



**National Committee for Family Farming**  
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# **Family agricultural economy in Republic of Macedonia**

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This report is a result of the research that had been conducted within the project National Committee for Family Farming, implemented by Association Community Development Institute, Federation of Farmers of Republic of Macedonia and Association Rural Development Network.

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## **Executive summary**

Family farming is a form of intervention in agriculture for which there is no unique worldwide accepted definition, but each country interprets it according to its socio-economic conditions. The UN Food and Agriculture Organization FAO, gives a number of definitions as a framework to address many different interpretations in the world. Deeper definition of family farms comes from the need to stand out and differentiate them from other agricultural holdings with some specific characteristics which could be base for policy makers to create special supporting measures for their support.

In order to obtain general overview of the current legislation and generate more detailed information of the concept of family farming in Macedonia, the project conducted a quick desk and field research. The purpose of this research is to determine the current state of family farms, their role in rural development and general economy of the country and defining their main challenges for survival in the future. Unlike many studies that deal with this issue only from an economic perspective, this brief and limited research covering analysis of legal framework and limited number of participants (120 people from four regions), aims to contribute to understanding the combined socio-economic conditions in which the family farms operate in the country. These conditions are evaluated by the level of full or occasional involvement of family members in the working operations, the age of the owners, gender and education, the degree of interest in the inheritance of the economy, the main sources of income, the average owned area, available rural infrastructure (economic and social) as well as the views/attitudes of the owners and the future of family farming as a lucrative agricultural business.

The analysis of legal framework indicated that although Macedonia has a legislated definition of family farm, it has no practical value especially for those for whom it is intended, i.e. owners of family farms. Namely, there is no difference between individual and family farms and measures that apply to all other individual farms apply for family farm owners as well. The issue remains untreated and needs stricter specification, especially because according to the agricultural census of 2007, from the total of 192.675 registered farms, 192.378 or 99.8% are family farms.

The research findings indicate that family farming for Macedonia and its rural areas has remarkably high importance since the country is small in size and population. Any decrease of family farming in rural areas, means abandoning the agricultural arable land cultivated for decades. Interrupting their continuity represents interruption of family habits and skills acquired through generational succession. The terrain research and analysis of respondents' answers reveal that in 80% of cases the family holdings (land, livestock and other resources) are inherited, but for 72.5% of them there are interested successors. This percentage will be reduced in years to

come, because many of the respondents, who answered positively, actually have minor children and only believe that their property will be inherited by them.

Nearly half the members of the families of the respondents or 52% are men and the other half or 48% of women of different ages, but as registered owners i.e. holders of farm or women registered farmers were only 8.3%. The negative attitudes towards women as legal successors of the farm holdings is directly linked to reducing the number of family farms because they are a major factor for deterioration of rural life by leaving the family farms and all the social values that go with them.

In most cases family members possess all or most of the capital and one of the members manage the business unit or is a formally registered trustee. Capital usually comes from family funds obtained as a result of family farming activities, but also from other sources of finance provided by family members, which fully or partially is invested in the same holding.

Also, 84% of research respondents produce traditionally known products that have been produced on the farm for generations. One of the major issues of small farmers is that they have no clear picture of trends in demand, quality standards, and demand for organic products or opportunities for purchase by other entities. This is also reflected in the absence of sustainable sales channels which are currently represented through limited contact with buyers that are usually not bound by contracts with the local population.

The involvement of family members in farm work as a central criterion which can be used to precisely define family form of farming, conducting trainings in the process of production and marketing, developing a national strategy to support the family farming, support for the existence of the family farms by facilitating access to markets, and appropriate tools in the form of specific measures for such families steered by the National Extension Agency are just some of the recommendations of this study which should be followed by further and deeper analyses.

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## Introduction

Agricultural families who are living on their land and earning from the fruits of their land and goods are a kind of class that is losing in society at high speed. The natural concept of a small family farm which is owned and managed by one family with all their members is more and more rear. With decreasing of the number of such economies, the pressure from the modern social trends is becoming bigger toward those who have stayed in the village. Leaving or redeployment of the agricultural working land brings decreasing and oldness of the population in the rural environment. More and more farmers are in pension without heir who are interested in taking the lead of the economies, and with that is stopping the multi-generation tradition of that existence which also means going to irreversible way of the inherited skills which with generations are being promoted and transfer.

In that condition, the speed of decreasing of the number of family farms takes place with geometrical progression and unfortunately, with it takes the people, the goods, the nature, the natural landscapes, as well as the natural cycle of motion of the matter. All these migrations from other the side make pressure again on the cities and with that also the pollution and health in general.

