

## Can small farms and small food businesses of Eastern European Countries contribute to sustainable Food and Nutrition Security (FNS)?

During the past 10 years, between 2010-2019, SALSA's Eastern European (EE) countries lost an estimated 1.1 million small farms (23%). This is the equivalent of 350 small farms disappearing each day (based on EUROSTAT 2016 data).

### EASTERN EUROPE AT A GLANCE



Montana (BULGARIA) - Varaždinska (CROATIA) - Jihočeský Kraj (CZECH REPUBLIC) - Latgale, Pierīga (LATVIA) - Vilniaus Apskritis (LITHUANIA) - Rzeszowski, Nowosadecki, Nowotarski (POLAND) - Bistrita-Nasaud, Giurgiu (ROMANIA)

### 4.4 MILLION SMALL FARMS



**76% out of total farms**  
(Eurostat, 2016)



**Occupy ca. 36% of total area in these 11 regions** (Eurostat, 2017)



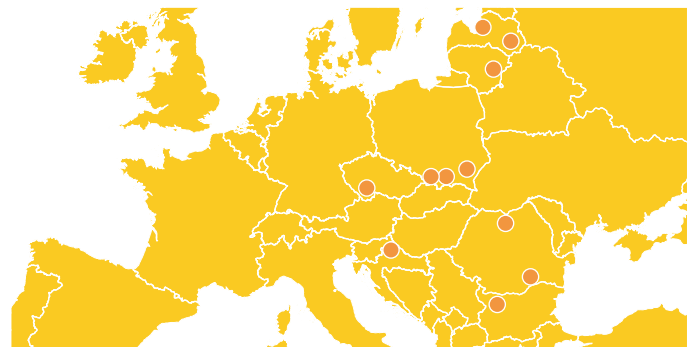
**Occupy ca. 26.4% of the Utilised Agricultural Area (UAA) in these 11 regions** (Eurostat, 2017)

Small farms in Eastern Europe contribute to a large extent to overall regional production. In 43% of the food systems, their produce is also consumed locally, enhancing food access for their households and communities. However, the food systems in which Eastern European (EE) small farms are embedded are evolving. Almost a third of food systems are showing a balanced pattern of regional and extra-regional consumption, and another third are oriented towards inter-regional trade.

In order to enable their continued contribution to the vitality of rural areas, the needs of small farmers need to be addressed in four main areas:

- Better infrastructure and connectivity
- Products, markets and marketing
- Agricultural Knowledge and Innovation Systems
- Natural resources and climate

The policy brief provides a range of responses to these needs and clearly highlights priority actions by national and regional authorities, notably those responsible for the programming of EU post-2020 Common Agricultural Policy (CAP) funds.

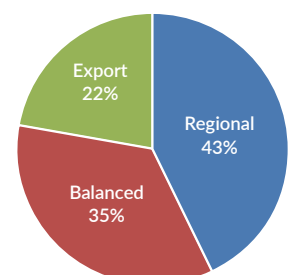


Source: EU - adapted by SALSA

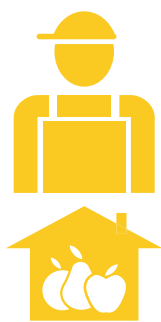
The EU-funded SALSA project set out to examine a potentially very important role of small farms – their contribution to food security.

Research was conducted in 11 Eastern European (EE) regions (NUTS3 level) of 7 EE countries – Romania (RO), Poland (PL), Latvia (LV), Lithuania (LT), Bulgaria (BG), Croatia (HR) and Czech Republic (CZ). Small farms in Eastern Europe are an important part of the agricultural structure in their countries. They represent between 37% of the agricultural holdings (in LV) and 90% (in RO).

SALSA findings indicate that, in 43% of the food systems studied, EE small farms produce 80-100% of the key products consumed in their region, and therefore contribute significantly to regional *availability*. In these regions, small farms also contribute to *access to food* for their households and communities. The Eastern European food systems studied by SALSA seem however to be undergoing change. One third (34%) show balanced patterns of regional consumption and export, while another 22% of food systems contribute to FNS outside their regions.



## SALSA typology of small farms



1. Part-time farms



2. Conventional strugglers



3. Conventional entrepreneurs



4. Business specialised



5. Business multifunctional

### Most representative types in Eastern European regions

Farming appears to be a **secondary activity** that supplements other sources of income, by generally **young farmers**, who started **farming as their own option**; a high proportion of **production stays in the household**

Second poorest cluster, and oldest; farming is rooted in **tradition**; agriculture accounts for a **high proportion of income**; high household self-consumption

Relatively wealthy, relatively old and established in farming; rely on **family labour**; access markets through **cooperatives**

Wealthiest group, relatively old and established in farming; extensive use of **hired labour**; access to markets through **cooperatives**, invest in **certification**

**Wealthy, relatively young and new to farming**; extensive use of **hired labour**; **diverse portfolio of buyers**

For many small farms in Eastern Europe, agriculture are rooted in their heritage. Their continued existence in rural area assures the preservation of rural culture. Besides maintaining diversity in rural economies, they preserve regional recipes and food diversity, and their farming practices still involve traditional techniques that conserve the environment.

