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The best practices and potential of smallholders' participation in short value chains in the Western Balkans and Turkey

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Contents

FOREWORD AND ACKNOWLEDGEMENTS **4**

CONTRIBUTORS **5**

ABSTRACT **6**

1. INTRODUCTION **7**

2. SAMPLE AND METHODOLOGY **9**

3. SHORT FOOD SUPPLY CHAINS IN THE WESTERN BALKANS AND TURKEY: SURVEY RESULTS **11**

3.1. TYPES AND CHARACTERISTICS OF SURVEYED FARMS 11
3.2. PRODUCTION PORTFOLIO 13
3.3. SALES CHANNELS USED BY SMALL FARMS FOR SELLING THEIR PRODUCTS 14
3.4. THE ROLE OF SHORT FOOD SUPPLY CHAINS IN PROMOTING THE ECONOMIC VIABILITY OF SMALL FARMS 21

4. BEST PRACTICES FOR AND BARRIERS TO SMALL FARMERS' PARTICIPATION IN SHORT FOOD SUPPLY AND VALUE CHAINS **25**

4.1. BEST PRACTICES FOR SHORT FOOD SUPPLY CHAINS FOR SMALL FARMERS' PRODUCTS 25
4.2. FARM PRODUCTS BEST SUITED TO SALES IN SHORT FOOD SUPPLY AND VALUE CHAINS 28
4.3. KEY BARRIERS TO MAKING BEST USE OF SHORT FOOD SUPPLY AND VALUE CHAINS 34
4.4. POLICIES SUPPORTING SMALL FARMERS' ACCESS TO MARKETS 37

5. CONCLUSIONS AND POLICY RECOMMENDATIONS **42**

5.1. MULTISECTORAL SUPPORT AND RURAL DIVERSIFICATION 43
5.2. CAPACITY BUILDING THROUGH ADVISORY SERVICES AND TECHNICAL ASSISTANCE 43
5.3. PROMOTION OF PARTNERSHIPS AND COORDINATION OF ALL STAKEHOLDERS IN THE SHORT FOOD SUPPLY AND VALUE CHAINS 44
5.4. ORGANIC AGRICULTURE AND PAYMENTS FOR ENVIRONMENTAL SERVICES 44
5.5. INCREASING THE INVESTMENT CAPACITY OF SMALLHOLDER FARMS 45
5.6. REGIONAL COOPERATION 45

REFERENCES **47**

ANNEXES **48**

ANNEX 1. THE QUESTIONNAIRE USED IN THE SEMI-STRUCTURED INTERVIEWS 48

ABBREVIATIONS **65**

LIST OF BOXES **66**

LIST OF FIGURES **67**

LIST OF TABLES **68**

Foreword and acknowledgements

Recent years have seen a proliferation of initiatives to promote the development of various types of local food systems and short food supply chains (SFSCs), such as on-farm direct sales, farmers' markets and shops, delivery schemes and more formal partnerships between producers and consumers, in the European Union as well as throughout the world. The local food systems or SFSCs aim to reduce the distance between farmers and consumers by limiting the number of operators connecting the farmer to the final consumers, the shortest option being direct sales from the producer.

Marketing products through SFSCs, combined with other diversification activities, is often seen as a way to respond to the needs of farmers to retain a higher share of value added created in exchanges. For consumers, SFSCs can respond to their demand for local products with assured provenance. Several other economic, social and environmental benefits are associated with SFSCs, such as strengthening local economies, contributing to food security, sustaining small farms and businesses and potentially improving carbon footprints.

The average size of farms is quite heterogeneous across Western Balkan countries/territories and Turkey and is, on average across the region, very small. In the Western Balkans, the largest farms are in Serbia, which has an average of above 5 ha of utilised agricultural area (UAA) per holding, and the smallest farms are in Albania, where the average size is 1.2 ha of UAA per holding. Small farms account for more than 59 % of the total agricultural land in the Western Balkans. This is similar in Turkey. Many of these farms are often not economically viable in a conventional sense and many of them represent subsistence farming. One of the ways to allow these small farms to remain in business and/or to allow farmers to improve their livelihoods is to capitalise on their ability to produce high-value niche products and market them through local markets, be it for local consumers or for visiting tourists.

In this context, the objective of this report is to provide an overview of such practices in the Western Balkans and Turkey in order to analyse their potential impacts on economic aspects as well as their social sustainability. The report contributes to the identification of the complex nature of the relationships between smallholder farmers and markets where various SFSC schemes exist, as governed by various contractual arrangements, which may provide opportunities for small farmers to improve their viability and growth. Furthermore, the study provides insights to improve the effectiveness and efficiency of existing policies and thus offer evidence-based support for policymaking. More comprehensive knowledge of the small farmers' participation in SFSCs would allow policymakers to better design and target national support schemes and EU pre-accession assistance. In particular, the results of this report may contribute to a better understanding of how the instrument for pre-accession assistance for rural development could be adjusted, improved and tailored to address the needs of smallholder farmers with particular focus on their potential participation in the SFSCs.

On this occasion, the Joint Research Centre (JRC) and the Regional Rural Development Standing Working Group in South-Eastern Europe (SWG) would like to thank all experts and field researchers involved for their valuable contributions. We would like to gratefully acknowledge Liam Breslin, Marius Lazdinis and Zigo Rutkovskis (Directorate-General for Agriculture and Rural Development) for their support provided throughout the data collection process and for their valuable feedback on the results.

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Abstract

The overall objective of this report is to identify and conduct analysis of short food supply chains (SFSCs) among small farmers in the Western Balkans and Turkey. The report's analyses are based on the primary data collected from 397 smallholder farmers through semi-structured interviews in all Western Balkan countries/territories (Albania, Bosnia and Herzegovina, Kosovo*, Montenegro, North Macedonia, Serbia) and Turkey. The report analyses shed light on several issues related to smallholders and SFSCs, such as types of sales channels used by small farmers for selling their products; the level of information about and knowledge of the SFSC; contractual arrangements applied; the use of food safety and quality standards; best practices of and barriers to small farmers' participation in SFSCs; the role of SFSCs in promoting environmentally friendly farming practices; the role of SFSCs in promoting the economic viability of small farms; and the role of agricultural policy in supporting small farmers' access to SFSCs. Based on these analyses, the report also derives policy recommendations. Overall, the report concludes that SFSCs are an attractive way of adding value to primary food production and improving small farmers' livelihoods in the Western Balkans and Turkey. Key policy measures that could boost small farmers' participation in short value chains are improvement of advisory services; provision of investment support targeted to small farmers and SFSCs; better access to finance; and enhanced support for cooperation and bottom-up initiatives for partnerships.

Keywords: Western Balkans, Turkey, smallholders, short food supply chains, agrifood sector

* This designation is without prejudice to positions on status and is in line with United Nations Security Council Resolution 1244/1999 and the International Count of Justice Opinion on the Kosovo declaration of independence.

1. Introduction

Short food supply chains (SFSCs) have received growing attention in the academic literature and among policymakers in recent years, which has been motivated by the evidence suggesting that the development of such alternative food distribution channels may provide multiple benefits to both farmers and consumers, as well as having the potential to promote more sustainable rural development. According to Regulation (EU) 1305/2013, an SFSC is defined as 'involving a limited number of economic operators, committed to cooperation, local economic development and close geographical and social relations between producers, processors and consumers'. Similarly, according to the United Nations Industrial Development Organization (UNIDO) (2020), SFSCs can be defined along the following three dimensions: 'the reduction of the physical distance between the farmer and final consumers; the reduction of the number of steps that connect the farmer to final consumers; [and] the increase of cultural and social proximity between farmers and consumers'. The SFSC can include various forms of sales channels, such as direct sales to consumers on the farm or through farmers' shops, farmers' markets, home delivery, box schemes, collective sales, or sales to restaurants, hotels and private catering companies. The food sold through SFSCs can include various types of products produced locally, including both crops and livestock, and with value added in various ways, such as through higher freshness of delivered foods, through processing, through producing high-value and specialised products, local specialities and traditional food, combined with on-farm experience and agritourism, or through building trust with consumers in terms of food quality and safety (Kneafsey et al., 2013; EIP-AGRI, 2015; Charatsari, Kitsios and Lioutas, 2020; UNIDO, 2020).

By reducing the distance between primary agricultural producers and final consumers, SFSCs significantly reshape how production and relationships are organised and governed in the chain compared with long food supply chains, which ultimately can have significant implications for all three dimensions of sustainability: economic, social and environmental. From the economic point of view, SFSCs may contribute to the ability to better respond to changes in consumer preferences for local and higher-value products, may increase farmers' value added and may promote more resilient farm-based livelihoods. Various types of SFSC, such as direct sales to consumers, may have a great potential for providing economic sustainability to small farmers. The development of SFSCs may also have a social dimension, reflected in the potential increase in local employment in remote or less-developed areas where job opportunities are often scarce. Besides social and economic sustainability, SFSCs may contribute to environmental sustainability by decreasing waste, saving energy through shortening transport distances and providing the opportunity for more efficient use and preservation of local natural resources. Although the realisation of economic, social and environmental benefits is not straightforward and depends on the location-specific factors, sector, production type, type of chain and individual characteristics of consumers and producers, SFSCs are often perceived to promote development and improvement of small farmers' livelihoods (Galli and Brunori, 2013; Kneafsey et al., 2013; Canfora, 2016; Charatsari, Kitsios and Lioutas, 2020; Rucabado-Palomar and Cuéllar-Padilla, 2020; UNIDO, 2020; Stein and Santini, 2021).

As a result, SFSCs could represent an important component of sustainable future prospects of rural areas and the development of their communities in Europe. The development of rural regions often depends on the existence of small farmers in many parts of Europe. This particularly applies to Western Balkan countries/territories and Turkey, where small farmers dominate the agricultural sector. However, small farmers in Western Balkan countries/territories and Turkey often face challenges in developing their farm activities, accessing markets and providing decent livelihoods for their household members. Many rural areas in the region are subject to substantial ageing and depopulation processes, which threaten the maintenance and conservation of economic activities, as well as the cultural and natural heritage of rural areas. The Western Balkan countries/territories and Turkey thus face the challenge of protecting the cultural and natural heritage of rural regions, while at the same time they need to increase the economic viability of smallholder farming. The development of short value chains combined with policies targeting smallholders' access to these chains could be important to address some of these challenges (Latruffe, Davidova and Desjeux, 2008; Kazakova and Stefanova, 2010; Kneafsey et al., 2013; Ciaian et al., 2018).

To this end, the overall objective of the report is to provide in-depth insights of SFSCs among small farmers in the Western Balkans and Turkey. More specifically, the report aims to shed light on several issues, such as the type of sales channels used by small farmers for selling their products; the level of information about and knowledge of the SFSC; contractual arrangements applied; the use of food safety and quality standards; best practices of and barriers to small farmers' participation in SFSCs; the role of SFSCs in promoting environmentally friendly farming practices; the role of short supply chains in promoting the economic viability of small farms; and the role of agricultural policy in supporting small farmers' access to SFSCs. Based on these analyses, the

report also derives policy recommendations in six fields: the multisectoral and area-based approach to capacity building, advice and technical assistance, cooperation, farming practices, investment capacity and regional networking.

The report's analyses are based on a survey of 397 smallholder farmers involved in SFSCs. The survey data were collected through semi-structured interviews during 2020 covering all Western Balkan countries/territories (Albania, Bosnia and Herzegovina, Kosovo*, Montenegro, North Macedonia, Serbia) and Turkey.

This report is based on the results of the project *Study of best practices and potential of participation of the smallholders in the short value-chains in the Western Balkans region and Turkey*, initiated and funded by the Joint Research Centre and the Directorate-General for Agriculture and Rural Development of the European Commission and implemented by the Regional Rural Development Standing Working Group in South-Eastern Europe (SWG).

2. Sample and methodology

The analyses carried out in this report are based on the primary data collected through semi-structured interviews with smallholder farmers involved in SFSCs. The interviews were carried out during 2020. The questionnaire used in the interview drew from existing survey instruments developed by the Leibniz Institute of Agricultural Development in Transition Economies (IAMO) (Fritzsch et al., 2011), and was enhanced by new sections targeting specific aspects of SFSCs. The survey questionnaire (see Annex 1) comprises the following sections:

- introduction,
- farming objectives,
- advisory service,
- collaboration,
- marketing and short supply chains,
- agricultural factors of production – land, farm assets and labour,
- production, processing and sales channels,
- investments through grants and credit,
- income,
- infrastructure,
- future farm and livelihood strategies.

The sample comprises 397 farmers involved in various types of SFSC across all Western Balkan countries/territories and Turkey (see Table 1 for details). The sample is not statistically representative of the overall population and chains, but the selection reflected a broad range of typical smallholder farmers in the regions. Although the sample is not nationally representative, the nationalities of the 397 farmers broadly reflect the countries/territories' sizes, except for that of Turkey, from which a relatively small number of farmers were surveyed (23 farms from the Antalya region). For the Western Balkans, Serbia contributed responses from 136 farms (34 % of the overall sample), Albania and Bosnia and Herzegovina contributed responses from 68 farms (17 %), Kosovo* and North Macedonia contributed responses from 38 farms (10 %) and Montenegro contributed responses from 26 farms (7 %).

Specifically, the survey targeted local SFSCs such as:

- direct marketing ('at the farm gate') including diverse 'box schemes' and any other kind of online marketing;
- farmers' markets;
- small-scale local processing (on-farm or off-farm local processing, such as the production of home-made preserves or artisan food processing in the vicinity of farms);
- gastronomy and agritourism.

The sampled farmers are characterised by small-scale production. The focus of the survey was to identify primary farm products and products produced through small-scale processing that are sold through SFSCs. To this end, a variety of fresh agricultural products and artisan products produced on-farm (processed products) were targeted in the survey.

Eight field researchers were engaged to establish direct contacts with farmers. Face-to-face interviews were implemented through a Microsoft Access-based survey app provided by the IAMO. The IAMO international consultant also supported the survey team with the preparation of the electronic data collection. Before the survey started, the draft questionnaires were piloted in each country/territory. The piloting phase took into consideration the diverse characteristics of farms, locations and types of products. During the pilot, a follow-up discussion was held by the researchers in order to check whether the questions were easily understood and whether any important aspects had been omitted. These aspects were reported by the researchers and integrated in the final version of the questionnaire.

Table 1. Number of respondents per country/territory

Country/territory	**Number of respondents**
Serbia	136
Bosnia and Herzegovina	68
Albania	68
North Macedonia	38
Kosovo*	38
Montenegro	26
Turkey	23
Total	397

3. Short food supply chains in the Western Balkans and Turkey: survey results

3.1. Types and characteristics of surveyed farms

About half of the sampled farmers specialised in crops, one quarter specialised in livestock and the rest mainly had mixed farms. In a few cases, farmers indicated a specialisation other than these three main types.

The average farm size was 7 ha, ranging from an average of 1.6 ha in Albania to 5 ha in Serbia. In Bosnia and Herzegovina, Serbia and Turkey, crop production was the prevalent type of farming, whereas in Albania orchards were the most significant subcategory of land use. In Kosovo* and North Macedonia, pastures prevailed, whereas in Montenegro pastures and fields for crop production were of similar importance (Table 2).

Table 2. Average land used per farm for agricultural production in 2019 (ha)

Country/territory	Crop production	Pastures/ meadows	Orchards	Vineyards	Vegetable gardens	Total land per farm
Albania	0.41	0.20	0.90	0.00	0.27	1.57
Bosnia and Herzegovina	3.18	1.94	1.74	0.69	0.61	8.10
Kosovo*	0.12	2.05	0.22	0.34	0.31	2.89
Montenegro	2.56	2.53	0.34	0.15	0.19	5.77
North Macedonia	1.30	2.24	0.88	0.02	0.27	4.71
Serbia	7.56	2.77	1.33	0.01	0.18	10.68
Turkey	3.41	0.00	0.83	0.00	0.74	4.98
All countries/territories	3.72	1.89	1.09	0.17	0.32	6.72

NB: The averages of the subcategories do not add up to the total farm size, as they were calculated over all farms.

The majority of surveyed farmers were male. They had an average age of 48 years and most had received high school education, but had only practical experience in agriculture. Thus, the sample was populated by relatively young small-scale farmers.

The average farmer in the sample does not have any professional education but rather relies on their work experience on the farm, and that is why these farmers mostly rely on advisory services ([1]). Compared with the usual very low level of coverage of smallholder farms by advisory services in the region, the surveyed farmers had a relatively high use of advisory services: 55 % of farmers over all the countries/territories had contact with advisors. The number was particularly high in Montenegro, with 85 % of the surveyed sample having accessed advisory services, whereas the shares in the other countries/territories were 66 % in Kosovo*, 59 % in Albania, 56 % in Bosnia and Herzegovina, 53 % in North Macedonia and 50 % in Serbia. Only in Turkey was the use of the advisory system by surveyed farmers lower, at only 26 %. Lack of territorial presence of advisors was the main reason why several farmers did not use that service. This applied in 22 % of all cases, but the problem was most prevalent in Bosnia and Herzegovina, Kosovo* and Montenegro. In contrast, a lack of trust in advisors was the main reason provided by Albanian (25 %), Serbian (9 %) and Turkish (6 %) farmers for not using advisory services.

The overall impression from the interviews was that advisory support is rather poor, especially in terms of marketing. In line with this, farmers indicated that they do lack information on markets and prices and/or marketing-related skills. The ratings for this support were moderately high. However, in Albania, Kosovo and North Macedonia, lack of information on markets and prices was seen as prevalent, whereas support for marketing-related skills was considered to be lacking in Montenegro and North Macedonia. However, the overall impression from the field was that farmers are in great need of marketing-related skills and information, sometimes even more than their own assessment would indicate.

Furthermore, the survey results suggest that collaboration between farmers is relatively common and usually it is informal for about 75 % of farmers. Formal collaboration was reported by 18 % of the surveyed farmers. The highest shares of formal collaboration were found in Kosovo* and in Bosnia and Herzegovina (for more

([1]) Advisory services could include provision of knowledge and assistance in the adoption of technology and innovative practices to improve agricultural productivity, accessing markets, promoting sustainable production and accessing public support.

than 30 % of farmers). Formal collaboration is mostly used for joint input purchases and marketing, whereas informal collaboration is most often used for sharing machinery or exchanging free-of-charge assistance when needed.

The main reasons provided by surveyed farmers for being engaged in farming were to avoid leaving the land unused and to maintain the farm for the next generation. These two reasons were considered very important by more than half of the respondents (Table 3). Also considered important by farmers are the inclusion of family members in farming activity, use of new technology to increase production, and improvement of marketing, possibly through direct sales. These aspects reflect the tradition and values linked to the land. Farmers feel the burden of keeping the land and farm assets profitable for the next generation; they also show relatively high levels of entrepreneurial attitudes and openness to innovation. On the other hand, there is a considerable share of farmers who are not very engaged beyond primary production, stating that they want to sell in bulk and deal with marketing as little as possible. There are also signs that not all farmers see a future in their farming business activities. Indeed, 10 % of farmers reported a willingness to exit farming, and 15 % indicate that they are engaged in farming until they find better jobs.

However, results are heterogeneous across countries/territories. Albanian farmers place greater value on the possibility of maintaining land and farm assets so that they are in a good condition for the next generation and on not leaving the land unused, whereas farmers in Montenegro favour the adoption of new technologies and entering the market with processed goods with added value.

Conversely, in North Macedonia and Turkey, farmers were oriented to either diversifying their activities or exiting the farming sector. In Kosovo* and Serbia, none of the aforementioned aims appeared to be strongly preferred by farmers.

Table 3. Farming objectives of respondents in all study countries/territories (number of respondents, % of respondents)

Household's aims in farming (1 = not important at all → 7 = very important)							
	1	**2**	**3**	**4**	**5**	**6**	**7**
To engage household members with work on the farm							
Number of respondents	5	7	16	28	72	76	193
% of respondents	1.3	1.8	4.0	7.0	18.1	19.1	48.6
Not to leave land unused							
Number of respondents	3	9	9	21	26	75	254
% of respondents	0.8	2.2	2.2	5.3	6.5	18.9	64.0
To increase production using new technology							
Number of respondents	13	48	19	20	38	62	197
% of respondents	3.3	12.1	4.8	5.0	9.6	15.6	49.6
To specialise in profitable crops							
Number of respondents	14	49	14	22	41	75	182
% of respondents	3.5	12.3	3.5	5.5	10.3	18.9	45.8
To maintain farm for next generation							
Number of respondents	5	9	8	12	19	75	269
% of respondents	1.3	2.3	2.0	3.0	4.8	18.89	67.8
To exit farming							
Number of respondents	227	60	43	26	13	16	12
% of respondents	57.2	15.1	10.8	6.5	3.3	4.0	3.0
To enter market with processed goods with added value							
Number of respondents	30	46	28	33	29	56	175
% of respondents	7.6	11.6	7.0	8.3	7.3	14.1	44.1
To sell farm products in bulk							
Number of respondents	55	76	41	47	26	49	103
% of respondents	13.8	19.1	10.3	11.8	6.5	12.3	25.9
To sell farm products directly to local customers/markets							
Number of respondents	14	27	18	27	39	104	168
% of respondents	3.5	6.8	4.5	6.8	9.8	26.2	42.3
To improve marketing strategies							
Number of respondents	12	21	28	42	55	60	179
% of respondents	3.0	5.3	7.0	10.6	13.8	15.1	45.1
To use farming as an income source only until better jobs become available							
Number of respondents	207	78	31	23	23	19	16
% of respondents	52.1	19.6	7.8	5.8	5.8	4.8	4.0

3.2. Production portfolio

In the description of the production portfolio, we distinguish primary production of crops and livestock from production of processed products. Across the surveyed farmers, 304 (77 %) indicated that they were producing crops, 180 (45 %) indicated that they worked in livestock farming and 244 (61 %) indicated that they were involved in processing activities as part of their production.

