Making small-scale family farming profitable. Sharing experience from Visegrad countries to Serbian farmers

*Training material*

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Abbreviation list

AEM – Agri-Environment Measures
CAP – Common Agricultural Policy
CSA – Community Support Agriculture
CSOP – Czech Union for Nature Conservation
EFA – Ecological Focus Areas
EU – European Commission
EUR – Euro
FAO – Food and Agriculture Organisation
GAEC – Standards of Good Agricultural and Environmental Conditions
HNV – High Nature Value
IFOAM – International Federation of Organic Agriculture Movements
IPS – Inter Press Services
IVF – International Visegrad Fund
NGO – Non-Governmental Organisation
OMKI – Hungarian Research Institute of Organic Agriculture
UAA – Utilised Agricultural Area
V4 – Visegrad Group
VCH – Veronica Centre Hostetin
What is Visegrad?

The Visegrad Group, also known as the “Visegrad Four” or simply “V4” is an association between the Czech Republic, Slovakia, Poland and Hungary in the form of a multi-level cooperation agreement. The group emerged due to the very close cultural, social, economic and historical ties between the four countries, as well as from a common goal of all-European integration.

Their cooperation facilitated the achievement of this goal in 2004, when all four countries became European Member States. However, V4 is not solely about fostering exchange and development in the fields of culture, education, science and build-up of information within the group itself. Visegrad countries are working together with neighbouring states in order to bring stability in the Central European region and to help in building capacity and momentum for non-EU countries. The International Visegrad Fund (IVF), which has partially funded this project, is one of the tools of the V4 countries to achieve this.

What is small scale family farming?

United Nations’ initiative to designate 2014 as the International Year of Family Farming was enthusiastically received in the European Union (EU) through the voice of its Commissioner for Agriculture and Rural Development. In his speech, the Commissioner described family farming as “agriculture that feeds the humanity” (Cioloș 2013-11-29), adding that it plays an essential role in food security and the preservation of traditions, local identities and cultural heritage. In the new Member States (MSs) from Eastern Europe, he concluded, family farming is slowly recovering after years of forced collectivization and the new reformed Common Agricultural Policy (CAP) is tailored to support this important segment that is the “foundation of European agriculture”. It is also the case with accession countries from the region, like Serbia.
At the EU level, family farming encompasses a broad range of values and characteristics. For one, it is related to fundamental family values such as continuity, commitment and solidarity. In economic terms, it is intrinsically connected to “specific entrepreneurial skills, business ownership and management, choice and risk behaviour, resilience and individual achievement” (EU Commission 2014). Another very frequently used characteristic is that family farming is a lifestyle itself, in which family business is passed down from generation to generation together with knowledge, experience, specific practices and traditions (see FAO 2013; Matthews 2013; EU Commission 2014). For EU officials, small scale family farmers are also “the most dynamic and most creative in their use of the short supply chain” (Cioloș 2012-04-20), which is something currently encouraged in Brussels (Cioloș 2012-04-20).

76% of the Serbian farms are under 5 hectares and there are an estimated 650,000 family farm households registered in the country and constituting a fundamental segment of the Serbian society. Half of all farms in Serbia are under 2 hectares but their share of the Utilised Agricultural Area (UAA) is only 10%. On the other hand 32% of the UAA is on farms between 20-50 hectares, which constitute only 0.2% of the total farms. Comparatively, 20% of UAA in Slovakia and 30% in the Czech Republic are farmed by small scale family farmers of under 5 hectares. In Hungary, their share increases to just over a half, while in Poland they account to almost 90% (EU Parliament 2012). At the same time, because of a highly fragmented agricultural landscape, 80% of the UAA in the Czech Republic and 89% in Slovakia is rented from smallholders in order to enhance land consolidation and make farms viable. Here, only one fifth of the standard output from agriculture is produced by family farms (Eurostat 2010). Moreover, in an environment dominated by large farms, smallholders were found to pay more for renting out additional land than corporate entities: 15% more per hectare in Czech and 45% more in Slovakia (EU Parliament 2012). Almost 60% of the small farm owners in Hungary and Slovakia are over 55 years old, while this...
percentage decreases to 48% in the Czech Republic and 35% in Poland, the latter which has the highest rate of farmers younger than 35 years old in the EU: 12.3% (Bailey and Suta 2014).

Figure 3. Small scale organic family farm in Gyurufu, Hungary (source: Kaustubh Thapa 2014)

Although their number and share in the agricultural sector is varying from country to country, small scale family farmers have common strengths and characteristics:

- Family farms are generally considered **resilient**, because of their capacity to “preserve their structure, functions and identity” (Darnhofer, 2010) despite the fact that they operate under conditions of risk and uncertainties, which are typical for the agricultural sector. It is argued that family farms are often more resilient than large corporate farms (Council of the EU, 26 July 2013). The flexibility of family labour to changing technological, economic, social and political circumstances, on and off the farm, contributes to their survival. From an economic standpoint, the resilience of family farms also derives from the use of family labour as opposed to hired labour. This is because family has a direct interest in the performance levels of the farm and the end results – they are also called the “residual claimant” (Allen and Lueck 1998). Family farmers use various strategies to increase their resilience and adaptation capacity, in particular:
  - diversification to agricultural and/or non-agricultural enterprises and pluriactivity;
  - avoiding the commitment of a large share of resources to one activity (EU Parliament 2012)
Caution. Family farmers are **cautious** managers. In order to spread price risk, farmers try to avoid large and risky investment in one activity. Often they adopt the so-called bricolage approach (using what is close to hand), based on detailed knowledge of available resources and tools. Those who have access to external funding still tend to avoid taking out large loans; they try to keep debts at a reasonable level in relation to farm assets (Darnhofer, 2010).

