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## Family Farming

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## Foreword

The concept of family farming is the recipient of much high-level political capital right now...

The United Nations has declared 2014 the International Year of Family Farming<sup>1</sup>, the primary aim of which is to promote, develop and strengthen all types of family-oriented agriculture - from horticulture and livestock to fisheries and forestry - as a socially valuable, economically viable and environmentally sustainable model.

In Europe, the European Commission kicked-off its contribution to the global initiative with a conference on *Family farming: A dialogue towards more sustainable and resilient farming in Europe and the world*<sup>2</sup>, which was held in Brussels on the 29 November 2013.

The added value of the family farming model was underlined at an informal meeting of European Union agriculture ministers, organised by the Lithuanian Presidency of the Council of the EU, in September 2013. At the meeting, Vigilius Jukna, the Lithuanian Minister for Agriculture noted that, 'family farms play an important role in meeting the objectives of the Common Agricultural Policy and ensuring the sustainable EU agriculture sector'<sup>3</sup>.

The current edition of the EU Rural Review looks at the family farming model in a European agricultural and rural development policy context, while also taking note of international aspects and - along the way - identifies some relevant examples of the model's contribution to smart, sustainable and inclusive growth.

1 <http://www.fao.org/family-farming-2014/en/>

2 [http://ec.europa.eu/agriculture/events/family-farming-conference-2013\\_en.htm](http://ec.europa.eu/agriculture/events/family-farming-conference-2013_en.htm)

3 <http://www.eu2013.lt/en/news/pressreleases/family-farming-competitive-and-sustainable-european-model-of-agriculture-sector>

Family farming is the foundation upon which agriculture in Europe has thrived over the centuries. Since the outset of the European Union, agriculture has been at the centre of a strong and ambitious policy framework. In terms of rural development, under the second pillar, the CAP Reform offers many relevant opportunities to family-run farm businesses, such as support for agricultural advisory services and measures promoting farm diversification, restructuring, modernisation, training and knowledge transfer.

Although family farming remains - by a long way - the most common model of farming operations in Europe, it is difficult to provide a comprehensive definition of what this constitutes. Ask the question, 'what is a family farm?' to a hundred different farmers and a hundred different answers may result, reflecting the breath and range of family farms in operation in Europe and around the world.

The vast majority of all EU farm holdings (97%) can be categorised as family farms. Family farms cover around 69% of the EU's agricultural land, and their average size amounts to 10 hectares (ha), as compared to corporate farms, which on average are 15 times larger (152 ha). However, while family farms may be synonymous with small-scale operations, the family model also accounts for 60% of farms in the largest farm size class (100 ha or larger) in the EU.

Regardless of the farm size, output or production methods used, family farming clearly exhibits certain distinct characteristics related to location, needs and priorities, and historical and cultural farming circumstances that should be maintained and promoted.

As family farms - of all sizes - look to survive and grow in the context of globalisation and a changing world, this edition of the EU Rural Review showcases the diversity inherent to the model, the characteristic traits of family-run farm businesses and identifies key challenges and opportunities. In particular, it focuses on perennial management challenges strongly associated with such businesses, including: the need for modernisation and innovation on the farm; the provision of environmental services; preparing for succession and encouraging future generations to get involved; and developing economic flexibility via farm-centred diversification and pluriactivity. In addition, the role of cooperatives and their potential for family farm businesses is analysed.

Family farm enterprises are also essential to maintaining the vitality of rural life and the rural economy in Europe (and beyond). A capacity for flexibility is engrained in the DNA of the family farming sector, a fact that bodes well in terms of meeting today's emphasis on food security and on promoting smart, sustainable and inclusive growth in rural areas.



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## An introduction to family farming in Europe

Family farming is more than a profession – it's a way of life. So noted a news item on the website of the Lithuanian Presidency of the Council of the European Union<sup>4</sup> on the occasion of a meeting in Vilnius in September 2013, during which Member State ministers for agriculture, as well as members of the European Commission, European Parliament and representatives of non-governmental organisations, discussed the future of family farming. There is probably no better indicator of why family farming has many different meanings for different people. That noted, this article highlights some common characteristics of family farming as practiced today in Europe and elsewhere in the world.

**B**eing the most common operational farming model, family farming has ensured the growth of Europe's agricultural sector for centuries. Today's ambitious European Union (EU) policy framework is designed to take account of the different models of agriculture existing in the EU, including the diverse types of family farming. It focuses strongly on providing a clear

response to citizens' demands for food security and aims to meet continuously rising expectations with regards to the safety, quality, value, origin and diversity of food. At the same time, the Common Agricultural Policy (CAP) has helped to maintain rural lifestyles, and has provided a significant contribution to rural economic and social development.



<sup>4</sup> See <http://www.eu2013.lt/en/news/features/family-farming-is-a-lifestyle-not-a-profession>

## Some family farming characteristics

There is no standardised concept to accurately describe family farming. Given that 97% of all farm holdings in the EU are in the possession of a single natural person<sup>5</sup>, most farmers would probably tell a curious visitor that they continue to own and manage land previously cultivated by their parents and grandparents before them, and that they try to do so by maintaining certain cultural traditions and values. Such farmers and their families typically carry out most of the farm work, derive the majority of their income from farming, and live on or close to the farm itself.

Family farms cover around 69% of the EU's agricultural land, and their average size amounts to 10 hectares (ha), as compared to corporate farms, which on average are 15 times larger (152 ha). Unsurprisingly, this is also reflected by the common perception that family farms are often small-scale operations. However, it is also true that in the EU family farms, by number, dominate the largest farm size class of 100 ha and larger, 60% of which are held by families.

Family farms also demonstrate significant variability in terms of the wide diversity of activities they engage in, the different resources they depend on, as well as their degree of market integration, competitiveness, and the share of labour they make use of in order to run the farm.

## Competitiveness

In today's global economy the market for agricultural products has become highly competitive. For certain agricultural producers this situation has been turned into a substantial competitive advantage, such as for well-established large family vineyards in the regions of Champagne or Bordeaux (France), which sell their wines world-wide and thus require no EAFRD support. On the other hand, such an open business environment can be detrimental to the interests of small and medium-sized family farms operating in less favourable conditions. Factors such as remoteness, limited access to the market, low output and underdeveloped local branding can challenge or limit the competitiveness of such farms.

The CAP support for family farms in addressing issues related to location, common needs and priorities, and historical and cultural aspects, is set to be enhanced in the 2014-2020 programming period by redistributing direct aid and giving due consideration to smaller-sized family farms, their produce and their production methods.

## Innovative farming

Family farms often display greater resilience than corporate farms, by demonstrating willingness and flexibility to adapt their traditional businesses to prevailing external conditions, for example by focusing on high-quality food production, participating in short food supply chains and/or engaging in 'pluriactivity' (mixed and off-farm activities) and on-farm diversification.

Take for example the farmers from the dairy sector, who have to contend with the pressure of decreasing market prices. Here, EAFRD support granted under the CAP not only helps family farms to improve freshness and taste, but also the nutritional quality and safety features of their traditional products, thus considerably improving their potential marketability.



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## Case Study: Young family farmer producing high-quality goat's cheese<sup>6</sup>

Young farmer, Idálio Ramos Martins, from Portugal's Algarve region, keeps a flock of goats and produces cheese from their milk using traditional production techniques. In seeking to maintain the family enterprise, he managed to increase production capacity and to better meet the requirements of current hygiene and sanitary standards. Equipped with modern technological solutions for milking and dairy processing, he now produces high-quality goat's cheese according to rigorous hygiene and safety standards. Thanks to an increase in production capacity, the family farmer improved profitability and now also processes milk from other goat breeders of the region. The investment of € 25 000, of which 50% was provided by the EAFRD, helped this young farmer from an economically weak Portuguese region to maintain traditional goat's cheese production and to improve the prospects of his farm.



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The reformed CAP is ready to support innovation, whether it is led by individuals, public sector organisations or enterprises. The European Commission has proposed an innovation package for the agri-food sector, comprising the draft of the future EAFRD Regulation<sup>7</sup>, the Europe 2020 Flagship Initiative on the Innovation Union<sup>8</sup>, Horizon 2020<sup>9</sup>, and the European Innovation Partnership (EIP): Agricultural productivity and sustainability<sup>10</sup>. This combination of policy measures aims to encourage researchers, farmers, advisors and other agricultural sector stakeholders to cooperate more actively. In particular, it is hoped that a more direct and systematic exchange between

farming and science will accelerate the speed of technological transfer and innovation.

Most interestingly, the interactive innovation model of the EIP will apply a bottom-up approach by linking farmers, advisors, researchers, businesses, NGOs and other actors in operational groups. Supported by various EU funding sources, these groups can generate new insights and facilitate a swifter transfer of ideas and knowledge into new technological, non-technological, organisational or socially-focused solutions for improved agricultural productivity and sustainability.

## Going local - short supply chains

Reducing the number of businesses participating in the supply chain between the farmer growing the agricultural produce and the final customer can significantly increase farm profitability. Fewer businesses involved in the processing and/or retailing also mean reduced transport and storage costs. Local food supply chains also make it easier for customers to identify the origin of their purchases, and they are often willing to pay a premium for fresher and healthier options. By strengthening the relationship between consumers and local farmers, such supply chains promote local family enterprise and boost regional identity.

6 Source: ENRD, RDP Project Database, [http://enrd.ec.europa.eu/policy-in-action/rdp\\_view/en/view\\_projects\\_en.cfm?action=detail&backfuse=jsview&postcard\\_id=7340](http://enrd.ec.europa.eu/policy-in-action/rdp_view/en/view_projects_en.cfm?action=detail&backfuse=jsview&postcard_id=7340)

7 See [http://ec.europa.eu/agriculture/cap-post-2013/legal-proposals/com627/627\\_en.pdf](http://ec.europa.eu/agriculture/cap-post-2013/legal-proposals/com627/627_en.pdf)

8 See [http://ec.europa.eu/research/innovation-union/index\\_en.cfm?pg=key](http://ec.europa.eu/research/innovation-union/index_en.cfm?pg=key)

9 See [http://ec.europa.eu/research/horizon2020/index\\_en.cfm?pg=h2020](http://ec.europa.eu/research/horizon2020/index_en.cfm?pg=h2020)

10 See <http://ec.europa.eu/agriculture/eip/>



## Case Study: Short supply chain benefits local food producers and consumers<sup>11</sup>

© ENRD Contact Point



A Hungarian family farm in the Borsod-Abaúj-Zemplén region grows and sells local fruit varieties and they also run a tourist attraction, whose visitor numbers are increasing. To strengthen the overall viability of the family business, the farm's

operations were expanded to include added-value fruit products. EAFRD funding of € 43 100 and € 13 600 in national funding

helped to partly offset the total cost of € 70 800 for the purchase of modern fruit processing equipment, compliant with EU food quality standards. Processing a diverse range of fruits, including apricot, blackberry and blackthorn, the farm, through the local tourist network, now offers niche and artisan fruit products such as marmalades, syrups and fruit cheeses. The fruit processing plant has introduced a new 'engine' to the local short-supply chain for quality fruits, which adds value to local agricultural products and enhances the economic sustainability of both the beneficiary's family business and other local fruit growers.

Accordingly, the organisation of food chains is an explicitly mentioned priority in the 2014-2020 rural development policy<sup>12</sup>. The proposed EAFRD-funded measures aim to help family farmers to sell their products directly to consumers<sup>13</sup> or at least to become involved in short supply chains, and to better integrate family farms into distribution channels by providing support for quality schemes<sup>14</sup>, adding value to agricultural products, promotion in local markets and short supply chains, producer groups and inter-branch

organisations<sup>15</sup>. In addition, the LEADER approach will continue to provide Local Action Groups with the grounds they need to support innovative and experimental approaches to stimulating direct sales and the development of local food markets, where foreseen as part of the Local Development Strategy.

### Economic flexibility

Mixed farming and diversification aims to maximise the potential utilisation of the farm's fixed assets to

improve production, efficiency and profitability. Opportunities to enhance family farm income can also arise from career, family and life experiences.

Complementing the economic motivation of making farm businesses viable or more profitable, there are also social, cultural, and ecological considerations inherent to the added value of the family farming model.



