



**Semi subsistence farming in the EU: current situation and
future prospects**

ENRD Seminar, Sibiu, Romania, 13th-15th October 2010

Summary report of outcomes



Connecting Rural Europe

1 Background and introduction

Background: The European Network for Rural Development organised a seminar on the current situation and future prospects for semi-subsistence farming (SSF) in the European Union on 13th-15th October 2010 in Sibiu, Romania.

The focus on semi-subsistence farms (SSFs) was motivated by two observed facts within the EU-27: firstly; the relevance that SSFs have today within the farm structure of most new Member States (MS), and secondly; the survival of small farms in most MS across the EU, even after the process of farm restructuring and modernization of rural areas has been going on for a substantial time period, with different modalities and progress.

Objectives: The main aim of the seminar was to assess the current situation regarding semi-subsistence farms in the EU-27 and of the policies directed towards them, together with the challenges, needs and prospects SSFs face, also highlighting their contributions to the rural environment and society.

The objective was to contribute to a better understanding of the profile of semi-subsistence farmers needs and opportunities and how semi-subsistence farms interact in society and with the environment.

Context: Subsistence farms (SFs) and semi-subsistence farms are typically characterised as small, family run agricultural holdings, associated with production for own food needs and a low degree of market participation. However, there is no universally agreed definition of subsistence and semi-subsistence farming. Definitions can be grouped according to three different criteria: physical measures, economic size, and market participation. Overall, SFs and SSFs are more prevalent in the NMS, but variations between NMS and across EU-15 are significant.

In this context all policy measures open to SSFs and SFs should be considered, in the different axes of Rural Development Programmes (RDPs). In fact, relatively little is known about the profile of small farms' needs and their demand for policies, or the adequacy of the policy supply and delivery mechanisms. The results of the seminar are expected to contribute to a better targeting of rural policy interventions in different types of contexts. EU and Member State roles were examined with the aim of identifying types of rural development policy mechanisms or instruments that were well adapted to accommodate the needs of semi-subsistence farmers and the broader objectives of rural development policy.

To guide the seminar an analytical Background paper was prepared by the Contact Point for the ENRD. It comprises three main parts providing:-

- An identification of the key issues related to SSFs, such as questions of definition, quantitative and qualitative relevance and socio-economic characteristics, transformation patterns and typologies, role of small and SSF in the wider agricultural and rural context.
- An analysis of the policy approaches to SSFs, considering first the broad picture of objectives (restructuring, diversification, exit), targeting, national and EU policy approaches and measures; and focusing then on the specific measure targeted to SSFs in current Rural Development (RD) policy and delivery mechanisms, including an assessment of the current policy supply adequacy.

- Case study examples to give a more in depth knowledge of SSFs, related to their specific rural context and history from both new and old Member States, namely Hungary, Romania and Scotland.

Seminar structure: The seminar programme was structured to cover the following topics: key SSF issues; wider implications of SSF for society and the environment; diversification and integration into the food chain, and the relevance and use of rural development policy instruments. Much of the seminar was dedicated to four in-depth parallel workshop sessions covering between them the above topics.

This report provides **summaries of the outcomes** of each of the four workshop topics, namely:

- Workshop 1- SSF concepts and key issues; including understanding the meaning of the term in different Member States;
- Workshop 2 - Wider implications for SSF for the environment and society, including social issues and the importance of SSF as a social safety net;
- Workshop 3 - Pathways for SSF integration into the food-chain, diversification into non-agricultural activities;
- Workshop 4 - Reaching and supporting SSF: EU rural development policy mechanisms available, how the available policy instruments are used in Member States and the impact of rural development policy on those farms;

Additionally, the importance of networking was considered in several workshops.

This report also provides a synthesis of the results of the workshops and the final plenary session which was further informed by interventions from both the Romanian Minister of Agriculture and Rural Development and the European Commissioner for Agriculture and Rural Development.

Seminar participants: The seminar was attended by over 140 participants from a range of rural stakeholder groups including; academics, RD programme management authorities and networks from throughout Europe. Feedback from participants following the event indicated that 77% of those surveyed considered the seminar provided useful and that it provided new information on specific areas of interest and 69% that the programme of the seminar was useful to their current and future work.

2 SSF concepts and key issues (workshop 1)

The workshop focused on several key questions:-

- How are small farms and, in particular SSFs, differentiated within the EU?
- Is it important to agree on a definition of SSFs?
- What are the advantages and disadvantages of the three criteria that could be used to differentiate SSFs for policy and statistical purposes: physical measures, economic size and market participation?
- Does a different weight of SSFs within a farming structure also imply different functions and policy needs?
- Are the policy needs of SSF different from SF in general? In what way?

It has been widely accepted that SFs and SSFs are typically small, family run agricultural holdings, associated with production for own food needs and a low degree of market participation. However, ***there is no universally agreed definition of subsistence and semi-subsistence farming***. Most definitions stress the objective of satisfying household food needs and low integration into markets, including the local ones, either through sales of farm output or purchases of inputs. Often the general presumption is that these farms contribute to the poverty of the farm households. As their market integration is low, their contribution to rural economic growth is also low. On the other hand, they may act as a safety net for poor rural households, particularly during times of recession or drastic economic and institutional reforms such as those experienced in the 1990s by most of the current EU New Member States.

