

A combination of agricultural and cultural activities: the Kalmar county in Sweden

The Kalmar region stretches along the east coast of Sweden in the southern part of the country. It is an area much valued for its natural environment and temperate, if varied, climate. It includes the island of Öland, the country's second largest island, which is a major attraction for tourists, being a UNESCO World Heritage site of preserved agricultural land with a unique flora and fauna.

Kalmar is one of 18 NUTS 3 regions that were studied in depth by the European Network for Rural Development (EN RD) Thematic Working Group No 2 "Agriculture and the wider rural economy". The aim of the exercise was to examine the contribution of agriculture to rural development, and in addition to analyse the ways in which different types of rural agricultural areas were facing the challenge of structural change and development.

The qualities of Kalmar

Inland areas of Kalmar are dominated by coniferous woodlands, which accounts for over 60% of land space, with the remaining territory being split between good quality agricultural land – some 125,000 hectares of cultivated arable land, much of which is located in the coastal area – and land of high natural, cultural and touristic value, including areas of granite rocks and beach areas.

Kalmar as a whole has a population of some 230,000 people and as typical in Sweden, it is spread across a large area – over 11,000 km² – resulting in a population density of only around 28 people per km². The main town, Kalmar, has over 60,000 inhabitants, but some 40% of the total population in the region live in rural areas.

Although agricultural activity is particularly important in some areas, it only directly contributes some 3% of the region's total output and around 5.5% of its employment – a little over the EU-wide average - reflecting a significant decline in agricultural employment in the areas of almost a third over the past decade or more.

Despite this reduction in agriculture's direct contribution, the sector remains important in economic terms, including positive links to other parts of the local rural economy, particularly food processing and trade, even though much of the sector's production is exported out of the region, and the bulk of farm feedstuffs are produced by the farms themselves (these linkages were analysed in depth using sophisticated economic input-output techniques. More information can be found in the [EN RD website](#)). At the same time, the agricultural activity provides a rich and varied visual rural backcloth that helps keep the area attractive to both residents and the important number of tourists who visit it.

Average living standards in the region, as traditionally measured by GDP per head, are in line with the EU average, reflecting, in part, high levels of education and specific training – 40% of farmers in the area have received agricultural training. Living standards are nevertheless below the Swedish national average, although those who live in the region (who tend to be a little older than the national average) have the added bonus of an above-average quality of life.

Within Sweden, Kalmar county was historically seen as a poor region, with many small and relatively unprofitable farms. This position changed, however, as farmers moved to cultivate the fertile plains along the coasts, and as the area began to develop its potential as the diversified tourist destination that it is today.

Agricultural activity is focused on milk, meat, fruit and vegetables production and remains a significant source of rural employment in certain areas. Growing demand for specialist foods is providing new opportunities for smaller farmers to diversify and develop. Milk and beef production is a developing activity as small dairy farms disappear and larger more competitive farms are emerging, despite the fact that farming in the inland areas is limited by the dominance of forests. At the same time, businesses related to horses are also increasing in forest communities, with some 13,000 horses being maintained in the area. This development is seen by the Swedish Board of Agriculture as both providing an additional source of income, and strengthening the links between rural and larger urban areas.



Life on the farm

In the region, as mentioned, there is a progressive merging of farms into larger units, particularly in the case of milk and beef producing farms. Most of the milk production is sold to the food industry, while selling directly to consumers is a less developed tradition ([Dairy plant "Emå Mejeri" – full description](#)). The growing demand for specialist foods is also providing new opportunities for smaller farmers to diversify and develop.

The extent of diversification in farm activities is modest, although specialist fruit and vegetable production is now seen as a business with a bright future, taking strength from the growing demand for nutritious foods produced in environmentally friendly ways, with the refinement of food products on the local farms now becoming increasingly common.

Such developments are particularly attractive for smaller farms, but they are not the only forms of diversification. The study identified a number of interesting cases of farms exploiting new opportunities.

