</sup> Kurunmäki, Seija, Ikäheimo, Irma, Syväniemi, Anni-Mari ja Rönni, Päivi (2012). Lähiruokaselvitys. Ehdotus lähiruokaohjelman pohjaksi 2012-2015.

institutions was estimated at 10%. Even now numerous small food stores in the basement of residential buildings, internet-based ordering systems and local food stores set up at favourable traffic junctions offer a broad range of products and value added to consumers in their every-day choices. Our main primary products, cereals, vegetables and root plants, milk, fruits and wild berries, meat and fish are of high in nutrition value and offer quality raw material for well-balanced meals. Studies<sup>3</sup> show that most of the local foods purchased represent these product categories.

Each year the public sector (state, municipalities, defence forces, municipal federations) spends about 350 million euros on purchasing food and its raw material. A higher share of local food would significantly increase the revenue left in the region and job opportunities<sup>4</sup>, as well as allow to take local food culture into account in the meals offered.

### **What is local food?**

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### **Why local food?**

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<sup>3</sup> Mäkipeska, Tuomas ja Sihvonen, Mikko (2010). Lähiruoka, nyt! Sitran selvityksiä 29.

<sup>4</sup> kts. esim. Määttä Susanna, Törmä Hannu, Virtanen Petri, Hyyryläinen Torsti ja Pylkkänen Päivi (2012). Kouvolan seudun elintarviketalouden vaikutukset alueeseen ja työllisyyteen. Helsingin yliopisto. Ruralia-instituutti. Raportteja 86; lisää raportteja: <http://www.tkk.utu.fi/extkk/ruokasuomi/aluetalousvaikutukset.php>

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## ***Vision***

Local food produced in a consumer-driven way is valued and used in the entire food system and it has a growing positive impact on employment and on the local economy and food culture.

## ***Objectives***

The objectives of the Local Food Programme are: 1) diversifying and increasing local food production to meet the demand and raising the value added of local food, 2) improving the opportunities of small-scale food processing and sale through legislation and advice, 3) increasing the share of local food in public procurement through better procurement skills and quality criteria, 4) improving the opportunities in primary production, 5) closer cooperation between actors in the local food sector and 6) raising the appreciation of food and actors in the food chain.

## ***Nature of the programme***

The programme is a steering instrument in support of the Government food policy. The programme sets down the objectives for promoting local food during the Government period extending until 2015 and the EU programming period 2014–2020.

The measures proposed in the programme are implemented by the relevant ministries, agencies, institutes and regional and local state government. As a Government programme it is implemented through the administrative means available, but the objectives and strategic outlines create the foundation and value added to development work by all actors in the local food chain. Reaching the programme objectives calls for measures and collaboration all through the local food sector.

## ***Strategic outlines and measures to reach the objectives***

### **1) Diversifying and increasing local food production to meet the demand and raising the value added of local food**

Consumers usually make their daily food purchases at local, easily accessible retail stores. Growing demand for local food is seen at retail stores which have recognized the value-adding benefits to be derived from local food and, in line with their strategies, increased the range of local foods in their selection. However, Finnish retail trade in daily consumer goods, together with the processing industry, is highly concentrated and it may be difficult for products of the smallest companies to gain access to the stores. In recent years there have been positive changes in this thanks to joint development projects undertaken by actors in the local food sector and retail stores. To increase the supply of local foods at retail stores the cooperation between companies and traders needs to be further reinforced and new operating models need to be created, while taking advantage of the current distribution and marketing mechanisms. More and more often the consumers may encounter local food in the meals offered by professional kitchens as well. Private restaurants, in particular, have recognized the value added brought by local food, but to a growing extent local food is also introduced to the supply of public catering. At the moment, however, there is shortage of pre-treated

and more highly processed products and raw materials that would be suitable for professional kitchens. Raw material producers, processors, trade, professional kitchens, end-users and product developers should engage in closer dialogue in order to achieve the right kind of products that meet the consumer needs. In the future we also need more of the development of local solutions for placing products on the market alongside the centralised models. To succeed, the local food enterprises must recognize the needs and expectations of customer interfaces concerning the different kinds of products and how highly processed they are because it is the consumer choices at the time of purchase that create the true value for the whole production and distribution chain. Similarly, the company has to understand the demands of the customers' supply chains and manage the business realities and regularities.

