



FOOD HUBS: MODELS FOR DEVELOPING SHORT FOOD SUPPLY CHAINS IN ROMANIA

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INTRODUCTION

Local food is a critical tool for reinforcing the vitality of rural regions. In addition to being a means for guaranteeing supply security, local food is seen to represent alternative development possibilities for the agrifood sector (Valtari, 2008).



Over the last 10-15 years, short supply chains have become increasingly prominent in the public agendas of decision-makers at both the EU and national levels. This shift aligns with the goals of the European Green Deal, particularly through the Farm to Fork Strategy, which aims to strengthen local food governance by encouraging food production and processing to occur closer to the consumer.

One of the innovations that exemplifies the goals is the aggregator of local agri-food products, which is generically called a 'food hub'.

The food hubs streamline interactions between producers and consumers, providing essential support to small and medium-sized farmers in marketing their products. In practice, food hubs act as central collection points for agricultural products, pooling resources from multiple

local farmers. Through market linkage activities and targeted promotion, these hubs facilitate the distribution of products either directly to consumers or to entities such as HORECA businesses, public institutions, and others. Additionally, food hubs provide valuable services, including training, consultancy, and education, to both producers and consumers. These activities not only enhance local food governance but also help ensure the financial sustainability of the food hub's commercial operations.

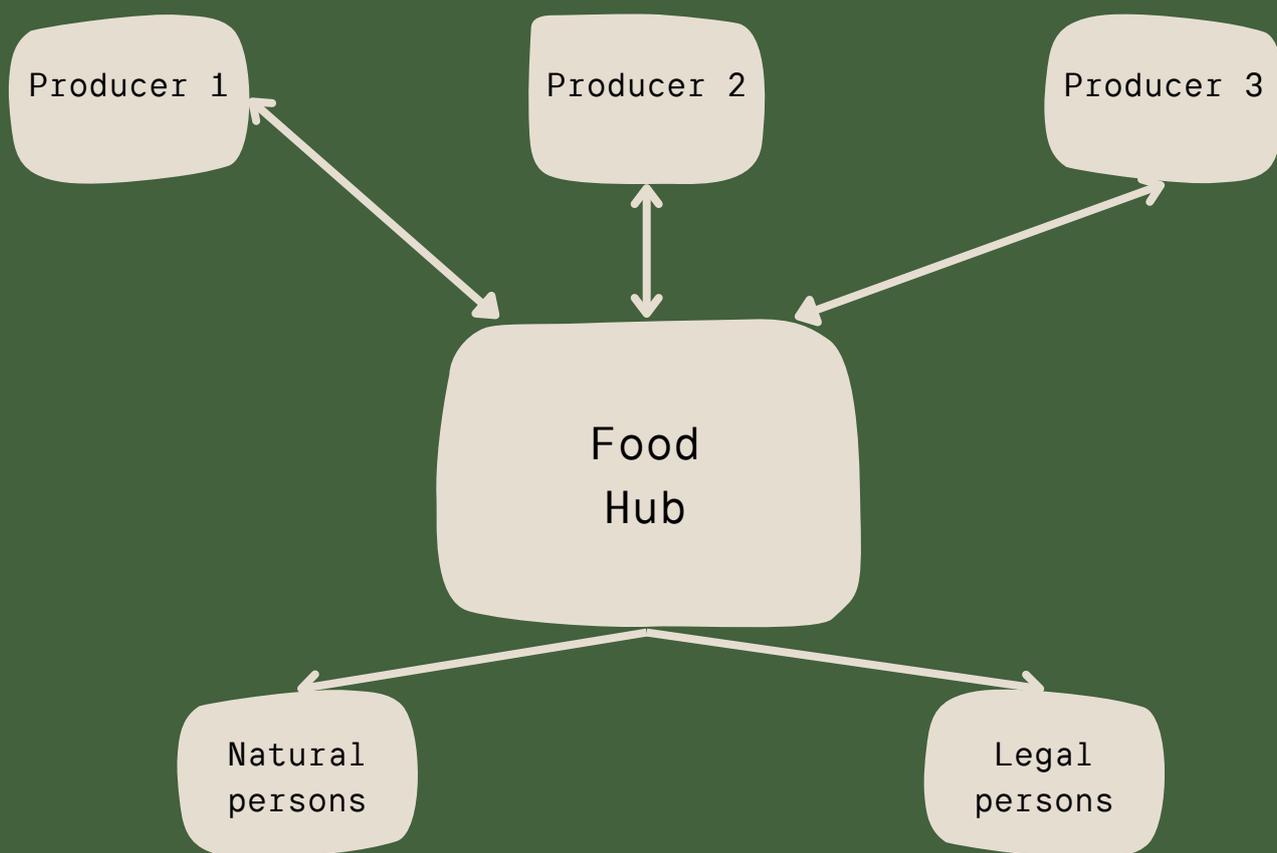


Figure 1. The logistic framework of a food hub

An additional innovative feature of food hubs is their ability to offer access to local products via e-commerce platforms. This broadens the reach of local producers, allowing a more diverse consumer base to purchase local goods, which in turn supports the sustainability of the local economy. Moreover, e-commerce enhances the visibility of local products, helping to promote local culture and raise awareness of local and regional specialty foodstuffs.

Food hubs are often characterised as vital tools for revitalising local agriculture by supporting small-scale farms, which serve as key suppliers to these aggregators (Rysin & Dunning, 2016). **Although food hubs engage in similar activities to large-scale retailers, such as supermarket chains, they significantly differentiate themselves by focusing on supporting small-scale producers in finding outlets and operating within an explicitly ethical framework (Guzman & Reynolds, 2019).** Additionally, food hubs address gaps in local and regional food infrastructure by providing access to fresh or traditionally processed products, fostering new forms of food marketing, and promoting the growth of small agri-food businesses. Moreover, they serve as important spaces for community action, education, and consumer awareness (Guzman & Reynolds, 2019).

