

Smallholder farms in the sustainable food transition: A critical examination of the new Common Agricultural Policy

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Abstract

Almost two thirds of working farms in the European Union are considered smallholder farms. These farms play a crucial role in local food production, rural development, maintaining agrobiodiversity, and promoting cultural heritage. Despite this, agricultural policies have consistently supported on-farm intensification, specialisation, enlargement, and mechanisation of agricultural production. These policies have been in turn commonly justified through food security and agricultural efficiency arguments. Considering the European Union's Farm to Fork Strategy and the Green Deal's aims of transitioning towards sustainable food systems, this article presents a novel empirical analysis of the legal position of small farmers in the new Common Agricultural Policy (CAP) of 2023. This analysis outlines the critical but complex position of smallholder farmers in the National Strategic Plans of 10 Member States. The reformed CAP increasingly acknowledges the important role of smallholder farmers in moving towards sustainable food systems. However, in this article, we question the CAP's sufficiency for improving the legal position of smallholders, promoting (economic) viability and harnessing the sustainability potential of smallholder farms.

1 | INTRODUCTION

Agricultural productivity has been a consistent core focus of the Common Agricultural Policy (CAP) of the European Union (EU) since its onset in 1962. The aim of the CAP is to secure a stable supply of affordable food by increasing food production.¹ For this purpose, CAP subsidies were historically set up to incentivise not only farm consolidation but also the mechanisation of production methods and specialisation of produce. Though largely disregarded at the time, the negative externalities now associated with large-scale farming practices, including extensive use of artificial fertilisers, pesticides,

modern cultivars, and deep-tillage practices, have caused severe environmental damage, including water and soil pollution and genetic and soil erosion.²

As the CAP steadily evolved into a vehicle for agricultural intensification, promoting land consolidation and on-farm specialisation,³ the number of smallholder 'lower-yielding' farms has drastically declined over the past 70 years.⁴ The funding structures of the CAP have been a

¹Consolidated Versions of the Treaty on the Functioning of the European Union [2016] OJ C202/1 art 39.

²D Harvey, 'What Does the History of the CAP Tell Us?' in JA McMahon and MN Cardwell (eds), *Research Handbook on EU Agriculture Law* (Edward Elgar 2015) 3, 7.

³DJ Abson, 'The Economic Drivers and Consequences of Agricultural Specialisation' in G Lemaire et al (eds), *Agroecosystem Diversity; Reconciling Contemporary Agriculture and Environmental Quality* (Elsevier 2018) 301, 315.

⁴S Sebastian and A Czyżewskic, 'Quo Vadis Common Agricultural Policy of the European Union' (2019) 23 *Sciencio – Management* 295, 295.

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key factor in the decrease of smallholder farms.⁵ These structures contributed to making smallholder farms 'less attractive for succession and limiting their capacity to generate social, economic, and environmental benefits'.⁶ To illustrate, between 2005 and 2016, the number of farms in the EU has reduced by 4.2 million, of which 85% were smallholder farms of less than 5 ha.⁷ In the same period, the number of farms larger than 100 ha increased by almost 20%, with land consolidation becoming ever more commonplace.⁸ Presently, 80% of CAP subsidies go to approximately 20% of (mostly large-scale) agricultural producers.⁹

Smallholders still form almost two thirds of the farms in the EU, but their economic and political position is increasingly under threat.¹⁰ Some scholars and private sector stakeholders question whether this development is, in fact, problematic, emphasising agricultural yield as a metric for efficiency and a prerequisite for food security.¹¹ This stance, however, diminishes the important role smallholder farms play in food production, landscape and biodiversity stewardship, rural development, and cultural heritage—both globally and in the EU.¹² For instance, a recent study showed that farms smaller than 2 ha produce roughly 35% of the world's food, providing a vital source of food production for local populations.¹³ Moreover, smallholder farms generally have a larger crop diversity than large farms, thereby helping by maintaining genetic diversity, improving soil fertility, supporting pollinators and their habitat, and upholding a more resilient and environmentally friendly food production system at large.¹⁴ Small farms also often provide essential services for local communities, including employment and income in rural areas.¹⁵ Small farms are also beneficial for the development of the rural economy¹⁶ and can host a traditional social gathering space for the local community to uphold heritage crafts, techniques, and historical practices.¹⁷

Considering the EU's Farm to Fork (F2F) Strategy and its core aim of transitioning towards sustainable food systems, high expectations are now placed on the new CAP reform that entered into force on 1 January 2023.¹⁸ Placed at the heart of the EU Green Deal, the F2F Strategy is the overarching EU food policy aiming at creating more sustainable and resilient food systems.¹⁹ The aspirations outlined in the F2F Strategy have been integrated into the new CAP's objectives, with the aim of enhancing the role of agriculture in fostering a fair, healthy, and environmentally friendly agri-food chain across the EU. As emphasised in the new CAP Strategic Plans Regulation, 'small farms remain a cornerstone of Union agriculture', playing a 'vital role in supporting rural employment and contribut[ing] to territorial development'.²⁰ While the 2023 CAP as such has already generated wide scholarly interest,²¹ the legal position of smallholder farms herein has received only marginal attention thus far.²²

This article aims to fill this gap in the literature by answering the following research questions: How does the 2023 CAP address the position of small farmers, and to what extent do the CAP Strategic Plans of EU Member States reflect the emphasis on small farms as a cornerstone of EU agriculture? We address these questions by analysing the legal position of smallholder farms in the CAP through a combination of desk-based doctrinal analysis of the CAP and a content analysis of national CAP implementations in selected Member States through their so-called 'National Strategic Plans' (NSPs). This critical examination is fundamental to determine the CAP's ability to fulfil its specific objectives of promoting sustainable agriculture, fostering rural development, and ultimately contributing to the overarching goals of the F2F Strategy.

Below, we will first set out the methodology, including the identification of specific policy mechanisms and Result Indicators affecting smallholder farms in 10 Member States selected as case studies. Subsequently, the article will dive into the position of smallholder farms within Pillars I and II of the CAP. Pillar I governs 'direct payments' subsidies available to all farmers subject to certain conditions,²³ while Pillar II seeks to promote rural development and environmental

⁵P Labarthe and C Laurent, 'Privatisation of Agricultural Extension Services in the EU: Towards a Lack of Adequate Knowledge for Small-Scale Farms?' (2013) 38 Food Policy 240; D Mincyte, 'Subsistence and Sustainability in Post-Industrial Europe: The Politics of Small-Scale Farming in Europeanising Lithuania' (2011) 51 Sociologia Ruralis 101.

⁶T Tisenkopfs et al, 'Territorial Fitting of Small Farms in Europe' (2020) 26 Global Food Security 100425. See also T Pinto-Correia et al, 'Transition from Production to Lifestyle Farming: New Management Arrangements in Portuguese Small Farms' (2017) 13 International Journal of Biodiversity Science, Ecosystem Services and Management 136.

⁷Commission (EU), 'Farms and Farmland in the European Union – Statistics' <https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Farms_and_farmland_in_the_European_Union_-_statistics>.

⁸Ibid.

⁹Commission (EU) 'Evaluation of the Impact of the CAP Measures on the General Objective "Viable Food Production"' (2021) SWD(2021) 105 final, 11 May 2021, 29.

¹⁰S Colombo and M Perujo-Villanueva, 'Analysis of the Spatial Relationship between Small Olive Farms to Increase Their Competitiveness through Cooperation' (2017) 63 Land Use Policy 226.

¹¹L Fresco and K Poppe, 'Towards a Common Agricultural and Food Policy' (Wageningen University and Research 2016).

¹²See, in this context, Tisenkopfs et al (n 6). See also J Verschuuren, 'Achieving Agricultural Greenhouse Gas Emission Reductions in the EU post-2030: What Options Do We Have?' (2022) 31 Review of European Comparative and International Environmental Law 246.

¹³SK Loweder et al, 'Which Farms Feed the World and Has Farmland Become More Concentrated?' (2021) 142 World Development 1.

