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Food4CE

D3.1.3 Regional Action Plans for AFNs support in participating regions

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1. The Food4CE Project in a nutshell

Food4CE is a European project funded by the INTERREG Central Europe Programme, aimed at supporting Alternative Food Networks (AFNs) in their efforts to create sustainable and resilient food supply systems. AFNs are essential for promoting short food supply chains and reducing the carbon footprint of food distribution. However, they face challenges such as lack of knowledge on logistics collaboration, digitalisation and distribution/delivery systems, which are exacerbated by the COVID-19 pandemic.

Food4CE seeks to address these challenges by establishing 5 local and 1 Transnational Innovation Hub (IH), bringing together actors from different sectors including researchers, business experts, food producers, logistic and transport operators, and policy makers. These hubs will focus on advancing AFNs logistics efficiency through the development of innovative tools and solutions.

Two innovative tools are being jointly developed within the project: the Knowledge Transfer Platform and the Matchmaking Platform. The former is intended for sharing logistics best practices and solutions, while the latter is intended for creating new B2B and B2C logistics solutions and services. The aim is to facilitate knowledge transfer and exchange between different regions and actors, and to create a unique mutual support network for AFNs in Central Europe.

Food4CE will also provide jointly developed regional action plans for each participating region and transnational (CE) policy guidelines for AFN support. The project aims to establish a sustainable and lasting AFN support mechanism, which will continue working even after the project end. This will be achieved through the integration of the Transnational Innovation Hub into the existing European Network of Logistics competence centres.

Food4CE is a vital initiative that seeks to support AFNs in their efforts to create sustainable and resilient food supply systems. By establishing local and transnational Innovation Hubs and developing innovative tools and solutions, the project aims to facilitate knowledge exchange and cooperation between different actors and regions, leading to a sustainable and lasting AFN support mechanism.

2. Purpose of the document

The purpose of the regional action plan, titled *"D.3.1.3 Regional Action Plans for AFNs Support in Participating Regions,"* is to outline concrete strategies and steps for enhancing Alternative Food Networks (AFNs) within each participating Central European region. Each regional action plan serves as a targeted roadmap for implementing specific activities and interventions that respond to the unique needs, challenges, and opportunities identified in that region. The objectives of the deliverable include defining clear policy recommendations, proposing actionable measures, and identifying key stakeholders necessary for effective implementation.

These plans aim to ensure that Innovation Hub activities are translated into region-specific actions that promote sustainable, resilient, and inclusive food systems. Through detailed tasks, timelines, and milestones, the action plans will foster stakeholder collaboration, increase support for AFNs, and facilitate tangible policy and systemic changes to strengthen local and regional food systems.