The most encountered small farm type was the “Conventional Struggler”, which is usually older, characterised by having a weaker market orientation, reduced access to credit and the lowest incomes of all types. However, this particular type contributes most to food access for rural households and communities, especially in times of crisis.



### WHO ARE THE SMALL FARMERS IN SALSA'S EASTERN EUROPEAN REGIONS?

According to the classification of small farms elaborated in SALSA, all five typologies of small farms are present in Eastern Europe, however, the **most representative types are Conventional Strugglers, Conventional Entrepreneurs and Business Specialized.**

Conventional Strugglers keep a large portion of their production for household consumption. The diversity of types found in the macro-region indicates however that small farms are evolving alongside the food systems they are part of. As part of their strive to increase their incomes through various market strategies, EE small farms are increasingly opting for specialization and/or certification.

SALSA estimates approximately a third of the production of small farms is consumed directly in the household, 18% sold to processors and 15% to proximity consumers. Cooperatives also represent a key actor connecting small and larger farms, for example in the food systems of potato in Varaždinska (HR), dairy in Nowosadecki (PL) and vegetables in Giurgiu (RO).

## WHAT ARE THE NEEDS OF SMALL FARMS IN SALSA'S EASTERN EUROPEAN REGIONS?

The results of the analysis undertaken in the seven EE countries studied by the SALSA project indicate that the needs of small farms in Eastern Europe consistently fall into four main areas:

**Infrastructure**, as well as investments in **People and Communities** are among the top conditions that small farms have in order to remain in rural areas. Better **road connections** are essential for small farms to have an easier and quicker connection to regional markets. Other basic infrastructures include **internet** connections, but also regional village hubs that can help educate older farmers about digitization, for example. Small farm communities also demand better **rural public services** in order to encourage younger people to remain in rural areas; secondly they need opportunities for building strong **community leaders**, especially within cooperatives. Such soft skill investments are particularly important for inspiring small farmer communities towards a virtuous trend, and equally important for retaining young people in rural areas as harder investments.

Another priority need is for **Added-value products, Market access, and Marketing**, which mainly refers to the development of **new food supply chains** that can pave the road for innovative food products. This will likely require **raising the awareness of consumers** regarding regional and low millage diets, in the hope that

they could become allies and participate in alternative and short food chains. In order to facilitate this, improved **legislation for direct sales** from small farms is needed, alongside better training on marketing.

Under **Agricultural Knowledge and Innovation System**, comprehensive and publically funded Farm Advisory Systems are needed, ones tailored to the needs of small farms. As part of such a reform, services should be diversified to respond to the growing information needs of small farms regarding business development (including cooperative structures), new production systems and technologies, climate change and agroecology.

Formal professional education should also be upgraded to allow small farms to efficiently manage their businesses and face markets challenges.

Regarding **Natural resources and climate**, two priority needs were identified. Firstly, small farmers need advice and training on how to adapt to climate change, and secondly, regarding organic farming and agro-ecology. Although traditional farming practices in the macro-region were more likely to protect the soil and other natural resources, with the opening of the markets to agrochemicals and a lack of formal education, these are increasingly lost. Farmers therefore require professional programs that can help guide them towards knowledge intensive farming systems such as agroecology.





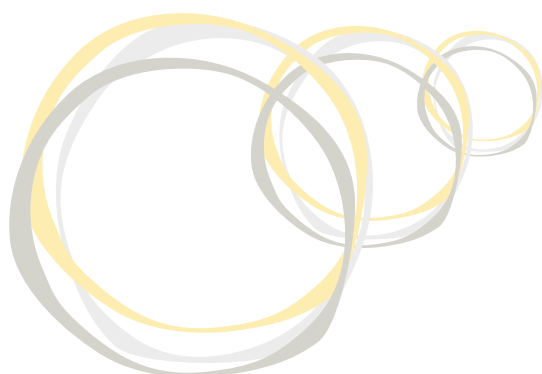
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## HOW CAN POLICY ENABLE SMALL FARMS IN SALSA'S EASTERN EUROPEAN REGIONS?

