

# EU RD Policy and semi-subsistence farming

Rural Development tools relevant for semi-subsistence farming and their current use

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# STRUCTURE

- I. Introduction of semi-subsistence farming in EU rural development policy
- II. Experience in the 2004-2006 period
- III. New developments in 2007-2013
- IV. Key issues for seminar



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# Bringing SSF into the policy (I)

- EU enlargements in 2004 and 2007 tripled the number of small farms 4 =>11,1 million
- Was EU RD policy equipped to deal with the new situation in terms of restructuring, diversification and more generally the development of the rural economy in the NMS?



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# Bringing SSF into the policy (II)

## Enhanced rural development package:

- Support for semi-subsistence farms undergoing restructuring
- Free provision of advisory services
- Support for the setting up of producer groups
- Various adaptations to grant rates and eligibility conditions for farm investments in NMS
- Support for meeting standards



# Bringing SSF into the policy (III)

- SSF measure targeted at those with potential to develop into commercially viable enterprises (business plan)
- Provides extra liquidity during restructuring period
- Other important RD tools:
  - Training & advisory services
  - Farm investment
  - Early retirement
  - Producer Groups (EU-12 only)
  - Diversification, micro business
  - LFA, agri-environment
  - Leader, networking



# Experience in 2004-2006

- 6 MS (EE, HU, LT, LV, PL and SK) implemented the SSF measure
- Total EAGGF expenditure € 335 million
- 172,000 farms supported (of which some 150,000 in PL)



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# 2004-06 ex-post evaluations (1)

## *Some key messages from 1<sup>st</sup> period of implementation of SSF measure:*

- Measure objective was relevant ...
- ...but overall uptake low (SK, EE, HU, LT); higher (PL&LV)
- Reasons?
  - Support level too low (PL, LT, HU..);
  - Perception of complex eligibility requirements & conditions (business plan) relative to level of aid on offer
  - Lack of information/advice/supporting documents
- Positive effects seen on farm income (LT, PL); output/sales & competitiveness (SK, PL, LT); farm size (LT).



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# 2004-06 ex-post evaluations (2)

- Helped maintain employment
- Importance of synergies between RD measures
- Key role of information & advisory services (prepare applications/business plans, help SSF access other RD measures)
- Concrete recommendations of PL evaluator to improve effectiveness & reduce delivery costs





# 2004-06 ex-post evaluations (3)

## Overall:

- Uptake low compared to potential target population of SSF measure;
- Mixed experiences with some potential 'misunderstandings' of objective and role of measure emerging.