¹⁴M Guth et al, 'Is Small Beautiful? Technical Efficiency and Environmental Sustainability of Small Scale Family Farms under the Conditions of Agricultural Policy Support' (2022) 89 Journal of Rural Studies 235.

¹⁵C Alexandri et al, 'Subsistence Economy and Food Security: The Case of Rural Households from Romania' (2015) 22 Procedia Economics and Finance 67.

¹⁶Guth et al (n 14); M Shucksmith and K Rønningen, 'The Uplands After Neoliberalism? The Role of the Small Farm in Rural Sustainability' (2011) 27 Journal of Rural Studies 275.

¹⁷K Daugstad et al, 'Agriculture as an Upholder of Cultural Heritage? Conceptualisations and Value Judgements: A Norwegian Perspective in International Context' (2006) 22 Journal of Rural Studies 67.

¹⁸Parliament and Council Regulation (EU) 2021/2115 of 2 December 2021 establishing rules on support for strategic plans to be drawn up by Member States under the common agricultural policy (CAP Strategic Plans) and financed by the European Agricultural Guarantee Fund (EAGF) and by the European Agricultural Fund for Rural Development (EAFRD) and repealing Regulations (EU) No 1305/2013 and (EU) No 1307/2013 [2021] OJ L435/1 (CAP Strategic Plans Regulation).

¹⁹Commission (EU) 'A Farm to Fork Strategy for a Fair, Healthy and Environmentally Friendly Food System' (Communication) COM(2020) 381 final, 20 May 2020 (Farm to Fork Strategy). See also Commission (EU) 'The European Green Deal' (Communication) COM(2019) 640 final, 11 November 2019.

²⁰CAP Strategic Plans Regulation (n 19) art 58.

²¹For further discussion, see R Tarjuelo et al, 'Changing the Fallow Paradigm: A Win-Win Strategy for the Post-2020 Common Agricultural Policy to Halt Farmland Bird Declines' (2020) 57 Journal of Applied Ecology 642; P De Castro et al, 'The Common Agricultural Policy 2021–2027: A New History for European Agriculture' (2020) 75 Italian Review of Agricultural Economics 5.

²²See M Alessandrini, *Regulating Short Food Supply Chain in the EU*, (Springer fc). For legal research into the environmental and climate dimensions of the CAP, more broadly see, among others, Verschuuren (n 12); K Heyl et al, 'The Common Agricultural Policy Beyond 2020: A Critical Review in Light of Global Environmental Goals' (2021) 30 Review of European Comparative and International Environmental Law 95.

²³These include obligations for public, animal, plant, and general environmental health and well-being, along with a general obligation to keep all agricultural land in 'good agricultural and environmental condition'. See Harvey (n 2) 20.

conservation,²⁴ for instance, investing in the sustainable management of natural resources beyond the relevant statutory requirements.²⁵ We then move to our content analysis, focussing on the national transposition of the CAP into selected NSPs. This is followed by a discussion and concluding remarks.

2 | METHODOLOGY

Our analysis was carried out in two main steps. First, specific policy mechanisms affecting smallholder farms were identified in the 2023 CAP. Second, a content analysis was conducted of the NSPs of the CAP of 10 EU Member States: Bulgaria, Czechia, France, Germany, Ireland, Italy, Latvia, the Netherlands, Portugal, and Romania. This choice of jurisdictions was motivated by two main reasons. First, the chosen Member States represent, in combination, a wide array of agricultural and socio-economic contexts, covering both Western and Eastern European countries—the latter of which particularly feature high levels of smallholder farms. Second, the selected case studies provide a range of different interventions adopted under the CAP, making it possible to compare different approaches and (funding) strategies for smallholder farms.²⁶

To focus our analysis, we examine interventions taken by the aforementioned 10 Member States as embedded in two core CAP Result Indicators specifically relating to smallholder farms. Result Indicators are specific metrics used to assess the outcomes and impacts of various CAP initiatives.²⁷ They are designed to provide quantitative or qualitative data that can help policymakers, and ultimately the Commission, gauge the success or progress of CAP objectives and activities.²⁸

First, our analysis focusses on Result Indicator number 6 (R.6^{PR}) ‘Redistribution to smaller farms: Percentage of additional direct payments per hectare for eligible farms below average farm size (compared to average)’. This Result Indicator represents a target value for several Pillar I measures under the CAP, focussed on direct

payments.²⁹ Second, we include Result Indicator number 10 (R.10) ‘Better supply chain organisation: percentage of farms participating in producer groups, producer organisations, local markets, short supply chain circuits and quality schemes supported by the CAP’. The R.10 is linked to Pillar II measures for the benefit of smallholder farms beyond production, throughout the supply chain.³⁰

We then employ a content analysis customised for each Member State studied, starting with a search for all mentions of ‘small’ (farm and farmer) in the language of the NSP at hand and subsequently mapping and analysing the content for specific law and policy instruments engaging the position of small farmers, with a specific focus on R.6^{PR} and R.10. In particular, the analysis is structured around the following criteria: presence of small farmers within the Member State territory and specific measures under Pillar I. These measures are as follows: Complementary Redistributive Income Support for Sustainability (CRISS), a direct payment designed to redistribute income between larger and smaller farms and support smaller scale farms that may face challenges in maintaining profitability; Payment for Small Farmers, a simplified financial scheme aiming to support small farmer's income and ensure their continued participation in the agricultural sector; and Basic Income Support for Sustainability (BISS) and related capping and degressive rate of payment, which provides financial assistance to farmers based on the size of their agricultural land, to ensure a stable income for farmers and contribute to the sustainable management of natural resources. These measures have been selected as they directly or indirectly target small farmers. Lastly, the analysis also includes measures targeting small farmers under Pillar II of the CAP on rural development measures (e.g., cooperation and knowledge exchange, quality schemes, environmental and climate actions, and the promotion of short food supply chain and local markets). For each of these interventions, we document their occurrence and legal particulars before proceeding to a critical examination of their implications.

The methodology described allows us to address the research questions through a twofold approach. First, by delineating specific policy mechanisms within the 2023 CAP Strategic Plan that impact smallholder farms, we aim to understand how the policy addresses the position of small farmers. Second, by delineating and examining

²⁴CAP Strategic Plans Regulation (n 18) art 70.

²⁵While Pillar I works on the basis of common financing out of the EU budget, Pillar II employs a method of cofinancing between the EU and individual Member States. Eco-schemes are a voluntary annual scheme open to all active farmers. To qualify for payment, farmers will have to undertake specific agricultural practices on their farms, beneficial to the climate, environment, biodiversity, and/or water quality.

²⁶These countries have adopted a specific form of direct payment in support of small farmers, namely, the lump sum payment up to €1250 under Article 28 of the 2023 CAP Regulation. See Commission (EU), ‘Proposed CAP Strategic Plans and Commission Observations – Summary Overview for 27 Member States Commission’ (European Commission 2022) 9.

²⁷Result Indicators are one of the 2023 CAP's four performance indicators—together with context, output, and impact indicators—against which the success of each NSP will be evaluated by the Commission. In particular, the policy performance of each NSP will be evaluated based on impact indicators while its progress will be monitored towards the targets set by result indicators. Each Result Indicator is connected to several impact indicators and relates to specific objectives as set by the regulation. Result Indicators are therefore used for the establishment of quantified milestones and targets in relation to the specific. See CAP Strategic Plans Regulation (n 18) art 7.

²⁸Several impact indicators are linked to each result indicator. The Impact Indicators assess the extent to which CAP interventions and programmes are achieving their overarching objectives. However, these Impact Indicators are not adopted in the NSPs and therefore similarly excluded from this analysis.