## Case Study: Diversification into the training of agri-science students<sup>16</sup>

The Coorevin Farm in county Tipperary, Ireland is a family-owned medium-sized intensive livestock farm of over 50 ha. Pádraig Moran and his family wanted to enhance their income from rearing suckler cows and ewes by diversifying into non-agricultural activities. The business idea, focusing on farm tours and providing learning experiences for students and other interested individuals and groups, was born when Pádraig started to occasionally share his experience with his sons and other students of agricultural science. An initial investment of € 33 000 (for classroom and kitchen facilities, so that workshops could be run all year round, and for day and evening sessions) was made, supported by € 6 600 from

the EAFRD and € 2 200 in national funds. Pádraig's agricultural experience allows him to offer hands-on instruction to advanced students and adults, meeting a need that was not adequately met by the existing syllabus for agricultural science education. Farm tours are tailored to the specific needs of each group. Since Pádraig started the new activities at the Coorevin Farm, the additional revenue generated has become an important part of the family's income. Complementing the economic motivation of making farm businesses viable or more profitable, there are also social, cultural, and ecological considerations inherent to the added value of the family farming model.

11 Source: ENRD, RDP Project Database, [http://enrd.ec.europa.eu/policy-in-action/rdp\\_view/en/view\\_projects\\_en.cfm?action=detail&backfuse=jsview&postcard\\_id=6840](http://enrd.ec.europa.eu/policy-in-action/rdp_view/en/view_projects_en.cfm?action=detail&backfuse=jsview&postcard_id=6840)

12 See section 3 lit. a of article 5 of the draft regulation on support for rural development by the European Agricultural Fund for Rural Development

13 E.g. support for construction of an on-farm shop to sell agricultural products or of on-farm tourist accommodation for serving meals made from own produce (articles 18 and 20b of the draft regulation on EAFRD funded support).

14 E.g. support to cover quality scheme participation costs (article 17, draft regulation on EAFRD funded support).

15 E.g. organising genuinely local markets and short supply activities, such as farmers markets, box delivery schemes, or food festivals. (article 36, draft regulation on EAFRD funded support).

16 Source: ENRD, RDP Project Database, [http://enrd.ec.europa.eu/policy-in-action/rdp\\_view/en/view\\_projects\\_en.cfm?action=detail&backfuse=jsview&postcard\\_id=7460](http://enrd.ec.europa.eu/policy-in-action/rdp_view/en/view_projects_en.cfm?action=detail&backfuse=jsview&postcard_id=7460)



Social farming, for example, is a specific form of on-farm diversification that enhances job opportunities, in particular for women and young people. Very often a family member not previously involved in the farm business joins and makes use of farm facilities and livestock to develop and offer new services related to sectors such as education, welfare and health. Most social farms are non-institutional operations (86%). In other words, they are family-based<sup>17</sup>. Since many social farming initiatives are pursued by family members other than the farm owner, they are often established as separate legal entities, and as this is not a diversification of the farm business in the strict sense, the promoters of social farming projects mostly obtain EAFRD funds through the support allocated for

the creation and development of new businesses.

Consequently, the proposed farm and business development measure in the draft regulation on support for rural development by the 2014-2020 EAFRD<sup>18</sup> intends to: (a) provide business start-up aid for young farmers; (b) support diversification into non-agricultural activities; and (c) provide simple development grants for small farms.

### Delivering environmental services

Making sustainable use of natural resources, upland, mountainous and other areas with natural constraints are dominated by traditional, small-scale, low input and High Nature

Value agricultural systems. The existence of such systems, which are often maintained by family farms, is threatened by declining profitability and continued rural depopulation. Less Favoured Areas payments under the second pillar of the CAP have contributed to halting land abandonment in such areas since 1975. Agri-environment payments co-financed by the EAFRD have also allowed family farmers to continue their engagement in actions that support climate change adaptation and mitigation. In addition, the combination of agri-environmental commitments with the development of rural tourism and other businesses (e.g. local food products) has often helped to maintain highly valuable environmental and cultural landscapes, while also generating economic benefits.



## Case study: Conserving High Nature Value (HNV) grasslands<sup>19</sup>



© European Commission

The Bangala family from Brasov county, Transylvania (Romania), manage their sheep and cattle farm in accordance with an agreed five-year environmental management plan. Twenty hectares of the farm area serve as hay meadows, and another eighty hectares are grasslands. Around 250 hectares of uplands are also exploited for

the grazing of livestock in the summer. Strict application of traditional agricultural practices excludes the use of chemical fertilisers. Under the farmer's agri-environment contract, ploughing, rolling and reseeded of pastures are forbidden and the nitrogen level of natural, traditional organic fertiliser cannot exceed 30 kg/ha. To protect insects, birds, flowers, animals and other species during breeding, nesting, or pollination periods, mowing is controlled and managed. In the absence of heavy machinery and chemical inputs, and as the hay is grown, cut and stored using manual and other non-intensive methods, the farm's flora and fauna thrives. The annual agri-environment payment of €3 276 enables the family to employ seven local people to assist with the hand mowing and turning of hay, as well as for shepherding.

The application of traditional farming practices continues, while at the same time the family members can focus their attention to the production of traditional meat and dairy products and diversification into rural tourism.

17 Source: ENRD, Overview of Social Farming and Rural Development Policy in Selected EU Member States (December 2010), which also provides interesting examples of social farming activities on family farms, [http://enrd.ec.europa.eu/app\\_templates/filedownload.cfm?id=A9746FA3-0D7E-1772-5CC7-11217C8EC059](http://enrd.ec.europa.eu/app_templates/filedownload.cfm?id=A9746FA3-0D7E-1772-5CC7-11217C8EC059)

18 See article 20, draft regulation on EAFRD funded support.

19 Source: ENRD, RDP Project Database, [http://enrd.ec.europa.eu/policy-in-action/rdp\\_view/en/view\\_projects\\_en.cfm?action=detail&backfuse=jsview&postcard\\_id=3403](http://enrd.ec.europa.eu/policy-in-action/rdp_view/en/view_projects_en.cfm?action=detail&backfuse=jsview&postcard_id=3403)

Rural development policy for the 2014-2020 period contains a number of measures to safeguard the provision of public goods and to strengthen the sustainability of those farms delivering environmental services for which the market economy currently offers no incentive. This includes compensation payments for undertaking: (a) operations consisting of one or more agri-environment-climate commitments on agricultural land<sup>20</sup>; (b) the conversion to or maintenance of organic farming practices and methods<sup>21</sup>; (c) activities that imply additional costs and the loss of income, as foreseen under the Natura 2000 & Water Framework Directive<sup>22</sup>; and (d) activities that imply additional costs and the loss of income in mountain areas and other areas facing natural or other specific constraints<sup>23</sup>.

### The future of family farms

Facing different challenges, family farms have different needs and, hence, differing policy expectations. As the case studies suggest, the CAP has helped family farm businesses to sustain a range of different economic, environmental and social functions. In return, family farms have successfully contributed to the objective of maintaining the rich diversity of the European agricultural sector.



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In aiming to improve the competitiveness of agricultural production, the CAP measures of the past were criticised for their tendency to give preferential treatment to larger farming operations. This trend was based on the assumption that managers of larger farms would find it less difficult to mobilise the resources needed to increase capacity, improve efficiency and provide environmental services. Another argument for supporting larger farms was that they have greater bargaining power in their business relationships with the food processing and retailing sectors.

In this context, however, the achievement of farm growth and competitiveness have proven difficult for smaller operations. Older farmers, who own many of the small family-managed farms, proved less willing to invest in innovation and expansion than anticipated. At the same time, the share of active young farmers has only increased slowly. Speaking

at a conference of the European Council of Young Farmers (CEJA) in Brussels in April 2012, European Commissioner for Agriculture and Rural Development, Dacian Cioloş, stated that a limited capacity for investment has made it more difficult for younger generations to obtain access to farmland. 'I know that taking over a farm is a particularly difficult, complex and demanding time. It not only requires increasingly technical expertise on the part of the young people, but also a large financial capacity,' he said<sup>24</sup>.

It also seems that the pressure of falling market prices and increased living costs has hit the smallest of the family-run farm holdings particularly hard, those which predominantly produce for the purpose of covering their own food needs, also referred to as subsistence farms (SF) or semi-subsistence farms (SSF)<sup>25</sup>.



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20 See article 29, draft regulation on EAFRD funded support.

21 See article 30, draft regulation on EAFRD funded support, for organic farming practices and methods as defined in Council Regulation (EC) No 834/2007.

22 See article 31, draft regulation on EAFRD funded support, for environmental restrictions related to the implementation of Directives 92/43/EEC, 2009/147/EC and 2000/60/EC.

23 See article 32, draft regulation on EAFRD funded support.

24 Source: <http://www.farmersguardian.com/home/young-farmers/eu-commissioner-urges-more-support-for-young-farmers/46330.article>

25 Article 34 (1) of the Council Regulation on Support for Rural Development by the European Agricultural Fund for Rural Development (EC No. 1698/2005), defines semi-subsistence farms as "[...] agricultural holdings which produce primarily for their own consumption and also market a proportion of their output".

## Focus on: Subsistence and semi-subsistence farming

Following the enlargements of the EU in 2004 and 2007 the number of subsistence farms (SF) and semi-subsistence farms (SSF) tripled, reaching a total of 11 million<sup>26</sup>. Based on examples from Ireland, Spain and Poland, an ENRD background paper<sup>27</sup> revealed that, ‘...despite different timing and rural contexts, the major effect of accession to the EU is farm exit skewed toward the smallest operations,’ and that ‘...many small farms were pushed to exit due to low profitability and decreasing incomes.’

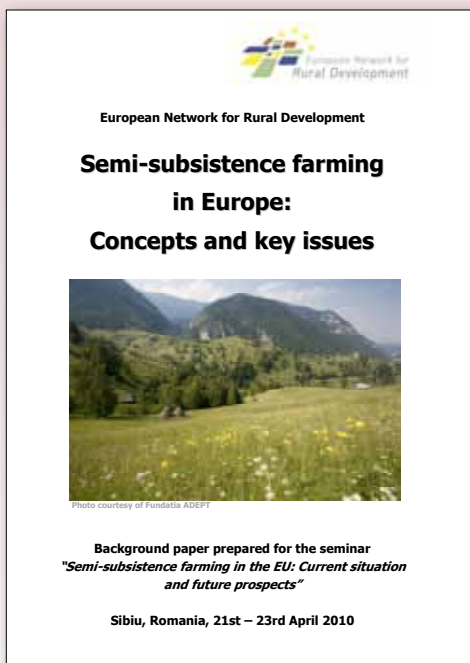
On the other hand, the study confirmed the important roles that SFs and SSFs play, in particular in the newer Member States, in providing: (i) protection from rural poverty; (ii) a basis for farm diversification; and (iii) public goods producing environmental, cultural and community benefits.

The study identified mixed policy signals throughout the EU, which were either in support of restructuring, diversification, or exit. It was also established that, in practice, implementing policies in favour of and reaching out to SF and SSF faces many barriers and, more specifically, that their survival depends first and foremost on the existence of underlying development policy.

Aiming to improve the attractiveness of rural areas to non-farm industries, accompanying rural and regional development programme measures can improve the potential for the generation of new, complementary, job opportunities for members of the rural population engaged in SF and SSF activity.



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26 Source: [http://enrd.ec.europa.eu/themes/agriculture/semi-subsistence-farms/en/semi-subsistence-farms\\_en.cfm](http://enrd.ec.europa.eu/themes/agriculture/semi-subsistence-farms/en/semi-subsistence-farms_en.cfm)

27 Source: ENRD, Semi-subsistence farming in Europe (April 2010), [http://enrd.ec.europa.eu/app\\_templates/filedownload.cfm?id=FB3C4513-AED5-E24F-E70A-F7EA236BBB5A](http://enrd.ec.europa.eu/app_templates/filedownload.cfm?id=FB3C4513-AED5-E24F-E70A-F7EA236BBB5A)



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To maintain the rich diversity of family farms in the European agricultural sector and to ensure sustainability, the post-2013 CAP will offer a more targeted support framework. At the heart of the policy is a redistribution of direct payments, which takes into account the diversity of farmers, sectors and regions and their specific needs. For the first time, direct payments will include a specific support scheme addressing the challenge of generation renewal: farmers up to the age of 40 will obtain an additional

top-up for a maximum period of five years.

Member States will also have the possibility to establish a simplified scheme for small farmers. Under such a scheme, farmers will be able to receive annual direct support ranging from between € 500 and € 1 250 (with a minimum of € 200 in Croatia, Cyprus, Slovenia and Malta), be subject to reduced administrative formalities, and be exempted from cross-compliance controls and sanctions and greening obligations. Member States also have the right to pay a top-up per hectare, the so-called redistributive payment up to a maximum number of hectares per holding, to be fixed by the national authorities according to the farm structural characteristics in the country<sup>28</sup>.