In developing the food sector we talk more and more about short supply chains, which are an integral element of local food production. Short supply chains increase the interaction between consumers and producers. They create relationships based on trust, provide the consumers with an opportunity to find out the origin of products and contribute to securing self-sufficiency. Thanks to short supply chains the producers and processors get a fairer price for their products. The rapid growth in the number of local food outlets shows that there is interest in and courage to set up new and profitable sales channels based on short supply chains. There is a need for more specialised stores and other marketing and distribution solutions for centralised sale of local products as well as special products from other regions, such as direct sale on farms, mobile sales units, local food circles, internet sales and sales events, to respond to the growing consumer demand.

Most of the production and consumption of local food takes place in one's own region. There are growth opportunities for companies producing and processing local food in special products desired by consumers and, even more broadly, in strongly specialised niche products. In these efforts national and international distribution channels are very important for the companies, encouraging them to expansion, product development and improving their marketing skills.

One of the main bottlenecks relating to local food is the transportation and storage of small batches. The special characteristics of food logistics include small contribution margins, strict requirements for regulating the temperature, short storage and shelf life of fresh products, timing of deliveries and small volumes and delivery batches of local products. The main issue that arises from this is how to compile small product flows into large enough batches and broad product portfolios, as well as transport the products to the smaller outlets.

The logistics challenges are a good example of operations where cooperation between the actors in the food chain is particularly important. Through cooperation it is possible for the entrepreneurs to secure a sufficiently broad range of products for retail stores and professional kitchens as well as manage the transportation in a cost-efficient manner. It is important to create company-driven regionally networked wholesale arrangements and functioning and profitable distribution chains that are also suited for very small batches. Besides cooperation, achieving large enough product volumes, secure deliveries and diverse ranges of products calls for new kinds of networked business operations and creating the conditions for the growth of, for example, entrepreneurship based on cooperatives. The opportunities offered by the current structures must also be taken into account in developing the logistics solutions.

One of the most important development objectives in the food chain is the competitiveness of enterprises. The means to this end include higher competence and expertise, cooperation and horizontal and vertical cooperation between actors, utilization of innovation, improving productivity and diversification of production. Investments, higher value added, finding the right customer

segments and improving cost-efficiency are among the keys to competitiveness. Besides investments to one's own company, growth may be searched for through joint investments to, for example, experimentation or work processes, logistics interfaces or finding new customer groups. Funding for these measures is made available, in particular, under the Rural Development Programme for Mainland Finland. In the production and processing of local food there is a need for both new start-up enterprises and enterprises which have the inclination and capacity to grow. What is also important is to create sufficiently strong subcontracting networks and other cooperation arrangements between companies of different sizes in the sector.

Food tourism proper, i.e. tourism where food and search for experiences related to it is the main motive for travel, is also growing. Food tourism offers the opportunity to learn about local customs and living, flavours and culture. The regions should see local food as an opportunity to construct their own special profile and image. For further developing food tourism to turn it into profitable business and a product which truly attracts tourists, tools need to be constructed in the network and distribution channels, productisation, service design, product recommendations and profitability calculations, and more efficient image-based marketing is also needed. Food should be seen as part of the total quality agenda of tourism enterprises and attractions, because it is often through food that tourists assess the quality of the destination, even if food were not the main purpose of travelling. Food of good quality is always a part of the service chain of tourism.

Staff resources are among the challenges for further processing operations. Many local food enterprises are very small family companies which cannot expand their operations without hiring more labour. Hiring skilled and committed staff is a challenge which may involve considerable risks from the perspective of microenterprises. To promote the hiring of employees both legislative concessions and incentives and encouragement and advice are needed. Actors in the local food sector are also affected by the changing age structure, which is why it is important to find successors to take over profitable businesses. Local food enterprises are often strongly characterized by the entrepreneur's person with a special story behind him or her, which poses an additional challenge when the company is transferred to someone else. Transfers of companies to the next generation should be planned as a long-term development process, taking advantage of systematic steering systems and advisory and financial services made available, for example, through various advisory and business organizations and Centres for Economic Development, Transport and the Environment.

Local food may also be a combining factor that brings together various sectors. Food, creative fields, experience industry, tourism as well as wellness business support each other very well. Local food may also have a role in preventing social exclusion if persons threatened by this could get started in working life by involving them in the production of local food in a smaller scale. Social entrepreneurship could offer the opportunity to develop food business activities where persons suffering from social exclusion, long-term unemployment or otherwise reduced working capacity could be integrated back to working life through tasks in the handling or packaging of so-called "easier" raw materials.