Crop production was mainly dedicated to growing fruit and vegetables. On average, more than 50 % of the surveyed farmers' crop production portfolio included fruits, with apples and raspberries being the most prevalent, followed by plums. Vegetables were grown by 37 % of crop-producing farmers. The most common were tomatoes and potatoes, and to a lesser extent peppers and other vegetables. In contrast, cereals and other field crops are less frequently grown. Some niche products, such as medicinal herbs and nuts, were also mentioned by few participants (50) as being a significant part of their production portfolio.

Livestock production in the region is mainly dominated by dairy farming. Nevertheless, goats, sheep, cattle and pigs represent the main sources of meat production, while poultry and egg farming are less common among the surveyed farmers. Beekeeping seems to be also very important, whereas fish production (e.g. trout) is limited to few farmers.

Regarding processing activities, Table 4 provides an overview of the main categories of processed products. Overall, more than 60 % of surveyed farmers were involved in processing the products they produced. The most commonly processed products include dairy products (36 % of surveyed farmers), fruit preserves (30 %) and

alcoholic drinks (22 %). The relatively high share of farmers engaged in this activity indicates that SFSC business is complemented by adding value through processing activities.

Table 4. Products subject to processing activity (number and percentage of respondents engaged in processing each product)

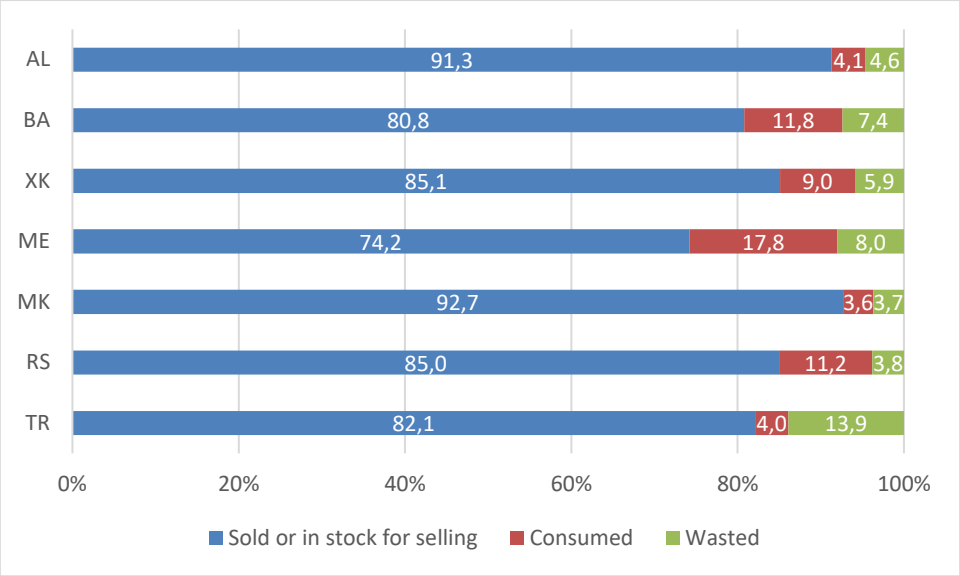
Processing category	Number of farmers	Percentage of farmers
Meat products	45	18.52
Dairy products	89	36.36
Fruit preserves	72	29.51
Vegetable preserves	35	14.40
Flour and other mill products	6	2.47
Alcoholic drinks	53	21.90
Non-alcoholic drinks (beverages)	33	13.64
Dry plant or mushroom products	23	9.50
Meals served	38	15.64
Bee products	43	17.70

On average, farms processed a maximum of two products, mostly dairy products followed by fruit preserves. Alcoholic drinks, meat and bee products also played an important role in farmers' processing activities. The types of product processed, however, differed between countries/territories. In Albania and North Macedonia, dairy products were clearly dominant, followed by bee products. In Bosnia and Herzegovina and Serbia, the dominant processed products were fruit preserves and drinks (alcoholic drinks in Bosnia and Herzegovina, and alcoholic and non-alcoholic drinks in Serbia). Kosovar processors focused mainly on dairy and meat products, whereas in Montenegro and Turkey dairy and fruit preserves were the most important processed goods. Montenegro also had the highest share of meals served in the region (almost 30 %).

3.3. Sales channels used by small farms for selling their products

The surveyed farmers had a relatively strong market orientation (Figure 1): on average, 85 % of the production was sold, whereas 9 % was consumed in the farmers' homes and the remaining 7 % was lost/wasted. Montenegro stands out as the country with the lowest percentage of production sold at the market (74 %), with 18 % for own consumption. In contrast, farmers in Albania, North Macedonia and Serbia sold more than 85 % of their production in the market. Overall, only 18 of the 397 farms sold less than 50 % of their production, whereas 258 farms sold more than 80 %.

Figure 1. Production distribution by country/territory



3.3.1. Type of sales channels

SFSCs, which are described as involving a limited number of economic operators, a commitment to cooperation, local economic development, and close geographical and social relations between producers, processors and consumers (Regulation (EU) 1305/2013), may take various forms. In the survey, we distinguished between sales to the final consumer, sales to small businesses and sales through a farmers' organisation. These three main forms of sales channels cover various subcategories. Sales to the final consumer, for instance, can be on-farm direct sales, but may also include box schemes, solidarity purchasing groups, street market sales, etc. We have investigated these sales channels for the main (up to three per country/territory) plant and animal products, as well as for processed goods.

Nevertheless, although the sample was designed to survey farmers operating in SFSCs, we observe a relatively high number of these farmers in the long supply chain. Figure 2 shows the predominant sales channels adopted by farmers in the various countries/territories. Surveyed farmers in Bosnia and Herzegovina, Montenegro, Serbia and Turkey used mainly SFSCs to market their products, whereas farmers in Albania and North Macedonia sold their products mainly through the long supply chain. On average across all countries/territories, 60 % of sales were within short supply chains. When asked whether it was difficult to find local consumers for the farm produce, farmers in all countries/territories did not consider this to be the case (Table 5). There was an indication of some concern only in Macedonia, where a rating of 4.5 indicated that some farmers agreed with the statement.

Figure 2. Long versus short food supply chains (% of respondents)

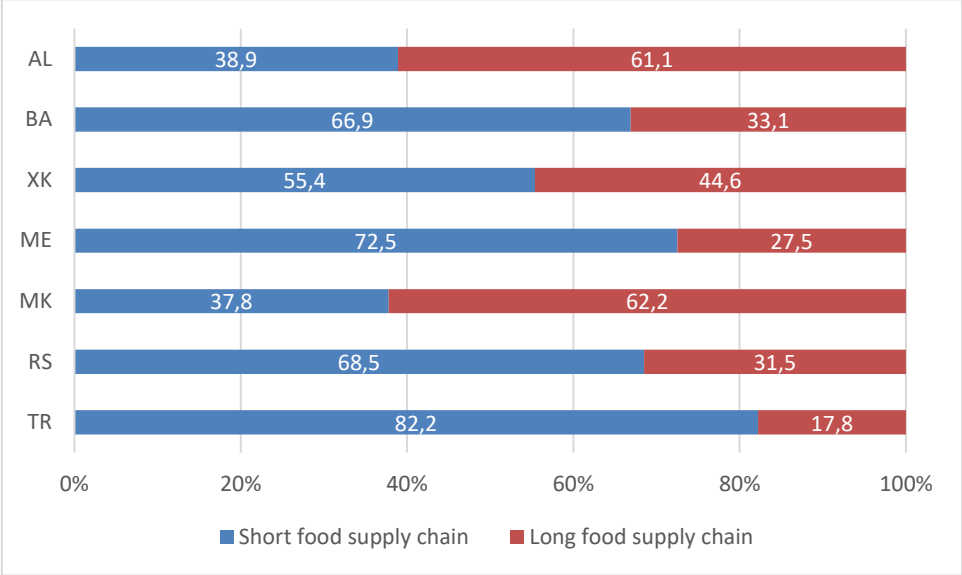


Table 5. Difficulty reaching local consumers (average score)

	Albania	**Bosnia and Herzegovina**	**Kosovo***	**Montenegro**	**North Macedonia**	**Serbia**	**Turkey**
'It is difficult to find local consumers for our products'	1.3	2.3	2.5	1.2	4.5	3.0	3.1

NB: The table shows averages relating to answers given on a scale from 1 to 7; 1 = 'do not agree at all' and 7 = 'fully agree'.

A more detailed distribution of surveyed farmers' sales channels and subchannels for primary crop and livestock products is depicted in Table 6. Overall, 28 % of primary crop products were sold through long supply chains, mostly traditional wholesalers and exporters. The remaining crops went to SFSCs. Here, the biggest share of produce was used for own processing (32 %), followed by direct sales to the consumer (25 %) and sales to small businesses (8 %). Only 3.6 % of the raw plant produce was sold through farmers' organisations.

For primary livestock products, the share of produce that went for further processing on the farm was lower, at 17 %. The use of long supply chains was also lower, at 11 %, with sales being made mostly through processors and the agrifood industry. Within the SFSC subcategories, sales of primary livestock products to small businesses from the region were almost double those of plant products, but the clearly dominating channel for livestock products was direct sales to the final consumers. Over half of livestock products produced were sold through this SFSC, mostly directly at the farm gate (on-farm direct sales). As it is hard to imagine that such shares of livestock are sold as live animals to final consumers, we assume that farmers wrongly included under this category also meat products, for which they actually provided a slaughtering service as well. It is highly probable – considering that processing equipment, as we will see later, is absent from the majority of farms – that such slaughtering on the farm sometimes happens under conditions that are not in line with food safety standards.

For sales to the final consumer, direct on-farm sales are the best-established channel. This method of delivery correlates with the tradition of urban people over the previous century, when many got fresh products from their farming families. This tradition is continued with the on-farm purchases. Other channels such as box schemes and agritourism are still underdeveloped. However, in the light of the recent pandemic situation, box schemes and agritourism have received some renewed attention.

Table 6. Sales channels for primary products (number of respondents, % of respondents)

Main channels/subchannels	Crop products		Livestock products	
	Frequency	%	Frequency	%
Own processing	**215**	**32.09**	**56**	**16.92**
Long supply chains	**186**	**27.76**	**36**	**10.88**
Processors / agrifood industry		18.68		80.56
Supermarkets / retail chains		6.04		5.56
Traders/wholesalers and exporters		75.27		13.89
Small businesses	**51**	**7.61**	**49**	**14.8**
Local processors or food businesses		35.42		57.69
Local small shops		58.33		25
Urban food businesses		6.25		17.31
Farmers' organisations	**24**	**3.58**	**6**	**1.81**
Cooperatives		40.91		66.67
Other farmers' groups/associations, etc.		18.18		0
Producer organisations		40.91		33.33
Final consumers	**169**	**25.22**	**170**	**51.36**
Box schemes / internet selling		2.42		0.62
Direct delivery to final consumers		6.67		18.01
Local farmers' markets		29.7		8.07
On-farm direct sales to final consumers		48.48		70.19
Own agritourism (gastronomy)		3.03		1.86
Street markets		4.24		0.62
Urban farmers' markets		5.45		0.62

The surveyed farmers' sales channels for processed products are depicted in Table 7. The majority of processed products are sold directly to the final consumer, including about 80 % of dairy products, dried products, vegetable and fruit preserves, bee products, and alcoholic and non-alcoholic drinks. Meat products – of which 67 % are sold directly to final consumers – are also delivered in significant quantities to small local businesses (33 %).

Long supply chains seem not to be particularly important for sales of processed products, except for cereal products, of which one third are sold through long supply chains. Farmers' organisations, which play only a small role in the sale of primary products, also seem not to play an important role in the sale of processed products. Meals served are usually marketed directly to consumers, although there are examples in the region of 'rural to urban' catering, marketed through delivery services or even catering companies. Data obtained from qualitative interviews underline that direct marketing is chosen as a response to the traditionally built trust in products from small farms. For instance, people tend not to trust confectionary honey sold in supermarkets as a result of frequent cases of fraud. For this reason, efforts are made in some countries/territories, such as Serbia, to organise marketing for small beekeepers through cooperative channels. However, issues of fair competition remain, and small producers of high-quality honey are reluctant to sell through these channels until low-quality honey is removed from the market (Table 7).

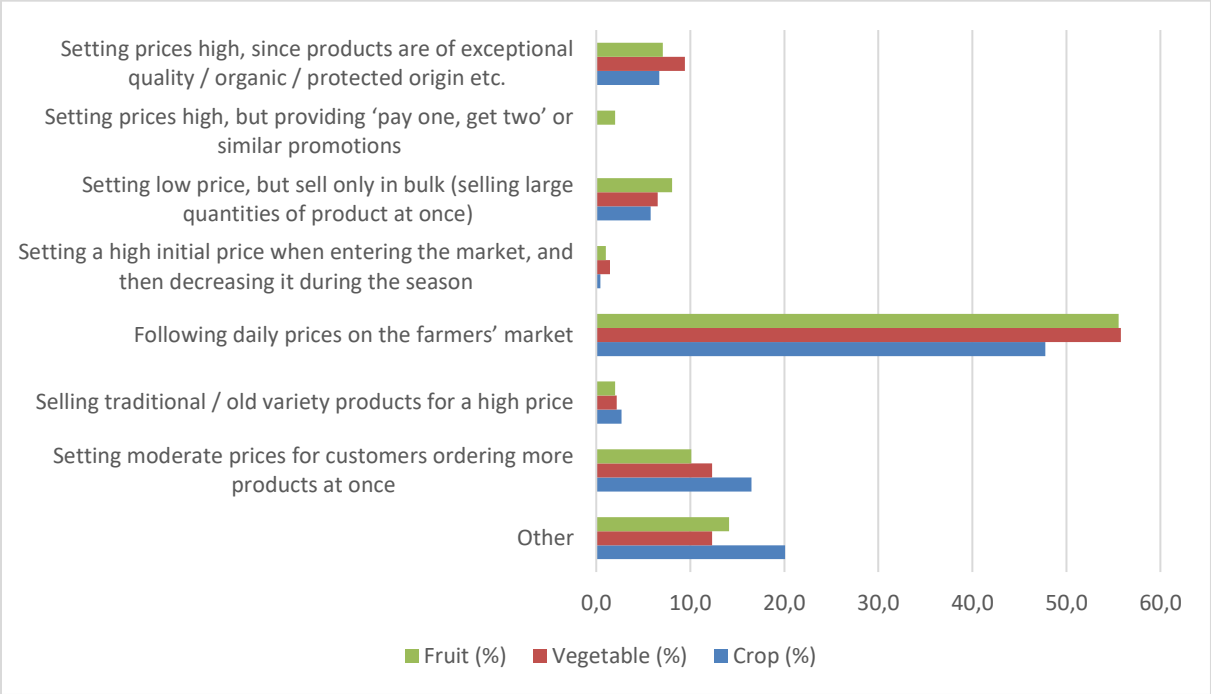
Table 7. Sales channels for processed products (number of respondents, % of respondents)

Number/% of respondents	Direct to final consumer	Long supply chain	Small businesses	Farmers' organisations	Other	Total
Meat						
Number of respondents	30	—	15	—	—	45
% of respondents	67.7	—	33.3	—	—	100
Dairy						
Number of respondents	72	2	12	3	—	89
% of respondents	80.1	2.25	13.5	3.4	—	100
Vegetables						
Number of respondents	28	3	2	2	—	35
% of respondents	80.0	8.6	5.7	5.7	—	100
Fruits						
Number of respondents	58	5	5	3	1	72
% of respondents	80.6	7	7	4.2	1.4	100
Flour						
Number of respondents	3	2	1	—	—	6
% of respondents	50.0	33.3	16.8	—	—	100
Alcoholic drinks						
Number of respondents	42	3	7	1	—	53
% of respondents	79.2	5.7	13.2	1.9	—	100
Non-alcoholic drinks						
Number of respondents	30	—	1	2	—	33
% of respondents	90.1	—	3.03	6.1	—	100
Dry plant products						
Number of respondents	19	4	—	—	—	23
% of respondents	82.6	17.4	—	—	—	100
Bee products						
Number of respondents	36	3	4	—	—	43
% of respondents	83.7	7	9.3	—	—	100
Prepared meals						
Number of respondents	37	—	1	—	—	38
% of respondents	97.4	—	2.6	—	—	100
Other						
Number of respondents	2	—	—	—	—	2
% of respondents	100	—	—	—	—	100
All products						
Number of respondents	357	22	48	11	1	439
% of respondents	81.3	5.0	10.9	2.5	0.2	100

3.3.2. Price setting and contractual arrangements

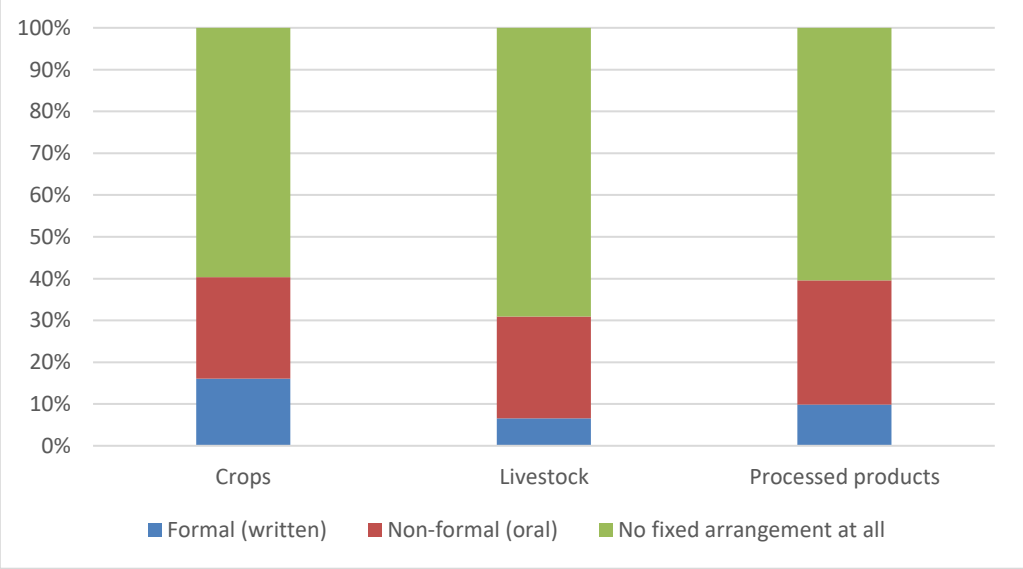
Figure 3 presents the various price setting strategies adopted by farmers across the various products, namely crops, vegetables and fruits. More than half of the sampled farmers declared that they check the prices on the farmers' market on a daily basis before setting their own prices. Farmers hence follow the trends of the farmers' markets, where prices are higher and uniform at the beginning of the day, allowing limited variations for regular customers, and lower at the end of the day. Fewer than 20 % of the farmers offer discounts on large-volume orders, whereas 10 % of them prefer to sell at lower prices but in bulk. Promotional prices, such as 'buy one, get two', are quite unusual and usually reserved for fruits, whereas premium prices for traditional products and those derived from old varieties are applied when possible. About 20 % of farmers indicated that they used other kinds of price setting. Other kinds of arrangements were more frequent in the past but are still used by some farmers who exchange crops for fertilisers and pesticides from large companies that also monitor production and provide farming advice.

