

**Re-territorializing the traditional olive-oil production system through collective action in a lagging Mediterranean island.**

**The case of the Social Cooperative Enterprise “Modousa” in Lesvos Island (North Aegean, Greece)**

Pavlis, E., Postdoc researcher & member of Modousa

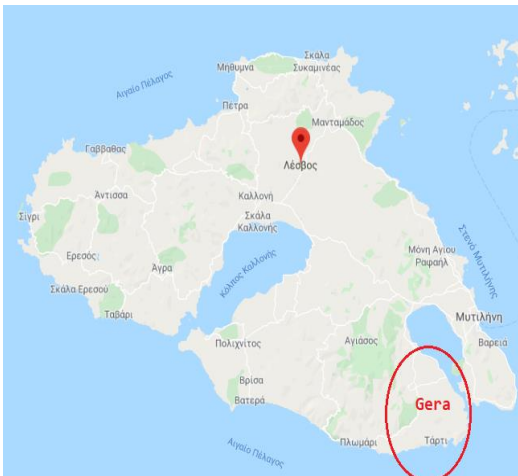
Anthopoulou, T., Lab. of Social Policy, Panteion University, Athens

# 1. The Island of Lesbos and its emblematic olive grove.

## Drawbacks and assets-based community development opportunities



- The Island of Lesbos suffers from typical natural constraints and socio-economic drawbacks of the Mediterranean lagging areas (low fertility and fragmented agricultural land, extensive farming production systems, aging rural population, environmental degradation, remoteness, etc.).
- The island boasts important intrinsic territorial resources and cultural heritage, such as the emblematic olive grove and the olive-oil tradition characterized by small family farming properties. The olive-oil sector has supported the island economy over time, but it has been in decline in recent decades: feeble competitiveness in the global market, lack of innovative marketing, low producer prices, decreasing crop yields linked to climate change.
- Despite the adverse context, small-scale family farming managed to survive and still provides a more or less significant income to rural households, especially amidst the recent economic hardship. Furthermore, over the past 15 years, there are internationally awarded small brands of extra virgin olive oil representing family-based businesses.



## 2. How to re-activate local productive potential and foster territorial assets?

The main questions of our presentation are:

- (i) how to unlock local productive potential and re-activate physical and socio-cultural assets in order to sustain localised agrifood systems?
- (ii) how to construct the olive-oil offer addressing responsible consumers through territorial labelling?
- (iii) to which extent emerging niche-markets become a force for transformation of the olive-oil productive system and empowering local community economy?

Analysis is grounded on the **community economy theory** subscribed to the principles of social and solidarity economy (SSE) = people-based economy relied on justice and equality, re-embedding economy into social relations, strengthening “the local” through collective action, partnerships and networking, recognition and mobilization of natural and socio-cultural assets, etc.

### 3. The Social Cooperative Enterprise (SCE) “Modousa” in Gera region



#### The profile and key objectives of the SCE Modousa

- It is one of the first social economy projects in Greece dealing with sustainable olive oil production. ‘Modousa’ means an abundantly productive olive tree (in local dialect).
- Created in 2014 –amidst economic crisis- by 9 olive oil producers of Gera . Now it has a core of 24 active members and 53 newly adhered (77 in total); all small olive farm holders operating in Gera region. One of the largest SCEs in Greece.
- The members of Modousa seek to solidify and expand the olive oil market through a sustainable management of the traditional olive grove as a commons, economic diversification and the principles of cooperation and fairness along the agrifood chain.



### 3. The Social Cooperative Enterprise (SCE) “Modousa” in Gera region



#### Main products and activities

- virgin, extra virgin and organic **olive oil**, organic table olives and olive paste (PGI ‘*Eleolado Lesvou*’);
- mainly of ‘Kolovi’ variety, found only on Lesvos Island (terroir) with a good quality reputation regarding the organoleptic and nutritional attributes
- Modousa controls the olive oil processing according to code of practices and since January 2020 bottles oil production in its own plant (self-financed) to ensure high quality standards in all stages
- establishment and running of a **greengrocery store** with local/Greek and cooperative products
- organization of **informational meetings** on rural landscape management, social economy and local development
- organization of **cultural events**: art exhibitions, displays of old methods and techniques of rural life, concerts, culinary events and olive oil tasting
- Participation in **EU programmes** (e.g. Erasmus for Entrepreneurs)



## 4. Outcomes of the empirical investigation on the dynamics of Modousa applied to its core members and local key informants

