

SZENT ISTVÁN UNIVERSITY
Environmental Sciences Doctoral School

SOCIOECONOMIC ANALYSIS OF
ALTERNATIVE AGRI-FOOD NETWORKS IN HUNGARY

Summary of PhD dissertation

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2019

Doctoral School

Szent István University

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Goals of the dissertation

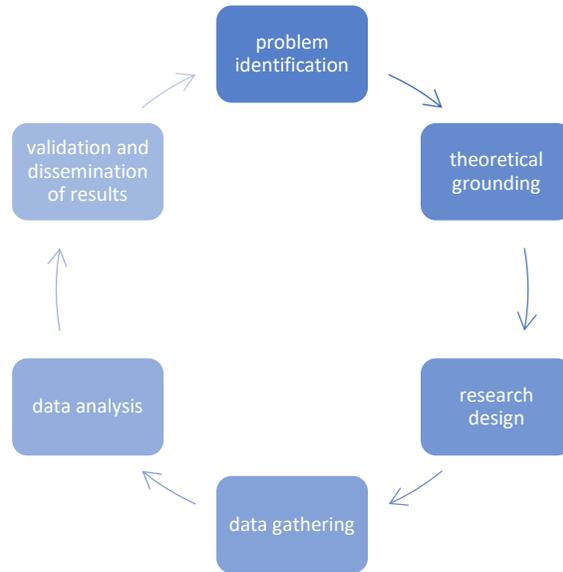
There is an increasing interest in Hungary to relocalize food as well as growing market demand for local food. Discourses on the benefits and potentials of food relocalisation have been proliferating, while the academic literature has often downplayed their significance, neglecting quantitative or qualitative evidence of the scope of and motivation for alternative agri-food networks (AAFNs). Primarily we lack systematic representative data on spatial-social patterns of local food consumption, and empirical, comparable national level quantitative studies on local food systems, short supply chains, community supported agriculture and food self-provisioning.

This dissertation examines the characteristics of AAFNs in Hungary. The overarching goals of this study: 1) to investigate theoretical understanding of AAFNs and their relevance in Hungary; 2) to assess practitioners' knowledge needs around AAFNs development; 3) discover socioeconomic patterns and analyse development potential of alternative agri-food networks based on representative surveys and mixed methods case study research on the sporadic AAFN experiences in Hungary; 4) identify success factors and possibilities of policy support to AAFN practitioners.

The dissertation draws from several theoretical frameworks for its analysis of AAFNs: value chain theory, regime theory, poststructuralist theory, action-network theory, transition management theory. Conceptually it clarifies the meaning of alternative agro-food network, short food supply chains, local food systems, community agriculture, civic food networks, food self-provisioning. Based on the literature it identifies the socio-economic benefits of alternative agro-food networks, pointing out areas for institutional and policy support.

Methods

Cooperative research, as a type of action research, is presented as a suitable approach to build links and strengthen collaboration between scientific and practice-based knowledge production, to explore common problem framings and, furthermore, to initiate meaningful policy change through co-creating an evidence base and collective actions for policy change. Data gathering consisted of representative surveys and mixed-methods case study research.



Research steps. Based on Creswell 2003.

The state-of-the-art analysis builds on two representative surveys on the market based and non-market-based provisioning of local food. Then in an institutional analysis key stakeholders and main problem areas were mapped. Finally, results from a scenario workshop are analysed that involved a wide range of food-sector stakeholders-

The first empirical case looks at the bottom-up networking for food sovereignty in Hungary that has succeeded in transforming the regulations for local food systems. Following a cooperative research approach, the case illustrates how researchers, practitioners and CSOs can successfully link support from research and grassroots organising for policy change that can strengthen local smallholder food production. As the primary action step, 53 CSOs launched an advocacy campaign for the modification of the Smallholder Decree that was adopted by the Hungarian Ministry of Agriculture and Rural Development jointly with the Ministries of Health and Social Affairs and Employment in 2006 (Nr. 14/2006, II.16). The new Decree (New Smallholder Decree, 2010) is more favourable for small farmers and enables them to take full advantage of the continued use of traditional methods at any stage of production, processing or distribution of food specified by regulation on the hygiene of foodstuffs.

