



Environmentally Sustainable Socio-Economic
Development of Rural Areas

**Enlargement countries must use
IPARD II financial support
to address the needs of small-scale cheese producers:
Milk Farms and Traditional Mandras**

ESSEDRA Advocacy Partnership: Position Paper

May 2014

The members of the ESSEDRA Advocacy Partnership are Slow Food, European Forum on Nature Conservation and Pastoralism (EFNCP) – UK and Bulgaria, Association of Slow Food Convivia in Bulgaria, Fundatia ADEPT Transilvania –Romania, VIS Albania, Okusi Hercegovinu – Bosnia and Herzegovina, Slou Fud Bitola –Republic of Macedonia, Mutfak Dostları Derneği – Turkey, Natura Balkanika –Serbia, Udruga Kinookus – Croatia.

ESSEDRA project is funded by the EC



Background: WHY it is necessary to address the needs of small-scale cheese producers

The enlargement countries in the Balkans and Turkey are at different stages of development, but they face similar challenges in modernising their agricultural sectors to be competitive in regional and European markets. In general, the agri-food sector in these countries is under-capitalised and highly fragmented and dominated by small producers with limited knowledge of quality control systems and regulatory requirements, but this is only one side of the coin.

On the other side are **the large areas of fascinating landscapes and habitats**¹ that were created by the centuries-old practices of extensive grazing and low-input small-scale cropping, and **the incredible variety of traditional products**, which are intimately linked to these cultural landscapes throughout the region.

The past twenty years saw a **restructuring of agriculture towards a market-oriented system**, which, though it may have improved the condition of rural areas in some ways, **further worsened the living conditions of millions of small producers**, the custodians of traditional knowledge and the guardians of biodiversity.

In 2013 alone the ESSEDRA project partners were able to identify **107 traditional food products, taking the total of Ark of Taste products from the Balkans to 127!**

Unfortunately, during the food mapping experience ESSEDRA partners observed that many of the traditional food products are on the edge of extinction due to **five major threats**:

1. The most commonly recurring threat is the **difficulty for small-scale food producers to comply with hygiene rules and regulations introduced as a part of the EU hygiene package**. The EU rules are applied legalistically and simplistically, regardless of the size of the business or of the scale of the hygienic hazard, with little or no flexibility applied to small-scale farming contexts where the health risks are low. In addition, the relevant authorities on the ground often lack the expertise and the willingness to support small-scale food producers.
2. The second commonest threat is the **shift towards newer and higher-yielding breeds or varieties**. Traditional varieties and breeds reflect local culture and knowledge and centuries of adaptation to the environment resulting in higher quality but lower productivity. When the added value of the original variety or breed is not recognised, new and higher-yielding varieties and breeds are introduced. In so doing, small-scale farmers end up competing (unsuccessfully) with big businesses in the production of what is nothing more than a bulk commodity. This trend is also a threat to food security – commercially-available cultivars and breeds are often cannot thrive in harsh conditions, and require more feed, fertiliser and biocides, leading to the abandonment of potentially productive land and an increased vulnerability to input costs.

¹ The Balkans and Turkey, with their exceptional wealth of plants and animals, are one of the richest parts of Europe in terms of biodiversity. There is a high number of endemic species and a wide spectrum of habitats, many of which are either of global or European conservation importance (ECNC-European Centre for Nature Conservation, 2011).

3. Beyond the economic question, cultural perception plays an important role too. Producers also adopt new varieties because they assign **little value to their knowledge, seeds and breeds**. This is often due to a general lack of self-esteem in rural communities.
4. Traditional food products are often extremely vulnerable simply because of the general **abandonment of rural communities**. Only the elderly keep the traditions alive, while younger generations emigrate to the cities or abroad. In part this is due to the natural curiosity and aspiration of the young, but it also reflects a lack of investment in infrastructure and local facilities and the economic stagnation of many rural areas, which have often not been prioritised in regional policy spending, and which is also a factor in the lack of self-esteem amongst the rural populace.
5. A specific focus relates to **herders and shepherds**. Most traditional dairy products are somehow connected to ancient transhumance and/or mountain cheese-making practices. Today this **profession** is widely perceived as being **unappealing**, and as a result, threatening both mountain pastures and traditional dairy products, with the environmental, cultural, and social consequences which that implies.

