



Union makes Power

Models and good practices for building sustainable agricultural associations

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Preamble

An important debate nowadays both on an international and national level is whether agriculture development strategies should focus more on the traditional versus the intensive. From our point of view, one thing is definite: in order to maximize its potential, Romania can not focus exclusively on either of these two directions. In order to overcome the current situation characterized by fragmentation, subsistence, lack of capital, traditional agriculture must be supported by promoting associative forms that could enhance production of small farms, thus making them a more powerful competitor to large scale farms in Romania.

In Romania, almost half the population lives in rural areas, 93% of farms are less than 5 ha in size and they account for only 30% of the utilized agricultural area. Low productivity, coupled with reduced investment potential and poor access to markets make for 45% of the respondents in a 2012 research on agricultural association in Romania stating that they don't manage to make ends meet¹.

One way out of this vicious rural underdevelopment circle is farmers coming together in market-oriented associations, creating resource synergies which couldn't be achieved individually. resources helps farmers to obtain benefits that they can not achieve alone. Associations add value for individual members and for the community in whichever link in the agri-food chain they are created for - purchasing inputs, logistics, production, collection, distribution and promotion.

In old Member States of the European Union there is a wide variety of associative forms which contribute to the development of rural communities (such as agricultural cooperatives, common property goods, forest owners associations, cooperative banks). In Western Europe agricultural associations for economic purpose (meaning non-representational ones, which don't fall under the scope of this report) are important players: cooperatives' market share rise to 83% in the Netherlands, 79% in Finland, 55% in Italy and 50% in France², while in Ireland their share in the milk and dairy products market is almost 100%. The common denominators of successful associations in these countries are the simple, clear and measurable organizational goals, financial independence, but most of all their market-driven strategies.

In contrast, Romania is currently lagging far behind in this respect, both in terms of diversity and market presence. At this point association heavily relies on interpersonal relationships and the often fragile social capital in a community, the contractual approach being still in its infancy. Consumer cooperatives and agricultural associations with a representative role prevail. Small producers need to mobilize their resources, build up their administrative capacities and market access infrastructure. These goals are easily achievable within structures that allow efforts coordination and division of tasks.

This report is published in the framework of the pilot program "Rural development through entrepreneurship and association", an initiative of the Romanian - American Foundation, which together with organizations with expertise in rural economic development and community facilitation, aims at

¹ "Agricultural association in Romania – the key to rural development?", ICCV-IES study, June 2012

² "Cooperatives in the European Union", Social Economy Institute, 2012

creating four functional and sustainable agricultural associative structures in four different regions of Romania.

Methodology

The qualitative data on which this report builds on were collected in a field research that included semi-structured interviews and focus groups held with 76 farmers from nine communities menus pilot project phases (Cluj County Iasi, Suceava, Dâmbovița, Virginia and Arges). Also, interviews were conducted with experts and officials of the Ministry of Agriculture, statistics and secondary data were obtained from official reports, press materials and civil society reports.

Through this research we wanted to find out:

- If 23 years after the 1989 Revolution the memories of communist collectivization still represent the main impediment in the way of association, from the point of view of farmers who meet the basic conditions (ex: age, growth potential). The prevailing idea in Romanian public space and even among certain experts is that history proved hostile to agricultural association and that it irreversibly reduced people's desire to work together and put together resources (energy, knowledge, capital).
- If small farmers are willing to join associations. What are their fears, which would be the optimal organizational formula for a successful partnership?

The report aims to show that support for agricultural associations should be considered a priority for public policies in the field of agriculture (in the context of the Rural Development Programme 2014-2020, but also in terms of state policy) and brings some recommendations in this regard.

Agricultural associations on the international level

2012 was designated the International Year of Cooperatives by the United Nations, in order to globally promote the ways in which these important social economy entities contribute to poverty eradication, employment and social integration.