Small countries as Republic of Macedonia are under a huge pressure from the regional corporations for production and trading with food, whose only objective is the profit, and their way of getting of that profit often does not suit with the development plans for rural environment, but on the contrary acts inversely proportional of their application.

Significant indicator of healthy society is the stability of the family. As the small family farms are disappearing from the villages, with them disappears one of the best environments capable for production of strong families with built identity, work ethic and character.

Family management is one form of acting in agriculture for which there is no strictly defined objective and generally accepted in the world, but every country takes it according to its social conditions, and the organization for food and agriculture (FAO) of the United Nations, gives more definitions as a framework for encompassing many different interpretations in the world.

## **Purpose of the research**

The purpose of this research is to determine the current situation with the family agricultural economics (FAE) their role for rural development and generally for the economy of the country as well as defining of their main challenges for survival in the future. For difference of multiple researches which this issue just from economical point of view, this brief and limited research in scope of respondents, has the objective to contribute toward the understanding of the combining socio-economic conditions in which family agricultural economy on Republic of Macedonia is happening. This is done through insight of the situation of the family agricultural economies from the view point of the involvement of the family members, problems for continuing the survival of the family economy and the needs for continuing such action.

These conditions are estimated through the process of fully or part-time participation of the family members in the working operations, the age of the owners, the gender and their education, the degree of interest for succeeding of the economy, the main sources of income for such economy, average owned area, the available rural infrastructure (economic and social) and the thinking of the owners for the advantage/ lack and the future of the family agricultural management.

## **Material and method of work**

For the purpose of the research to be completed, materials from literature and materials of field research are being used.

The review of the literature had the purpose to identification analysis which exist in the world and refer to family agricultural economies and their significance for survival and development of the rural areas, but also overall for the society which is facing with faster urbanization and all the consequences of it. In the focus of this analysis are the qualitative concussions for family agricultural economies derived from literature and from conducted survey, as well as some data from the Statistical Office in Republic of Macedonia.

The second part of the research had included implementation of survey through direct interviews with the help of semi- structured questionnaire intended for representatives of small agricultural economies in the rural areas. The time and the resources of the project for this research did not allow big representative proof to be taken for field research. Around 120 representatives were interviewed from four plan regions (according to NUTS 3). The direct meetings for filling of the questionnaire were used for additional questions and discussions which fulfilled the information about the attributed of the final users in relation with their opinion for the future of the families in the villages, the attitude of the society toward these economies and the

attitude of the governmental institution. The data gained are being processed with simple quantitative and qualitative methods of analysis.

## **Literature overview**

### ***Legal legislative***

According to the Law for agriculture and rural development from 2007, *Family agricultural economy is an independent economic and social unit that is based on a combination of management and ownership and / or use of agricultural property by family members*. As attachment to this definition with full official act toward that what is family in this context, also in the law exists a definition “Family is connection of people who are considered family members of the same family and are in the next relation: husband and wife, parent and child, brother and sister (no matter whole or half- bloody relations), grandmother or grandfather and grandchildren, uncle, aunt and grandchildren; parents of the spouses and brother-in-law or daughter-in-law”. In the law, there’s also a definition with explicit explanation for that who is considered member of the family economy, and that is “Act of family agricultural management is an adult individual who performs agricultural activity on the agricultural property and for whom there is an indentation in the Ministry”.

Any form of organization in the management relates to managing of one individual or carrier which category also has its definition in the law, or “Carrier of family agricultural household is an adult person who is responsible for managing with agricultural household and who stands out in the name and for account of the family agricultural household and as such is written in the Only register of agricultural economies in the Ministry”. The carrier, according to the law is also agricultural manufacturer who is defined as: “Agricultural manufacturer is the carrier of the agricultural economy or member of family agricultural economy or a person who is full or part time employed on agricultural economy and who deals with agricultural activity”, but this definition is not connected only with family agricultural economy.

Although in Macedonia exists a law definition for Family agricultural economy, until now it had none usable value especially for those for whom it’s designed for. Without further definition of FAE they can’t be separated from the rest of agricultural economies and to find a special place in the policies through special treatment for support, through which they will maximize their role in rural development and overall in society. That form is kept untreated, maybe because it needs more rigorous specification, especially because according to census of agriculture from 2007, are evidenced total number of 192.675 agricultural households, where it says that even 192.378 or 99,8% are family agricultural economies. Such definition of the family agricultural economies does not give space for special treatment, because they are anyways covered with all the existing measurements or if they develop new

measurements for support, they will apply for all the individual agricultural economies.