Results

Local food system (LFS) development pathways have been assessed in the context of recent regulatory reforms in Hungary implemented to promote local product sales and short food supply chains (SFSCs).

First, a survey study on the market and non-market based local food supply highlight food self-provisioners' perceptions that value informal production and distribution of food. It has a solid foundation and promising future, as it is propelling high proportions of the population along a sustainable pathway towards a new food regime.

The case studies demonstrate how new types of local food systems initiated by non-farmers attempt to shorten the distance between consumers and producers. The findings are based on qualitative key informant interviews and a consumer attitude survey data that seek to identify how LFSs promote or enact sustainable food supply and how consumers perceive the nature of the relationships between consumers and producers. The results from the 'Gödöllő Local Food Council' and the 'Szekszárd local food system' show various specificities and challenges of new types of emerging urban civic food networks. The dissertation points to critical factors and tools for developing LFSs, as well as reflecting on the role of original research to facilitate change for a more sustainable food system.

The case study on the farmer-led CSAs examined the uncertainties of farmers and consumers for running or joining a CSA. Research findings demonstrate how CSAs catalyse social change to enhance consumer-producer cooperation and regain control over how food is supplied. The research also found that current share prices do not transparently reflect real production cost and that farmers rely on an altruistic coping strategy to invest in deepening their operations by a trusted community base. In the Hungarian context of weak community engagement, CSA farmers take on the extra work to bring together and nurture bonds of affinity in their customer base and educate members about sustainable diets.

1. Surveys about market and non-market based local food supply

The quantitative evidence comes from an omnibus survey carried out by the Medián public opinion and market research institute through 1 200 personal interviews. The first part of the survey looked at local food shopping habits that create a broader context for FSP. For more than two-thirds of respondents, local food stores are the primary source of food, where 70 percent buy at least once a week. The secondary sources are supermarkets and shopping malls, where 52 percent of the population regularly enter to purchase food. A similar proportion

goes into hypermarkets and local markets every week – representing 26 percent of the population. Less than 10 percent buy at speciality local food shops, farmers markets, directly from the farm or discount stores.

Not surprisingly, relating to primary shopping source, we recorded the main differences across people from different residence types. Urban residents frequent supermarkets, whereas rural population prefer local food shops, and go significantly less to hyper- and supermarkets. Residents of the capital (Budapest) shop most often in local markets. Less than one-fifth of the rural population visits local markets every week. Differences between income groups are also apparent. Respondents in top income decile visit hyper- and supermarkets more often, and also they shop most often at local markets. The upper and lower-middle-income groups cannot be characterised by any distinct shopping habit, whereas the lowest income groups go less frequently to hypermarkets and local markets.

More than two-fifths of the respondents find the price of local food too high when prompted with the question of what hinders their buying local food more often. One-fifth of respondents find the purchase of local food inconvenient, one-seventh (14 percent) is dissatisfied with the quality, and 8 percent finds merely the place of purchasing too crowded. Regarding various income groups, the accessibility of these products becomes apparent: the high price is critical to low-income groups and much less to high-income groups. In high-income groups, we record a marked concern about the inconveniences of purchasing and quality of local food products – respondents in low-income groups are much less concerned about inconveniences of purchasing or quality problems. Differences in perception of hindrances are also dependent on residence types: in Budapest people highlight the crowded purchasing places and inconveniences as factors hindering the purchase of local food. Rural residents are much more compliant to crowded purchasing places and quality problems.