Workshop participants agreed that: SSFs are small in size; they are not economically viable since sales of agricultural output do not generate enough cash income; the level of education and transferable skill of the farmers tend to be low; and they lack a commercial objective. Their main objective is to secure food for the extended family. SSFs lack capital and their level of technology is typically outdated. In the best case they are linked to the local market since they are unable to cope with the modern agri-food chain. These characteristics raise two types of issues – sectoral (agricultural) issues and territorial issues, particularly in localities where SSFs are the prevalent farm structure.

Generally, a definition of subsistence farming involves the use of one of ***three different criteria***: physical measures, economic size, and market participation. ***(i) Physical measures***, such as agricultural land and number of livestock, and volume of inputs (e.g. labour), can define subsistence and semi-subsistence through thresholds. In Europe, there is a broad consensus that SSFs or small farms are those that operate on an agricultural area of 5 ha or less. Land area is a good operational criterion, understandable to farmers and all rural stakeholders. However, the major weakness in using land area for defining SFs and SSFs is that there are differences in terms of the fertility of land and the type of land use. For example, in most of the EU-27 small farms are clearly specialised in intensive horticulture, or specialist pigs and poultry, and therefore can be relatively large economic enterprises despite the limited land area used. Consequently, physical measures are not an appropriate indicator for defining semi-subsistence farms

(ii) Economic size is widely used for statistical and policy purposes throughout the EU, expressed in terms of European Size Units (ESU). Eurostat classifies farms smaller than 1 ESU as subsistence and those of less than 8 ESU as small farms. On this basis, farms between 1 and 8 ESU may be labelled as semi-subsistence. According to the Eurostat Farm Structure Survey, in 2007 there were 11.1 million small farms (below 8 ESU) within the EU-27. Of these, 6.4 million were below 1 ESU and were therefore considered to be SFs, and the remaining 4.7 million were SSFs. Expressed as a percentage, the share of SFs and SSFs was equal to 46.6% and 34.5% of the total number of agricultural holdings respectively. In six NMS (Bulgaria, Hungary, Latvia, Lithuania, Slovakia and Romania) farms below 8 ESU represented 95% or more of agricultural holdings in 2007. However, considering the land area managed, the importance of SFs and SSFs is much more modest. In 2007, SFs operated only 6.8% of the EU-27 utilised agricultural area; while the figure for both SF and SSF was higher, 22.5%. Although ESU is a better criterion for delineating SFs and SSFs than the physical measure, some workshop participants argued that it is still not applicable everywhere, especially not in Romania because of the lack of fully operational databases of relevant information.

The third widely used approach to defining SFs and SSFs is based on a **(iii) market participation** criterion. Farm households may sell between zero and 100% of their agricultural output. Those that sell some part of the output, but less than 50%, are defined as SSFs. A similar approach has been adopted in Article 34 (1) of the 'Council Regulation on Support for Rural Development by the European Agricultural Fund for Rural Development' (Reg. (EC) No. 1698/2005), where semi-subsistence farms are defined as "agricultural holdings which produce primarily for their own consumption and also market a proportion of their output". This definition deliberately avoided setting thresholds for consumption and sales, in order to allow individual Member States to adopt their own eligibility criteria in the Rural Development Programmes for the support of semi-subsistence farms undergoing restructuring (Measure 141). On this basis the workshop participants concluded that the definition is common among the Member States, but the measurement differs.

In seven NMS, most farms produce mainly for self-consumption. These are Slovakia, where in 2007, 93% of the farms produced mainly for self-consumption, Hungary (83%), Romania (81%), Latvia (72%), Bulgaria (70%) and Slovenia (61%). Despite their prevalence in terms of the total number of holdings, SSFs manage smaller shares of the utilised agricultural area. At the extreme is Slovakia where 93% of farms only manage 8% of the agricultural land area. There are only three EU-15 countries where farms producing mainly for self-consumption play a significant role in the farm structure, namely Italy, Greece and Portugal. In general, out of those currently available, **for the EU-15 the ESU seems an appropriate criterion for delineating small farms**. For the NMS, the market participation criterion is more useful since production decisions are frequently influenced by the food needs of the household.

Against this backdrop, the workshop participants debated whether a common EU definition would be useful. The prevailing opinion was that **a broad common definition is necessary but that individual Member States should devise their policies using quantitative thresholds suitable to their specific needs and situations**. Concerning the current measure 141 'Supporting semi-subsistence farms undergoing restructuring' and

the definition of semi-subsistence farms for the purposes of this measure, some participants argued that a new and more innovative definition and eligibility criterion for support should be devised. For example, not to support a small farm *per se*, but to support a good and viable business plan.

