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Enhanced implementation of CAP 2023-2027:

Towards a more gender-inclusive and accessible Short Food Supply Chains

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Executive Summary

The wide implementation of well-governed farmer's markets is a way to contribute to a more sustainable food supply reality. The EU-level guidelines are established to supervise all Member States (MS) in the favoured direction. Despite ambitious goals of the European Green Deal and the Common Agricultural Policy (CAP) objectives, several constraints to the upscaling and sustainability impact of farmer's markets exist in the Member States (MS). In the case of short food supply chains (SFSCs), three major policy challenges are identified: (1) the need to revise and synchronize the existing legal framework from national to local levels; (2) the urgent call to mainstream gender inclusion in food supply chains for increased sustainability; (3) re-examination of the EU budget allocation on digitalization to improve access and operating SFSCs. As a way forward, this policy brief proposes national to local-level recommendations to make CAP interventions more accessible and gender-inclusive, especially in boosting farmer's markets and the SFSCs.

Scope of Problem

Farmer's markets have been found to benefit various SDGs in multiple ways in comparison to conventional food supply chains (Hoang, 2021; Tundys & Wiśniewski, 2020; Wang et al., 2022). Nevertheless, multiple constraints to their implementation and sustainability impact persist all over the globe (Shir; Dennis; Thiago; Pedro Interview, 2022). In the European Union (EU), the new CAP has been developed in accordance with the new Green Deal and various other policy documents. The CAP 2023-2027 sets a progressive base to guide agricultural activities of MS in a more sustainable direction, among others, through the support of SFSC (European Commission, 2021).

Accordingly, three priority areas were identified to drive actions from the local, regional to national level in line with the provisions set forth by the EU. First, farmers' markets face several issues due to unclear legal regulations on licenses, permits to operate, logistics management, and physical spaces. Second, there is a lack of integration of the gender factor in farmers' markets, despite the widely known benefits women can have and contribute to SFSC. Lastly, the large-scale implementation of digitalization for SFSC still experience resource allocation constraints in the MS level.

Priority Areas

1. Multi-level impediments on legal instruments in farmers' market business operation



Evidence shows that different MS farmers' markets face implementation challenges due to the underlying national legal framework - unclear guidelines from the government result in practical issues related to rules and licenses (Kapala, 2022; Hamilton, 2002). Some concerns that correspond to the international level have been addressed through common EU regulations, such as the Hygiene Package and the Consumer Code (Kapala, 2022). However, due to the need to adapt SFSC to local conditions, the implementation of more specific regulating frameworks remains at the disposal of MS (Bayir et al., 2022). Major operational challenges of SFSC have been linked to constraints in logistics and transportation, transparency, and food safety control (Bayir et al., 2022; González-Azcárate, 2021).

France exemplifies the synergy between these issues as SFSC-related regulations at the national level are scattered, and farmers are challenged to adapt and be knowledgeable about them (Kapala, 2022; Brunori et al., 2016). Moreover, evidence from the UK in 2012 shows that despite the common ground on improving the role of farmers in SFSCs, issues in the promotion of farmers' markets still arise due to conflicting goals on local and regional levels, bureaucratic burdens, and varied interpretations of the SFSC definition (Little, 2012).

2. Insufficient female participation in SFSC



Several studies recognize the importance of economic, social, and environmental benefits of female participation in the agriculture sector, especially in advancing the direct sales of goods in SFSCs (Zirham & Palomba, 2015; 2016). However, giving females the space to contribute accordingly as a producer and a seller remains limited (Heffernan et al., 2022; Vittersø et al., 2019).

Heffernan et al. (2022) identified that, female farm owners have less access to input, such as land ownership and area. Moreover, Borsellino (2020) pointed out that female farmers are disadvantaged by low capability in technology and business opportunities. Consequently, female-run farms not only produce less output than their male counterparts, but they also have an average of 40% lower net value added per work unit (Heffernan et al., 2022). Therefore, they are consistent with the typical farms that prefer distributing their produce through farmers' markets (Vittersø et al., 2019). Even though voluntary "flagship initiatives" on including more women in the food supply chain apart from merely being consumers exist in various contexts, they are insufficient to ensure gender inequality reduction (Heffernan et al., 2022).