The economic benefits small family farmers provide to society include provision of ecosystem services, food security, high quality agricultural products, employment and family income. In addition, small scale family farmers have traditional farming knowledge and are essential in managing the land in a way that is adapted to local resources and ecological conditions. The knowledge of these farmers is a cultural inheritance for the society as a whole and brings added value to the agriculture and food sector through the preservation of a variety of local or endemic breeds and the production of traditional foods. These are values that are often ignored or underestimated, and that need more support and recognition. It is not only important for Serbia but also for the whole Europe that small scale family farms thrive and contribute to enriching the European cultural heritage, food security and environmental sustainability.

*Figure 4. Main aspect of small scale family farm resilience*

**Cooperation between farming and nature conservation**

Serbia has many farmers who own small pieces of land. Small-scale farming delivers a wide range of environmental benefits, such as landscape mosaics that are rich in
biodiversity and considered of High Nature Value (HNV). The mosaic of habitats created through traditional farming management has historically been important for the species diversity across the whole continent (Tubbs 1977; Plachter 1996). While prior to the rise of industrial, intensive farming all agricultural systems in Europe are assumed to have been HNV (Oppermann et al. 2012), over the last two centuries they recorded a steep decline, so that HNV farmland landscapes have mostly disappeared from Western Europe (Keenleyside et al. 2014). There are estimates that half of all European species - some of which are endemic or threatened – depend on agricultural habitats (Kristensen 2003). 57 semi-natural habitats of Community importance and subject to the Habitats Directive are said to depend on specific, low-intensive agricultural practices and are therefore considered of HNV (Keenleyside et al. 2014), while the existence of 63 habitats of European conservation interest depend on the long-term continuation of HNV farming management (Halada et al. 2011).

Agriculture has had an important impact on the biodiversity of rural areas in Serbia. Large herbivores such as wild horses and bison became extinct before the Iron Age, hence natural and man-made grasslands have been maintained by domestic animals for millennia. Domestic animals have had an important role in the spreading of seeds and increasing the diversity of the secondary grasslands. Small scale farms contribute to a scenic HNV landscape and since land is often times fragmented, natural elements such as meadows and hedgerows serve as environmental corridors. For example rare and endangered habitat types, listed in the Annex I of Directive 92/43/EEC (Habitat Directive) are registered in agricultural areas throughout Serbia (Szabados 2015).

Figure 5. High Nature Value farmland landscape in the Carpathian Mountains of Slovakia. HNV landscapes are usually a mix between open forests, hay meadows, pastures and small crop cultivation parcels (source: Britannica 2015)
Mosaic of pastures such as salt meadows and marshes, extensive crops and 600 hectares of fish ponds system in North Serbia form a complex matrix of natural, semi-natural and anthropogenic ecosystems, which provide habitat for 235 bird species. It is estimated that 99 species are breeding in the area, and there are many migratory species (Szabados, 2015). Rare species nest in the field margins, searching for insects on the fields. During the autumn and winter migratory birds flock and feed in the fields.

Large number of local breeds have developed since the medieval times and some of them are protected in Serbia for their valuable genetic resources. Similarly, genetic resources of specific plant varieties or breeds, breeding techniques and raw material processing developed taking into account the specificities of the local environment and materials. A highly specified knowledge exists in traditional farms and its preservation is key to promoting cultural, environmental, and social capital. Agricultural intensification brought on by industrialized farming, removes ecological corridors, provided by small-scale farms. This ultimately destroys the biodiversity provided by high nature value farms. Under large scale farming, diversity levels decrease, soil fertility is lost, and practices such as burning, deep ploughing, heavy machinery and pesticides have a negative impact on soil and water.

An integrated approach to agriculture and environmental public policy is therefore essential for all stakeholders in the two sectors, who need to cooperate for mutual benefits. This is sometimes made difficult by the unaccountability of the ecosystem services provided through sustainable agriculture techniques such as HNV farming or organic agriculture. Such services play an essential role in reducing costs associated with, for instance, soil degradation or water quality in the medium and long term, while at the same time providing for products that are richer in nutrients. Also, the conservation of species habitats has direct on-farm benefits. For example, conserved habitats ensure the continuing presence and well-being of entire species communities. Moreover, they support pollination and pest control and contribute to the protection of on-farm water quality.

In the Visegrad countries, the Common Agricultural Policy provides for significant funds channelized directly or partly to the maintenance of Natura 2000 sites and tackling biodiversity loss. This is usually done from both CAP pillars. First, direct payments to farmers from Pillar 1 means that the beneficiaries need to adhere to Standards of Good Agriculture and Environment Conditions (GAECs). More targeted measures are designed through the National Rural Development Programmes (NRDPs) of Pillar 2 and some examples include Natura 2000 payments, Agri-Environmental Measures (AEMs) or support for organic production. For instance, during the previous NRDP in Hungary (2007-2013), Natura 2000 payments recorded an apparent success, attributed to the limited requirements farmers had to comply with, which made it easy to benefit from the payments. Quantitative targets amounted to 250,000 ha and 10,000 farms and by 2012, the country achieved 296,000 ha and 9,275 farms (CEEweb 2013). Overall, it is believed the measure has raised awareness of Natura 2000, but stricter environmental requirements would be needed, including those related to habitats and species. The quality target in the 2007-213 NRDP was to
reverse biodiversity loss and preserve HNV areas, enhancing better water quality, tackling climate change, improving soil quality, providing for better brut nutrient balance (less or no nitrogen surplus) and tackling land abandonment.

Nevertheless, there is no data yet as to whether the targets have been achieved and no systematic monitoring has been established, except for bird species. Data availability is relatively poor, mainly because it is often challenging to access it from the paying agency and at the same time, there are few data available from research institutes. On the other hand, the control mechanism for compliance is generally deemed as efficient and reliable, although it is agreed that inspectors would benefit significantly from additional training.

In Poland, direct payments play an important role in preventing rural abandonment and preserving a mosaic agricultural landscape rich in biodiversity. There are 7 biodiversity-targeted packages in the Pillar 2 for the 2014-2020 Polish NRDP:

- Sustainable agriculture
- Valuable habitat and threatened bird species on Natura 2000
- Valuable habitat and threatened bird species out of Natura 2000
- Preserve threatened red plant resources in agriculture
- Preserve threatened animal genetic resources in agriculture
- Soil and water protection
- Buffer zones and boundary strip

In the Polish Drawa National Park, authorities are working closely with small scale local family farmers to raise awareness on the foods they are producing. For instance, the national park administration published a brochure on the traditional orchards from the region, encouraging people to buy fruits from farmers and informing on associated traditional culinary receipts they could try.

