

# Lessons learned from Transylvania and England



CAP 2020. Towards sustainable agriculture

Tallinn 1 September 2017



Transylvania



Middle Earth



## Lord of the Rings: Sam Gamgee

When the world was divided into  
the wolves who did not understand,  
and the sheep who could not defend,  
the things which make life desirable .....

it was 'ordinary' people who were extraordinary, and were the  
ones who saved the world



## some important aspects of the Family Farm



(FAO 2013) *Family Farms vary in size and characteristics between Member States, but are defined as being “managed and operated by a family, and predominantly reliant on family labour.... the family and the farm are linked, co-evolve and combine economic, environmental, social and cultural functions”*

- long term commitment
- sustainable approach
- local pride, local seeds, local breeds.

Family Farms are not necessarily small, but typically they are smaller-scale farms.

# Characteristics of family farms beyond simple ownership



Family Farms have remarkable characteristics compared to large-scale company-owned industrial enterprises:

- continue to be the major food producers in the world
- more resilient to climate change - can shift from one crop to another relatively easily
- provide sustainability of soil and biodiversity
- conserve the traditional variety of crop seeds and animal breeds, offer future food security in a changing world
- provide local employment / local prosperity
- more productive than big farms

# Are Family Farms really more productive?

**Economic production (gross margin / ha):**  
(Eurostat 2011)

In 21 out of 28 MS, smaller farms have a higher production/ha than larger farms.

In 9 of those countries (Bulgaria, Greece, Spain, Italy, the Netherlands, Austria, Portugal, Romania, UK) production/ha of smaller farms is more than twice that of larger farms!

In Romania,

- production/ha of smaller farms is €378
- production/ha of larger farms is €143



# Policy: how does CAP influence these tendencies?

(European Commission, EU Agricultural Economic Briefs, Oct 2013).

Three broad objectives of the CAP

*1. CAP Obj. 1: Measures to improve competitiveness will tend to favour larger farms, which are more able to mobilise resources to improve efficiency and marketing. These farms also have greater bargaining power vis-à-vis the more concentrated upstream and downstream parts of the industry. ...*

*2. Measures to improve sustainability and inclusive growth in rural areas can be demonstrated to be linked to smaller family farms.*

## CAP Obj. 2: Sustainability

(Drawn from European Commission, EU Agricultural Economic Briefs, Oct 2013).

*Big farms will try to exploit economies of scale.*

*The (good or bad) practices of big farms will have a much greater impact on the environment than those of small farms.*

*Small farms work on smaller parcels of land, lower impact, and are strongly associated with landscape features such as hedges or tree lines.*



## CAP Obj. 3: Inclusive growth in rural areas

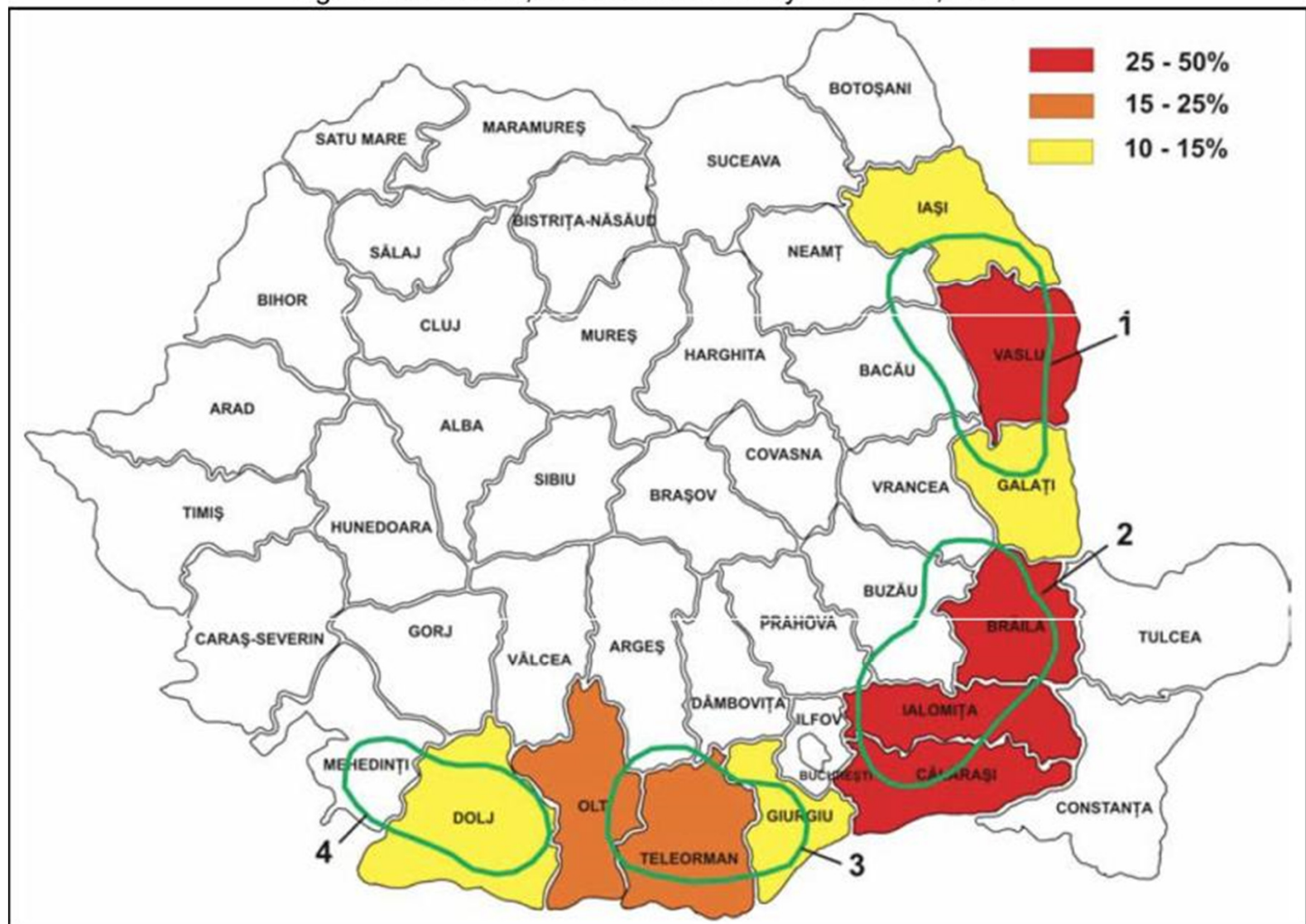
(European Commission, EU Agricultural Economic Briefs, Oct 2013).