Several other policy-relevant points emerged from the two case studies presented – the case of smallholders in Ireland, presented by Jim Kinsella, and the example of Hungary, presented by Csaba Forgacs – as well as from the general discussion. The development and transformation of semi-subsistence farming is closely related to the general economic situation and economic growth. Therefore SFs and SSFs should not be examined without considering the wider economic environment. The Irish case exemplified clearly how, with the economic development of the country, a farm developed from a semi-subsistence system to intensive farming, then to part-time farming and finally to farming as a lifestyle. Similarly, in Hungary the decline of SFs and SSFs can be partly explained by the wider economic situation. However, other stronger factors that influenced the change there were national and European policies. During the 1990s, farmers tried to avoid taxes by dividing the land among members of their family, which increased substantially the weight of SSFs in the farm structure. When Hungary joined the EU and started implementing the CAP support, the land was once again given to one person, and thus the number of SFs decreased. These two examples underline the ***key importance of economic growth and policy for farm restructuring and the different weight SSFs have within the farm structure in different time periods.***

Another large group of issues discussed included ***farmers' age, education and the process of overall exit from agricultural activities.*** Age and educational level are important parameters in deciding which measures can be applied for SSFs and for a better understanding of why policy uptake has often been smaller than expected. Elderly farmers especially see their small plot not just as an economic asset but rather as a way of life to be inherited by their children. The example of Ireland showed that 45% of smallholder farmers are over 60 years of age and that the majority of exits from farming resulted from the death of elderly farmers while the land was purchased or inherited by larger farmers. Educational levels are typically low – 90% of farmers who are over 60 have only primary education.

Controversy was raised by the issue of ***whether SFs and SSFs block productive resources*** which they use inefficiently and that could have been transferred to more efficient farmers. The prevailing opinion was that it depends on the particular situation. It might be true for lowland farming where there is competition for land, but it is not the case in mountainous areas where if SFs and SSFs disappear the agricultural presence will disappear as well.

In summary, the workshop revealed that ***SFs and SSFs constitute a farming model which addresses at the same time social, environmental and economic issues.*** SFs and SSFs have some specific characteristics since they are not just a productive unit (which is typically economically non-viable) but also a household which is often vulnerable. In the case study of Hungary, SSFs were presented as having a dual face: on the one hand, economic units and, on the other, part of the social network. Bearing in mind their complex character and multiple functions, the ***policy needs of SSFs should be defined with regard to the promotion of sustainable farming systems and creation of a viable***

European countryside with economically viable households. In the context of the new global issues, i.e. climate change and high food prices, there is a new future for SSFs.

Subsistence and semi-subsistence farmers are rational – they will enter the market if they see benefits. However they often face barriers, such as quality certification or difficult market access due to the lack of credit and physical infrastructure, e.g. a lack of, or bad quality, roads. This is where rural development policies linked to a particular territory can help to meet their needs. SSFs in peri-urban areas, in remote areas or in mountainous areas may have different policy needs and thus have to be targeted with different policy measures. Targeting is the key word in this context. But in order to achieve this targeting, systematic information on the development of SSFs, their productive capacity, market participation and household incomes (farm and non-farm) is necessary.

3 Wider implications for SSF for the environment and society (workshop 2)

This workshop revealed a substantial change in the way the semi-subsistence farms (SSFs) are perceived. They are no longer seen as just non-competitive farm structures hindering rural growth. This workshop highlighted the recognition of the wider environmental and social contribution of semi-subsistence farming beyond the core agricultural activities. In this wider context, the debate focused on four key issues:-

- What is the role of SSFs in the provision of public goods?
- Are SSFs sufficiently recognised and remunerated for the public goods they provide?
- How can SSFs be further encouraged in the provision of environmental public goods?
- How can SSFs be further encouraged in their role of maintaining and strengthening rural communities?

Three presentations shed light on different aspects of these issues. First, Mihail Dumitru presented the case of the Romanian SSFs. This was complemented by a second presentation by Nathaniel Page about the role of subsistence and semi-subsistence farms in the delivery of public goods in Romania, based on the work and experience of Foundation ADEPT in Transylvania. Jana Fritzsich focused on issues of structural change and social security, drawing on results from a study on semi-subsistence farming in Poland, Romania and Bulgaria carried out within the project 'Sustainability of semi-subsistence farming systems in new member states and acceding countries' (S-FARM).

One of the critical objectives of the CAP and wider EU policy is to promote sustainable agriculture that respects the natural environment. The contribution of SSFs to this objective was widely debated. SSFs maintain high nature value pastures, maintain the mosaic landscape, and manage land associated with high species and habitat diversity. Often SSFs operate on poor lands and have a very limited capacity to invest in purchased inputs. Therefore, they are more likely to apply less intensive farming practices that are environmentally friendly. SSFs are small in the economic sense, employ extensive farming practices and should not be confused with small (measured in land area) highly intensive farms typical of the north-west of Europe. However, one of the important issues is whether there is demand and willingness to pay for these public goods.