In the law for agriculture and rural development it's written that: Agricultural economies that account for at least 50% of the total annual net income from performing agricultural activities are categorized into four categories, such as:

- first category - family farms with annual net income from carrying out agricultural activity up to the amount of the annual net amount of the minimum wage for the previous year, according to the data from the Ministry of Labor and Social Policy,

- second category - family farms with realized annual net income from performing the agricultural activity up to the amount of the annual net amount of the minimum wage for the previous year, in accordance with the data from the Ministry of Labor and Social Policy to the annual from the amount of the minimum base for calculation and payment of the contributions from compulsory social insurance,

- third category - family agricultural economies and agricultural holdings with realized annual net income from performing an agricultural activity up to the amount of the annual net amount of the minimum base calculation and payment of the contributions from compulsory social insurance to annual net income from performing agricultural activity up to 2.000.000 denars, and

- fourth category - agricultural economic with realized annual net income from carrying out agricultural activity over 2.000.000 denars..

According to the "Law for incomes of the mandatory social insurance" the carriers of family agricultural economies who enter in the above mentioned first, second and third category from the "Law for agriculture and rural development" are bond for payment income for mandatory pension and disability insurance.

The biggest part of the families whose members in bigger number are included all the time in the economy and have landowner or the farm are registered as individual agriculture economy or as minimal criteria for any registration which carries advantage for usage of financial means from the governmental programs for support.

## ***Overview of the literature from the world***

According to the 2017 Food Tank by Numbers report at [www.foodtank.com](http://www.foodtank.com), family farmers deserve to be recognized for the multiple roles they have as business women and men, innovators, teachers and land keepers. Family farmers need our recognition and our support now, no later. In the same report, Danielle Nierenberg, president of the organization, emphasizes that we need to pay more attention to what is being implemented by family farms. Innovative practices, which are grounded in the knowledge of farmers, nurture communities and protect the planet's resources at the same time.

Small family farms are the backbone of food production around the world. Family farms are exposed to serious economic, political, social and environmental changes. In order to enable family continuity within the family and long-term survival of the farm, agricultural families are increasingly forced to apply market-driven, innovative and sustainable plans. (Suess-Reyes J, Fuetsch E, 2016)

The deeper definition of the FAE is the subject of research by many organizations. One of the definitions of FAO emphasizes that "Family Business" consists of a family within a family where the organization of agricultural production is through the engagement of workers from members of the same family. The other and updated version states that the family economy can be combined with paid labor from outside that family. For the needs of agricultural censuses, FAO defines two types of holdings: a). Families in family frames - those in whose production and management are made by family members and b). Agricultural holdings outside families - like corporations, etc. In most countries, most of the agricultural production takes place in family farms, and therefore the concept of "agricultural economy" is related to the concept of "Family Economy". (FAO, 2007, p. 21).

It must be noted that the size of the farm (land / holding) should not be taken as a criterion for determining a family farm (Losch and Fréguin-Gresh, 2013). Small agricultural holdings are sometimes automatically defined as family farms, probably due to the fact that in Macedonia most farmers own an average of 1.7 ha and have not developed an organization of work that would be characterized by elements of doing business, employing external persons, and especially not external management or merging of properties and capital in a mixed-ownership entity.

The lack of such forms / entities greatly limits the human potential of owners (managers) and family members and the potential of economies of scale through capital in the country, finance, commodity and mechanization. All of these are features of cooperative work that unfortunately in Macedonia does not take a moment despite the great benefits of the measures of state support.

Another definition of FAO specifies family farming as "a means of organizing agriculture, forestry, fisheries, and aquaculture that is managed by the family and predominantly relies on the labor of that family, including women and men. The family and the farm are linked together, evolving and combining economic, ecological, reproductive, social and cultural functions. "(FAO 2014)

One of the criteria for more precise definition of the FAE can be the effort. The use of unpaid labor by family members or paid labor is a link to that criterion that can help identify several forms of labor organization in agriculture. 1) The family form corresponds to the effective use of labor by family members, with full or partial involvement, as well as partial involvement of external work. 2) The entrepreneurial form is based exclusively on the use of paid labor, and 3). Business forms that combine in many ways that are still based on the use of constant paid work.

Also, family labor is considered either as a positive or negative aspect in the family management and family rearing system. Although it is often stated that family labor is a critical resource for family farms (Toulmin&Gueye, 2003), and that they offer a "competitive advantage" (Poulton et al., 2010), others consider that the primary use of family labor is an indication of incompetence of the family agricultural holding to hire paid labor in agricultural production (Angemi, 2002). It is also argued that this aspect reflects the insufficient supply of labor in some rural areas due to the migration of the village-town and the inability of the family to engage in external labor (Paris et al., 2005).