*Results partly drawn from Pavlis and Anthopoulou 2017 (interviews to 24 founding and active members of Modousa) and partly from new/updated evidence from local key informants*

### **The organisation of the olive-oil market in Lesvos island and Modousa**

#### **Lesvos**

- Dominant trend → self-consumption, informal networks and sales in bulk in wholesale suppliers; only 20-30% of local olive oil is marketed under label
- Wholesale suppliers are deeply rooted in local scheme and they are considered as a safe choice, especially after the economic and debt crisis
- Differential price of quality and PGI scheme
- Rise of a non-conventional economy and marketing channels
- Increase of illegal trade (in bulk) since some (almost 1/4) of Lesvos olive oil is entering the market without receipts from the olive press factories

#### **Modousa**

- Most of the production (80%) is bottled and promoted to niche markets and the rest to conventional markets (10-20%). Some of the olive oil is sold in bulk to the wholesale supplier (0-10%), and a small part of it is gifted (e.g. one year in local schools) (0-5%). Depends on production and consumption of the year...

## 4. Outcomes of the empirical investigation on the dynamics of Modusa applied to its core members and local key informants

### Market orientations, coping strategies and good practices of SCE Modousa (*collective level*)

- Promotion of symbolic quality by linking the emblematic Gera' s olive terroir, quality products and services and local community

#### Niche markets:

- Exports abroad through **solidarity networks and hubs** (networks in Netherlands, Belgium, Germany, Austria - e.g. NGO 'Solidarity for all') - participation in exhibitions, social economy events and lists, word of mouth (60-70%)
- **Diaspora networks in Greece** (Athens and Thessaloniki) and **abroad** (Australia, Canada, USA, other countries in Europe) and emotional sales – word of mouth, advertisements in specific newspapers and magazines, participation in food or cultural festivals and local events (5-10%)
- **Alternative tourism structures** (Taiwan), finding market 'penetrators' (5-10%)



## 4. Outcomes of the empirical investigation on the dynamics of Modousa applied to its core members and local key informants

### Market orientations, coping strategies and attitudes of Modousa's members *(individual level)*

- Only half of the total olive oil production of the members is delivered to the cooperative because of 2 main reasons: a) Modousa is not yet in a position to pay on time the producers such as the big dealers are doing (lack of cash-flow) and b) self-consumption needs.
- However, most members participate in Modousa because they expect better prices through collective bargaining and origin-based quality labeling.



Also because they feel that they contribute to the olive grove preservation and valorization and thus the revival of local rural communities and because they **feel more active as citizens**, contributing in **local development**.



## 5. Discussion

- ❖ Modousa as a catalyst for the activation of latent or poorly exploited resources, notably the olive grove land of Gera region.
- ❖ The cooperative has managed to raise a significant number of local producers.
- ❖ Members of the cooperative are oscillating between the "safe and convenient" and the "expected and promising“...
- ❖ Their basic concern is to ensure a fair market for their olive oil through alternative distribution channels associated and/or contextualized by a social (i.e. collectivity), cultural (i.e. history, tradition and education) and economically diversified (i.e. tourism) focus.



## 5. Discussion

- ❖ In 2 years time, Modousa members have managed to reverse the dependence on conventional markets (70% in 2017 → 10-20% in 2020) and to **open new alternative ones** (20% in 2017 → 60-70% in 2020)
- ❖ Members of Modousa represent a **different path** in relation to the ones of the conventional marketing channels since they mostly depend on alternative social and solidarity networks (and in general on niche markets).
- ❖ They promote the primordial territorial resource, the olive oil as both an economic and a cultural good, while contributing to rural revival and prosperity in local communities.
- ❖ They empower the vision of transforming the localized food system and they pave the transition from a private/individual **entrepreneurial model to a cooperative/solidarity one** through sustainable consumption and production.

## 6. Conclusion

- ❖ Local cooperative endeavors, like SCE Modousa, cannot compete in the international market through conventional modern marketing methods:
  - a) lack of know-how and skills, investment funds, large production supplies, etc, and
  - b) lack of economies of scale, accessibility problems, transport costs (Areas with Natural Constraints)
- **the best way** to meet the market challenges is to address **responsible consumers** looking for local and fair productions (**responsible producers**) through **social and solidarity networks** (in other words to transform the entrepreneurial model to a cooperative/solidarity one through sustainable consumption and production);

thus, *activating the territorial assets*

and *social capital*.

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Local Community • Means for Development

ΜΟΔΟΥΣΑ



 Lesvos

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