In Europe, the modern cooperative movement gained momentum in the late nineteenth century, in response to the economic and social challenges of those times: farmers gradually discovered that by joining forces they could improve market access and better finance vital activities such as purchasing inputs, research, processing, marketing, distribution and promotion.

Today, associative entities are important actors in the agriculture of the EU: of the 13 million farmers, 7 million are members of 38,000 cooperatives, which process and sell 50% of the total production³.

One can distinguish two different development patterns:

- in the Northern countries (Scandinavia, Germany, Belgium, United Kingdom) there is a relatively small number of cooperatives, but more specialized and with bigger economic power;
- In Southern Europe associative forms are more numerous, but generally smaller in economic size.

An important element that helped strengthen the association movement in Western European countries with agrarian tradition is the existence of strong interprofessional organizations. Interprofessional organizations group entities in each link of the added value chain and work to improve the functioning of the respective chain. Members may be individual farmers, associations, processors, distributors, exporters, suppliers of related services. In France and Spain these interprofessional organizations have a strong standing in the market, and in the United States membership in such organizations is compulsory - each relevant agri - food operator in the chain is part of these 'representative commodities associations'

One of the important components of the current Common Agricultural Policy (CAP) is the development of producer associations. For example, financial support for the fruit and vegetables sector is granted only to market-oriented associative entities. For Pillar 1 of the CAP (direct support 43 billion euros were allocated) in 2012, amount which includes co-financing support for producer organizations, especially in the fruit and vegetable sector.

The role of agricultural associations will increase in Europe after 2013, as the European Commission proposed a co-financing rate of 90% for measures relating to producer groups.

On this global trend, the topic of association steadily returned on the public agenda in Romania. Still, coherent policies are yet to be articulated.

Agricultural cooperatives in România before 1989

In Romania, the associative sector in agriculture has a lengthy tradition, in line with their development at the European level: the first popular banks appeared in the second half of the nineteenth century, as economic, credit and mutual aid associations (ex "Înfrățirea" in Braila, 1855). In 1903 more than 500 popular banks already existed and in the same year Spiru Haret initiated the "Popular village banks and Central House" law.

³ Committee of Professional Agricultural Organizations - General Committee for Agricultural Cooperation in the European Union (COPA-COGECA) (website accessed on 7 November 2012);

Between 1903 and 1923 special legislation was created for different types of cooperatives.⁴ In 1935's "Cooperative Law" set the basis for the following entities: "Cooperativa" Central Bank, the Central Production, Supply and Promotion of Agricultural Products Cooperative, the Central Consumer Cooperative, the Central Guidance, Organization and Control Cooperative, the Central Cooperative House- hence a modern, integrated system, with entities equivalent to those existing nowadays.

In 1939 in Romania 5,365 cooperatives with 1,033,966 members existed. The explanation⁵ for the rapid development of the Romanian cooperative sector is short and comprehensive: necessity. Small producers perceived the necessity to put together material, intellectual and financial resources primarily in order to meet economic needs through an organization based on democratic principles.

Then came the communist era, when farm owners were dispossessed of lands and were forcibly conscripted into new „associative” forms: collective farms , later turned into agricultural production cooperatives . Expropriated peasants actually became captive labor in the CAPs, without any direct benefits from the land they worked or animals they bred. According to sociologists who have studied the collectivization phenomenon, its effects were destroying communities' initiative and self-management spirit, thereby simultaneously deviant behaviors such as theft from common property.

”The cooperative [...] strengthened social solidarity, putting the country's intelligence in contact with the peasants, it built bridges between townspeople and villagers, increasing confidence and sympathy between both sides and strengthening social harmony in their pursuit of the same ideals ”
(*”Viitorul” newspaper, 1908, quoted from Boboc and Boboc, 2009*)

Associative forms in Romanian agriculture after 1989

After the Revolution, the vast majority of collective farms were dissolved. Former members fought to recover their land as much as possible in its original form, thus the 1991 Restitution Law led to enhanced property fragmentation, which has maintained until today.

