



## Policy Insights

# Reinforcing small farm resilience

Small farms are a key component of the EU rural economy. In fact, over three quarters of farms in the EU are classified as small with holding sizes below 10 hectares, and a large proportion of these small farms are below five hectares in size. The [Common Agricultural Policy \(CAP\)](#) recognises that these small farms are a cornerstone of Europe's agri-food sector. Member States' CAP Strategic Plans (CSPs) offer many opportunities for reinforcing the long-term resilience of small farms through improved knowledge, enhanced productivity, and coordinated cooperation.

Different types of [small farms](#) operate in the EU and these range from commercial units specialised in niche products to more-loosely structured holdings operating mainly on a subsistence basis. Together, this large fabric of small farm holdings provides EU citizens with many benefits. They play vital roles in sustaining ecosystem services including food supplies, supporting rural employment and conserving rural culture, as well as contributing to territorial development in rural areas.

Despite these clear benefits, the number of small farms in Member States has been declining due to a mix of socio-economic and environmental factors. Market pressures, peripherality, limitations on scale, scope and critical mass can all accumulate and be exacerbated by constraints on land ownership, climate impacts, lack of access to advice, skills and equipment or financing, as well as adverse demographic changes. The [European Parliament](#) considers that small farms suffer disproportionately from these development challenges which result in a continuation of farm land being consolidated into larger holdings, abandoned or lost from agricultural use.

## CAP support for small farms

[CSP interventions](#) offer many transformative opportunities for small farms to address systemic challenges. Funding from both [CAP Pillars](#) provides a variety of income options and development assistance. Uptake of this CAP funding often relies heavily on the administrative capacity of a farm to manage this. Simplified funding systems can help small farms take advantage of the possibilities from CAP payments and advisory services are an essential support service for small farms.

The provision of affordable farm advisors trained in supporting small farm needs represent one of the largest long-term opportunities for small farms offered by the CAP. Advisory services can be designed to catalyse large-scale sustainable development advances across small farm communities. CAP-funded advisory services hold the potential to align the direction of small farm transformation with wider policy goals such as climate, energy, and food security. Specialist advisors can help national CAP authorities achieve EU policy contributions, while in parallel helping small farms make the best use of the full range of CAP interventions at their local level.





For instance, the new CAP is targeting a fairer share of support towards small and medium-sized farms via a dedicated [redistribution mechanism](#) governing direct payments under its Pillar 1. An [initial analysis of CSP proposals](#) revealed that the majority of EU countries plan to use the Complementary Redistributive Income Support for Sustainability (CRISS) for increasing CAP payments to smaller farms. This is a substantial increase of CAP allocations devoted to CRISS compared to the previous funding period which will improve the distribution of support as measured by result indicator R.6 during the Performance Review of CSPs.

Additional Pillar 1 opportunities include the [Small Farmers Scheme \(Article 28\)](#), which is a policy implementation tool promoting better distribution of support and reduced administrative burden for beneficiaries receiving

## Rural development

Each CSP can further reinforce small farms' wider resilience through their useful range of rural development interventions. These help farms grow and modernise their businesses by improving productivity, diversifying operations, and enhancing market participation. Investment aid and other CSP co-finance can be coordinated and packaged to optimise positive impacts for small farms. Support packages focused on promoting small farm involvement in [short value-chain systems](#) are [encouraged by experts as good practice](#) for improving productivity and profitability.

CAP's rural development funds may also be used to help new small farmers become established through business start-up and [generational renewal](#) schemes. Combinations of grants and [financial instruments](#) are particularly useful for improving access to credit for developing small farms, including the significant potential of [microfinance](#).

Small farm prosperity can be strengthened even more by opportunities from CAP-funded cooperation actions, notably through [Producer Organisations](#), [Operational Groups](#), and [LEADER Local Action Groups](#) (LAGs). This type of funding can build capacity to reinforce participation in short value-chains as well as a broad spectrum of other rural and community development initiatives affecting small farm resilience. For example, there is scope for CAP cooperation funds to help seek small farm solutions for gender equality, housing and infrastructure, elderly-care, subdivision of holdings following succession, rural land and property prices, and urban pressures, among others. All these influences shape the resilience of EU small farms. More networking can generate more peer-learning among EU small farmers and CAP stakeholders, including Producer Organisations, Operational Groups, and LEADER LAGs. The CAP offers all of them opportunities for closer cooperation on common topics concerning small farms.

In summing up CAP's capacity for boosting small farm resilience, Member State CSPs contain considerable opportunities and interventions to improve the broad range of benefits available for EU citizens from small farms. These win-win advantages for small farmers and wider society can be gained by both general and targeted CSP funding supporting improved knowledge, enhanced productivity, and coordinated cooperation for the EU's large number of small farms.



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