Also, in the Beskids Mountains, national park authorities, environmental NGOs and small scale family farmers collaborate for the maintenance of traditional shepherding and the promotion of traditional dairy products from sheep milk. In doing so, stakeholders target the preservation of biodiversity in the region. The project includes awareness raising campaigns, marketing the food products throughout the park and actively engaging sheep owners in the conservation programme. Another similar example but at a transnational level was the Transhumance project in the Carpathians, which saw 300 sheep led by a group of shepherds on a 1200km trip in Romania, Ukraine, Poland, Slovakia and the Czech Republic.
In the Czech Republic, a country dominated by large farms, Pillar 2 paid an important part in terms of environmental protection. 32% of the funding here was directed to AEMs aimed mainly at tackling soil erosion in the 2007-2013 NRDP. Significant funds were allocated to the support of organic production, which at present is responsible for 11.4% of the country’s UAA (IFOAM 2012). At the same time, support for Natura 2000 areas which are at the same time located in the first zones of National Parks and Protected Landscape Areas was of 112 EUR/ha for eligible areas. It also included compensation of 100% of the income foregone due to reduced production caused by ban on fertilization (only in the case of extensively managed grasslands). Green NGOs played an important role in raising awareness on the benefits deriving from environment-friendly agriculture. Also, through a number of local projects, they contributed to the creation of a knowledge-based farm management plan that would take into account the full potential of on-farm ecosystem services and further enhance them. More importantly, the management plans were tailored for farms on a case-by-case scenario.

In Slovakia, the situation is similar to that in the Czech Republic, in that agriculture is carried out mostly by large farms. Here, the 2007-2013 Slovak NRDP had measures directed to Natura 2000 payments and payments linked to the Water Framework Directive. Within this scheme, the sub-measure for Natura 2000 payments on agricultural land paid farmers 95.40 EUR/ha from 2009-2013 for permanent grasslands. Other schemes directly addressing nature conservation were those aimed at protection of semi-natural and natural grassland biotopes, protection of selected bird species biotopes and breeding and preservation of endangered animal species. AEMs were again a prominent feature of the NRDP, with 15% of its total expenditure. They included schemes for more sustainable agriculture, such as organic farming and integrated production. The package of measures have progressively become more popular with the farmers as the paying agency simplified the procedures for application of AES. In particular, the scheme for organic production support raised a great interest from farmers and is now seen as one of the best implemented measures, with good quantitative results: 650 certificates prepared for more than 120,000 hectares (Viestova 2015). NGOs played a key role in the success of the measure by

*Figure 6. The red cattle in Poland is a protected breed and subsidies are paid to increase their population (source: regionalcattlebreeds.eu 2007)*
launching awareness raising campaigns throughout the country to inform farmers about the opportunity and convince them to enrol in the scheme.

Other nature conservation related measures were those that targeted prevention of soil erosion on arable lands, vineyards and orchards. The new 2014-2020 Slovak NRDP has significant delays in implementation, however, it does bring new agri-environmental-climate schemes with new baselines and with greening elements. This package includes measures for protection of semi-natural and natural grasslands with more consistent payments in comparison to 2007-2013; biobelts on arable lands; protection of the Great Bustard; and habitat protection for hamsters. In terms of greening, the measures specify crop diversification, protection of permanent grasslands and Ecological Focus Areas (EFAs). In Poland, EU accession and implementation of the CAP brought some positive changes. Whereas pre-2004 a significant part of the meadows and arable lands were either abandoned or witnessed intensive production, the simplified measures of the Polish NRDP had as an overall result the conservation of traditional farming structures and reversal of former trends. Just like the case of the other Visegrad countries, AEMs were popular amongst farmers.
The Great Bustard is a protected species in the region and countries like Slovakia and Hungary try to preserve it through dedicated protection programmes. These programmes are usually implemented and funded through the Common Agricultural Policy (source: mavir.hu 2015).

They included measures for ecofarming, integral farming, rare breeds, soil and water protection, buffer zones and habitat support schemes. The latter were divided into two categories: a basic scheme for supporting meadows and pastures, which paid farmers 150 EUR/ha and an advanced scheme for specific natural habitats and bird habitats, for which payments could reach as much as 350 EUR/ha. It has been appreciated that the habitat support schemes have, to a large extent, performed well and natural values have generally been maintained, especially through the advanced schemes (Pawłaczyk 2015). In some cases, agri-environmental payments became the main source of benefit for farmers, which means that in the end, biodiversity became their farming product.

The potential of organic farming for small scale family farms

Organic Farming is a type of sustainable agriculture method, defined as “a production system that sustains the health of soils, ecosystems and people. It relies on ecological processes, biodiversity and cycles adapted to local conditions, rather than the use of inputs with adverse effects” (IFOAM 2009).

Organic farming does not represent solely environmental-friendly agricultural techniques but it also encompasses a larger supply chain controlled by national and international regulations on certification, trade and distribution. The main principles of organic farming are health, ecology, fairness and care (IFOAM, 2009). EU has one
of the most developed organic sectors worldwide, although its share in the national agriculture sector varies greatly across Member States and the Visegrad countries are no exception. For instance, UAA under organic production covers 13.1% in the Czech Republic, followed by Slovakia with a little over 8%, Poland with 4% and Hungary with just over 2% (EU Commission 2013). The number of organic farmers has been growing steadily over recent years and, furthermore, organic farmholders are younger than conventional farmholders. The regional average for organic farm managers younger than 55 was of 65.7% in 2010, while this number drops to 44.2% for the conventional section (EU Commission 2013).