3. Nationally restricted financial support mechanisms for digitalization to promote SFSC



Although there are studies supporting the favorable outcomes of rural digitalization and SFSC, the focus on building digitalized SFSCs is still inadequate, especially in rural areas (Akca et al., 2007; Tiwasing et al., 2022). Sufficient financial investment in connectivity and digital networks lacks appeal due to lower population density in rural areas, translating to low subscriber demand and lower profit (Tiwasing et al., 2022). This barrier creates a rural digital exclusion for small farmers which confines their participation in innovation and market activities, preventing them from growing their businesses (Tiwasing et al., 2022). Without sufficient digital access to the modernized market, farmers are disadvantaged by being excluded from the latest information on supply and demand, price, and other relevant information on SFSC (Borsellino et al., 2020). In addition, the lack of rural digital data makes it hard for national, regional, and local policymakers to draft development plans (Akca et al., 2007).

Policy Alternatives



1. National-level regulations on promoting farmers' market business requirements

The existing EU regulations and the good practices in MS can answer the challenges related to rules and licenses in the national SFSC legislation. The EU's common strategy for a sustainable food supply chain can balance the national differences between the implementation of supportive SFSC policies in MS legislations. Austria, for example, simplified the legislation on the control of food safety hazards system for its small-scale farmers to make it understandable and applicable to them (EIP Agri Focus Group, 2015).

Existing practices to reach SFSC consumers in several MS can be implemented across the EU through specific distribution channels to solve SFSC's logistical and locational challenges (Jarzebowski et al., 2020). A case study from Belgium and Austria shows evidence that the use of contract or cooperative logistic services or digital platforms enhances the possibility of scaling-up farmers' markets (EIP Agri Focus Group, 2015). In addition, the huge impact of nationally-implemented SFSC labels might have on transparency and consumer trust can be reflected when looking at already well-established labels, such as the EU organic label or fair-trade labels (González-Azcárate et al., 2021).



2. Advancing gender inclusion in SFSC

At present, there are gradual developments in pursuing a more robust assessment of social and gender impacts for all CAP strategic plan reviews, amendments to existing policies and measures, the introduction of systematic gender budgeting, and ensuring that women are well-consulted in policymaking. As a result, one of the objectives of the reformed CAP is to integrate gender into the strategic plans. In relation to SFSC in the EU, the current trajectory to promote this approach is stipulated under the second pillar of the CAP, as funded by the European Agricultural Fund for Rural Development for (EAFRD) (EIGE, 2017).

From the EU Regulation 2021/2115 of the European Parliament, the newly established Performance Monitoring and Evaluation Framework (PMEF) also sets out common indicators and identifies the existing gender reporting within several MS (European Commission, n.d.-a). Thus, the wide adoption of gender inclusion for policies at all levels is imperative considering the shared advocacy of key stakeholder groups. A good example is the case of Italy where they introduced a law on the "Certification of Gender Equality" providing financial advantages to businesses that reach a certain threshold of parity in early 2022 (Degirolamo, 2022).



3. Appropriating resources to develop digital tools in SFSC

At the EU level, different opportunities already exist to support the implementation and training for increased digitalization for SFSC. One is the €95.5-billion Horizon 2020 funding program by the EU supporting the SFSC digitalization through the SMARTCHAIN Project and the Strength2Food Project (see *Appendices*). These projects are implemented across several member states including Germany, Spain, Greece, Hungary, France, Norway, Poland, and Italy, and have already contributed to significant improvements in terms of SFSC digitalization (EUFIC, 2021). Additionally, the new CAP which will take effect in 2023 establishes a more flexible, needs-based, and continued financing support from the rural development budget which includes digitalization. Developments in SFSC digitalization in MS are also reported through the smart transition of rural economy indicators in the newly established performance monitoring and evaluation framework (PMEF).

To note, having a modest budget to fund digitalization can already impact the operationalization of SFSC (Michel-Villarreal et al., 2021). For instance, the Danish initiative økogårdene sells meat directly through an online platform and successfully reached quick upscaling using social media for enhanced consumer contact (EIP Agri Focus Group, 2015).