²⁹R.6 is linked to the CAP objective ‘To support viable farm income and resilience of the agricultural sector across the EU in order to enhance long-term food security and agricultural diversity as well as to ensure the economic sustainability of agricultural production in the Union’. R.6^{PR} corresponding Impact Indicators are ‘Reducing income disparities’ (I.2); ‘Reducing farm income variability’ (I.3); ‘Supporting viable farm income’ (I.4); and ‘Contributing to territorial balance’ (I.5). This Result Indicator was deemed relevant as it aims to promote a fairer distribution of agricultural support payments, ensuring that smaller farms, which may face greater economic challenges, receive a proportionally larger share of CAP financial assistance. See CAP Strategic Plans Regulation (n 18) art 6(1)(a).

³⁰R.10 operates in conjunction with the CAP objective ‘[t]o improve the farmers' position in the value chain’. Every Result Indicator is connected to an Impact Indicator to measure the performance and effectiveness of the provisions. In this case, R.10 is linked to the Impact Indicator ‘Improving farmers' position in the food chain: Value added for primary producers in the food chain’ (I.8). R.10 was deemed relevant by the authors to address the research questions posed in this article, as its goal is to encourage farms to adopt practices and strategies that promote more efficient, sustainable, and transparent supply chains, such as participation in producer groups, local markets, short supply chains and quality schemes to enhance farmers' market access, bargaining power, and overall competitiveness. See CAP Strategic Plans Regulation (n 18) art 6(1)(c).

specific national policy instruments tailored to small farmers, we aim to ascertain the degree to which the NSPs of selected Member States align with the prioritisation of small farms as fundamental components of Union agriculture. This dual approach offers a comprehensive understanding of the current regulatory landscape for small farmers across different Member States.

3 | SMALLHOLDER FARMS IN THE CAP

3.1 | Divergences in local context

The legal classification of smallholder farms under the CAP has a direct impact on the type and amount of subsidies that can be allocated to these actors.³¹ However, at present, the CAP lacks a clear legal definition of what constitutes a ‘smallholder farm’. The CAP also does not require Member States to legally define ‘smallholder farm’, ‘small farmer’, or associated terms into their NSP.³² It is thus up to the discretion of the Member States to determine whether a farm is classified as ‘small’ and whether it should be entitled to specific types and amounts of subsidies or other interventions.

In response to the absence of harmonisation at the EU level, the Commission's Directorate-General AGRI has provided three criteria that can be used as a guideline by Member States to determine whether a farm can be classified as ‘small’. These criteria include land size (under 5 ha), economic size (standard output), and labour input (annual working units).³³ To account for the large presence of part-time, seasonal and casual jobs in agriculture and the difficulty of assessing the effective contribution of family members involved, labour input is often measured by counting the number of annual working units per farm instead of the number of workers involved. Despite this attempt to introduce a harmonised understanding of what should be identified as a small farm—and therefore a small farmer—severe discrepancies between Member States still remain, as will be discussed further below.

3.2 | Introducing the 2023 CAP NSP

As of 1 January 2023, the CAP ‘Strategic Plans Regulation’ has entered into force, repealing the former CAP Regulation 1305/2013 and Regulation 1307/2013.³⁴ The 2023 CAP's 10 specific objectives

are outlined in Article 6 of the Regulation. In addition to addressing the traditional objectives of the CAP, as embedded in Article 39 of the Treaty of the Functioning of the EU, such as ensuring equitable income for farmers, enhancing competitiveness, and bolstering the role of farmers in the food chain, newly added goals extend to climate change adaptation and mitigation, ecosystem restoration, and supporting and attracting young and new entry farmers. The CAP further aims to promote a more balanced distribution of support for farmers and reduce the administrative burden for beneficiaries of small amounts of subsidies, which are predominantly small-scale farms.³⁵ The 2023 CAP is deeply intertwined with the F2F Strategy and the EU Green Deal.³⁶ Nevertheless, several critics have questioned whether the new CAP's ‘green architecture’ will be able to deliver on sustainability objectives embedded in these two policy documents.³⁷

A central plank of the new CAP is the so-called NSP, through which Member States are given a relatively large degree of discretion in terms of decision-making, financing, and implementation of agricultural policies at the national level. Despite this novelty, the traditional two-pillar structure of the CAP remains unchanged. The performance of each NSP will be evaluated by the Commission through several indicators, as mentioned in Section 2. Below, we will first present a comprehensive overview of the general CAP measures. Following this, we will focus on two specific aspects of relevance, namely, Result Indicators R.6^{PR} ‘Redistribution to smaller farms’ and R.10 ‘Better supply chain organisation’. Next, we will delve into a content analysis of the initiatives put forth by 10 Member States in support of small-scale farms within the framework of their NSPs.

3.3 | The 2023 CAP and smallholder farms: Pillar I

Under Pillar I of the CAP, there are three main sets of financial interventions directly and indirectly affecting smallholder farms. The first financial tool, CRISS, is a complementary income support tool which requires Member States to redistribute direct payments from large to smallholder farms.³⁸ The minimum legal requirement for all Member States is that 10% of all direct payments have to be allocated to CRISS. This support is provided per hectare and is available for all eligible small- and medium-sized farms—as defined by the Member State. While the CRISS scheme was already included in the previous CAP, it has since moved from a voluntary measure to a mandatory legal requirement. However, if Member States can demonstrate to the Commission that the redistributive needs are met by other direct payment measures, they can be exempted from implementing CRISS.³⁹ The CRISS' primary objectives include income stability for small farmers, the sustenance of local agricultural activity, and the preservation of rural areas and landscapes.

³¹See, in this context, R Rossi ‘Small Farms’ Role in the EU Food System’ (2022) <[https://www.europarl.europa.eu/RegData/etudes/BRIE/2022/733630/EPRS_BRI\(2022\)733630_EN.pdf](https://www.europarl.europa.eu/RegData/etudes/BRIE/2022/733630/EPRS_BRI(2022)733630_EN.pdf)>.

³²The CAP Strategic Plans Regulation does require Member States to legally define other terms in their NSP such as ‘young farmer’, ‘new farmer’, or ‘agricultural area’, among others, see CAP Strategic Plans Regulation (n 18) art 4.

³³Commission (EU), ‘What is a Small Farm?’ (EU Agricultural Economic Briefs 2011) 2.

³⁴Regulation (EU) No 1305/2013 of the European Parliament and of the Council of 17 December 2013 on support for rural development by the European Agricultural Fund for Rural Development (EAFRD) and repealing Council Regulation (EC) No 1698/2005 [2013] OJ L347/487; Regulation (EU) No 1307/2013 of the European Parliament and of the Council of 17 December 2013 establishing rules for direct payments to farmers under support schemes within the framework of the common agricultural policy and repealing Council Regulation (EC) No 637/2008 and Council Regulation (EC) No 73/2009 [2013] OJ L347/608.

³⁵CAP Strategic Plans Regulation (n 19) art 58.

³⁶H Schebesta and JLL Candel, ‘Game-Changing Potential of the EU's Farm to Fork Strategy’ (2020) 1 Nature Food 586.

³⁷G Pe'er et al, ‘How Can the European Common Agricultural Policy Help Halt Biodiversity Loss? Recommendations by over 300 Experts’ (2022) 15 Conservation Letters 1.

³⁸CAP Strategic Plans Regulation (n 18) art 29.

³⁹ibid art 29(1).

A second measure of the CAP under Pillar I is the BISS. This form of decoupled direct payments aims to support the viability and sustainability of the farming sector.⁴⁰ The BISS is directly linked to two types of financial mechanisms that may contribute to redistribution for small farmers, namely, capping and degressivity.⁴¹ Capping refers to the setting of certain limits on the amount of direct payments that individual beneficiaries can receive under the CAP. Degressivity concerns the reduction of the rate of subsidy as the size of the farm increases.⁴² Article 17 of the Regulation stipulates different possibilities for Member States to employ these payment reductions, which according to paragraph 5 'shall primarily be used to contribute to the financing of the complementary redistributive income support for sustainability'.⁴³ Importantly, under Article 18, Member States are responsible for setting minimum requirements in area size (in hectares) for farmers to be able to receive direct payments.⁴⁴ Farmers with an area size below this threshold can thus benefit from neither the direct payments nor the redistribution measures under BISS, which may greatly impact the accessibility to subsidies for microholding or smallholding farms.