When exploring family farms, it is inevitable to take into account and even put a priority on the role of a woman. In addition to domestic commitments, there are many other factors that prevent women from being hired for paid work outside the farm. Specifically, women in rural economies often lack access to or control over natural resources such as land, which contributes to reducing their chances of retaining revenues from these funds. Less than a quarter of land holdings in developing countries are managed by women. Low rates of female ownership of land significantly impede access to finance, including loans and savings. Women also lack access to social media, such as networks and associations, which weakens their influence in political decision-making processes and collective representation. (FAO, 2009)

There are a number of factors in the literature that can be used to deepen the definition of the FAE, such as labor, governance, size, providing livelihoods, places of residence, familial relationships and generational aspects, social networks in the community, ownership of capital, use of products from the farm, ownership of the land, the family as an investor, and even efficiency and capacity and environmental sustainability.

At the 66th session of the General Assembly of the United Nations, 2014 was officially declared the International Year of Family Farming (IYFF). The United Nations Food and Agriculture Organization FAO was invited to deal with the implementation of activities in collaboration with governments, international development agencies, farmers' organizations and other relevant organizations in the United Nations system, as well as relevant non-governmental organizations.

What is important for the development of the FAE is for the family to be able to invest, to do so, and thus increase its operating capital and domestic funds. It depends on the financial and human resources in the family. In the FAE that have poor human capacity, there is a risk of not understanding the economy as a business entity when it comes to investments and it has great prospects to think more about saving than investing. This defensive logic often leads to a standstill or a downturn for an extended period. In those with a stronger human capacity, there is a chance for a greater separation of the views of the economy as a business unit rather than a domestic production unit.

## **Results from the research**

The results presented in this research are presentation of some data from the State Statistical Office and the interpretation of the results of the survey conducted on the basis of literature, the experience of the engaged expert, and in cooperation with the experts from the Rural Development Network of the Republic of Macedonia (RDI, RM), the Institute for Community Development (CDI) and the Federation of Farmers in Republic of Macedonia (FFRM). The main difference between the data from SSO and our survey is that the survey of SSO is capturing all agricultural economies, while the survey of this research is more specific and implemented with careful scope of authorized Family economies or precisely of those of which live and survive the family members. According to the working plan of the project were carefully covered 120 respondents, who present small and medium family agricultural economies of four planning regions (Pelagonija, Polog, North East and South East), and with engagement of local surveyors who know well the occasions of the locations which were the target of this research, a relatively good picture is gained, which reflects the situation of those small agricultural owners who act through engagement of a bigger number of members of their family.

### ***Men and women in FAE***

Research of this type, like many other researches in rural areas, cannot have relevant results and a clear picture, if men and women are not included in as many questions as possible regarding their representation or role, can be draw conclusions about the problems faced by the SSO, as well as recommendations for improving the situation.

Nearly half of the members of the families of the respondents or 52% are men (Table 1), and the other half or 48% are women of different age, but as owners, i.e. holders of the economy or women registered farmers are represented with only 8.3%. In no case of those 8%, the economy was not registered in the name of a daughter, but to the mother or daughter-in-law. The representation of women and men in the total number of members of the FAE is similar to that of the SSO survey in Table 2.

**Table 1. Structure of the rows of the members and ownership of SZS**

	Representation	Owners
Men	52	91,7
Women	48	8,3

***Adult groups and their participation in FAE***

According to the survey for structure of agricultural economies in 2013 of the State Statistical Office at the level of RM (Table 1), 13% of the carriers of individual agricultural economies are women of average age of 61.

**Table 2. Members of households engaged in the individual economies, of gender and of age**

	Individual agricultural economies							
	Carrier of individual economy				Members of the household			
	Number of men	Number of women жени	Average age		Number of men	Number of women	Average age	
			Men	Women			Men	Women
<b>RM</b>	148 859	18 724	57	61	99 682	169 577	35	47
<b>% from RM</b>	87%	13%			58%	42%		