**Financing**

Organic production involves a number of setting up costs such as the costs for conversion, training and developing of market skills. At the same time, small scale family farmers should be aware of ongoing costs, such as soil management, record keeping or marketing management – a more complete list is summarized in table 1 below. For instance, it is estimated that visits and inspection costs vary from 2.5% of the ongoing costs in the Czech Republic to four percent in the Hungary.

<table>
<thead>
<tr>
<th>Setting-up costs</th>
<th>Ongoing costs</th>
</tr>
</thead>
<tbody>
<tr>
<td>At production</td>
<td></td>
</tr>
<tr>
<td>Costs of conversion</td>
<td>Pest management and control</td>
</tr>
<tr>
<td>Production losses</td>
<td>Soil management</td>
</tr>
<tr>
<td>Investment in infrastructure</td>
<td></td>
</tr>
<tr>
<td>At certification</td>
<td></td>
</tr>
<tr>
<td>Establishing farmer groups</td>
<td>Record keeping/ accounting systems</td>
</tr>
<tr>
<td>ICS establishment</td>
<td>Ongoing training and meeting</td>
</tr>
<tr>
<td>Record keeping/ accounting systems</td>
<td></td>
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<tr>
<td>Training and meeting</td>
<td>Visits and inspection</td>
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<tr>
<td>At marketing</td>
<td></td>
</tr>
<tr>
<td>Investment in facilities</td>
<td>Marketing management</td>
</tr>
<tr>
<td>Developing market skills</td>
<td>Ongoing development of market skills</td>
</tr>
</tbody>
</table>

*Table 1) Setting-up and ongoing costs in organic production (source: FAO, 2007)*

Nevertheless, organic production brings a number of non-financial benefits, some of which cannot be quantifiable but are nevertheless very important for the resilience of small scale family farms (see table 2 below). Organic farming provides for a better food product quality and an increase of farm resources, both which contribute to the long term sustainability of the farm itself. Soil improvement is a particularly important benefitting element, as it provides a better nutrient balance and a higher plant and animal on-farm diversity – however this is difficult to quantify and can only be observed after a few years. On the other hand, developing the knowledge and skills base and improving farm management plans are important elements, which not only make the small scale farms more resilient but also positively contribute to boosting small scale farmers’ self-confidence and improve their negotiation and marketing skills.
Table 2) Non-financial benefits of organic farming for small scale family farmers  
(source: FAO, 2007)

<table>
<thead>
<tr>
<th>At the organization level</th>
<th>Quantifiable benefits</th>
<th>Non-quantifiable benefits</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Knowledge and skills in ICS management</td>
<td>Improvement in general planning (supply chain)</td>
</tr>
<tr>
<td></td>
<td>Knowledge in organic production technology</td>
<td></td>
</tr>
<tr>
<td>At the farm level</td>
<td>Add-value to farmer’s products (premium price)</td>
<td>Soil improvement</td>
</tr>
<tr>
<td></td>
<td>Food security</td>
<td>Plant and animal species diversity</td>
</tr>
<tr>
<td></td>
<td>Reduced input costs</td>
<td>Improved farm resource management</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Self-confidence</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Social networking</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Food sovereignty</td>
</tr>
</tbody>
</table>

As mentioned in the previous sections, in the Visegrad countries organic production is financially supported from the CAP. Indeed, EU integration and its associated subsidies have made organic production very popular amongst farmers in the Visegrad countries. Small scale family farmers prefer subsidies to bank loans, which is the least popular financing method among the farmers, since banks evaluate the risks very strictly and charge high interest rates. Moreover, they often require farmers’ houses as collateral, but farmers are not willing to risk their homes. They prefer to offer buildings, land, machinery, equipment and vehicles instead. Guarantee funds are available for agricultural producers as a kind of government support for agricultural enterprises, but using these makes the loan more expensive.

Figure 9. Financing methods for small scale organic farmers, in the order of preference
Many organic farmers rely on creditors or personal contacts to provide them with personal loans, which often have little or no interest. For smaller and poorer enterprises, the short-term loans provided by intermediaries are important, since these are paid back after the harvest and no instalments are made during production season. To acquire new machinery, leasing is often a preferred solution, because no collateral is required and loan approval is obtained in 2-3 days. In most cases, the trader provides a guarantee to buy back the equipment. The producer benefits by paying only a proportion (10-30%) of the price for the equipment, so is able to renew farm machinery, pay a monthly fee and increase competitiveness. In addition, government subsidies are an important source of finance for organic farmer in the Visegrad countries.

For example, in Hungary farmers rely on these subsidies to finance their production and associated investments. All agricultural producers receive a subsidy according to their cultivated area and additional payments for special environmental programmes. Before 1997, there were no subsidies for organic farming at all. Between 1997 and 2001, organic farmers were able to apply for a subsidy for specific costs of transition to organic farming (which ranged between 40 and 70% of the costs). In 2002, the National Agri-environmental Protection Programme was initiated, which included organic farming as one of its five subprogrammes. This provided an area payment for five years to farmers who applied to the programme and undertook to continue organic farming for at least five years. The amount depended on the type of land (grass, arable, vegetable, vineyard or orchard) and whether the farm was in transition or organic production. When Hungary joined the EU in 2004, the programme was integrated into the National Rural Development Programme. Some small changes were made in the structure of the programme, but the subsidy for organic farming was raised and 80% of the programme was financed by the EU (FAO 2013).

Marketing organic products

Marketing organic products is the most important element of economic resilience for a small scale family organic farm, but at the same time one of the most challenging. This is because marketing requires knowledge, information, creativity and perseverance. Through marketing, organic producers are making their products visible and are earning the necessary money to run the business. Due to lack of resources, marketing for small scale farms...
family farmers is often difficult in the beginning and requires them to show a lot of adaptation and flexibility. As experience from Visegrad countries show, it is usually the case that marketing will be a mix of various techniques such as farm gate sales, contracts with retailers, participation in food sale events or direct sale in food markets.