The purpose of this report is to build on [CRPE's 2021 documentation report 'The Food Hub: An Alternative Model for the Development of Small and Medium-Sized Farms in Romania,'](#) by presenting updated data on the progress of the pilot project funded by the Romanian-American Foundation. Additionally, this report aims to contextualise the pilot project within the broader framework of public policies that have supported short food supply chains over the past three years. It highlights the significance of this model for small and medium-sized farms in Romania and advocates for its replication and support at the national level.

CHAPTER I. PUBLIC POLICY FRAMEWORK FOR SHORT FOOD CHAINS IN ROMANIA

Over the past decade, public policies in Romania have incorporated the concept of short food chains through several initiatives. These efforts have included the national implementation of European agricultural strategies such as the National Rural Development Programme (PNDR 2014-2020) and the Strategic Plan for Agriculture (PNS 2023-2027) and through a programme funded entirely by national public funds - Casa Română de Comerț Agroalimentar Unirea.

PNDR 2014-2020

The PNDR 2014-2020 allocated specific funding measures to support short food supply chains, small-scale farms, and the development of agricultural cooperatives and other producer groups. More specifically, they were:

- sM6.3 and 6.3 ITI - investments for the development of small farms, including in the Danube Delta ITI area;
- sM4.1, 4.1 ITI, 4.1a and 4.1a ITI - investments in agricultural and fruit holdings, including in the ITI Danube Delta area;
- sM4.1, 4.1 ITI, 4.1a and 4.1a ITI - investments in agricultural and fruit holdings, including in the ITI Danube Delta area;
- sM16.4 and 16.4a - support for horizontal and vertical cooperation between supply chain actors in the agricultural and fruit sectors;
- LEADER Axis, which has stimulated the inclusion of support for producer groups and short chains in the strategies of Local Action Groups (LAGs).

The sub-measures specifically aimed at integrating farmers into short food supply chains are sM16.4 and 16.4a. According to the Evaluation Study V of the PNDR 2014-2020, the most significant driver for integrating small producers into these short supply chains was the inclusion of a specific selection criterion, namely P4, the 'Local Markets' principle (Ministry of Agriculture and Rural Development, 2020). By April 2024, 351 projects had been contracted under these sub-measures (278 under sM16.4 and 73 under sM16.4a), with a total value of €54.6 million. These contracted projects, both ongoing and completed, represented about 85% of the total budget allocated for these sub-measures (see Table 1 for details).

Table 1

Implementation of sM 16.4 and sM 16.4a

Sub-measure	No. of projects submitted	No. of contracted projects	Value of contracted projects (million euro)	Financed by public funds (million euro)
16.4	564	278	43,7	50,4
16.4a	159	73	10,8	13,5

Source: (MADR, 2024)

Importantly, NextGenerationEU (EURI), the recovery instrument established in response to the COVID-19 pandemic, has significantly supplemented the budget for these sub-measures. Specifically, EURI funding contributed €40 million to sM16.4 and €10 million to sM16.4a, accounting for approximately 78% of the total final public funds allocated to these sub-measures.

The objectives of the contracted projects were primarily focused on either establishing and developing short supply chains or creating local markets. Of these two goals, the latter - developing local markets - was the predominant focus of the submitted projects. According to Evaluation Study V: Small Farms and the Development of Producer Groups, 80% of the projects contracted under sM16.4 in 2020 aimed to establish and develop local markets, leveraging short food supply chains as the key mechanism. The North-West region has been the most active in developing these projects, with 71 contracts awarded, 40% of which were in Cluj County (29 projects). A case study from the PNDR evaluation illustrates the opportunities created through these projects, such as the online promotion of cooperative products and partnerships with regional outlets to support small-scale farms.

Other sub-measures also contributed to the development of short supply chains, though not as their primary objective. For instance, Measure 4 (including sM4.1, 4.1a, and 4.1 ITI) focused on investments in agricultural and fruit holdings, specifically on improving equipment and production capacity, indirectly facilitating engagement in integrated food chains, particularly in the case of producer groups. Also, sub-measures 9.1 and 9.1a 'Setting up producer groups in the agricultural and fruit-growing sectors' aimed at fostering the development of producer groups and, implicitly, enhancing farmers' access to local markets.

According to the PNDR evaluation study, support measures have significantly improved the integration of small farms into short supply chains. Sub-measure 9.1 had the most impact in the animal production sectors, particularly in pig farming and beekeeping, by enhancing production capacity. Meanwhile, the vegetable sector benefited most from sM16.4 and 16.4a, with the 'Local Markets Principle' (P4) of these sub-measures playing a key role in establishing outlet networks and bringing producers closer to consumer, further supporting the local food system.