**Target state 2020:**

- the value added of local food has grown, there is a wide range of products available, and they meet the needs of consumers, including professional kitchens
- there is easy and natural dialogue between consumers and producers that creates value added to both parties
- local food products are readily accessible to consumers; there are several sales channels for local food for the producer and processor to select the most suitable and profitable ones

- there is advanced logistics for small batches, allowing profitable and sustainable business
- local food is part of a high-quality tourism product, creates value added and profitability to actors in the food and tourism business of the region and makes Finland an even more attractive destination for tourism

### **Main measures by the administration**

*Financial support is provided (Rural Development Programme for Mainland Finland, Action Programme for Commercial Fishery, Structural Fund Programme) for the start-up, investment and development activity of local food enterprises and overall development of the local food sector, the knowledge on and reputation of local food is enhanced and development actions are taken to improve the level of expertise.*

*Food tourism and high-quality food are developed systematically as part of the tourism service chain in line with the objectives set jointly within the sector. Finland's Tourism Strategy takes account of high-quality food as part of tourism.*

## **2) Improving the opportunities of small-scale food processing and sale through legislation and advice**

A condition for the development of the local food sector is, besides the availability of and strong expertise in high-quality raw material, is to secure the operating conditions for companies engaged in further processing of food for the needs of different consumer segments. Among the most important issues in this are fair, just and functioning legislation. Studies<sup>5</sup> show that entrepreneurs perceive the legislation on the sector as challenging, the interpretation of the rules as narrow, and that different regions and actors are treated in an inequitable manner. The companies need more advice on food legislation, customised for their own specific needs. Advisory services for the actors should provide information, in particular, on the statutory traceability requirements for products and raw materials as well as packaging materials and labelling and nutrition and health claims. In addition to legislative advice, the companies need advice and support for professional development in business skills: information on market prospects, marketing and export skills (including social media solutions), skills in how to meet the consumer, assistance in product development, and information on advanced packaging and logistics solutions. Better information provision is also needed on the available development services and business support.

There are a lot of advice and consulting services available for companies. The advisors need to constantly develop their activity and respond to the changing needs of customers through even better expertise. The aim is to improve the use of resources in advisory services by appropriate timing and targeting according to the need. An external, independent survey should be conducted on advisory services for primary production and food companies and the results should be taken into account in developing the advice. The survey could also include examples on the practices applied in organising advisory services in the region. Advisory services provided by means of public funding should be compiled into sufficiently efficient national and regional entities where the best possible service would be available to entrepreneurs at a single service point in each specific

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<sup>5</sup> Rahkio, Marjatta 2012. Elintarvikealan pk-yritysten neuvontaa ja koulutusta koskeva selvitys. Kauriinoja, Heli 2012. Paikallisesti toimivien elintarvikealan pk-yritysten kasvun edellytykset ja esteet. Seminaaritiivistelmä. Helsingin yliopisto.

situation. Private advisory and training services should be compiled into a network together with the other service providers. In enhancing the expertise of entrepreneurs, exchange of experiences and good practices, peer support and learning from other entrepreneurs and mentors in various networks have become increasingly important.

Growth in the production of local food imposes challenges for ensuring the composition and safety of food. Any local environment problems and contamination sources need to be taken into account better than before. The own-control resources of small companies are very limited with regard to issues such as environmental challenges, which is why regional and/or national control programmes are needed, with information on their content and results readily available. The mandatory nutrition value labelling applicable as from 2015 requires that there should be an up-to-date databank on the nutrition content of food raw materials for use by the SMEs at reasonable cost.

Beverages are part of the food culture, and in Finland various kinds of beers, including the traditional home-made beer Sahti, are part of our traditional meals. Today beer is appreciated in quite a new way thanks to the growing local food trend, where local breweries with their hand-made and special brews are complementing the range of products available at large brewing companies. In recent years even more variety has been added by the farm wines and liqueurs, which have diversified the business activities in the rural areas. Small breweries and farm wine companies create value added especially for tourism, where the presentation of brewing and wine-making for groups of tourism have become important activities. In developing the alcohol policy consideration should be given to means to support and promote our small breweries and farm wine production. The manufacture of other beverages is also growing in Finland, and there are opportunities for companies in, for example, bottled waters, cold-pressed and other juices, beverages sold in single-serving containers, and the seasonal hot drink that is close to mulled wine (glögi) and mead.