Source DZS 2013

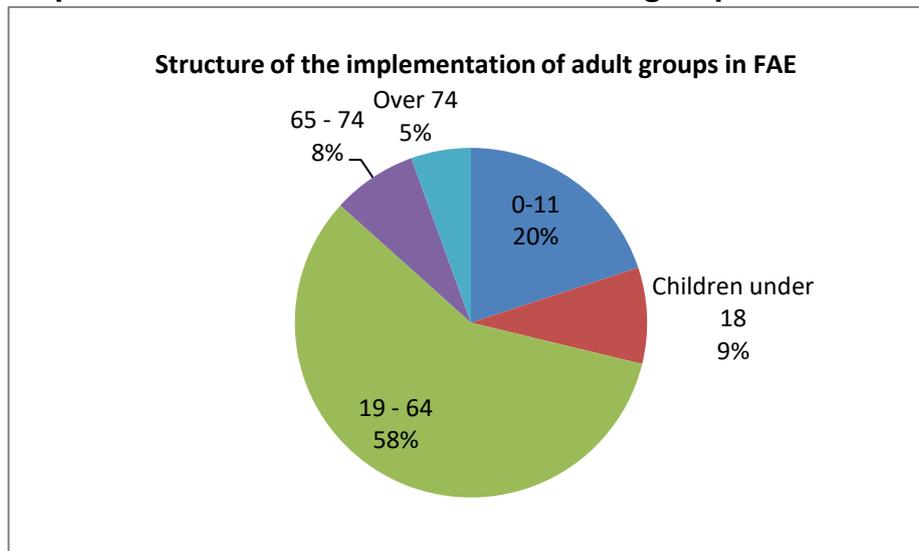
For covering of the number of members of all age groups in families, e.g. connecting of gender for members with some characteristics (consequences) in the questionnaire were included and those members of age 0-11. Because of their no significant contribution, e.g. implementation in manufacturing and other processes, also non-precise answers for the implementation of that age, they are not subject of processing in the following text which relates to economical parameters, e.g. their participation in the manufacturing and other operations of the economy itself. Anyways, from the calculations of other adult groups can be seen that they are average represented with 20% of the number of the members of the represented families.

From the data on the number of members in different age groups, it is concluded that the age group of 0-12 is represented by 20%, and together with those of 12-18 or those who did not enter the group of adults, they represent 29%. The next younger group or children aged 12 to 18 according to our respondents are fully integrated with only 2.4%, partially with 6.5% or a total of 8.9% or close to the percentage of the group of 65-74 year, which together with those over 74 years represent a serious inclusion of 13.3%. This indicates the aging of the population remaining on the farm, and with a more precise survey of the adult group of 50 upwards, it can be presented in advance. The most capable age group is 19-64 years old and it is represented by 57.9% of which 47.3% are fully and 10.6% are partially included. (Table 3)

**Table 3. Involvement of adult groups in family economies**

Involvement	12 - 18	19 - 64	65 - 74	Over 74
Whole	2,4%	47,3%	5,4%	2,7%
Partially	6,5%	10,6%	2,4%	2,8%
Total	8,9%	57,9%	7,8%	5,5%

**Graph 1. Structure of involvement of adult groups in FAE**



If this is viewed from the gender aspect, (Table 4) will be noticed that out of total included in the age group of 19-64 men are represented with 59%, and women with 41%, but with partially included, the representation of men is decreasing, and of women is increasing more and more till 61%. This means, according to the researchers' answers, more of half of the women of that age are included partially in agricultural economy.

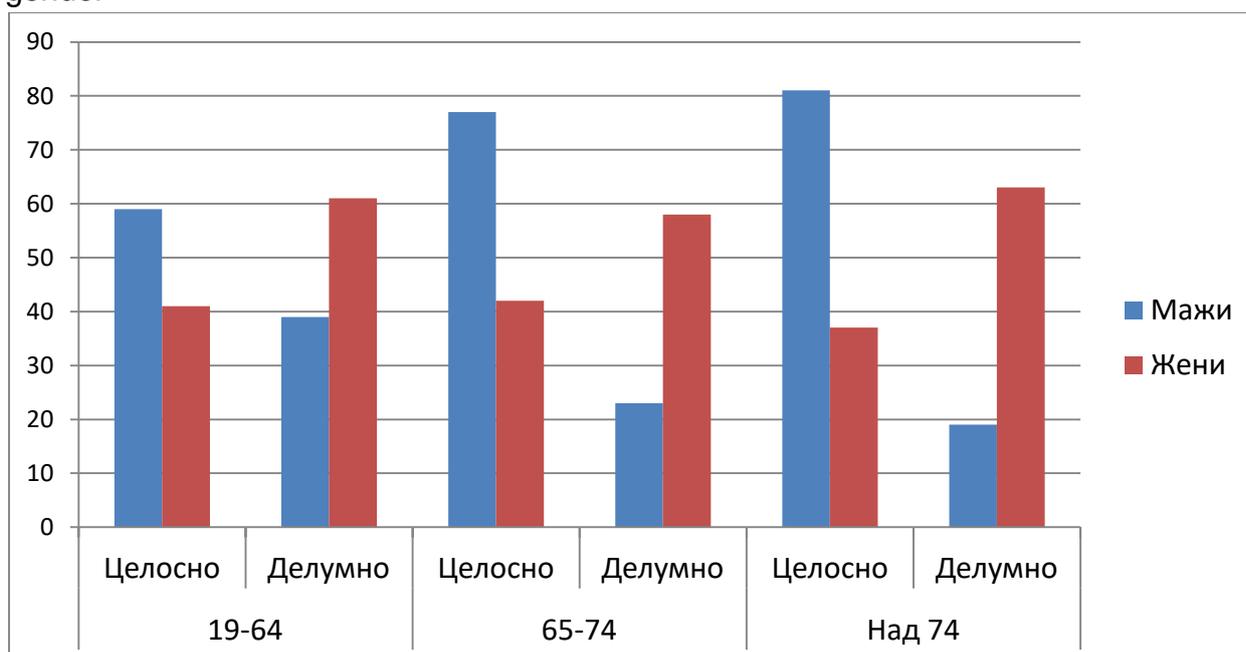
However, the involvement of women of that age in growing children and home work (besides on the farm) should be taken into consideration in this kind of