Law no. 36/1991 on agricultural companies and other agricultural associations forms provided for two types of associations:

- (1) simple associations (family associations) and
- (2) agricultural companies.

⁴ Lăpușan Alexandru, ”Agricultural cooperative, a fundamental necessity for the development of Romanian agriculture”, Agricola Publishing, 2011.

⁵ Boboc Ion, Boboc Viorica, ”Strategic management. Theory and practices for public, private and NGO associative entities in agriculture”, Pro Universitaria Publishing, Bucharest 2009.

Family associations (current family businesses) have no legal status and are based on an agreement between members of the same family. Agricultural companies are firms whose main activities are subsumed to the agricultural sphere. They have had limited success in the early 90's, mainly because they covered agricultural cooperatives operation.

"Nowhere in the world (exceptions are insignificant), have people put together (risking exploitation and collective decisions) their land / agricultural properties voluntarily, without sound economic justification and a well defined legal framework (Alexandru Lăpușan, 2011)

Only in 2004 did the Agricultural Cooperatives Law (Law 566/2004) come out, completed by Law no. 32/2007 regulating the cooperative's status, as association engaged in economic, technical and social activities in the members' private interests, based on the principle of equality in decision making. According to law 566/2004 agricultural cooperatives are classified as first degree cooperatives (associations of individuals) and second degree cooperations (associations of natural or legal persons). Their typology includes marketing, processing, services and land exploitation cooperatives. **Precisely the latter category was not successful, which shows us that the future of the cooperative doesn't reside in joint production, but in joint selling of this production.**

Therefore, for the last 13 years, the range of associative forms available for Romanian farmers hasn't been very wide: they had to choose between family associations which offered them few development possibilities and individual commercial firms. The 90's belonged to the former State Agricultural Enterprises, which were concessioned in the 2000s, becoming the nowadays big exploitations and in the same time benefiting from consistent subsidies from the state budget. A least favourable environment for the development by association of small agricultural producers, who were working their very few hecatres received after 1989.

"We have twenty lost years behind us, we keep looking at our neighbors, clinging to our fields and losing the occasion to fully capitalize on their potential"

(The mayor of one of the communities included in the project)

In 2005 GO 37/2005 also legally regulated producer groups, defined as farmers associations aimed at identifying markets, adapting and selling the production according to market needs, aiming to ensure product quality and rhythmic market supply.

To sum up, in Romania market-oriented agricultural association forms are currently divided into:

- Agricultural firms;
- Family businesses;
- Agricultural cooperatives;
- Producer groups.

In 1998 the National Agricultural Consultancy Agency (NACA) was established in order to provide consultancy, training and technical assistance to agricultural producers in the private sector. In 2002, NACA started a training program for farmers, with support from the Japanese International Cooperation Agency (JICA), whose goal was to stimulate the creation of cooperatives in eight counties. By 2008, this program supported the establishment of 127 agricultural cooperatives, of which, according to JICA audit in 2009, 60% "started to function and develop as sustainable associative forms".

The pre-accession SAPARD fund which Romania accessed between 2000 and 2006 also included a measure stimulating producer groups creation (Measure 3.2), which offered financing through five annual installments representing decreasing shares of production sold through the group, starting from 5%. The results of this measure were modest - in assessing SAPARD implementation, measure 3.2 showed that the contracted amount was 0.075 million Euro, an equivalent of 0.01% of total commitments⁶.

In 2005 the National Rural Development Programme was developed, in preparation of joining the European Union. In this framework, measure 3.2 of the SAPARD program, even if it didn't work, **was „imported” almost identically through measure 142: the percentages remained the same, only the reference ceiling was different.**

Measure 142 was accessed very little in the first years of its release: In October 2011 the share of payments made within the allocated amount was only 1.2%⁷, but within less than one year it has grown more than three times: in July 2012 the Rural Development and Fisheries Payment Agency reported a total of 37 projects financed, amounting to 5.2 million Euros, out of a total of 22.1 million Euros.⁸

This significant progress can be attributed in a great extent to the activity of the National Rural Development Network, namely its Association and Cooperation Thematic Working Group which organized numerous meetings with farmers in the country, in order to disseminate information on cooperation opportunities and benefits through the NRDP. This confirms the thesis of this report, namely that agricultural association must indeed be an organic, bottom up phenomenon, but that it takes a concerted effort to inform and advise farmers on this option and even more, to animate the communities through participatory methods. The topic will be further developed.