Policies are rarely implemented in isolation, but usually as a **'mix' of complementary measures**. The following policy recommendations for addressing the needs of small farms identified above are therefore formulated with reference to the three main types of policy intervention:

- **Regulation**
- **Financial Support**
- **Advisory and Innovation Support**

Where relevant some new tools and good practices are also mentioned.



## Better Infrastructure, Connectivity, support for People and Communities

### *Financial Support*

**SALSA's research indicates that continued investment in rural infrastructures through National Strategic Plan measures (including improving the quality of rural roads and rural-urban public transport systems, as well as rural public services, such as clean drinking water, sewage but also education and e-services) is still an important need and enabling condition for EE countries.** Investments in rural roads however is rarely covered by other types of structural funds (such as ERDF), which often focus on financing European and National-level roads and infrastructure projects.

Besides investments in hard infrastructures, rural communities also need the continuation of generational renewal measures such as **Young Farmers' support**. **The eligibility criteria for these require simplification and adaptation in order to allow small farms to be competitive when applying for such calls.**

## Advisory and Innovation Support

Programs such as LEADER Cooperation measures, youth projects financed under the Erasmus+ program and potentially other National Educational Programs can be used for youth in rural areas for encouraging the **development of soft skills in rural areas, such as leadership, cooperation and trust, especially among youth and cooperative leaders**, in order to drive change in less dynamic and open communities.

## Products, Markets and Marketing

### Regulation

National and regional authorities need to offer more **flexibility, clear communication and lenient/gradual non-compliance strategies when applying the Hygiene Regulation package** on small farms' production systems. Small farms could benefit from the same leniency in terms of **fiscal measures**.

### Financial Support

Regarding CAP funding, stakeholders encourage CAP managing authorities to provide stronger support for small farms seeking to **develop short supply chains through cooperation measures during the post-2020 programming period**. The budget allocation for educational promotion towards consumers and social media promotion of smaller brand products should be increased. Eligible set-ups should include consumer-driven initiatives, direct buying groups, 'pick-your-own' farm visits, physical and online shops, mobile applications and Community Supported Agriculture (CSA) initiatives. NGOs, LEADER Local Action Groups (LAGs), Foundations, as well as tourist HORECA points (as a distinctly helpful actor in this configuration) should still be eligible to apply under such arrangements.

Local authorities could also play a role in maintaining the diversity of agrifood supply chains by **maintaining and increasing the number of local farmer markets and craft markets** each weekend in attractive and well-circulated city squares.

### Innovation Support

Advisory support could focus on **promoting successful short supply chain types of initiatives and regional good practices among small farms** as a form of market education. Secondly, small farms also require **more training regarding storytelling-based branding and marketing**, in order to develop better labeling and promotional activities, attract consumers and obtain added value for their produce.



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## Agricultural Knowledge and Innovation Systems

### Regulation

SALSA stakeholders have advised national agricultural ministries to **develop regulation for aligning the activity of private agrochemical advisors** with national and regional strategies, targets and objectives.

### Financial Support

There are numerous and diverse expectations from SALSA policy regarding Farm Advisory Services (FAS) in EE member states. **National FAS should provide free, publically-funded services for small farms, but should also increase the level of training of staff, diversify services beyond informing about basic CAP conditionalities. Small farms need more education about regional good practices for small farms.** Small farms also require training programs regarding agroecology, organic farming and cooperation projects.

National AKIS strategies should pay particular attention to **incentivizing universities to cooperate with small farms and their organizations.** The *curricula* of professional agricultural high schools should also be improved in order to make farming more attractive for youth.

Last but not least, national/regional CAP managing authorities could make Local Action Groups (LAG) under LEADER eligible as **farm advisors.**

## Natural Resources and Climate

### Regulation

In order to assure the effectiveness of environmental objectives, authorities **should improve the implementation and controls for the Environmental regulation package**, as well as related conditionalities. Secondly, **national and regional water irrigation strategies should be expanded and adapted to the needs of small farms**, including by financing water storage facilities in drought areas.



## Financial Support

Agri-environment, as well as agro- and eco-tourism businesses measures from the 2014-2020 programming period **should be continued through the post-2020 Strategic Plans** in order to continue diversifying the range of economic activities available for small farms who maintain High Natural Value landscapes in mountainous areas. Furthermore, Cooperation measures from the post-2020 CAP, such as Short Supply Chains, could be used to promote the environmental benefits of local food.

Lastly, in order to continue supporting the transition of small farms towards more **environmentally friendly production means** (including solar panels, fuel-efficient tractors), modernization investment measures should continue recognizing them as a eligible category during the post 2020 CAP.