Policies, decision-making, planning of measures, practical development work and public dialogue all need up-to-date research information to back them up. A lot of studies and surveys have been conducted on local food and there is also a solid international knowledge base on it. Studies made in Finland so far have mainly focused on the definition of local food as a concept, analysis on various operating models and survey of the utilisation rate and willingness to buy and supply potential. Recently several studies have also been published on the impacts of the use of local food on regional economies, but as a whole there is not yet enough research information available on local food. In particular, information is needed on the impacts and future prospects of local food with regard to investments in profitable business activity. Studies on local food should also be expanded from the customer perspective to a broader citizens' perspective and to the links of local food to solutions that are in line with green economy. Entrepreneurs need information on the profitability of different kinds of distribution and marketing models, functioning of producer-consumer cooperation models and future global megatrends, as well as on silent signals relating to the future prospects of local food. Research on food, including local food, should be reinforced through performance guidance of research institutes and coalitions, and the opportunities offered by the envisaged European Innovation Partnership (EIP) network should be utilised. Domestic research should be networked with other international research programmes and networks, including the EU Framework Programmes for Research and Technological Development and Nordic research cooperation.

**Target state 2020:**

- level of know-how has risen at all stages of the food chain and expert services are readily available

- entrepreneurs have stronger business skills and they have faith in the future so that they invest in further processing capacity and are eager to search for new solutions
- legislation concerning enterprises is clear and supports comprehensive development of business activities

### **Main measures by the administration**

*The national food legislation is further developed so that the flexibility allowed for local production under the EU rules is fully utilised. The impacts of changes in the food legislation on the activity of SMEs in the sector are studied.*

*More efficient training and advice is provided on food legislation and communication and instructions on this are improved. The preparation of guidelines on good practices is supported.*

*The business support system of the Rural Development Programme for Mainland Finland is developed e.g. by clarifying the legislation relating to the programme, differentiation of the support percentages and giving more attention to the effectiveness of the support.*

### **3) Increasing the share of local food in public procurement through better procurement skills and quality criteria**

Each year the public sector (state, municipalities, defence forces, municipal federations) spends about 350 million euros on purchasing food and its raw material. Interest in local food has grown in the public sector, but legislation on public contracts which regulates public procurements is often perceived as a restricting factor. However, even as it is now the Act on Public Contracts makes it possible to use local food in public catering under criteria which allow to *take quality and environmental impacts of food into account in procurement*. Obstacles to promoting food choices that would increase the use of local food include the lack of strategic decision-making and procurement guidelines and training, selection criteria focused on the price, small volumes relative to the needs of the growing contracting entities, and lack of products suited for professional use and procurement skills. There is no expertise in taking local food and access to it into account in the planning and design of recipes and menus. The tight economic situation of municipalities may lead them to look for low-cost food through competitive tendering instead of preference for local origin or even quality.

The share of local food in public food procurement should be increased. Training on procurement processes and information on the products available in the region should be made available to political decision-makers, those responsible for procurement operations, as well the producers and other entrepreneurs. Quality criteria and related tools such as model documents should be developed so that they allow the procurement of local food by taking account of perspectives relating, in particular, to quality, freshness, seasonal variation, sustainable consumption and environmental issues, besides the nutritional quality. Domestic fish is a good example of local food whose procurement could be promoted through qualitative selection criteria that would highlight the freshness of the fish, verifiable from the date when the fish was caught in the wild or lifted on a fish farm. In the efforts to increase the use of local food in public catering more account should be given to seasonal variation. Seasonal aspects should be more prominent in the planning and design of

menus in professional kitchens. Special local food menus, presentation of the range of local foods in the menus and training aimed at changing the attitudes are among the means to reach the objective.

#### **Target state 2020:**

- supply of and access to local food has improved and it is a natural part of public catering services, local food is taken into account in municipal procurement strategies and it is used and valued in all Finnish municipalities
- criteria used in competitive tendering include, besides nutrition and other quality, environmental issues and sustainable consumption, seasonal products and freshness

#### **Main measures by the administration**

*The national procurement legislation is developed further.*

*Measures to enhance procurement skills and develop procurement practices are financed and implemented.*

*Guidelines and advice are provided to those involved in procurement processes and tools, criteria and guidelines that allow sustainable procurement operations are developed.*

*Municipalities and regions are encouraged to increase the share of local food in their procurement operations and municipalities are encouraged to make decisions on promoting the use of local food to be written into the strategies of the municipalities and those providing catering services for them.*

*Local food is promoted in regions and municipalities e.g. by increasing cooperation and dialogue between producers and contractors and by disseminating good practices.*