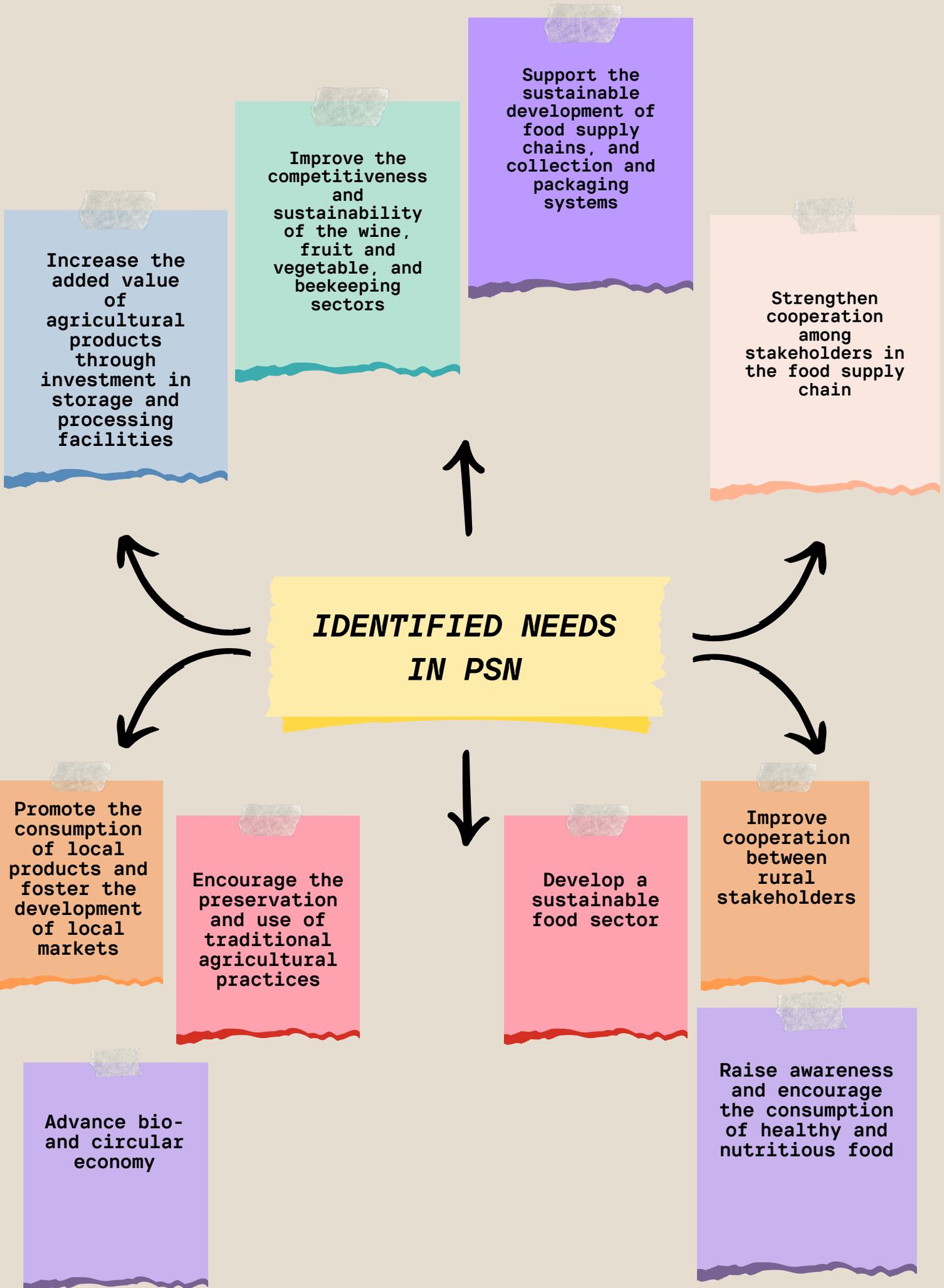
The PNDR support seems to have had a limited direct impact on farmers' bargaining power. However, while the overall effects remain modest, surveys from the MADR evaluation study show that beneficiaries of sM9.1 reported the most significant increase in bargaining power, largely due to improvements in production capacity.

Through sM16.4 and 16.4a, the NRDP aimed, at least declaratively, to stimulate innovation, including within supply chains. However, the evaluation study found that these sub-measures did not lead to innovative processes in production or within European Innovation Partnership (EIP) operational clusters. Furthermore, only six out of 20 projects studied included knowledge transfer activities. One key topic was the promotion of local markets and short supply chains to enhance specific skills and knowledge (Ministry of Agriculture and Rural Development, 2020).

In conclusion, the objective of building short supply chains was somewhat peripheral in the PNDR 2014-2020, both in terms of the initial budget allocation for sM16.4 and 16.4a, and in the focus placed on developing local markets through these measures.

The evolution of Romania's local food sector was significantly impacted by the Covid-19 pandemic in the early 2020s. During this time, mobility restrictions and the closure of agri-food markets led to a surge in initiatives promoting local products. The home delivery service gained ground, becoming a critical growth avenue for many local agri-food businesses. Consequently, the importance of short supply chains regained prominence on the public agenda. Discussions about local products, as well as dedicated online events with authorities, multiplied on social media, fostering broader engagement on the topic.

Romania's National Strategic Plan (PNS), outlining the country's agricultural strategy for 2023-2027, was published at the end of 2022. One of the nine specific objectives of the current Common Agricultural Policy (CAP) is to enhance the position of farmers within the value chain. Consequently, this objective underpinned many of the interventions planned in the PNS 2023-2027, as set out in its initial framework. In its **pre-October 2024 version, the document** provided measures aimed at supporting short supply chains, small and medium-sized farmers, and local markets, addressing the following needs:



For the next three years, Romania was expected to provide support for the development of short supply chains and, by extension, food hubs, through intervention DR-35 – Fostering cooperation in the value chain. **However, the authors of this report understand that interventions DR-35, as well as DR-29 - Investments in the creation and diversification of rural non-agricultural activities, are expected to be withdrawn from the PNS following approval of MADR's proposals to amend the Plan put forward in the NSP Monitoring Committee meeting held on the 2nd of October.**

DR-35 - Fostering cooperation in the value chain

Based on the SWOT analysis conducted by the MADR in preparation for the PNS, one of the key needs identified was for enhanced cooperation between agricultural producers and the processing industry, alongside the reinforcement of short supply chains, particularly for small farms and food products produced in limited quantities.

The food hub was officially designated as the organisational structure eligible for this intervention, which had a budget of approximately €20.18 million. The intervention aimed to take an economically driven approach to (i) cost optimisation, (ii) accelerating technological advancements, (iii) improving access to diverse market channels, and (iv) strengthening farmers' position within the value chain.

Based on the model of Sub-measure 16.4, partnerships comprising at least one farmer or producer group, along with at least one of the following categories, were eligible:

- Other farmers (natural or legal persons);
- Micro and small enterprises;
- NGOs;
- Public authorities;
- Schools (including agricultural universities), health, leisure and catering establishments;
- Operational groups.

The maximum grant per project was €250,000, with support provided for the development of short supply chains or local agri-food markets, as well as for related promotional activities.