For instance, in Hungary, the smaller organic farms produce a variety of crops including fruits and vegetables, which are marketed directly to consumers through organic fairs, home delivery and at farms. The organic market segment in Hungary is driven by the urban educated class and those who can afford the organic price premiums. Organic shops and markets are predominant. However, with the expanding organic market, Hungary is experiencing a great increase in the retail sector share. This is also the case in the Czech Republic where spending and demand is increasing, although starting from a small baseline; this trend is being fuelled by information and economic growth. Multiple retailers have over two-thirds of the domestic organic market share. Farmers are responsible for cultivating crops according to organic procedures that can be certified by the appropriate authority. They are also responsible for transporting their products to organic marketplaces in urban areas where they sell directly to consumers. The absence of farmer organization has been mentioned as a limiting factor in the development of the organic sector for small scale farmers.

However, small scale farmers in Hungary are generally limited in their marketing because they produce a wide range of farm products but in small volumes. While this is their philosophy and choice, it does limit their potential for supplying conventional markets such as supermarkets, wholesalers or processors. On the other hand, consumer confusion about the characteristics of organic products in Hungary has limited development of domestic demand. Lack of identity and appreciation of the value of organic products in Hungry limits market growth and explains why it is estimated that 90% of organic fruit and vegetables are exported. Farmers in Hungary need to tackle confusion by promoting their products and clearly describing the values and attributes of organic farming. This can be done through alliances with relevant government agencies and private sector partners (FAO 2013).

On the other hand, the Czech Republic only exports ten percent of its organic produce, but strong government support is encouraging an increase in the sector. The ability to clearly communicate the advantages of organic production to the market was recognised here, as Czech farmers were not used to “promoting” their products under the old regime: the government simply bought them. The situation has completely changed today; the communication skills and marketing savvy are now extremely important, particularly in the organic business (FAO 2007). The pressure from conventional marketing structures, putting price before quality, is enormous. Successfully competing in this environment requires farmers, particularly smallholders, to have the will and desire to learn new skills, try untried steps and be courageous.

Innovative approaches are needed for effective marketing by small scale family farmers. One such approach is the community-support agriculture (CSA). CSA models vary from location to location, depending on socio-economic conditions or the type of agricultural system in place. However, there are four main principles to which all CSA adhere: partnership, relocalisation of economy, solidarity and the producer/consumer tandem (Urgenci 2015). Partnership means that the producer and consumer engage themselves in a formal or informal agreement for a determined period of time, during
which the producer will meet the consumer’s demand and the consumer commits to pay for those services according to the agreement. The idea of relocalising economy does not mean CSAs are geographically limited but rather that local producers are well integrated into the local economy and they benefit the local communities that support their activity. In terms of solidarity, producers and consumers engaged themselves into an act of shared risk – agriculture is well dependent on a number of unpredictable natural phenomena and this is taken into account in a CSA model. Also, consumers ensure that the price (usually up-front) they pay is a fair one, which will enable producers to sustain their activity and live in a dignified manner. On the other hand, the producer is committed to provide very good customer service and healthy, high quality products. Finally, the consumer/producer tandem is linked to the direct, face-to-face relationship between consumer and producer, a relationship based on mutual respect, trust and understanding. In this way, there is no need for intermediaries (Urgenci 2015). CSA bring a number of benefits for both consumers and farmers and address numerous social, economic and environmental issues at a local level, such as community cohesion, environmental protection, fair incomes for farmers, nutrient-rich products, etc (see table 3).

<table>
<thead>
<tr>
<th>CSA benefits for consumers</th>
<th>CSA benefits for farmers</th>
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<tbody>
<tr>
<td>Fresh food from a known source</td>
<td>More secure income, which improves business planning and allows for more time to focus on farming activities</td>
</tr>
<tr>
<td>Fewer ‘food miles’, less packaging, ecologically sensitive farming with improved animal welfare</td>
<td>Higher and fairer prices for products</td>
</tr>
<tr>
<td>Support to local economy by higher employment, more local processing, local consumption and a re-circulation of money through ‘local spend’</td>
<td>Increased involvement in the local community and an opportunity to respond directly to consumer demands</td>
</tr>
<tr>
<td>Education to people on food variety and production methods</td>
<td>Help with labour and planning initiatives for the future</td>
</tr>
<tr>
<td>An influence on the local landscape and encouraging sustainable farming</td>
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</tbody>
</table>

*Table 3) CSA benefits for consumers and producers (data from Urgenci 2015)*

In Poland, the first CSA was created in 2012 in Warsaw, and in 2015 six such schemes are operational in the country. The CSA model is based on the idea that consumers share risks with the farmers: consumers enter the scheme agreeing to take whatever vegetables the farmer is able to produce given weather conditions. They are also able to volunteer on the farm, which provides an understanding of seasonality and farm work that few city inhabitants have. More schemes are expected to be launched next year, given the warm welcome the model has received from city consumers and the farming community. Cooperatives and vegetable box schemes exist in most big Polish cities and are even developing at the level of neighbourhoods. At least 15 CSA initiatives exist in the Czech Republic and, in addition, vegetable box schemes and urban gardens are continually appearing (IPS, 2015). A recent success story of a small scale family farmer was that of Sławek Dobrodziej and his wife Malgosia.
Over the past eight years, the couple have managed to build up a successful organic farm in the village of Zeliszewo, near the western city of Szczecin. They sell some 100 types of fruit and vegetables to consumers in several Polish major cities, including the capital Warsaw. Additionally, for the first time this year, they started selling to consumers via two community-supported agriculture CSA schemes in the cities of Szczecin and Poznan, through which the roughly 30 consumers in each scheme pay them in advance for vegetables they will receive weekly throughout the summer and autumn months. Malgosia says that CSA is an excellent way of offering financial stability to a small farm (IPS, 2015).