Figure 3. Price setting for plant products (% of answers in the category)



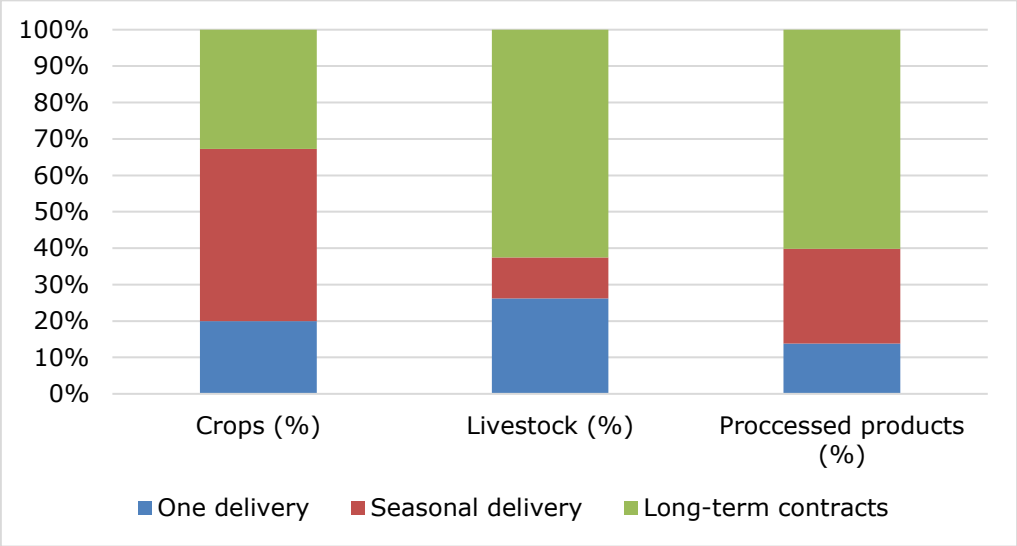
Yet, as shown in Figure 4, formal (written) contractual arrangements are not very common among the small farmers. Oral contracts or contracts with no fixed arrangements seem to be preferred by farmers. More than 60 % of the sampled farmers sell their products without any agreement. For crops, for which the share of contractual arrangements was highest, only 16 % of farmers used formal contractual arrangements. Livestock products were sold with no fixed contractual arrangements in 69 % of all sales, whereas only 6.5 % of sales were covered by a written contract. Processed products followed a similar pattern to crops, but with a slightly lower share of written contracts (10 %). Anecdotal evidence from the fieldwork suggests that there is limited use of contractual arrangements because of the lack of trust in contracts.

Figure 4. Sales with and without contractual arrangements (% of respondents)



The typical length of a contract was different between crops, livestock and processed products (Figure 5). Crops are generally traded after harvesting; thus, the contractual duration reflects the seasonality of the production. On the other hand, livestock and processed goods are sold on the basis of longer-term contracts (1 or 2 years).

Figure 5. Contract duration (% of respondents)



3.3.3. Food safety and quality standards applied in short supply chains

The issue of food safety and quality standards could potentially be a constraint to entering SFSCs. Table 8 presents results on the quality setting applied by surveyed farmers. Overall, the majority of farmers apply a minimum approach to food safety and quality standards: around half of the crop and livestock products that were analysed in the survey were produced following minimum food safety standards, and another 30–40 % were produced based on the idea that the traditional low-input farming is a sufficient quality set-up. This was also the case for farmers who processed their products.

Nevertheless, there are significant differences in the application of food safety and quality standards across countries/territories (Table 8). It is noteworthy that the introduction of certifications is more prevalent in some countries/territories, such as Albania, Bosnia and Herzegovina, and Kosovo*. In Albania and Turkey, traditional low-input farming is more recognised as a quality strategy, whereas in Montenegro the minimum standards approach is most widespread.

For livestock farming, the picture looks similar, but traditional low-input farming becomes even more important, especially in Albania and Kosovo*, but also in Serbia. A noteworthy exception is North Macedonia, where certifications of various kinds were applied to a larger extent than in other countries/territories.

Food safety and quality standards for processed products show similar patterns, where, depending on the country/territory, farmers tended to follow traditional approaches or the minimum standards approach. For Albania, Kosovo* and Turkey, traditional approaches represented a sufficient quality set-up, whereas Bosnia and Herzegovina, Montenegro, North Macedonia and Serbia followed minimum food safety standards, indicating that these countries had stricter rules imposed.

Overall, smallholder farms in the survey were not particularly concerned about food safety standards. It seems that, under the current regulatory framework and market situation, farmers' application of a minimum standards approach is sufficient in most cases.

Table 8. Food safety and quality standards applied by surveyed farmers, by country/territory and type of production (% of respondents)

Country/ territory	Traditional low-input farming			Minimum food safety standards			Use of certifications			Other		
	C	L	P	C	L	P	C	L	P	C	L	P
AL	42.0	91.7	82.5	33.9	8.3	8.8	24.1	—	8.8	—	—	—
BA	11.0	13.0	2.0	71.4	76.1	88.0	17.6	10.9	7.0	—	—	2.0
XK	23.5	84.4	65.7	58.8	15.6	20.0	17.6	—	11.4	—	—	—
ME	—	—	—	91.4	82.9	80.0	8.6	17.1	20.0	—	—	—
MK	30.0	5.9	—	70.0	58.8	66.7	—	35.3	33.3	—	—	—
RS	28.3	40.8	14.7	59.1	56.1	73.4	9.4	3.1	7.9	3.1	—	2.3
TR	85.7	100	84.6	—	—	—	—	—	—	14.3	—	15.4

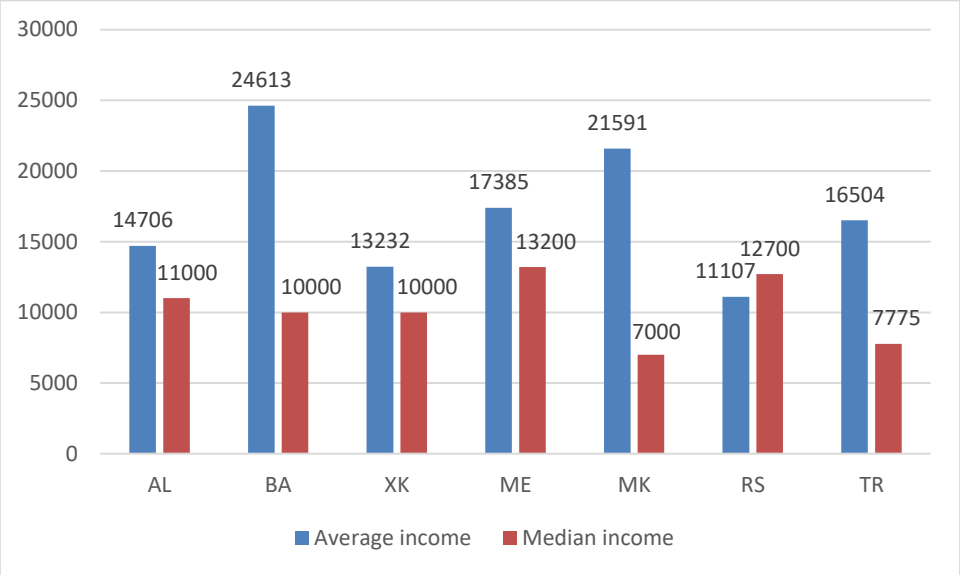
NB: C = crops, L = livestock, P = processed products.

3.4. The role of short food supply chains in promoting the economic viability of small farms

Farmers who decide to market their products through SFSCs and/or engage in processing their primary production and add value aim to increase their incomes and often employ family labour. Although SFSCs may enable higher prices, smallholders' efficiency may fall behind the overall productivity of the agricultural sector owing to reduced possibilities of benefiting from economies of scale and specialisation. To stay competitive with commercial and large-scale businesses and retailers, they therefore need to improve productivity and cut logistic expenses (e.g. transport, middlemen), which could be sustainable if a local demand for SFSC products exists. On the one hand, such local or regional demand is generally on the rise. On the other hand, it is expected that, in the event of significant growth of the SFSC sector, a stricter regulatory framework in terms of taxation (so far not present, since only dairy processing was completely regulated in all countries/territories, whereas other kinds of processing were in the grey zone) and food safety and quality standards, among others, may be introduced. This may require professionalisation and formalisation of the practices of farmers involved in SFSCs (e.g. business registration, record-keeping, adoption of higher food safety and quality standards), which may have implications for their economic viability.

The survey results show a relatively wide range of yearly household incomes among the surveyed farms, typically ranging from around EUR 8 000 to around EUR 13 000 in 2019 (Figure 6). The highest median income was in Montenegro, at EUR 13 200, and the lowest was in North Macedonia, at EUR 7 000. The average household income was skewed, as several surveyed farmers earned relatively high incomes. Note that the incomes reported in Figure 6 are not directly comparable across surveyed farmers because of the heterogeneity of household sizes.

Figure 6. Total household net incomes of surveyed farmers in 2019 (EUR per household)



As shown in Figure 7, the surveyed farmers drew income from various sources, including off-farm employment and other business activities. However, the income from primary farm production and processed farm products dominated the income portfolios of the surveyed farmers. The primary processed farm production accounted for more than 50 % of farmers' household incomes across the countries/territories. The second most important income source was salaries from off-farm employment, varying between 4 % and 24 % of farmers' household incomes across the countries/territories. Other income sources generally accounted for less than 10 % of the farmers' total income across the countries/territories.

In Albania, close to 80 % of the surveyed farmers' income came from the farm, mostly from primary production. Only small shares of income were derived from non-farm sources. The picture is similar in Kosovo* (Figure 7).

In Bosnia and Herzegovina, salaries from employment made a considerable contribution to the farm household income portfolio. They were the third biggest income source (17 %), after farm income and incomes from primary processed farm production (69 %). Income from tourism, gastronomy and/or forestry also had a sizeable share, at 8 %. Although farmers in Bosnia and Herzegovina often possess more forested land than farmers in other countries/territories of the region, income from forestry was still relatively low, since it is often only used for subsistence needs (firewood) (Figure 7).

The income portfolio of the surveyed Montenegrin farmers looks rather different from those in the other countries/territories, in particular because the processing of farm products contributed a significant portion of the total household income (50 %). This could be interpreted as quite a developed diversification strategy to make the best use of limited natural resources, which is supported by the highest median income of the region being in Montenegro. Although there is considerable potential for tourism in Montenegro, farming incomes from tourism were relatively low (4 %). Salaries contributed 13 % of household incomes, which could suggest that there are employment opportunities in urban areas or from tourism outside the farm (Figure 7).

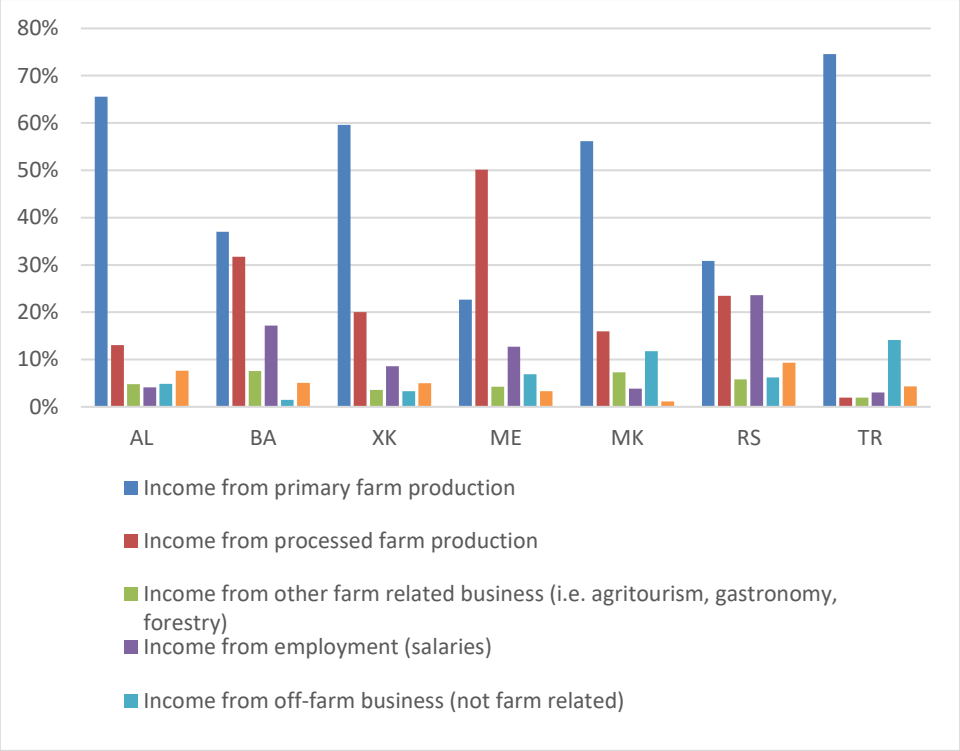
In North Macedonia, the main income sources were from primary farm production (56 %) and processed farm production (16 %). Compared with other countries, income from off-farm businesses was significant, with a 12 % contribution to the farming income portfolio. In addition, income from tourism and gastronomy (and from forestry) was higher than the average, at 7 %, whereas off-farm salaried work contributed 4 % (Figure 7).

An interesting composition of incomes was recorded in Serbia. Primary farm production provided the largest proportion of income, at 31 %, whereas processing contributed 23 %. Salaries from off-farm employment also contributed significantly to the farming income portfolio, at 24 %, which is the largest share across the considered countries/territories. A relatively high proportion of income was from pensions and social payments (9 %), which reflects the ageing of the Serbian rural population. Such diversified income portfolios may be a result of the need of small farmers to lower their income risk. It is also the outcome of the half-century-long trend of recruiting workers from urban areas to the rural environment. A new social group has been built by these workers, who have not abandoned farming or their rural homes, but also have off-farm employment.

Such livelihood strategies appeared justified after the collapse of industries, when farming was a fall-back option. Those who returned to farming are keen to have a 'reserve job' in urban areas (Figure 7).

Finally, in Turkey, primary farm production clearly dominated the income portfolio (75 %). Income from processing was almost irrelevant, and the second highest contribution was from off-farm businesses, at 14 %, which is the largest share across the countries/territories considered (Figure 7).

Figure 7. Sources of net household income by country/territory (% of total income of surveyed farmers)



The impact of participation in SFSCs through processing of farm production is shown in Table 9. The table also includes the contribution of other farm-related activities, such as tourism, collection of wild fruits and services provided to other farmers. Farmers clearly positively value the impact of the contribution of processing or farm-related activities to their income. More than 60 % of surveyed farmers stated, that prior to engagement in these activities, their income was much lower or lower than today. However, there are also around 30 % of farmers for whom this was not the case (i.e. their income was higher without these activities).

Table 9. Self-assessment of income changes due to the introduction of processing and farm-related activities

Actual income change compared with before the introduction of processing / farm-related activities	**Number of respondents**	**% of respondents**
Much lower than today	78	27.1
Lower than today	101	35.1
The same as today	24	8.3
Higher than today	37	12.8
Much higher than today	48	16.7
Total number of households	288	100

The surveyed farmers were also asked to evaluate the future prospects of their farms and related business activities within the following 2 years. Almost two thirds of all interviewed farmers assessed their prospects of successfully adapting within 2 years as good (50 %) or even excellent (14 %). Around one quarter of farmers foresaw difficulties, and only 4 % felt that they might not be competitive at all within 2 years. The remainder (7 %) indicated that they did not know.

Table 10. Assessment of prospects of the farm business within 2 years (% of respondents)

	'Excellent prospects of successfully adapting'	**'Have good prospects of successfully adapting'**	**'Will have difficulties in adapting'**	**'Will be not competitive at all'**	**'Don't know'**
Albania	8.82	36.76	42.65	0.00	11.76
Bosnia and Herzegovina	20.59	57.35	20.59	1.47	0.00
Kosovo*	5.26	60.53	21.05	0.00	13.16
Montenegro	65.38	26.92	3.85	0.00	3.85
North Macedonia	10.53	44.74	28.95	7.89	7.89
Serbia	8.82	61.03	23.53	4.41	2.21
Turkey	4.35	13.04	21.74	26.09	34.78

We observe heterogeneous results across countries/territories in the farmers' assessment of future prospects (Table 10). Farms in Montenegro were most confident in terms of their future viability. The majority expressed positive expectations of future business prospects. In contrast, farmers in Albania were the most pessimistic, with 43 % of them indicating that they expected difficulties with adapting within 2 years. Similarly, but to a lesser extent, a sizeable share of farmers in North Macedonia and Turkey either expected difficulties or feared that they would not remain competitive within 2 years.

Another possible positive impact of using SFSCs and processing activities could be expected in terms of farm employment. Traditionally, small farmers in the Western Balkans farm their land primarily using household labour. However, in our survey, this was the case only for slightly more than half of the farms. The family labour approach was more prevalent (with at least 70 % of farms entirely run using family labour) in Kosovo*, Montenegro and Turkey. Typically, one farm employed 2–4 household members (3.5 on average). The number of individuals providing family labour was slightly higher than the overall survey average in Kosovo* (4 on average) and slightly lower in Serbia (3) and Turkey (2).

Some farms reported using casual unpaid workers (e.g. relatives or neighbours). Such unpaid casual labour was, for example, used on 43 Serbian farms and on 16 Albanian farms. Paid workers were more often used in our sample: 161 of 397 farms (41 %) reported employing at least one worker (58 in Serbia, 38 in Albania, 26 in Bosnia and Herzegovina, 18 in North Macedonia, 10 in Kosovo*, 6 in Turkey and 5 in Montenegro).

For the work related to processing and/or marketing of agricultural products, small farmers were employing mainly family labour. However, in some areas, the share of farms with hired labour was higher (e.g. 40 % for tourism and 13 % for farms engaged in the commercial collection of wild berries).

4. Best practices for and barriers to small farmers' participation in short food supply and value chains

The results of the survey show that various types of SFSC are represented in the study region. The survey revealed that farmers tend to prefer the simplest solutions, such as on-farm direct sales. Adding value through processing is an important element of making best use of SFSCs. Although local demand seemed not to be a significant barrier in the current context, making use of urban markets should certainly become part of promising best practices. A number of challenges, such as the implementation of higher quality standards, prevent the farmers from taking full advantage of this urban marketing channel. Focusing on healthy, high-quality products using organic production methods (certified or trust based) is expected to be the key to reaching a higher-priced urban segment of conscious consumers. In line with this, in the next section we identify a number of SFSCs that could be considered best practices. We then discuss the products best suited to SFSCs, the main barriers faced by farmers and relevant policy support to improve small farmers' access to markets.

4.1. Best practices for short food supply chains for small farmers' products

One common channel through which to access SFSCs is traditional **farmers' markets**. These markets remain an attractive and easily accessible sales channel through which urban customers can find fresh fruits and vegetables. The outcomes of the survey, however, show a low number of farmers selling their products in urban markets compared with the most preferred local markets. The need to boost the participation of these farmers in urban markets and tap the demand of urban customers represents a key factor in enhancing the participation of farmers in SFSCs.

An SFSC for fresh products sold through urban farmers' markets is rather simple. It consists of a farmer or his/her representative selling fresh products directly to the customers in a marketplace designated for this purpose. The main constraint in using this SFSC channel is the availability of adequate means of transport, as ideally vehicles with cooling systems are needed to preserve the quality of transported fresh products. Otherwise, access to farmers' markets is relatively easy, as they are widespread and can be found in every large town in the study region. Some are very famous, such as the Bit Pazar in Skopje, North Macedonia.

Direct marketing through box schemes, organised through online shopping, may be seen as an attractive alternative to on-farm sales. Box schemes are suited to the sale of fresh fruits and vegetables, as well as preserves. Dairy and meat products are also suitable for this type of sale unless cooling becomes an issue. Products with organic production methods are often offered through box schemes.

The box scheme concept is promising for products of extraordinary quality, which are not easily found in other outlets, such as fresh fruits and vegetables with a certificate of organic production. It may also be an option for areas where a farmers' market is not available. The box schemes may be particularly appealing, as they could be seen as a replacement for the tradition of people living in urban areas being sent food from parents or grandparents who live in rural villages. The scheme is currently only modestly developed in the region (mainly covering some special traditional and organic products), but has some growth potential for a certain consumer segment with a high consciousness of the environment and healthy lifestyles. The COVID-19 pandemic may further contribute to growing awareness of the quality of food and a preference for home delivery, which is sometimes offered with box schemes. Limitations are that fresh products are highly seasonal, are subject to price variations and cannot be easily stored for long durations. Therefore, the inclusion of preserves offers the possibility of mitigating some of these risks.

