



## **FRIDGE**

# **Development of food industry SME competitiveness for better potentials in growth**

## **From for the identification of Good Practices**

“Völgység Kincse” Social Cooperative –  
increasing employment in rural areas and  
promoting short supply chains

**Szekszárd - Hungary, 10.09.2020.**

# 1. What makes a Good Practice good?

## a) What makes a Good Practice interesting for the Managing Authority of a public policy instrument?

### A Good Practice should be:

**Simple** –user-friendly, easy to understand, with potential to be implemented without large scale changes;

**General** – theme wide enough that different realities can find aspects of interest; not too specific but easily adaptable.

## b) Selection Criteria to identify suitable Good Practices:

The Good Practice examples selected and proposed by a partner should respect the following criteria:

1. **Availability of results** (meaning: initiatives already completed / at an advanced stage, which show concrete results – both qualitative and quantitative – on energy efficiency improvements through renovation)
2. **Transferability** (meaning: projects with potential to be replicated in another geographical area)
3. **Level of Innovation** (meaning: new in the context of the SET-UP regions / of Smart Grids)
4. **Long-term durability** (meaning: financial sustainability – ie. Affordable, payback; stakeholder/user participation, etc.).

# 2. Author contact information

Author contact information	
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# 3. GP owner contact information

Organisation in charge of the good practice	
<b>Country</b>	<i>Hungary</i>
<b>Region</b>	South Transdanubia

City	Kisvejke
Organisation name	Völgység Kincse Social Cooperative
Is your organisation the main institution in charge of this good practice?	YES/ <u>NO</u>

## 4. Good Practice description

### 4.1. Introduction (a short overview of the GP)

Good practice general information	
Title of the practice [100 characters]	“Völgység Kincse” Social Cooperative – increasing employment in rural areas promoting short supply chains
Does the practice come from an Interreg Europe project?	YES/ <u>NO</u>
Thematic objective of the practice	SME competitiveness
Geographical scope of the good practice	National / Regional / <u>Local</u>

### 4.2. Detailed information on the GP

Good practice detailed information	
Short summary of the practice [160 characters]	<i>“Völgység Kincse” Social Cooperative – increasing employment in rural areas and promoting short supply chains and contributing to a healthier diet in schools</i>
Detailed information on the practice [5000 characters]	<p>Tolna County in Hungary is one of the more rural counties of the country. Unemployment, ageing and the lack of local job opportunities all point in the same direction: outward migration. Available local resources are usually not being processed in the same area, which would be otherwise a logical step in increasing liveability.</p> <p>The “Völgység Kincse” Social Cooperative was established with support from the Social Renewal Operational Programme (2007-2013) funded by ERDF. This allowed the newly formed social cooperative to start the production of fruit juice from the locally grown raw materials. This was especially appropriate since farmers were working together since the early ‘90s in the form of cooperatives, and this increasing integration led to the next logical step in short supply chains. The operation of the Völgység Kincse also contributed to local employment</p>

by first supporting 7 employees which later increased by further X workers. The social cooperatives are profit-oriented businesses with special attention given to social goals, such as increasing local employment, supporting and assisting unemployed persons in finding jobs, supporting local cultural, educational and sport activities.

The Social Renewal Operational Programme supported many social cooperatives to start their activities in these fields, and complimentary support schemes were also implemented (exchange of experience, professional advocacy on methodology, management, etc.). The nature of social cooperative in Hungary (increasing local employment) was also highlighted in these support schemes, as they included supplementary labour market actions, such as accredited vocational education for the employees which was embedded in their daily work for increased engagement.

The Völgység Kincse Social Cooperative benefited from these additional activities as well and proved to have a long-lasting effect on its local surroundings thanks largely to the School fruit, vegetables and milk scheme. This allows the cooperative to sell the majority of their fruit juice to schools, benefitting both the students and the local producers. The fruits are processed by Voran and Kreuzmayr machinery linked to an IT hub enabling the controller to overview the production process and keep track of energy consumption, etc. The services (pressing fruit juice) are open to third parties apart from the membership. The fruits are cultivated and harvested locally accounting for more than 500 hectares operated by different farmers, based on the Danubia Frucht Cooperative, a grouping of local farmers producing fruits, mostly apple, pear and peach.

This production line is traditional and modern at the same time and enables constant, high quality products to be created while still retaining some of the artisan values associated with locally grown/produced food industry products.

They also collaborate with the Balaton Ker-Tész, through which the school fruit program is managed in 4 counties. The schools are supplied by the closest producers of these cooperatives directly with fresh fruit or fruit juice, therefore the short distance is guaranteed in the supply chain.

Also, apart from selling their own products, they have established a local product store on their premises to increase the visibility of local producers.

All in all, the Cooperative is a multi-faceted organization engaging in different, locally beneficial activities and is based on the cooperation of local actors, such as the Municipality, the fruit farmers, the membership of the Cooperative and is supported on the long term not only by the directly selling their products or in their local food store, but the School fruit, vegetables and milk scheme. The long-term commitment of the leadership to local issues is very much required for this organization to function and in the same time support local fruit farmers, local employment in food industry and create a short supply chain. The identification of these important features also gives the

	Cooperative a competitive edge and enables the operation to sustain itself for the benefit of the local area on a longer term.
<b>Resources needed</b> <i>[300 characters]</i>	The Cooperative received a total of 83 million HUF support for establishing the fruit juice factory and to support local employment (the education and wage of 7 full time employees for 12 months);
<b>Timescale (start/end date)</b>	
<b>Evidence of success (results achieved)</b> <i>[500 characters]</i>	Local product store, webshop, they provide 46 schools with fresh fruit or fruit juice, Excellent product award in 2017
<b>Difficulties encountered / lessons learned</b> <i>[600 characters]</i>	<ul style="list-style-type: none"> <li>• Liquidity problems, late payments</li> <li>• Post-financing in projects and recently lack of projects</li> </ul>
<b>Potential for learning or transfer</b> <i>[1000 characters]</i>	<ul style="list-style-type: none"> <li>• Profiting from existing facilities</li> <li>• Creating jobs, building community in collaboration</li> <li>• Promoting healthy eating habits at schools</li> <li>• Taking advantage of the tender opportunities, they are developing and expanding the plant, their activities and also their products based on market research.</li> </ul>
<b>Further information</b>	-
<b>Keywords related to your practice</b>	Social cooperative, food industry, fruit processing



Photo 1