Casa de Comerț Agroalimentar „Unirea”

In the early 2000s, amid the financial crisis, the idea of establishing a public-private company to manage local food production (covering processing, distribution to markets, and selling) was first advanced. Although the government showed little interest at the time, the project resurfaced on the government’s agenda between 2017 and 2019. During this period, the Ministry of Agriculture proposed the development of the Casa de Comerț Agroalimentar Unirea (the Unirea Agro-Food Trade House), a company fully owned by MADR. The initiative was aimed at marketing agro-food products by organising and conducting wholesale and retail trade, both through warehouses and specialised stores, as well as in markets and fairs. The project also intended to support import-export operations for the same product categories.

Thus, at the end of 2018, Casa Unirea was established as a company, with the aim of supporting small local producers and competing with large supermarket chains. In 2019, the first store of the company opened in Sibiu, followed shortly by a second one in Bucharest, with plans to open at least 60 more stores across the country. The purpose of the stores was to sell certified traditional products, with a mark-up deemed to be lower than the market rate. According to press reports at the time, the mark-up in these establishments was 30% [1]. In addition to the retail outlets, Casa Unirea also proposed the development of cold storage centres, the establishment of a fish exchange in the Danube Delta, and the creation of a system for the marketing of wool.

However, by the end of 2020, the company's operations had largely come to a standstill, with stores closing and reported losses amounting to 7.1 million lei in 2019 [2]. Additionally, former employees of the company reported irregularities concerning illegal dismissals, and the Court of Auditors identified further irregularities in expenditure management and cost control.

Two years later, in 2022, the Casa Unirea project was reactivated, with stores reopening and deliveries resuming. According to public reports, profits for November-December 2022 totalled 1.5 million lei [3], driven by contracts with large supermarket chains. This marked a shift in the company's strategy, moving from a focus on direct consumer relations to supplying large retail outlets.

The subsequent development plan for Casa Unirea included the establishment of a slaughterhouse, a vegetable processing facility, and the creation of a 'concept store', with €10 million earmarked for medium- and long-term investments [4]. In September 2023, the company announced plans to build 15 fruit and vegetable collection centres, with six scheduled for completion by summer 2024 [5]. However, as of August 2024, these centres have yet to be completed.

Overall, the Casa Unirea project remains a constantly evolving initiative, marked by shifting strategies and ongoing uncertainty. Furthermore, considering the grievances publicly expressed by farmers and producers who have worked together with the state-owned company, alongside the irregularities identified by oversight bodies over time, it can be concluded that, despite its significant objectives (to support the production and consumption of local produce and food products) the project faces notable operational shortcomings.

CHAPTER II. DYNAMICS OF THE FOOD HUBS NETWORK 2021-2024

The food hub network, funded by the Romanian-American Foundation (RAF), was launched in 2017 with the development of five pilot food hub structures across the country. Each entity was established as a limited liability company (LLC) and customised to the specific characteristics and needs of its region. These entities (food hubs) are wholly owned by non-governmental organisations (NGOs) that are committed to rural development objectives, as outlined in their statutes and activities. As a result, any potential economic benefits generated by the food hubs are reinvested into local communities through the various programmes operated by the owning organisations. The programme's vision was to pilot a model of local economic development through the association of small and medium-sized farmers and local producers, complementing the approach tested through agricultural cooperatives.

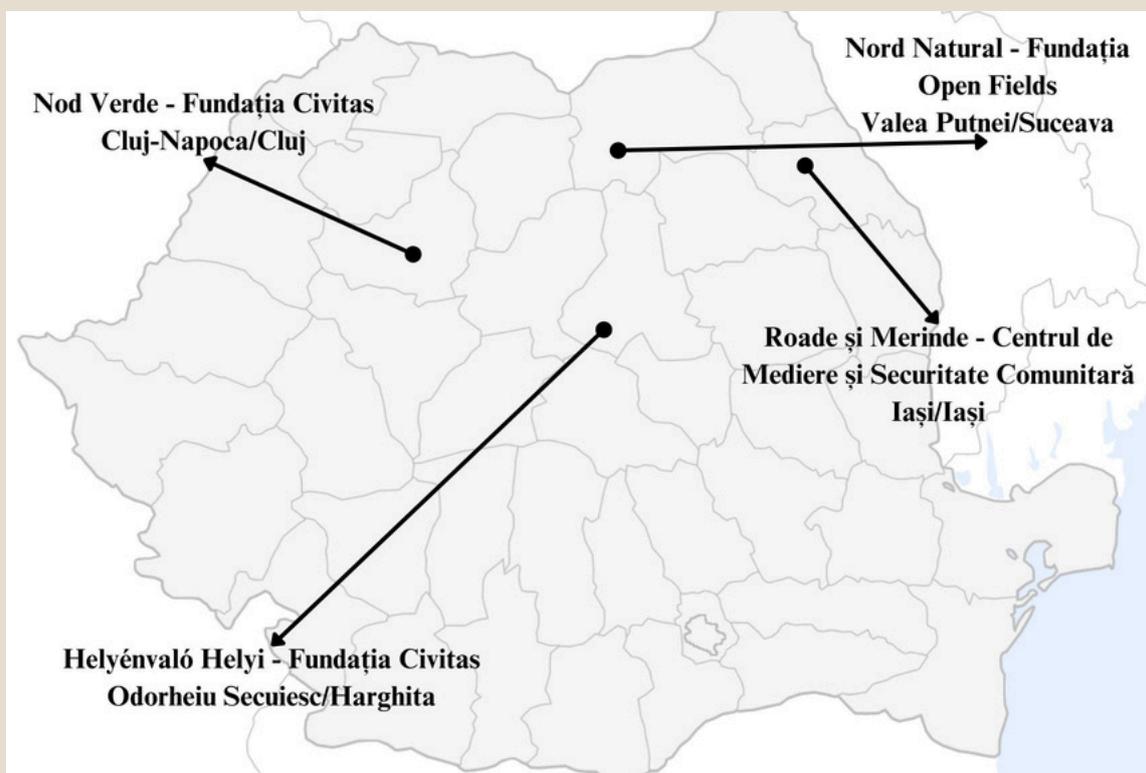


Figure 2. Map of food hubs established through the RAF program

Source: <https://rafonline.org/program/dezvoltarea-food-hub-urilor/>

If the first three years (2018-2021) of implementing the pilot programme - focused on the establishment and development of food hubs - demonstrated the potential for growth and scaling at a national level, we believe it is essential to closely examine the next three years of the programme. This analysis should highlight the opportunities, challenges, and, most importantly, the stakes involved in continuing to support the expansion of this model on a larger scale in Romania.