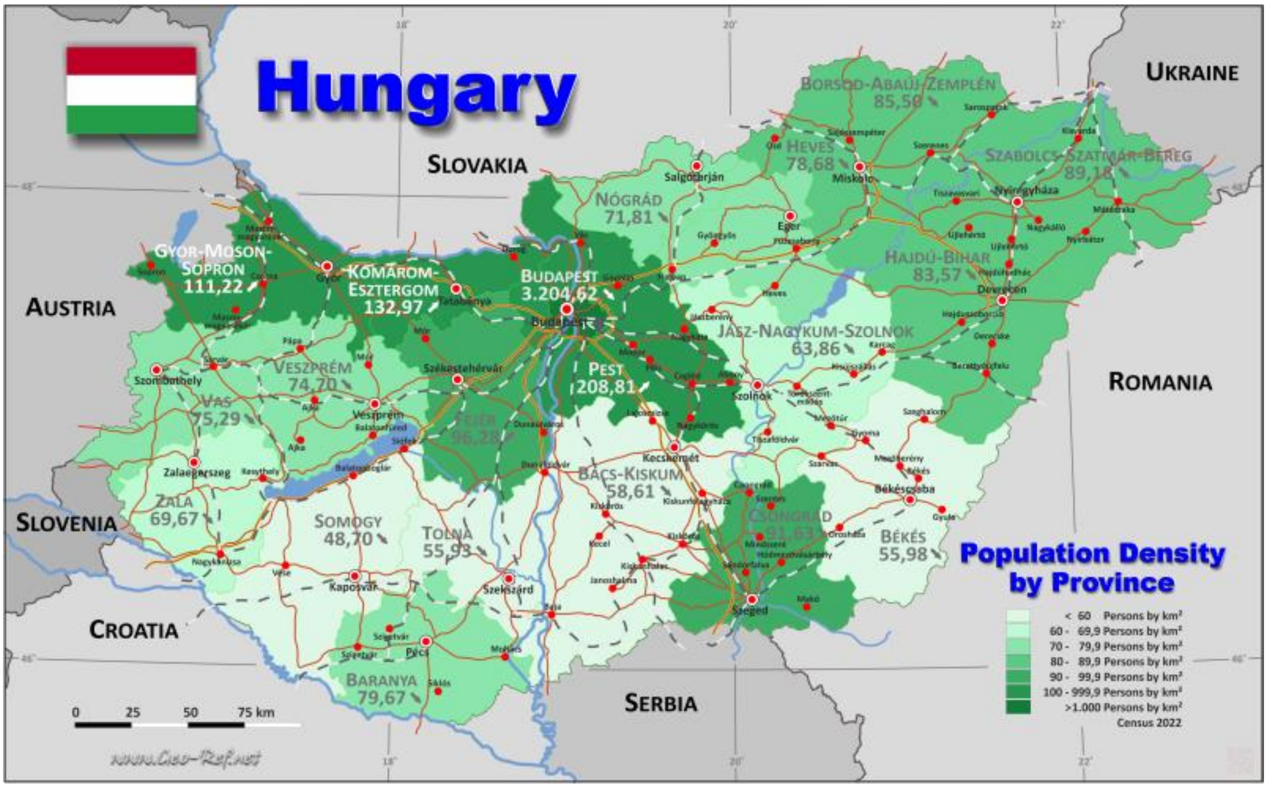
3. General Information

3.1. Overview of the Region

General Overview

Hungary is a country in Central Europe, in the middle of the Carpathian Basin. It has a surface area of 93 022 km2, a population of 9 518 198 and a population density of 103 persons per km2. Hungary is a landlocked country, with most of its territory below 200 m above sea level. The country's most important natural resource is its arable land, despite the fact that soil quality is variable. 80 % of the land is suitable for agriculture, of which 72 % is arable land.

Hungary is a parliamentary republic and has been a member of the European Union since 1 May 2004. The executive power is exercised by the Head of Government (the Prime Minister), while the Head of State (the President of the Republic) has mainly representative functions. Hungary has 19 counties and 23 cities with county rights. The capital, Budapest, is a separate administrative unit.



The Constitution divides the territory of Hungary into capitals, counties, cities and municipalities. The community of voters and citizens of the village, the city, the capital and its districts, and the county have the right of self-government.

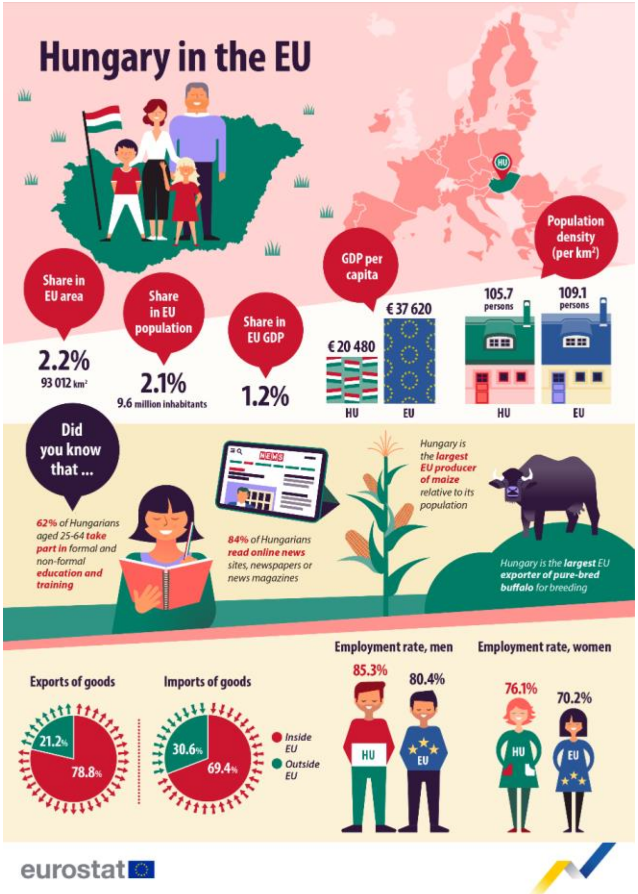
In practice, the concept of self-government means that a local community operates independently and has autonomy to decide its own affairs. In the case of local governments, this is reflected in the fact that, in addition to the above, the government can only exercise control over them. Only exceptionally and only by law can local public affairs be transferred to the remit and boundaries of another body.