As presented, while post-1989 state policies have had limited results in stimulating farmers into establishing market-driven associations, private sphere initiatives also existed. They managed to create more or less sustainable structures, depending on their initial vision and the degree of involvement of their members from the very beginning.

⁶ "Final report on SAPARD implementation in Romania", Ministry of Agriculture and Rural Development (AM SAPARD), June 2010

⁷ CRPE Policy Brief no. 14 " Why isn't agricultural association attractive? *EU funding for agricultural associations*", Luca Lucian, Toderiță Alexandra, June 2012

⁸ "Information regarding the stage of the released PNDR measures in their recorded progress by July 19, 2012"

Success and failure examples in the formation of market-driven agricultural associations

Dascălu milk producer group

For years, Romanian farmers have been receiving the lowest price for milk in the European Union after Lithuania⁹, the main cause for this being individual farmers' weak bargaining position. We will further present two association initiatives designed to solve this problem, each with their different outcome.

Dascălu Group was founded in 1994 by 21 producers, who owned 65 dairy cows. The purpose of the group was to purchase a small building and three milk cooling tanks, which would allow milk to be collected from members at a distance of even 5 km. Financing for these expenses, plus salaries for staff employed by the group - was made exclusively through a bilateral aid program. Members have contributed only a few tens Lei each, covering the group's legal registration costs. By May 1995, the tanks were fully functional, cooling the milk provided by 102 producers.

The collected milk was tested, and the producers were paid according to its quality; sub-standard milk was rejected. The group retained 8% of the milk price for operating costs and no additional dividends were paid at the end of the year. The group delivered the milk to a single processing plant, charging a price 10% higher than the state minimum guaranteed in summer and 25% higher in winter. In the late 1996 the financial support through the bilateral program ended, coinciding with a decline of milk demand on the market, resulting in a sharp drop in the number of members who sold the milk through the group. The additional expenses entailed by the group's existence were no longer justified as before.

However, one thing is certain - the decline of the group extensively reflected the group members' low level of financial commitment, which was one of the effects of the fact that the initial support and initiative mainly came from international donors, rather than from the community members¹⁰.

⁹ "The Romanian farmers sell the cheapest milk in the EU, but the prices continues to lower", Agointel, November 17, 2012

¹⁰ "Farmers' organizations in Central and Eastern European Countries and their role in provision of input-output services in the context of accession to the European Union", FAO Workshop, 11-14 iunie 2001, Praga

Grupul Producătorilor de Lapte ARDAN

A contrasting example is the formation and operation of the ARDAN Dairy Group from Bistrita Nasaud. The low price the producers obtained from the milk buyers (40 bani per liter), plus the fact that they bought for two or three months and then disappeared, was the catalyst for the formation of the ARDAN Dairy Group from Bistrita Nasaud. Thus, the group was formed in 2007 out of necessity, and today comprises 280 members in four communes: Ardan, Șoimuș, Lunca, Ruștioru.

The leader and initiator of the group is a former mayor and teacher in Ardan, well trained on agricultural European legislation. He set out the rules from the very beginning, after signing the first firm contract with a processor in the area: "starting tomorrow, milk is to be delivered only with an invoice and delivery note. Whoever doesn't comply with the rule that 75% of production is sold through the group, is eliminated from the group". Everyone complied, because it was in everyone's interest to sell through the group.