While we recommend reviewing the full narrative in the previous report published in 2021, we will briefly present the four currently active food hubs of the programme: Nod Verde, Cumsecade/Helyénvaló, Nord Natural and Roade și Merinde. To start with, it is important to note that several shared principles underpin their operation, including:

- ✿ Selection of agricultural producers located within a 50 to 75 km radius with whom the food hub partners;
- ✿ Adherence to the 'one middleman' principle, ensuring minimal intermediaries between consumers and local producers;
- ✿ Tax compliance for all operations, including those of supplier farmers;
- ✿ Both the food hub and producer-suppliers possess all required permits for legal operation;
- ✿ All food hubs in the programme are structured as socially-oriented LLCs;
- ✿ Provision of support services for farmers, such as education, counselling, and the exchange of best practices;
- ✿ Operation of a logistics centre where products are stored and then distributed regionally or nationally, ensuring the highest standards of quality and freshness;
- ✿ Maintaining a balanced and fair profit margin from the perspective of farmer-suppliers;
- ✿ Management of an online shop with detailed product information.

Nod Verde



The Nod Verde food hub, located in Cluj County, is the first of its kind in the region. It markets both fresh and processed products from local farmers near Cluj-Napoca, including fruits and vegetables, dairy products, honey, processed meats, bakery items, herbs, oils, wines, and more.

For the first three years, the business model relied on local and nationwide home deliveries, as well as participation in events such as fairs, though this was significantly impacted by the Covid-19 pandemic. Over the past three years, Nod Verde has seen substantial changes. In addition to its online sales platform, it opened a physical store in 2023 in the central area of Cluj-Napoca, funded by a European programme. Since 2022, the food hub has also been testing another sales channel, supplying local produce (fruit and vegetables) to a supermarket chain, including items from the Nod Verde catalogue. In recent years, the food hub has secured various European and private grants.

Currently, the food hub employs five full-time staff and partners with over 80 producers, offering them occasional training and consultancy services to support their specialisation and business development in local products.

Cumsecade/ Helyénvaló



The Cumsecade/Helyénvaló food hub began its operations in 2018 and is the only one in the programme to have had a physical shop from the outset, located in Odorheiul Secuiesc. Its product range includes fruit and vegetables (available exclusively in the physical store), as well as baked goods, dairy products, meat, handicrafts, teas, spices, and more. Its partner producers are based in the surrounding area of Odorheiul Secuiesc.

In the past two years, in response to lessons learned during the pandemic, the food hub has shifted its focus online. As a result, over 80% of its products are now sold online, compared to its early years when over 95% of sales occurred via the physical store in Odorhei. In January 2024, to optimise operational costs, the physical store relocated from the rented location in the city centre to premises owned by the Civitas Odorhei Foundation, which improved the food hub's economic sustainability.

Over the last three years, the food hub has secured multiple grants, both European and private, and participated in numerous European research and innovation projects. Furthermore, the food hub has facilitated the involvement of its small-scale producers in these projects, connecting them to rural economic development research and innovation initiatives led by various European universities.

At present, the food hub employs five staff members, has partnerships with 103 producers, and carries around 1,300 products.

Nord Natural



The Nord Natural food hub brings together the output of small producers and processors from Bucovina, facilitating connections with consumers across the country, particularly in urban areas. It was the second food hub in the programme to open a physical store alongside its online shop. Its product range includes traditional items such as dairy products, sausages, fish, pastries, honey, syrups, juices, oils, pasta, and wines.

Following the early years of the pandemic, during which sales surged by over 140% compared to the initial phase of the RAF programme, competition in the commercial sector significantly increased. To reduce operational costs, the food hub relocated its business to its own rent-free premises. Since 2022, Nord Natural has discontinued the physical store sales channel and now focuses exclusively on online and B2B sales, including corporate and HORECA employee packages.

The food hub has also provided training and advisory services to the producers it partners with, having a notable impact on their development. As a result, 16 producers have been certified in organic farming, five have received the 'traditional product' label, and one has been certified with a 'long-established recipe'.

Nord Natural currently employs two staff and partners with over 100 local producers.

Roade și Merinde



The Roade și Merinde food hub brings together the production of small farmers from Iași and the surrounding areas, supplying the local community with local and regional fresh and processed products through an online shop and a physical store. In recent years, the product range has expanded to include non-food items such as detergents, soaps, and other artisanal goods, while maintaining the local and regional focus of its portfolio.

Over the past three years, Roade și Merinde has implemented several changes aimed at strengthening its business model and financial sustainability. The physical store was relocated to more welcoming premises, which now hosts community events, product tasting events, and other activities. In 2023, with the support of a grant, the food hub established a wholesale division, expanding its customer base for its farmer-suppliers. It also launched a line of processed products under its own brand. The food hub has invested in communication efforts, running various promotional campaigns both online and in person, one notable example being its partnership with the Avanpost Radio Guerilla network.

In addition to its core services, Roade și Merinde, like other food hubs in the programme, provides complementary support to the farmers it works with, including marketing advice and assistance in obtaining the necessary permits for start-up businesses.

Currently, Roade și Merinde employs three staff members and has over 120 partner producers in the North-East region.