*This objective can be achieved only if rural areas remain attractive places in which to live and work, so job creation and income diversification measures take centre stage.*

*As larger farms tend to employ less labour per unit of standard output, the liveliness of rural areas depends on the survival of a certain number of small and medium-sized farms.*

**Figure 4:** Map showing correlation between percentage of agricultural land in each county occupied by very large farms, over 2,000 ha, and severe rural poverty. Otiman, P., Romania's present agrarian structure, Romanian Academy Bucharest, 2013

Inclusive growth example: Farm size and rural poverty



- Percentages represent the percentage of eligible agricultural area of each county occupied by very large farms, over 2,000 ha.
- Numbers 1-4 indicate the severest poverty areas in Romania (1 being most severe).

# Inherent weaknesses of Family Farms

- Economic: small size = limited access to farming resources, credit constraints, powerlessness in food supply chain  
→ association/cooperation
- Territorial: communications.  
→ smart solutions: internet, mobile phones, coordinated delivery systems.
- Social and demographic: ageing, succession. Most farm managers on holdings in EU under 5 ha are over 65. Over 5 ha, 45-54 age class is highest.  
→ help young farmer succession.



# The New CAP 2014-20: does it help?

The new CAP has made efforts to correct the tendency for funding to support (creation of) larger, often company-owned farms

- Direct payments:

- degressivity – larger farms get smaller payments/ha
- simplified provisions for small farmers.

- RDP:

- a compulsory scheme for young farmers
- Cooperation
- Training
- Short food supply chain assistance

But MS are not generally NOT implementing these new measures effectively

# Develop trust between environment lobby and farmers

Lack of trust between environmental NGOs and farmers was a major factor in the failure of last CAP reform

- We must improve this trust, for example by demonstrating how reduced inputs can increase profits. It is not in farmers' interests to ignore "hidden costs" such as loss of pollinators, loss of natural predators of pests, loss of soil quality. These costs them money
- Reduced inputs + increased profits = win win situation
- Smaller Family Farmers must get smarter in lobbying, obtaining proper representation at national and EU levels: and smarter in negotiating with markets.