One family-run dairy farm in northern Öland, which has some 130 cows and rears its own calves and heifers, took over a neighbouring farmland although at that time it had no immediate use for the farmhouse and buildings that came with it. That property now provides a modest additional income

by offering some 700 overnight stays during the summer season, and enables the farm owners to make social contacts with visitors, more than half of whom come from outside Sweden.

At another farm business in which the main activity was breeding beef animals and pigs, the owners began on-farm sales. This includes selling their own meat, as well as organic vegetable products, and strawberries produced in nearby farms. The farm also produces and sells flour from their own farm's cereals, and strawberry jam whose production is being contracted out locally. The farm store, based in an old barn, has now been in operation for almost 20 years, and provides work for two employees, as well as additional part time work. Today, half of the total revenue from the farm comes from the shop.

A more ambitious example concerns a family, previously involved in estate management, which decided to go into farming with a herd of some 250 sheep, and has since developed a diversified organic farm to meet the growing touristic demand. This includes cottage rental, their own butchery and meat processing unit, a farm store, a restaurant, and a distillery. Building up the distillery was a major investment. It received 50% funding from the Swedish Rural Development Program but the owners still had to deal with Swedish wine and spirits legislation that requires them to first sell their production to the Swedish wine monopoly and then buy it back to sell in their own farm restaurant!

An equally ambitious, but somewhat different pattern of diversification is illustrated by a family farm with almost 1,000 animals, 400ha of arable land, 200ha of pasture, and 500ha of forest. When a major grain trader closed its local drying facility, they bought it to handle their own 2,000 ton annual production, selling the other half of the capacity to neighbouring farmers. They also diversified into the purchase and rental of farm machinery, as well as biogas production from the farm's own manure.

An investment in biogas of almost 700,000 euro should save the farm 40,000 euro in annual energy costs. However, the owners are upset that the investment received no subsidy, despite being the first biogas plant in the region. Regardless of this difficulty, the business continues to develop with a new joint venture with seven other dairy farmers to produce their 'own brand' milk and cream. In total the business employs 10 fulltime workers, including four family members, and part-timer during the growing season.

Small-scale activities, such as the production of 'niche market' food products, also bring wider economic benefits too, as seen with the success of the annual 'Oland harvest fair' in the last week of September, which attracts more than 100,000 visitors. As in other areas in other countries, where local restaurants and shops do not always seem to exploit the potential of local products (as confirmed by the input-output results), farms are increasing their volumes of direct sales of a growing range of diverse food products to customers through fairs and other events.



Today the region is one of the top five touristic destinations of Sweden. The most notable tourist attractions are 'Glasriket' in the southern part of the county which is where most of the famous Swedish glass industry is located, and 'Astrid Lindgren's World' which is a fairy-tale park, based on

the stories and characters in the novels of the famous Swedish author Astrid Lindgrens, located in the island of Öland.

The widespread visual and environmental attractions of the region are widely recognised, and the same applies for its long coastline and famous heritage sites. As a consequence, overall diversification towards tourism, leisure and accommodation in Kalmar is estimated to have been some 30% faster than elsewhere in the country over the past decade, when during that time at national level the number of farm holdings that had other businesses associated with them had doubled.

Capacity and willingness to change

While the Kalmar region has adapted well to challenges, and has diversified effectively in response to changing demands, it does not have a particularly strong reputation in terms of entrepreneurial initiatives, scoring only an average rating in Sweden in terms of new business start-ups.

The local agricultural community is seen as somewhat conservative when viewed from the outside, but people connected to it consider it to be quite progressive and at the forefront in developing new innovative business opportunities such as renewable energy, new food products and recreation facilities ([Opera on Öland project – full description](#)).



Many established farmers do tend to see themselves as farmers, rather than entrepreneurs, with farming considered as a lifestyle as much as a business. On the other hand, younger farmers tend to take a more business like approach, and the transition from small scale farming to the management of larger and more complex businesses, with shareholders and managers, is also bringing changes in outlook.

In these respects, the Farmers Union and the Rural Economy and Agriculture Society provide services to promote entrepreneurial activities in rural areas. They carry out courses, counselling and development projects and together with the Local Action Groups (LAGs) they play an important role in engaging individuals.