research, where the family is in the center of the attention. The separation of the economic activities is on the farm with other home activities are ungrateful if we view the family as a subject or base for definition of weaknesses and specific support for its survival and development.

**Table 4. Structure of involvement of the members of FAF of different age groups**

	Total	Men	Women
Age	19 - 64		
Whole	77,8	59	41
Partially	18,2	39	61
	100%	100%	100%
Age	65 - 74		
Whole	69	77	42
Partially	31	23	58
	100%	100%	100%
Age	Over 74		
Whole	50	81	37
Partially	50	19	63
	100%	100%	100%

**Graph 2. Whole and partially involved in FAF of the age groups according to the gender**



### ***Legal status***

The legal status of the Family Farmers covered by this research is mostly an "Individual Farmer" with 82%. This actually means that one member of the family is under the law "Bearer of a family agricultural holding", a category that is explained above. There was no case among respondents with a registered cooperative, and 18% of them had a registered company (limited liability company) - those who have more land and goods or have an establishment in the village for retail trade.

### ***Inheritance of the ownership and the character of the economy***

The continuation of the traditional values of family farms from an economic and social point of view across generations can be viewed relatively by the answers to questions about whether the economy is inherited from parents, whether this property is increased and whether the same products are produced, whether there are interested heirs with whom family management would continue. In 80% of the cases of our respondents, the economy (land, goods and other resources) is inherited (Table 5). In a large number of respondents, the economy is inherited through generations and even 100 years of processing of the same surfaces have been reported. But not for all those economies there are interested successors, but for 72.5% of them. This percentage will decrease over the years because many of the respondents have juvenile children and believe that their property will be inherited from them.

69% of the respondents who inherited the economy reported increased property than that of the predecessor. This does not always mean increasing the agricultural land they own, but also processing them, increasing the number of livestock and production in quantity. As many as 84% of the respondents produce the same thing as the predecessor, but to a greater extent, although the majority of them mostly complain about the difficulties with the placement of products, and 16% of the respondents decided to produce different products from the predecessor. The most common reason for this is the problem with the placement of some products and the need for adaptation to the requirements of the markets.

**Table5. Structure of inherited FAF, interested successors, increasing of land and manufacturing.**

	<b>Inherited FAF</b>	<b>Interested successors</b>	<b>If the land is expanded</b>	<b>If the same in manufactured</b>
<b>Yes</b>	80%	72,5%	69%	84%
<b>No</b>	20%	27,5%	31%	16%

### **Source of incomes**

In 65% of our respondents the source of income is from its own economy and 35% from other sources. Of the additional sources, 77% comes from salaries and / or pensions of family members, while other sources of income are from other services. The results of the survey of the agricultural holdings of the FAE for the type of activities for additional revenues are presented in Table 6. The highest percentage of such income originates from the processing of animal products.

**Table 6. Number and structure of individual agricultural activities in the economy according to the type of the activity**

	Tourism and accommodation	Domestic handicrafts	Processing of animal products	Processing of plant products	Collection of forest fruits, aromatic and medicinal plants and mushrooms	Forestry activities	Wood processing	Aquaculture	Other additional activities
<b>RM</b>	106	98	10 467	5 735	6 543	1 484	176	128	2 388
<b>% of the number of AE in RM</b>	0,06	0,06	6,1	3,4	3,8	0,9	0,1	0,07	1,4

Source: SSO 2013

### **Membership and measurement for support**

Unfortunately, only 33% of the respondents are members of any organized form of cooperation. The situation with all farmers in the Republic of Macedonia is worse than that, although the law on agricultural cooperatives and the support programs offer excellent benefits for the cooperatives, and thus a kind of support for the family agricultural holdings, taking into account that some of the cooperatives have a family that persists of the activities of the farm.