The third financial tool is the Payment for Small Farmers, according to which Member States can provide a lump sum direct payment capped at €1250 annually for smallholder farms; a similar measure has existed under the Small Farmer Scheme under the 2013 CAP. However, if the farmer chooses to opt for the lump sum payment, they eschew any other direct payments under BISS and CRISS or any other forms of direct payments.⁴⁵

Both the CRISS and the BISS are linked to the Result Indicator n 6 (R.6^{PR}), the 'Redistribution to smaller farms'. This Result Indicator is used to measure how payments (per hectare) are distributed to small farms, compared with the average direct payment per hectare. R.6 is calculated on the basis of the following formula: the average direct payment paid to farmers below the average size (i.e., small farmers) divided by the average direct payment paid to all farmers and multiplied by 100. For instance, if the average direct payment paid to a farm below the average farm size is €251.8/ha and the average direct payment paid to all farmers is €238/ha, then the R.6 will be $R.6 = 251.8 / 238 * 100 = 106\%$.⁴⁶

3.4 | The 2023 CAP and smallholder farms: Pillar II

One key aspect of the redistribution of funds is 'modulation', which refers to the transfer of a portion of direct payments (Pillar I) to the rural development budget (Pillar II), in particular to reinforce rural development which may tangentially benefit small

farmers.⁴⁷ The second pillar of the CAP also includes several interventions specifically aimed at smallholder farms. Financial support may be allocated in the NSPs to subsidise, among others, the setting up of quality schemes, producer organisations, collective environmental and climate action, sustainability local development projects, and the promotion of short food supply chain and local markets, as well as access to training and advice and other forms of knowledge dissemination.⁴⁸ These are linked specifically to Result Indicator n 10 (R.10) on improving farmers' position in the value chain, measured by assessing farmers' participation in producer organisations, local markets, short supply chain circuits, and quality schemes supported by the CAP. If a country's R.10 target value is set at 40%, this refers to the ambition that 40% of all farms within the Member States participate in one or more of such rural development policy activities.

4 | NATIONAL STRATEGIC PLANS AND SMALL FARMERS

This section presents our content analysis of interventions in support of smallholder farms identified in the NSPs of specific Member States selected as case studies, namely, Bulgaria, Czechia, France, Germany, Ireland, Italy, Latvia, the Netherlands, Portugal, and Romania. As discussed in Section 2, with regard to Pillar I of the CAP, the analysis focusses on CRISS, BISS, the direct lump sum payment for small farmers of €1250, and the linked result indicator R.6^{PR} (redistribution to smaller farms). With regard to Pillar II, the analysis focusses on rural development schemes and the linked result indicator R.10 (better organisation of the supply chain). This will subsequently be used as input for our discussion in Section 5, combining the legal analysis of Section 3 with the NSP content analysis in this section.

4.1 | Bulgaria

Bulgaria has a unique agricultural landscape with two dominant categories: small farms, which have less than 2 ha of agricultural land, and much larger farms, with 100 ha or more.⁴⁹ The Bulgarian NSP includes various measures to improve living and working conditions in rural areas and to aid small farmers, including access to market and technological innovation. Under the budget for direct payments, 11% is allocated to the CRISS measure. Financial support is given to the first 30 ha of farmers' holdings, up to a maximum farm size of 600 ha.⁵⁰ To contribute to a higher redistributive impact and prioritise support based on specific needs, the NSP caps the amount of BISS granted per farmer in a calendar year at €100,000.⁵¹ In our analysis, Bulgaria

⁴⁰ibid art 21.

⁴¹ibid art 17 and Chapter II, Section 2, Sub-section 2.

⁴²DG Agri, *Study on the Economic, Social and Environmental Impact of the Modulation Provided for in Article 10 of Council Regulation (EC) No 1782/2003* (DG Agri 2009).

⁴³CAP Strategic Plans Regulation (n 18) art 17.

⁴⁴ibid art 18.

⁴⁵ibid art 28.

⁴⁶See Commission (EU), Directorate-General for Agriculture and Rural Development, 'Cover Note on Output and Result Indicators' (European Commission 2022) 43.

⁴⁷Harvey (n 2) 3–40; V Milicevic 'The Common Agricultural Policy – instruments and reforms' (2022) <<https://www.europarl.europa.eu/factsheets/en/sheet/107/the-common-agricultural-policy-instruments-and-reforms>>.

⁴⁸CAP Strategic Plans Regulation (n 18) art 83.

⁴⁹Bulgaria National Strategic Plan <https://www.mzh.government.bg/media/filer_public/2023/01/10/strategicheski_plan_2023-2027_8LjLWGr.pdf> 363 (Bulgaria NSP).

⁵⁰ibid.

⁵¹ibid 410.

ranks second, following Portugal, in setting a high redistribution target value (R.6^{PR}) at 161.77%.⁵² To further support and preserve small farmers, Bulgaria has chosen to provide lump sum direct payments of €1250 to those meeting the minimum requirements for receiving direct payments under BISS, replacing all other forms of direct payments.⁵³

As to Pillar II measures, the Bulgarian NSP outlines a comprehensive strategy to reach their R.10 target set at 0.88% to tackle systemic market issues smallholder farmers face, such as a disconnect from the supply chain and a lack of transparency in the food market.⁵⁴ Measures involve increased financial investment and support for short supply chains, simplifying access to advisory services for smallholder farmers and fostering collaboration among organic and small-scale producers. The aim is to overcome fragmentation in the agricultural landscape, enhance competitiveness, and strengthen the bargaining power of smallholder farmers in contractual relationships.⁵⁵

4.2 | Czechia

Agricultural production in Czechia predominantly relies on intensive and industrial farming methods.⁵⁶ Approximately 75% of the farmland is cultivated by large farms exceeding 100 ha. By contrast, small-scale family farms are notably scarce in the country, comprising less than 2% of the total utilised agricultural area.⁵⁷

No less than 23% of the direct payment budget is reserved for the CRISS. The NSP further establishes a target value (R.6^{PR}) of 142.58.⁵⁸ However, this support is granted to all agricultural holdings for the first 150 ha, without directly targeting smallholder farmers. Czechia has opted for a lump sum direct payments to small farmers, providing a maximum of €1250 per farmer. This payment is exclusively available to active farmers with a minimum of 1 ha and up to 4 ha of land and replaces all other forms of direct payments, including BISS and CRISS.⁵⁹

The target value for R.10, which is geared towards the share of farms participating in producer groups for the fruit and vegetables, potatoes, eggs, and ornamental plants, is set quite low at 3.79%.⁶⁰ Under Pillar II, this NSP targets the production, efficiency, and competitiveness of small- and medium-sized enterprises engaging in processing agricultural products. These interventions, mainly focussed on the improvement of equipment and the renovation of agricultural holdings, may enable producers to leverage modern technologies, foster the growth of local markets, and shorten supply chains.⁶¹

⁵²ibid 128.

⁵³ibid 451.

⁵⁴ibid 142.

⁵⁵ibid.

⁵⁶Commission (EU), 'At a Glance: Czechia's Cap Strategic Plan' (2021) <https://agriculture.ec.europa.eu/document/download/cfc0c6e9-53ec-4ef0-8769-dd58baecfc72_en>.

⁵⁷Access to Land, 'Background - Czech Republic' <<https://www.accesstoland.eu/Background-233>>.

⁵⁸Czech Republic National Strategic Plan <<https://eagri.cz/public/portal/-a31876---TvBUcDz6/strategicky-plan-spolecne-zemedelske-politiky-ceske-republiky-na-obdobi-2023-2027-schvalene-zneni-verze-1.3>> (Czechia NSP).

⁵⁹ibid 231–234.

⁶⁰ibid 70.

⁶¹ibid 641–642.