The group receives from its members a quota of 4% of the turnover, money used to pay the staff (five employees, four of which are controllers and part-time purchasers), the bills, and for investment purposes: milk analyzers, which determine the milk's fat level (hence the price obtained from the processor), and also cesspool emptiers, which are used by all the members.

In 2008 they submitted a project for financing on measure 142. The group used the EU funds to build a milk processing factory, producing organic milk and cheese, traditional products from sheep milk and the group's future plans also include an export strategy.

Moreover, in 2010 the group was certified in organic agriculture, including both owned land and animals, which imposes strict standards regarding their care. When one of the members did not take care of his animals as he was supposed to, he was excluded from the group for six months - "because he was harming all of us" (group chairman).

Today the group has 600 cows (the 280 members own on average 10/12 cows each, some of which produce for the group, as compared to one or two cows, the amount they had before entering the group) and they deliver almost 7000 liters of milk daily for a price of 1.4 Euro / liter, thus three times more than before¹¹.

In conclusion, among the differentiating elements that make the ARDAN Association a successful we can identify:

- the group initiator's strong leadership and his extensive knowledge of European legislation in the field of agriculture, knowledge of development opportunities;
- the fact that once the organizational goals were established, they were strictly followed, which reinforced members' confidence in the strength of the group;
- members' financial involvement in the group;

¹¹ " Dairy Group ADAN from Bistrița Năsăud – Association has only advantages", Rural Romania Magazine no.2, April-May 2012

-hiring specialized staff dealing with collection and control.

“Fruits of Tradition” Project

Another successful example that includes nearly all the steps recommended in this report, is the project "**Fruits of Tradition**", developed by Civitas Foundation in the Odorhei region, Harghita county. The project was financed by "The Norwegian Cooperation Programme for Economic Growth and Sustainable Development in Romania".

The purpose of this project was enhancing regional economic and development, not specifically creating an orchard owners' association. However, all the steps described below (especially the stage preceding the actual investment) led to the creation of a regional market-oriented fruit association, which runs on strong participatory basis.

"This processing center has helped me tremendously. Before, I was selling apples for 0,2 Lei, now I get 2,5 lei for the same amount. I have been doing this for 20 years. I no longer have to sit in front of the gate and sell "

(Farmer in Lupeni, interview Wall-Street.ro, 5 April 2011)

- The project was initiated as a result of identifying an **opportunity**: the fruit growing potential of the area, but also a **problem** – the degradation of fruit species diversity as a result of intensive exploitation state policy in the area, but also the gradual loss of technical knowledge of different varieties of fruit tree care, following the decline of the sector and the poor transfer of knowledge from one generation to another.
- Therefore, in 2008 a **mapping** and an evaluation of the old orchards structure in the Odorhei region was conducted, identifying the villages with the most extensive traditional tree base.
- The information formed the basis of the first direct interaction with the fruit growers in the process of animating the community: a teaching pack was designed – **for a local farmers course** which took place during one year. 20 farmers were trained on topics such as economic self-organization of rural areas, traditional fruit species care and breeding methods, their economic value and traditional processing technologies in accordance with food hygiene. Therefore, it was primarily a technical course, useful to professionals in the field, but it had the effect of putting together a group of active fruit growers, and most importantly interested in farm development. The course participants had the opportunity to interact, discuss specific issues, exchange ideas, which led to the formation of local networks that could be further built on.

The course included an **Economic Development Package** for each product obtained from fruit, which was updated throughout the course period together with the participants. The package contains the results of market research, feasibility studies, development proposals, marketing strategies.

- The next important step was the establishment of the **Centre for Rural Development and Support**. After creating an informal network and organizing technical trainings, the center came as

a necessity for advising growers on a wide range of topics such as the establishment and management of agricultural enterprises, production technology, identifying funding opportunities, exploring opportunities in the market.

