Leibniz Institute of Agricultural Development in Transition Economies

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* This designation is without prejudice to positions on status, and is in line with UNSC 1244 and the ICJ Opinion on the Kosovo declaration of independence

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

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Agricultural Policy Forum 2020:

Agriculture & rural development policy in the Western Balkans in times of pandemic

Project and team

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

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Commissioned by the JOINT RESEARCH CENTRE

Objectives

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The **overall objective** of the study is provide in-depth insights of short food supply and value chains among small farmers in the Western Balkans and Turkey based on survey data

Specifically we looked at

- **market access** and the **sales channels** used by small farms;
- the **contractual arrangements** applied in different sales channels;
- the role of **processing** of products;
- the role of **agricultural policy support**;
- How short-supply chains could promote the **economic viability** of small farms, on **farm employment**, etc.

Background

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Short food supply chains (SFSC) are 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* (EC regulation 1305/2013)

SFSC serve

- ➲ to satisfy changed consumer preferences
- ➲ to increase farm value added
- ➲ to reach resilient farm-based livelihoods

Many different types of SFSC, such as

- ➲ Direct selling to consumers (by individuals/collectives)
- ➲ With a regional focus, e.g. restaurants, regional labels
- ➲ Consumer driven forms

First results: sample overview

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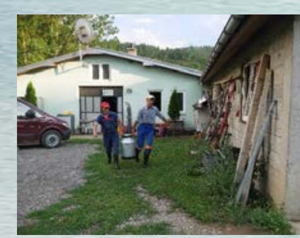
- Sample consists of **397 farms** from 7 countries
- Focused on smallholders active in SFSC and many of them **involved in processing of** agricultural products
- Average farmer was **male, 48 years old**, has a **high school education**, but **only practical experience in agriculture**
- Average **farm size** was **7 ha** from 1.6 ha in Albania to 10.7 ha in Serbia
- About **50% crop specialists**, 25% livestock specialists, 18% mixed farms

	Freq.	Percent
Albania	**68**	**17.13**
Bosnia and Herzegovina	**68**	**17.13**
Kosovo	**38**	**9.57**
Montenegro	**26**	**6.55**
North Macedonia	**38**	**9.57**
Serbia	**136**	**34.26**
Turkey	**23**	**5.79**
Total	**397**	**100.00**



Marketing through SFSC

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Relatively **strong market orientation**

- On average 85% of the produce was sold (9% consumed, 6% lost/wasted) with the lowest level in MNE (74%)
- only 18 of 397 farms sold less than 50%, 258 farms sell more than 80%

Short versus long sales channels

- On average **60% sales through short supply chains**, only in MKD and ALB traditional long supply chains dominated with more than 60%

What was seen as profitable product for SFSC by the farmers?

- **Fruits and vegetables in fresh and processed form** were mentioned most often as best suited (>150 mentions)
- Also **milk and dairy products** (>70 mentions) , **meat and meat products** (>30 mentions) as well as **cereal and bee products** (each >10 mentions)

SFSC for fruits and vegetables

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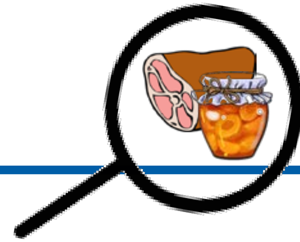
SFSC for fruit and vegetables (raw crops):

- 45% of farms sold directly **to final consumer**
  - Mostly through on-farm direct sales, followed by local farmers' market
  - Some used home delivery, box schemes or urban markets or tourism/gastronomy

- 15% sold raw products **to small businesses** such as shops or processors
- 6% sell sold products to farmers' **groups/cooperative** etc

- Almost **60% still used (partly) long supply chains**

On-farm processing



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- Overall, 244 of 397 farms (> than 60%) engaged in on-farm processing
- **Meat products dominated** on farm processing, followed by **dairy products** and different kinds of processed **plant products** (mainly fruit & vegetable preserves)
- **Sale** of processed products was **rated as not difficult** and most farmers could **increase** the **incomes**

On-farm processing	Freq.	Percent
1 Meat products	149	61.07
2 Dairy products	47	19.26
3 Fruit preserves	22	9.02
4 Vegetable preserves	14	5.74
5 Flour and other mill products	4	1.64
6 Alkoholic drinks	5	2.05
7 Non-alkoholic beverages	1	0.41
8 Dry plant or mushroom products	1	0.41
9 Bee products	1	0.41
Total number of farms with processing	244	100

Household‘s net income before starting to market processes products / farm-related business?

	Freq.	Percent	Cum.
Much lower	78	**27.08**	100.00
Lower than today	101	**35.07**	56.25
As today	24	**8.33**	8.33
Higher than today	37	**12.85**	21.18
Much higher	48	**16.67**	72.92
Total	288	100.00	

Facilitators to SFSC (1)

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(1) Advisory services

- Relatively **high use of advisory service**: 55% of farmers over all countries
- MNE 85%, KOS 66%, ALB 59%, BiH 56%, MKD 53%, SRB 50%, TUR 26%

- In some countries **availability of advisors was a problem** (Ø22%, higher in KOS, BiH and MNE), in others also **low trust in advisors** (ALB 25%, SRB 9% & TUR 6%)

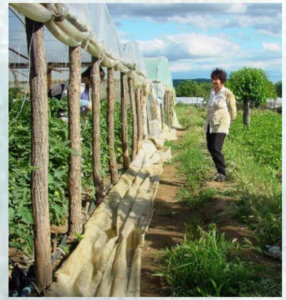
(2) Cooperation

- **18% of farms engaged in formal collaboration**, and 75% collaborated informally
- Higher shares of formal collaboration only in KOS and BiH (both >30%)
- Formal collaboration **mostly** in **joint input supply** and **marketing**
- Generally **positive attitudes towards formal collaboration** (Ø >5 on a scale from 1-7), but lower in MKD, SRB, and TUR

Facilitators to SFSC (2)

(3) Policy support

- About **2/3 of farms** reported about **postponed investment**
- About **1/3 of farms** had applied for **rural development funds**, incl. IPARD funds
- Granted amounts were typically between 5,000 and 10,000 euros
- For example for different kinds of equipment, livestock, bee keeping, construction works, tourism, greenhouses



Conclusion and outlook

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- ✓ Short supply and value chains are an attractive way of adding value and improve farm livelihoods
- ✓ Long supply chains remain important, so SFSC may be seen as a way of diversification into more profitable niche markets
- ✓ We found first hints that advisory, cooperation and investment measures are important supportive factors
- ✓ More results to be expected in our forthcoming project report!