BUSINESS MODEL AND FINANCIAL SUSTAINABILITY

To better understand the business model of food hubs, it is essential to gain insight into their primary sales channels and main categories of operational expenses.

The primary sales channel for all four food hubs continues to be the online shop. The physical store also serves as an effective means of boosting sales for each food hub. This approach has been, and continues to be, tested at various stages of development by the four entities, as long as the total operational expenses (including space rental, additional staffing costs, stock and storage costs, etc.) allow the food hub to operate in an economically sustainable manner.

'In order to truly support local producers, we must first ensure the sustainability of our food hub. With the recent relocation of our store to a rent-free space, we are hopeful that we will achieve this sustainability more quickly. Our primary goal is to cover our operational expenses and provide fair wages to our employees, which will help maintain team stability and, in turn, ensure continuity in our relationships with local producers - our suppliers - whom we are committed to helping grow their businesses.' (Judith Molnár, Manager at Cumsecade/Helyénvaló)

In addition, each food hub regularly participates in fairs and events with traditional products to diversify their income streams and engage with community members, while also attracting new customers.

An interesting observation highlighted by the food hubs from recent years is that traditional, in-person promotion can be more effective than online marketing. This approach fosters direct interaction with potential customers, allowing the hubs to communicate key information, such as product availability, the environmental benefits of this type of consumption, the significance of food hubs for local communities in Romania, and even the personal stories of the producers.

'Since we began implementing physical campaigns with flyers and door-to-door outreach, we have noticed better results compared to our online campaigns. Only a few of the Facebook campaigns we have conducted have been successful online, and those were primarily focused on raising awareness rather than driving sales.' (Gabriel Postolache, Manager at Roade și Merinde)

Additionally, organising or participating in events appears to offer benefits not only from an economic standpoint but also from a social and community perspective.

'We've conducted workshops in the past, such as making pasta using a pasta maker. Every Wednesday, we host 'Local Producer Wednesday,' where we invite a local producer to conduct a tasting day for our customers. People come and participate in the event for three to four hours in our store, and by the end, they shop.' (Gabriel Postolache, Manager at Roade și Merinde)

'Our primary source of income comes from fairs, particularly during the low season for selling traditional products. This year, we participated in three fairs: Târgu Mureș, Bacău, and Iași, where we successfully sold products and attracted new customers for online sales.' (Oana Sfârghiu, Manager at Nord Natural)



Source: Nord Natural Facebook

All food hubs have been further supported these efforts by optimising their websites to enhance the online shopping experience, making it more enjoyable and efficient.

'We also rebranded the website using our own resources. We reimagined the design and functionality of our online store, and we also improved our indexing for search engines. We noticed a difference as a result, leading to higher sales.' (Gabriel Postolache, Manager at Roade și Merinde)

In addition, the food hubs have strengthened two additional sales channels in recent years: B2B contract-based partnerships with various regional and national companies for the sale of 'gift hampers' to employees for special events (such as public holidays, employee birthdays, and daily fresh fruit and vegetable packages), as well as medium- and long-term partnerships with the HORECA sector for supplying traditional products, including those prepared by renowned local chefs.

The structure of operational expenses is similar across all four food hubs in the network, with warehouse and store rental and utilities (primarily electricity) accounting for the largest share of total costs. Significant electricity expenses are incurred due to the refrigeration systems in the warehouse, which are essential for certain categories of perishable goods, including eggs, dairy products, meat, and some fruits and vegetables. Another major category of expenditure is personnel costs, including salaries and associated taxes, which posed a significant challenge to achieving economic sustainability, particularly during the initial phase of each food hub's operations.

Thus, after the start-up phase, during which food hubs experimented with various business models and strategies, it can be confidently stated that the key to ensuring economic sustainability lies in continuous adaptation to socio-economic contexts, optimisation of logistics flows, diversification of sales channels, and agile expansion of the customer base, all while maintaining the loyalty of existing customers.

'Since last year, we recognised the need to focus more on online orders. We reached the maximum possible number of consumers in the Odorhei area (ed. re-

garding the physical store), and we could no longer attract new customers. We realised this during our promotional efforts in the Odorhei area through radio, local press, and regional press; the investment did not translate into increased sales. In contrast, our investment in online marketing had a significant impact.' (Judith Molnár, Manager at Cumsecade/Helyénvaló)

'In 2021, the store was in a different location, and sales were somewhat lower than they are now; many customers who visited purchased very little. It was a low-income area, despite being in the centre of Iași. The store was small and cramped, with limited products, which hindered our ability to offer variety. We wanted to relocate to an area where we could also have a warehouse, allowing access for larger vehicles to support the intensive development of our online operations. Ultimately, we found an open-plan space in a neighbourhood with a commercial hub, new buildings, and a high concentration of young people.' (Gabriel Postolache, Manager at Roade și Merinde)



Source: Roade și Merinde Facebook

Another critical aspect influencing the evolution of each food hub in recent years has been how they manage the seasonality of sales. During the summer months, many consumers from large urban areas are away on holidays, leading to less visits to physical stores. Consequently, the product offering must be adapted and focussed on the online channel. Another challenging period occurs in January and February, when consumption typically declines following the winter holidays. The key differentiator during this time is the database of loyal customers, which can

help the food hub generate the minimum revenue needed to sustain operations until spring, when demand for products is expected to increase again.

Another lesson in commerce arises from the experiences of two food hubs in the pilot programme that supply local vegetables and fruits to hypermarkets in Cluj and Iași. Through this experience, the food hubs realised the need for substantial sorting and grading capacity to accommodate small and medium-sized producers. More importantly, they recognised the necessity of providing additional support to suppliers to help them meet the higher demands of hypermarkets if they wish to collaborate with these retail chains.