**Czech Republic**
- Supermarket/hypermarkets (65%)
- Specialised shops with health and organic food (20%)
- Direct Marketing (5%)
- Pharmacies (5%)
- Drugstores (5%)
- Independent small food shops (1%)
- Gastronomy (1%)

**Poland**
- Specialised retail trade (73%)
- General retail trade (20%)
- Online sales (4%)
- Bakery/butchers (3%)

**Hungary**
- Supermarkets (60%)
- Specialized shops (20%)
- Events (6-10%)
- Online sales (6-7%)
- Direct farm sales (2-3%)

**Slovakia**
- General retail trade (40%)
- Specialised retail trade (40%)
### Starting a CSA step-by-step

There are five main elements required to start a CSA: land, a skilled farmer, organized consumers, a vision/motivation and a process/plan to bring people and resourced together. From the European experience, CSAs are not necessarily started by farmers – they have also been started by consumers or landowners. The table below summarizes the activities required when first setting up a CSA but one should bear in mind that CSAs vary from case to case, even when they are active in the same region. Also, the legal status of CSAs vary from country to country – while usually it can be only an informal agreement between producer and consumer, it should be verified if CSAs are legally recognized in Serbia or not.

<table>
<thead>
<tr>
<th>Key activity</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Finding or forming a group of consumers</td>
<td>• Approach existing local community groups and any existing environmental organization. You should find a partner such as school or community centre</td>
</tr>
<tr>
<td></td>
<td>• Hold a friendly public meeting to discuss the idea and get support</td>
</tr>
<tr>
<td></td>
<td>• Organise social meetings and discussions to develop a group of people and the idea</td>
</tr>
<tr>
<td>Making a clear and sensible plan</td>
<td>• Find someone with skills to include everyone and get on with making clear decisions. They might have consultation meetings and run discussions</td>
</tr>
<tr>
<td></td>
<td>• Make a structure for the group and allocate roles – this could be done by dividing the group into working groups for holding community events, business planning, etc.</td>
</tr>
<tr>
<td></td>
<td>• Identify each stakeholder’s needs: farmers need more labour, cash at the start of the season and a reliable market. Consumers need affordable and easily accessible organic food. Funders need evidence of environmental benefits.</td>
</tr>
<tr>
<td></td>
<td>• Draw up a statement about your values. Once you agree on values, bring examples of successful CSAs and choose a model that would fit.</td>
</tr>
<tr>
<td></td>
<td>• Set some objectives and goals and agree who needs to do what.</td>
</tr>
<tr>
<td>Find or expand your land</td>
<td>• Be clear what you are trying to achieve and therefore what land you really need. Is it important to be certified organic? Do you need to be near a town? Will you have animals? As a farmer, will you collaborate with other farmers to have a larger cultivation area?</td>
</tr>
</tbody>
</table>

**Table 4) Main marketing methods for organic farmers in the Visegrad countries (data from OMKI 2013, IFOAM 2012)**
• Be inventive and persistent. There are CSAs on land owned by
    schools, local governments, churches, railways, gardens,
    parks, universities and farms. There are also CSAs on roofs
    and in car parks!

• Identify how much land you need: for vegetables, one person
  can be fed for a year from 100m² of intensely cultivated land
  with moderate fertility. For cereals the number increases to
  300m², while for meat it would take roughly 2 hectares to feed
  4 people with various meat all year round. For cow milk
  consumption, it is estimated that 2 hectares would ensure
  milk for 97 people all year round.

Get support

• Be clear what your message is. What do you exactly want
  people to do to help? What is great about your proposal?
• Find a volunteer who is keen on marketing
• Spend money and time on publicity
• Get out and talk to as many different groups as possible, not
  just your friends
• Notice what people contribute and say thank you
• Establishing a new CSA can take time – keep people
  motivated by organizing practical small projects quickly

Review,
   evaluate,
   celebrate and
   make improved
   plans

• Hold periodical reviews to identify and acknowledge what has
  been happening since you started/since the last review
• Ask feedback from the people

Table 5) Establishing a CSA step-by-step (data from Urgenci 2015)

Therefore, marketing organic or environment-friendly products takes many forms and
it is advisable that farmers also embark on a number of different marketing techniques
in order to have a steady sales flow. One such technique is the participation in organic
fairs – this is particularly important for business growth and the build-up of a wider
contact network to potentially support future sales on new markets (e.g. in another
country). The table below summarizes some of Europe’s main organic fairs – dates
change each

<table>
<thead>
<tr>
<th>Organic fair name</th>
<th>Country</th>
<th>Website/additional info</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bioost</td>
<td>Germany</td>
<td><a href="http://www.bioost.info/">http://www.bioost.info/</a></td>
</tr>
<tr>
<td>Biowest</td>
<td>Germany</td>
<td><a href="http://www.biowest.info/">http://www.biowest.info/</a></td>
</tr>
</tbody>
</table>
### Table 6) Some of the main organic/environment-friendly food and wine fairs in Central and Eastern Europe

<table>
<thead>
<tr>
<th>Event</th>
<th>Location</th>
<th>Website Link</th>
</tr>
</thead>
<tbody>
<tr>
<td>Biofach</td>
<td>Germany</td>
<td><a href="https://www.biofach.de/en/default.ashx">https://www.biofach.de/en/default.ashx</a> largest organic fair trade in Europe (and global)</td>
</tr>
<tr>
<td>Fair of ethnic food and drinks</td>
<td>Serbia</td>
<td><a href="http://www.etnohip.rs/">http://www.etnohip.rs/</a></td>
</tr>
<tr>
<td>Natura food and beEco</td>
<td>Poland</td>
<td><a href="http://www.naturafood.pl/">http://www.naturafood.pl/</a></td>
</tr>
</tbody>
</table>

### Sustainable tourism

As mentioned in previous sections, a key to increasing resilience of small scale family farms is diversification. Diversification does not only refer to the diversification of the range of primary and secondary food products but, more importantly to diversification of on-farm activities. In this perspective, sustainable tourism is a promising income source for small scale farmers, especially for those located inside or within proximity of protected areas. Agri-tourism is widespread in the Visegrad countries and there are numerous success stories from the four countries, which point to some general factors that guaranteed success.