In addition, the European Commission's proposal for the new EAFRD regulation includes a raft of proven measures to strengthen the sustainability of smaller family farms. These include, among others, support for: training and advice (e.g. knowledge transfer, farm management)<sup>29</sup>, economic improvements (e.g. physical investments, business development)<sup>30</sup>, cooperation to overcome small-scale disadvantages (e.g. setting up producer groups, jointly developing short supply chains, new technologies)<sup>31</sup>, and compensation for environmental restrictions (e.g. voluntarily improved environmental or organic farming standards)<sup>32</sup>.

In the context of the United Nations' declaration of 2014 as the International Year of Family Farming, the EU's agriculture ministers met in Vilnius in September 2013 to discuss how to strengthen the European

family farming model in the future. The Lithuanian Presidency's informal meeting focused on the promotion of short food supply chains and local food systems, the promotion of cooperation, the strengthening of bargaining power through the formation of cooperatives, and the application of innovation and scientific research as the Union's main future policy measures.

With the majority of the EU's 12 million farms being family farms, discussion about innovative approaches to the promotion and sustainability of the family-farming model is certain to continue. Beyond the scope of the new CAP proposals, there are issues that determine the long-term viability of family farms that fall within the remit of the Member States. Notable among these are, for example, inheritance and fiscal issues surrounding the generational transfer of family farms, and the need for improved access to land and capital, all of which are of particular relevance to the future generations of young farmers.

At the Vilnius meeting, the ministers welcomed the European Commission's initiative to begin its contribution to the International Year of Family Farming with a high level conference on 'Family farming: A dialogue towards more sustainable and resilient farming in Europe and the world' in November 2013<sup>33</sup>. In parallel, the Commission has launched a wide consultation on the role of family farming<sup>34</sup>. This provides a real opportunity for everyone - citizens, organisations and public authorities alike - to share their views on the future narrative of the great global story of family farming.

28 A political agreement on the new CAP for 2014-2020 was achieved between the European Commission, the European Council and the European Parliament on 26 June 2013. It is based on a set of legal proposals made by the Commission in autumn 2011 (<http://ec.europa.eu/agriculture/cap-post-2013/legal-proposals/>), which followed a wide public debate and a Communication on 'The CAP towards 2020'.

29 Article 15 and 16 of the European Commission's proposal for the new regulation on Support for Rural Development by the European Agricultural Fund for Rural Development (EAFRD), [http://ec.europa.eu/agriculture/cap-post-2013/legal-proposals/com627/627\\_en.pdf](http://ec.europa.eu/agriculture/cap-post-2013/legal-proposals/com627/627_en.pdf)

30 Article 18 and 20 of the new regulation.

31 Article 28, 36 and 37 of the new regulation

32 Article 29 to 32 of the new regulation

33 [http://ec.europa.eu/agriculture/events/family-farming-conference-2013\\_en.htm](http://ec.europa.eu/agriculture/events/family-farming-conference-2013_en.htm)

34 [http://ec.europa.eu/agriculture/consultations/family-farming/2013\\_en.htm](http://ec.europa.eu/agriculture/consultations/family-farming/2013_en.htm)



## Family farms in a global context

The UN has declared 2014 as the International Year of Family Farming. The objective is to raise awareness of how family farms help to alleviate hunger and poverty, provide food security and improve livelihoods. In this context, family farms play an especially vital role in the developing world. Other issues, such as the gender gap, affect family farms in all regions of the world. Europe will contribute to the international debate throughout the celebratory year.

Family farms dominate today's agricultural landscape: they provide 70% of world food production<sup>35</sup>, employ a significant workforce and are also a key driver of rural development throughout the planet. This production model preserves local products and enhances local traditions and culture. However, most of the farmers who live in the countryside are smallholders who remain highly vulnerable to poverty and hunger.

Globalisation and greater integration of agricultural markets can represent an opportunity for family farms, as raising productivity and increasing output not only contribute to

increasing farm incomes and local food security, but also stimulate the wider economy and contribute to broad-based food security and poverty alleviation.

Reducing poverty in developing countries requires the accelerated production of staples by family farms. Whether this necessary growth is feasible and sufficient will depend on the prevailing political and economic environment, and the presence of institutions to create and apply appropriate crop science, manage land and water access and open markets, all in the context of ensuring the quality provision of public goods. Many countries have gone a long

way down this path, but the route is long. Family farms in all nations need to be supported, as they are the basis of rural society and social stability. Therefore, recognising their great value and potential, and designing targeted policies in line with national and local economic policies, is crucial.

35 See FAO: Coping with the food and agriculture challenge: [http://www.fao.org/fileadmin/templates/nr/sustainability\\_pathways/docs/Coping\\_with\\_food\\_and\\_agriculture\\_challenge\\_Smallholder\\_s\\_agenda\\_Final.pdf](http://www.fao.org/fileadmin/templates/nr/sustainability_pathways/docs/Coping_with_food_and_agriculture_challenge_Smallholder_s_agenda_Final.pdf)

## A definition of family farming

The concept of family farming covers a wide range of possibilities that can vary according to culture, region, country, etc. Consequently, there is no universal definition for family farming. Nevertheless, there are some common principles that define family farming as agricultural, forestry, fisheries, pastoral and aquaculture production that is managed and operated by a family and predominantly reliant on family labour, including that of both women and men. The family and the farm are linked, co-evolve and combine economic, environmental, reproductive, social and cultural functions. The definition does not include size criteria. Family farm does not necessarily mean small, and what is considered small in one region may not be in another.

## Reducing poverty by closing the gender gap

Eliminating gender inequalities, achieving gender balance and empowering women is fundamental when addressing sustainable development. As the livelihood of farming families depends on the work carried out by each member of the family, this means that the survival of such farms is highly dependent on the combined effort of both women and men. Rural societies are traditionally characterised by gender-specific roles, and in most cases men are considered the head of the household and hold ownership titles. It is also more common to see men involved in decision-making, market exchanges and handling finance. However, policies that strive to eradicate the gender gap are encouraging women to adopt a more influential

role. For instance, many countries in Africa have started to reform policies and regulations on rural land to the benefit of women and vulnerable groups<sup>36</sup>.

Family farms around the world face several challenges such as a difficulty in accessing resources, the lack of generational succession and poor or non-existing training, among others. Nevertheless, woman farmers suffer greater disadvantages. For example, in many cultures access to land and property is determined by gender and it is men who are entitled to inherit land leaving women in a vulnerable position with no legal property rights and in a co-dependent position. Situations like this force women to work on land owned by their husbands. This reality becomes even harder for single, divorced or widowed women<sup>37</sup>.

There is a need to elevate women from this secondary role and to make their work in the agricultural sector more visible, in order to move forward and improve living conditions in rural areas. In addition, recognising and reinforcing the pivotal role played by young people in improving livelihoods, and acknowledging that men and women of all ages are equal actors and can shape the future development of family farms, is vital to alleviating poverty. Public policies that protect women and young people, and facilitate their access to land, resources, education and credit can make a significant contribution to the competitiveness of family farms. Training activities targeted at helping women and young farmers to become more competitive are considered a priority in the context of the family farming and rural development agenda.



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For instance, in 2010, the Agriculture Support Programme (ASP) in Zambia developed an initiative to empower rural women by providing technical training in farming and entrepreneurial skills<sup>38</sup>. This initiative led to women gaining more control of the household income and being more involved in decision-making, both in their homes and in the community. Furthermore, a study conducted by the Agricultural Science and Technology Indicators (ASTI) and the African Women in Agricultural Research and Development (AWARD) in 2008 showed a significant increase in the share of female professional staff in agricultural higher education in comparison to 2001<sup>39</sup>.

In Europe, the Copia Women's Committee has introduced an innovation award for women farmers, which aims to promote a positive image of women and to identify areas where women farmers can demonstrate their capacity to innovate<sup>40</sup>.

36 See Report: Fight poverty through accessing women land rights: <http://www.ippmedia.com/frontend/?i=59519>

37 See International Land Coalition: Women's land rights and gender justice in governance: [http://www.landcoalition.org/sites/default/files/ILC\\_Network\\_Contribution\\_CEDAW\\_final.pdf](http://www.landcoalition.org/sites/default/files/ILC_Network_Contribution_CEDAW_final.pdf)

38 See OECD: The Agriculture Support Programme: <http://www.oecd.org/dac/gender-development/47562531.pdf>

39 See FAO: Documenting the gender gap in agriculture: <http://www.fao.org/docrep/013/i2050e/i2050e03.pdf>

40 See COPA-Cogeca European Farmers: [http://www.copa-cogeca.be/img/user/file/Prixfemin/CF\(11\)9108en.pdf](http://www.copa-cogeca.be/img/user/file/Prixfemin/CF(11)9108en.pdf)

## International Year of Family Farming

In 2008, the World Rural Forum, in collaboration with major regional networks of family farmers' organisations in Africa, Asia and Latin America, launched a campaign for the designation of an International Year of Family Farming.

In 2012, the General Assembly of the United Nations declared 2014 the International Year of Family Farming (IYFF) and charged the FAO with its implementation, in cooperation with national governments and other UN bodies and agencies.

The IYFF was officially launched on 22 November 2013 in New York. The aim is to raise the profile of family farming in the world by highlighting its role in alleviating hunger and poverty, providing food and nutrition

security, improving livelihoods, managing natural resources and contributing to sustainable development, especially in rural areas.

The IYFF represents a unique opportunity for farmers, consumers, environmental groups, national authorities, international agencies and stakeholders from civil society to work together towards four specific objectives:

- i. to support the development of policies conducive to sustainable family farming;
- ii. to increase knowledge, communication, and public awareness;
- iii. to better understand the needs, potential and constraints of family farming, in order to ensure the availability of technical support; and
- iv. to create synergies for sustainability.



## High level European family farming conference

The European Commission organised the conference 'Family Farming: A dialogue towards more sustainable and resilient farming in Europe and the world' on 29 November 2013 in Brussels. The objective was to highlight the diversity of family farms in Europe and the world and the value of family farming as: a sustainable rural model; an efficient producer of food; a source of income; a source of cultural values and agrarian know-how, and as a guarantor of the preservation of the environment and biodiversity. The participants gained a better understanding of the role of family farming, the key challenges and priorities for the future, and the best means of supporting family farms.

While there are obvious differences across regions and countries of the world, there is also much common ground. The Brussels conference thus tackled shared issues and opportunities such as the contribution to sustainable growth, innovation, and the potential of farmers' organisations.



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The conference outcomes will contribute to the FAO European Regional Conference, scheduled for April 2014 in Bucharest, Romania, and to events related to family farming that will be organised in the course of 2014.



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## Family farming in the least developed countries: focus on Sub-Saharan Africa

Agriculture occupied an important place in the Rio+20 debate,<sup>41</sup> and civil society calls to move family farming up the international agenda are building on this momentum. The recent RuralStruc<sup>42</sup> study sheds light on the potential role of family farming in contributing to development, particularly in Africa.

The vast majority of agricultural holdings in the world are family farms. Despite the considerable variance around the world in terms of farm sizes, production systems, market integration, and the technology and capital employed, the family-oriented model remains the basis for agricultural business

development, the management of farm activities and the transmission of assets. Globally, according to FAO statistics<sup>43</sup>, there are 800 million producers that follow the family farming model; they represent 1.3 billion agricultural workers worldwide and are constantly demonstrating their ability to evolve.



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41 Source: <http://www.uncsd2012.org>

42 The RuralStruc Programme on the 'Structural Dimensions of Liberalisation in Agriculture and Rural Development' is a cross-regional research work conducted under the Sustainable Development Department of the World Bank in 2006-2010. The RuralStruc Programme aims to attain better understanding of the implications of economic integration for agriculture and rural development in developing countries. Source: <http://web.worldbank.org/WBSITE/EXTERNAL/COUNTRIES/AFRICAEXT/0,,contentMDK:21079721~pagePK:146736~piPK:146830~theSitePK:258644,00.html>

43 Source: [http://www.fao.org/fileadmin/templates/nr/sustainability\\_pathways/docs/Factsheet\\_SMALLHOLDERS.pdf](http://www.fao.org/fileadmin/templates/nr/sustainability_pathways/docs/Factsheet_SMALLHOLDERS.pdf)



At the initiative of the World Bank, the International Fund for Agricultural Development (IFAD), the Agence Française de Développement (AFD) and CIRAD (a French agricultural research organisation), and in partnership with national teams, RuralStruc examined structural changes to agriculture following market liberalisation in seven countries, namely Mexico, Senegal, Mali, Kenya, Madagascar, Morocco and Nicaragua. The study was based on an extensive survey of 8 000 families.

### Agriculture and the development agenda

RuralStruc notes that the structural economic reforms conducted in the 1980s in many of the least developed countries, resulted in the withdrawal of the state from the agricultural sector. In Sub-Saharan Africa, this adjustment exposed farmers to global competition from areas where productivity was much higher. Rural communities have been deeply affected by the resulting crisis in the agricultural sector, which has led to the abandonment of rural infrastructures and increases in rural poverty and hunger.