Table 7 presents the structure of respondents' responses to issues related to support measures. As many as 92% of respondents said they use state aid, and most of them direct subsidies. Knowledge of the measures is quite high (72.5%) in the sample of this research.

Although the question of whether you have contacts with a state agency, 57% of respondents answered positively, 90% of those using subsidies emphasized NEA as the main contact. Second state institution designated as contact is MAFWE, and third AHV.

**Table7. Knowing and usage of the measurement for support**

	<b>If you know the measurement (%)</b>		<b>If you use governmental help (%)</b>	<b>If you gained help from governmental institutions (%)</b>
<b>Yes</b>	72,5	<b>Yes</b>	92	57
<b>No and little</b>	27,5	<b>No</b>	8	43

***Needs for successful FAF***

When asked about the required infrastructure, as many as 40% of the respondents said that they needed a buying center for the products, and 34.1% said they needed more and better rural roads and access roads to the areas. The answers themselves give a picture of the situation with local and access roads. Although in many places there are purchasers with improvised checkpoints, the distance for some farmers and inadequate transport is a problem. However, the lack of a significant number of contracts for the purchase of production is causing the small redemption and uncertain ranking.

This is also related to the answers to the question that is needed for more successful FAEs, where the most favorable are the safe ranking (contract production), higher subsidies, lower input prices, higher purchase prices of products, but also training and the like. We can freely call the answers to these questions a list of wishes from the state, for which farmers can actually find partial accomplishment through a higher degree of their organization in various forms and joint actions. We say partly because the business environment in which the state now lies depends on a large part of the regional business flows, free trade agreements, open border competition, and other factors that negatively affect small and unorganized farmers, many of whom operate within his family.

***Where the manufacturing ends?***

The family agricultural economies in Macedonia are however targeted on the market, and that can be seen through the fact that according to the respondents only 22% of manufactured food on farm is for own usage. According to SSO (Table 8) that data splits on those economies for which own usage are using under 50% of own manufacturing (77 206 ZSor 45% from total number of ZS in RM) and to those economies which are using over 50% of the manufacturing (93 375 AEor 55% from total number of AE in RM)

**Table8. The consumption of own manufacturing in the individual sector in Republic of Macedonia**

	<b>Less than 05 for own consumption</b>	<b>More than 50% for own consumption</b>
<b>Number of economies</b>	77 206	93 375
<b>% of total</b>	45	55

Source: DZS 2013

### ***Advantages from family economy***

The advantage of managing the FAE is through the ability to save in the family budget because income and investment are decided within the family, the inheritance of previously acquired capital, and the elaborate production and tradition. However, 10% of the respondents do not see any advantage of such work.

To maintain the tradition, it is necessary to live and create in an environment with a satisfactory level of socialization. 34% of the respondents answered that there were no socialization events in their village. Most positive responses were related to village celebrations and rare seasonal manifestations associated with characteristic local products.

## Conclusions

The importance of the FAE for the Republic of Macedonia and the rural areas is remarkably great because Macedonia is a small country both in terms of area and population. Breaking the continuity is a breakdown of habits and skills acquired through generational inheritance, which also means great difficulty in turning back. Every departure of the FAE into rural areas means leaving the agricultural arable land that has been cultivated for decades. One of the solutions for trying to repair this situation in the future is the establishment of cooperatives in which farmers enter their own landed property on the example of one type of cooperatives from Great Britain. The rules for leaving the cooperative in case of termination or leaving the holding, or the death of the owner who is without heirs, are such that the country must be offered first to the cooperative. The remaining cooperatives have an equal share in that area through the co-owned property and the profits made through that resource. In this way, the interest for membership in the cooperative is found, but it is also a secure solution for consolidating the agricultural land, which is the greatest pain for the development of agricultural and rural development in the Republic of Macedonia.