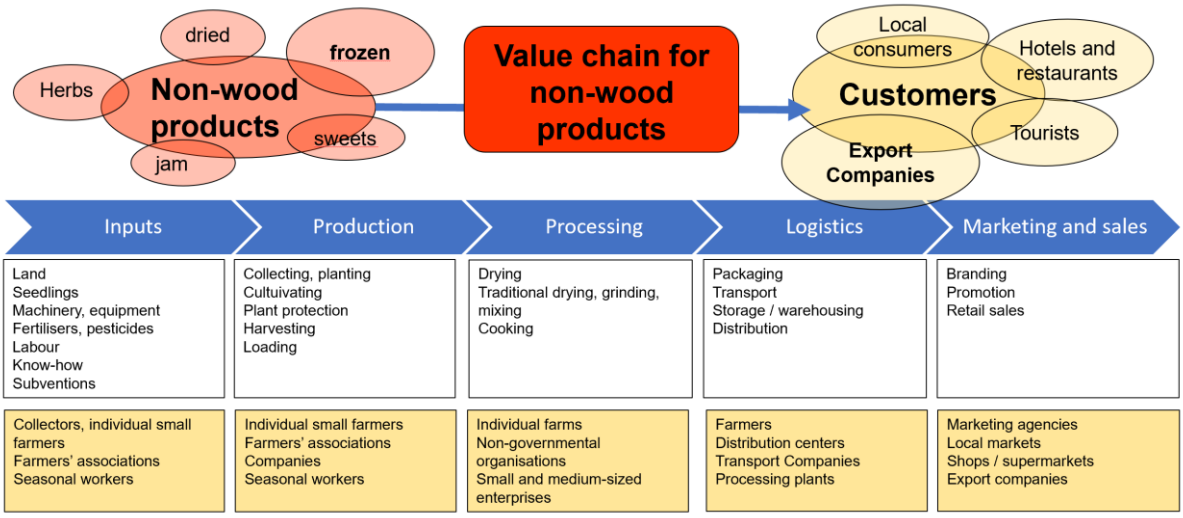
An early example of a box scheme was developed by the members of the non-governmental organisation Terras from Subotica, Serbia, which delivers baskets of organic products to customers. This example was followed by other organic farmers in Serbia. Promotion is mainly done through the internet, and orders are organised through mobile phone messenger services. This is exemplified by the company Mlekara Petrov from Veliko Središte, Serbia, which delivers its high-quality products in this way. In addition, Facebook is used, such as in the case of the organisation Mali proizvodjači hrane u Srbiji (Small Producers of Food in Serbia). Another good example of the use of box schemes is a milk delivery scheme in Livno, Bosnia and Herzegovina. Milk is delivered to customers' doors in glass bottles. The initiative was a response to consumer demand for raw milk. The local authorities provided support to farmers to meet food safety standards and to purchase bottles. In this case, the schemes could be seen as a reactivation of the traditional practice of direct delivery of milk and dairy products, which was commonly used before big industries and distributors entered the market. This initiative has helped small farmers to compete on the market and escape the pressure they faced in long sales channels.

Despite the benefits that these schemes might bring to farmers in terms of better prices, there are a number of constraints and challenges that need to be managed in order to fully operate and benefit from them. The main challenges are the availability of the adequate means of transport, marketing skills, openness to engaging with customers and internet access. Transport remains a critical issue, since the majority of farmers do not possess adequate vehicles, but rather use ordinary family cars or expensive post and courier services. In particular, the use of delivery services is not appropriate for all products; for instance, jars are often broken, or delivery takes a long time so that fresh products are spoiled when they reach the consumers. Interviews with farmers using this type of delivery method suggest that directing investments towards adequate vehicles, but also towards creating hubs for the further distribution of products, is required given that the deliveries are usually not to consumers' homes, but are often to car parks or similar places in the city. As the above example of a milk delivery scheme shows, collaborative actions are a promising means of solving some of the constraints and challenges faced when using these sales channels.

Small-scale **on-farm processing** of various products, such as wild fruits, mushrooms and bee products, offers another interesting way of benefiting from SFSCs and diversifying incomes while tapping the opportunities offered from tourism. Depending on the location, 'pick-your-own' schemes and direct marketing of fresh and processed goods may also, in combination with processing, be attractive sales channels.

One prominent example is of non-wood forest products, traditional products of this region, which for a long time have been sold primarily through long supply chains, resulting in only a relatively small share of the total product value staying with the collectors. However, the demand for non-wood forest products on the international market is high and may be seen as risking the overuse of natural resources. Therefore, less intensive use combined with adding value and using SFSCs could result in a win–win situation. Figure 8 presents the elements of a short food supply and value chain of non-wood forest products. Examples exist in all countries/territories of the region, especially in Albania, Bosnia and Herzegovina, and Montenegro, where it is common to find stands on the main roads along the Adriatic coast selling non-wood forest products alongside other products (e.g. honey, olives, olive oil).

Figure 8. Short food supply chain map of non-wood forest products (example from the SWG study showing the situation in the Prokletije / Bjeshket e Namuna region)

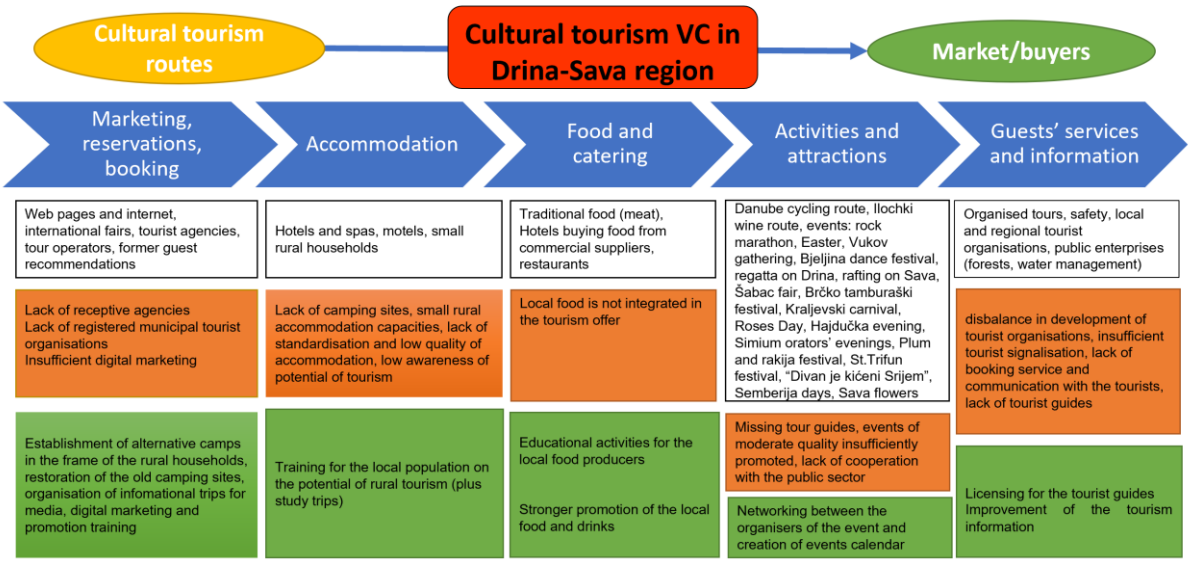


Rural tourism, gastronomy and catering constitute another area through which to reach urban consumers through SFSCs. The success of this SFSC depends on sustaining a relatively high degree of gastronomic skills, a high quality of products offered and good marketing skills. Therefore, this area is not easily accessible to smallholder farmers. Yet rural tourism has a long tradition in the region; its role in generating additional income for farmers dates back to the period between the two world wars. The study results highlight that traditional artisan products and gastronomy are key pathways to best practices. A variety of fresh agricultural products are processed to create artisan products on farms in the region, including dairy products, such as white cheese in brine, peppers in sour cream and *kaymak* in sacks; vegetable and fruit preserves, such as ajvar and jam; wine; brandy; fruit juices and syrups; olive oil; meat products, such as dry ham; and medicinal and aromatic plant mixtures. The analysis shows that the sale of these products through SFSCs not only offers the possibility of

increasing family incomes and employing household members, but, in some cases, also generates additional jobs for the local population.

This is particularly true of rural tourism. Rural destinations are usually visited in the summer and at weekends throughout the year by people seeking recreation and a healthy lifestyle. The COVID-19 pandemic moved such rural tourist places into focus, as they provided safe alternatives to foreign holidays, still accessible during the pandemic. However, the increased interest in these destinations also revealed some weaknesses in terms of both the limited amount of accommodation and the food supply and value chains for the local food industry. Indeed, although there are good examples, such as cultural tourism in the Drina–Sava region (Figure 9), many areas are not part of regional tourism strategies, making them comparatively unattractive, or unknown and difficult to access. Furthermore, lack of professional advertising of these areas reduces the opportunity for farmers to promote their products/services in an efficient way, and they usually fail to offer attractive tourist activities. A solution could be the promotion of vertical partnerships, which can provide a win–win link between small farming and tourism. Such partnerships are best placed to respond to the rising demand for nature-based tourism locations with a link to local traditions, specialities and gastronomy.

Figure 9. Short food supply chain map of tourism in rural areas (example from the SWG study in the Drina–Sava area-based development region)



Gastronomic offers and catering have been expanding during the COVID-19 pandemic. Farm households started to deliver fresh meals and home-made locally produced products to urban customers in nearby towns. Besides prepared dishes and fresh products such as vegetables, spices, fruits, meats, eggs and dairy products, sweets and pastries were also delivered to consumers. Promotion and marketing relied on advertisements of weekly menus, whereas orders were generally taken by mobile/online messenger services or through social media, although the traditional channel of phone calls was usually used with elderly customers. These developments of contacts with urban customers represent a potential opportunity to be maintained and further exploited to market SFSC products. To this end, key elements could be enhancing the production of high-quality organic products, a specific label for traditional products and the implementation of high food safety standards in order to increase trust among urban consumers.

Finally, most SFSCs and best-practice examples discussed above could benefit from a higher degree of collaboration among farmers. Through **collaboration**, small-scale farmers can increase their market power and/or widen the variety of products they offer, be it for a market stand, a box scheme or even on-farm sales. Collaboration is also instrumental in facilitating collective investment in marketing skills and marketing activities. Similarly, collaboration among small farmers might improve farm efficiency by redistributing work among the group members according to individual skills. For this reason, collaboration might specifically address some issues that lead to farmers preferring long supply chains to sell their products. The survey results reveal that one reason for this preference is that many farmers perceive themselves as mainly primary producers and are reluctant, or lack capacity, to engage in marketing of products through SFSCs. Other reasons put forward by surveyed farmers who do not (further) engage in SFSCs include lack of labour, equipment or financial resources, which constrains their ability to add value to their products and to participate in SFSCs. In any case,

collaboration could be an important door opener. However, trust is a key ingredient for successful collaboration and it is one important reason why collaboration and participation in collective sales channels are still underused. Often, collaboration is rejected, because it is not perceived as truly collaborative, but rather dominated by some specific interest group or entity (specific local enterprises). For this reason, such collaboration does not offer the full benefits that could be realised from well-organised cooperative projects led by trusted project managers chosen by the farmers themselves. For the success of cross-farm cooperation, it is important that farmers perceive themselves as a group, acting or responding jointly in line with a joint aim.

Another key aspect of promoting SFSCs as best practice is that they are commonly linked to environmentally friendly farming practices and sustainable use of natural resources. There are two main perspectives in explaining the relationship between SFSCs and the environment. First, the traditional family farms are linked to a value system that embraces a close bond to the land and places importance on maintaining the farm for future generations. This, together with the traditional low-input farming, supports farm practices that are sustainable (e.g. high nature value farming practices). Second, cutting the sales channels short implies that the final consumer is closer to the producer, which incentivises delivering high-quality and safe food, as the consumer may hold the producer directly responsible. Of course, not all smallholder farms follow sustainable farming practices. For instance, overgrazing is a problem in some areas. In addition, land abandonment and degradation have become issues, as farmers are sometimes no longer able to take care of their fields (e.g. because of old age). However, the farms in this survey did not encounter these types of problems. On the positive side, small farms in the region still remember and utilise traditional management of biological waste though composting and utilising this biomass as an organic fertiliser, which keeps small farms' carbon footprint low. On the negative side, shortages of appropriate machinery for storing and distributing manure and slurry in small farms may create a high water footprint. Moreover, the relatively low level of professional education among small farmers might have some adverse consequences for the environment, for example regarding the use of pesticides and nitrogen leakage in groundwater due to inappropriate manure storage.

4.2. Farm products best suited to sales in short food supply and value chains

Results from interviews suggest that the most profitable and best-suited products for sales through SFSCs are **milk and dairy products** and **fruits and vegetables** in fresh and processed forms. **Meat and meat products**, and **cereal** and **bee products,** were also at the top of the list of products that are considered the most profitable for selling in local markets through SFSCs. However, the range of suitable products differs between countries/territories.

For surveyed Albanian farmers, fresh vegetables such as potatoes, beans, onions, peppers and tomatoes represent the most suitable products to be promoted through SFSCs. Among fruits, apples were preferred, followed by plums, melons and citrus fruits. Concerning processed products, farmers suggested that milk and dairy products (i.e. cheese and butter) were the most relevant. Besides these products, farmers also mentioned non-standard products such as medicinal plants, fish products and nuts as being suitable to be marketed through SFSCs.

In Bosnia and Herzegovina, honey was the product that was mentioned most often by surveyed farmers as a suitable and profitable product to be sold through SFSCs. Other relevant products for SFSCs include raspberries; wines; processed products such as jams, cheeses, brandies, liqueurs and juices; and a number of vegetables and fruits and their processed versions, including tomatoes, paprika, cucumbers, plums, watermelons, apples, cherries and strawberries. Teas and products made from herbs were also mentioned.

In Kosovo* livestock products were placed at the top of the list of products best suited to SFSCs. In particular, milk and various kinds of milk products (cheese, cream, *kaymak*, *kashkaval* (yellow cheese), yoghurt) were the most often mentioned, alongside meat. Other products that had some relevance to SFSCs were vegetables such as peppers, tomatoes and onions. Rather seldom mentioned were fruits (including grapes, raspberries and forest fruits), wine, and traditional food and meals.

Farmers in Montenegro provided a quite diverse range of products suitable for SFSCs. The list covered milk and milk products (cheese); honey and other bee products; various kinds of fruit and particularly fruit beverages; and other products produced from fruits, such as wine, apple brandy, blueberry liqueur, juices, syrups and jams. Tea, meat/sausages and a few types of vegetable were also mentioned (e.g. beets, beans and carrots).

In North Macedonia, honey was clearly top of the list of products best suited to SFSCs, followed by apples and potatoes. Other mentioned products were milk and cheese, anise, cherries, plums, cabbage, brandy and wine, as well as livestock products including meat, and fish.

In Turkey, important products mentioned as suitable for SFSCs were tomatoes and various kinds of milk products (cheese, yoghurt, butter). Furthermore, a wide range of fruits were mentioned, including lemons, oranges, melons, cherries, apples, mandarins, apricots and pomegranates. Suitable vegetables included pumpkins, cucumbers, peppers, aubergines, cauliflower and peas. Sesame, olive oil, maize, meat, eggs and walnuts were mentioned at least once by the surveyed farmers.

According to small farmers in Serbia, products that are the most profitable to be sold in local markets through SFSCs and have the largest customer base are raspberries, cheese and honey. In addition, the surveyed farmers identified a wide range of products suitable for SFSCs, spanning live animals; fish; milk and meat; fruits and vegetables; and various types of processed products (e.g. dairy products, preserves, wine, juices).

To provide a better picture of the products that are best suited to sales through SFSCs, some case studies from the field are provided below.

Box 1. Best-practice case study for honey

Beekeeping has traditionally been a small-scale practice in the region, but, in the last decade, numbers of bee farms have rapidly increased. However, the environmental conditions have not been ideal, given that the sector suffered from many losses in the last 5 years. In the past, the typical bee farmer was a retired man with a high level of education who was undertaking this activity for pleasure or as an additional source of income. The current beekeepers tend to be younger, be specialised in beekeeping and have a few hundred beehives.

The farmer selected for this best-practice case study is a 50-year-old man with high school education, who is considered the biggest beekeeper in a remote area of the border mountains of the Balkans. He owns more than 250 beehives. He is also the president of a beekeeping association, through which he motivates smaller beekeepers to participate in collective sales channels. His professional skills rely only on practical experience and he does not make use of advisory services.

For this individual, farming and beekeeping represent a way to provide work opportunities for his family members and to make use of his land. Out of the total production, only a small proportion (5 %) was retained for own consumption; 95 % of his production was sold directly to local customers without any form of contractual arrangement. Price setting was based on the daily prices of honey at the farmers' market. Honey provided 96 % of his income from on-farm direct sales, whereas other bee products accounted for a small proportion: pollen 3 % and bee swarms 1 %. According to the farmer, honey, pollen and bees are the most profitable products to be sold in the local market, although it is not easy to find local consumers for pollen and swarms, and even more difficult for honey. According to him, it is also relatively difficult to meet demanded standards. He seems to be keen to improve his marketing strategies, by establishing partnerships or entering markets with processed products with added value. His general attitude towards collective sales channels is positive and he considers them easy to access in his area. Currently, the beekeepers formally collaborate with other farmers through a producer organisation engaged in machinery exchange. Informal collaboration is used to exchange labour. The interviewed farmer reported that it is hard for him to hire a worker at the salary he can afford to pay. Thus, besides himself and two unpaid workers, he is currently employing only one paid worker.

The farmer indicated that marketing and farming development are constrained by poor local infrastructure (bad roads, lack of selling points, etc.). He also considered government support not sufficient and would see certifications of various kinds as extremely important for his business. The farmer had not applied for a rural development grant, but he used a bank loan for purchasing processing equipment. Nevertheless, the farmer assessed his business prospects as good, and he planned to further invest in processing and marketing. According to him, policy support should concentrate on farmers' collaboration (e.g. producer groups). Other important areas where he considered support to be required include special development projects that support rural non-farm businesses and improving access to low-cost credit (with affordable interest rates) and grants. He also thought that targeted business training could have a positive impact. Finally, he insisted that better law enforcement and protection of bees are necessary, since bees are under severe threat.

Box 2. Best-practice case study for lamb and cheese

Meat production has a comparative advantage in the region due to the availability of grassland and good conditions for ruminants (sheep, goats and cattle). In particular, lamb is traditionally one of the most successful products of the Western Balkan countries/territories and Turkey. Insights from one of the biggest lamb producers in the survey are presented in this case study. The lamb farmer is 42 years old. He has an elementary education, and no formal or informal agricultural training. He relies only on his practical experience and does not use agricultural advisory services. His farming activities aim to employ his family members and make the best use

of the land they possess. Their main marketing strategy is to sell farm products directly to local customers/markets.

In 2019, this livestock farmer had sold 96 % of his production, and the rest was consumed by his family members. All sales were marketed through SFSCs. This livestock farmer did not participate in any formal or informal collaboration with other farmers. The farmer had a negative attitude towards collective sales channels and believed that such collectives were even non-existent in his area. In his opinion, the most profitable products to be sold in local markets and through SFSCs in his area are Sharra lamb and Sharra cheese.

In its primary production, the farm employed six family members, who were assisted by three paid workers. Around 60 % of family income was derived from lamb production, which was sold to final consumers without any formal contractual arrangements. Pricing was established by following daily prices on the farmers' market, whereas the quality setting followed the traditional low-input farming method.

Selling lambs was not seen as difficult. Although meat was not processed on the farm, the introduction of meat processing was planned for the near future according to the farmer. Currently, sheep milk processing took place on the farm. Again, all six family members were involved. The cheese produced from sheep milk was sold on the open market in the vicinity, and price and quality setting followed the same approach as for meat. No particular difficulties were reported regarding selling cheese, which provided 40 % of the family income.

However, the availability of labour was seen as one of the main limitations to further business development. Previous investments, such as for the processing activities, did not require loans or grants, but a future application for external capital sources was planned. Most likely, the farm would invest more in processing, but investments in direct marketing were also being considered. Such investment would depend on access to low-cost finance (credit with affordable interest rates), grants or development funds. According to this farmer, the type of production activities that he carries out requires policy support, particularly in the form of financial and marketing support, as well as in the form of infrastructure improvements.

Box 3. Best-practice case study for cheese

The dairy farmer in this case study is a middle-aged man with a high school education, but no formal agricultural training. He relies on his own experience of dairy farming, but also on advisory services. The farmer has no intention to quit farming in the near future but wants to maintain the farm assets and keep the farm in a good condition for the next generation while providing a decent life for his family. Eight family members are engaged in the farming, cheese processing and direct sales. Although direct sales represent an important sales channel, he sells half of his farm production through long food supply chains. Overall, the farm sells 90 % of its production, and the rest is consumed by the farmer's household.

In terms of the production structure, it is a family farm with mixed production. In 2019, the farm used a total of 40.3 ha of land: 10 ha was used for crop production (maize and oats) and 30 ha was used for pastures/meadows, including alfalfa; in addition, 0.3 ha of land was used to cultivate vegetables for own consumption. The family possessed cooling facilities and dairy farming equipment. Around 70 % of household income was derived from farm production, mainly from dairy production, with a small share from meat. Processed farm products contributed 29 % to household income, and pensions contributed 1 %.