## **4) Improving the opportunities in primary production**

There is no local food without profitable primary production. In recent years there have been problems in this due to rise in the production costs, fluctuations in exchange rates, situation on the financial market and changes in demand. The milk and meat sector have been the most hard-hit by the profitability problems. So far the main focus in primary production has been to supply raw material to the so-called long production chain with multiple stages before reaching the consumer. Studies<sup>6</sup> show that over the past ten years the food prices in nominal terms have risen by 21%. During the same time the consumer price index has risen by almost 15%, which means that the rise in the real food prices has slightly exceeded the average rate of inflation. However, the trend in the prices paid to primary producers has been decreasing. The means available for the administration to have any direct influence on the sales prices or production costs determined on the market are very limited and the profitability of individual products is even more than before determined by market terms. This means that the balance between the input and product markets of agriculture is decisive for its profitability. The structure and productivity of agriculture should be improved in all

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<sup>6</sup> [http://www.mtt.fi/wwwdoc/ruoanhinta101111/Jyrki\\_Niemi-elintarvikkeiden\\_hinta-10112011.pdf](http://www.mtt.fi/wwwdoc/ruoanhinta101111/Jyrki_Niemi-elintarvikkeiden_hinta-10112011.pdf)

production sectors. The challenges are particularly great in sectors where the amount of income support payments will be lower than at present.

Local food may offer the opportunities for closer interaction between consumers and producers as well as improving profitability in primary production through new customer groups and distribution channels. To improve the profitability of primary production, its production cost structure needs to be lighter, there must be diverse production and business advice available to it, and its actors must have access to innovation networks. More attention should also be targeted to preventing animal and plant diseases. Consumers must be provided with true and accurate information on the food chain and origin of food. The operating conditions needed for primary production must be taken into account in the steering of building and in land use planning. Residential and other community building should be steered to areas other than arable lands. In the planning of residential and industrial areas and renovating the existing ones it should be ensured that there are adequate buffer zones with vegetation between primary production areas and other activities. This secures the opportunities for primary production and a clean production environment for food raw material by restricting the transport of emissions from the rest of the society to primary production areas. Buffer zones also contribute to preventing noise and other nuisance which farming activities may at times cause to residents of the surrounding area.

One way to control the marketing channels of primary products and improve the profitability of primary production is to process and sell products on the farm. The amendments to food legislation in the beginning of 2012 facilitated the direct sale of products and deliveries to local retail outlets, including food stores. At the moment less than 500 farms engage in this kind of diversified activities, while the interest in local food among the consumers is growing, meaning that there is potential for increasing local, farm-based processing operations. Promoting short supply chains should be seen as part of comprehensive development of farms.

In Finland there is a growing interest in joint cultivation, as indicated by various kinds of arable land arrangements and shares of urban dwellers in fish farms or henhouses where the producer shares the ownership of the production establishment with consumers who have a stake in the production activity, have invested in it, and wish to be involved in the decision-making as well. The interest of private citizens in local food and small-scale cultivation should be taken into account in community and land use planning. Arrangements to allow for large enough building sites and leased plots for cultivation, vegetable patches at schools, greenhouses and cultivation on rooftops, and jointly-owned arable lands, storage facilities and sales points are among the means to promote cultivation activities by the local residents.

The local food trend has increased the appreciation of landrace breeds. Landrace varieties of plants and breeds of animals are part of our living cultural heritage. They are important for promoting biodiversity and preservation and commercial utilisation of genetically valuable material – to say nothing of their cultural and historical significance. Products derived from landrace varieties and breeds may bring significant value added to producers and consumers who want the food raw material to have special taste and other quality characteristics. The challenges in the processing of products from landrace breeds and varieties are the small production volumes and decrease in the number of regional processing establishments suited for the handling of small batches. Local food companies may make it possible to also engage in profitable cultivation of other rarer plant species grown in small batches and production of specialised high value-added products, such as the production of meat on meadows and pastures based on the biodiversity perspective.



The diverse range of wild berry, mushroom and herb species offers quite unique opportunities for local food production, tourism services and special product markets. The collection and further processing of products from the wild is founded on the natural strengths of the countryside. Nature's products have great potential for economic activities that are in line with sustainable development as they yield a crop without any particular production inputs. Besides the beneficial environmental aspects the interest in natural products among the consumers is due to the growing awareness of the positive health impacts of wild berries. Valuable properties have been found in many traditional raw materials and novel products have been developed from these, but the abundant opportunities offered by forests are still vastly underexploited. There are also expectations concerning better availability of game meat and using it more in, for example, restaurants.

The local food trend is also reflected in the growing interest in local fish, either caught in the wild or grown in fish farming establishments. The supply of local fish is, however, not sufficient to meet the consumer needs. Securing the supply of domestic fish to fish processing and trade and maintaining its competitiveness requires viable and profitable professional fishing and aquaculture industry in Finland. We also have several underexploited fish stocks, and the fishing effort targeted to these and their supply to consumers should be systematically. The value added of processed fish products, quality of the raw material and logistics for small batches should be further developed.