Furthermore, Sub-Saharan Africa, unlike other regions in the world, has not had an economic transition leading to a major shift from agriculture to industrialisation, accompanied by the creation of new sources of employment; yet it has undergone an urbanisation transition.

### Family farming and employment

A mass influx of young people is set to enter the labour market in Sub-Saharan Africa. This will reach 25 million people per year by 2025<sup>44</sup>, meaning that almost 200 million jobs must be created by then in rural areas. The agricultural sector will be predominant for some time as job opportunities in other sectors remain limited. Beyond food security, job creation has become an essential driver of the development of the agricultural sector, with a special emphasis on fostering family farming as a socio-economic model that can generate jobs and maintain vibrant rural areas. The survey also shows that poverty is severe and generalised: nearly 80% of surveyed households earn significantly less than two dollars per person, per day.

According to RuralStruc, the three strategic objectives for the region should be to:

- **Develop regional markets**

*With some exception, small producers do not have a comparative advantage in the global market. The markets for food products at regional level remain more accessible and enjoy a strong and sustainable demand. Their development through specific forms of support is key to continued innovation and rural diversification.*

- **Generate income diversification**

*While households tend to have a non-farming activity, the financial return is very low because non-agricultural jobs are rare and badly paid. Typically, the poorest do not have access to such*



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*work, confining them to a poverty trap. To nurture diversification, the poorest farmers must be supported and their assets protected.*

- **Develop strategies rooted to territories**

*Only a clear and inclusive strategy to support family farming can reduce rural poverty and launch development dynamics that benefit the largest possible number of farmers. A significant investment in infrastructure, training, innovation, functioning markets and regional integration is required. Such investment must be based on integrated development strategies explicitly targeting the fight against poverty. While uncoordinated sectorial approaches have long been preferred, local and participatory methods with real priorities for action are the way forward. Family farming, embedded in the territories, could then fully play its role in forging development.*

44 Population Reference Bureau (PRB) Status report: Adolescents and young people in sub-Saharan Africa. Source: <http://www.prb.org/pdf12/status-report-youth-sub-Saharan-Africa.pdf>



## Innovation on family farms

**All businesses need to innovate if they are to thrive, and family farms are no exception. By thinking ahead and developing new approaches, farmers can increase output, develop new and improved products, diversify and tap into new income streams, and remain environmentally sustainable. Innovative farms are more likely to weather storms, be they economic or meteorological.**

**A**s family farms - of all sizes - look to meet the business challenge of globalisation and the economic crisis and the environmental challenge of delivering sustainable growth and preserving biodiversity, agricultural innovation is arguably more crucial than ever.

In the European Union (EU), the vast majority of farm holdings can be categorised as family farms: meaning that they are on the one hand synonymous with small-scale holdings and on the other dominant in

the highest farm size classification - 60% of which are run by families.

While there is excellent agricultural-related research happening in Europe, there is now a concerted effort to ensure that the gap between research results and the diverse requirements of farming systems is reduced. The innovation priority in Rural Development Programmes (RDPs) for 2014-2020 will be to ensure that ground-breaking new ideas do not go unnoticed and that knowledge-exchange is used as a tool in overcoming emerging challenges.

Enhanced networks and partnerships are envisaged as a vital supporting infrastructure for future agricultural innovation, coupled with a focus on the overarching framework conditions – ensuring the rollout of broadband in rural areas, for example, or linking the Common Agricultural Policy to environmental measures. Innovation networks create favourable conditions for research and innovation partners to co-operate and achieve better and faster results compared to existing approaches.

## The scope of innovation

Family farmers should think broadly when it comes to innovation. Innovation could be technological – investing in or inventing new equipment or processes. Other forms of innovation might involve less upfront outlay. New ideas and approaches to product marketing and distribution can be introduced, or farmers can boost their incomes through organisational innovation – cooperating to deliver food direct to consumers, for example.

Pekka Pesonen, Secretary General of COPA-COGECA, the EU representative body for European farmers and farming cooperatives, says that, 'innovation is a necessity for all parts of the food supply chain,' and it should not be just agri-business, food processors, distributors or retailers who invest in innovation. 'Farmers need to get involved themselves; investment in innovation is a better guarantee of the future for farmers than Pillar 1 payments,' he emphasises.



*Pekka Pesonen, Secretary General of COPA-COGECA*



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The 2014-2020 generation of RDPs will emphasise innovation in the broadest sense, with a focus on improved competitiveness through knowledge transfer, better links between agriculture, food production and forestry and researchers, and innovation as the basis for improved environmental performance.

Farmers can also seek to develop, 'new business opportunities from their existing raw materials,' says Pekka Pesonen. In this, the concept of the bioeconomy could, for example, stimulate the thinking of family farmers about innovation. The European Commission, in a February 2012 communication on the bioeconomy<sup>45</sup>, notes that a focus on the better management of Europe's biological resources is part of the move to a low-carbon economy in which reliance on fossil fuels is reduced. Farmers, as stewards of the EU's biological resources, are on the front line of the bioeconomy and their knowledge can help drive innovation.

Environmental innovation, such as doing, 'something new, something more,' with existing resources can have a positive impact on farm incomes, notes Pekka Pesonen. He cites the example of farmers who have started to deliver slurry to bioreactors, from which energy is fed back to the farm, with a consequent reduction in farm running costs.

45 COM (2012) 60, available at [http://ec.europa.eu/research/bioeconomy/pdf/201202\\_innovating\\_sustainable\\_growth.pdf](http://ec.europa.eu/research/bioeconomy/pdf/201202_innovating_sustainable_growth.pdf)

## Framework conditions for innovation



Matteo Bartolini,  
President of CEJA

Matteo Bartolini, President of the European Council of Young Farmers (CEJA) says that regulation is just one framework condition needed to stimulate innovation at family-farm level. Policy-makers should also focus on the broad rural

development agenda as the foundation for an innovative agricultural economy. 'It is important to remember that in order to protect the family farm model, European rural areas need to be better equipped in terms of health services, transport, broadband and more, in order to avoid rural abandonment,' he adds.

Another prerequisite is a system that nurtures innovation and allows it to flourish. Helping to meet this challenge is the European Innovation Partnership 'Agricultural Productivity and Sustainability'<sup>46</sup> (EIP-AGRI) – an initiative set up in 2012 that is, among other activities, using a bottom-up approach to link farmers, advisors, researchers, businesses, and other actors in so-called Operational Groups. These groups, which can draw funding from various sources, such as the European Agricultural Fund for Rural Development, Horizon 2020, national funds, etc. are formed around a very specific innovative idea with the purpose of developing it for practical application. The precise areas that will be worked on are to be defined by the needs in Member States or regions.

The EIP-AGRI is based on the interactive innovation model, meaning that the building blocks for innovation are

expected to come from science, but also from practice and intermediaries, including family farms, advisory services, and others as actors in a bottom-up process. Interactive innovation includes existing (sometimes tacit) knowledge that is not always purely scientific. Such innovation tends to deliver solutions that are well adapted to circumstances and which are easier to implement since the participatory process is favourable to speeding up the introduction, dissemination, and acceptance of the new ideas.

Roger Waite, the European Commission's agriculture and rural development spokesman, says that the EIP-AGRI will, 'work as a catalyst to make sure that research results are more systematically transformed and adapted to the needs of farming practice. It will interlink innovation players to use the opportunities provided by the cooperation measure of rural development and multi-actor projects of Horizon 2020,'<sup>47</sup> which is the next generation of the EU's multi-billion euro research and innovation funding programme. The Operational Groups will, 'facilitate the flow of information and foster the exchange of knowledge and experience concerning innovative approaches,' Waite says.

The EIP-AGRI will generate new insights and ideas and mould existing tacit knowledge into focused solutions that can be put into practice more quickly. Such an approach will stimulate innovation from all sides and will help to deliver demand-driven research.



Roger Waite,  
the European Commission's  
agriculture and rural development  
spokesman

To encourage the flow of information a coordination role is played by innovation brokers, who will work to connect the partners in the Operational Groups and help to ensure that innovative ideas lead to concrete results, for example, by finding funding for research projects. A great example of innovation brokerage in action - concerning a Flemish innovation support centre's support for a novel idea on how to reduce ammonia emissions from manure - is highlighted in the EU Rural Review #16<sup>48</sup>, in addition to an overview of the EIP-AGRI.

Through the Operational Groups, farmers will benefit by gaining access to the latest developments and research findings, while researchers will gain a better understanding of the daily challenges faced by farmers. This should result in a quicker take-up of innovation by farmers, and a quicker and more targeted response by researchers

who want to address the real needs of the market.

Matteo Bartolini of CEJA, who is also a member of the EIP High-Level Steering Board, notes that the, 'idea behind the EIP-AGRI is particularly useful for putting more farmers in touch with research networks and universities.'

Mr Bartolini emphasises the need to support all potential innovators, noting that a 'lack of access to capital and credit are particularly problematic for young people in the sector, as well as high investments with low returns in the first few years of farming. This is why it is essential that public support is available to get innovative, modern farming practices off the ground in the first few years of farming,' he says.

<sup>46</sup> <http://ec.europa.eu/agriculture/eip/>

<sup>47</sup> <http://ec.europa.eu/research/horizon2020/>

<sup>48</sup> See page 11 of the EU Rural Review #16 on Knowledge Transfer and Innovation in Rural Development Policy - [http://enrd.ec.europa.eu/app\\_templates/filedownload.cfm?id=89E54472-A7ED-41AD-84A6-C392AD7ECE14](http://enrd.ec.europa.eu/app_templates/filedownload.cfm?id=89E54472-A7ED-41AD-84A6-C392AD7ECE14)

## Innovation networking

Agricultural networks and advisory services play a fundamental role in promoting innovative practice to family farms - be it business or environmental innovation or based on new or traditional knowledge. One such example is InCrops, which is funded by the European Regional Development Fund.

InCrops offers free business support in the east of England, aimed at encouraging renewable, bio-based and low-carbon technologies. It provides consultancy on the development or adoption of bio-based products made from plants, algae, and agricultural and food wastes.

Successful innovation results in new or greater income streams for farmers. Through the EIP-AGRI, and the range of supportive programme measures, there has never been a better time for family farms the length and breadth of Europe to develop or adopt innovative practices.



### Case Study: InCrops innovation support

© Richard Wright



#### Leavs Limited

Richard Wright, who also farms in Norfolk, saw an opportunity to develop an eco-packaging product made from dried leaves, expanded maize and barley straw, some of which comes from his own farm. He subsequently set up the company, Leavs Limited, with the goal of producing products that contribute to the reduction of landfill

stemming from plastic packaging waste and help cut the use of oil-based synthetic packaging. Leavs Limited packaging is organic and biodegradable. InCrops assisted Mr Wright with a small grant, and advice on product development and marketing.

For further details see the Leavs Limited website:  
<http://www.leavs-packaging.co.uk/>

#### Norfolk Saffron

Sally Francis, a family farmer from Norfolk, eastern England. She is also a qualified agricultural botanist and has been growing saffron on a small scale for a number of years. She saw an opportunity for product innovation and decided to scale-up, receiving assistance from InCrops to obtain finance for specialist machinery, design work and marketing, and to expand her crop area. In liaison with

InCrops, Ms Francis also looked into the possibility of working with a distiller to create a saffron-based drink.

The Norfolk Saffron company has now been operating for four years. It sells saffron that has been certified to the highest international grade for the spice, and associated paraphernalia such as mortars and pestles and a recipe book. It has recently brought to market an orange and saffron liqueur. Norfolk Saffron has also diversified by holding saffron-based baking and dyeing workshops.

The company illustrates how support and advisory services can be effective when well-targeted. According to Sally Francis, working with InCrops, 'saved me a huge amount of time, plus gave me some excellent ideas.'

For further details see the Norfolk Saffron website:  
<http://www.norfolksaffron.co.uk>



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For a comprehensive overview of knowledge transfer and innovation in rural development policy see<sup>49</sup> the EU Rural Review 16.



49 [http://enrd.ec.europa.eu/publications-and-media/eu-rural-review/en/eu-rural-review\\_en.cfm](http://enrd.ec.europa.eu/publications-and-media/eu-rural-review/en/eu-rural-review_en.cfm)



## A flexible economic model

**In the European Union, family farms account for the vast majority of farm holdings. And while family farms may be synonymous with small-scale operations, they also dominate the highest farm size class of 100 ha and larger - 60% of which are still held by families. As family farms - of all sizes - look to survive and thrive in the context of globalisation and a changing world, a shared and characteristic trait of economic flexibility will be at the heart of their story.**

**W**hy is family farming - which accounts for 97% of all farm holdings - so common throughout most of Europe? It cannot be because agriculture has ignored technological change: new varieties and machines have constantly appeared for both crops and livestock. Balancing higher input costs and lower real output prices has kept up the economic pressure, while the well-known short-term problems of weather, disease and market fluctuations test any business structure.