# Two major policy developments

1. Results-based agri-environment payment schemes
2. Local schemes

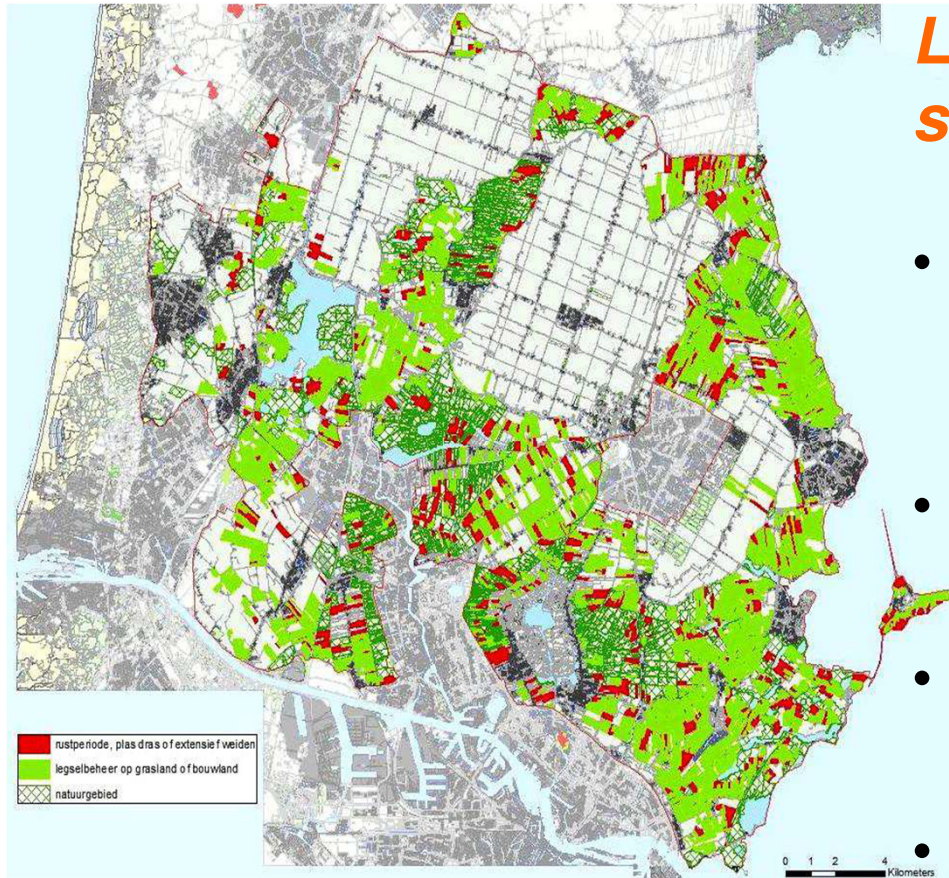
# 1. Results-based agri-environment payment schemes

Management-based schemes impose e.g. fixed mowing dates regardless of local variations (north or south facing slopes, wet or dry land, etc.)

Results-based schemes:

- do not tell farmers how and when to manage their land – they know better
- pay farmers for desired biodiversity results
  - more freedom for farmers
  - more adaptable to local conditions

## 2. Local-ness



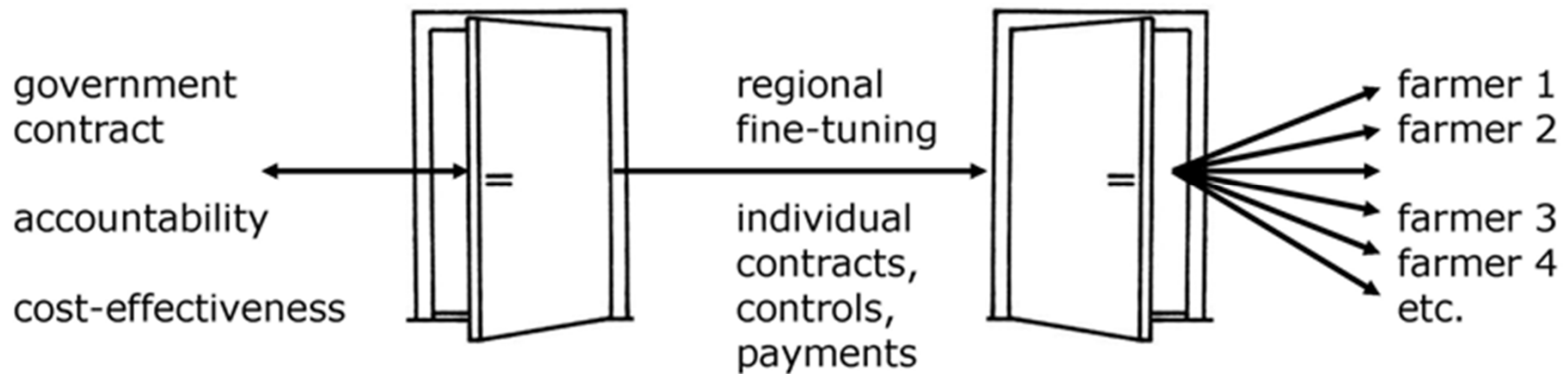
*Netherlands is already practicing local a-e schemes across the whole country*

***Local schemes are the key to success. They provide:***

- Improved ecological effectiveness, especially for cross-farm species and habitats
- For the farmer: better tailored measures, less paperwork
- Better connection between farming and civil society
- Opportunities for a simpler scheme design and a more efficient implementation



# Collective contract



- Associations as applicant and final and only beneficiary;
- These associations have legal power and are responsible for good implementation of agri-environment measures
- The association applies for support, claims payment and is responsible for sanctions
- On the spot checks:
  - Area: 5% of the collectives and 5% of total area;
  - Activity: 5% of the activities per parcel

# Transylvania present



- Scenarios: Joern Fischer et al., 2014. How will this landscape look in 30 years' time?

# Our land, their wealth



- Policy: pro-economy, low emphasis on environment
- Low ability of locals to capitalise on opportunities:

# Missed opportunity



- Policy: pro-environment, low emphasis on economy
- Low ability of locals to capitalise on opportunities

# Balance brings beauty



- Policy: environment and economy balanced
- High ability of locals to capitalise on opportunities

# Multumesc pentru atentie!



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