4.3 | France

Smallholder farms in France have historically played a vital role in its agricultural landscape. Despite this cultural heritage, the French NSP sets the land size threshold for CRISS support at 52 ha with a below-average target value of 106.58%.⁶² This could be due to the relatively balanced distribution of direct aid in France—the top 20% of beneficiaries receive 51% of direct aid. Moreover, 10% of the direct payment is allocated to the CRISS and is available for the first 52 ha of all eligible farms.⁶³ While no lump sum payment is provided to smallholder farmers,⁶⁴ the BISS intervention plays a significant role in supporting different types and sizes of farms and has not implemented any capping.

With respect to Pillar II, the French NSP aims to have 4.51% (R.10 target) of farms participating in set initiatives by the end of the programming period.⁶⁵ Their NSP seeks to improve the supply chain's reorganisation by monitoring the farm involvement in producer organisations, short supply circuits, and quality schemes. To achieve this, sectoral assistance and cooperation aid for marketing and certifying quality systems are also crucial.⁶⁶ Additionally, the plan encourages supply regrouping and cooperation and the development of short food supply chains to enhance health, environmental, and societal performance, while reducing input use.⁶⁷

4.4 | Germany

The number of farm holdings in Germany has drastically reduced in the last four decades, due to land consolidation.⁶⁸ According to the 2020 Agricultural Census, only 7.6% of all holdings were reported to be under 5 ha.⁶⁹ According to the German NSP, however, small farms are still a social and environmental asset.⁷⁰ In regard to Pillar I measures, Germany opts for a significant CRISS of 12% of direct payment reserved for this purpose, for the first 60 ha of all eligible farms, regardless of their overall size, and with higher proportional payments for the first 40 ha with the aim to ensure a reasonable standard of living for smallholder farmers in particular and to maintain diverse agricultural structures. Germany's redistribution target (R.6^{PR}) is closer to the average target value, at 113.89%, and is tied to other rural development policies, including eco-schemes.⁷¹ The goal is that at the end of the funding period, an average payment per hectare for smaller

⁶²France National Strategic Plan <<https://agriculture.gouv.fr/politique-agricole-commune-2023-2027-approbation-du-plan-strategique-national-par-la-commission>> (France NSP) 148.

⁶³ibid.

⁶⁴ibid 352.

⁶⁵ibid 159.

⁶⁶ibid 54.

⁶⁷ibid 10.

⁶⁸Statista Research Department, 'Agricultural Businesses in Germany 1975–2022' (Statista, 1 June 2023) <<https://www.statista.com/statistics/1070967/agriculture-number-businesses-germany/>>.

⁶⁹A Häger et al, 'Germany/Farm Structures - Whosoever Hath, to Him Shall Be Given' (Heinrich-Böll-Stiftung Brussels 14 May 2020) <<https://eu.boell.org/en/2000/05/14/germanyfarm-structures-whosoever-hath-him-shall-be-given>>.

⁷⁰Germany National Strategic Plan <<https://www.bmel.de/DE/themen/landwirtschaft/eu-agrarpolitik-und-foerderung/gap/gap-strategieplan.html>> (Germany NSP).

⁷¹ibid 91.

farms reaches 114% of the average per hectare payment granted to all farms.⁷² The German NSP deems CRISS to be a more suitable instrument than capping.⁷³ It further clarifies that the application of degression and capping instruments is not necessary to achieve a more appropriate distribution of income support, though no lump sum payment is granted for small farmers.⁷⁴

With regard to Pillar II, strengthening quality production in Germany and reinforcing and shortening value chains through direct marketing and regional channels are given a high priority in the German NSP⁷⁵ as their target value (R.10) is set at 18%.⁷⁶ It focusses on enhancing vertical and horizontal cooperation among different levels of producers and shortening the supply chain, in order to better adapt the production, processing, and marketing of agricultural products to current market structures.⁷⁷

4.5 | Ireland

According to the Irish NSP, Ireland's agricultural land is a diverse landscape, with 65% of Irish farms being small to medium sized.⁷⁸ The distribution of financial support could, however, be improved, as 56% of direct payments are allocated to the largest 20% of farms.⁷⁹ As highlighted in the Irish NSP, direct payments are a valuable source of income support, in particular for smallholder farms.⁸⁰ Only 10% of direct payment is reserved for the CRISS. Additionally, this is only available for the first 30 ha of all eligible farms,⁸¹ which is one of the lowest thresholds in the countries studied. At the same time, this indicates a targeted approach towards small-scale farmers specifically. The redistribution target (R.6^{PR}) is also set quite low, at 105.42%,⁸² but is widely used as an indicator for all eco-schemes, as well as other policies related to environmental and climate management. Income support is also limited to the first 50 ha in the Young Farmer Policy, encouraging not only a new generation of new farmers but also a new generation of small farm owners.⁸³ No lump sum payment is provided for small farmers, but Ireland will apply degressive capping with strict requirements at €66,000.⁸⁴

With regard to Pillar II, R.10 is set at a quite low target value (0.76%).⁸⁵ The financial allocation will therefore support 0.76% of farms participating in producer groups and organisations, local markets, short supply chain circuits, and quality schemes.⁸⁶

⁷²ibid 94.

⁷³ibid 298.

⁷⁴ibid 358.

⁷⁵ibid 115.

⁷⁶ibid 91.

⁷⁷ibid 98.

⁷⁸Central Statistics Office, 'Farm Structure Survey 2016' <<https://www.cso.ie/en/releasesandpublications/ep/p-fss/farmstructuresurvey2016/da/fs/>>.

⁷⁹Ireland National Strategic Plan <<https://www.gov.ie/en/publication/76026-common-agricultural-policy-cap-post-2020/>> (Ireland NSP) 235.

⁸⁰ibid 340.

⁸¹ibid 320.

⁸²ibid 50.

⁸³ibid 155.

⁸⁴ibid 312.

⁸⁵ibid 78.

⁸⁶ibid 509.

4.6 | Italy

Italian small and family-run farms continue to play a prominent role in a market dominated by industrial agriculture.⁸⁷ In Italy, agricultural businesses under 8 ha are generally considered small farms, amounting to one third of all farms in the country.⁸⁸ The Italian NSP proposes to budget 10% of the direct payments towards the CRISS for the first 14 ha of farms under 50 ha.⁸⁹ At the territorial level, the CRISS configuration implies a significant shift of resources for rural areas with development issues as well as in mountainous regions.⁹⁰ To concentrate resources for a fairer redistribution of direct payments, farms smaller than 0.5 ha and larger than 50 ha are excluded from this measure.⁹¹ Italy's redistribution target (R.6^{PR}) is set at 111.49%. Italy's NSP does not opt for lump sum payments. Rather, they guarantee financial support to small farmers solely by means of CRISS, while capping of this measure is not applied.⁹²

Italy's NSP R.10 target value, set at 36.35%,⁹³ is one of the highest of the plans under analysis. To achieve this objective, several strategies, including the shortening of supply chains through novel supply chain technology and promoting alternative trade channels, will be implemented in favour of small farmers.⁹⁴ Italy will also develop a new model of the National Agricultural Information System to facilitate the management of administrative procedures to allow small farmers to submit their CAP applications directly and to receive immediate support from the managing body.⁹⁵

4.7 | Latvia

Latvian agriculture is characterised by a large number of small farms, with 95% of the total number of farms having a standard output of less than €25,000.⁹⁶ In Latvia, almost half of agricultural land is arranged in small agricultural plots, ranging from 1 to 3.5 ha, managed by small family farms—with geographical limitations being a key factor.⁹⁷ Smallholder farms are identified, though not legally defined, in the Latvian NSP as those ranging from 1 to 3.5 ha.⁹⁸

In terms of Pillar I measures, Latvia has set a redistribution target (R.6^{PR}) of 106.30%.⁹⁹ Interestingly, Latvia has chosen to allocate 9% of direct payments to the CRISS measure, which is slightly less than

⁸⁷Y Vecchio et al. 'Do Rural Development Policies Really Help Small Farms? A Reflection from Italy' (2021) 20 EuroChoices 78; C Cardillo and O Cimino, 'Small Farms in Italy: What Is Their Impact on the Sustainability of Rural Areas?' (2022) 11 Land 2142.