Local governments can basically be divided into two broad groups:

- county governments.
- municipal governments (municipalities, cities, capitals and their districts).

Local governments regulate and administer local public affairs autonomously and under their own responsibility, within the framework of the law, and within the limits of their duties and powers. In the management of public affairs, local government performs compulsory and voluntary tasks. It is the duty of every local authority, irrespective of its size and capacity, to ensure that it fulfils its compulsory tasks.

Municipalities are free to undertake tasks which are not the exclusive responsibility of another body, provided that these activities do not jeopardise the performance of the compulsory tasks and that they are financed only from the revenue of the municipality and from the resources allocated for this purpose. Municipalities are free to dispose of their property, to manage their assets in accordance with their own budget and even to engage in business activities. There are currently 3188 municipalities in Hungary.



Geography, Environment and Climate

Hungary's terrain is predominantly flat, with the Great Hungarian Plain (Alföld) occupying most of the eastern and southern regions. Transdanubia, located west of the Danube River, features hilly landscapes and includes Lake Balaton, Central Europe's largest freshwater lake. The North Hungarian Mountains, home to the country's highest peak, Kékes (1,014 m), lie in the northern part of the country.

The Danube and Tisza rivers are Hungary's major waterways, playing crucial roles in transportation and agriculture. Forests cover about 19% of the land, primarily in mountainous areas, while approximately 80% of the territory is suitable for cultivation, highlighting the country's agricultural potential.

Hungary experiences a continental climate, characterized by cold winters and warm to hot summers. Average annual temperatures range around 10°C, with summer highs reaching up to 27–35°C and winter lows dropping to -10°C or lower. Annual precipitation averages between 500 and 600 mm, with the western regions receiving more rainfall than the eastern areas, which can suffer from summer droughts.

Economy

Hungary has a high-income, export-oriented economy with significant contributions from manufacturing, agriculture, and services. The country is known for its automotive industry, electronics, pharmaceuticals, and information technology sectors. Agriculture remains vital, with the production of grains, fruits, vegetables, and wine.

Hungary's population in 2025 was 9.52 million. Hungary's GDP in 2023 is USD 213 924 million, and Hungary's GDP per capita in 2023 was USD 22 302.

In 2023, the most important sectors of the Hungarian economy in terms of GDP generated were:

- Services: 67.7 %

- Industry 23.4%
- Construction 6.1 %
- Agriculture: 3.4%

In 2020, exports to the European Union (EU27_2020) reached 76% of total exports, while the EU share of total imports reached 72%. The Ministry of Agriculture is responsible for the professional management of the food industry in Hungary. The priority areas of the Ministry of Agriculture are:

- Agriculture and Rural Development.
- Food Chain Surveillance.
- Forests and Lands.
- Nature Conservation and Forestry.

The National Food Chain Safety Agency (NÉBIH) was established on 15 March 2012. It is the backbone of the Ministry of Agriculture and has national responsibility for monitoring compliance with food chain safety rules and combating food fraud and the black economy.

The Hungarian Government considers the food industry as a strategic sector to be developed. Food processing plays a key role in the security of food supply, therefore it is essential to prioritise its development. In developing the food industry, the aim is to improve the competitiveness of all types of enterprises, to increase the number of people employed in the food industry and to safeguard and increase rural jobs directly linked to the production of agricultural raw materials in the country. The highest possible added value should be produced by optimising the system of processes and relationships in the food chain, increasing the share of domestically produced products and services in the Hungarian supply and high value exports.

