

# Study of best practices and potential of participation of the smallholders in the short-value chains in the Western Balkans region and Turkey

## Background and Rationale



# Introduction

- **JRC's invitation to tender** - "Study of best practices and potential of participation of the smallholders in the short-value chains in the Western Balkans region and Turkey", June 2019;
- **SWG offer** - to conduct an in-depth analysis of short-supply chains among small farmers in the WB and Turkey and their potential impacts on economic aspects, as well as the social sustainability;
- **To achieve:**
  - Identification of the complex nature of the relationships between small farms and markets governed by various contractual arrangements
  - Insights to improve the effectiveness and efficiency of adopted policies and thus, provide scientifically based support to policy making
  - Better targeting on both, national support schemes and IPARD pre-accession assistance.

# Background

- **Recent global trend** – development of short food supply chains (SFSC), such as: on-farm direct sales, farmers markets and shops, delivery schemes and more formal partnerships between producers and consumers;
- **Short supply chains** - number of intermediaries is minimised, ideally direct contact between the producer and the consumer; The foods are traceable to a farmer;
- **Direct sales** - higher share of added value for farmers; traceability for consumers
- **Other economic, social or environmental benefits**
  - Strengthening local economies
  - Improving carbon footprint
  - Contributing to food security at household level
  - Access to healthy diet
  - Sustaining small farms and business, etc.
- **EU statistic** - 15% of EU farms sell more than half of their production directly to consumers.

# Rationale

- WB countries and Turkey - **very small average size of agricultural holdings**
  - Largest - Serbia above 5 hectares of utilized agricultural area (UAA) per holding;
  - Smallest – Albania average 1.2 hectares of UAA per holding.
- Usage of agricultural land - **more than 59% by small farms**
- Small farms - often **not economically viable**, represent subsistence farming.
- Way to remain in business - produce **high-value niche products**, for local consumers or visiting tourists.
- **Podgorica Agenda 2017** (also confirmed at APF 2018 and APF 2019): “the Forum recommends focusing on improving competitiveness of small rural businesses, by investments as well as increasing their level of knowledge and skills in managing their businesses and forming partnerships or other types of cooperation, thus improving their ability to integrate in short value chains. Traditional products for niche markets should be the leading competitiveness strategy”.
- **Objective of the study** - analyse the potential of further development of this farming segment, better understand how IPARD could be adjusted, improved, and tailored to be able to address also the needs of small holder farmers with special focus on their potential participation in the short-value chains.

# Research context

- **SWG unpublished report (2018)** “Potentials for diversification of economic activities in rural cross-border areas through short value chains development”
- **Some policy recommendations:**
  - To provide appropriate derogations in regulations for small rural households and artisan production to safeguard existence of valuable traditional products, and to provide favourable regulation for direct marketing and marketing in general (for placing products in catering sector);
  - To set-up regulations which will protect original cheese production procedures and prevent industry to use the same name for the fake products;
  - To strictly implement other regulation related to food safety, alcohol, trade etc.