⁸⁸A Gioia, 'Small Farms in Europe: Time for a Re-Definition' (Access to Land 2017) 17.

⁸⁹Italy CAP Strategic Plan <https://www.reterurale.it/downloads/PSP_Italia_15112022.pdf> (Italy NSP) 175.

⁹⁰ibid 176.

⁹¹ibid 488.

⁹²ibid 276, 429, and 480.

⁹³ibid 101.

⁹⁴ibid 115.

⁹⁵ibid 388.

⁹⁶Food and Agriculture Organisation of the United Nations (FAO), 'Improving of Small Farm Market Capability in Latvia' <<https://www.fao.org/family-farming/detail/en/c/290985/>>.

⁹⁷Latvia National Strategic Plan <<https://www.zm.gov.lv/lv/media/5409/download?attachment>> (Latvia NSP) 390–391.

⁹⁸ibid 70.

⁹⁹ibid 60.

the EU's minimum requirement of 10%.¹⁰⁰ This decision is based on the fact that the CRISS measure is complemented by BISS-SF (support for small farms), which also provides direct payments to smallholder farms.¹⁰¹ Latvia has opted to provide a lump sum payment to smallholder farms (of 1 to 3.5 ha) of €500 annually.¹⁰² Direct payments are also capped at €5000 per farmer to strengthen the redistributive effect of CRISS intervention.¹⁰³

With regard to Pillar II measures, the Latvian NSP sets the R.10 target value relatively low, at 3.37%.¹⁰⁴ Investments are aimed at promoting access to knowledge and advisory support to small farmers specifically, not only on specific agricultural issues but also support in environmental and climate issues, digitalisation, and innovation.¹⁰⁵

4.8 | The Netherlands

There are about 51,000 farms in the Netherlands, with the average farm size being 32 ha.¹⁰⁶ Smallholder farmers are defined through the economic metric of a Dutch size unit (Nge; calculated by hectares and head of livestock), ranging between 3 and 20 Nge.¹⁰⁷

Concerning direct payments under Pillar I, the Netherlands adopts the CRISS as the main tool to financially support small farmers. The Dutch NSP pledges to shift the legal minimum of 10% of direct payments from larger to smaller farms to the first 40 ha of farms under 60 ha.¹⁰⁸ The Dutch redistribution target (R.6^{PR}) is 115.92%, close to the average target value of this study.¹⁰⁹ BISS will be reduced over the years to shift towards more focussed payments, such as eco-schemes.¹¹⁰

With regard to Pillar II measures, the Dutch NSP aims to preserve and strengthen the country's cooperative farming traditions, in particular by encouraging the implementation of operational programmes in specific agri-food sectors (e.g., the fruit and vegetables sector) and reinforcing the position of primary producers in the chain.¹¹¹ Despite these ambitions, the R.10 target value set at 3.24% is relatively low, meaning the share of farms participating in these aforementioned strategies is only 3.24% of the total number.

4.9 | Portugal

Portuguese agriculture consists largely of smallholder farms, with 46% of the total farms measuring less than 2 ha¹¹² and 80% below 5 ha.¹¹³ Most of these smallholder farms operate as family-based enterprises with a semisubsistence structure.¹¹⁴ The Portuguese NSP stands out as one of the most ambitious of all NSPs studied, placing a strong emphasis on supporting smallholder farmers.

The plan allocates €320 million to provide support to small farmers.¹¹⁵ By 2027, the ambition is to increase the average support per hectare for small farms by a substantial 162% (R.6^{PR}).¹¹⁶ This support strategy includes financial measures like CRISS, BISS, and direct lump sum payments to small farmers. The minimum 10% of the direct payment budget is allocated to the CRISS, which is available for the first 20 ha for farms with a maximum of 100 ha.¹¹⁷ This contributes to bolstering the viability of Portuguese agriculture, preventing the abandonment of rural farming and addressing market imbalances within the agri-food sector.¹¹⁸ Diverging from most other Member States, Portugal has chosen to implement direct lump sum payments to small farmers, targeting income-related assistance for small and microfarming enterprises, particularly those affected by specific territorial challenges.¹¹⁹ This payment initiative seeks to improve the distribution of direct payments, and it is structured on three lump sum amounts based on eligible hectares, with an annual fixed lump sum of up to €1050. In total, direct payments to small farmers are set to constitute around 9.4% of the financial allocation for direct payments in 2026.¹²⁰

The NSP does not go into detail in regard to the Pillar II measures, though it states it aims to stimulate the bargaining power of small farmers within the food supply chain, which is to be achieved through promoting horizontal and vertical cooperation in the supply chain.¹²¹ By 2029, the aim is to have 2.68% (R.10 target value) of farms included in rural development policy initiatives.¹²² Interestingly, the plan also intends to make financial instruments available to facilitate capital access and risk management, specifically for female smallholder farmers.¹²³

¹⁰⁰The direct payments under the CRISS may be lower than 10%, in line with art 29 of CAP Strategic Plan Regulation, if other financial instruments and interventions are in place towards a fairer distribution of subsidies.

¹⁰¹Latvia NSP (n 97) 305.

¹⁰²ibid 301.

¹⁰³ibid 231.

¹⁰⁴ibid 90.

¹⁰⁵ibid 807.

¹⁰⁶Commission (EU), 'At a Glance: The Netherlands' CAP Strategic Plan' (2021) <https://agriculture.ec.europa.eu/system/files/2023-04/csp-at-a-glance-netherlands_en.pdf>.

¹⁰⁷The Dutch size unit (Nge) is an economic measure applied in agriculture, based on proceeds minus specific costs. The Nge is calculated per hectare and per animal. The Nge allows comparison between the various types of agricultural holdings. One hectare of winter wheat corresponds to 0.8 Nge, 1 ha of cucumbers corresponds to 133 Nge, one dairy cow is the equivalent of 1.2 Nge, and one fattening pig produces 0.04 Nge.

¹⁰⁸The Netherlands CAP Strategic Plan <<https://www.toekomstgblb.nl/documenten/publicaties/2022/02/11/glb-nationaal-strategisch-plan>> (The Netherlands NSP) 267.

¹⁰⁹ibid 45.

¹¹⁰ibid 204.

¹¹¹ibid 305.

¹¹²Commission (EU), 'At a Glance: Portugal's CAP Strategic Plan' (2021) <https://rural-interfaces.eu/wp-content/uploads/2020/04/csp-at-a-glance-portugal_en.pdf>.

¹¹³M Dos-Santos et al, 'Semi-subsistence Farms in Portugal' (2014) 3 *Journal of Agricultural Economics and Development* 158.

¹¹⁴Semisubsistence refers to farms that produce beyond the family's own needs, that is, enough surplus to sell for regular income.

¹¹⁵Commission (EU), 'Analytical Factsheet - Portugal' (17 March 2023) <<https://agridata.ec.europa.eu/extensions/CountryFactsheets/CountryFactsheets.html?memberstate=Portugal#EnvironmentAndClimateAction>>.

¹¹⁶Portugal National Strategic Plan <https://www.gpp.pt/images/PEPAC/PEPAC_Submetido/Exportacao_SFC_versaoAprovao_29072022.pdf> (Portugal NSP) 95.

¹¹⁷ibid 520.

¹¹⁸ibid 519.

¹¹⁹ibid 103.

¹²⁰ibid 417.

¹²¹ibid.

¹²²ibid 144.

¹²³ibid 143.