Ironically, at the same time it is being increasingly recognised that **small farms and farmers are an important element of the European model of agriculture**². In fact, they are probably account for the majority³ of farms throughout Europe.

² European Parliament Resolution of 4 February 2014 on the future of small agricultural holdings (2013/2096(INI))

³ A precise figure cannot be given, due the lack of uniform definition and the deficiencies of many agriculture-recording-systems for very small and micro farms, especially in many of the newer EU Member States.

WHY is IPARD II the instrument through which to address the needs of small-scale cheese producers?

The EU is committed, as stated in Article 1 of the Regulation of the Instrument for Pre-accession Assistance (IPA II), to supporting the enlargement countries “in adopting and implementing the political, institutional, legal, administrative, social and economic reforms necessary **to comply with Union values and to progressively align to Union rules, standards**, policies and practices with a view to Union membership”.

The objectives laid down for agriculture and rural development element of IPA II focus on:

- 1) Contributing to security and safety of food supply and maintenance of diversified and viable farming systems in vibrant rural communities and the countryside.
- 2) Increasing ability of the agri-food sector to cope with competitive pressure and market forces as well as to progressively align with the Union rules and standards, while pursuing economic, social and environmental goals in balanced territorial development of rural areas.

Pre-accession support for agriculture and rural development (IPARD II) remains the major source of financial assistance in the rural areas of the enlargement countries. **The high number of small farms and their particular importance for the social, environmental, cultural and welfare functions of any vibrant rural community calls for specific and targeted support as a part of the IPARD II programmes.**

An analysis of the first period of implementation of IPARD programmes reveals that it was mostly larger farms and businesses, which were able to benefit. It is therefore appropriate, given their significance in the countryside of all enlargement states, that the IPARD II gives a higher consideration to the needs of the small farm and to reducing the administrative burden for small farms wishing to access any appropriate measures.

The ESSEDRA Advocacy Partnership urges the EU to request IPARD competent authorities in enlargement countries to make a proper assessment of the needs of small farms and rural businesses among which particular attention should be paid to small-scale cheese producers and to design well-targeted interventions in order to address them.

Although the Regulation does not require it explicitly – IPARD countries must not ignore the needs of the majority of their farmers!

The European Agriculture Fund for Rural Development Regulation (EAFRD, Reg. 1305/2013) provides for a specific thematic sub-programme on small farms, revealing the new policy importance placed on this specific group of farms. Given the even greater importance of small farms in most IPARD countries, it is only right that they can and should develop an integrated package of measures targeting such producers.

WHAT are the key specific needs of small-scale cheese producers and traditional dairies?

I. Support for the process of progressively complying with the EU hygiene rules and standards.

This requires action in four key areas:

- 1.1. National Hygiene Competent Authorities must make full use of the flexibility options provided in the EU Hygiene Package and adapt proportionately the requirements to the hazards posed by small-scale milk farms and traditional dairies (mountain cheese making). The lessons of implementation in existing EU states should be taken on board and best practice transferred where possible.
- 1.2. Investment support to small-scale milk farms and traditional dairies to improve the on-farm facilities (livestock housing, milking and cooling equipment, etc.) in order better to adhere to the objectives of the Hygiene Package.
- 1.3. Training for small-scale milk farmers and traditional dairies managers for introducing better hygiene management practices including recording, self-monitoring, etc.
- 1.4. Training for farm advisors as well as for regional hygiene inspectors in the logic and practices of the hygiene requirements as adapted for small units, to facilitate collaboration in order to achieve the best outcomes in terms of the hygiene objectives.

II. Support for the traditional and low-intensity practices such as extensive grazing of mountain pastures, transhumance, low-input small-scale cropping.

This requires action in four key areas:

- 2.1. Design and implement agri-environmental schemes for these types of farming that continue to harbour a wide range of wildlife – so-called High Nature Value (HNV) farming.
- 2.2. Provide appropriate investment support for the HNV farming practices – for example, herding can be made more attractive if mountain shelters are maintained and improved.
- 2.3. Ensure that on-farm face-to-face specialised advisory services are available to farmers so that they gradually get acquainted with paperwork, project applications, the implementation of agri-environmental commitments, etc.
- 2.4. As a priority, provide urgent specialised training of farm advisors in agri-environment, so that a sufficient number are available to give active support to farmers wishing to apply when the measures become available.