One possible explanation of this apparent paradox concerning the entrepreneurial spirit may be that local farmers have been used, over the years, to taking on new or different tasks, sometimes permanently, sometimes seasonally, in order to make a living, and this 'multi-tasking' capacity has simply been drawn upon to respond to new opportunities that have emerged, without this necessarily being very apparent to observers.

Public policy support

While local farmers and the community at large can claim much of the credit for the region's success, an important support has been the way public bodies and associations in the area have been re-organised over time in order to devolve powers and responsibility to the local level, and thereby foster co-operation and development between all the interested and concerned parties.

Overall in Sweden, there has been a considerable and widespread shift in the balance of power over the past decade between national and regional authorities, to the advantage of the latter, following pilot projects launched over a decade ago to test alternative models of regional self-government. This led to the decentralisation of responsibility for regional development to Regional Councils, made up of representatives from municipalities and the county councils. Since Kalmar was one of the original pilot cases, it is now seen to have one of the best-established Regional Councils in the country.

This partnership approach, with its strong bottom-up perspective, is reflected in the Swedish strategic policy framework for regional development, which is in line with EU thinking as expressed through both cohesion policy and rural development policy, and as reflected in the local Partnership for the Structural Funds in Sweden, covering the use of the European Regional Development Fund (ERDF) and the European Structural Fund (ESF).

In addition, a Rural Development Programme Partnership has been established in Kalmar that brings together a variety of organisations and interests in the area, responsible for identifying local problems and solutions, and potential sources of financial support from the ERDF and European Agricultural Fund for Rural Development (EAFRD), under the overall authority of the Agriculture department of the County Administrative Board.

Together, these various initiatives are served to enhance cross-cutting co-operation between local bodies, and provide greater self-governance at the local level in a country which has traditionally sought to coordinate policies and interventions on rural, regional and environmental concerns.

In all of this, the Swedish Board of Agriculture is the national administrative authority with overall responsibility for the implementation of the Common Agricultural Policy (CAP), and responsible for payments from the European Agricultural Guarantee Fund and the EAFRD.

Other regional and local programmes provide support for the rural economy, such as the 'Local development programmes for commercial service' (LUP) which aim to maintain the supply of goods and services in sparsely populated and rural areas. The County Village movement in Kalmar County is composed of representatives from local groups throughout the county.

Partnerships for progress

The Rural Development Programme (RDP) in Sweden is focused on maintaining and developing the economic and residential attraction of rural areas in order to keep them populated and dynamic. It supports the diversification of farms with the aim of increasing farm tourism, marketing of new products, and the provision of services to maintain the landscape.

In practice this means that project developers often draw on funding support from various sources. A proposal from the Farmers Union led to a project to promote the creation of renewable energy by farmers. This is now being pursued through a joint venture between five LAGs and has brought together almost 700 farmers and representatives from local and regional communities as well as companies buying and using energy. The budget is modest - 150,000 euro - funded by the RDP, which contributes



45%, and the rest of the funds coming from the Farmers Union, Regional Councils and the regional Energy Agency ([Renewable energy project- full description](#)).

Likewise, a nation-wide project to promote small scale artisanal food production, which led to a fair in Stockholm in 2009 that attracted 100,000 visitors, is supported by regional and local authorities with funding through the RDPs of the various counties. Of a total 220,000 euro budget in Kalmar, the RDP contributed 120,000, with the balance coming from regional public sources and private funding (["Taste delights fair" project – full description](#)).

Facing the future

The region has been successful in addressing the consequences of the continuing decline in agricultural employment, in managing the transformation and diversification of farm based activities, and in balancing developing tourist activity with the need to ensuring continuity and cohesion in rural life.

It is an example from which other regions can draw inspiration. However, it has to be recognised that this success depends on a generous natural endowment, on people who have long displayed a capacity to tackle difficult problems, and on a system of public administration which, while without a doubt is seen as far from perfect by many locals, is nevertheless a fine example of how to combine clear strategic plans with the devolution of powers and responsibilities.