Despite the concentration of food retailing in Hungary, the number of small shops is still high. This phenomenon can be explained by the fact that large grocery chains are concentrated mainly in the capital and larger cities. Until 2008, grocery chains were concentrated in cities with a population of 80-100 thousand inhabitants, but more recently they have also been established in towns with a population of 20-30 thousand.

Hungarian retail sales are increasingly concentrated in fewer stores. While there were more than 119,000 retail outlets at the end of 2019, by December 2022 there will be only 107,000. The disappearance of 12,000 shops in just three years represents a ten percent drop. Of the grocery and convenience stores, around 3,500 have closed during this period. The structure of consumption in the domestic retail sector is broadly stable. In 2023, food accounted for a share of more than 26 percent, which has fluctuated between 25 and 27 per cent over the past 10 years. The problem with marketing is that there are several steps from producer to consumer. Each link in the chain has a high profit margin, so the price of the product can increase several times over. The weakest link in the chain, the producer, receives only a minimal share of this price. The development of a direct sales system could be a solution to these problems. Direct selling means selling outside the point of sale, where the producer and the buyer meet directly. We cannot estimate the volume of direct sales due to a lack of statistical data, but we can give an estimate based on data from individual product councils.

In the fruit and vegetable sector, direct sales are around 8-10%, in the wine sector 15-20%, and in the dairy sector we can say that 90% of the dairy products sold directly are liquid milk, with the remaining 10% reaching consumers in processed form. In the poultry sector, 7% of chicken and 15-20% of eggs reach consumers through direct sales.

Hungary’s local food economy heavily relies on small-scale farmers and local markets. Farmers’ markets, roadside stalls, and direct sales platforms have become more visible, especially around larger cities and tourist regions. Infrastructure supporting AFNs has improved, with better road networks and emerging online distribution platforms. However, rural areas still face gaps in cold storage facilities and logistics. Economic support exists through European Union rural development funds and national grants aimed at small farms and young farmers, although bureaucratic hurdles often complicate access.

Social and Demographic Trends, Dynamics

Hungary faces demographic challenges, including an aging population and low birth rates. The median age is increasing, and the fertility rate remains below the EU average. The government has implemented policies to encourage family growth and improve healthcare and education systems. Despite these efforts, labor shortages and the need for sustainable social services continue to be pressing issues.

Community engagement in Hungary's AFNs is increasing. Cooperatives, urban gardens, and local food hubs are growing, with some municipalities actively supporting these initiatives. Consumer preferences are shifting toward organic, local, and artisanal foods, particularly among younger and urban populations. Traditional Hungarian food culture — centered around dishes like goulash, homemade preserves, and seasonal celebrations — remains strong. AFNs play a key role in preserving these traditions by reconnecting consumers with producers and authentic products.

Agricultural practices

Hungary's agriculture is predominantly conventional, but organic and mixed farming practices are gaining ground, especially in response to growing environmental awareness. The sector is characterized by a dual structure: alongside large-scale agribusinesses, many smallholders and family farms operate, particularly in rural areas. Key crops include wheat, corn, sunflower, and barley, while major livestock production focuses on pigs, poultry, and cattle. In Alternative Food Networks (AFNs), products like seasonal vegetables, fruits, artisan cheeses, and free-range poultry are especially prominent. Traditional methods such as crop rotation, small-scale animal husbandry, and vineyard cultivation coexist with innovative approaches like agroecology, permaculture initiatives, and community-supported agriculture (CSA) programs.

Supply chain and distribution network

Multinational corporations and local enterprises both play a key role in Hungary's supply chains. Large international companies, such as Audi, Mercedes-Benz, Bosch, and Samsung, have established major production and distribution centers in the country, often using Hungary as a strategic hub for Central and Eastern Europe. At the same time, local small and medium-sized enterprises (SMEs) are essential, particularly in sectors like agriculture, food processing, and specialized manufacturing. These Hungarian SMEs typically participate at the lower tiers of supply chains, supplying parts, raw materials, or niche services to larger organizations.

In the agri-food sector, supply chains often involve multiple intermediaries between producers and end consumers, resulting in significant price increases along the way. To address this, strengthening short supply chains, where products move directly from farmers to consumers, has become a national priority. Direct sales initiatives aim to boost the profitability of small producers and promote fresh, local food consumption.