A consensus was reached among workshop participants that ***SSFs play an active role in the supply of environmental benefits through maintaining traditional farming systems***. This observation raised several related questions, such as whether they are rewarded for these benefits; and whether they supply such benefits simply because they are trapped in poverty, cannot intensify their technology and have difficulties in becoming commercial. In other words, whether poverty is the private price paid by SSFs for supplying social benefits. Most of the workshop participants supported the view that ***SSFs supply environmental benefits for free and are not rewarded for these public goods***. Additionally, rewards should not be treated in a narrow sense. Often, SSFs are marginalised – not only in the economic sense but also in social perception, and they lack self-respect. Rewards should serve to counterbalance this marginalisation. They should take different

forms, for instance, TV messages about the SSFs' contribution to rural communities, and about what they are doing to provide public goods. Some innovative policy decisions should be put in place as well, for example, the provision of some free services to SSFs.

Some participants suggested that there is a need to create a new axis in the CAP rural development pillar catering to the policy needs of SSFs. Even if rural development policy does not move towards the creation of a new thematic axis specific for SSFs/small farms, various improvements in the existing measures were suggested. The case study on Transylvania emphasised that traditional common grazing is essential for the survival of small-scale farmers' communities. But the associations receive neither Pillar I single area payments nor Pillar II agri-environmental payments for common grazing. The Romanian case indicated that the smallest farmers cannot access policy measures since they are not registered, but they still provide public goods. ***If a package of policy measures is to reach these SSF farms, the administrative and control procedures have to be simplified enormously.*** However, there are difficulties in reaching these farmers even with a simplified policy package. They are too many, old, and with low educational levels and skills. Sometimes farmers do not want to register as they cannot comply with the quality and hygiene requirements; as is the case with small dairy farmers. Extension services and farmers' associations can help in such cases. Another avenue for meeting the multiple policy needs of SSFs is to achieve a ***better complementarity between different policies, such as rural development, regional policy and social policy.***

Another interesting discussion evolved around the heterogeneity of SSFs. Various typologies of SSFs exist which classify them into homogenous groups (clusters), taking into consideration the characteristics of farm holders, the farm asset base, the availability of non-farm incomes, and the attitudes of farmers towards farming, diversification and exit from agriculture. Four clusters were reported as a result of a study carried out within the S-FARM project – pensioners, farmers, job starters and diversifiers. As expected, the rural diversifiers have the highest share of non-farm income sources. They also have a relatively high educational attainment. Rural pensioners are old, manage small holdings and have a high share of household members beyond working age. Farmers are operating the largest farms and they seem mainly commercial. Rural newcomers (job starters) are young but with limited education and very low incomes. These clusters brought to the fore the issue of ***the need to target policy and have specific packages for different groups because they have different policy needs.*** For example, farmers, in order to become more efficient and engaged into the market, need investment support and extension services. Pensioner households who live below the poverty line need welfare benefits. Training is the overwhelming need of the job starters – general as well as agricultural.

In summary, this workshop called for a ***wider recognition of SSFs as suppliers of public goods.*** This recognition and rewards for their efforts could take different forms and may be linked to the local territory. It is not feasible to expect that policy measures can reach each individual in these millions of SSFs, but they can ***foster territorial development, extension services, vocational training and re-training that can benefit SSFs as a group located in a particular territory.*** Thus, one of the main policy conclusions was that there is a ***need for better linkages between rural development policies and territories.*** Another central policy message was that, owing to their

environmental and wider social benefits, SSFs should be better reached by the post-2013 CAP. Some comparisons between the experience of different Member States might be useful in helping to understand what has worked, and under what conditions, and therefore to facilitate the diffusion of best practice. The workshop closed with a firm commitment by all stakeholders involved in rural development to ***find ways of maintaining and enhancing the role of SSFs in the delivery of public goods, but without poverty.***

4 Pathways for SSF integration into the food-chain, diversification (workshop 3)

The workshop focused on several key issues:-

- What are the main barriers to diversification and how can they be overcome?
- In what ways can the barriers to participation in the food chain (e.g. high transaction costs and inability to meet agricultural standards) be overcome?
- In what circumstances should diversification or farm restructuring be actively encouraged?
- What role can cooperation between semi-subsistence farmers play and can it be enhanced?

This workshop topic was directly informed by presentations on: Integration of semi-subsistence farming in the food supply chain – new opportunities or new barriers?¹; Pathways for semi-subsistence farming from experience in EU15: strategies for diversification, pluriactivity, 'exit strategies'² and; Increasing market participation: experience of Romanian Farmers' Market 'Targu Taranului'³.

Workshop participants explored the various pathways for integration and diversification. It was recognised that it was more appropriate to consider the SSF as a socio-economic – family – unit. In this context **'pathways' for individual SSFs are typically long term and often inter-generational**. It was also noted that SSF pathways are not necessarily one way. Very small farms may – and do - grow bigger or smaller over time and try different types of diversification strategy.

The situation facing EU SSFs in 2010 was recognised as very different to that in previous decades. There are relatively under-developed small farm agricultural sectors in newer Member States (each with different social, economic and political histories); the agri-food sector is very advanced and competitive, often globally; the level of consumer sophistication varies greatly between different MS, and; compared to just three years ago there is a **very different macro-economic situation and hence changed market conditions**.

The main challenges facing SSF are believed to be fairly well known and include: lack of physical and financial capital; high transaction costs; difficulties in meeting standards (both health and quality – including those of the agri-food companies); insufficient know-how (particularly in marketing) and, from a purely economic perspective; socio-cultural constraints⁴. Small farms including SSFs in 'less favoured areas' (for example mountainous and remote areas) also face additional specific constraints related to their resource base and access to infrastructure.