4.10 | Romania

Romania's agricultural landscape is polarised with large and micro-farms at either end of the size spectrum.¹²⁴ In 2020, almost 75% of farms in Romania comprised less than 5 ha of land, many of which were semisubsistent family farms.¹²⁵ To prevent the abandonment of agricultural activities and rural migration, Romania's NSP emphasises CRISS, BISS, and targeted aids. In this regard, the R.6^{PR} target value is set at a significant rate of 115.87%,¹²⁶ and the minimum legal requirement of 10% of all direct payments is allocated to CRISS.¹²⁷ The Romanian NSP recognises smallholder farms as those ranging from 1 to 50 ha¹²⁸ and with between €4000 and €11,999 standard output.¹²⁹ Under the current NSP, lump sum payments are entirely replaced by CRISS and BISS measures, the latter with the aim of stabilising farm incomes and achieving farm viability by providing an annual payment decoupled from production per eligible hectare.

Notably, Romania is the only NSP under examination explicitly linking eco-schemes to small farmers, encouraging environmentally friendly agriculture. These eco-schemes promote the cultivation of areas with at least 10% of protein-rich plants, contributing to sustainable nitrogen cycling and carbon sequestration.¹³⁰ The €480 million are allocated specifically for smallholder farms up to 10 ha to support these eco-schemes and enhance sustainable agricultural practices.¹³¹ New cross-compliance standards will apply, and these smallholder farmers will receive a lump sum payment per hectare annually for implementing environmentally friendly practices on arable land.¹³²

With regard to Pillar II measures, the Romanian NSP claims that small- and medium-sized farms will benefit from programmes subsidised by the government to promote cooperation, producer organisations, knowledge exchange, and rural development. Nevertheless, the NSP sets the lowest target value for R.10 of the cluster at 0.03%.¹³³

5 | DISCUSSION

In Section 4, we examined how the new CAP addresses the position of small farmers by analysing the NSPs of 10 selected Member States. While our analysis demonstrated, as shown in Table 1, that all Member States studied implemented measures specifically aimed at promoting the position of small farmers, the interventions diverge greatly in commitment and scope. Combining the findings with the results of our legal analysis of the CAP in Section 3, below, we identify four main issues concerning CAP's interventions for small farmers and outline accompanying recommendations to address such concerns. This

¹²⁴ibid.

¹²⁵Romania National Strategic Plan <https://apia.org.ro/wp-content/uploads/2023/01/Plan-National-Strategic-PAC-2023-2027_v1.2.pdf> (Romania NSP) 39.

¹²⁶ibid 122.

¹²⁷ibid 80.

¹²⁸ibid 302.

¹²⁹ibid 778.

¹³⁰ibid 106.

¹³¹ibid 110.

¹³²ibid 325.

¹³³ibid 99.

TABLE 1 Overview of the analysis of the National Strategic Plans of Bulgaria, Czechia, France, Germany, Ireland, Italy, Latvia, the Netherlands, Portugal, and Romania.

Country	Percent of direct payments for CRISS	Subsidy distribution in ha	Maximum ha	R. 6 Target percent	R. 10 Target	Lump sum payment
Bulgaria	11	First 30 ha	600 ha	161.77	0.88	€1,250
Czechia	23	First 1 to 150 ha	No	142.58	3.79	€1,250 for 1 to max 4 ha
France	10	First 52 ha	No	106.58	4.51	No
Germany	12	First 60 ha; higher rate first 40 ha	No	113.89	18	No
Ireland	10	First 30 ha	No	105.42	0.76	No
Italy	10	First 0.5 to 14 ha	50 ha	111.49	36.35	No
Latvia	9	Higher rate for 3.1 to 30 ha	100 ha	106.30	3.37	€500 for 1 to 3.5 ha
The Netherlands	10	First 60 ha; higher rate for first 40 ha	NA	115.92	3.24	No
Portugal	10	First 20 ha	100 ha	162	2.68	€1,050
Romania	0	Between 1 and 50 ha	50 ha	115.87	0.03	No

will be used as basis for formulating answers to the overarching research questions in Section 6.

5.1 | Defining ‘small farmer’

First, while the CAP sets so-called framework definitions for key concepts such as ‘young farmer’, ‘active farmer’, and ‘new farmer’,¹³⁴ it leaves the responsibility to define ‘small farmers’ fully to the Member States.¹³⁵ This is not necessarily problematic, as what is considered ‘small’ in one country could be large in another. Yet, none of the Member States assessed provide a clear legal definition of small farmer in their NSP, even though this classification is of key relevance for small farmers’ ability to avail of specific funds or participate in schemes. The Commission’s proposed criteria (as detailed in Section 3.1) have thus not led to further national implementation of a definition for small farmer under the NSP, let alone harmonisation.

The CRISS measure, which serves to balance the disbursement of direct payments in favour of small and medium farms, is presently the only mandatory measure that may benefit small farms. Because it is up to Member States to determine whether a farm is eligible to receive subsidies under the CRISS, there is a risk that the redistribution funds are allocated to farms that can hardly be considered small scale.

For example, while Portugal allocates direct payments to the first 20 ha of farms with a maximum of 100 ha, Germany allocates payments to the first 60 ha and Czechia to no less than the first 150 ha—both without a maximum. This links to a broader observation, namely, that the NSPs appear to serve first and foremost to maintain existing farm structures in line with the countries’ cultural and geographical context as laid out in Section 4, as opposed to actively promoting a transition towards better support of small farmers more generally. In this context, as a first policy recommendation, one straightforward approach to address this concern is to cap the size of ‘small farms’ at the EU level through a harmonised definition or else mandate Member States to determine a substantiated legal definition of small farms based on the guidelines provided by the Commission.

5.2 | Revising direct payments for small farmers

Second, and relatedly, even though the CRISS redistribution measure is compulsory, national governments can decide both on the size of the top-up and the maximum number of hectares to which it will apply, as part of their NSPs.¹³⁶ Member States also have the option to circumvent this obligation by proving that the redistribution needs are already met. Mainly, this would be through means of other instruments and interventions financed by the European Agricultural

Guarantee Fund.¹³⁷ As discussed above, most of the Member States examined proposed to ringfence 10% of the direct payment’s ceiling for CRISS.¹³⁸

At either end of the spectrum of redistribution support, we find Czechia and Latvia. Czechia implements the highest redistributive income support budget of all Member States, dedicating 23% of the direct payments to the CRISS.¹³⁹ However, these funds are distributed to all agricultural holdings within the initial 150 ha. This approach lacks direct targeting of smallholder farmers, potentially diluting the significant intent behind this financial support. Latvia, on the other hand, has opted to allocate just 9% of the direct payment’s ceiling to CRISS. At the same time, it adopted a more specific BISS measure (i.e., BISS-SF), which directly targets small farmers by contributing to decreasing income disparities of small farmers between the agri-food sector and other sectors of the economy.

While we do not advocate a complete phase-out of direct payments to small farmers, as this could exacerbate their competitive disadvantage against larger farmers, we acknowledge their potential to become distorted incentives. This links back to the variations in the commitment of the studied countries to redistribution efforts under R.6^{PR}. To ensure achievement of the objectives of the CAP in relation to promoting the position of small farmers, as well as broader objectives of promoting sustainability, competitiveness, and fairness across diverse agricultural settings within the EU, there is a strong need for robust monitoring and evaluation of existing and proposed interventions. As it stands, Member States themselves are responsible for setting up a monitoring committee, with members of the Commission participating in an advisory capacity. Our main recommendation here would be to anchor the position of small farmers in these evaluations to assess progress and identify barriers.¹⁴⁰

5.3 | Ensuring the measurability of the CAP’s objectives

Third, many of the interventions proposed in relation to promoting small farmers’ position in food supply chains under R.10 remain at a generic level, with countries such as the Netherlands, France,

¹³⁷CAP Strategic Plan Regulation (n 18) art 29(1). Our content analysis also showed that only three countries, namely, Bulgaria, Portugal, and Czech Republic, have opted for direct lump sum payment for small farmers measure under art 28 of the CAP Strategic Plans Regulation (‘Payments for small farmers’). By contrast, the similar ‘Small Farmers Scheme’ under the old CAP regime was adopted by no less than 15 Member States. See G Pe’er et al, ‘Is the CAP Fit for Purpose? An Evidence-Based Fitness-Check Assessment (German Centre for Integrative Biodiversity Research 2017) 198.