Milk was mostly processed into cheese. Some of the cheese produced was sold through long supply chains, where the buyers were supermarkets / retail chains. Raw milk and meat were also sold through long supply chains (processors). Informal contractual arrangements (oral) were used for selling these products, although the relationship with cheese and milk buyers was long term, whereas for meat it was usually based on one-off deliveries. For cheese, the price was set relatively high, since the product was of exceptional quality. For other products, prices were set based on market prices. A producer group collected the milk from the farm. The farmer also collaborated with other farmers informally. His general attitude towards collective sales channels was extremely positive.

In addition, the farm sold processed food products within its agritourism business. Four family members were engaged in processing or marketing agricultural products. Furthermore, five paid casual workers supported the family from time to time in this activity. Two family members and two paid workers were engaged in the agritourism branch. Marketing of the tourist services was done through tourist agencies.

This family farm has used various grants for its farm development, including Modernize and Innovate the Delivery of Agricultural Systems (MIDAS) for the procurement of machinery (in 2010), the instrument for pre-accession assistance for rural development (IPARD) for machinery (in 2016) and a bank loan for infrastructure and the development of processing capacity (in 2017). In future, they aim to apply for financial assistance to

invest in improvement of the required quality standards and they consider that their prospects are good, particularly if they have access to consulting services and information on business opportunities; targeted business training; and grants and favourable credit and loans for investments. Improved physical infrastructure, better law enforcement and reduced insurance costs and tax burdens are also seen as important for further development of their business. On the other hand, support for farmers' collaboration (e.g. in producer groups) is perceived as less relevant.

In general, the farm considers the most profitable activity to be the production and selling of cheese, butter and meat through SFSCs on the local market. Future perspectives are oriented to expanding activities in terms of adding value through own processing and agritourism.

Box 4. Best-practice case study for apples and cherries

The fruit producer presented in this case study is 54 years old, and leads a family farm with three active and two elderly family members. As head of the household, he holds a high school diploma and also has non-formal agricultural education (short courses). Besides his personal experience, he makes use of agricultural advisory services. He participates in collective channels and is a very active member of a farmers' association. In addition, he is involved in lobbying decision-makers to address farmers' problems. He is a dedicated farmer whose main objectives consist of engaging household members in the farm activities and keeping the land used in order to maintain the land and farm assets in a good condition for the next generation. However, given that fruit production is not a very profitable activity, fruit farms tend to change their business orientation quite often. Exiting farming is also relatively common in the sector.

The farmer cultivates 4 ha in total, employs 4 family members and 10 paid workers and possesses storage facilities. Income from primary farm production accounts for 90 % of the total household income, and pensions account for the rest. Apples and cherries provide 40 % of the total income; the rest of the production income comes from other fruit production (10 %) and other farm activities. The farmer applies traditional low-input farming; he considers this a sufficient quality standard and the pricing is set accordingly. Most of his contractual agreements are informal and not fixed.

Although his present strategy is to sell the farm products in bulk and to deal with marketing as little as possible, he intends to improve his marketing strategies by specialising in profitable products that are easy to sell and to increase production by using new technologies. The possibility of entering the market with processed products with added value is seen as highly valued, and is as highly valued as selling farm products directly to local customers/markets. The farmer is currently collaborating with other farmers formally through a producers' interbranch organisation for joint input supply, joint use of advisory services, joint marketing and machinery exchange.

In 2019, this farmer sold 98 % of his production, and the remaining 2 % was lost in various steps of the production process. Of the total production, 30 % was sold through SFSCs, whereas the rest was sold in bulk (long supply chain). The farmer sold apples to traders/wholesalers and exporters in the long supply chain, whereas cherries were sold through short supply chains to small urban food businesses. According to this farmer, the most profitable products to be sold in local markets or through SFSCs in his area are apples and cherries. However, he finds it significantly more difficult to find consumers for apples than for cherries, which are generally sold without much difficulty. Other constraints faced by this farmer in accessing SFSCs relate to the difficulty of meeting standards demanded by consumers. Probably the most important challenges faced by the farmer are low prices and their large fluctuations, and high competition among producers selling locally. Adaptation to local demands, improvement of skills in agricultural production and improving his negotiation position might represent key factors for success, especially if accompanied by more accessible government support. The farmer has so far used a rural development grant for the construction of a cooling facility, and a bank loan for the modernisation of agricultural equipment on the farm. The farmer plans to invest in own processing, direct marketing and tourism/catering, and intends to apply for financial assistance for these purposes. Investing in meeting quality standards is also greatly needed, although it might be costly.

The farmer would be highly interested in adding value to his products through processing or through other farm-related business, if there is improved access to low-cost finance (credit with affordable interest rates) or if grants would be available to finance participation in various development projects. Furthermore, the availability of support for farmers' collaboration would also make him decide to invest in these areas. The farmer stated that targeted business training as well as an improved business environment (law enforcement, lower tax burdens, cheaper insurance, coupled payments, etc.) might also contribute to further business development and participation in SFSCs.

Box 5. Best-practice case study for raspberries

The farmer included in this case study is involved in the production and processing of raspberries. He also collects non-timber forest products and medicinal plants. He is 57 years old and possesses a bachelor of science degree and an agricultural vocational school diploma. The farmer is a user of the agricultural advisory services provided as part of the contract with the contractor providing inputs. This farmer is the president of the local agricultural cooperative, which has a significant impact on the economic and social development of the nearby villages and the region. Three family members are actively involved in farm activities; in addition, he employs six paid workers.

This farmer does not intend to abandon his land or leave it unused, or to exit farming. His objective is to employ family members and to maintain land and farm assets to keep the farm in a good condition for the next generation. He intends to increase the production scale by using new technologies, by improving marketing strategies, including establishing partnerships for this purpose, and by entering the market with processed products with added value. The farmer pays equal attention to selling farm products in bulk and selling farm products directly to local customers/markets. Currently, he collaborates with other farmers formally within a cooperative for providing joint input supply, machinery exchange and joint marketing. His general attitude towards collective sales channels is positive and he considers access to collective sales channels to be generally easy. He sees no particular obstacles to entering any market, except maybe for those that require official paperwork/documentation (e.g. supplying restaurants), because his farm is not registered as a business entity. Complying with the food safety standards of potential collective sales channels might be difficult, as might delivering the required quantity of products; however, these problems are considered not to be significant constraints for the farmer.

In 2019, the farmer sold 100 % of his production. Around 80 % of farm production was sold through SFSCs, and 20 % was sold through long food supply chains (in bulk). According to the farmer, the most profitable products to be sold in local markets and through SFSCs in his area are raspberry and blackberry juices and various fresh fruits. The main factors constraining the increase in production for this farm are primarily challenges in meeting quality standards demanded by various buyers and finding buyers. Other challenges faced by the farmers include poor local infrastructure and the need to improve skills.

The farmer used 0.7 ha of land for agricultural production in 2019. The farm possesses a cooling chamber and also rents one storage unit. Around 80 % of total income is from the primary production and 20 % is from the processing. Raspberry production provides 66 % of the total income, blackberry production provides 14 % and medicinal plant production provides 20 %. The main buyers for all three products are long supply chain buyers: traders/wholesalers and exporters.

Price negotiation is based on market price development. However, the farmer provides price discounts for customers ordering more products at once for all three products (i.e. raspberries, blackberries and medicinal plants). Formal (written), one-off contractual arrangements are used for selling all three products. Sales and marketing of raspberries and blackberries are perceived to be moderately hard by the farmer, whereas the sales and marketing of medicinal plants are not considered difficult at all. The farmer also processes his fruits into non-alcoholic beverages and sells them to the cooperative under the formal (one-off) contractual agreement. Prices are set/fixed each year. The prices he charges are relatively high, since the products are of exceptional quality, organic, of protected origin, etc. The farmer was considering the possibility of introducing quality setting through certifications (various types) for the three primary products that he sells.

The farmer has used rural development grants for purchasing a drying chamber and planting material. In the future, he plans to invest in processing equipment, a selling point/stand and improvement of quality standards. The future decision to invest in these areas depends on the availability of the financial support and on an improved business environment. According to the farmer, a key factor that is important in improving access to support is the simplification of criteria for grants and various forms of state/donor support.

Box 6. Best-practice case study for vegetables

The farmer included in this case study is typical of a small farmer producing vegetables in this region. He is 52 years old with a primary school education and no formal agricultural education; he has only practical experience. He does not receive support from an agricultural advisory service. He leads a farm that employs four adult family members.

His farming objective is to sell farm products directly to local customers/markets, but he opts for bulk sales in some cases, in particular to avoid unfavourable situations in local markets. The medium-term objectives of the

farmer are to exit farming as it is not a profitable business. He plans to use farming as an income source only until he finds a better job. In the mean time, he intends to specialise in profitable crops that can be sold on the local market, and plans to introduce processing for adding value to his products.

This farmer does not collaborate with other farmers, either formally or informally. His general attitude towards collective sales channels is slightly negative. He is aware of the existing collective sales channels but finds it difficult or impossible to access them, mainly because of his inability to provide the quantity of products required to be delivered by the potential collective sales channels.

In 2019, the farmer sold 20 % of produced products, whereas losses/waste represent 80 % of production. Around 70 % of sold products were marketed through SFSCs; the rest were marketed through long supply chains. According to the farmer, the most profitable products to be sold in local markets and through SFSCs in his area are pumpkins, tomatoes and cauliflowers. The farmer finds it relatively difficult to locate local consumers for his products and to meet the quality standards they demand. He believes that he lacks marketing skills as well as skills that are required for conducting more competitive production. Relatively low product prices prevailing on the market and poor local infrastructure represent the key constraints for selling his products and reaching consumers. His farm lacks access to affordable financing, preventing him from developing the farm and improving the commercialisation of the production. The farmer perceives that the government support is not sufficient to fill this gap to help him with farm business development.

In 2019, pumpkins represented 100 % of the farm income. They were sold directly on the farm to final consumers without contractual arrangements and were priced based on daily prices set on the farmers' markets. The farmer considers traditional low-input farming as a sufficient quality set-up but perceives that the marketing and sale of such products is challenging. The farmer does not process farm products. The farmer has not used financial assistance in the past. The primary farm production accounts for 50 % of the total household income, and the rest comes from off-farm business.

The farmer intends to invest in direct marketing and plans to apply for financial assistance for this purpose. He would welcome better availability of financial support, provision of information on business opportunities and access to consulting services. Furthermore, the improvement of infrastructure and reduced administrative burdens (e.g. taxes) would also help the development of his farming activity. Other support that could be beneficial for his business development might include training and support for cooperation.

Box 7. Best-practice case study for fish

The small farmer selected for this case study is a middle-aged man, an entrepreneur who has invested in fish production after being previously active in another type of business activity. A typical small farmer involved in aquaculture in the region, as is the case in the current case study, is often also involved in the food service and hotel sector, and the aquaculture production is often established on inherited, purchased or abandoned farmland with access to a high-quality water source. The farmer in this case study has a high school diploma, but no formal education in agriculture. His farming is based on practical experience and without support from advisory services. The farmer feels that he does not require support from advisory services, although he is aware that his production-related skills should be improved so that the farm can become more competitive. He perceives that he has sufficient access to information on prices and market developments, yet he admits that he lacks marketing-related skills. In general, he is highly motivated to develop his farm business, wishing to develop it and pass it to the next generation. The option of exiting farming is perceived as highly unlikely, although this decision could be reversed in the event of a better job opportunity, given that the profitability of agriculture (including aquaculture) is relatively low.

The farmer uses 0.07 ha for agricultural production and possesses cooling equipment and facilities for processing fish (a kitchen). All three members of his family work on the farm. In addition, one paid worker is employed to work in primary production, whereas only family members are involved in tourism. Tourist agencies are the main buyers of the farm's tourist services. The farmer has never used or applied for bank loans. He has financed investments from own resources. The last investment was for the cooling store.

The farmer sells 100 % of his production and it is all sold through short value chains. The farmer does not collaborate formally or informally with other farmers and in general his attitude towards collective sales channels is very negative. The main constraints faced by the farmer include the lack of financing and labour, which prevents further development of the farm. Furthermore, government support is not accessible or not available for the type of farm business he runs, and relatively low product prices result in a small margin for the accumulation of money for investments and expansion of farm activities. The competition from other producers is rather high, and meeting quality standards demanded by buyers is rather challenging. The farmer

needs to adapt the quality standards to be in line with consumers' demands, which ultimately is expected to make it easier to find consumers. The farmer believes that he has good future prospects to successfully adapt to the market requirements. For this purpose, he intends to invest in the improvement of quality standards, processing and direct marketing, and possibly also in his own sales point/stand. He intends to use government support to finance these investments if it becomes available. In this context, the farmer believes that financial support (grants and credit with affordable interest rates), technical assistance (training, information, consulting, development projects) and improvement of physical infrastructure are crucial for further business development. Furthermore, the farmer considers that better law enforcement and reduced administrative burdens (e.g. reduced tax and insurance costs) would also help the development of his farming activity. On the other hand, support for farmers' collaboration seems not to be important to this farmer.

4.3. Key barriers to making best use of short food supply and value chains

Table 11 provides an overview of the interviewed farmers' assessment of the relevance of 15 constraints on access to SFSCs. The table reports average scores indicating the level of agreement or disagreement with a particular statement (constraint), from 1 (complete disagreement) to 7 (complete agreement). Overall, the interviewed farmers agreed that it is not very difficult to market their products to local consumers. Similarly, the results suggest that farmers do not have difficulties with meeting standards demanded by buyers. These results are rather consistent across all countries/territories. Generally, competition from other producers was also not seen as problematic, with the exception of Albania and Kosovo*, and the local infrastructure is seen as only a minor issue in most countries/territories.

The most common constraints on high scores reported in several countries/territories are a lack of financing, inaccessible or insufficient government support, low product prices, large price fluctuations, a lack of affordable hired labour and a lack of marketing skills (Table 11).

Regarding specific countries/territories, interviewed farmers in North Macedonia seem to have assessed the most constraints as relevant (i.e. 10 out of 15 constraints received a score higher than 5). The most relevant constraints in this country are a lack of affordable hired labour, a lack of financing, low product prices, large price fluctuations and a lack of marketing skills. North Macedonia is followed by Albania, where several constraints are ranked as important or severe. The key constraints in Albania, as assessed by the interviewed farmers, are a lack of financing, a lack of affordable hired labour, inaccessible or insufficient government support, low product prices and large price fluctuations. In contrast to other countries/territories, the competition from other producers is assessed as a significant problem in Albania.

Montenegro, Serbia and Turkey generally report the lowest scores across the 15 constraints. In Turkey, low product prices and large price fluctuations are seen as rather important problems. In Serbia, the main constraints are low product prices and the weak negotiating position of farmers. In Montenegro, a lack of financing, a lack of affordable hired labour and a lack of professional skills in both production and marketing were perceived as most severe. Finally, Bosnia and Herzegovina and Kosovo* report medium scores across the constraints. In these two countries/territories, the key constraints include a lack of financing, a lack of affordable hired labour and inaccessible or insufficient government support (Table 11).

Table 11. Possible constraints on increasing agricultural production and sales through short food supply chains (average scores)

Constraints	**Albania**	**Bosnia and Herzegovina**	**Kosovo***	**Montenegro**	**North Macedonia**	**Serbia**	**Turkey**
It is difficult to find local consumers for our products	1.3	2.3	2.5	1.2	4.5	3.0	3.1
The competition from other producers is very high	6.0	3.1	4.2	2.3	3.5	3.3	3.5
We cannot meet standards demanded by buyers	1.6	1.4	1.3	1.1	1.3	1.8	2.5
We would need to change our specialisation to produce what is locally demanded	2.5	1.6	2.3	1.2	2.8	2.2	3.0
Too low product prices are a severe problem for marketing our products	6.2	3.9	4.5	3.0	6.3	4.3	5.6
Price fluctuation is a severe problem for marketing our products	6.4	3.6	4.4	2.8	5.6	3.8	5.4
We lack information and advice on markets and prices	5.4	3.6	4.9	3.4	5.1	3.0	3.3
Our negotiation position is weak, which makes the marketing of our products very hard	1.4	3.1	3.4	2.3	5.1	4.5	4.6
We lack family labour to (further) develop commercial activities of our farm business	4.7	4.9	3.3	3.7	5.3	3.0	3.2
It is difficult to find hired workers to support us for the wage we can afford	6.7	5.6	5.4	5.1	6.7	2.6	3.0
In order to be competitive producers, we need improved agricultural production skills	3.8	4.5	4.3	5.7	5.1	2.8	2.4
We lack marketing-related skills	3.8	5.1	4.4	5.7	5.9	2.9	3.5
We lack financing to be able to develop and commercialise our farm	6.9	6.5	6.4	6.5	6.3	2.8	2.7
The local infrastructure is a hindrance to marketing our products (e.g. bad roads, lack of sales points)	4.6	3.4	4.2	3.8	4.1	2.9	2.7
Government support is not accessible or not sufficient for developing our farm business	6.4	5.4	5.8	3.3	5.7	4.0	2.7

NB: The statements were rated on a scale from 1 to 7, where 1 = do not agree at all and 7 = fully agree.

Table 12 underlines that farms may lack investments in important assets needed for processing and marketing through SFSC channels. Although the table gives only a rough overview of available assets, it can be concluded that farmers are, in many cases, not sufficiently equipped. A particular issue is low ownership (fewer than 20 % of surveyed farmers) of SFSC-related assets, include cooling, storing and processing facilities in Turkey; vehicles, selling and processing facilities in North Macedonia; vehicles, selling and cooling facilities in Montenegro; selling, processing and cooling facilities in Albania; selling and storing facilities in Kosovo*; vehicles in Bosnia and Herzegovina; and selling facilities in Serbia.

Table 12. Processing and marketing equipment and facilities owned by surveyed farmers (% of respondents responding 'yes')

Country/territory	Cooling facilities for products (e.g. milk or vegetables)	Storage facilities for products (e.g. for cereals)	Facilities for processing (dairy, mill, kitchen, other)	Selling facility (stand on farm, farmers' market, shop, other)	Vehicle(s) for transporting products (lorries with cooler, tracks, other)
Albania	10.3	79.4	13.2	7.4	22.1
Bosnia and Herzegovina	38.2	41.2	22.1	30.9	0.0
Kosovo*	31.6	10.5	28.9	5.3	31.6
Montenegro	11.5	65.4	61.5	3.8	15.4
North Macedonia	21.1	63.2	7.9	5.3	18.4
Serbia	29.4	33.8	40.4	7.4	23.5
Turkey	0.0	0.0	0.0	21.7	26.1

As discussed in Section 4.1, collaboration and collective sales channels may be part of best-practice solutions for providing small farmers with access to SFSCs. Overall, the idea of collective channels was positively assessed by the interviewed farmers. The collective sales channels received the highest average rating, as assessed by the interviewed farmers, in Albania and Kosovo* (5.9), whereas the lowest ratings were observed in Montenegro (4.1) and North Macedonia (4.3). The ratings were 5.5 in Bosnia and Herzegovina, 5.1 in Serbia and 5.0 in Turkey.

However, the survey revealed that knowledge of the existence of collective sales channels was rather limited and heterogeneous across countries/territories. Overall, across all countries/territories, 63 % of surveyed farmers believed that collective sales channels do not exist or they were not well informed about them, whereas 32 % thought they are easy to access. The rest of the surveyed farmers argued that collective sales channels exist, but that it is difficult or impossible to access them (4 % of surveyed farmers), or provided another reason (1 %) (Table 13).

In Albania, Kosovo* and Turkey, the majority of farmers believed that collective sales channels do not exist, or they were not well informed about them. Access to (and information about) collective sales channels was greater in Bosnia and Herzegovina, and Montenegro. In Serbia, despite the considerable number of cooperatives and associations present, more than 40 % of the farmers believed that collective sales channels do not exist in their area, in contrast to the 32 % of interviewed farmers who thought they were easy to access. This could be seen as an indication that existing collective chains are not collective enough (i.e. their outreach is limited). Indeed, the majority of existing 'co-ops' are actually trade companies privately owned by one or a few individuals (called 'directors' co-ops' in Serbia). These companies might be an unwelcome reminder for farmers of the socialist era when cooperatives were actually trading companies, which may – alongside lack of knowledge – explain why farmers are reluctant to sell through them. Finally, in North Macedonia, the surveyed farmers' knowledge of collective sales channels is relatively homogeneously split among those who believe that they are easy to access and those who have no knowledge of their existence (Table 13).