¹ By Liesbeth Dries, Wageningen University.

² By Elena Saraceno, ENRD Contact Point.

³ By Teodor Froilu, Association Group of initiative 'Radu Anton Roman'.

⁴ The analytical background paper prepared for the seminar, "Semi-subsistence farming in Europe: concepts and key issues", provides further details on these challenges.

Workshop participants also highlighted that it was important not to overlook the fact that the situation which exists today also provides SSF with new opportunities, e.g. the ***important role that SSF can play in responding to the growing consumer demand for local and traditional produce and shortening the links between farm and fork.***

The workshop mainly discussed diversification into the food chain, rather than into non-agricultural related activities. Nevertheless, regarding diversification and/or restructuring *per se* there was a broad consensus that ***diversification of SSFs along model 'generic' pathways should not be a policy goal.*** The reasons for this are both that there were no standard pathways (which simply require a modest amount of financial support for SSFs to successfully embark on them) and, most passionately articulated, that one of the greatest strengths of European agriculture is its very diversity. Instead, the focus should be on improving the physical, economic, and institutional environment in ways that will tend to benefit SSFs, i.e. on reducing the challenges they face. Consistent with this approach there were calls for policy makers to explicitly recognise that options for growth are limited in some situations (e.g. remote mountainous areas) and take decisions accordingly.

Regarding how best ***to actively encourage entry into the food chain, improving both physical infrastructure and the institutional environment and support are fundamental.***

Apart from the infrastructure necessary for a decent standard of living in rural areas, much better transportation, storage, processing, marketing infrastructure, at the local level, for agricultural and agri-food products is required. ***Local administrations have a key role to play in identifying, developing and maintaining critical investments.*** Above all, workshop participants agreed that the necessary infrastructure must be accessible in practice to SSFs (as well as physically exist).

Also ***of vital importance is encouraging cooperation:*** within the SSF sub-sector; between SSFs and other – more fully commercial - operators (both agricultural and agri-food); in the form of public-private partnerships, and; to encourage and leverage private sector initiatives and investments which use SSF production. For real progress to be made in economic terms, encouragement needs to be given, not just to the development of associations *per se*, but to 'hard' forms of cooperation such as defining and ensuring processing and quality standards.

More broadly, workshop participants advocated both a key role for on-going advisory support and coaching (not simply advice for applications or business plans) which could use the services of NGOs and for communication initiatives (urban:rural, including campaigns aimed at consumers) designed to increase awareness of the products that SSF can provide.

One area where there were divided views in the workshop was related to the role that large agribusiness companies do and should play. Such companies do engage with SSF and in some Member States provide fairly comprehensive support services to small as well as large farms. On the one hand, this can be seen as a positive role. However, some workshop participants expressed strong views that these commercial entities were essentially exploitive and that SSF development should be independent of large business interests.

The workshop participants recognised that local, regional and national specificities should be recognised in the policy framework. The development of 'direct' food chains at local level is

very important for SSF and sometimes relatively simple interventions can be successful. However, ***more comprehensive packages of interventions may be appropriate when addressing the needs of larger geographic areas.*** The principle of proportionality was also deemed important, specifically with regard to simplified rules and procedures for accessing rural development funds. Some participants also advocated the application of this principle to food safety and phyto-sanitary regulations.

The workshop participants were virtually unanimous in their judgement that ***cooperation is essential not just desirable.*** Different models of cooperation have a significant role to play: e.g. horizontal (mainly among producers, both of a single product and among different types of producers) and vertical (production, processing, packaging and marketing - including farmers markets). It was considered that cooperative access to credit should also be promoted.

Underpinning this view of cooperation is the fact that, by their very nature, SSFs are difficult and costly to 'reach' and deal with individually and that certain important policy interventions would be impractical to implement with individual SSF. Cooperation is also a *modus operandi* that can make at least some impact in redressing the imbalance of market power between SSF and larger entities. It was also generally agreed that ***Leader has an important role to play in facilitating such cooperation in support of SFs and SSFs at local level.***

Overall the workshop participants agreed that it is desirable that cooperation is not 'ring fenced' to within the community of SSF, both because of the importance of cooperating in the most economically rational forms and as, in principle, SSF should not be treated differently purely because of either an explicit or implicit view that they are a 'problem'.

In the same vein, views were also expressed for both the above reasons that policy interventions should have a SSF focus but not necessarily be exclusive to SSF and that policy should reflect the fact that ***the private sector and civil society/ NGO's should play a critical role in the development of SSF.***

Finally, cutting across all of the above, the ***key importance of encouraging and recognising innovation and facilitating the 'demonstration effect'*** was stressed.

5 Reaching and supporting SSF (workshop 4)

The workshop was guided by case studies and experience from Poland, Scotland, Romania and Bulgaria which provided practical perspectives on certain types of support, an assessment of their effectiveness and a number of lessons learnt that could be used to guide discussions on how best to reach and support semi-subsistence farmers (SSFs). The debate within the workshop focused around a number of key questions, namely:

- What are the most effective ways to provide support and to reach SSFs?
- Should SSF be supported explicitly by rural development policy?
- Is there a continuing role for the current RDP measure supporting SSF?
- What other complementary actions should be considered in support of SSF?