III. Support the marketing and promotion of traditional food products

This requires action in six key areas:

- 3.1. Permissive, outcome-focussed hygiene rules, which can easily be implemented by small-scale producers and applied to traditional food products and sales in local markets, without compromising the public health objectives of the Hygiene Package.
- 3.2. Investment support for the small-scale packaging and storage as well as other processes necessary to convert the currently homemade products to artisan food products for the market.
- 3.3. Support for cooperation between small-scale cheese producers for jointly processing and/or marketing their products as well as for wider representation of their needs at regional and national policy forums.
- 3.4. Support for the organisation of and/or participation in food fairs, festivals, open markets and other short-supply chains.
- 3.5. Training for small-scale cheese producers on the marketing practices and safety rules for placing dairy products on the market.
- 3.6. Communication campaigns at national and local levels for increasing consumers' understanding and appreciation of traditional food products and the High Nature Value farming systems sustaining them.

What does this mean for IPARD II programmes at national level?

The new IPA II regulation places a particular focus on small and medium sized enterprises (to be defined at national level), but what does this mean for rural areas?

The IPARD II programmes should implement the strategic priorities for rural development set out in a Country Strategy Paper, through a pre-defined set of measures. The selection of measures to be included in the rural development programmes should correspond to the identified needs of small scale dairy farms and traditional dairies and should adequately address the investment, training, advisory and cooperation needs of these farms.

We ask national IPARD II Competent Authorities to develop an integrated package of measures and to allocate a guaranteed budget for small farms and small processing units of traditional and local cheese products.

We also ask national IPARD II Competent Authorities to assign a permanent body to provide advice and ensure a continuous flow of information from the Ministries to the small scale farmers and back and provide technical assistance regarding the applications of small farms to the IPARD II funds under the various measures. This body should cover the entire territory of the state and be implemented through a network of relevant civil society organisations (CSO). All such services should be free of charge for small farmers.

The IPA II regulation strengthens the requirement for the participation of CSO in the preparation, implementation and monitoring of the IPARD II programmes. It also ensures that CSO can be direct beneficiaries of EU support. In the enlargement countries, there are many technical assistance projects which relate to the programming of IPARD II, but despite that, CSO representing or speaking for real stakeholders and potential beneficiaries are not sufficiently trained or involved in the discussion and design of IPARD II programmes.

We ask national IPARD II Competent Authorities to provide a transparent and open mechanism for public participation in the preparation, implementation and monitoring of IPARD II programmes and to ensure that appropriate training is provided for the civil society representatives.

In order to better reflect the importance of small farms at the national and European level and in order better to monitor progress in implementing policy objectives relating to them, we suggest that country-specific baseline and performance indicators for small farms and small rural food-production and processing businesses (e.g. dairies) are established. We understand that there is a significant lack and/or mismatch of data for small farms – this reflects the lack of importance previously ascribed to this sector; now is the time to begin the process of proper data collection and monitoring.

We ask national IPARD II Competent Authorities to establish country specific indicators for small farms and small food production and processing units.

The implementing procedures and requirements for potential beneficiaries should also be simplified and made more flexible and proportionate for small-scale farmers, which was not the case in the period 2007-2014.

We ask national IPARD II Competent Authorities to develop special provisions and adapted selection criteria for small farms and small processing units of traditional and local cheese products as IPARD II rules provide for it.

What does this mean for the IPARD II measures at national level?

The integrated package of measures should include of:

**Measure „Investments in physical assets of agricultural holdings“ (101)
and
Measure „Investments in physical assets in processing and marketing of agricultural and fishery products“ (103)**

Measure 101 specifically covers support to enable agricultural holdings to comply with EU standards and animal welfare, as well as to improve their overall performance in the production of primary agricultural products. The final beneficiaries under this measure can be farmers or groups of farmers, whether natural or legal persons and other agricultural legal entities.

Measure 103 complements Measure 101, supporting capital investments, which increase the ability of the agri-food sector to cope with competitive pressure and market forces as well as helping the sector to align itself progressively with EU standards. The beneficiaries of this measure are enterprises, as defined by the national law.

We ask national authorities to define specific eligibility criteria for small farms and small business/enterprises and to allocate a guaranteed budget for them in both measures 101 and 103.