Table 13. Knowledge of collective sales channels (% of respondents)

Accessibility of collective sales channels	AL	BA	XK	ME	MK	RS	TR	All
Collective sales channels are generally easy to access in my area	0.0	50.0	31.6	65.4	31.6	32.4	34.8	32.0
Collective sales channels are existent, but it is difficult or impossible for me to access them	1.5	5.9	2.6	3.8	10.5	3.7	3.0	4.3
To my knowledge such collectives are non-existent in my area	57.4	36.8	60.5	26.9	31.6	43.4	60.9	45.1
Have no knowledge or information about collective sales channels in my area	39.7	5.9	5.3	3.8	26.3	19.9	0.0	17.9
Other	1.5	1.5	0.0	0.0	0.0	0.7	0.0	0.8
Total	100	100	100	100	100	100	100	100

4.4. Policies supporting small farmers' access to markets

It was relatively common for the surveyed farmers to rely on government support to finance on-farm investments. About one third of surveyed farmers had applied for rural development funds in the past, including IPARD funds. Grant amounts were typically between EUR 5 000 and EUR 10 000, covering various types of investments, such as equipment, livestock, beehives, construction works, tourism and greenhouses.

One of the key concerns raised by surveyed farmers is delayed payment of the government support. Late payment of the government support is reported by two thirds of the surveyed farmers as the main cause of postponed on-farm investments. Another important limitation stressed by surveyed farmers is that support to access markets is generally not available, even though this type of assistance is fundamental to developing SFSCs. In general, ad hoc support provided through development projects, regional development agencies or local self-governments is considered useful but limited in the amount and continuity of support provided.

In the final part of the questionnaire, surveyed farmers were asked to convey their message to politicians to explain how agricultural policy could best support small farmers and what kind of actions the government should undertake in order to promote the establishment and strengthening of short value chains. These messages were grouped according to their content and are presented by country/territory in Table 14. The table lists actions that are most urgent in the view of the surveyed farmers. Overall, it can be observed that farmers in some countries/territories have provided very detailed messages (e.g. Serbian farmers), whereas others were very limited in their answers, focusing mainly on financial support (e.g. Albanian farmers). Farmers from other countries/territories preferred to express limited opinions of their governments' actions (e.g. Kosovar farmers).

Table 14. Support required for the promotion of the development of SFSCs, as suggested by the surveyed farmers

Area in which farmers required support	Type of government support / policy actions	AL	BA	XK	MK	ME	RS	TR
Financial support	Provide subsidies for rural development and more support for agriculture (increased subsidies)	x	x	x	x	x		
	Better focus on spending of budget, with stronger monitoring and evaluation of the spent resources						x	
	Increase control over the utilisation of the funds						x	
	Provide special support windows for small farms and processors or even dedicate support to small farmers		x		x		x	x
	Provide support for rural economy diversification			x			x	
	Provide larger subsidies and faster payments		x				x	
	Provide more favourable (low interest) loans and subsidies	x					x	x
	Provide support for innovative and more profitable production for small farmers		x				x	
	Improve conditions for using financial support (pre-financing)						x	
	Introduce incentives for local producer investments equal to those provided to foreign investors						x	
	Provide additional opportunities for self-employment in rural areas						x	
	Provide compensation for damage caused by natural disasters in agriculture			x				
Capacity building through advisory services and technical assistance	Shape education based on farmers' demands			x			x	x
	Support farmers to increase absorption capacity for using financial support			x			x	
	Increase availability of information about subsidies						x	
	Motivate farmers to invest			x			x	
	Diversify the advisory services to include legal support to farmers						x	
	Diversify the advisory services to include support for marketing and promotion						x	
	Diversify the advisory services to include environmental education						x	
	Diversify the advisory services to include agritourism capacity building							x
	Involve more professionals and scientists in advisory work						x	
	Improve communication between advisors and producers						x	
	Build capacity for co-operatives, especially women's initiatives				x		x	
	Increase availability of agricultural services and training					x		
	Support farmers through projects combining technical and financial assistance			x				x
	Support production of specific fruits or vegetables, branding of traditional products, standardisation of product quality						x	
	Provide marketing support for small rural households						x	
Partnerships and co-operation	Establish co-operatives and producer associations; guidance and training for organising effective co-operation			x		x		
	Provide support for co-operation and networking, including support for operational costs	x	x			x	x	x
	Support the establishment of better co-operation between agricultural households, with a focus on tourism			x				
	Strengthen the negotiating position of small producers			x				

Area in which farmers required support	Type of government support / policy actions	AL	BA	XK	MK	ME	RS	TR
Institutions, legal and policy changes	Improve interactions between regulators, policymakers and producers		x		x		x	
	Strengthen inspection services and quality and originality control / law enforcement					x	x	
	Decentralise and activate local authorities				x		x	
	Provide continuity and consistency of the policy support		x				x	
	Regulate on-farm processing and sale to shops; relaxing requirements for small on-farm processing		x				x	
	Change land regulations						x	
	Simplify procedures for obtaining grants, providing easier access to sources of financing		x				x	
	Improve access to support for small farmers and transparency of calls		x				x	x
	Improve the farm registry to better suit to small farmers' needs		x				x	
	Reduce taxes for small farmers	x					x	x
	Ensure contractual arrangements are in place	x					x	
Market interventions	Enable a free market, fair competition						x	
	Regulate mass imports of agricultural products / protecting local market		x		x		x	
	Set state minimum guaranteed prices		x		x			
	Provide assured market for local products	x	x		x			
	Protect local 'healthy' food producers from unfair imported products		x				x	
	Invest in promotion for strategic products and facilitate marketing				x		x	
	Ensure price parity between input materials and product prices						x	x
	Intervene from state reserves to provide stability of market prices						x	
	Support direct marketing without intermediaries and local marketing		x				x	
	Facilitate relationships between farmers and traders	x						
	Provide guaranteed purchase of products							x
Infrastructure	General			x				x
	Roads and connectivity		x	x			x	
	Communal infrastructure						x	
	Communication						x	
	Electricity						x	
	Tourism						x	
	Fruit processing lines and large collection centres; meat and milk centres	x		x	x			
Environmental concerns	Regulate sewerage						x	
	Decrease pollution from agriculture						x	
	Protect bees						x	
Social concerns	Youth entrepreneurship		x				x	
	Women's entrepreneurship and social incentives		x				x	
	Community synergy						x	
	Returnees to rural areas						x	

There is a high degree of consensus across the countries/territories in suggesting the need to enhance financial support for subsidies for rural development and targeted support for small farmers. The availability of affordable loans was recognised as an area where financial support might be needed in a number of countries/territories (in three countries/territories). Similarly, there was a relatively high degree of consensus on the specific type of support across countries/territories (in at least four countries/territories) in the area of partnerships and cooperation, where surveyed farmers highlighted the need to introduce support for cooperation and networking, including support for operational costs. Other types of support that were relatively commonly identified as important in at least three countries/territories include the following:

- in the area of institutional, legal and policy changes: improving interaction between policymakers and producers, improving access to support for small farmers and higher transparency of calls, and reducing taxes for small farmers;
- in the area of market interventions: regulating mass imports of agricultural products / protecting local markets and providing certain markets for local products;
- in the area of infrastructure: providing support for roads, connectivity, fruit-processing lines, large collection centres, and meat and milk centres.

In other areas, there is less consensus across countries/territories on the specific type of support required to be adopted. That is, for the capacity building through advisory services and technical assistance, environmental concerns and social concerns, fewer than three countries/territories suggested that particular types of support / policy actions were necessary (Table 14).

By looking at the surveyed farmers' responses in more detail by country/territory, it emerges that respondents in Albania were not aware of the importance of making direct support independent of (decoupled from) production to avoid market distortions, but would prefer to be supported with subsidies linked to production (i.e. coupled subsidies). They also point out that IPARD measures are of little use to them, since these are not very accessible to small farmers, particularly if they intend to diversify their products, invest on the farm or introduce new economic activities such as agritourism.

Farmers in North Macedonia and Serbia sometimes have very specific requirements for government support. For instance, one North Macedonian farmer suggested that the government could increase (double) subsidies for animals (subsidies to be EUR 150 per cow and EUR 50 per sheep) and milk. In Albania, farmers also suggested higher subsidies for livestock and milk, but did not provide any figures. Furthermore, Albanian producers of medicinal plants suggested adding mountain tea to the list of subsidised products.

In Bosnia and Herzegovina, farmers require harmonisation of legislation between the Federation of Bosnia and Herzegovina and Republika Srpska owing to serious obstacles they face in marketing their products across the two entities.

However, it must be mentioned that some responses provided by surveyed farmers indicate that they may not be fully informed about the available support in their country/territory.

Some responses from the surveyed farmers provided ideas for solving problems in a specific country/territory, but they seem to be relevant to other countries/territories as well. Introducing quality and originality inspection of agricultural products such as herbal teas, non-timber forest products and honey, which is particularly demanded by surveyed farmers in Montenegro, could also be beneficial for other countries/territories.

There were also some suggestions of solutions to address problems specific to products that are very important for some regions. An example is apples in North Macedonian. Because marketing of apples is becoming more difficult, farmers suggest including apples in the national strategic product list, for the purpose of getting more support to sell them. However, the efficiency of implementing such a measure is questionable, as it attempts to introduce market protectionism rather than make farmers more competitive in this sector.

An obvious opportunity for small farmers to grow and to improve their potential participation in short supply chains is through agritourism. Surveyed farmers reported several problems in this area. In particular, more transparent and more efficient functioning of local tourist organisations is noted as something that is required in Bosnia and Herzegovina. Farmers in some other countries/territories also recognise opportunities within agritourism if local governments would be more involved in promoting tourism, which would most likely increase tourist activities and consequently promote growth of SFSCs. The COVID-19 pandemic provided the opportunity to develop SFSCs given that demand for rural tourism significantly increased during this period. However, small farmers were hit hard by the closure of local and farm markets during the pandemic (i.e. the growing season in the first half of 2020 was lost in the majority of the region).

Surveyed farmers in Bosnia and Herzegovina suggested distinguishing small farmers from large farmers in the farm registry, with the purpose of better targeting support and regulations towards the needs of small farmers. In Serbia, the separation of two classes of farmer – commercial and non-commercial – from a regulatory point of view could provide a model for distinguishing small farms from larger farms in other countries/territories. However, this approach is not necessarily always used to target policy actions in favour of small farmers ([2]).

([2]) For example, the surveyed farmers suggested some inconsistencies present in the farm registries in Serbia, as they record farms according to the permanent residence of the farm's owner and not the location of the farm. This often prevents owners from benefiting from some measures specifically allocated to rural inhabitants of certain rural areas (marginal areas).

Addressing these country-specific issues is a matter of individual country policy. However, the surveyed farmers suggested that experiences from other countries/territories in the region can serve as good practices or can help with avoiding problems encountered elsewhere. That is, surveyed farmers often suggested that governments should learn from each other and use bad or good experiences to avoid repeating mistakes or to introduce suitable solutions. In this respect, the surveyed farmers suggested that enhancing regional collaboration or cross-border cooperation is required to better address the needs of small farmers and more efficiently promote the development of SFSCs.

5. Conclusions and policy recommendations

This report has presented insights on a survey of commercial smallholder farmers engaged in short food supply and value chains in the Western Balkans and Turkey. Although the sample was not representative, results pointed towards viable pathways for farm development through shortening sales channels and adding value to farmers' production.

The results show that short supply and value chains are potentially attractive ways of adding value to primary food production and could also be used for successful marketing by smallholders in the Western Balkans and Turkey. They are a promising way for smallholder farms to stay operational and competitive, while keeping the production environmentally friendly, with a focus on local, healthy and high-quality products that are valued by the consumers. Thus, these supply and value chains are promising channels for improving the livelihoods of smallholders. The successful use of short supply chains is, however, linked to the willingness and ability of farmers to become actively engaged with marketing and often also in processing activities. Such engagement beyond primary production is not a desirable and attractive solution for all farmers. For this reason, traditional long supply chains will remain important, if they cannot be replaced by, among other things, collaborative solutions through farmers' cooperation.

Overall, the surveyed farmers agreed that it is not very difficult to market their products through SFSCs or to meet quality standards demanded by buyers. The most common constraints on accessing and participating in SFSCs reported by the surveyed farmers in several countries/territories include a lack of financing, inaccessible or insufficient government support, low product prices, large price fluctuations, a lack of affordable hired labour and a lack of marketing skills.

The results also suggest that, in general, livestock products tend to be more often sold through SFSCs than crop products among the surveyed smallholders in the Western Balkans and Turkey. The SFSCs used for marketing farm products include a variety of channels, ranging from on-farm direct sales, direct delivery to final consumers, sales through local green and farmers' markets and delivery to local small shops, to agritourism, gastronomy and catering. Overall, direct sales to the final consumer appear to be more common for processed products than for non-processed products in the region.

The most profitable and best-suited products for sales through SFSCs appear to include milk and dairy products as well as fruits and vegetables in fresh and processed form. Meat and meat products, as well as cereal and bee products, were at the top of the list of products that are considered the most profitable for selling in local markets through SFSCs. The range of suitable products differs between countries. Some of the other products commonly marketed through SFSCs but with heterogeneous presence across the countries/territories include wine, fish, various types of beverages (e.g. syrups, juices, liqueurs) and medicinal plants.

Owing to the nature and cost of production of the products that are offered, sales in short supply chains are most competitive in higher-priced market segments for exceptional and high-quality products. Furthermore, tapping short supply chains is closely linked to processing that serves the demand in profitable niche markets such as for regional specialities. Other important market segments relevant to the growth of short supply chains are urban consumers and agritourism (gastronomy). Boosting the participation of farmers in urban markets and agritourism (gastronomy) activities and tapping the demand of these customers represent a key factor for enhancing their participation in the SFSCs.

Smallholders can enhance their benefit from SFSCs through a higher degree of collaboration among farmers. Through collaboration, small-scale farmers can increase their market power, widen the variety of products offered and/or facilitate collective investment in joint assets. Overall, the idea of collective channels is positively assessed by the surveyed farmers. However, knowledge of opportunities to collaborate and the existence of collective sales channels is rather limited and heterogeneous across countries/territories in the region.

Small farmers in the region maintain highly valued traditional farming practices. However, knowledge of them is at risk of vanishing owing to an ageing farming population, while at the same time professional education is basically non-existent and farm advisory systems are relatively weak. This poses a challenge both for business development and for ensuring environmentally friendly and sustainable farming practices.

Against this background, policy recommendations are given in six fields, spanning from the multisectoral and area-based approach to capacity building, cooperation, farming practices, investment capacity and regional networking. These include both general recommendations valid for all countries/territories covered in the report and, whenever applicable, country-specific needs and recommendations.

5.1. Multisectoral support and rural diversification

- Rather than individual income support through direct payments, the smallholder sector in the region would benefit to a greater extent from multisectoral support. Such multisectoral support could better address the need to diversify economic activities on and off the farm and could also cover short food supply and value chains in their various forms. A broad, multisectoral approach should therefore be a central part of rural development policies in the region.
- The multisectoral support should be tailored to smallholder farmers in terms of eligibility and implementation rules in order to support this segment of the farming population and thus to stimulate growth of short supply and value chains.
- The links between activities for the development of the rural economy (*liaison entre actions de développement de l'économie rurale* (LEADER)) approach could be an important element within such an area-based development approach in promoting the development of short food supply and value chains.
- Specific attention should be given to the rural tourism sector, as it seems to have some potential for creating additional jobs. It also has cross-sector effects on SFSCs and the processing of high-quality foodstuffs, such as local specialities.
- To support broader rural development, the region needs investments in rural infrastructure to enable rural communities to efficiently diversify their economies, including into processing and tourism. Further shortening and strengthening of value chains depend on improved road and communal infrastructure, including waste management.

Albanian farmers require assistance mostly for diversifying incomes, whereas in Bosnia and Herzegovina farmers stress that rural infrastructure, mainly roads, must be improved. Booming tourism development in Serbian rural areas provoked farmers to identify the following fields as important for policy intervention: improving electricity supply; building and improving sewerage systems and sewage water treatment plants; and travel and tourism infrastructure. These would allow this trend to be used to enable the shortening of value chains. The development of rural tourism in both Albania and Bosnia and Herzegovina is conditional on the availability of multisectoral support to rural areas, which would provide the best opportunity for developing secondary and tertiary sectors.

5.2. Capacity building through advisory services and technical assistance

- Farmers in the region lack professional education and would greatly benefit from meaningful training in sustainable production techniques, quality and food safety measures and marketing, which are fundamental to the development of short food supply and value chains.
- Modernised and improved advisory systems should therefore be a high priority. The outreach of the services should be improved, and advisors must receive training themselves and should have specialist expertise in business development, investment planning, environmental effects of various production systems and marketing.
- Information systems for agricultural market prices should be made available in all countries/territories.
- The support for information and communication systems (including new forms) and advisory services should be targeted towards projects that facilitate linking smallholder farmers with relevant partners, such as buyers of local and high-value products (local shops, households, consumer organisations, restaurants, hotels, catering services, schools, consumers, etc.), input and technology suppliers (production technology, packaging, transport and other services) and credit providers (e.g. financial institutions and non-traditional forms of credit provision).
- Technical and technological support, such as support to improve the quality and safety of food products and to develop various sales channels, is a necessity for promoting SFSCs.
- In the longer term, rural areas as a whole could greatly benefit from an improved education system with a focus on professional business skills in both farming and non-farming sectors. Professional education with a focus on practical knowledge should be a priority.

Capacity building through advisory services and technical assistance is of particular importance in Albania, where farmers expressed the need for assistance with creating projects, the provision of advice to farmers on better marketing strategies and business growth, and guidance and training on organising effective cooperation. Kosovar farmers expressed a demand for projects in which coaching and financial assistance are offered to small farmers to support them to increase their production. Diversification of advisory support to also offer

legal advice, information on available financial support and advice for marketing, including provision of market information, seems to be of particular importance for Serbian farmers. Serbian farmers further insist on strengthening advisory services by engaging more scientists and professionals.

5.3. Promotion of partnerships and coordination of all stakeholders in the short food supply and value chains

- Farmers' collaboration and other forms of partnerships, which have potential benefits, remain underused in the Western Balkans and Turkey. Therefore, knowledge of the advantages of collaboration, such as the possibility of outsourcing marketing activities, organising collective transport and improving negotiation positions, must be increased. One important step is to improve the visibility of existing groups and to promote awareness of the collective sales channels among smallholders.
- Legal and institutional formworks could be developed to accommodate the informal form of collaboration that is often used by smallholders in the region. The support granted for collaboration should accommodate the existing informal form of collaboration.
- Farmers' collaboration could be promoted by providing assistance and support to contribute to a reduction in transaction costs for marketing and in accessing equipment, technology and financial capital, adding value to products and finding new consumers.
- The focus should be on bottom-up initiatives for various kinds of partnerships and especially those with the potential for transferring good practices into the region and beyond. Although member ownership is important for creating trust, being limited to strictly cooperative structures could be counterproductive.
- Rural development networks could play an important role in encouraging collaboration on all levels, between farmers, but also between public and private actors, creating trust and increasing the capacity of small farmers to use the measures and incentives provided.

Kosovar farmers are looking for support to establish cooperation in all relevant aspects, whereas in Bosnia and Herzegovina farmers requested support for establishing cooperation in food supply chains for tourism and for establishing partnership between farms focused on tourism. Montenegrin and Serbian farmers consider support for networking between small farmers crucial for their success in marketing by obtaining a better negotiating position. Following critical depopulation of rural regions in Serbia, support is also required for creative rural women and youth and their organisations, as this is seen as crucial in improving the productivity of decreasing populations in rural areas. Improving cooperation between the public and private sectors is needed in the field of environmental regulations, according to Serbian farmers, especially for protecting pollinators through coordinated action. Montenegrin farmers are looking for support to establish fairer competition through better control of quality and originality of products, especially those collected in nature (teas, herbs, fruits, etc.) and honey. North Macedonian and Serbian farmers think that decision-makers need to increase their interaction with producers and their associations before making any decisions on regulating production and designing support policies. Farmers in Bosnia and Herzegovina desire more transparency in the public sector, to enable better collaboration.

Collective sales channels may represent a best-practice solution in providing small farmers with access to SFSCs. However, their accessibility and knowledge of them are heterogeneous across countries/territories, and the adoption of various support schemes across countries/territories may be required in order to increase awareness among small farmers. There is particularly limited knowledge of collective sales channels in Albania, Kosovo* and Turkey. To a lesser extent, important knowledge gaps are also present in Bosnia and Herzegovina, Montenegro, North Macedonia and Serbia.

5.4. Organic agriculture and payments for environmental services

- Organic production could be an important feature of successful sales in SFSCs. Instead of changing from environmentally adapted, low-input, traditional, small-farming practices to modern, high-input agriculture, farmers could benefit more from offering organic products.
- Joint (group) certification could be an important pathway to handle the high cost of certification for single farms. The local governments could create a legal and institutional framework that supports the development of joint certification.
- Agricultural and rural policies could support environmentally friendly production through payments for environmental services provided by smallholder farms. Such payments would support societal goals and are to be preferred to payments in the form of income support (direct payments).