Two presentations provided important insights. The first⁵ was based on an analysis of the results of an evaluation of the Polish measure for SSF funded under the 2004-2006 RD programme. The scheme was targeted at farmers with between 2-4 ESU and over 1 ha. All applicants for grant funds were required as part of their application, to submit a business plan. The focus of the measure was on encouraging farm restructuring. The scheme highlighted the problems of such measures which can exclude the smallest farms. Debate followed on the effectiveness of using Economic Size Units as a suitable measure of farm size for entry in the scheme. As a single measurement criteria, it can result in a large discrepancy between the land size of farms and the support available. The ***problems of measuring the effectiveness of a scheme in purely economic or agricultural terms*** were also highlighted by this example, which in many cases can prove unrealistic as targets for such farms where other goals such as diversification may be pursued. The findings also highlighted the need to ensure more linkages, synergy and coordination with other policies (not only agriculture and RD) to ensure overall effectiveness. The debate further highlighted the critical role of infrastructure and rural services and the opportunities to promote tourism and other non-farm income as viable alternatives to SSF restructuring.

A Scottish case study⁶ of 'Crofters' highlighted the ***importance of livestock for small scale farms*** and the ***clear environmental benefits of such farming systems***. The study also revealed the inadequacy of current support that is leading to a gradual decline in overall livestock numbers and increasing land abandonment. This provoked a debate on the 'one size fits all' approach to policy making which it was concluded does not work for many small-scale and SSFs. The extent of the administrative procedures and their consequences, in terms of the time and effort required to access funds, was identified as a major constraint for SSFs. The ***essential role of advisory services and skills transfer*** were acknowledged by many participants and the fact that such support networks can often be inadequate to support the diverse needs of SSFs.

⁵ "Reaching & supporting semi-subsistence farms in Poland") presented by **Jan Falkowski**, Warsaw University, Poland

⁶ 'Crofting in Scotland: policies to address semi subsistence farms' needs presented by **Angus McHattie**, Crofters Commission, Isle of Skye, Scotland

The workshop also explored the rationale for supporting SSFs, the level of support which should be considered and the ways in which targeting can be improved, whilst recognising the obvious ***trade-off between complexity and administrative requirements and capacities*** (that have often led to the design of schemes that exclude the smallest and most vulnerable farms in many remote rural areas).

The duration and type of support will clearly vary dependent upon whether there is a greater focus upon promoting greater commercialisation, restructuring, innovation, diversification and/or promotion of environmental benefits (and other non-tangible social and cultural benefits). This also raised questions over the ***role of policy in guiding or imposing roles and potential futures on farmers*** and the expectations that both society and policy can or should make on SSFs. The view that farmers have to be professional, commercial and profitable is limited. For example, value-added is also provided by some small-scale or SSFs that undertake low intensity livestock grazing, resulting in managed pastures, rich biodiversity and beautiful landscapes. How such public goods can be measured and supported, provided a core focus to discussions and an exploration of what consumers and society as a whole are willing to support. Further, the workshop considered the implications of not supporting this and its consequences for many more remote rural areas of Europe. The general consensus of workshop participants was that ***the loss in biodiversity, landscape degradation and the associated reduction in value-added to other rural activities would have a dramatic, negative and long lasting effect on many rural economies***, further accelerating rural–urban migration and reducing the viable options for the sustained future of many rural communities in Europe.

The general consensus of the workshop indicated that ***SSF support needs to be designed to acknowledge the broader role that such farming systems can play in rural areas***. To develop a policy approach and ***suite of measures that can promote choice, facilitate change and encourage innovation*** but also one that ensures that the direction of that change should not be overly prescriptive or constrained by the policies themselves. It was also recognised that continuation of the current direct measure of support targeted at SSFs is necessary and there were calls by some participants for the level of aid to be increased. However, it was also recognised that this type of measure alone will not be sufficient to meet all SSFs diverse needs, and indeed was never intended to be. It must be complemented by other direct and indirect support measures. Efforts were also needed to make sure that 'potential' support measures open to SSF were actually accessed and so delivered 'real' support on the ground to SSF. The workshop advocated, through various examples, the ***promotion of a 'clustered' or 'package' approach that would provide multiple levels of support and that this support should be guided by local and regional needs and specificities***, wherever possible. Linked to this was the strong support for local participatory approaches to planning and development that can more readily respond to SSF needs (although some participants stated that in some cases they would need to be differentiated from the current mainstream Leader programmes that are supported in many areas of Europe, which they claimed are too often dominated by local government bodies who tend to have other competing priorities which exclude the role and opportunities for SSFs). The issue was also raised of whether RD policy should seek to target all SF and SSFs, and of whether it was realistic to think the very smallest holdings could effectively restructure.