'Quality, quantity, and calibration—small manufacturers are often not equipped to meet these requirements. At the warehouse, we needed to hire an additional employee dedicated solely to this task. If a small producer lacks a proper sorting and packing process, the food hub cannot take on this responsibility without additional resources and specific expertise.' (Alexandru Rus, Manager at Nod Verde)

Last but not least, a crucial element in the development of the food hubs over the past three years has been access to additional grants. Such support is available from European Funds, specifically Sub-measure 16.4 of the PNDR, as well as from private foundations and European research projects. These funds have supported local and online marketing campaigns, mentoring initiatives, and the establishment of a physical store (Nod Verde).

SOCIAL AND COMMUNITY VALUES OF FOOD-HUBS

In addition to their role as aggregators of farmers' production, the food hubs have, over the past three years, enhanced their function as supporters of agricultural ecosystem development and local community engagement. To this end, they have undertaken various activities, including advising small producers, introducing them to innovative practices and organic farming, educating consumers, promoting consumption of local foodstuffs, facilitating certification for the production and sale of local products, and fostering relationships between consumers and producers through events such as tastings, brunches, open farm days, and other opportunities for direct interaction.

Over the past three years, the food hubs have organised annual training programmes for 212 supplier farmers, amounting to 17 days of training on various topics, including business development, marketing and communication, event organisation, securing funding, permits and authorisations, legislation for small agricultural producers, and food safety.

'The food hubs organise a 'School of Local Producers.' This year, 15 producers participated in Iași. It was an excellent event. We covered three themes and had an exceptional trainer who was very willing to adapt the content to the farmers' language. It was truly inspirational.' (Gabriel Postolache, Manager at Roade și Merinde)

The food hubs also provide advisory services to farmer-suppliers across multiple areas, including production, obtaining authorisations and certifications, recipe development, as well as marketing and sales strategies:

'We conduct a course and also offer weekly or bi-weekly counselling for five to six vegetable producers. They are currently preparing their produce and land for winter and spring crops. We have guided them in purchasing specific products, such as seeds and fertilisers. I helped them organise a collective purchase of onions to achieve a lower price. One producer needed assistance with hiring a horticultural engineer; I guided him on how to work with one. Regarding organic practices, I introduced them to acceptable substances and connected them with an organic producer to observe his methods. [...] In one way or another, we provide continuous advice. We collaborate on the production plan, discussing what to plant and how to plant it. For instance, if they want lettuce, they shouldn't plant 2,000 heads in one day, but rather stagger it every two weeks. At harvest time, they should also sell the produce promptly to avoid ending up with 2,000 heads of lettuce at once, knowing we can only sell 1,000 to 1,500.' (Alexandru Rus, Manager at Nod Verde)

The food hubs also assist producers with grading, packaging, and labelling - essential services in modern agri-food trade that small farmers often lack access since no such public or private facilities are available locally. For instance, Nord Natural operates a sanitary-veterinary authorised vacuum-packing machine, which is made available free of charge to small producers of meat products when needed.

'We have previously assisted them with the vacuum-packing machine. When their machine broke down, we lent them ours. We also provided support in sourcing higher-quality packaging, including vacuum bags and labels.' (Oana Sfârghiu, Manager at Nord Natural)

Cumsecade/Helyénvaló also aims to develop such a service, so it has submitted a project on this topic in a call for proposals.

'We have also submitted another project to EIT Food, and I hope we will be successful in securing funding to enhance our packaging services. We will be partnering with a company from Hungary that aims to implement joint packaging solutions with digital tracking. Our goal is to create more sustainable packaging as part of our commitment to the circular economy. In the first phase, we plan to rent refrigerated space to store vegetables, fruits, and other items. There is a facility in the city (Odorheiul Secuiesc) that we can utilise, so our focus will be on acquiring the packaging equipment, which will be funded by the project.' (Judith Molnár, Manager at Cumsecade/Helyénvaló)

Furthermore, due to their unique profile as social enterprises operated by non-governmental organisations, food hubs effectively build bridges between food producers and local community members through a comprehensive understanding of the challenges and opportunities faced by both parties, along with innovative approaches.

'In the beginning, there were many trust issues with certain producers. However, what we've been able to achieve, more importantly, is the creation of a community. When producers come in to deliver their products, they always spend at least half an hour with us because they feel welcome here. [...] The relationship is strong; they engage with us and collaborate on campaigns, and sometimes we provide them with ideas for those campaigns. One of our campaigns, "the tag game," began over coffee with a producer who visited us. As a foundation, we encounter various difficult social issues—such as runaway mothers and domestic violence—and during discussions with producers, we realised we could potentially help. We suggested, "Let's do something small. We, Roade și Merinde, challenge you to take a leap and contribute something for the Christmas package." This challenge was shared with

other producers, and together we successfully donated a carload of local produce and staples to local people in need. [...] By participating in such initiatives, small producers come to understand the value of collaboration, recognising that our primary goal is to support them. When we attend events, they know we are promoting them, and they provide us with products for tasting and promotional materials, etc.' (Gabriel Postolache, manager at Roade și Merinde)

Food hubs have also integrated nutrition education into their initiatives, promoting strategies to combat food waste and encourage local and ethical consumption. They engage in events within schools and connect local communities to European knowledge networks through their involvement in international projects.

'We receive visits from high school students, and we also visit some schools to discuss healthy eating and local products.' (Judith Molnár, Manager at Cumsecade/Helyénvaló)



Sursă: Helyénvaló Facebook

CONCLUSIONS AND PUBLIC POLICY RECOMMENDATIONS

Access to markets for small producers and their integration into modern agri-food chains remains a significant challenge for Romanian agriculture, inadequately addressed by both European and national public policies. The trade deficit in agri-food products continued to widen in 2023 compared to 2022, reaching approximately €1.3 billion, with one contributing factor being that small farms' output, whether fresh or processed, is not adequately commercialised.