- After all these preparations the actual investment followed: the establishment of the „Open Kitchen“-type micro-processing unit, where the farmers in the area could prepare their jams and other canned fruit after their own recipe, but in compliance with food hygiene regulations. Thus, a family of different products meeting marketing rules was created, united under the umbrella brand "Fructul Secuiesc".
- The project was completed through a full range of public relations activities and instruments, such as:
 - Publishing informative and promotional materials on local natural values;
 - Creating a product catalog with information on the fruits whereabouts and contact details of the producer;
 - Organizing community events and the Traditional Fruit Festival, bringing together producers and buyers;¹²

The project is indeed an example of success and there are plans to expand it to other areas, by building a new processing unit at Zetea.

The results of this project include many of the elements that characterize the formation of associative structures on sustainable basis, such as:

- ❖ involving a number of communities in a region with a common agricultural production denominator - in this case fruit;
- ❖ forming a group and stimulating communication among farmers by organizing, in the early phases, courses useful to each individual;
- ❖ setting up a support center which provides useful information on a wide range of topics regarding the retail market;
- ❖ establishing a processing unit that adds value to the primary production and branding the products (in this case community branding);
- ❖ carrying out activities to promote the initiative among the community and on a regional level, organizing product sale events (eg rustic festivals).

¹² "Fruits of Tradition" website

Alba-Afroda Association

Another example of an integrating vision on supporting the formation of market-oriented associative agricultural forms is Association Alba Afroda. The Romanian Agricultural Development Association was established in April 2001 after 10 years of cooperation between the 10 communes in Alba County, twinned with communes in the Rhône department (France). As suggested by its slogan - "Not for the farmers, but with them", the purpose of the association is "to support agricultural development in rural areas, based on bottom up local initiative"¹³.

Its work is divided into four strands:

- **local facilitation** – creating communication channels and putting together and producer groups in each of the ten communes and in different fields: cattle / sheep breeders, rose growers, vegetable growers, rural tourism, agricultural machinery. According to each association type, activities include:

- field visits of Afroda members and discussing farmers' needs, making inventories of recent activities performed by them and proposals for further action;
- socio-economic, demographic and social needs studies;
- drafting of a micro-region development plan;
- organizing exchanges for Local Action Group members in the area and members of a French LAG;
- organizing exchanges with the ADEPT Association in Saschiz and ECO - Ruralis in Sibiu;
- participating in a project funded by the European Social Fund for the creation of information and support centers for rural women who are looking for a job or seeking retraining;

-**information activities:**

- informing members about emerging legislation in the fields of producer groups and structural funds;
- encouraging farmers to enter associations and to apply for financing from structural funds;

- **training activities:**

- organizing training courses for members of Afroda communes on topics such as farm management, promoting traditional products etc.
- organizing internships and visits for local farmers in France;

¹³ Alba-Afroda website

- visits to pilot projects supported by the association;
- publishing a newsletter on the activities of the association and various technical issues (eg, "How do I build a cow barn?");
- supporting the elaboration of producer groups development strategies;

- **Investment** - the association comprises a Microcredit house with 0% interest, which provides funding for individual farmers' projects¹⁴.

More over, the association organizes yearly events such as the Rose Festival, a folk festival, the transhumance festival, which represent real opportunities to promote products of the established groups, and build social networks in the region. In the period October 2011 - July 2012 the Alba-Afroda Association, in partnership with Alba County and the Romanian Architects Council implemented the project "Transylvanian village, a local identity landmark", which aimed to increase the local community's support for heritage conservation¹⁵.

"Community supported agriculture" – factor favorabil dezvoltării asociativității

One of the biggest problems small farmers in Romania are up against is selling the production, as traditional markets are often suffocated by intermediaries. The need for a more direct contact with consumers has led to finding alternatives to traditional supply chains.

Such a way of bypassing intermediate links in the agri - food chain first appeared in Japan and Germany in the 1960s, afterwards spreading to North America under the name "community supported agriculture.

In Romania, this model has been adapted after the French version. It was introduced in 2008 by the CRIES Association (Resource Center for Ethical and Solidarity Initiative, based in Timișoara) as the Association for Peasant Agriculture Support (ASAT in Romanian).