Highlighted amongst the complementary policy needs included: the ***promotion of effective, multi-disciplinary advice and training*** (both farming and non-farming), considered critical to develop skills and capacity for various types of SSF model (and for groups of farms); the need for enhanced links to cohesion policy, particularly for education and health care services at local level; the ***need to develop effective networks*** that can provide a highly effective, low cost and efficient way of spreading information and experience, reducing transaction costs and enhancing local and regional cooperation and information exchange. In this respect participants recognised the need for relevant rural networking tools and cooperation measures to be adjusted to better respond to the specific needs of small-scale farmers and the obstacles they can face. It was also recognised that in those countries where such networks are most needed to support this process, networks are less developed at this time. Ways need to be found to accelerate this process and to ensure the development of appropriate network services that can provide support and ensure greater connection between and for SSFs (and which should not overly rely on broadband or ICT-type communication which is ill-suited to SSF realities/possibilities).

The workshop recognised the perception of some that SSF is often considered an unwanted feature of the countryside, hindering competitiveness and that more needs to be done to recognise the critical role of SSFs as providers of public goods which would allow other policy targets to be considered that are less commercial in nature. This includes the ***promotion of the 'pluri-activities'*** that can and are possible to be developed, on or linked to, most SSFs. This approach will require policy linkages to be enhanced that promote cross-sectoral cooperation and coordination; simplification of certain administrative requirements and a reduction in transaction costs that will enhance access to real funds and other support more appropriate to protect and promote SSFs, the countryside which they assist in managing and the quality of life which they contribute to through their actions.

5 Summary and review of outcomes of the seminar

The Sibiu Seminar on Semi-subsistence farming inspired an important debate about semi-subsistence farmers, their current situation and policy needs. The participants in Sibiu exchanged a wide range of views, provided ideas for improving SSFs policy uptake and wholeheartedly acknowledged the usefulness of activities of SSFs, and small farmers in general, for the rural environment and local communities. The huge diversity of the economic, social and agricultural environments in which SSFs operate does not allow for easy generalisations and standardised policy decisions: there can be no *'one-size fits all'* approach.

A broad common definition of SSFs at EU level is useful but individual Member States need flexibility to use more detailed definitions suitable to their conditions

Strictly speaking there is a common definition adopted in Article 34 (1) of Council Regulation on Support for Rural Development by the European Agricultural Fund for Rural Development (EC No. 1698/2005), where semi-subsistence farms are defined, for the purposes of the specific SSF support measure, as "agricultural holdings which produce primarily for their own consumption and also market a proportion of their output". However, alternative definitions based on the economic size of the farm or the relationship between farm incomes and the average income in the respective Member State might be useful for policy targeting and statistical purposes.

SSFs evolution should be assessed only in the long-term

There is no unique pathway for development of SSFs. The development and transformation of semi-subsistence farming is closely related to the general economic situation and economic growth. In the past - and similar to the current situation in the New Member States - semi-subsistence farming in the EU-15 played a role of a survival strategy, a family safety net, a mechanism to cope with poverty. However, economic growth in the general economy and the availability of non-farm jobs created different development opportunities. Some SSFs have diversified and became part-time farmers, others expanded and became commercial farm businesses, a third group exited agriculture and some continued to be involved in semi-subsistence farming as a lifestyle choice.

SSFs are crucial contributors to the 'Living Countryside' in Europe

The activities and future viability of SSFs and small farms in general is an important issue for rural Europe. They maintain traditional agricultural landscapes, use extensive management on lands with rich biodiversity, produce local food and crafts, and create attractive conditions for rural tourism. As providers of public goods, which are not fully rewarded by the market, SSFs should be compensated for their efforts. There are strong economic arguments to support farms that supply positive externalities and reward them for the supply of environmental and social benefits. The rewards should be treated in a wider sense – for example, SSFs could be provided with certain services free-of-charge, public policies could prioritise for investments in localities with predominantly small farms, specific programmes for mountainous agriculture may secure the continuation and enhancement of the supply of environmental benefits etc.

In some EU New Member States SSFs still play an important role as a safety net

Subsistence and semi-subsistence farming is important for the survival of poor rural households. Some households do not sell any, or more of their output simply because they depend on it to feed the extended family. In this sense, a SSF is more than a farm, it is a social organisation.

SSFs development is closely related to the life cycle of the farmers

Many older farmers survive on low farm incomes topped-up by a state pension. The drivers of farm development and modernisation are typically younger and more-enterprising farmers. They need access to innovations and support to increase competitiveness.

Farm diversification provides new opportunities for SSFs to add value to their produce

"A farm does not necessarily become more competitive because it is larger" – was emphasised by Commissioner Ciolos. "Gains in competitiveness can also be achieved by increasing the value added of the products that leave the farm". Farm diversification adds value for example through short marketing chains, high value organic products and new on-farm enterprises. Innovation is key for small farms that are on a diversification and development path. Diversification, however, can only be achieved if accompanied by wider rural development aimed at improving the attractiveness of rural areas to non-farm businesses and increasing job opportunities. The policy focus should be on improving the physical, economic, and institutional environment in ways that will tend to benefit SSFs.