Hungary faces notable challenges in its supply chain dynamics. Global disruptions, such as the COVID-19 pandemic, the war in Ukraine, and worldwide shortages of raw materials like semiconductors, have exposed the vulnerabilities of Hungarian industries, which are heavily reliant on international supply networks. Additionally, despite improvements in transport infrastructure, especially roadways, the modernization of the railway freight network remains incomplete, hindering logistics efficiency.

Distribution channels are also undergoing transformation. The wholesale and retail sectors are becoming increasingly concentrated, dominated by multinational hypermarket and discount chains such as Tesco, Aldi, and Lidl. As a result, the number of small, independent shops has steadily declined. Meanwhile, the rapid growth of e-commerce—particularly in grocery delivery and online marketplaces—has created new distribution models that are reshaping how Hungarian consumers access goods.

History and evolution of AFNs in Hungary

Alternative Food Networks (AFNs) have recently gained momentum in Hungary as a response to the limitations of industrialized agriculture and globalized food systems. These networks include initiatives such as community-supported agriculture (CSA), farmers' markets, organic cooperatives, urban gardening, and food-sharing platforms. They promote sustainability, local economic development, and stronger producer-consumer relationships. Hungary's historical culinary heritage and growing environmental awareness have created fertile ground for these initiatives.

The availability of region-specific local products and producers is a key factor in AFN development, alongside quality certifications like organic or origin-protected labels. Organic farming, in particular, is growing at 10–15% annually and is often central to short food supply chains. State support, subsidies, and regional development programs play an increasingly important role in fostering these networks. However, success varies by region, depending on the presence of small producers, crop diversity, and consumer habits.

Short supply chains create direct, trust-based relationships between producers and consumers, strengthening transparency and accountability. These systems can revitalize local economies by creating jobs, supporting family farming, and retaining capital within communities. Social cohesion and community well-being are also enhanced through shared values and mutual support. Barriers such as higher prices and consumer inconvenience remain, yet many buyers value quality and sustainability over cost.

Tourism, especially gastro-tourism, can further stimulate demand for local food. Economically, AFNs have a multiplier effect on output, employment, income, and value-added. Although price premiums for local products are not guaranteed, consumer willingness to pay more often depends on perceived quality. AFNs also contribute significantly to environmental sustainability by reducing emissions, promoting biodiversity, and using low-input farming methods. Overall, Hungary's AFNs offer a viable path toward a more resilient, inclusive, and ecologically responsible food system.

Social and cultural dynamics

Hungary's social and cultural structure provides a distinctive environment for the formation of Alternative Food Networks (AFN) and Short Food Supply Chains (REL). After the political transition, the rise of globalized food trade, food safety scandals, and the decline of rural lifestyles generated new demand for local, trustworthy food sources. Among consumers, the pursuit of quality, origin, and trust has strengthened, taking shape in social movements and producer-consumer communities.

The foundation of this cultural dynamic lies in the re-evaluation of local identity and community attachment. In recent decades, alongside the individualistic lifestyle of cities, a renewed interest in community participation has emerged: local markets, food cooperatives, Community Supported Agriculture (CSA) initiatives, and producer associations have proliferated. These initiatives represent not only economic alternatives but also cultural counter-movements to globalized consumption—rebuilding social capital through personal relationships, local knowledge, and community trust.

The social environment is a key factor. Producers involved in short food chains are typically small or micro-entrepreneurs for whom direct selling serves not only as a source of income but also as a means of maintaining social status and community self-esteem. On the consumer side, purchasing local food often represents an ethical choice—supporting local economies and the environment—aligned with growing ecological awareness and the desire for food sovereignty.

Religious and cultural traditions also shape these networks. In Hungary, religion functions increasingly as a form of cultural identity rather than a strict institutional framework. The spread of "malleable religiosity" supports the emergence of REL-type communities based on personal values, ethics, and solidarity rather than denominational affiliation. Church-run schools and local cultural centers also contribute to community socialization, though the effect of religious education depends heavily on family background.