The second half of the survey examined the theme of production for their own consumption. Although the economic significance of FSP has often been downplayed or coined marginal, our survey found an unexpectedly high proportion of FSP in the Hungarian population. As a critical result, it became clear that one out of three respondents (36 percent) has or uses a garden, field or orchard, either by the house where they live or elsewhere. The most important explanations people presented for producing their own food (fruits, vegetables, meat, eggs, etc.) are saving money, or obtaining healthy and fresh food. Still, people often mention collective values as the primary motivation, such as family food traditions or gardening as a shared hobby. Only a minority of respondents find FSP a family obligation, or helping relatives, or contributing to environmental protection.

The main dividing line in FSP is the rural-urban division: almost two out of three (56 percent) of people living in rural areas are active in food self-provisioning, while only one-third of urban dwellers are engaged in production for own consumption; in Budapest, this proportion is only 7 percent. The most active gardeners are typically people without a high school diploma, whereas only a quarter of people with a high school diploma and university diploma are active in gardening.

The most exciting results related to the quality of life of food self-provisioners. The elderly population is more active in gardening: half of the people above 60 are producing food in their gardens, compared with only one- or two-fifths of 18–39-year olds and 40–59-year olds. The tendency is that people from the lower income groups are more active gardeners: two out of five people in the lowest income quarter as compared with one-fifth of the highest income group. According to the results, less than a fifth exchange or donate one-tenth of their harvest.

As for agro-ecosystem services and environmental sustainability, two-fifths use only natural soil fertilisation whereas only one-tenth use only synthetic fertilisers in their land management. As for pest and fungal disease control, people also tend to use natural protection methods.

In summary, food self-provisioning is varied across social groups based on types of residence, schooling, income and age. However, the overall spatial-social extent looks entirely democratic, and it seems to be a socially diverse practice as all age and income groups, as well as rural and urban dwellers, participate.

2. Mixed method case studies on local food policy

In Hungary, local food culture remained strong even after the Socialist regime. It frequently built on persisting local markets and remnants of informal economies through family households that maintained traditional agriculture practices. In marginal areas, local livelihoods and economies could survive only with support, such as through the alliance of civic food networks, agri-environmental schemes or leader programmes. Alternative food supply systems (farmers' markets, farm-gate sales, pick-your-own, local food festivals, food trails) already have a significant role in Hungary whereas urban intellectuals usually initiate specific forms (food box delivery, buying groups, CSAs and community gardens) in urban and periurban areas with initial success. The local food movement is initiated by the alliance of civic food networks whose primary aim is to ease the enormous amount of legislation that must be met by LFSs.

Several EU-funded research projects have emphasised already the role of policy frameworks to facilitate the development of LFSs through financial support, public support (exemptions to food safety regulations), support for labelling, promotion, collective marketing. In Hungary, CAP implementation after the 2004 EU accession advocated an agro-industrial policy framework for international economic competitiveness and mass production (mostly by foreign investors) through subsidy criteria, and thus it marginalised disproportionately 80% of 220 000 registered professional small-scale agricultural farms from subsidising their farm investments. Several green NGOs and farmers organisations had criticised this rural development policy on the procedural and substantial level, namely for presenting small-scale farming as a weakness of agriculture and providing less support to local/regional markets, as well as for arranging flawed stakeholder participation during the rural development policy planning. The legislation on small-scale trading applied high tax/fiscal, commercial and social insurance costs and thus marginalised the marketing of processed foods by small farmers between 2004 and 2006. Hygiene and food safety rules did not take advantage of the flexibility principle offered by the EU Regulation 853/2004, which enable the continued use of traditional methods at any stage from farm to fork. This unpreparedness of the government in managing the European Fund for Rural Development hit smallholders and food processors particularly hard, especially in the dairy and the meat sectors, which still limits the capacity for local food system development. In these circumstances, multinational food retailers could easily block small-scale food producers and processors to enter LFSs.