Although low-input farming is still widespread, these recommendations are of great relevance to areas where environmental issues are considered very important, such as in Serbia. In Serbia, intensive agriculture can be found, but there are also areas seeking to protect fragile nature and water sources. Firm support for decreasing pollution from agriculture by introducing best agricultural practices in managing manure and chemical use, as much as increasing organic and other forms of ecological agriculture, is of high importance there.

5.5. Increasing the investment capacity of smallholder farms

- Although participation in short food supply and value chains offers many opportunities to develop small-scale farm businesses, the small farmers lack the capacity to invest in modern processing equipment and storage, vehicles for transport, etc. Access to investment funds is therefore important. Such access was considered difficult so far owing to the scale of operations and size of farms. Partnerships, but also new and more flexible rules for eligibility, may help to solve this issue.
- Access to finance is often the main factor constraining small farmers from investing in adding value to their products or developing short food supply and value chains. Both traditional and new forms of access to finance tailored to small farmers could be promoted (e.g. banks, crowdfunding, microfinance) to strengthen smallholder farms' access to credit and thus stimulate their investments in these areas.
- Investment support should not be limited to primary agricultural production, but should allow for diversification into processing, tourism and other relevant sectors.

In Bosnia and Herzegovina, where farmers are very interested in introducing new technologies in order to increase their competitiveness, but where investment capacity is low, support is much needed. Similarly, farmers in Kosovo*, who have expressed a need to invest in mechanisation and to establish milk and meat collection centres, and farmers in North Macedonia, who are in need of more distribution/retail centres, have clearly indicated areas in which investment support could be used. Diversification-related support was greatly demanded by Montenegrin and Serbian farmers, who are seeking support for the certification and branding of specific products and for the introduction of innovative products. Albanian farmers have indicated the need for specific support for farm diversification, especially regarding the introduction of new economic activities such as agritourism.

5.6. Regional cooperation

- Regional cooperation, such as through the existing SWG, has proven to be an important element in rural development efforts in the Western Balkans. With a view to promoting short food supply and value chains, a Balkan certification indicating that a product has been produced using traditional or organic production methods and is marketed in the region could increase the visibility of such products and distinguish them from 'industrial' agricultural products.
- Regional cooperation could be used to effectively tap the possibilities offered through the new IPARD programme. All countries/territories with access to IPARD measures could establish a close high-level exchange on how to make best use of the funds for rural development and how to ensure that smallholders get a fair chance to participate in the measures offered. The regional policy approaches should avoid simply copying agricultural policies from EU countries, but rather should learn from mistakes and best practices. A focus on public goods, broader rural development, innovation, professional advisory services, cooperation and sustainability is recommended, whereas direct payments could be less effective for the needs of smallholder farmers and for the development of short food supply and value chains in the region.
- Support for the exchange of good practices within and across regions in the Western Balkans and Turkey could be strengthened in order to facilitate the identification and development of opportunities and projects in the area of short food supply and value chains. Such an initiative may also contribute to more effective advisory systems as the knowledge obtained elsewhere may help provide assistance to smallholders to develop more viable projects across the region.
- Initiatives could be developed to identify consumers' potential demand for local products within and across regions in the Western Balkans and Turkey in order to facilitate the development of short food supply and value chains with the highest value added.
- Regional collaboration could be undertaken to promote joint food quality standards related to value chains and to create a joint certification system (e.g. organic and fair trade certifications) for local production and high-value products from the region in order to promote its environmental, social and cultural contributions.

Regional cooperation is particularly recognised by farmers living in border areas of all countries/territories in the region, and not just where cross-border cooperation is a tradition, but also in regions receiving SWG assistance and where the results of a number of cooperative initiatives have enabled farmers to see the benefits of cooperation. Being in the hands of local communities, these activities will benefit from true decentralisation. In such regions in Serbia, for instance, decentralisation is recognised as crucial for further development of the small-farming sector and short value chains because of the geography and shared natural and cultural heritage, which require, to be fully utilised, a high level of independence in decision-making. This favourable climate for regional cooperation will, to a large extent, help the EU integration of these countries/territories, so instruments for supporting cross-border cooperation could be expanded. This might even mean the inclusion of cross-border local action groups and expanding and strengthening joint initiatives of regional ministries, such as the initiative under the umbrella of the SWG.

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Annexes

Annex 1. The questionnaire used in the semi-structured interviews

FARM HOUSEHOLD SURVEY QUESTIONNAIRE, 2020

This questionnaire will be implemented with laptops and digital data entry. This document therefore does not reflect the final design of the questionnaire. The numbering and section headers are not final. Green text is information for the person who will transform the questionnaire into a digital application.

Good morning/afternoon/evening, I am _____ and I am conducting a survey on behalf of SWG. The purpose of the project is 'Study of best practices and potential of participation of the smallholders in the short-value chains in the Western Balkans region and Turkey'. Your input will help to identify problems that hinder a better use of short supply chains for successfully entering agricultural markets commercialisation efforts of small and family farmers.
To have a common understanding, we define short food supply chains as sales where farmers sell their produce directly to consumers or with a minimum of intermediaries between producers and consumers (e.g. local/farmers' markets, farm/local shops, on-farm sales, 'pick-your-own' systems, roadside sales, sales to local shops).
The information you give us will be recorded anonymously and you and your household members will not be identified in any of the reports we plan to write. We will only present a summary of results for groups of households and their farms.
Information for the interviewer:
The person to be interviewed will be the one who leads the farm business. If it is not possible to interview this person, another knowledgeable household member involved in decision-making about farming can be interviewed instead.

Date of interview: Will be automatically saved when the questionnaire is opened for the first time

0.1 (*Interviewer*) *Please confirm that this person leads the farm business or is another knowledgeable household member involved in decision-making about farming can be interviewed instead*: ☐ Yes
0.2 Name of interviewer: _____

0.3 Country: _____ **0.4 Municipality:** _____ **0.5 Village name:** _____
0.6 What is your age? _____ years

0.7 What is your sex? ☐ Male ☐ Female

0.8 What is the highest level of formal schooling / university completed by you? Code: _____

CODE: 0, no schooling; 1, primary up to 5 years; 2, primary 6 to 9 years; 3, high school; 4, college/vocational; 5, BSc degree; 6, MSc degree or higher

0.9 Which agricultural education / qualification have you achieved? _____ Code (multiple)

None / only practical experience .....(1)	Agricultural secondary school.....(4)
Only short courses .....(2)	Agricultural graduate studies (college, university) .....(6)
Agricultural vocational school.....(3)	Postgraduate studies .....(8) Code

1. Farming objectives

1.1 What are your household's aims in farming? Please rate each aim according to its relevance on a scale (1–7).

Not important at all 1☐ – 2☐ – 3☐ – 4 ☐ – 5☐ – 6 ☐ – 7☐ Very important

a) To engage household members with work on the farm
b) To not leave the land unused
c) To increase production by using new technologies
d) To specialise in profitable crops that can be sold on the market
e) To maintain land and farm assets to keep the farm in a good condition for the next generation of my family
f) To exit farming, as it is not a profitable business
g) To enter the market with processed products with added value (including gastronomy)
h) To sell the farm products in bulk and to deal with marketing as little as possible
i) To sell farm products directly to local customers/market
j) To improve marketing strategies including establishing partnerships for this purpose
k) To use farming as an income source only until we find better jobs in the region

2. Facilitators of commercialisation – advisory service

2.1 Did you (or your household) make use of any agricultural advisory service in the last 2 years? ☐ Yes ☐ No

2.2 If no, why not?

☐ No need. ☐ I believe advisors are not competent.

☐ There is no advisor available at all. ☐ There is no advisor available in the field in which I would need advice. ☐ Other: _____

3. Facilitators of commercialisation – collaboration

3.1 Do you currently collaborate with other farmers formally? ☐ Yes ☐ No
(By 'formal' we mean any collaboration between farmers that is based on contracts. It often has a legal form of organisation. The rights and duties of all stakeholders are clearly defined. Informal collaboration is characterised by the lack of legal/formal agreements.)

If yes, 3.1.1 ...for what activities (multiple answers)?

☐ joint input supply (1), ☐ labour exchange (2), ☐ joint use of advisory services (3), ☐ machinery exchange (4), ☐ joint marketing (5), ☐ other (6) ___

3.1.2 ...in which organisational form (multiple answers)?

☐ cooperative (1), ☐ producer organisation (2), ☐ inter-branch organisation (3), ☐ farmers' union/association (4), ☐ other (5) ___

3.2 Do you currently collaborate with other farmers informally (without contract) ☐ Yes ☐ No

If yes, 3.2.1 for what activities (multiple answers)?

☐ joint input supply (1), ☐ labour exchange (2), ☐ joint use of advisory services (3), ☐ machinery exchange (4), ☐ joint marketing (5), ☐ other (6) ___

3.3 Please indicate your general attitude toward collective sale channels Very negative 1 – 2 – 3 – 4 – 5 – 6 – 7 Very positive /____/

3.4 Please indicate the accessibility of collective sale channels for your farm (tick the most appropriate option)

☐ Collective sales channels are generally easy to access in my area

☐ Collective sales channels are existent, but it is difficult or impossible for me to access them

☐ To my knowledge such collectives are non-existent in my area

☐ I have no knowledge or information about collective sales channels in my area

☐ Other: _____

3.5 Please indicate for each statement whether you agree or not with a view to the possibility of your entering collective sales channels.
☐ Absolutely not agree 1 – 2 – 3 – 4 – 5 – 6 – 7 ☐ Absolutely agree

☐ Collective sales channels are not suitable for me because there is not enough demand for my products

☐ Fitting with food safety standards of potential collective sales channels is very difficult for me

☐ Providing the required quality by potential collective sales channels is very difficult for me

☐ Providing continuous supply as required by potential collective sales channels is very difficult for me

☐ Providing the quantity of products required by potential collective sales channels is very difficult for me

☐ Some potential collective sales channels I can't use, because my farm is not registered as a business entity (e.g. delivering to restaurants)

4. Marketing barriers:

Now we will be asking you about sales, consumption and waste of your agricultural products.

4.1. Overall, how much of your farm production was sold, consumed and wasted in 2019? Please give a rough estimate of percentage.

Total production in 2019 = 100 %, thereof

Sold (or in stock for selling*) (%) /_____/

*incl. for commercial processing/tourism etc.

Consumed (or in stock for own consumption) (%) /____/

Wasted/lost (including losses for production still in stock) (%) /____/ (check 100 %)

If unclear, please comment: _____

4.2 How would you describe the marketing of your farm and farm-related activities?

Percentage share of farm production that is sold through short food supply chains: /____/ %

Percentage share of farm production that is sold through long food supply chains / in bulk: /____/ % (check 100 %)

4.3 In your opinion, which products are most profitable to be sold in local markets and through short food supply chains in this area? Please list up to three products which you think are most profitable and have the largest consumer base.

a) _____ b) _____ c) _____

4.4 The following question deals with possible constraints to increase agricultural production and sales through short supply food chains. Consider the following statements and indicate whether you agree or disagree with them regarding your own household's agricultural activities. Use the scale below.

a) It is difficult to find local consumers for our products ..... /____/
b) The competition from other producers is very high ..... /____/
c) We cannot meet standards demanded by buyers ..... /____/
d) Too low product prices are a severe problem for marketing our products ..... /____/
e) Price fluctuation is severe problem for marketing our products ..... /____/
f) We lack information and advice on markets and prices ..... /____/
g) We would need to change our specialisation to produce what is locally demanded ..... /____/
h) Our negotiating position is weak, which makes the marketing of our products very hard ..... /____/
i) We lack family labour to (further) develop commercial activities of our farm business ..... /____/
j) It is difficult to find hired workers to support us for the wage we can afford ..... /____/
k) In order to be competitive producers, we need improved agricultural production skills ..... /____/
l) We lack marketing-related skills ..... /____/
m) We lack financing to be able to develop and commercialise our farm ..... /____/
n) The local infrastructure is a hindrance to marketing our products (e.g. bad roads, missing sales points etc.) ..... /____/
o) Government support is not accessible or not sufficient for developing our farm business ..... /____/

Strongly disagree **1 – 2 – 3 – 4 – 5 – 6 – 7** Strongly agree

5. Production factors – land

5.1 Please indicate the type of your farm ([3])

☐ **Crop specialists**
- ☐ Horticulture
- ☐ Various permanent crops combined
- ☐ Vineyard
- ☐ Fruit and citrus fruit
- ☐ Olives
- ☐ Cereals, oilseed and protein crops
- ☐ General field cropping

☐ **Livestock specialists**
- ☐ Cattle dairying, rearing and fattening combined
- ☐ Pigs
- ☐ Various granivores combined
- ☐ Cattle rearing and fattening
- ☐ Poultry
- ☐ Dairying
- ☐ Sheep, goats and other grazing livestock
- ☐ Beekeeping

☐ **Mixed farming**
- ☐ Mixed livestock, mainly granivores
- ☐ Mixed livestock, mainly grazing livestock
- ☐ Field crops grazing livestock combined
- ☐ Mixed cropping
- ☐ Various crops and livestock combined

☐ **Agroforestry farms**

☐ **None of the above (please describe):**

_____

_

5.2 Please indicate in this table the land that you used for agricultural production in 2019. ***If land was left fallow in this season as a result of crop rotation, please mention this land here under the respective category (usually crop production). Land that is in your ownership but not used by you (rented out or permanently abandoned) is not part of this table. Please make sure that the total UAA always reflects the sum of different categories of land.***

a) Crop production UAA in ha/_____/
b) Pastures/ Meadows UAA in ha /_____/
c) Orchards UAA in ha /_____/
d) Vineyards UAA in ha /_____/
e) Vegetable gardens /_____/
f) _____
g) **Total UAA** in areas /_____/ [Sum check]

Interviewer – If the respondents use another measure for the land area transfer into ha!
1 kvadratni hvat (hv) = 3.59665 = 3.6 m^2
1 katastarsko jutro (kj) ral = 5754.64 m^2 = 1 600 kvadratnih hvati
1 hektar = 2 780 četvornih hvati = 1.7377 rali
1 lanac = 7 193.3 m^2
1 dulum (dunum, dylym) = 1000 m^2
1 dan oranja = 4 000 m^2
1 motika zemlje = 800 m^2
1 ralo = 1 600 m^2

5. Production factors – farm assets, storing, processing and selling equipment, and labour

([3]) Eurostat (2018).

5.3. Do you have any of the following special assets?

Cooling facilities for your products (e.g. milk or vegetables)	☐ Yes ☐ No
Storing facilities for your products (e.g. for cereals)	☐ Yes ☐ No If yes, specify: _____ _____ _____ _____
Facilities for processing (dairy, mill, kitchen, other):	☐ Yes ☐ No If yes, specify: _____ _____ _____ _____
Selling facility (stand on farm, farmers' market, shop, other):	☐ Yes ☐ No If yes, specify: _____ _____ _____ _____
Vehicle(s) for transporting products (refrigerated lorries, trucks', other)	☐ Yes ☐ No If yes, specify: _____ _____ _____ _____

5.4 How many adult household members of working age (16–64) does this household have? /_____/

5.5 How many children under 16 live in this household? /_____/

5.6 How many persons over 64 live in this household? /_____/

5.7 Do you farm your land with household labour only? ☐ Yes ☐ No

For yes/no 5.7.1 … how many family members worked on farm work (primary production) in 2019? /_____/

If no, 5.7.2… how many casual unpaid workers (e.g. relatives or neighbours) helped you with farm work in 2019? /_____/

5.7.3 …how many paid workers helped you with farm work in 2019? /_____/

5.8 For work related to processing or marketing of your agricultural products, do you employ family labour only? ☐ Yes ☐ No ☐ Not applicable

For yes/no 5.8.1 …how many **family members** were engaged with processing/marketing in 2019? /_____/

5.8.2 …how many full days did your family members work in 2019 (total number of employees × total number of days)? /____/

If no, 5.8.3 … how many **casual unpaid workers** (e.g. relatives or neighbours) helped you with processing/marketing in 2019? /_____/

5.8.4.. how many full working days of all casual workers in 2019? /_____/

5.8.5 … how many **hired persons** did you use for processing/marketing in 2019? /_____/

5.8.6 how many full days did the hired persons work in 2019 (total number of employees × total number of days)? /_____/

6. Farm production, farm-related business activities and short value chains

6.1 Did you have plant production (2019 season)? ☐ Yes ☐ No

6.2 If yes, please indicate your three most important crops (including vegetables and fruits) in the 2019 season.

1. _____ Interviewer, please tick to which category this item belongs ☐ crop ☐ vegetable ☐ fruit
2. _____ Interviewer, please tick to which category this item belongs ☐ crop ☐ vegetable ☐ fruit
3. _____ Interviewer, please tick to which category this item belongs ☐ crop ☐ vegetable ☐ fruit

6.3 For crops 1–3, please answer the following questions. The questions refer to the raw product only.

a) Which percentage of your farm income is derived from this raw crop? ____ %

b) Who was the main buyer of (raw) product?

Final consumer	On the farm	☐ On-farm direct sale to final consumers ☐ 'Pick your own' systems ☐ Own agritourism (gastronomy)
	Delivery	☐ Direct delivery to homes of final consumers ☐ Box schemes / internet selling ☐ Solidarity purchasing groups
	Markets	☐ Street market ☐ Local farmers' markets ☐ Urban farmers' market
Small businesses:		☐ Local small shops ☐ Local processors or gastro businesses ☐ Urban gastro businesses
Farmers' organisations		☐ Cooperative ☐ Producer organisations ☐ Other farmers' groups/associations/unions etc.
Long supply chain buyers		☐ Processors/agrifood industry ☐ Supermarkets/retailers chains ☐ Traders/wholesalers and exporters
Own processing		☐ The crop was processed on the farm before selling (go to next crop)
Other		☐ please describe: _____

c) Which kind of contractual arrangements did you use for selling the product (if any)?

h) Price setting:

☐ I am setting prices high, since products are of exceptional quality / organic / protected origin etc.

☐ I am setting prices high, but providing 'pay one, get two' or similar promotions

☐ I am setting low price, but sell only in bulk (large quantities of sell all product at once)

☐ I am setting price first high when I am entering market, and then decreasing it during the season

☐ I am following daily prices on the farmers' market

☐ I am selling products for high price as traditional / deriving from autochthonic or old breeds of animals or plants

☐ I am setting moderate price for selling moderate prices for customers ordering more products at once

☐ other, please describe_____

i) **Quality setting:** ☐ considering traditional low-input farming as a sufficient quality set-up ☐ following minimum food-safety standards, quality is not an issue ☐ introducing certifications of different kinds ☐ using old breeds/kinds ☐ other, please describe: _____

j) **Type:** ☐ formal (written) ☐ non-formal (oral) ☐ no fixed arrangement at all (go to next question)

k) **Duration:** ☐ one delivery ☐ one season ☐ longer-term

l) **Price negotiation:** ☐ negotiated for each delivery ☐ set/fixed each season ☐ set/fixed each year ☐ set/fixed based on market price development

m) **Responsibility for transport logistics:** ☐ we were responsible ☐ co-op or group was responsible ☐ customer was responsible

n) **Additional services:** ☐ sales contract with no provision of inputs or technical advice ☐ sales contract with contractor providing inputs or technical advice

d) How difficult is the sales and marketing situation for this product? Very difficult 1 – 2 – 3 – 4 – 5 – 6 – 7 Not difficult at all /____/

Repeat for crops 2 and 3

6.4 Did your household have any livestock production in 2019? ☐ Yes ☐ No

6.5 Please indicate your three most important products from the livestock sector in 2019.

1. _____

2. _____

3. _____

Answer could be supported through drop-down list with the following items (tbd)

☐ Dairy heifers/bull/semen; ☐ Cow milk; ☐ Beef heifers/bull/semen; ☐ Beef cattle; ☐ Pigs/piglets; ☐ Hogs/piglets for breeding; ☐ Dairy goat milk; ☐ Goat kids for meat; ☐ Nannies for reproduction; ☐ Dairy sheep milk; ☐ Ewes for reproduction; ☐ Mutton; ☐ Lambs for meat; ☐ Poultry; ☐ Poultry for reproduction; ☐ Laying hens ☐ Eggs; ☐ Bee swarms; ☐ Honey; ☐ Bee wax; ☐ Bee poison; ☐ Bee pollen; ☐ Royal jelly; ☐ Fish; ☐ Rabbit; ☐ Slurry; ☐ Manure; ☐ Other, please specify _____

6.6 For products 1-3, please answer the following questions

a) Which percentage of your farm income is derived from this raw product? ____ %

b) Who was the main buyer of (raw) product?

