

Economic Study into Urban Agriculture in the City of Rotterdam Report

Summary

Objective and approach

The City of Rotterdam considers urban agriculture an important instrument to make the city cleaner, greener and healthier. Enterprises in the field of urban farming usually try to build a bridge between the city and the country, and between food production and social, economic and environmental themes. The past 5 years have seen the launch in Rotterdam of several urban farming businesses, which combine these elements in an innovative manner. This study was conducted on the instructions of the City of Rotterdam in support of the economic policy for entrepreneurs. The study aims to analyse the economic impact of urban farms in Rotterdam, and to explore the opportunities for further professionalization and growth. A total of 11 companies participated in the survey, 9 of which were eventually included in the analysis. The required data were collected based on interviews with entrepreneurs and by consulting secondary sources, including earlier studies, annual reports and websites. On the basis of these data, case descriptions were developed, which were presented to the entrepreneurs for verification and validation. In addition, the findings were validated during a workshop attended by business owners and municipal officers of the City of Rotterdam. We emphasize that the results of this study reflect the insights and experiences of the entrepreneurs surveyed; they do not necessarily reflect the opinion of the City of Rotterdam.

Results

The urban farming businesses surveyed reported a total turnover of approximately 2.4 million euros in 2014. About 54% of the revenues was generated by hospitality activities, including terraces, teahouses, and restaurants. Approximately 14% of the revenues resulted directly from the sales of locally grown produce to private individuals and commercial companies. However, this general picture differs strongly from the picture presented by individual urban farms.

For most of the businesses, urban agriculture is just a means to the end of ensuring that certain societal goals are achieved, including activation, social cohesion, and enhanced sustainability in the communities. A large share of the revenues originates from subsidies and funds, and is, therefore, of an *ad hoc* nature.

Socioeconomic impact

All of the urban farming businesses surveyed are involved in activities for the benefit of the socioeconomic impact in their community. This study shows that as a result of its strong local embedding, urban farming offers many opportunities to activate residents. In 2014, some 538 participants were involved in the initiatives that were studied. This resulted in approximately 30% of the participants returning to an employable condition.

Ambitions and conditions for growth

Many urban farming businesses cherish the ambition to grow in the next few years, and to generate revenue from welfare tasks such as activation. However,

bidding for tenders is complex for many entrepreneurs in view of the size of the contracts and their lack of organizational capacity. In order to achieve their growth ambitions, a number of businesses will have to start professionalizing by recruiting for or developing specific competences. This usually concerns the development of skills in the area of marketing and promotion, sustainable cultivation, catering, dealing with psychosocial issues, and financial policy. Particularly the record keeping with respect to the results of activation and rehabilitation efforts leaves much to be desired in many cases.

Collaboration between the businesses surveyed is scarce, even though they all know each other and they share the same interests. Collaboration could bring the advantages of a more effective promotion of interests, joint purchasing, the development of a professional accounts department, et cetera.

Recommendations for entrepreneurs

- Revenue models: Reduce dependence on *ad hoc* funding of activities by building stable revenue flows and long-term relationships with customers. The City of Rotterdam may be a prospect, but do not forget about other parties, such as housing associations, care institutions, and landscaping companies – or even the possibility of subcontracting for welfare organizations.
- Professionalization: In order to qualify for welfare engagements for the municipality or other parties, it is essential to possess the right professional competences. These competences will vary from one activity to the next, but virtually all activities require a proper business case. In addition, there is ample room for improvement in the area of marketing and promotion, psychosocial skills, financial management and record keeping.
- Collaboration: Opportunities for joint interest promotion, knowledge development, procurement or production are largely missed. Look for opportunities to forge effective alliances, even, or precisely when the means to do so are limited.
- Social impact: In the event of ambitions in the field of activation or rehabilitation, it is important to ensure that records are properly kept.

Recommendations for the City of Rotterdam

- Invitations to tender: Research the opportunities for contracts between the municipality and small-scale social enterprises in the field of social services, including activation and rehabilitation. There is a need for new procedures in which barriers between the budgets of separate municipal clusters are eliminated.
- Subsidies and facilities: Even though they are of an *ad hoc* and temporary nature, facilities such as CityLab010 and Right to Challenge can serve as pilot projects or experimenting grounds for contracts with urban farming businesses. Improve communication with entrepreneurs so that they are aware of the possibilities and opportunities these facilities offer in their context.
- Launching customer: Currently, urban farms are frequently approached for purchases in the context of municipal activities. Look for possibilities to broaden this role as a so-called 'launching customer' for local social entrepreneurs, for example by incorporating this in the municipal central procurement policy.

- Funding: Look for instruments that may help entrepreneurs to find funding for new activities or expansions in the field of urban agriculture, for instance by offering them loans under the government-guaranteed scheme for loans to small and medium-sized enterprises, or an investment fund.
- Communication: Streamline the communication with entrepreneurs on developments that are relevant to socially conscious entrepreneurship and urban farming in particular. Establish a central desk with the mandate and expertise to deliver the support that they need.
- Land use/lease: Work towards stable (commercial) contracts rather than *ad hoc* agreements on land use, possibly in combination with contracts governing social services, such as activation, landscaping or care.