The storing, packaging, labelling, processing, and transporting agri-food products infrastructure is remains insufficient. The two initial European funding programmes for agriculture and rural development (PNDR 2007-2013 and PNDR 2014-2020) have only marginally addressed these needs, both in terms of financial allocations and the design of measures targeting short supply chains. These measures have often failed to include the essential advisory support for farmers needed to capitalise effectively on these opportunities. Additionally, publicly managed entrepreneurial initiatives (e.g. Casa de Comerț Unirea) have not produced the expected outcomes.

The pandemic initially stimulated consumer interest in local products, leading to a significant increase in online platforms aggregating local goods between 2020 and 2022. However, many consumers have since reverted to previous purchasing behaviours, favouring large retailers and markets. Furthermore, most online aggregators focus solely on product sales without enhancing the critical parameters of local food ecosystems necessary for their sustainability. These include educating small-scale agricultural entrepreneurs, assisting them in obtaining certifications and ensuring product traceability, advising on innovation and organic practices, educating consumers about local consumption, and fostering relationships between consumers and producers.

However, as outlined in this report, Romania has an effective model that addresses these needs. The six years of implementing the RAF pilot programme for the establishment and development of food hubs demonstrate that this approach to the short food chain concept, which includes integrated services provided to farmers and food producers, is both valuable and relevant for strengthening small and medium-sized farms in Romania. Over this period, the four food hubs have sold over 4,000 products through their physical and online stores, sourced from more than 400 local producers, resulting in over 100,000 orders and generating revenues exceeding €3 million. Equally important, the food hubs in the programme have provided and continue to offer their suppliers - small local producers - various services tailored to their needs, particularly consultancy and training. They have established relationships, fostered connections, and created communication channels with customers in cities and urban centres. Additionally, they have educated consumers on the significance of local and ethical consumption, as well as on healthy nutrition and food waste management.

Romania needs such entities because they serve not only as simple aggregators of local agri-food products or logistical warehouses but also provide a comprehensive suite of essential services for small and medium-sized farmers that are currently unavailable elsewhere. Such farmers require integrated services encompassing warehousing, marketing, transportation, advisory support, information dissemination, consumer facilitation, and innovation assistance, which the food hub model delivers by harmonising economic goals (generating added value for small and medium-sized farmers) with sustainability-focused social objectives.

The development of short food chains in Romania requires a mission-oriented approach [6] in public policies within the food sector. This approach demands an interdisciplinary perspective and commitment from stakeholders across all levels. As outlined in Mariana Mazzucato's works, such a process involves mission mapping: identifying the problem to be addressed, which is then translated into an objective that catalyses investment and innovation across various sectors and inspires collaborative efforts at the project level. In our context, this mapping could take the following form:

Political Agenda

WELL-BEING OF SMALL AND MEDIUM-SIZED PRODUCERS

Mission

DEVELOPMENT OF SHORT SUPPLY CHAINS IN ROMANIA

Good organization, at the regional level, of food sales-purchase systems

Intersectoral approach

Logistic parks - warehouses, etc.

Local public authorities

Agriculture

Marketing and communication

Construction

Public institutions - schools, hospitals

Tourism

IT

Transport services

Food industry

Hospitality industry

Health and nutritional education

Portfolio of pilot projects

Provision of storage spaces, logistic parks, etc., by local public authorities

Public procurement procedures with local products (e.g., at least 50% of purchases to be local)

Investments in communication and promotion capacity regarding the relevance of consuming local products

Innovations in product delivery (including under temperature-controlled conditions) for agri-food products

Building regional brands based on (eco)tourism and local gastronomy

Tax reduction for the first 5 years of food hub activities and other forms of subsidization

In the context of the food hub model, the aforementioned ideas can be translated into the following public policy recommendations:

1. Provide grants and funding schemes from national resources to support the establishment and development of new food hubs over the first three years, covering at least the following eligible expenditure categories:

- Training food hub managers;
- Investment in building warehouses and/or supporting the costs of renting premises;
- Development and maintenance of online sales platforms;
- Supporting the salaries of the food hubs' core staff (manager, logistics expert, etc);
- Supporting transport and logistics costs related to the aggregation and sale of production;
- Cost of educational and advisory services for farmers.

2. Integrate a measure/intervention in the new agricultural and rural development financing strategies, funded by European resources post-2027, aimed at developing food hubs based on the model outlined in this report, with at least the eligible expenditure described above. We recommend that funding earmarked for the services provided by food hubs to farmers (such as collection, labelling, packaging, training, and consultancy) during the start-up phase should constitute a minimum of 15% of the project budget.

We believe that the removal of intervention DR-35 Fostering cooperation in the value chain from the current PNS 2023-2027 and the exclusive assignment of short food chain development to Local Action Groups, without increasing their budgets or ensuring access for farmers nationwide, will hinder Romania's progress towards achieving the objectives of the Farm to Fork and European Green Deal strategies, which aim to promote fair, healthy, and environmentally sustainable food systems. We strongly advocate for the inclusion of this intervention in the next programming period for European funds, along with the aforementioned amendments to the funding framework.

In the context of a underdeveloped and fragmented Agricultural Knowledge and Innovation System (AKIS) in Romania, the advisory support provided by food hubs to their partner farmers is crucial. This expertise, along with the other functions outlined in the report, is not accounted for in the economic revenues generated by the food hubs' commercial activities and relying solely on the selling price of products to cover these costs would significantly undermine the competitiveness of these entities. These costs should therefore be financed by public funds, at least during the start-up phase of the food hubs.

3. Encourage local public procurement of agri-foods by public authorities in national programmes such as 'Healthy Meals' in schools.

Through such procurement, local authorities and public entities can provide vital support to agricultural producer associations (cooperatives and food hubs), as evidenced by the experiences of municipalities like Braşov that have trialled this approach.

4. Develop a simplified legal framework, particularly from a sanitary-veterinary perspective, to facilitate the marketing of small farmers' production.

By following the model of Local Gastronomic Points, small farmers would find it easier to obtain licences for selling limited quantities of local products, significantly increasing the number of small producers supported by food hubs. This would improve consumer access to genuine local products while also creating a differentiator for food hubs.

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