On the EU level the reform of the quality policy of agriculture was completed at the end of 2012. The related Regulation on the quality schemes<sup>7</sup>, which came into force in the beginning of 2013, includes a rule according to which the Commission must within one year present a report to the European Parliament and the Council, accompanied by legislative proposals where necessary, on a new local farming and direct sales labelling scheme. The purpose of the labelling scheme is to assist producers in marketing their products locally. The preparation of a national scheme that is the best suited for us should be launched in Finland.

In the EU efforts are made to improve the position of the producers through producer and sectoral organisations. These could also be well suited for companies operating within the local food chain and assist the actors in networking, creating market power and achieving sufficient supply volumes. The actors in the sector should examine the opportunities that producer and sectoral organizations may offer and be active in raising the rate of organization in the local food sector.

#### **Target state 2020:**

- production of local food is a central element in securing self-sufficiency and emergency supplies
- local food production and processing are part of profitable production on a growing number of farms and support the viability of the smallest farms as well

#### **Main measures by the administration**

*The preparation of a programme on local production and direct sales is started in cooperation with producer and advisory organisations.*

*The opportunities of primary products and their processing and placing on the market as well as short supply chains and investments in support of these in the support schemes are recognized in policy actions relating to agriculture. The effectiveness of support schemes to encourage investments is improved.*

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<sup>7</sup> Regulation (EU) No 1151/2012 on quality schemes for agricultural products and foodstuffs

## 5) Closer cooperation between actors in the local food sector

The survey on local food drew special attention to the scattered nature of the development work in the sector. Projects are being implemented on the level of companies, groups of companies, locally and in regions as well as nationally and international by means of funding from various sources. Regionally the development work can be coordinated into more functional entities when the actors and financiers prepare the development actions jointly in open interaction and the roles and responsibilities of the different parties are clear. In the regions strong ceiling projects constructed from the regional premises should be created to promote the general development of the sector and to aim for systematic development of business activities. The needs of actors in the competence and product development and local food chains in the region should be examined already in the planning stage. The projects should also succeed in bringing together the whole chain and its actors (product-producer-processor-end-user) and the material, money and information flows at the different stages of the chain. National coordination is also needed to support the regional development work and improve its efficiency.

On the national level one challenge is the sectorally divided administration, where different ministries design measures and target research and development actions from their own special perspectives. From the sectoral division we should go towards a genuine food policy where food is considered in a comprehensive way and measures are planned in a more coordinated way between the administrative branches. National and regional development work should be linked more closely to international networks, including cooperation in the Nordic and Baltic region.

### Target state 2020:

- national strategies and outlines show the way for the local food chain and secure the growth of the sector
- development work is effective and it is done in genuine cooperation between different actors in the local food chain

### Main measures by the administration

*Development of the food sector and local food are recognised in regional development strategies and programmes and regional development programmes of the Centres for Economic Development, Transport and the Environment.*

*The regions have designated persons responsible for the Local Food Programme who act as liaison officers between the programme and action in the region.*

*In the programming period 2014-20 multiannual coordination projects focused on the development of the food sector and local food are launched for each area with the size roughly corresponding to that of regions (maakunta) by means of regional funding with the aim to bring together regional actors and projects and network these with corresponding coordination projects in other regions as well as participate in national development actions in the sector. In the new programming period it is also possible to implement national coordination projects in support of regional development activity.*

## **6) Raising the appreciation of food and actors in the food chain**

Food is part of our culture. It is not just nutrition, technical aspects of the production or health impacts, but is also associated with very particular social and spiritual meanings. Food needs to give joy and experiences. Through choices related to eating we define our relationship to our own culture as well as other cultures. Shared meals are among the rites which maintain cultural heritage and create the sense of belonging together. The formation of Finnish food culture is strongly founded on our northern location and position between the east and west. The short growing season restricts the range of plants which can be cultivated in Finland but, on the other hand, we have also bred special varieties of our own that succeed in our relatively cool summer with abundant daylight. We have the wild berries, mushrooms and game stocks characteristic to the north. Long distances between the different regions, especially north and south, increases the regional variety and has created an even richer food culture, thus providing local food with its special historical and functional setting.

Models and habits related to food learned as children persist throughout our lives, while food and nutrition education lays the foundation for healthier eating habits. The relationship to food should be a natural part of educating our children and youth. Children need to learn about food and its origin in a joyful manner that is the best suited for their age. The best way to learn is by taking part in preparing food by tasting, smelling, and doing. Food and nutrition education needs to be integrated as a natural part to the objectives for learning in preschools and through the whole school system, and this work must continue in vocational and higher education. Through food and nutrition education we can achieve an interest in and unprejudiced attitude to food that runs all through our lives and increase the appreciation of food and its makers.