However, the low level of social trust and the strong state-market concentration pose significant challenges. Rural depopulation, structural imbalances in agriculture, and the bureaucratic nature of institutional support often hinder cooperation among small producers. Nevertheless, LEADER programs, the National

Rural Development Strategy, and EU-funded REL initiatives provide essential incentives, as local food production carries not only economic but also social cohesion functions.

In sum, Hungary's cultural and social dynamics—the intersection of traditional values, community reinterpretation, and environmentally conscious consumption—create favorable conditions for the development of AFN and REL networks. These systems embody new forms of local identity, solidarity, and sustainability, addressing both economic and cultural challenges. In the future, their success will depend on strengthening trust, community learning, and value-based cooperation.

Challenges and opportunities

Alternative food networks in Hungary face several significant challenges. Consumer awareness remains limited, with many people unfamiliar with the concept or benefits of AFNs, favoring conventional food systems instead. Infrastructure and logistics also present difficulties, as efficient and affordable systems for transportation, storage, and distribution are often lacking. Regulatory frameworks can be restrictive, with laws and policies that tend to favor large-scale industrial producers over small, local initiatives. Additionally, small-scale farmers often struggle to access key resources such as land, capital, and technical expertise, which hinders their ability to grow and sustain AFN participation.

Despite these challenges, AFNs offer several promising opportunities. They can stimulate local economic development by supporting small producers, encouraging entrepreneurship, and keeping economic value within the community. Environmental sustainability is another key benefit, as AFNs often promote organic or regenerative practices that preserve biodiversity and reduce pollution. These networks also foster community-building, encouraging trust, transparency, and shared values between consumers and producers. From a health perspective, AFNs improve access to fresh, seasonal, and nutritious food, which can enhance overall well-being. Furthermore, they strengthen food security and resilience by reducing dependency on global supply chains and promoting localized food systems. Together, these opportunities highlight the transformative potential of AFNs to reshape Hungary's food landscape in a more sustainable, inclusive, and resilient direction.

3.2. Stakeholder analysis

Stakeholder identification

The Innovation Hub depends on the active involvement of its stakeholders, and strategic engagement is therefore fundamental to effective collaboration. To this end, the Hub's objectives must be aligned with the active participation of its stakeholders to ensure the achievement of impactful results. During the project's first phase, a wide range of stakeholders from various sectors were identified, including: These stakeholders include AFN members, local producers (e.g. Capriovus), higher education and research institutions (e.g. CIBUS Hungaricus and the Institute of Agricultural Economics), business support organisations (e.g. the Hungarian Association of Logistics, Purchasing and Inventory Management and the Hungarian Chamber of Agriculture), and public authorities at local, regional, and national levels (e.g. the Ministry of Agriculture).Each of these stakeholders brings vital expertise to the table, becoming an important link in further advancing alternative food systems, particularly AFNs. It is vital that knowledge and experience are tapped from them, with a great deal of importance placed on research, insight sharing and best practices. This will ensure effective knowledge transfer and facilitate the co-creation of innovative solutions at regional levels that meet the needs of the sector.

Engagement strategy

A list of all relevant stakeholders was prepared by all partners and categorized based on their interest in the project and their decision-making power.

Stakeholder [organisation, name and surname]	Power/Interest	Role and contribution
CIBUS Hungaricus	High power / High interest	Advisory Board member. According to the Cibus Hungaricus Foundation, the real efficiency gains of the "Farm to Health" food supply chains can be achieved through a complete, integrated development of the supply chain. One of the possible means of development is the use of digitalisation and the benefits of data-driven decision making.
Ministry of Agriculture	High power / high interest	Advisory Board member. The Ministry of Agriculture represents our government support.
Institute of Agricultural Economics	Medium power / high interest	Advisory Board member. Research Institute, which provides a wealth of statistics and useful data to support our work.
Hungarian Chamber of Agriculture	Medium power / high interest	The National Chamber of Agriculture is an autonomous public association of local governments and public functions with legal personality. Its tasks are to strengthen and promote the interests of the Hungarian agricultural and food sector, to support the competitiveness of Hungarian foodstuffs, to provide expert advice and to supply farmers with fast, accurate and reliable information.
National Association of Interest Representations for Small-scale producers and service providers	Medium power / high interest	Advisory Board member. Their general objective is to encourage the spread of environmentally friendly forms of farming on a scale adapted to the characteristics of the landscape, as well as the development of local processing and marketing systems and short distribution chains, and the development of related services, by rationalising the legal system and promoting market access for local producers and service providers.
Association of Responsible Food Manufacturers	Medium power / high interest	Advisory Board member. The primary objective of the Responsible Food Producers Association is to help domestic food processors to provide Hungarian consumers with good quality, safe and reasonably priced food that is affordable and in line with production costs. In particular, they consider it important to develop an integrated food policy that recognises the strategic role of the sector in the national economy and focuses on managing the food chain as a whole.
SmileyMed Ltd.	Medium power / Medium interest	Advisory Board member. A Medical centre committed to healthy food and nutrition.
Capriovus Ltd.	Low power / high interest	Advisory Board member. Best practice AFN. A family business in egg processing, which has grown over the years thanks to numerous innovations. A wealth of experience helps us in our work.