The EU guidance (measure fiches) requires that the **whole holding/enterprise** should comply with the national minimum standards in force regarding environmental protection and animal welfare by the end of the investment. However, it also says that in duly justified cases, which must be clearly written in the IPARD II Programme, the Commission may grant derogation from this rule.

We ask national authorities to make a proper assessment of the feasibility of imposing the national minimum standards at once to small producers and to assess the associated risks if this is done gradually.

We also ask national authorities to request and justify a derogation from the Commission from the minimum requirements where compliance brings low associated risks but high investment costs for small farms and small businesses/enterprises as well as permissive, outcome-focussed hygiene rules which can easily be implemented by small-scale producers and applied to traditional food products and sales in local markets, without compromising the public health objectives of the Hygiene Package.

As regards **EU standards**, the investment must respect the relevant EU standards for environmental protection and animal welfare when concluded. It is important that this requirement is implemented in a way which allows for the gradual alignment of the farm or processing unit. The justification of this is that IPA II regulation refers to progressive alignment to the EU rules and standards (art.1) which should be applied not only at the level of the state but also at the level of the individual farms, and at micro and small businesses, particularly in remote rural areas.

We ask national authorities to request compliance with EU standards (when the investment is completed) only for the investment and allow for gradual alignment of the entire small farm/agriculture holding/enterprise.

The EU guidance provides for the use of simplified forms of business plans and application documents in the case of smaller investments. This is precisely the case of the investments to be made by small farms. A business plan in the strict sense is not even a logical need when the idea is to sell the same amount of the same product, **but have a better hygiene regime**. For example, in a capital works scheme for small farms in Scotland, farmers can tick boxes to say it is for improved biosecurity, or for safeguarding animal health, or for protection of the environment (etc.). Then there is a little box for the farmer to explain how this is going to be done.

We ask national authorities to develop simplified forms of a business plan and an application form for small farms and small enterprises.

The majority of the traditional food products nominated for the Ark of Taste are produced in small farms in mountain areas. Therefore, it is important that countries designate mountainous areas under IPARD in order to make full use of the 70% co-financing rate available there for investments.

We ask national authorities to designate their mountainous areas in time for the start of IPARD II funding and to programme in the higher intervention rate for relevant applications from such areas.

Measure „Farm diversification and business development“ (302)

The measure is aimed at fostering employment through the creation of new jobs and the **maintenance of existing jobs** through the development of business activities, thus raising the economic activity level of rural areas and reversing rural depopulation. The final beneficiaries are farmers or members of the farm household who diversify on- or off-farm activities, or natural persons or private legal entities operating in rural areas (micro and small enterprises, including craft enterprises).

The EU guidance (measure fiche) states that the projects under this measure **should be in general of a small scale**.

We ask national authorities to design the measure in such a way that it supports ONLY small-scale projects in rural areas.

The EU guidance provides also a list of potential projects among which is local craftsmanship and small scale processing and marketing of local agricultural or forestry products. This may include **the processing and marketing of traditional local food or non-food specialities**.

We ask national authorities to make full use of this measure’s potential and to support genuinely and proactively the processing and marketing of traditional local food or non-food specialities.

Measure „Agri-environment- climate payments“ (201)

This measure should contribute to the sustainable management of natural resources and climate change adaptation and mitigation through the application of agricultural production methods compatible with the protection and improvement of the environment, the landscape and its features, natural resources, the soil and genetic diversity.

The design of the measure must be based on an in depth environmental analysis addressing the existing environmental needs and priorities of rural areas. Although this measure is the only mandatory measure for the EU member states rural development programmes it was not included in the ESSEDRA countries' IPARD I programmes.

Most of ESSEDRA non-EU countries are supporting some environmentally-friendly practices such as organic production and conservation of local breeds with their national budgets, but none are funding traditional extensive grazing practices. It is important to support them because they are still widely distributed but are nevertheless in serious decline. This is not good for local communities, the availability of traditional food products or the maintenance of nature values in rural areas.

We ask national authorities to use the opportunity to introduce the agri-environment measure at pilot level in their IPARD II programmes.

We also ask national authorities to develop and implement pilot agri-environment schemes to support those traditional grazing farming systems that contribute to the maintenance of HNV farmland, such as mountain grazing, seasonal grazing and common grazing, as well as transhumance.