Sustainable local tourism should also be fostered through regional or trans-border initiatives. An example is the Gomor-Torna festival, which takes place for 10 days in

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*Figure 12. Jáňův dvůr farmstead, a good example of agro-tourism (photos from januvdvur.cz 2015)*
12 villages on both sides of the Hungarian-Slovakian border. Visitors can choose from more than 100 events, including jazz and rock concerts, national dances and songs, street comedies, handicraft markets, guided tours in nature and art exhibitions. Locals are also organizing workshops to teach tourists how to dance, make handicrafts or cook traditional food according to ancient recipes. The organization of the festival is supported by a project devoted to tourism development in biosphere reserves and apart from providing quality entertainment to tourists, the festival aims at bringing income to local people, preserving traditions and enhancing co-operation between the bordering regions.

For instance, Januv Dvur is a traditional farmstead in the Czech part of the Carpathians, developed into a sustainable tourism centre, featuring a guest house, a camp site and an organic farm. Tourism activities here are diversified into several interconnected sectors: accommodation in the guest house and on a camp site, food prepared from local, homemade, organic products and horse riding. Visitors can enjoy the landscape during the horse riding trips along nearby hills and vineyards. The owners also make bicycles available to guests so visitors can make use of the many cycleways crossing the area (CEEweb 2014).

In Slovakia, two volunteers from Hodrusa-Hamre village began to mark and signpost mountain biking trails in the wider area of the village with some support from the local administration. Initially, a 100km trail network was formed and this was extended to 200km once two more villages joined the initiative. The number of bikers using the trail is growing each year and has had an indisputable benefit for the local economy. This example shows that community initiatives can be successful in developing small scale tourism and as a way to support the local economy (CEEweb 2014).

**Hostětín – model for the sustainable development of rural communities**

A comprehensive, holistic and complex project combining sustainable tourism and farming is the development of the Hostětín village in the Czech Republic into a model eco-village. The settlement has 240 inhabitants and is located in the northern area of the White Carpathians Protected Landscape Area, which has also been an UNESCO Biosphere Reserve since 1996.

*Figure 13. Panoramic view of Hostětín (source radio.cz 2015)*
What was done in Hostětín?

Since the beginning of the 1990s, a series of environmental projects have been undertaken in the village involving the use of local resources, energy conservation, renewable sources of energy (particularly sun and biomass) as well as environment-friendly technologies. In 2000, a small juice factory was established, producing high quality juice made from apples gathered in local orchards, as well as a biomass heating plant fuelled by wood chips from nearby forests and sawmills. In 2006, the Centre for Sustainable Rural Development was constructed in the village – a place for interested people to learn, gain experience and inspiration on how to promote environment-friendly alternatives in their villages or households. Thanks to these and other activities (e.g. the Apple Festival, accommodation services, hiking and cycling trails) the village of Hostětín is becoming a model sustainable rural community (CEEweb 2014).

The Hostětín projects are model ones: they verify ecological technologies in practice and show how they work. Thanks to these projects, every year local residents save more than 1,600 tons of emissions of carbon dioxide, i.e. the gas that increases the greenhouse effect and contributes to global climate change. Hostětín was awarded the Czech Solar Award 2009 in a prestigious international competition Energy Globe 2007 and many other awards for their contribution to environment protection (VCH 2015).

Who were the main players behind Hostětín?

The Projects in Hostětín were implemented both by the municipality itself as well as civic associations, particularly by local members of the Czech Union for Nature Conservation (ČSOP). The environment has been a priority for the local government of Hostětín since its establishment in the early 1990s. Cooperation between different stakeholders has been a key for success in the small eco-village, which is also an example of good local governance.

Why is Hostětín so successful?

Apart from the exemplary cooperation between local stakeholders, civil society, research institutes and authorities, the eco-village greatly diversified its activities. The village has passive house, an apple juice plant, reed-bed sewage, statues in the landscape, energy saving street lighting, a biomass heating plant, solar collectors and a fruit drying kiln. On top on those special features, the village benefits from a fascinating rural landscape, nature garden and traditional orchards. This has fostered a great potential for income diversification, on top of the money-saving projects such
as passive houses or energy saving street lightings. Hostětín has therefore become not simply a recreational venue, but a cultural, experimental and educational location whose resilience and sustainability is undeniable. Stakeholder did not shy away from collaborating with companies – for instance, Phillips contributed with high technology street lighting equipment, whose costs amounted to more than half of the total costs of the project. Authorities expect to recover their investments in 13 years and start saving approximately 33,000 Kr. (cca. 1220 EUR) annually after this period (VCH 2015). Research and careful economic considerations were needed, as was constant monitoring for improvement. For instance, it is now known that the juice plant makes 1.63Kr for the local economy for each crown spent there, while the biomass heating plant makes 2.3 kronors for each crown spent, which is in fact spent locally for provision of wood chips.

**Lessons to be learnt from Hostětín**

- Cooperation is key to success: NGOs cooperated with authorities, research institutes, the civil society, companies
- Support for project does not necessarily have to be in money – sometimes receiving equipment or other in kind contributions will contribute more significantly to the degree of success of a project
- Income and activity diversification is essential
- Investment in local infrastructure will bring great mid and long term savings
- Publicity matters: Hostětín is not on Europe’s map as a model of sustainability and has recently received the visit of HRH Prince Charles
- Perseveration and patience are the key to success!

**Challenges for small scale family farmers**

There are many challenges faced by small scale family farmers in Serbia. In this region, small-scale farmers have difficulty accessing markets, and when they do there is a lack of competitiveness in EU markets. These farms are less resilient to floods and droughts, hence there is a need to strengthen the adaptive capacity of farmers against climate fluctuations. Furthermore, commercial fertilizers are expensive, there is a lack of technical support, limited health care, transport, lack of internet, limited knowledge transfers, and young people migrate out of rural areas because of lack of opportunities.

Other challenges that Serbian small-scale farms face are underused export potential, and an unstable supply. On the other hand, certain farmers also face the problem of over production and often feed their produce to livestock. Oftentimes farmers have no access to the right seeds, which need to be imported from the EU. For producers who have a more stable supply of produce to sell they can begin to consider organic certification. However, prices of organic certification translate to higher prices at the market and without the proper consumer this can create losses for producers (in some instances organic produce can be up to 5 times more expensive than conventional).