The Fismarket Ltd.	Medium power / medium interest	Advisory Board member. Fish processing company. It has also grown from a family business to an increasingly large one.
Kifli.hu Shop Ltd.	High power / high interest	Advisory Board member. Kifli.hu is an alternative food network, a Digital platform mostly for local agrifood products.
Auchan Magyarország Ltd.	High power / medium interest	Advisory Board member. One of the largest retailers in Hungary.
SPAR Magyarország Ltd.	High power / medium interest	Advisory Board member. One of the largest retailers in Hungary.
National Food Chain Safety Office	High power / high interest	As the backbone of the Ministry of Agriculture, the Office monitors compliance with food chain safety rules nationwide and combats food fraud and the black economy. Its mission is to protect and improve the safety of the Hungarian food chain, from farm to table, and to contribute to ensuring that consumers receive quality food. To achieve this, in addition to improving the effectiveness of what are traditionally called official measures, Nébih pays great attention to collecting, processing and communicating information resulting from controls and inspections in a way that is easy to understand.
Campden BRI Ltd.	Medium power / medium interest	Advisory Board member. Campden BRI Hungary Nonprofit Ltd. is a major independent European service provider to the food and related sectors (including agriculture and related services).
Bonafarm Plc.	High power / medium interest	Advisory Board member. They are one of the largest vertically integrated food companies in the region, where they strive to coordinate and control every step of the production process - from raw material production to finished products - to ensure that their consumers receive high quality, innovative products with unrivalled flavours.
COOP Plc.	Medium power / medium interest	Advisory Board member. One of the largest retailers in Hungary. The company's support scheme prioritises the preservation of local values and the cultivation of local communities.
Nekedterem Magyarország Kft.	Low power / high interest	Best practice AFN. An online platform selling products from local small producers. The support of Short supply chains and small producers is a priority.
Kapolcsikum	Low power / high interest	Best practice AFN. It's a family business where they produce their own brand products from the produce they grow themselves.
SzorgosGazda	Low power / high interest	Best practice AFN. It's a family business where they produce their own brand products from the produce they grow themselves.
Menő-Jövő PiacBolt	Low power / high interest	A packaging-free shop with a strong focus on sustainability.

3.3. Innovation Hub overview

Preparation activites

The Innovation Hub has established a solid foundation by analysing the distinctive characteristics of Hungary's alternative food networks (AFNs).This has involved building a stakeholder database, engaging with key actors, forming the advisory board and conducting surveys. This comprehensive approach ensures that the Innovation Hub is tailored to address the specific needs of its target audience.While Hungary is home to several AFNs, their overall development remains relatively underwhelming. AFNs face similar challenges to traditional food producers in terms of competition, but they also have significant experience and a strong tradition of innovation.It is clear that a resilient food supply system must bring diverse stakeholders and expertise together to promote collaboration and add value to AFNs.

Governance

The members of the Advisory Board were selected with great care. We sought to include organisations and individuals who are involved and interested in the topic and who have some level of influence.The Advisory Board was formed and informed by the Deputy Director and the Head of the Centre of the Institute of Food Science and Technology of MATE. The inaugural meeting was held on 5 December 2024 at the Innovation Hub launch event, which attracted approximately 300 attendees and featured presentations by several distinguished representatives of the field. Advisory Board members were also invited to participate in all events of the Innovation Hub.