The ASAT is based on a partnership between consumers and producers in their respective areas, who sign a contract on the duration of a growing season for the delivery of a weekly basket of products to the consumer's home or at a fixed spot in the city. A group of families set up, together with the farmers, a fruits, vegetables, dairy, etc.. (usually ecological products) "subscription", which will be produced during the year and they pay an amount in advance, for the farmer to finance some of their agricultural inputs. Thus, buyers have the guarantee they buy quality products, and at the same time they provide a "safety net" to small producers by sharing the production risk.

So far, in its five years of existence, ASAT has introduced five small producers in the area of Timisoara to organic agriculture. They sold agricultural products to almost 300 families. The model was then

¹⁴ Alba-Afroda Association activity report on 2010

¹⁵ "ALBA Cultural heritage protection project in six communes with French joint funding ", adevarul.ro, 13 July 2012

implemented in Cluj, and for 2013 the signing of 20 contracts in seven other cities in the country is projected¹⁶.

This market has significant growth potential, given the advantages of both sides. Figures are indicative: In France, the turnover of the 1200 AMAP's (the French equivalent of ASAT) amounted in 2009 to about 36 million Euro¹⁷. This model's expansion in Romania as an horizontal association between small producers and consumers would make an important premises for the development and market integration of semi-subsistence farms and an important factor for small farmers' association.

"The Food Van"

Another direct sale method, developed by producer associations in Western European countries is the collection of various products from members by waggon and then touring the region and selling the products directly to local consumers.

In Scotland this model is called "food van" ("Food Link Van"), and in France "Driver farmer". The latter entails a website on which producers post their products and respective prices, buyers register the order and the van delivers the products at a particular time and place in the region. The "Driver farmer" project is funded on a national level through a farmer's representation association. Currently, there are 1,500 such producer-consumer meeting points throughout France¹⁸.

" Association is useful for obtaining financing. We are setting up meetings with potential members. We are interested in building a cheese factory, dairy processing etc. I only fear human quality. There is no trust, people are very cruel and selfish. "
(Vegetable producer, Suhaia, Teleorman)

Conclusions. Small best practices guide for supporting the creation of market-driven agricultural associations

Conclusions

First, to answer the question stated in the introduction to this report, field research revealed that memories of collectivization memory no longer represent an insurmountable obstacle in the development

¹⁶ Website ASAT

¹⁷ "Les AMAP se structurent pour mieux se développer", website actu-environnement.com

¹⁸ Marin Mircea, "The solutions French farmers found to escape supermarket tyranny", 5 November 2012, agointel.ro

of market-oriented associative forms in Romania, especially from the point of view of active, medium age farmers, apt to develop economically.

Compared to the potential, the underdevelopment of this field can be accounted for by a sum of factors: poor communication among farmers in the same community, lack of information on functioning initiatives of this kind, the feeble involvement of local authorities, lack of knowledge of European and state agricultural development programs, particularly in regions where there are no Local Action Groups. These shortcomings are often complemented by apathy, lack of involvement and lack of confidence in the idea of association, often caused by the failure of past initiatives.

It is also possible to establish a clear correlation between the level of social capital of communities involved in the project and the existence of Local Action Groups in the area. Knowledge of European legislation in agriculture (NRDP measures) and previous experience of running community projects through Local Action Groups prove to have a direct impact on the social capital of the community - aspects which are many times critical to the success of agricultural associations initiatives.

Thus, summarizing information obtained from small producers in the project communities, from community facilitation experts and after extracting a common denominator of successful projects, the following conclusions can be drawn:

-Western Europe countries' experience, and also a few Romanian examples show that market-oriented association brings an important added value to the agricultural sector, which is now dominated by subsistence and semi-subsistence farms and supporting this phenomenon should be considered a priority for public policies in Romania (in the context of the 2014-2020 Rural Development Programme, but also in terms of national policies). Both existing associations, but especially future ones need support in order to become truly functional as commercial entities.