¹³⁸CAP Strategic Plans Regulation (n 18) art 98.

¹³⁹T Daňková, ‘Czech CAP Strategic Plan – Redistributive Payments and the Counter-Productive Tension Between Small and Big’ (ARC 2020) <<https://www.arc2020.eu/czech-cap-strategic-plan-redistributive-payments-and-the-counter-productive-tension-between-small-and-big>>.

¹⁴⁰Note that in the Commission’s first stock-take of the NSPs, the topic of small farmers was only mentioned twice, concluding only that Member States have overall increased ‘financial support’, which may benefit small as well as young farmers, and have further implemented little measures to stimulate small and medium size farms to use digital technologies for resource-efficient and knowledge-based agriculture. See Commission (EU) ‘Report from the Commission to the European Parliament and the Council: Summary of CAP Strategic Plans for 2023-2027: Joint Effort and Collective Ambition’ (Communication) COM(2023) 707 final, 23 November 2023, 3, 11.

¹³⁴See CAP Strategic Plan Regulation (n 18) art 4.

¹³⁵ibid.

¹³⁶A Matthews, ‘The EU’s Common Agricultural Policy Post 2020: Directions of Change and Potential Trade and Market Effects’ (International Center for Trade and Sustainable Development 2018).

Germany, and Ireland merely copying (verbatim) in their NSP the overall CAP objective of increasing the 'share of farms participating in producer groups, producer organisations, local markets, short supply chain circuits and quality schemes supported by the CAP'.¹⁴¹ Due to a lack of accompanying concrete measures proposed by Member States as well as measurable objectives, verifying the achievement of effective results linked to R.10 and the abovementioned CAP objectives will be difficult to impossible. In addition, despite the biennial performance review carried out by the Commission based on the information provided in the annual performance reports,¹⁴² the first ex post evaluation of the NSPs will be completed only at the end of 2031.¹⁴³ The present lack of quantified objectives and measurable targets at the EU level may further result in significant differentiation in the quality of implementation of these measures at the national level.¹⁴⁴ We therefore recommend for stricter requirements to be set at the CAP level for the formulation and detailing of interventions in NSPs and relatedly the introduction of more targeted support mechanisms. These incentives may for instance be directed towards acquiring knowledge and skills, diversifying activities, fostering innovation, and rewarding sustainable and environmentally responsible agricultural practices.

5.4 | Strengthening the link between environmental and socio-economic interventions in the NSPs

Fourth and finally, while the F2F Strategy underscores the significance of adopting sustainable agricultural practices to safeguard ecosystems and mitigate the environmental footprint of food production,¹⁴⁵ many of the previously existing concerns relating to the position of small farmers, including complex administrative procedures and lack of market access, are only marginally addressed in the new CAP and accompanying NSPs. In addition, as under the 2013 CAP, minimum requirements remain where income support is not granted for amounts lower than €100 to €500 and/or where the eligible area was less than 0.3 to 5 ha,¹⁴⁶ both of which may act as a direct barrier to financial support for small to microfarmers. As such, we can conclude that both direct and indirect barriers remain for small farmers to fully avail themselves of existing possibilities under the CAP. In addition, key gaps remain in the extent that small farmers are equipped to fully contribute to the EU's environmental objectives

since; with the exception of Romania, none of the Member States examined have proposed eco-schemes and subsidies for enhancing the sustainability potential of small farmers specifically, even though existing literature does point to the potential of small-scale farms in this regard.¹⁴⁷ This is particularly regretful given the capacity of small farmers to concurrently contribute to various new objectives within the CAP, including environmental conservation and the vitality of rural areas.¹⁴⁸ As such, we argue that to fully unlock the potential of small-scale farmers as drivers of the sustainability transformation, it is imperative for policymakers to ensure that these farmers have access to financial resources, comprehensive training, and well-suited markets. As our final policy recommendation, Member States should strengthen the potential link between environmental and socio-economic interventions in their NSPs, specifically in relation to small farmers, to ensure funds are used as effectively as possible.

6 | CONCLUSION

Globally and in the EU, smallholder farmers play a crucial role in food production, landscape and biodiversity stewardship, rural development, and cultural heritage. The position of small farmers is, however, increasingly under threat, as agricultural policies continue to push for intensification and mechanisation of agricultural production. Identifying a current gap in the literature in terms of attention for the legal position of smallholder farms in the CAP and national implementation, this article addressed the following research questions: How does the 2023 CAP address the position of small farmers, and to what extent do the CAP Strategic Plans of EU Member States reflect the emphasis on small farms as a cornerstone of EU agriculture?

While agricultural policies increasingly aim to preserve and promote the important role of smallholder farmers in moving towards sustainable food systems, we conclude that the interventions proposed at the national level vary greatly in terms of commitment and scope. Specifically, we identify key issues relating to (1) a lack of a legal definition of 'small farmers' at the EU and Member State level, complicating small farmers' eligibility for aid and support programmes; (2) possibilities for circumventing (effective) CRISS redistribution measures; (3) minimum specification of interventions relating to promoting small farmers' position in food supply chains and lack of concrete measures and measurable objectives; and (4) limited engagement with underlying challenges to small farmers' position, including complex administrative procedures and lack of market access.

In light of our findings, we argue that the increased Member State discretion in the 2023 CAP to customise financial support based on national economic, social, and structural needs is a double-edged sword. On the one hand, national governments are giving a new shape to the CAP, turning it from a mostly top-down, rigid policy to an instrument where each EU country can experiment and, within the

¹⁴¹CAP Strategic Plan Regulation (n 18) Annex I, RP10.

¹⁴²ibid art 135(1). Note, as elaborated in art 135(2)(3) of CAP Strategic Plan Regulation, in cases of significant deviation from result indicators (i.e., a 'a shortfall of more than 35% from the respective milestone for financial year 2024 and 25% for financial year 2026'), the Commission may ask the Member State concerned to submit an action plan in accordance with art 41(1) of Council Regulation (EC) 2021/2116 of 2 December 2021 on the financing, management, and monitoring of the common agricultural policy and repealing Regulation (EU) 1306/2013 describing the intended remedial actions and the expected timeframe [2021] OJ L435/6.

¹⁴³CAP Strategic Plan Regulation (n 18) art 140(6).

¹⁴⁴JA McMahon, *EU Agricultural Law and Policy* (Edward Elgar 2019) 59.

¹⁴⁵Farm to Fork Strategy (n 19) 4.

¹⁴⁶Regulation 1307/2013 (n 34) art 10.

¹⁴⁷See, for example, Guth et al (n 14).

¹⁴⁸European Commission, 'Key Policy Objectives of the CAP 2023-2027' (2021) <https://agriculture.ec.europa.eu/common-agricultural-policy/cap-overview/cap-2023-27/key-policy-objectives-cap-2023-27_en>.

constraints of common objectives, redesign its priorities.¹⁴⁹ On the other hand, flexibility may lead to low-ambition implementation pathways, especially for environmental and climate goals, which is a risk that warrants further attention.¹⁵⁰ Presently, the NSPs mainly reflect a maintaining of existing farming structures, as opposed to making a fundamental shift towards anchoring small farmers as ‘cornerstones’ in EU agriculture. Further research and policy evaluations will be needed to find out whether this is in fact the case. In addition, there is a strong need for further interdisciplinary and empirical research into the lived experiences and economic situations of small farmers across the Member States, to investigate whether the interventions proposed by Member States are helping to preserve and promote their integral position in the EU agricultural landscape.

DATA AVAILABILITY STATEMENT

Data are available at request to the first author.

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¹⁴⁹R Henke et al, ‘The New Common Agricultural Policy: How do Member States Respond to Flexibility?’ (2018) 56 *Journal of Common Market Studies* 403.

¹⁵⁰See I Rac et al, ‘Does the Proposed CAP Reform Allow for a Paradigm Shift towards a Greener Policy?’ (2020) 18 *Spanish Journal of Agricultural Research* 1.