After the change of government in 2010, the institutional context has been transformed completely to be in line with the ethnocentric–protectionist political agenda(s). The policy reform initiative channelled by the local food movement in Hungary reached a window of opportunity when it met with strong desire from the political establishment to develop SFSCs/LFSs at the national and local community level. The New Agricultural and Rural Development Strategy 2020 acknowledges that social functions of food and agriculture extend beyond rural development policy and to health, environment and national security. Further institutional support and technical assistance for LFSs development at the national level is provided by the Hungarian National Rural Network (HNRN) as part of the European Network for Rural Development. As the main driving actor to promote LFSs in Hungary, the network helps local food market organisers and initiatives with technical assistance, collective marketing and training to develop knowledge for brand development and provide demonstration cases for good practices. Three new regulations also offer an impetus to LFSs at the national level. 1. In a series of amendments, the decree for small producers finally regulated all issues relating to small-scale production, manufacturing, hygiene,

trade, control and certification. The original, 2006 regulation on small-scale producers was created to ease food-hygiene conditions but only for natural persons producing and selling products in small quantities. The 2010 amendment to the regulation increased the quantities for selling and allowed small-scale producers living in any part of the country to sell their products in the capital. 2. the Public Procurement Act, which previously hampered local sourcing through the prevalence of the lowest price principle, has also been recently amended (Act CVIII of 2011 on Public Procurement). Farm products such as cold foodstuff and raw cooking materials, fresh and processed vegetables and fruits, milk and dairy products, cereals, bread and bakery products, honey, eggs, horticultural plants are now exempt from the procurement process up to the EU threshold limit. As a result, much more flexible local food sourcing became possible, yet institutions and staff lack adequate knowledge and skills to apply the new rules. 3. the concept of the local farmers' market was originally delineated by the trade Law (Act CLXIV of 2005 on Trade), which gave a full definition of a market where small-scale producers (kistermelő) can sell their produce within the county, or in a 40 km radius of the market, or in Budapest (2§. 5a.). Recently various new government regulations redefined the necessary legal procedures to start a market. Simplified notification process and hygienic restrictions were introduced in 2012 for local farmers' markets for facilitating short food supply chains and direct sales specifically. Still, administrative burdens on small and family farm businesses are very high (with obligations to issue an invoice, pesticide-use logbook, sales logbook, manufacturing data sheet, cold chain, and so on).

The need for **bottom-up networking for food sovereignty** was a central insight from this cooperative research. Beyond tailored policy solutions CSOs wanted a process which guarantees openness to diverse forms of knowledge in shaping policy. Stakeholder involvement therefore aimed at enhancing the sense of ownership and ensure buy-in for policy change. An essential outcome of the cooperative research was the induction of a process that led to an advocacy campaign launched by 53 CSOs for the modification of Smallholder Decree. The new Decree (New Smallholder Decree, 2010) is more favourable for small farmers and enables them to take full advantage of the continued use of traditional methods at any stages of production, processing or distribution of food specified by regulation on the hygiene of foodstuff. In the following case studies, I analysed the changed circumstances of alternative agro-food networks.

The **Szekszárd Local Food System** was developed by Eco-Sensus Non-profit Ltd, comprising food producers and experts in the Szekszárd wine region, extending to 26 settlements around 20 km of the town. The geographical boundaries delimiting the LFS followed the boundaries of the famous Szekszárd wine region. The main aim of the LFS has been to bring local consumers closer

to agriculture, by creating a point of sale and a community-based enterprise for local food. The initiative gained substantive support at the seed phase from the European Regional Development Fund for campaigning about sustainable food consumption and production, for developing the necessary local food infrastructures and schemes, and for organising collective marketing and quality assurance of local quality products. Later, institutional support at the local level was provided by the Hungarian national Rural network in the form of short-term technical assistance and advice on good practices, training to develop knowledge for further development.