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1 Crown refers to the Czech currency, the Czech kronor
There is a wide lack of environmental awareness and a common perception that only protected areas are to be preserved. It is important to raise awareness regarding the preservation of natural resources. In addition, as mentioned earlier the scale of a farm does not necessarily mean a lower impact on the environment.

Solutions

Best practices must be encouraged within all farm lands. There is a need to convert to new practices which would benefit agriculture, people and nature. Rural ecotourism, custody over nature, renewable energy, provision and payment of ecosystem services (e.g. flood protection), good quality organic food and labelling schemes all provide alternatives for small-scale farmers, ultimately helping to sustain this heritage.

Small-scale farmers need to cooperate and unite vertically (by connecting producers to the market) and horizontally (by connecting producers together). In 2010, an Organic Production Law was adopted in compliance with equivalent EU regulations, which renders Serbian organic food in compliance with EU standards and enables its export.

There are 5 steps for organic conversion and certification, these include:

1. Contact with an authorised certification body
2. Small-scale farmer authorises certification body to incorporate his/her farm into organic system
3. Certified body drafts action plan and verifies submitted registration data
4. Undersigning a contract for organic production
5. Control and reporting

Furthermore, the Instrument for Pre-Accession Assistance in Rural Development, IPARD Program in Serbia was introduced to provide assistance for the implementation of the Common Agricultural Policy, and to contribute to the sustainable adaptation of the agricultural sector. These initiatives include:

1. Improving Market Efficiency and Implementing Community Standards Measures
2. Investments in agricultural holdings to restructure and upgrade to the EU standards
3. Investments in processing and marketing of agriculture and fishery products to restructure and upgrade to the EU standards
4. Supporting the setting up of producer groups
5. Preparatory actions for implementation of the agri-environmental measures and LEADER Measures
6. Preparation for implementation of actions relating to environment and the countryside
7. Preparation and implementation of local rural development strategies
8. Development of the Rural Economy Measures
9. Improvement and development of rural infrastructure
10. Development and diversification of rural economic activities
11. Training
12. Technical assistance

The National Strategy on the Preservation and Sustainable Use of Natural Resources in Serbia defines the ecosystem services as goods and benefits provided by the natural systems. Because the functionality of natural systems cannot be protected by isolated reserves, they have to be connected by corridors into ecological network. The ecological network in Serbia is based on the obligations from the Bern Convention on the Conservation of European Wildlife and Natural Habitats, which the national Law on Nature Conservation and the Bylaw on the Serbian ecological network support. Integrating more small scale farmers to become a part of the ecological corridors that are key for preservation of ecosystem services will be crucial.

Organic farming benefits

✓ Little investment but can yield substantial profit - farmers can apply for group certification;
✓ Increasing demand means perspectives for business growth;
✓ Economically feasible on the long-run;
✓ Healthier for family, customers and the environment;

Start-up phase

✓ Learn what organic farming means;
✓ Initiate or join a farmer group or association with organic farming as a common goal;
✓ Carry out or inquire about market research to identify demand;
✓ Contact local authorities, NGOs, micro-finance institutions, banks and potential business partners

4 steps in making small scale family farms in organic production profitable

Growth phase

✓ Invest your profit;
✓ Stay informed on market trends, government programs on organic agriculture, NGO projects and recent innovation techniques;
✓ Diversify your income (e.g. sustainable rural tourism);
✓ Purchase equipment to process food;
✓ Consider establishing your own company or find two or

Implementation phase

✓ Decide on what crops to cultivate and how according to market research, local conditions and available expertise;
✓ Purchase necessary equipment;
✓ Apply for organic certification;
✓ Advertise your products through internet, food fairs, business meetings, CSAs;
✓ Draft a development strategy for short and mid-term (one year and five years);
✓ Stay informed on market trends,
Conclusions and 5 Ideas for follow up projects

The previous sections showed that small scale farmers need to apply a number of diverse activities in order to develop and prosper. There is no one success model, as the key factors to guarantee success vary from place to place and farmer to farmer. There are, however, some basic factor which will work everywhere and will enable farmers to make the right initial steps in this direction. First and foremost, small scale family farms need a variety of income, thence farmers should look for income diversification at a farm level. Thus, they will decrease the risk factor in their business and will be more resilient to poor performances in one sector – for instance harvest for one year is below expectations but the farmer can offset the loses through tourism, offering horse riding lessons, renting out bicycles, etc. Second, an open dialogue with an open mind for collaboration is vital. Farmers should look for collaboration with local authorities, local NGOs, schools, churches, local retailers, volunteers – in short, all local stakeholders and even beyond (e.g. a nearby city for establishing a CSA). Third, farmers should always stay informed and never stop marketing and advertising their products – a website, participation in a fair, even an app for smart phones will give small scale farmers an upper hand in the market. Last but not least, perseverance, patience and providing great customer services are a must. By producing organic or environment-friendly products, small scale local farmers have an advantage over traditional retailers or large, intensive farms.

Taking all these into account, below are five project ideas that could potentially be further developed by small scale family farmer or an association of farmers:

1. Establish a CSA. This can be very local (e.g. for the local school, for local retailers, for local community) or can target a bigger nearby city.
2. Develop tourism infrastructure – good advertising of locations, informative panels, biking trails, well marked hiking routes, a local tourist guide, etc.
3. Modernisation of agricultural equipment, with a focus on processing facilities (such collection and storage of milk, production of jams in the community, production and bottling of drinks at a local level, etc)
4. Development of the local handicraft industry – for instance production of wool socks. An important element here (and in general) is the establishment of farmer/producer associations.
5. Investment in green technologies – building of a passive house, installation of solar panels, sewage system through wetland filtration, etc. This will not only provide savings for individual farmers and the overall local community but can also trigger an educational tourism with the purpose of research on top of the recreational and cultural types of tourism.
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