So, how does the model persist when other sectors – such as food processing and retailing – have seen huge changes in structure and operation? Indeed, large-scale ‘industrial’ farms were once forecast by many economists, whose ideas were tried with limited success in Central and Eastern Europe in the second half of the last century.

Sentimental popularity amongst producers, consumers and politicians does not explain the ubiquity and persistence of the family farming model over such a long period. Market realities, technical change, and social developments such as the attractions of urban living, have existed long enough to lead to potential new patterns.

### Multifaceted family farms

One explanation, of course, is that the term family farm covers many different forms of agricultural holding structures, from small plots passed down through several generations to large-scale corporate businesses under private control. Other kinds of family farms include ‘lifestyle’ holdings, owned by high-income households alongside a rural home, and ‘settlements’ made available by governments to landless people or to in-migrants as part of a land reform.

Some farm tasks (such as livestock handling, cropping decisions) are more efficiently carried out by on-farm regular labour, while others (such as input manufacturing, product sales) often involve specialised skills, equipment or travel, and are better dealt with via markets. In most families, the necessary exchange of information, ideas and instructions in day-to-day farming can more easily take place between parents, children and other family members than between a non-household manager and other employees, who probably don’t share the same mealtimes and living accommodation. In addition, the vast majority of holdings in the EU are very small: 69% of all farms have less than five hectares of utilised agricultural area and on average there is less than one full-time job per farm<sup>50</sup>.

## Families at work

Overwhelmingly, farm work is carried out by family members, even if some activities – such as large-scale fruit-picking, or contract operations – involve others. Family members account for more than 90% of all regular farm labour in the EU as a whole (see Figure 1), with the highest proportions – averaging 96% – in the newer Member States, and the lowest – at 81% – in Germany and the UK. The Southern Member States (including France, for this purpose) fall somewhere in between. Measuring labour time in Agricultural Work Units (AWU) rather than persons gives similar but slightly lower figures.

## Diversification and pluriactivity

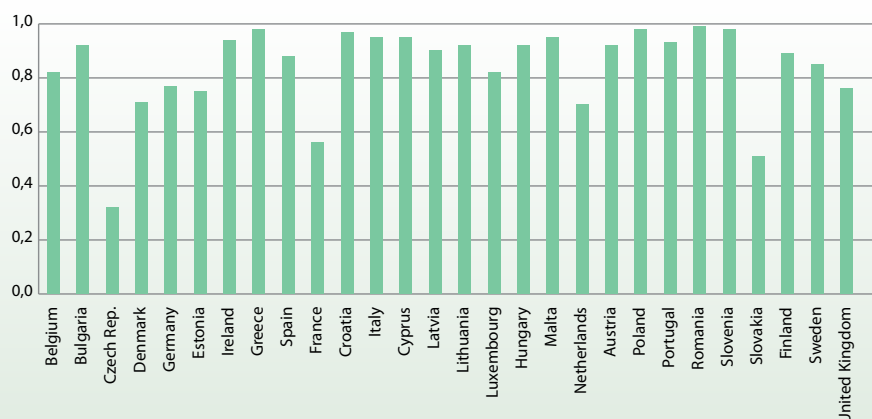
Many family farms have evolved true flexibility to survive as viable businesses. A real characteristic of family farming is its suitability for starting and operating enterprises other than the farm itself<sup>51</sup>. Diversification can be linked directly to farm production, as with on-farm cheese or wine processing businesses, or involve activities such as tourism or storage within

the farm boundary. In addition, 'pluriactive' household members are regularly or periodically occupied outside of the family farm, or operate enterprises such as contracting.

In some cases, diversification and pluriactivity results in the farm becoming a somewhat residual component of the household's total economic activity – even as a loss-maker, for example with hobby farms. In others, the farm business remains central, at least in terms of labour time and decision priority. Of course, multiple occupations

and enterprises have to be compatible in terms of household time availability and production requirements; thus, the seasonality of many farm activities may lead to off-farm jobs during the winter or the farm may be simplified to favour evening or week-end work, with other family members brought in at harvest time. Pluriactivity is more common on smaller farms and diversification on larger ones<sup>52</sup>, but both have obvious implications for rural development.

Figure 1: EU family member labour as share of regular farm labour, 2010



Source: Eurostat regional agricultural statistics database



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51 Evans N J and Ilbery B W, (1993) "The pluriactivity, part-time farming, and farm diversification debate," Environment and Planning A 25(7), 945-959.  
52 Barthomeuf, L.T. (2008) Other Gainful Activities: Pluriactivity and Farm Diversification in EU-27, slide presentation. European Commission DG Agri G2. [http://ec.europa.eu/agriculture/analysis/markets/gainful/slides\\_en.pdf](http://ec.europa.eu/agriculture/analysis/markets/gainful/slides_en.pdf)

## A special case: Semi-subsistence farming

The Central European countries that joined the EU in the mid-2000s have large numbers of small and very small farms. In many of these countries, with Poland being an exception, such holdings were created or re-created as a result of post-1989 land restitutions.

Often, less than half of these farms' output reaches a formal market - the bulk being consumed by the farm household itself, or by near-neighbours or urban-based family members – a situation that defines the term, semi-subsistence farming (SSF). Thus, many provided a form of household food security during a time of considerable economic disruption. Almost by definition, such farms are family farms – although attempts to establish larger self-sufficient groups are not unknown in rural areas.

A recent study for the European Parliament<sup>53</sup> analysed available information for small and SSFs in EU Member States, along with their treatment under the Common Agricultural Policy (CAP) to date, and within the post-2014 CAP. In addition to noting highly valued non-economic benefits of SSFs - such as repositories of cultural heritage and rural vitality - the study concluded that:

'Over the EU-27 as a whole, SSFs account for almost half of all agricultural holdings, and about three-quarters of small holdings under 2 ha ... However, their distribution varies greatly..., from over 90% of all holdings in Romania to almost none in most North-Western EU countries.

The main economic role of SSFs is a welfare one, alleviating poverty by acting as a social buffer for households with few other assets and minimal other income sources. In five newer Member States, subsistence production contributes between 20% and 50% of the incomes of households at risk of poverty. In the current recession, this welfare role has also been noted in Italy, Greece and Portugal.

A more market-oriented economic role of SSFs in supplying speciality foods is far more prevalent in the Southern EU Member States and in some of the newer members, such as Poland and Romania, than in North-West Europe and the remaining newer Member States.

Small and SSFs appear to play an important role in the wider rural economy. Significant numbers of small farmers engage in other gainful activities that may be particularly important for their household livelihoods, but also generate welfare for the non-farm population and economy, and help to maintain rural populations in remote areas. Moreover, SSFs appear to produce more farmed biodiversity than commercial farms.

Three possible development paths for small and SSFs in the EU were identified as:

- disappearance due to absorption into larger commercialised farm holdings, or to land abandonment (e.g. in remoter areas);
- transformation into small commercial farms; and
- continuation through (a) diversification; (b) non-agricultural wage employment and part-time farming; or (c) 'forced' re-entry of successive family generations due to the lack of other income sources.

It is obvious that no single support measure, even a well-targeted one, can be appropriate for all types of SSFs. In fact, the CAP's Pillar 1 – even after reform – is largely irrelevant to the many SSFs falling below the minimum threshold (typically around 0.5 ha). In some new Member States, use has been made of some Pillar 2 measures for SSFs - for example, by 2012, Bulgaria had nearly 10 000 beneficiaries with a cumulative spend of € 14.5 million from Measure 141 (Supporting Semi-Subsistence Farms Undergoing Restructuring) – but more needs to be done to target SSFs within Rural Development Programmes or – in the post-2014 reformed CAP – sub-programmes.



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## Flexibility in different circumstances

The many different forms of family farm indicate why this structure has survived so well in agriculture: it can readily adapt to short- and long-term changes in circumstances, be it amongst the workforce (the family) or the operating environment (weather, markets, nearby job opportunities). The natural succession of parents by their children and their partners in the operation and management of the farm can take place over many years, without the formalities of employment contracts and apprenticeships, and there is no distant 'head office' requiring regular reports or to be consulted over decisions.

However, family farms have not survived without policy support - primarily succession and taxation laws, which have favoured this type of business over non-family corporate forms. Indeed, in many EU countries, the Napoleonic code of inheritance has resulted in a proliferation of small units necessarily run by families and not always conducive to efficiency. More importantly, national systems of income tax and social security have often benefitted farming as an individual and family occupation. The CAP has found it more difficult to discriminate in favour of family farming, although the capping of direct payments and current efforts to target active farmers, highlight ways in which this can be done.

## The future of the family farm

Comparing the structure and evolution of family farms with the situation in other countries is of interest. In the United States, the small family farm category, that is those with sales under \$ 250 000 (which is high by EU standards) account for over 90% of all U.S. farms, but only a third of all



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output, with larger family farms accounting for most of the rest<sup>54</sup>. After decades of decline, numbers have recently risen, although only in the lowest size category<sup>55</sup>. In Canada, there has been a similar pattern: very small farms (sales under CAD 25 000) have declined in number, although more slowly than somewhat larger farms<sup>56</sup>. In both countries, many large and very large farms (e.g. sales over \$ 1 million) remain family-run, but usually with a corporate status of some kind.

A number of developments may threaten the predominance of the family farming model in Europe. Some new technologies – such as geographical information systems for field and livestock operations – are so complex that large-scale corporate businesses may be better-placed to take advantage of them, using highly specialised IT staff and software, and having easier access to the necessary finance. This is likely to be more noticeable in regions with large-farm structures, such as the Paris Basin, Eastern Germany or parts of the United Kingdom. Increasingly rigorous retailer requirements for source information and quality control, in both mass and organic farm commodity markets, have already led to more direct control of many on-farm operations<sup>57</sup>. In time, this might involve the virtual takeover of family farms by large corporations, even if legal ownership of the land remains with private individuals.

On the other hand, family farms seem capable of retaining their advantages of flexibility and resilience within the context of evolving market conditions. Although depressed during the current recession, consumer demand for traditional forms of food and drink from trusted sources indicates an underlying preference for short food chains and organic farming. To make the most of these opportunities, and to continue to compete in more conventional markets - both farming and non-farming - family farm members will have to ensure that they maintain up-to-date skills and knowledge through regular training and education, and also perhaps through cooperatives and networks.

In addition, support for family farming is correlated with the vitality of rural areas. Around 30% of all farmers are 65 years of age or older and are mostly farming very small holdings<sup>58</sup>. If young families are to be encouraged to stay in or to take up farming, there needs to be adequate local facilities – such as healthcare, childcare, cultural and sporting - to make them attractive places to live and work in.

54 USDA National Institute of Food and Agriculture, Family and Small Farms: Family Farms Overview, [http://www.nifa.usda.gov/nea/ag\\_systems/in\\_focus/familyfarm\\_if\\_overview.html](http://www.nifa.usda.gov/nea/ag_systems/in_focus/familyfarm_if_overview.html)

55 Kirschenmann, K., Stevenson, S., Buttel, F. Lyson T. and Duffy, M. (2004) Why Worry About the Agriculture of the Middle?, a White Paper for the Agriculture of the Middle Project. Available via [www.agofthemiddle.org](http://www.agofthemiddle.org).

56 Statistics Canada (2009) The Financial Picture of Farms in Canada. <http://www.statcan.gc.ca/ca-ra2006/articles/finpicture-portrait-eng.htm>

57 Banterle, A. and Peri, M. (2007) The supply chains of organic products: an empirical analysis of the processing sector in six EU Mediterranean regions, Paper presented at 103rd EAAE Seminar 'Adding Value to the Agro-Food Supply Chain in the Future Euromediterranean Space'. Barcelona.

58 Eurostat Farm Structure Survey 2010



## Environmental know-how

Over many centuries, family farms have shaped and defined the characteristics of Europe's many rural landscapes. Seen from a modern perspective, family farms deliver valuable environmental services. The contribution is diversified with smaller-sized family farms often being stewards of High Nature Value farmland, while bigger family farm businesses are associated with the provision of significant public goods via sustainable agriculture practices over larger areas.

Family farms typically have a hands-on approach to environmental management and they share an intrinsic interest in environmental sustainability. A defining characteristic of family farm management is a clear focus on providing a legacy for future generations. This long-term perspective relies heavily on the transfer of tacit and oral knowledge regarding sustainable land use practices.