The foundation for a successful association must lie in farmers' interest in improving farm viability and profitability, through a real understanding of the need for synergy. Motivations exclusively related to European funds absorption have sometimes proven to generate exclusively „on paper” results, with no real sustainable effects (ex: producer groups set up strictly in order to access measure 142 and receive extra points on other NRDP measures).

National programs and international donors which set out to create associations that operate exclusively through absorption of external financing (without members' contribution to initial capital formation), and also without progressively building and testing the community's social capital have had rather poor long-term results.

Small best practices guide for supporting the creation of market-driven agricultural associations

There is still great need for information on the economic benefits of association. To sum up, state bodies, NGOs and private bodies should support the associative movement in small-scale agriculture by adopting an integrated and participatory approach, which should include the following basic steps:

a) Identifying agricultural development opportunities in the region;

b) Mapping the region in terms of agricultural potential, but also potential markets (eg nearby cities), summarizing and disseminating the results, so that as many members of the community as possible to be able to access it.

Sometimes they do not have an objective overview of the capabilities and resources of their communities and regions that could be put to good use if working together(see statement in the box)

c) Working with local authorities, which should be encouraged to lease unused facilities and infrastructure to agricultural associations (eg. fruit and vegetable deposits, grain storage facilities, etc) so that they could be put to good use in productive activities.

d) Creating informal producers networks by addressing, in a first stage, each individual through the provision of useful courses (eg. on European standards in agriculture, rules of hygiene, organic certification methods etc)

e) Supporting a strong community initiative group, enabling it to enrol members and define common objectives;

f) Providing technical consultancy on the operation of different associative forms, taxation, accounting etc;

g) Providing consultancy on business plans and branding;

h) Organizing product fairs;

i) Organizing study visits to functioning associations;

j) Facilitating access to capital.



"I know everybody in the area, there is no way we can reach the necessary production volume in order to make association profitable!"

(Vegetable producer, Bonțida)



Throughout this entire process, it is essential to obtain community support. It is desirable that a large number of local actors understand the benefits that a form of association could bring to the entire community. A useful tool for planning, monitoring, evaluation and adjustment of an innovative project in a community is the Participatory Impact Pathways Analysis (PIPA). PIPA has recently been used in Romania for the first time, in the process of developing an agricultural association, with a view to determining and aligning the needs, expectations and behaviors of all local actors (public institutions, nonprofit organizations, businesses, local authorities and other community groups), and also in order to achieve optimal impact¹⁹.

¹⁹ PACT Foundation website

Reccomendations

a) For national policies (in the field of agriculture and not only)

- Supporting the development of agricultural associative entities through training, consulting, organizational development, business planning, financing agricultural associations "incubation" costs;
- Including rural associations in social economy support programs (which will be financed by the European Social Fund in the next multi-annual financial framework 2014-2020);
- creating a special department within the newly established agricultural chambers, specialized in providing training and consultancy to tentative associative forms;
- financing (through public-private partnerships) the construction of warehouses, organizing proximity markets, promoting and supporting short production chains (eg. ASAT's, "food van" etc);
- Promoting and publicizing successful associative models;
- Direct fiscal incentives, such as tax exemption for reinvested profits, exemption from tax on property owned by agricultural associations;
- Improving the functioning of interprofessional agricultural organizations (OIPAs in Romanian).

These interprofessional organizations have a multitude of functions, such as advocacy, research and development, branding, standard development, providing information on market conditions etc. The functioning of such vertical integration in Romania would represent a top-down incentive for the development of producer groups by ensuring their integration in the agri-food chain.

b) For the future Rural Development Programme 2014-2020

- Continuing support for the establishment of producer groups under the "Promoting supply chains organization" priority;
- Committing funds for community facilitation (animation) on participatory principles, based on standards agreed on by specialized organizations (under the cooperation measure in the new RDP or the LEADER axis);

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