Increased vertical integration is an effective way to help SSFs overcome their small-scale disadvantages

Contracts between farm suppliers and processing companies that involve assistance to farmers to reach required standards and use adequate technologies can play an important role. These are private arrangements that can help the commercialisation of SSFs without recourse to public money. When designing public policies - regional, national or European - it is necessary to take into account private initiatives, thus public policies should aim at the creation of an enabling environment for private investment that could benefit SSFs.

It is fundamental to treat the policy measures aimed at the needs of SSFs as a package

Several measures included in the current EU Rural Development tool box are relevant for SSF, including diversification, restructuring, co-operation. However, it is necessary to simplify the administrative burden and increase the target groups for some rural development measures. This could be achieved, on the one hand, by widening the eligibility criteria to include farmers who are now below the thresholds set in different Member States for access to different rural development measures. On the other hand, the policy package should also develop and promote schemes under which even the smallest farmers with one hectare of land or less are given incentives to come together, to form associations or producer groups and so benefit from the rural development tool box. A key role in this package emerges for supporting measures like training and advisory services. Advisory services should broaden their activities and play a coordinating role for SSFs to enhance their supply of public goods and particularly the management of High Nature Value land. If a package of policy measures is to reach the smallest farms, the administrative and control procedures have to be simplified enormously.

The policy needs of SSFs should be defined with regard to the promotion of sustainable farming systems and creation of a viable European countryside with economically viable households

The most probable implications of not supporting semi-subsistence farmers extensive farming systems would be the loss in biodiversity, landscape degradation and the value-added it provides to other rural activities. Overall, this would have a negative and long lasting effect on many rural economies, further accelerating rural–urban migration and reducing the viable options for the sustained future of many rural communities in Europe. “Within the European Union - said Commissioner Ciolos – there are entire regions where small farms play a vital role, not only in economic terms, but also from a social and environmental point of view... When small-scale producers are not offered alternatives, the consequences are clear: unworked land and the depopulation of rural areas”.

Policies need to be better targeted

SSFs are not homogeneous. Some are run by pensioner households and if they are below the poverty line they need social welfare policy. Others have just moved to rural areas with low education and skills, and their most immediate needs are of training in agricultural and general skills. A third group have potential and aims to modernise, engage more in agriculture and increase their market participation. For this group a measure similar to the existing measure 141 'Supporting SSFs undergoing restructuring' is suitable.

Better complementarity between different EU policies is required

Due to the diversity of SSFs, their needs have to be targeted through better complementarities and co-ordination between different policies, such as rural development, regional policy, social policy and cohesion policy. It is worth noting that in some remote mountainous regions the development opportunities of SSFs are very limited and regional policies to enhance the regional infrastructure are central to avoid depopulation. Local administration has a key role to play in identifying, developing and maintaining critical investments. Support to such areas is high on the EU forward-looking CAP agenda. Speaking about the future CAP, Commissioner Ciolos indicated “we will propose support measures for specific forms of agriculture, such as agriculture in mountainous areas or in areas where agriculture is considered to be particularly important for economic and/or social reasons”.

Leader is an effective tool for SSFs as they need local actions

In future Leader-type activities could be used more to provide advisory and other type of tailored support to SSFs and small farmers in general.

National and local policies have the capacity to provide the necessary infrastructure for increased viability of SSFs

Past measures used in the EU-15 included facilitation of membership in farm associations; support to agricultural schools and training courses; establishment of co-operatives for the provision of inputs, use of machinery, joint processing and marketing; support to achieve quality standards. Similar local policy packages could be well-tailored to SSFs, help attracting SMEs to rural areas and enhance rural development.

Facilitating farmers' co-operation, networking and partnerships between local agents is crucial for improving the policy uptake

Co-operation between farmers associations, NGOs operating in the local area, research institutions and local authorities is not only recommendable, it is indispensable. Such cooperation can help to promote some small scale projects for farmers' education on hygiene standards, certification of local products, development of local farmers markets and facilitation of farmers' joint marketing to decrease the transaction costs that often are prohibitive.

Networking refers to wide and not very formal channels used to connect different actors, share experiences, information, best practice. Rural development policy supports the establishment of national and European level networks but it will take time to produce positive results. The relevant rural networking tools and cooperation measures have to be adjusted to better respond to the specific needs of small-scale farmers and the obstacles they can face (i.e. less IT based).

There is a need of continuing dialogue amongst all rural stakeholders about the role of semi-subsistence farmers in rural development and their policy needs

In order to bring new information to light, the need for continued dialogue was expressed by the seminar participants. Such dialogue should be based on objective and systematic information on SSFs developments and transformation - economic size, market participation, diversification, incomes and policy uptake. Member States can learn from each other not only with respect of best practices but also from mistakes and problems with policy implementation. Such a dialogue can also counterbalance the marginalisation of SSFs, give them self-confidence and self-respect.

Final observations

Finally it is worth noting that there was one theme unifying all presenters and participants in the discussions in Sibiu - the genuine concern about semi-subsistence farmers – their living standards, the barriers they face to integrate into the modern food chain and their supply of public services often at the private price of poverty. As underlined by Commissioner Ciolos "It is our duty as public policy makers to give them the opportunity to choose their future".