Substantial provisions are included in the reformed Common Agricultural Policy for the good of the environment. Under the second pillar,

family farms can make use of Rural Development Programme (RDP) funding to improve the environment and countryside, with wide-ranging support available for organic agriculture, nature and landscape conservation on farms, water management, air quality and soil protection, among others.

For example, payments to family farms located in areas with natural constraints are very important for sustaining family farms as active environmental stewards. Similarly, agri-environment payments from RDPs are used by family farms to conserve

biodiversity, tackle greenhouse gas emissions, improve soil and water quality and look after landscapes.

RDP measures associated with training, advisory services, cooperation, short supply chains, organic production systems, animal welfare, NATURA 2000, and resource-efficient technologies (among others), are all made use of by family farms to safeguard Europe's rural environment. The outcomes associated with these efforts help to ensure that the countryside remains an attractive place to live, work and visit.



## Practical examples

A review of the ENRD's online database of RDP Projects<sup>59</sup> highlights many interesting case studies that show the different roles family-run farms play in providing environmental services throughout Europe. One such example is the Munro family from Pitmain Farm, in Scotland's Highland region, where a father and son team have used agri-environment payments to restore, preserve and enhance the ecosystems that depend on their upland livestock farm.

William Munro's approach to conserving farmland biodiversity typifies the way that thousands of other family farms throughout rural Europe are using agri-environment schemes to protect local wildlife.

***Family-owned farm business have strong links to the land, local territories and regional identity. They tend to be more compatible with sustainable farming methods than agri-businesses run purely for maximum profit.***

### Case Study: Munro Farm – Habitat protection

William Munro learned about the importance of sustainable land use from his father, whilst growing up on the family farm in Kinguisse. He is a strong advocate of RDP support for environmental services and he sees useful socio-economic benefits from this assistance: 'the funding is very important, if we didn't have it we would put sheep on the fields all year long as grass is a rare commodity here because of the climate.'



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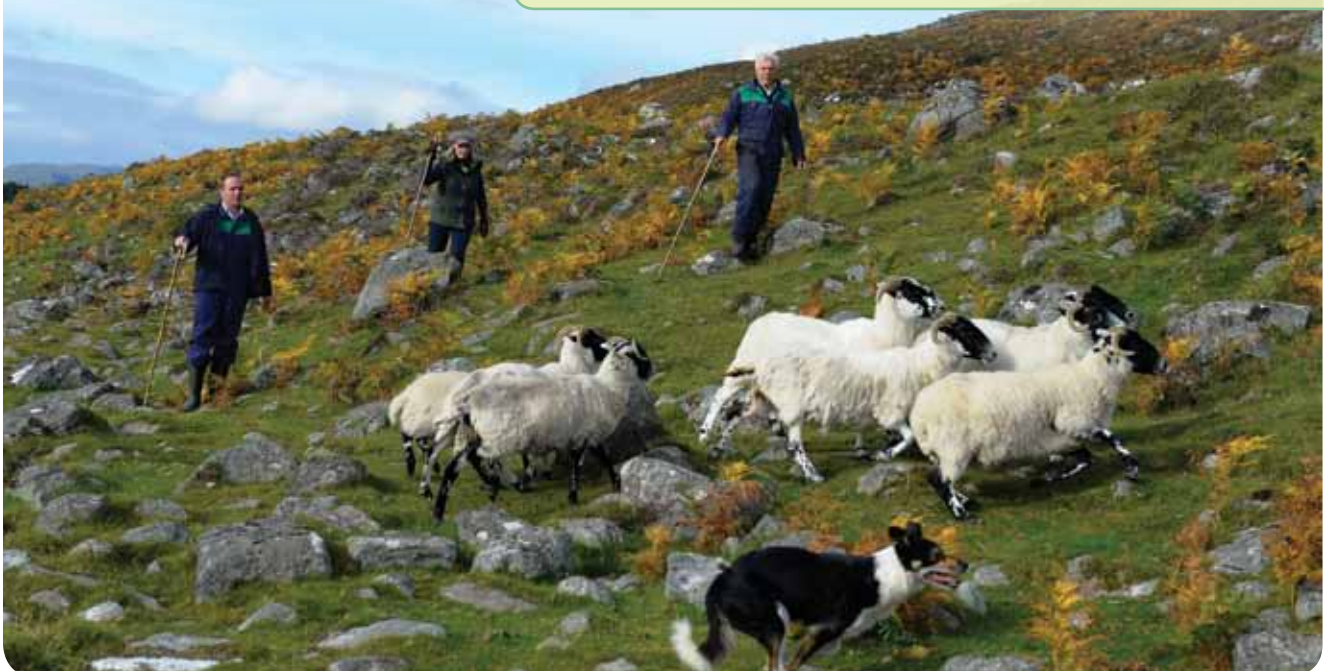
'Because we keep the sheep off the fields there is a real benefit for the environment, as these places have become a good habitat for species we are trying to increase in our area. The funding that we receive also helps the local community because this farm is part of a national park and there are many bird watchers who visit. They enjoy the habitats that we have created and they stay locally while here, spending money in shops and supporting the rural economy.'

'The money we received from the RDP has been used for environmental support but it has also helped us to develop our business. The funding has been invested back into the farm and we have used it, for instance, to buy quality livestock to increase our business and remain competitive. As a result we believe the farm has become more effective both in producing food and looking after the countryside.'

For further details see:

[http://enrd.ec.europa.eu/policy-in-action/rdp\\_view/en/view\\_projects\\_en.cfm?action=detail&backfuse=jsview&postcard\\_id=10520](http://enrd.ec.europa.eu/policy-in-action/rdp_view/en/view_projects_en.cfm?action=detail&backfuse=jsview&postcard_id=10520)

[http://enrd.ec.europa.eu/publications-and-media/media-gallery/videos/en/video\\_033.cfm](http://enrd.ec.europa.eu/publications-and-media/media-gallery/videos/en/video_033.cfm)



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59 [http://enrd.ec.europa.eu/policy-in-action/rdp\\_view/en/view\\_projects\\_en.cfm](http://enrd.ec.europa.eu/policy-in-action/rdp_view/en/view_projects_en.cfm)



## Manure management

Another common form of RDP support used by family farms to help enhance the quality of environmental services relates to investments in systems for managing manure. Livestock manure can pose significant pollution threats if it is not treated with sufficient care, adversely affecting the quality of water, air, soil, habitats and human health. Many family farms throughout the Member States have taken advantage of RDP support to modernise their manure management systems.

## Greenhouse gas reduction

Climate action is a high priority for all Member States, and family farms are in a good position to use RDP support to help mitigate climate change by reducing greenhouse gas emissions. This includes applying farming techniques that are less energy-intensive and generating more energy from renewable sources.

Renewable energy production can potentially diversify and boost income streams on family-run farm businesses. Furthermore, it can facilitate cost savings as farms become more energy self-sufficient, thereby reducing operational risk due to externalities such as power cuts or price fluctuations.

## Case Study: Agrodan Dairy Farm – Manure management system

The Agrodan dairy farm, near the village of Koš in Western Slovakia, is a medium-sized enterprise that provides employment for around 40 workers including the brother, nephew, son, and sister-in-law of its owner, Daniel Leitman.



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Daniel Leitman received RDP funds to co-finance the costs of a major modernisation project involving the construction of a large new livestock shed containing dedicated manure management systems and a 2 000 cubic metre manure storage facility.

Talking about his project he notes how, 'environmental protection has improved because of better application, disposal and storage of manure. We also improved the cows' living conditions and the working conditions for staff. All the measures that we have taken provide us with favourable economic prospects for the future.'

Further ecological outcomes from the RDP support include an increased ability to provide competitively-priced local food products for sale through short supply chain outlets, such as the company's farm shop. The European Commission policy proposals for the 2014-2020 RDP funding period promote the development of new short supply chains. This is in part due to factors linked to reduced food miles<sup>60</sup>, which offer health and 'climate action' benefits.

For further details see the related ENRD video:

[http://enrd.ec.europa.eu/policy-in-action/rdp\\_view/en/view\\_projects\\_en.cfm?action=detail&backfuse=jsview&postcard\\_id=10781](http://enrd.ec.europa.eu/policy-in-action/rdp_view/en/view_projects_en.cfm?action=detail&backfuse=jsview&postcard_id=10781)



## Case Study: Schalenbourg Farm – Renewable energy

Caroline Denis-Schalenbourg recalls how, 'a year and a half ago, my sister and I took over the family farm. We wanted to keep costs to a minimum, so in this context we decided to install solar panels on our farm to supply our own energy needs since we have lots of projects.' The farm used funding from Belgium's Walloon RDP to help realise this project.



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'We are going to build a barn for 200 sheep and renovate our farm shop, adding a cold room and refrigerated work zone. This requires a lot of energy so we decided to install photovoltaic panels and we received funding covering 25% of the costs. Because I am a young farmer, I was also entitled to additional support from the RDP. So we have gone ahead with our project, which is going to be good for our family business and good for the environment.'

For further details see:

The RDP Database - [http://enrd.ec.europa.eu/policy-in-action/rdp\\_view/en/view\\_projects\\_en.cfm?action=detail&backfuse=jsview&postcard\\_id=11060](http://enrd.ec.europa.eu/policy-in-action/rdp_view/en/view_projects_en.cfm?action=detail&backfuse=jsview&postcard_id=11060)

The Schalenbourg farm blog: <http://www.fermeschalenbourg.blogspot.be>



In addition to helping family farms find profitable ways to reduce their carbon footprint, RDP funds are also helping rural areas in Member States to adapt to better protect natural resources that are affected by climate change.

### Organic opportunities

Less-intensive approaches to agriculture have long been a tradition for smaller-scale holdings, and organic production methods used by family farms can be particularly effective in tackling environmental challenges, such as drought, soil degradation, pollution and biodiversity loss.

### Case Study: Mallia Farm – Organic farming support

Mary Mallia's family run an organic farm in Mgarr, Malta. She remarks how their organic production methods, 'restrict the use of chemical pesticides or fungicides so the beneficial insects and flora and fauna in organic fields are allowed to thrive. These help to fight pests more naturally. They also aerate the soil, keeping it healthy and productive.



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Because the soil is healthier it can retain moisture much better, which in turn reduces irrigation demands.'

RDP funds supported the Mallia family farm by subsidising the cost of becoming a certified organic producer, and by providing compensation payments that offset the additional costs incurred in farming organically.

For further details see the interview with Mary Mallia in the ENRD video: [http://enrd.ec.europa.eu/publications-and-media/media-gallery/videos/en/video\\_031.cfm](http://enrd.ec.europa.eu/publications-and-media/media-gallery/videos/en/video_031.cfm)



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## Future priorities

For the 2014-2020 programming period, RDP funds are set to assist even more family farms to adopt organic approaches, as well as other environmentally-friendly forms of agriculture. A specific organic farming measure is proposed<sup>61</sup> that will encourage more family farms to convert to and become certified as providers of environmentally-friendly food. Collective approaches to agri-environmental action are also being promoted widely. The latter could act as 'producer groups' for environmental services. Some family farms have already been convinced of the long-term benefits of working collectively.

The de Groot family farm<sup>62</sup> from Woerden, in the Netherlands, for example, appreciate the synergies that can be gained from joining forces with their neighbours to care for their local environment and landscape. Jaco de Groot, one of the family's sons, firmly believes in rural

development support for collective approaches observing that, 'agri-environment actions on our farm are designed by the regional farmers' cooperative on farmland conservation, of which I'm an active member. The agri-environment funds make it possible for me to use part of my land less intensively, which is good for nature and for the public image of the farm.'

Dutch rural development authorities are so impressed by the environmental and socio-economic possibilities of collective approaches that they are planning to deliver all agri-environment support through cooperatives in the future. Other Member States are also exploring what they can do to encourage their farmers to become more involved in producer groups for environmental services.

A further policy innovation due to improve family farms' ability to deliver environmental services includes an emphasis on more results-oriented

agri-environment support in the RDPs. However, for this to happen, farmers need to be properly equipped to monitor the outcomes of their nature and landscape conservation activities.

Training funds in the RDPs are seen as becoming increasingly useful tools that can be packaged alongside agri-environment (or other ecosystem support) measures to help farmers identify and report on the wildlife species that rely on their fields, moors, watercourses and woodlands.

Such experiences highlight how effective family farms can be at delivering valuable environmental services in win-win ways that help Europe's countryside retain its strengths. RDP funding will continue to strengthen the capacity of big and small family farms' to generate environmental services.



### Case Study: Rosenhof Farm – Biodiversity training

Sandra Lerner from the Rosenhof family farm near Marz, in Austria, took part in a biodiversity training course co-funded by the RDP. She explains, 'we have some High Nature Value grasslands for which we receive agri-environment payments. This is the area where we carry out biodiversity monitoring using the skills we received during the training project. We observe nine different types of bird and insect species and we carry out this monitoring as a family, which we really enjoy.'