Final consumer	On the farm	☐ On-farm direct sale to final consumers ☐ 'Pick-your-own' systems ☐ Own agritourism (gastronomy)
	Delivery	☐ Direct delivery to homes of final consumers ☐ Box schemes/internet selling ☐ Solidarity purchasing groups
	Markets	☐ Street market ☐ Local farmers' markets ☐ Urban farmers' market
Small businesses:		☐ Local small shops ☐ Local processors or gastro businesses ☐ Urban gastro businesses
Farmers' organisations		☐ Cooperative ☐ Producer organisations ☐ Other farmers' groups/associations/unions etc
Long supply chain buyers		☐ Processors/agrifood industry ☐ Supermarkets/retailers chains ☐ Traders/wholesalers and exporters
Own processing		☐ The crop was processed on the farm before selling (go to next product)
Other		☐ please describe: _____

c) Which kind of contractual arrangements did you use for selling the product (if any)?

o) Price setting:

☐ I am setting prices high, since products are of exceptional quality / organic / protected origin etc.

☐ I am setting prices high, but providing 'pay one, get two' or similar promotions

☐ I am setting low price, but sell only in bulk (large quantities of sell all product at once)

☐ I am setting price first high when I am entering market, and then decreasing it during the season

☐ I am following daily prices on the farmers' market

☐ I am selling products for high price as traditional / deriving from autochthonic or old breeds of animals or plants

☐ I am setting moderate price for selling moderate prices for customers ordering more products at once

☐ other, please describe_____

p) **Quality setting:** ☐ considering traditional low-input farming as a sufficient quality set-up ☐ following minimum food-safety standards, quality is not an issue ☐ introducing certifications of different kinds[2] ☐ using old breeds/kinds ☐ other, please describe: _____

q) **Type:** ☐ formal (written) ☐ non-formal (oral) ☐ no fixed arrangement at all (go to next question)

r) **Duration:** ☐ one delivery ☐ one season ☐ longer-term

s) **Price negotiation:** ☐ negotiated for each delivery ☐ set/fixed each season ☐ set/fixed each year ☐ set/fixed based on market price development

t) **Responsibility for transport logistics:** ☐ we were responsible ☐ co-op or group was responsible ☐ customer was responsible

u) **Additional services:** ☐ sales contract with no provision of inputs or technical advice ☐ sales contract with contractor providing inputs or technical advice

d) How difficult is the sales and marketing situation for this product? Very difficult 1 – 2 – 3 – 4 – 5 – 6 – 7 Not difficult at all /____/

Repeat for livestock products 2 and 3

6.7 Did your household process any of agricultural products intended for marketing in 2019? ☐ Yes ☐ No

6.8 Which processed product did you offer on the market in 2019? Please tick the relevant categories and specify the product(s).

☐ Meat products, namely: /_____//_____//_____//_____//_____/

☐ Dairy products, namely: /_____//_____//_____//_____//_____/

☐ Fruit preserves, namely: /_____//_____//_____//_____//_____/

☐ Vegetable preserves, namely: /_____//_____//_____//_____//_____/

☐ Flour and other mill products, namely: /_____//_____//_____//_____//_____/

☐ Alcohol drinks, namely: /_____//_____//_____//_____//_____/

☐ Non-alcoholic beverages, namely: /_____//_____//_____//_____//_____/

☐ Dry plant or mushroom products, namely: /_____//_____//_____//_____//_____/

☐ Bee products, namely: /_____//_____//_____//_____//_____//_____/

☐ Dishes (gastronomy), namely: /_____//_____//_____//_____//_____//_____/

☐ Other, namely: /_____//_____//_____//_____//_____//_____/

6.9 For each ticked category, please answer the following questions (2019 season):

a) Who was the main buyer of the processed product?

Final consumer	On the farm	☐ On-farm direct sale to final consumers ☐ 'Pick your own' systems ☐ Own agritourism (gastronomy)
	Delivery	☐ Direct delivery to homes of final consumers ☐ Box schemes / internet selling ☐ Solidarity purchasing groups
	Markets	☐ Street market ☐ Local farmers' markets ☐ Urban farmers' market
Small businesses:		☐ Local small shops ☐ Local processors or gastro businesses ☐ Urban gastro businesses
Farmers' organisations		☐ Cooperative ☐ Producer organisations ☐ Other farmers' groups/associations/unions etc.
Long supply chain buyers		☐ Processors/agrifood industry ☐ Supermarkets/retailers chains ☐ Traders/wholesalers and exporters
Other		☐ please describe: _____

b) Which kind of contractual arrangements did you use (if any)?

v) Price setting:

☐ Setting prices high, since products are of exceptional quality / organic / protected origin etc.

☐ Setting prices high, but providing 'pay one, get two' or similar promotions

☐ Setting low price, but sell only in bulk (selling large quantities of of product at once)

☐ Setting a high initial price when entering the market, and then decreasing it during the season

☐ Following daily prices on the farmers' market

☐ Selling traditional / old variety products for a high price

☐ Setting moderate prices for customers ordering more products at once

☐ other, please describe_____

w) **Quality setting:** ☐ considering traditional low-input farming as a sufficient quality set-up ☐ following minimum food-safety standards, quality is not an issue ☐ introducing certifications of different kinds[2] ☐ using old breeds/kinds ☐ other, please describe: _____

x) **Type:** ☐ formal (written) ☐ non-formal (oral) ☐ no fixed arrangement at all (go to next question)

y) **Duration:** ☐ one delivery ☐ one season ☐ longer-term

z) **Price negotiation:** ☐ negotiated for each delivery ☐ set/fixed each season ☐ set/fixed each year ☐ set/fixed based on market price development

aa) **Responsibility for transport logistics:** ☐ we were responsible ☐ co-op or group was responsible ☐ customer was responsible

bb) **Additional services:** ☐ sales contract with no provision of inputs or technical advice ☐ sales contract with contractor providing inputs or technical advice

cc) **Labour input:** number of family members /____/ number of casual unpaid workers /____/ number of hired people /____/

c) How difficult is the sales and marketing situation for this product? Very difficult 1 – 2 – 3 – 4 – 5 – 6 – 7 Not difficult at all /____/ **Repeat for all processed product categories indicated above**

6.10 Beside primary farm production/processing, does your farm business include any of the following farm-related business activities?

Farm-related business	**6.10b Number of family members involved**	**6.10c Do you have additional paid labour engaged?**	**6.10c Who is buying this product/service (local customers or remote, e.g. urban, or wholesalers and exporters etc.)?**
☐ Sale of hay, straw etc. to other farmers		☐ No ☐ Yes	
☐ Commercial collection of wild fruits		☐ No ☐ Yes	
☐ Commercial use of forestry products		☐ No ☐ Yes	
☐ Tourism		☐ No ☐ Yes	
☐ Providing a service to other farmers, e.g. ploughing or planting		☐ No ☐ Yes	
☐ Providing a service to villagers, e.g. using your machinery in building houses		☐ No ☐ Yes	
☐ Providing agricultural tools and machineries to other farmers		☐ No ☐ Yes	
☐ Other services related to the use of agricultural assets, e.g. providing storage for other farmers		☐ No ☐ Yes	

6.11 Please assess the impact of processing and farm-related activities on your income.

How was the household's net income before you started to market processed products / introduced farm-related businesses?
☐ Much lower ☐ Lower than today ☐ As today ☐ Higher than today ☐ Much higher ☐ not applicable

8. Policy support (rural development grants) and credit market

8.1 Have you ever applied for a rural development grant?

- ☐ No ☐ Yes

If yes, please indicate for each application

8.2 Application purpose	**8.3** Year of application	**8.4** Was the application successful?	If yes for **8.4.1** What was the total amount approved?	**8.4.2** What was the percentage of your own contribution?
1:		☐ No ☐ Yes	€_____	___ %
2:		☐ No ☐ Yes	€_____	___ %
3:		☐ No ☐ Yes	€_____	___ %

8.5 Have you applied for a bank loan for farm investment purposes since 2015? By 'farm investment' we mean all investments in crop and animal production, but also beekeeping, processing of farm products or wild fruits, development of craftsmanship or rural tourism, marketing.

- ☐ No ☐ Yes **If yes**, please indicate for each application

8.6 Application purpose	**8.7** Year of application	**8.8** Was the application successful?	8.8.1 **If yes**, what was the amount approved?
1: _____		☐ No ☐ Yes	€_____
2: _____		☐ No ☐ Yes	€_____
3: _____		☐ No ☐ Yes	€_____

8.9. Has there been any investment plan over the last 2 years that you could not realise or had to postpone owing to lack of financing? ☐ Yes ☐ No

8.10 If yes, what kind of investment and why was it not realised? _____ _____

9. Incomes

We now would like to get an overview of your income. Could you please estimate the total net incomes and revenues of your household? (Net income means all income you can use for consumption/savings, it does not include operating expenses and fixed cost; revenues minus cost!)

9.1 Please estimate what was the net household income in 2019 from all activities for all members of the household /€_____/

9.2. Please give an estimate of the share of each category in your household income:

- income from primary farm production: _____ %
- income from processed farm products _____ %
- income from other farm-related businesses such as farm tourism/gastronomy/forestry _____ %
- salaries from employment _____ %
- income from off-farm business (not farm-related) _____ %
- pensions and social payments _____ %
- other _____ % check for 100 %

10. Infrastructure

10.1 How far from the farmhouse is the nearest …. (Indicate for relevant items. Use increments of 0.5 km)

Interviewer: if the respondent does not know the answer use this code: -333

a) ☐ Milk collection site _____km
b) ☐ Collection point for vegetable and other relevant products _____km
c) ☐ Slaughter facilities _____km
d) ☐ Other processing facilities that are relevant for your production _____km
e) ☐ Farmers' market _____km
f) ☐ Wholesale market _____km
g) ☐ Town _____km

11. Future farm and livelihood strategies

11.1 In the future, how do you evaluate the economic prospects of your farm and related farm business(es) within a timeframe of 2 years? In 2 years our farm business will ….

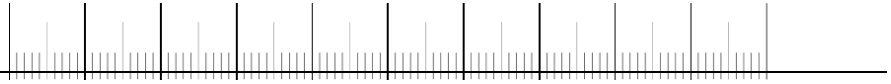
☐ be not competitive at all .....(1)
☐ have difficulties in adapting .....(2)
☐ have good prospects of successfully adapting.....(3)
☐ have excellent prospects of successfully adapting.....(4)

☐ Don't know ..... (-333)

11.2 We will now ask you a few questions about the future farm and employment strategies of your farm. We ask you to assess the likelihood of certain actions that the household might or might not decide to take in next 5 years. Please answer the questions by a rating of the probability from 0 % to 100 %.

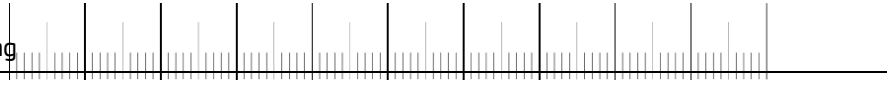
11.2.a How likely is it that your household or members of your household will (further) diversify production on your household with some processing to add value to your primary products income? Please indicate the probability on this scale. The scale starts with zero and ends with 100 %

Probability of adding value through own processing



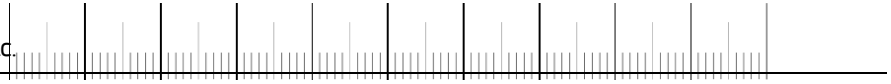
11.2.b How likely is it that your household will (further) engage in rural/agro tourism or catering? Please indicate the probability on this scale. The scale starts with zero and ends with 100 %

Probability of adding value through own tourism/catering

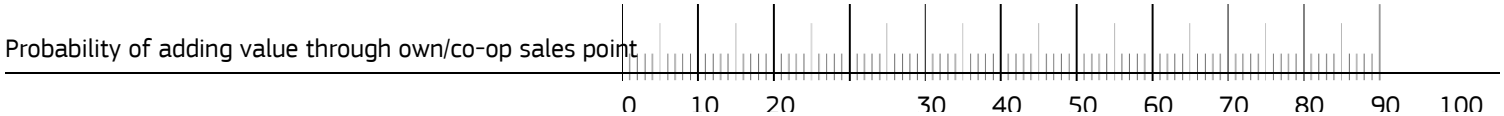


11.2.c How likely is it that your household will introduce/increase direct marketing (selling directly to consumers)?

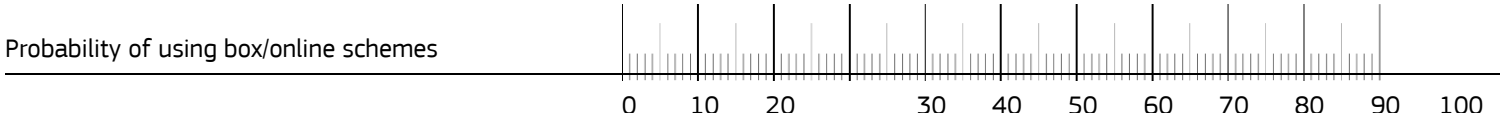
Probability of introducing/increasing direct marketing etc.



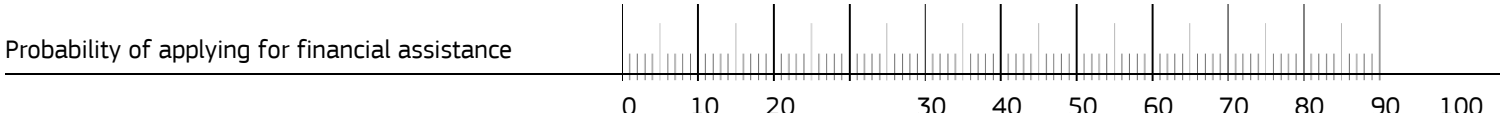
11.2.d How likely is it that your household will start/increase selling on the local green farmers' market or open your own shop or a shop in cooperation with other producers (cooperative shop)?



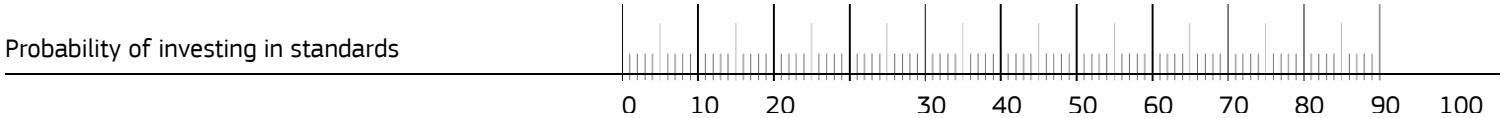
11.2.e How likely is it that your household will use box schemes or any other kind of online marketing in their farm business model?



11.2.f How likely is it that your household will apply for grants or subsidies that help you to finance farm and farm diversification activities?



11.2.g How likely is it that your household will invest in introducing new quality and safety standards to increase the chance of meeting markets/customer requirements?



11.3. When you think about the possibility of starting/increasing adding value to your products through processing or through a farm-related business, would any of the following measures significantly increase the likelihood of your investing? Please use the scale below to answer the question.

a) Provision of information on business opportunities **/___/**
b) Access to consulting service specialised in rural non-farm businesses **/___/**
c) Access to low-cost finance (credit with affordable interest rate) **/___/**
d) Improved physical infrastructure, such as roads, electricity **/___/**
e) Special development projects that support rural non-farm businesses **/___/**
f) Reduced insurance and tax burden for rural non-farm businesses **/___/**
g) Better law enforcement **/___/**
h) Targeted business training **/___/**
i) Grants for investments **/___/**
j) Favourable loans for investments **/___/**
k) Support for farmers' collaboration, e.g. in producer groups **/___/**
l) Other, please specify **/___/**

Absolutely not **1 – 2 – 3 – 4 – 5 – 6 – 7** – Absolutely yes

11.4 Finally, if you had the chance to tell politicians what to do to support small farms, what kind of action should the government in your opinion take in order to make diversification targeting adding value and efficient marketing strategies (establishing and strengthening short value chains) more attractive to you and other small farms? 1. _____ 2. _____ 3. _____

11.5. It is possible that this study will need to be followed up by a short repeat visit or a phone call. If there will be a future follow up on this study, would you give your consent to us contacting you again?

Yes ☐ No ☐

If yes please give us your contact details and telephone number (to be noted down separately)

Abbreviations

IAMO	Leibniz Institute of Agricultural Development in Transition Economies
IPARD	instrument for pre-accession assistance for rural development
MIDAS	Modernize and Innovate the Delivery of Agricultural Systems
SFSC	short food supply chain
SWG	Regional Rural Development Standing Working Group in South-Eastern Europe
UAA	utilised agricultural area
UNIDO	United Nations Industrial Development Organization
VC	Value chain

List of boxes

Box 1. BEST-PRACTICE CASE STUDY FOR HONEY 29
Box 2. BEST-PRACTICE CASE STUDY FOR LAMB AND CHEESE 29
Box 3. BEST-PRACTICE CASE STUDY FOR CHEESE 30
Box 4. BEST-PRACTICE CASE STUDY FOR APPLES AND CHERRIES 31
Box 5. BEST-PRACTICE CASE STUDY FOR RASPBERRIES 32
Box 6. BEST-PRACTICE CASE STUDY FOR VEGETABLES 32
Box 7. BEST-PRACTICE CASE STUDY FOR FISH 33

List of figures

FIGURE 1. PRODUCTION DISTRIBUTION BY COUNTRY/TERRITORY 15
FIGURE 2. LONG VERSUS SHORT FOOD SUPPLY CHAINS (% OF RESPONDENTS) 16
FIGURE 3. PRICE SETTING FOR PLANT PRODUCTS (% OF ANSWERS IN THE CATEGORY) 19
FIGURE 4. SALES WITH AND WITHOUT CONTRACTUAL ARRANGEMENTS (% OF RESPONDENTS) 19
FIGURE 5. CONTRACT DURATION (% OF RESPONDENTS) 20
FIGURE 6. TOTAL HOUSEHOLD NET INCOMES OF SURVEYED FARMERS IN 2019 (EUR PER HOUSEHOLD) 22
FIGURE 7. SOURCES OF NET HOUSEHOLD INCOME BY COUNTRY/TERRITORY (% OF TOTAL INCOME OF SURVEYED FARMERS) 23
FIGURE 8. SHORT FOOD SUPPLY CHAIN MAP OF NON-WOOD FOREST PRODUCTS (EXAMPLE FROM THE SWG STUDY SHOWING THE SITUATION IN THE PROKLETIJE / BJESHKET E NAMUNA REGION) 26
FIGURE 9. SHORT FOOD SUPPLY CHAIN MAP OF TOURISM IN RURAL AREAS (EXAMPLE FROM THE SWG STUDY IN THE DRINA–SAVA AREA-BASED DEVELOPMENT REGION) 27

List of tables

TABLE 1. NUMBER OF RESPONDENTS PER COUNTRY/TERRITORY 10
TABLE 2. AVERAGE LAND USED PER FARM FOR AGRICULTURAL PRODUCTION IN 2019 (HA) 11
TABLE 3. FARMING OBJECTIVES OF RESPONDENTS IN ALL STUDY COUNTRIES/TERRITORIES (NUMBER OF RESPONDENTS, % OF RESPONDENTS) 13
TABLE 4. PRODUCTS SUBJECT TO PROCESSING ACTIVITY (NUMBER AND PERCENTAGE OF RESPONDENTS ENGAGED IN PROCESSING EACH PRODUCT) 14
TABLE 5. DIFFICULTY REACHING LOCAL CONSUMERS (AVERAGE SCORE) 16
TABLE 6. SALES CHANNELS FOR PRIMARY PRODUCTS (NUMBER OF RESPONDENTS, % OF RESPONDENTS) 17
TABLE 7. SALES CHANNELS FOR PROCESSED PRODUCTS (NUMBER OF RESPONDENTS, % OF RESPONDENTS) 18
TABLE 8. FOOD SAFETY AND QUALITY STANDARDS APPLIED BY SURVEYED FARMERS, BY COUNTRY/TERRITORY AND TYPE OF PRODUCTION (% OF RESPONDENTS) 21
TABLE 9. SELF-ASSESSMENT OF INCOME CHANGES DUE TO THE INTRODUCTION OF PROCESSING AND FARM-RELATED ACTIVITIES ... 23
TABLE 10. ASSESSMENT OF PROSPECTS OF THE FARM BUSINESS WITHIN 2 YEARS (% OF RESPONDENTS) 24
TABLE 11. POSSIBLE CONSTRAINTS ON INCREASING AGRICULTURAL PRODUCTION AND SALES THROUGH SHORT FOOD SUPPLY CHAINS (AVERAGE SCORES) 35
TABLE 12. PROCESSING AND MARKETING EQUIPMENT AND FACILITIES OWNED BY SURVEYED FARMERS (% OF RESPONDENTS RESPONDING 'YES') 36
TABLE 13. KNOWLEDGE OF COLLECTIVE SALES CHANNELS (% OF RESPONDENTS) 37
TABLE 14. SUPPORT REQUIRED FOR THE PROMOTION OF THE DEVELOPMENT OF SFSCS, AS SUGGESTED BY THE SURVEYED FARMERS 38

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