The **Gödöllő Local Food Council** (Gödöllői Helyi Élelmiszer Tanács, or ‘G7’) was established in 2010 with the aim to provide the necessary human infrastructure to reconnect local producers and consumers through festivals, local food markets, gastronomic events and cookery schools, organize community-supported agriculture, explore buying groups to organize bulk orders, develop local food infrastructure, distribution, and an order–delivery system. As a civic network, it intends to integrate every local stakeholder from the territory to promote healthy and sustainable lifestyles. Local policies also have a crucial role in facilitating local sustainability transitions. The city council has developed various strategic documents concerning housing, employment, town development, tourism, waste management, environmental protection, transport and culture. It is precisely in this context that the G7 initiative would like to shape the direction of the local food system according to the network economy – from the local through the regional towards the national and global (export-oriented) level. G7 rapidly managed to reach out to the local municipality after a consultation with the mayor who gave the unique mandate to G7 by asking their help in shaping the ecotown concept adopted by the municipality in 2006 from a local food focus. G7 planned to organise a series of stakeholder forums to develop a sustainable food strategy with the acknowledgement of the local municipality to complete the ecotown policy with a solid strategy on local food. With the unique mandate to integrate local food in urban policy and planning, G7 gained a role in shaping urban food strategy and procurement practices.

CSAs in Hungary are positive examples that lead towards futures based in healthy, diverse, and joyful communities. CSAs offer a remarkable alternative vision on the futures of food which implies lifestyle changes, food activism, experimenting, as well as redirection of food research to sustainable forms of the food supply. In Hungary, CSAs create preferred futures where the growing and preparation of food is celebrated and honoured as significant work in the world. CSAs could also be regarded as a model for other kinds of production and a

vehicle for rethinking our food system which requires spaces of active and direct producer-consumer cooperation. However, the scaling up of these experiences is the primary challenge today. A successful business-rationale of farmers needs to rely on a trusted customer base, therefore in an initial phase farmers-led CSAs may choose to scale deeper (rather than up) into their customer base and not to share all the costs with the expectation growing members' commitment. Within a spectrum of localised, alternative futures farmer-led CSAs emerged in the recent years in Hungary as an increasingly developed sector followed by national level acknowledgement. My empirical research suggests that these relatively new and specific types of farmer-led CSAs can launch a learning process by educating members for consuming healthier and in a more environmentally friendly way on the one hand, and by assisting the development of community relations and solidarity feeling, on the other. CSA farmers pursue a set of social and material practices (in production, assortment and delivery of boxes, investments and pricing, and community building) to reach beneficial socioecological outcomes on the community level. Being ideologically oriented CSA farmers successfully create a moral economy, build solidarity, catalyse members ethical principles and moral feelings.

Similarly, to SFSCs all over Europe farmer-led CSAs in Hungary almost exclusively target young, wealthy, self-reflexive, extrovert urban conscious consumers with high qualifications, who have a family in most cases and actively resist the dominant consumption culture. Several consumers already actively participate in transforming the communities into, as they suggested, a "self-managing and self-organising enterprise" so that "farmers can concentrate more on farming". For the most, a box scheme proves to be a desirable step in reaching a more sustainable lifestyle.

Conclusions

The discussion section of this dissertation presents the most important results. It is the first to synthesise learnings on the local alternative food networks and to critically evaluate the state of the art of this sector. Alternative food networks have been examined through examples of local food systems and short supply chains. The development of local food systems and short supply chains has significant potential in Hungary, and the dissertation proposed a new programme development heuristic for local food systems.

Based on the research it can be verified that the concept of alternative food networks can be operationalised adequately into other concepts (e.g. local food systems and short supply chains) and cooperative research is a thriving research strategy to assess the prospects of the sector critically. Further assumptions could not be corroborated. The expected socio-economic benefits are significant (interaction, trust, social capital, community feeling, knowledge transfer / behavioural change, added value, multiplier effect, price premium), but the AAFN initiatives mostly communicate environmental sustainability benefits. There are no significant differences between the European countries in the patterns of local food consumption and food supply (apart from the extent of food self-provisioning).

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