## Innovation Support

National Agricultural Ministries and CAP managing agencies should encourage LAGs and NGOs to provide support measures for building capacity on Agri-environment measures. SALSA stakeholders proposed this as the contribution of these groups to assuring the success of such measures during the 2014-2020 programming period was positive.



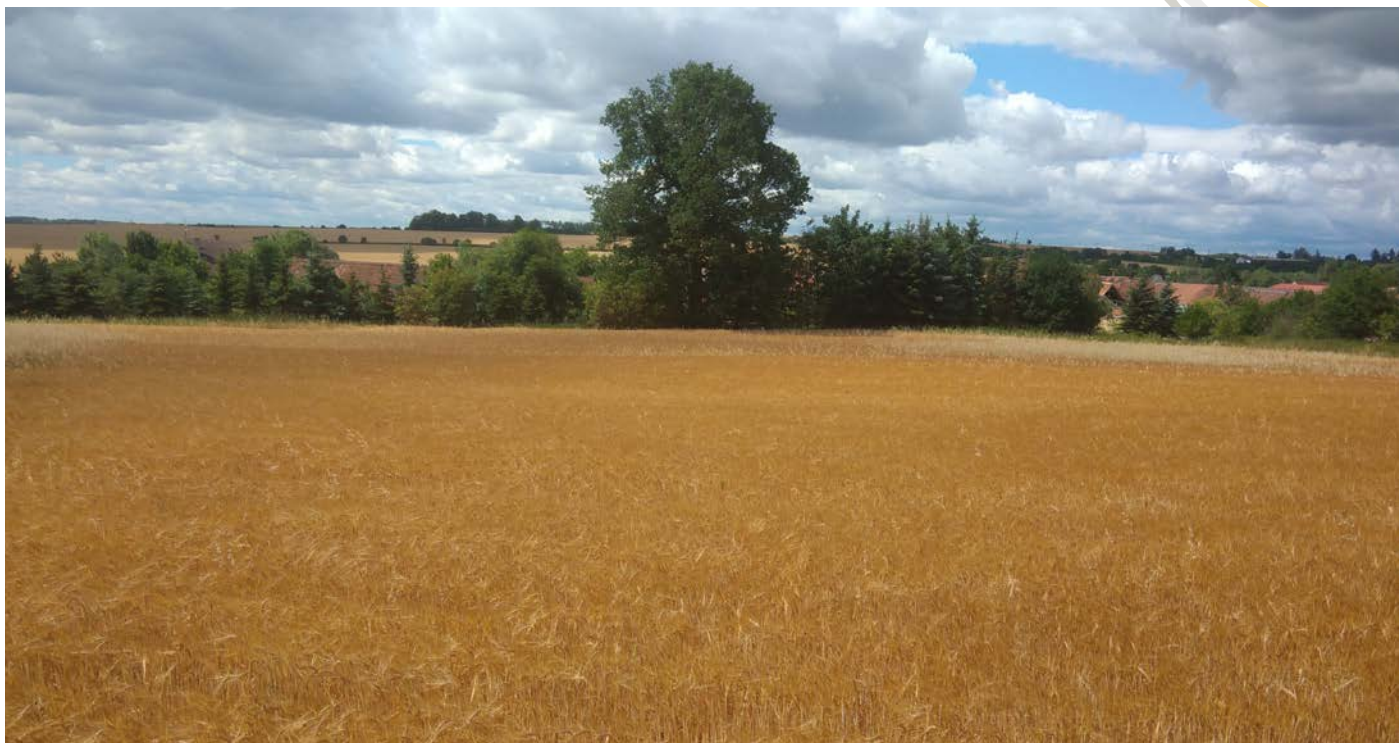
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## CONCLUSIONS

For the small farms in SALSA's Eastern European regions, investments in road infrastructure and services in rural areas, as well as generational renewal measures remain important. Short Supply Chain measures should continue building bridges between small farms and urban consumers. Agri-environment measures and ones meant to diversify the range of activities in High Natural Value rural areas can also diversify the range of income sources from small farms and help them promote their unique assets.

To this aim, it is necessary to plan an efficient policy mix. It is good to consider not only support schemes for both CAP pillars, but also the integration and harmonization of different mechanisms from various programs, funds and regulations available at EU level. Small farmers support should be addressed at both national or regional level. This seems to be particularly important for the measures focused on community development.

However the ability of rural measures to actually target and reach small farms depends on the organization and involvement of small farms and their representatives in the development the new CAP Strategic Plans, as well as the simplification of eligibility criteria and legislative requirements affecting them (including hygiene, direct sales and taxation). Currently these are almost the same for all farms – whether they are small, medium or large - which diminishes the chances of small farms of benefitting from them.



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SALSA Final Conference → at the 14th IFSA 2020 Conference,  
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