- **Ownership of the capital according to which family farming is defined** - In most cases, the members of the family own all or most of the capital and one of the members manages the economic unit or is an officially registered trustee. Capital is most often derived from family funds received as a result of acting with the economy, but also from other sources of finance provided by members of the family, who are invested in whole or in part in the same economy. Such additional finance in 25% comes from pensions of older family members who are involved and fully and partially in the operations of the economy.
- **Small number of women owners** - or participation of women in the family agricultural holding. From the field data, we found that only 8.3% of the registered owners are women. This situation and the negative attitude towards women, i.e. female heirs is directly related to the reduction of the number of family economies. Young women (girls) expect this and do not feel responsible for the economy and the property of the village they were born and grew up, making it easier to leave the rural areas that result in the lack of women in those areas, a large number of old bachelors in the village and of course the abandonment of family farms and all social values that go with them.
- **Trend of property increase** - The increase in property compared to the predecessor, whether it is in the area or the number of goods and elsewhere, although small, is an encouraging sign for the extension of the family

business, which of course should be appropriately supported, but also to support those who have decided to produce different products from the predecessor. Reducing interest in inheritance is also an indication of the many socio-economic challenges young people are aware of through their parents' everyday life.

- **Sales channels** - The relationship of the Macedonian FAE with the markets is mainly limited to contacts with buyers with which they are often not contracted and with the local population. The small percentage of social and economic communication and socialization (only 33% are members of some organized form) is an obstacle to real market behavior of the members of the FAE.
- **Supply and demand trends** - One of the major disadvantages of small farmers is that they do not have a clear picture of demand trends, quality standards, and demand for organic products or buying opportunities from other entities. As many as 84% of the respondents produce traditionally known products that are produced for generations on the economy.
- **Legislation** - Although in Macedonia there is a legal definition of a Family Farm Economy, it has no useful value so far, especially for those for who it is intended, that is, all the measures that apply to all other individual agricultural holdings apply to the owners of the FAE. That form remains untreated, perhaps because it needs more rigorous specification, especially since according to the 2007 agricultural census, a total of 192,675 agricultural households have been registered, where it is said that as many as 192,378 or 99.8% are family farms.
- **Education** - In most cases, education among small farmers, owners of the FFE, is based on the experience transmitted by the previous owners of the economy from which they have inherited, that is, it involves close family relations such as, for example, father-son. For these reasons, the new owners of the FFE continue to produce the same, traditional products for which they have been knowledgeable and rarely decide to change or modernize production techniques or change the culture.

## Suggestions

It remains to work more intensively for deeper legal definition of family agricultural economy in conditions of Republic of Macedonia. The deeper definition of FAE comes from the need for them to stand out of other “agricultural economies: to some specific characteristics to which they could create measurements in order to gain the benefits of a socio-economic nature that affect both the family itself and their economy, as well as the environment, and by promoting family values and the whole country. Each country can have its own criteria depending on the situation, the needs for maintaining such economies, the mentality of the population and the socio-economic problems.

In our country, these criteria should be guided by the need to include more such families that, as a community, contribute to the rural and the overall economic development.

- **Participation of members of the family in the family agricultural holding** - Despite the various production systems and size of the economy, but also because of the domestic socio-economic conditions of agricultural management, the invested work i.e. the involvement of members of the family in the work of the economy is the central criterion for the safest way to begin a deeper definition of the family form of an agricultural holding, although most family members are included in the category of unpaid family work.
- **Participation in other financial sources outside the FAE** - In addition to this criterion, it should be determined whether and to what extent the income is received from other sources outside the agricultural economy, that is, from the salaries and pensions of family members who are registered at the same address.
- **Need for training and education-** The need for training in the production and marketing process has already been recognized and it arises from the growing problems with the purchase, the cancellation of purchasers from certain locations, competitive products from abroad and the like. The younger and more advanced owners of the FFE should be covered by intensive educational programs for the above mentioned. If there is a strategy to support the FFE, it is recommended that responsible persons control and direct such budget-funded activities as those from donors.

- **Facilitate access to markets** -Support for the existence of the FFE by facilitating market access can have a significant impact on revenue growth.
- **Improved communication with relevant state institutions-*Communication.*** The communications with state institutions outside the field and closest to farmers such as NEA is of great importance and can greatly contribute to the preservation of family economies but with appropriate tools in the form of specific measures for such families that will arise from wider research.
- **Amendments to legislation** - Existing definition of family farms does not provide room for special treatment because they are already covered by all existing measures, or if new support measures are developed they will apply to all individual agricultural holdings. . Without a deeper definition of the FFE, they cannot be separated from other agricultural holdings and find a special place in the policies by treating them with special support measures, through which they will maximize their role in rural development and society in general.

These and other research findings are provided to serve the public, the scientific community and state institutions in further research and considerations for the creation of specific support measures for family farms in the Republic of Macedonia.

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