'The project helped me to open my eyes to see how many different animal species live in the countryside and in my fields. The biodiversity monitoring has taught me to see my fields and meadows in a different, more ecological way.'



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For further details see the related ENRD video:

[http://enrd.ec.europa.eu/publications-and-media/media-gallery/videos/en/video\\_031.cfm](http://enrd.ec.europa.eu/publications-and-media/media-gallery/videos/en/video_031.cfm)



## Encouraging the next generation

It is often said that family farming is more than just a business - it's a way of life and one that is deeply associated with values such as solidarity, continuity and commitment. In order to underpin rural vitality and encourage younger people into farming, it is important to address two key issues: firstly, to promote the timely and effective transfer of farm ownership and management responsibilities from one generation to the next (so-called succession); and secondly, to facilitate greater access to land for young people looking to enter farming for the first time.

**F**amily farms come in all shapes and sizes and face many different challenges. However, from the small-scale, single plot operations to those at the highest end of the farm classification scale, all have one thing in common: the inevitable need that arises sooner or later to hand over the farm business, its assets and management responsibilities from one generation to the next. Ensuring that this process is undertaken in a timely and effective way is essential, as it has a direct impact on the long-term productivity and profitability of the farm, as well as on the social stability and wellbeing of the farming family.

### The challenge of succession

Patterns of succession vary considerably across the EU, depending on the local culture and traditions, and on the legal and financial mechanisms that exist in the individual Member States and their regions. There is no single approach, but there are common challenges.

In an ideal world, the older generation should start planning the succession process as early as possible. In practice, however, this is often not the case and a lack of forward planning can prove costly to the farm business and the farming family, with a range of potential consequences including the breakdown of family relations, increased tax liability, the

sale of assets, or even the break-up of the farm to settle disputes.

Despite these risks, recent research by Barclays (one of the main agricultural lenders in the UK) revealed that 44% of farmers in England, Scotland and Wales have no formal succession plan in place for handing over the running of their business when they retire. Furthermore, a quarter of those with no plan admitted that it was because they simply had not thought about it.

'We have a long history of family farming in England and many farms have been in the same family for several generations. But farmers still continue to score badly when it comes to thinking ahead to the time



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when they have to hand over the assets and running of the family business to their children,' explains David Wilford from the Rural Development Programme for England (RDPE) Network. 'It is understandable that many farmers are reluctant to think about their retirement and it is easy to keep putting off the conversation at the kitchen table about who will take over the farm, but this is putting the future success of the family business at risk and can also create significant tensions in the family.'

North of the border in Scotland, Peter Cook is an agricultural consultant with many years' experience working with family farms. 'Farming families need to have the discussion about succession very early on,' he says. 'Expectations are everything. If you have an expectation that you have a future on the farm and suddenly you find out there's nothing there for you, then that can create bitterness and long-lasting resentment. Tackling the subject at an early stage and working out a sensible outcome for everyone is crucial and will avoid a lot of stress.'

Succession planning, of course, assumes that there are successors who have been identified to take over the farm, which is not always the case. A recent survey of over 400 farmers in Ireland aged over 50 years revealed that 48% did not have a successor – mainly because they did not

have children, they had not decided which child to transfer the farm to, or because their children were not interested in continuing farming. According to Pat Bogue, author of the Land Mobility and Succession in Ireland report<sup>63</sup> published in January 2013, 'the lack of farming successors and an aging farm population provides challenges in Ireland, but also potential opportunities. Challenges in terms of what farmers can do with their farm when they can no longer farm it on their own or when they wish to retire from farming. Opportunities because farm land is a valuable asset and there are other farmers who are eager to gain access to additional land.'

### Access to land

The effective functioning of land markets (both for sale and rent) is considered vital to the long-term viability of family farming. Access to land not only influences the relative profitability of farms, it also builds their capacity to adapt to changing economic circumstance. However, lack of access to land at affordable prices remains the biggest frustration for many young farmers, whether they are new entrants or developing a family business they have inherited.

Land prices are determined by the complex interaction of a range of factors, reflecting national and regional

regulations and institutional frameworks, regional diversity in socio-economic conditions, developments in other economic sectors and the role of public support. A major influence upon the price of agricultural land has been the long-term effect of agricultural market support. In particular, the various forms of area-based direct payments under both Pillar I and II of the CAP are now effectively integrated into land prices.

Although land prices are difficult to influence, alternative institutional frameworks can be created to facilitate greater access to land for young people entering farming for the first time.

As Pat Bogue explains, 'it is critically important to support and encourage the mobility of land from older to younger generations of farmers. For example, in Ireland we recommend making greater efforts to encourage those without farming successors to consider the long-term leasing of their land to young farmers looking for land. We also recommend developing new models of collaboration, where the older farmer retains a certain level of farming activity while involving a younger farmer.' Such an initiative already exists in Germany ([www.hofgruender.de](http://www.hofgruender.de)) and aims to connect the young generation of farmers without land with the older generation of farmers who are searching for a successor.

However, Pat Bogue also draws attention to potential, 'cultural differences between generations. Young farmers may need to demonstrate to older land owners that they are worthy of consideration for land transfer by way of leasing, partnerships or other mechanisms. This will involve the building of trust and the proving of their worth as protectors of the valuable land asset that they seek.'



## Opportunities for supporting succession in 2014-2020

Succession is a complex issue with many interacting factors that need to be considered, from the perspective of the existing farmer, the would-be successor and the farm business.

The promotion of efficient and effective succession is not an EU competence, but the Common Agricultural Policy offers several tools to support generation renewal. Under the first pillar, farmers up to the age of 40 will obtain an additional, specific young-farmer top-up for a period of up to five years. Under the second pillar, support for young farmers is encouraged under numerous measures – where a young farmer is 40 years of age or less, possessing adequate skills and competences, and is ‘setting up for the first time in an agricultural holding as head of the holding.’ This definition covers both new entrants to the farming industry, as well as farmers’ sons and daughters that are taking over the family business.

Several opportunities for Member States to support family farm succession can be found in the EAFRD Regulation for 2014-2020. This includes provision for farm and business development such as:

- Business start-up aid for young farmers – up to € 70 000 over a maximum five-year period and conditional on the submission of a business plan. The young farmer has to comply with the definition of an active farmer within 18 months of setting up;
- Investments in physical assets:
  - i. normal aid intensity rates may be increased by 20% for young farmers;

- ii. under this measure, support may also be granted to young farmers for investments aimed at ensuring compliance with EU standards applying to agricultural production, including occupational safety. Such support may be provided for a maximum of 24 months from the date of setting up; and
- iii. additional support may also be granted to all farmers in order to ensure compliance with new requirements imposed by EU legislation for a maximum of 12 months from the date on which requirements become mandatory for the agricultural holding.

- Annual or one-off payments to smaller-scale farmers who are eligible for the Small Farmers Scheme established under the Direct Payments Regulation, but who instead commit to permanently transfer their entire holding and payment entitlements to another farmer.

Once established in their new position in the family business, young farmers will of course be eligible for many other measures with the possibility of a 10% increase in grant rates if Member States choose to bundle relevant measures into a thematic sub-programme (such as a New Entrants and Young Farmers Package).

Support for the use and establishment of advisory services represents another interesting opportunity. Specialist advisory and consultancy services for succession planning already exist in some Member States and could be set up by others under their RDPs.

Since the objective needs of the farm business can easily become entangled with the more emotive interests of family members, there is always a need for robust business and legal advice, combined with clear and effective communication to support the succession planning process. Specialist succession advisers can, for example, be very useful in facilitating discussions between family members, helping to interpret the complexities of national and regional legislation regarding taxation, drafting wills and written succession agreements, and offering guidance on restructuring of a family-run farm business.

Support might also be provided for brokerage type services, which can help to match those farmers who are considering winding down or retiring with those who are scaling-up or entering the sector. Indeed, with vision and creative thinking, there are many opportunities to encourage the next generation of farmers in the 2014-2020 period.





## A helping hand: the role of cooperatives around the world

**From farm to fork, agricultural cooperatives are present in every stage of the food supply chain. Agricultural cooperatives help producers to reduce market risk and transaction costs, access resources, achieve economies of scale and gain market power, through joint purchasing of supplies and services, processing and marketing.**

Small family farms have recognised the role agricultural cooperatives can play in overcoming the business inefficiencies inherent to small holdings, including higher input costs, comparatively lower profits and the limitations of a smaller workforce. Farm sizes of less than two hectares form 85% of all farms in the world<sup>64</sup>. Consequently, the development of family farm cooperatives has become a significant vehicle that can support the viability and growth of farms as they evolve and develop to meet future global market needs.

### Principles of a cooperative

Cooperatives are based on the principles of self-help, self-responsibility, democracy, equality, equity and solidarity. In the tradition of their founders, cooperative members believe in the ethical value of honesty, openness, social responsibility and caring for others. They focus not only on the wellbeing of their members but on

the wider communities in which their members operate, often becoming a positive force for social change and development.

Since the first cooperative models were developed during the industrial revolution, individuals and small businesses have come together to strengthen their position in the market place. Over the years, this cooperative model has spread throughout the world and been modified to meet the needs of differing sectors, purposes and members. In Europe, the top 25 agricultural cooperatives had an average composite growth in turnover of 38% between 2003 and 2008<sup>65</sup>. It is estimated that over one billion people worldwide are members of cooperatives. Together they provide over 100 million jobs, 20% more than multinational enterprises<sup>66</sup>.

The cooperative model has not, however, been universally embraced throughout Europe. From its roots

in England and Germany, cooperatives have continued to flourish in most western European countries. In France, for example, 21 000 cooperatives provide over one million jobs, representing 3.5% of the active working population<sup>67</sup>. The experience of cooperative working when used as a socialist planning tool, particularly in relation to collective farming, as implemented during the communist era in Eastern Europe, has led to a negative connotation, limiting the prospects of cooperatives in many Central and Eastern European countries.

Despite the diverse nature of cooperatives globally, there are several key principles that underpin their operation. The International Cooperative Alliance defines a cooperative as, '...an autonomous association of persons united voluntarily to meet their common economic, social, and cultural needs and aspirations through a jointly-owned and democratically-controlled enterprise.'

64 Von Braun, J. (2008). Poverty, Climate Change, Rising Food Prices and the Small Farmers. International Fund for Agricultural Development. Rome: IFPRI.

65 Agricultural Cooperatives in Europe. <http://www.agro-alimentarias.coop/ficheros/doc/03020.pdf>

66 [http://www.fao.org/fileadmin/templates/getinvolved/images/WFD2012\\_leaflet\\_en\\_low.pdf](http://www.fao.org/fileadmin/templates/getinvolved/images/WFD2012_leaflet_en_low.pdf)

67 Source: Coop FR, Top 100 des Entreprises Coopératives et panorama sectoriel, 2010

## Cooperatives: Seven principles

- ✓ Cooperatives membership is voluntary and open to anyone using their services and willing to accept the responsibilities of membership, without discrimination.
- ✓ They are **democratic organisations**, controlled by their members, who actively participate in setting their policies and making decisions with those serving as elected representatives accountable to the membership.
- ✓ **Members contribute equitably** to, and democratically control, the available capital.
- ✓ Cooperatives are **autonomous**, self-help organisations controlled by their members.
- ✓ Cooperatives provide **education, training and information** for their members, elected representatives, managers, and employees so they can contribute effectively to their development.
- ✓ Cooperatives serve their members most effectively, and strengthen the cooperative movement, by **working together** through local, national, regional and international structures.
- ✓ Cooperatives work for the **sustainable development of their communities** through policies approved by their members.



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## Different types of agricultural cooperatives

Cooperatives operate throughout the food supply chain, from marketing, supply, and service cooperatives to collective and cooperative farms. A cooperative is typically a private business organisation that is owned and controlled by the people who use its products, supplies or services. However, cooperatives vary significantly in type, structure and membership size. Some evolve into a so-called hybrid form, which refers to the adoption of organisational

structures similar to those of investor-owned firms (IOFs) and to the development of non-user ownership structures that allocate ownership rights to investors from outside the agricultural sector. Transnational cooperatives prefer to acquire or set up foreign IOFs to avoid merging with other cooperatives or inviting foreign farmers to become members.

Cooperatives are developed for a multitude of purposes and can be broadly split into two distinct types: production cooperatives, which purchase shared equipment or jointly

manage shared land to support more efficient production or processing, including collective farms; and the more common service cooperatives, which provide support to members, typically supplying inputs and/or providing joint distribution and marketing of their member's products. One notable type of service cooperative is a bargaining cooperative whose function is to negotiate with other businesses along the supply chain to obtain better terms of trade for their members.