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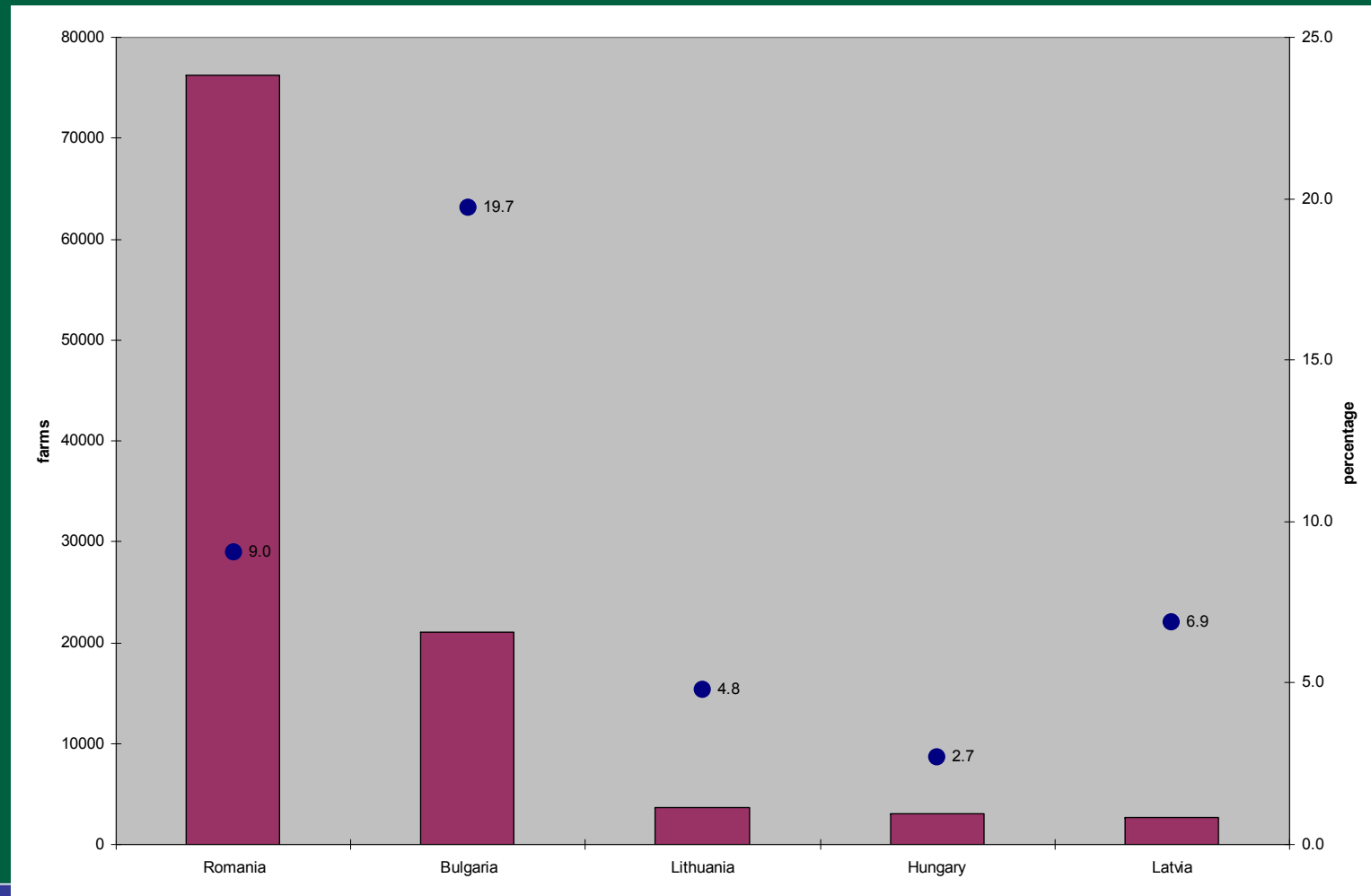


# 2007-2013

- Overall total public programmed allocation for measure 141 is €1,284 million (€995 million EAFRD)
- 5 MS (BG, HU, LV, LT, RO) programming M141 (semi-subsistence) for a total of € 691 million (€ 548 million EAFRD), targeting 106,500 farms (9% of 1-8 ESU farms of the 5)
- Expected success rate: 80% of targeted farms entering the market
- While 6 MS (PL, HU, SK, EE, LV and LT) still have ongoing commitments from the previous period, 4 MS (BG, RO, LV and LT) have started paying out for new SSF applications.
- HU still has to activate the measure.



# Targeted SSF 2007-2013



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# Small farm approach in RO

- SF, SSF and small farms are dominant:
  - 91% of farms < 2ESU; 45% of UAA
  - 8% of farms 2-8 ESU; 16 % of UAA
- Eligibility for axis 1 is 2 ESU
- Eligible under SSF measure of RDP: 2 -8 ESU; max 62 years
- Package approach:
  - priority access to other measures
  - free advisory services
  - Rural Credit Guarantee Scheme



# SSF measure in RO

- Budget 2007-13: 476 MEUR  
Target no. farms to be supported: 76,172
- Requirement for vocational training; focus on ↑% output sold
- 1st call: Dec 2008-Feb 2009:
  - 6,148 applicants approved; (46.1 MEUR)
- 2<sup>nd</sup> call opened 15<sup>th</sup> April 2010 (12, 135 applications selected), and a 3<sup>rd</sup> call planned to open this week.