Finland has long traditions in action through various kinds of associations and strong field of NGOs. Many associations already have systematic advisory activities and clubs relating to food, food culture, food preparation skills and entrepreneurship in the field which contribute to raising the awareness regarding local food in the regions where it is produced. Organising various kinds of food, mushroom and nature courses and visits to local farms and food companies for children and young people is well suited to the associations' scope of activities. Through this it may also be easier to involve the children in the activity of the regional associations, which in the future will have a desperate need for new active people and members.

Higher appreciation of food contributes to ensuring that food production continues in Finland, which has significant impacts in terms of the supply of high-quality raw material as well as through employment and tax revenue in the whole society. Jobs in the sector are not perceived as very attractive, which means that various kinds of campaigns continue to be needed to enhance the image of the food sector.

### **Target state 2020:**

- appreciation of local food and its makers increases among the consumers
- our food culture with special regional characteristics creates strong value added to the whole food chain
- food and nutrition education from preschool all through the education system lays the foundation for sustainable food choices all through our lives

### **Main measures by the administration**

*The everyday competence of citizens in household tasks is improved through advisory organisations that aim to promote the skills in the handling and preparation of food, such as the Rural Women's Advisory Organisation, Finnish 4H Federation and the Martha Organisation.*

*Food education is promoted by including food and nutrition perspectives to preschool education, different subjects taught in basic and secondary education and teacher education. Available resources are targeted to domestic science education and efforts are made to ensure that this is selected by students.*

## **Funding**

The measures proposed in the programme are implemented as part of the activities of the relevant ministries and the central, regional and local state government. The programme is funded within the decisions on the spending limits of the national economy and funds allocated in the Budget, and matters concerning the funding are processed and decided in the spending limit and Budget processes of the state economy. Funding is adjusted in accordance with the overall economic situation and its impacts on the development measures proposed in the programme. One particular objective is to achieve synergies and save the government resources through comprehensive implementation of the measures, projects and actions. The practical measures, projects and actions relating to programme implementation must also be justified from the perspective of the use of resources on the total level and government savings.

Measures to reach the objectives of the programme are mainly implemented by the separate appropriation for green economy allocated to local and organic food programmes (a total of 1.58 million euros/year), funds of the Ministry of Agriculture and Forestry for developing the food chain and research funds, funds under the Rural Development Programme for Mainland Finland (2007–2013 and 2014–2020), Action Programme for Commercial Fishery, Structural Fund Programmes and resources of various stakeholders involved in programme implementation. Efforts are also made to link measures of the Finnish Innovation Fund Sitra and Finnish Funding Agency for Innovation Tekes, among others, to the programme.

## **Follow-up and indicators**

The implementation and effectiveness of the programme is followed both during the implementation process and after this has been completed. The impact indicators include the trend in the number of companies and value added of the production of microenterprises and small enterprises in the food sector and continued appreciation of locally-produced food. The trend in the share of local food in the food procurement of public professional kitchens is also followed. Data for this is collected, in particular, from the enterprise statistics of the Food Finland theme group and industry statistics of the Statistics Finland as well as projects and commissioned studies on consumer values and preferences. The concrete programme measures and their achievements are followed on a regular basis in the programme steering group and Food Policy Committee.

## ***Equality and environmental impact assessment***

In terms of its gender equality impacts the programme is neutral, i.e. no objectives or measures specifically targeted to women or men are proposed. Enhancing competence and skills, reinforcing entrepreneurship and creating employment opportunities as measures have positive impacts on both women and men. The food sector offers opportunities for the young for part-time employment and, thus, valuable work experience, which means that the programme has an indirect impact on supporting the access of the young to the labour market.

Environmental impacts were duly considered during the whole programme preparation process. The environmental impacts of local food depend on agricultural production practices, processing, packaging and transportation processes of products and consumer habits relating to buying, transporting, preparing and wasting food. When using local food the environmental impacts are targeted to the local area, which means that any necessary action may be taken quite rapidly as the production chain of local food is well known. The programme allows to achieve positive environmental impacts through regional food systems and better logistics for small batches. Increased valuation of food helps to reduce food losses, which is also beneficial for the environment. Measures of the Local Food Programme that are directly targeted to enterprises are mainly implemented through the Rural Development Programme for Mainland Finland, for which a separate environmental impact assessment is conducted and various indicators and surveys are also used during the implementation to follow its environmental impacts.