As a general rule the agri-environmental payments are made per ha of agricultural land. They should cover all or part of the additional costs and income forgone arising from the implementation of the agri-environmental activity, compared to the baseline practices. The estimation of the baseline must take into account any ongoing reduction or loss of these practices and their opportunity costs.

The IPARD II countries should define the term "agricultural land" for the needs of the agri-environment measure carefully, so as to include potential agricultural land such as abandoned arable land, which is or could be used for grazing and/or mowing.

We ask national authorities to use their discretion in defining 'agricultural land' flexibility so as to be able to support activities on land which is valuable for the environment and nature conservation.

The EU guidance (measure fiche) states that in justified cases, the transaction costs might be allowed, for example, the costs of information collection and knowledge acquisition necessary for the efficient implementation of the agri-environmental actions. The methodology must include information regarding the type of those costs, their value as well as payment methods (e.g. as one-off payment or as part of each annual payment).

We ask national authorities not to omit this possibility and to use it to address the needs of small-scale farmers in terms of land ownership documents and other official documents as necessary to register their farms according to national requirements.

Measures such as 401 'Improvement of training' and 402 'Advisory services' can complement agri-environmental programmes and provide the necessary training to farmers or advisory services for small scale farmers. Otherwise, this support can be provided by the 'Technical assistance' measure but this must be specified in the programme.

Measure "Implementation of local development strategies - LEADER approach" (303)

Area-based local development strategies (LDS) are one of the best tools with which to address the specific needs of sub-regional rural territories. The measure aims at enhancing capacity among rural inhabitants and members of the local action groups (LAGs) through training and education; developing, organising and running LAGs; as well as at preparing and implementing the LDS through local projects, initiatives and partnership.

We ask national authorities to introduce LEADER measures in their IPARD II programmes and to open the calls for selection of LAGs in the shortest possible period after approval of their programmes.

We ask national authorities to develop transparent and non-bureaucratic procedures for the approval of LDS in order to allow for their quick implementation and for a sufficient level of creativity, flexibility and innovation in the planned actions of LAGs.

We encourage future Local Action Groups when developing their strategies to address the needs of small scale traditional farmers and processors and to give them the possibility to implement small projects that will add value to the whole rural territory.

Measure "Improvement of training" (401)

This measure is aimed at contributing to the improvement of the occupational skills and competence **of persons engaged in the agricultural, food, forestry sectors, crafts, fishery and rural tourism**. The measure also supports the necessary vocational training for the acquisition of skills required for the successful implementation of the measures under IPARD II programmes. This requires an elaboration of a training strategy that includes assessment of the existing training structures and an analysis of the training needs and objectives. The indicative list of eligible training courses included in the EU guidance (measure fiche) shows that the training needs of small scale dairy farmers can be addressed as well.

We ask national authorities to provide training to small farms based on a national assessment of specific needs. Special attention/calls for tender should be made for small farms in remote and mountainous rural areas so that the training is provided as close to their farms as possible.

We also ask national authorities to consider the training needs of the hygiene administration at national and regional levels in its national training strategy⁴. This is particularly important for the hygiene monitoring and controls in small dairy farms implementing projects for improving their on-farm conditions.

⁴ It is at the discretion of national authorities whether funding of the training for hygiene administration is provided by the "Training" or "Technical Assistance" measures or indeed, from the national budget.

Measure „Advisory services“ (402)

This measure should particularly help **smaller and medium sized farmers and rural microenterprises** in rural areas to use the IPARD II programme and to improve the sustainable management and economic and environmental performance of their holdings or businesses. This measure also promotes the training of advisors in order to enhance the quality and effectiveness of the advice offered and ensures the updated capacity of advisers.

Beneficiaries of the measure can include public advisory services, sector organisations (such as agricultural chambers), development agencies, NGOs, municipal councils; both national and European.

We ask national authorities to introduce the “Advisory Services” measure in their IPARD II programmes and to open the calls for selection of service providers in the shortest possible period after approval of their programmes.

We also ask national authorities use the opportunity to include as beneficiaries of the measure organisations and NGOs working specifically with small-scale dairy farmers and processors as opposed to focusing it at public advisory services only.

We also ask national authorities to incorporate into the Advisory services measure a set of packages aiming to support small scale farmers in the different stages of their projects – e.g. (1) Advisory service package for the applications and project proposals for small farmers; and (2) Advisory service package for the implementation of the approve projects, etc.