# Small farm approach in BG

- Highly polarised agricultural structures (97.7% farms < 8ESU but farm only 17% of UAA; 76% < 1 ESU) and fragmented land ownership (av. plot size 0.6ha)
- Eligible for SSF measure: 1-4 ESU (= 21% of farms, 8.7% of UAA in 2003); max 60 yrs; registered & min. area required
- Specific sub-objective of RDP *'to support adjustment of farming structures and co-operation'*.
- Specific low threshold to access mountain LFA (0.5ha v 1ha for SAPs)



# SSF measure in BG

- Budget 2007-13: 144.5 MEUR  
Target no. farms to be supported: 21, 000
- Measure first opened September 2008-March 2010; with a 2<sup>nd</sup> application window 10 June -30 September 2010.
- As of end September 2010, total 952 applications submitted, and 708 approved contracts for 5.3MEUR.
- At end of support, SSF has to have increased size by at least 3 ESU
- Approach
  - RDP finances NAAS to assist SSF with preparation of applications/business plans, free of charge
  - Condition to undertake env training; & priority access for SSF under M111
  - Combinations possible except with young farmers (M112)



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# Small farm approach in HU

- In 2007 ~ 87% of farms < 2 ESU
- HU statistical office classifies SF= <1ESU;  
SSF = <2ESU
- But eligible for SSF measure: 2-4 ESU



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# SSF measure in HU

- Budget 2007-13: 18.2 MEUR
- RDP identifies 20,000 SSF with capacity –with support - to develop into market-oriented entities;
- But target no. farms to be supported: only 3, 000
- Eligibility 2-4 ESU & min. 50% of total revenue from agricultural activities
- Combinations: obligatory free training under M111; higher support for SSF under M114 (advisory services)
- However, M141 was not yet launched.



# Small farm approach in LV

- Fragmented production structures:
  - 84% of farms < 2ESU
  - in 2003: some 58% produced only for home consumption; only 13% sold > 50% of their output
- Eligibility for M141 linked to turnover; 3-10 000 EUR; requirement to own agricultural land, and for at least 50% of turnover to come from agricultural activities



# SSF measure in LV

- Budget 2007-13: 19.1 MEUR  
Target no. farms to be supported: 2,000
- 3 calls under M141 in 2009; measure now closed
- By end 2009, 2,051 applications rec'd of which 1,346 approved for 10 MEUR public expenditure
- M141 implementation directly linked to investments by SSF (equipment / machinery, buildings etc)
- Combination possible with farm modernisation support (M121)



# Small farm approach in LT

- NSP/RDP identify predominance of SF & SSF, and their difficulties to access capital for modernisation.
- Overall focus of RDP on co-operation.
- However: although most RDP measures (e.g. farm investment, LFA, agri-env, farm diversification) are open to small farms, they are not particularly favoured unless via co-operation.
- Expectation that some SSF will give up agriculture activities via axis 3 diversification.



# SSF measure in LT

- Budget 2007-13: 29.9 MEUR  
Target no. farms to be supported: 3, 650
- Eligible farms: 2-4 ESU; size of holding to increase by 20% after 3 years
- Measure open; 804 approved applications by end July 2010, for some 6 MEUR;
- Requirement to register holding
- Direct link to investments (buildings, machinery, IT..)



# Small farm approach in PL (1)

- **Fragmented farm structure in Poland**

Out of 2.4 million farms:

- 1.7 million farms are below 2 ESU
- 290,000 farms are 2-4 ESU
- 228,000 farms are 4-8 ESU

- **Participation of small farms in the Polish RDP 2007-2013**

- development of competitive agriculture
- provision of public goods
- exit/diversification of income



# Small farm approach in PL (2)

## SF use of Polish RDP 2007-13:

- **Development of competitive agriculture:** measure 121 (for farms above 4 ESU), training, setting up of young farmers (even for very small farms if they increase to national average within 3 years), producer groups, quality schemes.
- **Provision of public goods:** agri-environment, LFA
- **Exit/income diversification:** early retirement, diversification of economic activities, micro enterprises and Leader



# SSF issues

- Package approach is fundamental
- Key role emerges for supporting measures: training, advisory services...
- RD toolbox is wide → several measures of direct relevance to SSF : for diversification, restructuring; co-operation; provision of public goods..
- Seminar opportunity to examine how the various RD tools work in practice





# Key Issues

***Some cross-cutting issues for seminar to consider:***

- What roles do semi-subsistence farms have in rural development? Is their role primarily economic, environmental or social?
- How can policy usefully support these roles?
- How does support for semi-subsistence farming fit in with the overall EU RD policy objectives?



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