The draft programme and tentative proposals for measures were also examined using the check-list designed for assessing the impacts on the rural areas. The programme can be considered to have direct positive impacts on the economic activities, entrepreneurship, employment and competence in the rural areas, and at least indirect impacts of the rural amenities and strengths. The programme may also have some influence on access to services, community spirit and social capital.

## ***Organisation of the implementation***

A joint steering group has been appointed for the programmes concerning local and organic food, chaired by Risto Artjoki, Permanent Secretary at the Ministry of Agriculture and Forestry. Besides the Food Department of the Ministry of Agriculture and Forestry, the steering group has representatives from the Ministry of Education and Culture, Ministry of Social Affairs and Health, Ministry of Employment and the Economy, Ministry for Foreign Affairs, Ministry of Finance and Ministry of the Environment. The Ministry of Agriculture and Forestry has a full-time coordinator for local food. The reconciliation of regional and national measures is done in cooperation between the relevant financiers and in a network composed of the regional members of the Food Finland theme group.

A more detailed implementation plan will be drawn up for the programme to be approved by the steering group, laying down more detailed proposals for development actions and measures to reach the objectives.

## ***Communication***

Respect for and appreciation of the local food culture is not to be taken for granted. Communication on local food is needed to increase the citizens' interest in local food, launch consumer dialogue on the values relating to food, introduce the multiple impacts and meanings of local food, and give information on the good work done to promote local food. Good understanding and knowledge relating to local food on the national level promote its demand in the regions. A communication strategy and more detailed communication plan are needed to support programme implementation. Strong communication efforts relating to local food were started before the programme was completed and they will continue all through the implementation phase.

## ***Links to other actions and policies in administrative sectors***

Other topical and significant strategies, programmes and reports with regard to local food were utilised and, as far as possible, taken into account in the preparation of the programme.

Of these documents the most important one is the Government Report on Food Policy (2010), where promoting local and organic food was mentioned as a specific development objective. Actions relating to the development of local food enterprises and their products and marketing as well promoting entrepreneurship are connected, in particular, to the Rural Development Programme for Mainland Finland, under which the enterprises and other actors may apply for funding through the Centres for Economic Development, Transport and the Environment. The programme provides tools for work during the EU programming period 2014–2020. The programme is also linked to the Programme to Promote Sustainable Consumption and Production (KULTU) of the Ministry of the Environment, follow-up group for mass catering of the National Institute for Health and Welfare THL and work under the Consumer Policy Programme of the Ministry of Employment and the Economy as well as the Food Safety Report completed in spring 2013. In programme implementation there are also links to putting the revised nutrition recommendations into practice especially in actions relating to sustainable development and seasonal aspects of food.

## **ANNEX: Preparation process**

The Ministry of Agriculture and Forestry decided that the development of local food and organic production sectors takes place under two distinct programmes, but the work is coordinated and reconciled by a joint steering group. For the programme preparation the Ministry commissioned a survey of the local food sector, published in March 2012, which presents a description of the current state, main challenges and development proposals. In the survey statistics and research results were analysed, broadly-based interview of stakeholders were conducted and key actors were invited to a workshop.

A fixed-term Coordinator was appointed at the Ministry of Agriculture and Forestry in March 2012 to compile the programme and prepare the measures.

In spring 2012 a SWOT analysis on the food sector was prepared as the basis for the Local Food Programme and the next EU programming period, and the Local Food Programme searches for solutions to the challenges that came up in the analysis.

In spring 2012 a survey was made among regional developers and financiers of the food sector, asking about their views on the report on local food and the measures and objectives to be included in the programme. After that issues relating to local food were presented and discussed in numerous meetings and working groups of various stakeholders (trade sector, advisory services, research, producers).

In May 2012 a press release of the Ministry of Agriculture and Forestry was published in accordance with the Act on the environmental impact assessment of plans and programmes, informing about starting the preparation of the programme. In May 2012 a citizens' hearing on the content of the programme was launched at the [otakantaa.fi](http://otakantaa.fi) website of the Ministry of Justice and free discussion was started in a Facebook group set up for the programme.

The objectives of the Local Food Programme were discussed and approved at the cabinet evening session on 9 January 2013. The content of the programme and the measures for the different ministries were dealt with at the steering group. The draft programme was circulated for comment on 19 February–12 March 2013. A total of 36 statements were received and these were taken into account, as far as appropriate, in finalising the programme.

The programme was adopted as a Government Resolution on 16 May 2013.