Policy Recommendations

Building up on the identified priority areas and the possible alternatives, the EU government sets up a number of policy recommendations. Having the oversight and supervisory function in the region, the EU government calls on the MS to adopt and mainstream overarching ambitions of the EU Green Deal, the Farm-to-Fork strategy, and the new CAP into specific goals, strategies, and activities from the national to local level. The refinements of the 2023-2027 CAP allow more flexibility to the MS in accounting the following policy recommendations. In close collaboration and regularly structured consultations with consumers, farmers associations, private sector, academic institutions, network organizations, development partners, and other key stakeholders, the MS are encouraged to:



Legend:

SDG - Sustainable Development Goals
GND - European Green New Deal
CAP - Common Agricultural Policy Objectives

Global level
European Union level
Local level

Source: own illustration

Tackling priority area 1: Smooth operations

- Establish synchronized regulations on licenses, permits, spatial planning, and logistics system requirements
- Develop and implement MS-level SFSC labelling regulations

Tackling priority area 2: Just marketplace

- Mainstream gender equality in the CAP strategic plans in line with the output indicator guidelines in the PMEF
- Cultivate partnerships and promote active participation of women to ensure consistency in the design and implementation of the CAP strategic plans vis-à-vis CAP-related regulations (see *Appendices*) and the PMEF.

Tackling priority area 3: Transformative financing

- Secure transparency in earmarking budget towards digitalization through CAP strategic plans
- Ease funding access to support digitalization requirements in SFSCs and coordinate other financial mechanisms such as Horizon Europe (see *Appendices*).

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Appendices

- i. Launched in September 2018, **SMARTCHAIN** - Smart Solutions in Short Food Supply Chains Project aims to accelerate the shift towards multi-actor SFSCs, improve competitiveness through innovative business models, and support innovative practical tools relevant to SFSCs. (European Union, n.d.-a).
- ii. **Strength2Food Project** is a 5-year, €6.9 million EU-funded project which aims to enhance EU food quality schemes, public sector food procurement (PSFP), and stimulate SFSC through research, innovation, and demonstration activities (European Union, n.d.-b).
- iii. **The Performance Monitoring and Evaluation Framework (PMEF)**: Regulation (EU) 2021/2115 of the European Parliament and of the Council establishing rules on support for CAP Strategic Plans was adopted. This regulation establishes the performance monitoring and evaluation framework (PMEF), which applies for the CAP from 2023 until 2027. PMEF serves as the common framework to assess the effectiveness and improve the efficiency of CAP implementation of member states. The advantage of the PMEF from the Common Monitoring and Evaluation Framework (CMEF) is the shift from compliance-based reporting to measuring performance and results of CAP member state-level implementation. Further guidance on the PMEF can be accessed in the downloadable cover note in the EC website (European Commission, n.d.-b).
- iv. The new CAP-related regulations which will take effect from 1 January 2023 are the following:
 1. **Horizontal Regulation**: Regulation (EU) 2021/2116 of the European Parliament and of the Council of 2 December 2021 on the financing, management and monitoring of the common agricultural policy and repealing Regulation (EU) No 1306/2013 - Consolidated version – 26 Aug 2022. The regulation contains budgetary discipline sections for member states, monitoring system for agricultural expenditure, and provision on suspending monthly or interim payments if member states fail to submit strategic plans. (European Commission, n.d.-b)
 2. **Strategic Plan Regulation**: Regulation (EU) 2021/2115 of the European Parliament and of the Council 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 (European Commission, n.d.-b)
 3. **Common Market Organization Regulation**: Regulation (EU) 2021/2117 of the European Parliament and of the Council of 2 December 2021 amending Regulations (EU) No 1308/2013 establishing a common organisation of the markets in agricultural products, (EU) No 1151/2012 on quality schemes for agricultural products and foodstuffs, (EU) No 251/2014 on the definition, description, presentation, labelling and the protection of geographical indications of aromatised wine products and (EU) No 228/2013 laying down specific measures for agriculture in the outermost regions of the Union. (European Commission, n.d.-b)
 4. **Transitional Regulation**: Under EU Regulation 1305/2013, EU countries may incorporate an income stabilisation tool in their rural development programmes to compensate farmers who suffer a 30% drop in their average annual production or income. In order to further promote the use of this tool, the transitional regulation provides EU countries with the possibility to reduce the threshold for compensation from 30% to 20%. (European Commission, n.d.-b)

v. Link of Sustainable Development Goals to existing EU frameworks



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