### Case Study: Supporting innovation and efficiency through relief services in Italy

The Maschinenring cooperative was established in 2000 and involves over 5 000 farmers and foresters in the territory of Bolzano, Italy. Inspired by experience from Austria and Germany, the association offers a range of services to farmers and foresters including maintenance, thinning, timber-cutting and log skidding. All these services can be booked online making it simple for cooperative members to use, with the system supporting a more efficient use of machinery throughout the region.



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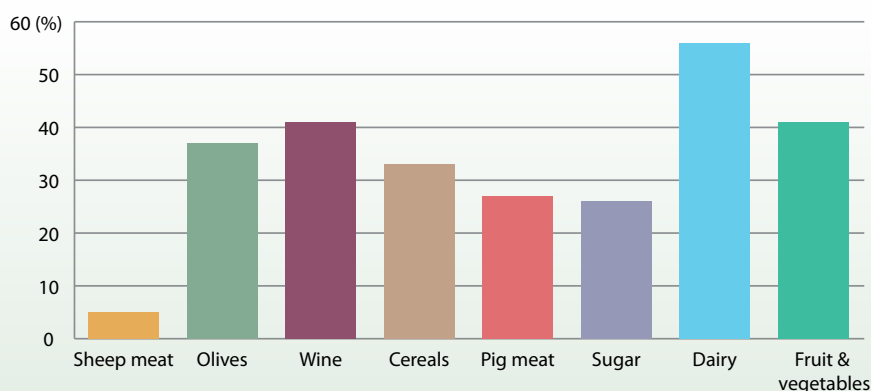
The association encourages collaboration between farmers and forestry managers - in order to promote a more cost-efficient use of machinery so that farmers do not have to buy expensive equipment - the uptake of relief services to support other activities including training and the greater use of innovative and modern equipment. The members of the association benefit by accessing workers or by renting a machine to use themselves. Members can also offer services and machinery to other members and external businesses. The association, which received funding through Measure 115, reimburses the costs sustained by both the members who benefit from and those who offer services. The association also offers advisory services on the use of machines, as well as training.

Maschinenring has proven to be an efficient way of mechanising farming and forestry as it reduces renewal cost and, through sharing, optimises machinery use. It contributes to farm income, reduces labour costs and improves work safety. Moreover, the labour offered by members and for which they are paid by the association, is not taxed.

<http://www.maschinenring.it/>

Many family farms are involved in cooperatives that focus on joint distribution and marketing of their products. This increases individual farms strength throughout the food supply chain and enables members to benefit from the economies of scale created by working together. In addition, working cooperatively allows family farms to minimise market risk and strengthen their position by encouraging product innovation and guaranteeing food quality and safety. Many cooperatives have focused on the opportunity to strengthen the relationship with the end consumer by responding to the interest in food provenance: product adaptation and innovation is based on feedback from customers.

Figure 2: Market share of cooperatives, total EU, per sector, 2010



Source: Bijman, J. C. Iliopoulos, K.J. Poppe, C. Gijselinckx, K. Hagedorn, M. Hanisch, G.W.J. Hendrikse, R. Kühl, P. Ollila, P. Pyykkönen, and G. van der Sangen (2012). Support for Farmers' Cooperatives; Final Report. Wageningen: Wageningen UR.

The strength of cooperatives in the market place has grown over recent years, although there are significant differences between Member States and across sectors. Cooperatives still

only play a marginal role in some countries, particularly the newer Members States. Figure 2 shows the EU average by sector<sup>68</sup>.

## Focus on: Short supply chains

Consumer demand for 'local' products with an assured provenance, coupled with producers' need to add value to their production has led to the development of a diverse range of local food networks and short supply chains. Producer cooperation has a role to play, with family farms working together to develop short supply chains in order to add value to their products, build relationships with their consumers and capture more of the total spend on food. These types of producer organisation focus on distribution and marketing, developing a shared identity for a group of family farms that is based on a shared geography, farming practice or traditional production technique.

Producers across the EU have established a diverse range of short supply chains, tailored to meet the local context in which they have been developed. The most common include direct sales from the farm such as farm shops, box schemes and farmers' markets. Working together producers have also developed internet portals, pop-up shops, vending machines, cafés, community supported agriculture and supply chains for public sector catering in schools and hospitals have been established.

Many of these producer organisations also enable the pooling of human resources, with individual producers taking turns to distribute or sell the products from all farms. In several cases, they have enabled family farms to contribute towards the cost

of a dedicated marketing officer. Working together has also given family farms more confidence to innovate, with many cooperatives trialling new products and creative ways of selling directly to the consumer<sup>69</sup>.

Building short supply chains in a rural area can have a broad range of economic, environmental and social benefits. They can help to: diversify the rural economy and make it more resilient; capture more of the money spent on food locally, create jobs, help to build an area's image; and improve the environment, thereby encouraging increased tourism. Short supply chains are also associated with lower carbon footprints. They reconnect people with the traditions and culture of local areas, often developing a sense of pride and community connectedness where knowledge and trust is the foundation of the producer-consumer relationship.



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## Small farm cooperatives and global food security

Cooperatives not only play a significant role in supporting the sustainability of small farms, they also have a key role to play in ensuring global food security. Small family farm cooperatives are increasingly common across the world, developing greater global efficiencies and enabling small farmers to respond more effectively to changing market demands. Participating farmers have more individual power and control over production - including inputs and land use - than they do through contract farming, and thus,

food security is less vulnerable under a cooperative model<sup>70</sup>.

The increased access cooperative working provides to resources, information tools and services, encourages members to increase their levels of food production, while reducing transaction costs, improving quality and creating jobs, and this can often be in areas with limited alternate economic activity. There is, therefore, considerable potential to contribute to social well-being and territorial cohesion, particularly in the wake of the economic crisis has led to high levels of unemployment in a large number of Member States.

This understanding has fuelled the European Commission's desire to support family farms. With the United Nations having declared 2014 the International Year of Family Farming the spotlight has fallen on such farms' role in supporting sustainable food production. The European Commission has demonstrated its commitment to facilitating producer cooperation in its CAP Reform proposals. In the meantime, additional work has been carried out in support of the Commission's decision-making, such as the publication of a major study<sup>71</sup> into the support family farms need to develop cooperative working and the launch of a consultation on the role of family farming<sup>72</sup>,

69 Support for Farmers Cooperatives [http://ec.europa.eu/agriculture/external-studies/2012/support-farmers-coop/exec\\_sum\\_en.pdf](http://ec.europa.eu/agriculture/external-studies/2012/support-farmers-coop/exec_sum_en.pdf)

70 Motiram, S., & Vakulabharanam, V. (2007). Corporate and Cooperative Solutions for the Agrarian Crisis in Developing Countries. Review of Radical Political Economics, 360-467

71 Support for Farmers' Cooperatives - Final Report: [http://ec.europa.eu/agriculture/external-studies/2012/support-farmers-coop/fulltext\\_en.pdf](http://ec.europa.eu/agriculture/external-studies/2012/support-farmers-coop/fulltext_en.pdf)

72 [http://ec.europa.eu/agriculture/consultations/family-farming/2013\\_en.htm](http://ec.europa.eu/agriculture/consultations/family-farming/2013_en.htm)

which aims to identify key challenges and priorities for the future.

Recognition of the role of family farm cooperatives in global food security is set to increase, in parallel with tailored support to enable the restructuring of the agricultural sector and the accelerated growth of cooperative working. The Common Agricultural Policy (CAP) has supported producer cooperation working through the Common Market Organisation<sup>73</sup> of products, which has enabled improved coordination of specific supply chains. As already indicated, the CAP post-2013 aims to

further improve producer cooperation by providing a reinforced framework for producer organisations, associations of producer organisations and inter-branch organisations, as well as support for the setting up of producer groups and short supply chains. These are expected to facilitate producer cooperation by granting legal certainty, financial support and economic advantages to willing farmers. New opportunities are also presenting themselves through, for example, the European Innovation Partnership<sup>74</sup> Operational Groups that may enable new and existing cooperatives to explore and develop

their own working practices and penetrate new markets<sup>75</sup>.

Cooperatives may also choose to think creatively about policy measures that enable joint working, learning and the development of human capital on an inter-territorial and transnational basis. This support is set to herald a change in the future of European agricultural production, distribution and marketing; a change focused on family farms, high quality products and shortened supply chains.



## Case Study: The Peasant Evolution Producers Cooperative - England

The Peasant Evolution Producers' Cooperative was established in 2004 as a collective of small-scale producers in Dorset, in the south west of England. The area is typified by small family farms, thirty-three of which have come together to form the cooperative, providing support to ensure they are able to develop a viable income from their farms.

Initially, the cooperative focused on developing short supply chains - selling directly to consumers, restaurants and retail outlets - to capture more of the profit from their produce, build relationships with their consumers and raise awareness of their farms. This led to the realisation that they needed processing facilities to add the maximum value to their products. In 2008, they secured funding through their LEADER Local Action Group and built a multi-purpose processing barn as a community project, including a juicing and preserve's room, herb processing facilities, a meat cutting room and a dairy. The success of the processing barn led the cooperative to explore other opportunities to add value



© Peasant Evolution Producers Cooperative

to their products and they have recently worked together to develop a mobile café that adds further value to their products through catering and the sale of 'street food'. The cooperative is now also extending this catering vehicle into a mobile shop to service their local rural areas.

Jyoti Fernandez, a founding member of the cooperative, highlighted the additional benefits for her and her family:

'once we started working together on processing we formed a stronger sense of community and identity as small farmers - which has inspired us to work together on many marketing initiatives and community projects. Our area has come alive, with existing small farms becoming more vibrant and new entrants attracted to our area all the time. In our experience, family farming is not just about economics - it is about creating a vibrant rural area where it is nice to raise our families. Cooperatives are key to creating that sense of community.'

[www.peasantevolution.co.uk](http://www.peasantevolution.co.uk)

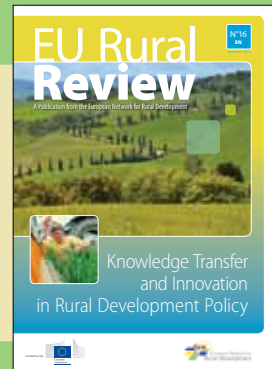
73 [http://ec.europa.eu/enterprise/glossary/cmo\\_en.htm](http://ec.europa.eu/enterprise/glossary/cmo_en.htm)

74 <http://ec.europa.eu/agriculture/eip/>

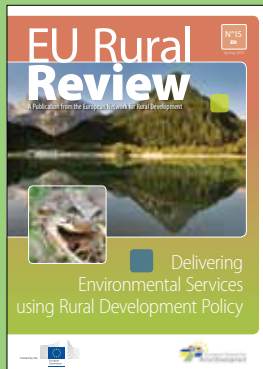
75 [http://ec.europa.eu/agriculture/external-studies/2012/support-farmers-coop/leaflet\\_en.pdf](http://ec.europa.eu/agriculture/external-studies/2012/support-farmers-coop/leaflet_en.pdf)

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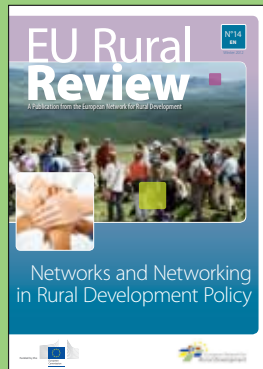
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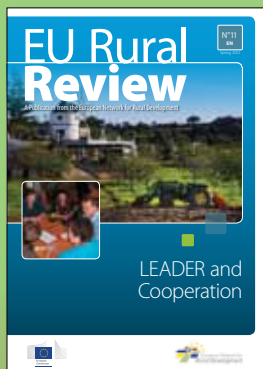
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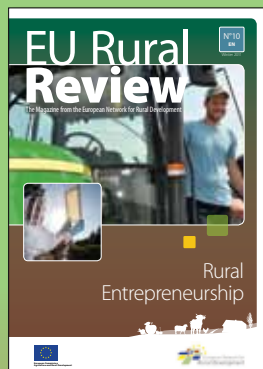
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# online

The screenshot shows the homepage of the European Network for Rural Development (ENRD). At the top, there is a navigation bar with the European Commission logo and the ENRD title. Below this, a main banner area contains a search bar and several featured articles or news items. A prominent section includes a map of Europe with country flags, titled 'Connect with EU'. To the right, there are 'Key Tools' and 'News' sections. The overall design is clean and professional, with a focus on providing information and resources for rural development across the EU.

The European Network for Rural Development  
[www.enrd.eu](http://www.enrd.eu)



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