Food4Health IH Governance Structure / Advisory Board
Advisory Board Members
MATE, Institute of Food Science and Technology
CIBUS Hungaricus
Ministry of Agriculture
Institute of Agricultural Economics
Hungarian Chamber of Agriculture
National Association of Interest Representations for Small-scale producers and service providers
Association of Responsible Food Manufacturers
National Food Chain Safety Office
Campden BRI Hungary Ltd.
SmileyMed Ltd.
Capriovus Ltd.
The Fismarket Ltd.

Kifli.hu Shop Ltd.

Auchan Magyarország Ltd.

SPAR Magyarország Ltd.

Bonafarm Plc.

CO-OP Hungary Plc.

Objectives

Each regional innovation hub is aligned with the common objectives of Food4CE, namely knowledge transfer, co-creation of innovation, and enhancement of short supply chain development. The Hungarian Hub places particular emphasis on empowering alternative food networks through digitalisation and data-driven decision-making. Its vision is to become the leading training and advisory centre in Hungary for AFNs in its field of specialisation, acting as a focal point in collecting, sharing, and disseminating relevant knowledge. It also aims to enhance collaboration by actively connecting and supporting its stakeholders.

Vision	Specific Objectives
To become the leading training and advisory centre for AFNs in Hungary in a specific field of activity. This will be achieved through a personalised approach and experts from different fields who will monitor and support the progress of AFN at different stages of its development.	Manage agricultural products on the food product pathways with the tools of digitalisation and data-based decision-making

Activities

In September-October 2024, preliminary surveys were conducted with AFNs and their needs, as well as with prospective Advisory Board members. MATE also participated in two co-creation sessions:

- In June 2024 with the Digital Academy of Agriculture on Developing a knowledge and competence map for the use of digital solutions in the agriculture, food industry, food trade and logistics sectors
- and in November 2024 with several small producers and their supporting associations on Focus on local - Successfully promoting local products and services in local development strategies, organised by the National Chamber of Agriculture.

On 5 December 2024, the Food4Health Innovation Hub was launched with a very large in-person event, where several members of the Advisory Board and several stakeholders gave presentations. The event focused on digitalisation. In the framework of the event, an automated food dispenser and shop was handed over on the MATE premises.

In February 2025, two further events were linked to the Innovation Hub:

- A continuation of the co-creation session organised by the National Chamber of Agriculture in November, where further problems were identified and strategies for solutions were developed, including on the topic of Knowledge Transfer to Small Producers

- and a Professional Day in Romania, where we were able to hear the views of a number of small producers.

3.4. Identification and prioritisation of regional needs

Comparing the responses received during the co-creation sessions and the interviews with AFNs with the results of the surveying, we concluded that **the biggest logistical challenges for AFNs are**:

- **Fragmented Producer Structure:** Hungarian agriculture is dominated by small-scale and family-run farms with limited production volumes. These farms often lack the capacity to manage transportation, storage, refrigeration, or packaging on their own. The consequences are: high delivery costs, inadequate capacity, seasonal overproduction, and product losses.
- **Lack of Logistics Knowledge and Human Capacity:** Many producers lack the logistical skills (route planning, cold chain, packaging) needed to optimize their supply chain. There are few training programmes or advisory services focused on logistics for small-scale food actors.
- **Low Digitalisation and Absence of IT Tools:** Many AFNs do not use digital order management, logistics planning, or inventory tracking systems. Online sales platforms (e.g., e-shops, pre-order systems) are not widespread among small producers. The consequences are: Human errors, lack of transparency in stock and deliveries, and unreliable delivery schedules.
- **Regulatory and Administrative Barriers:** Despite recent improvements, hygiene, traceability, and transport regulations (e.g., cold chain, HACCP) remain a challenge for small producers. Different product categories (e.g., meat, dairy, eggs) require different logistics solutions, increasing system complexity.
- **Urban Delivery Constraints and Consumer Expectations:** Urban consumers demand fast, reliable, and convenient delivery, which AFNs struggle to provide. City traffic, limited parking, and time constraints further complicate last-mile delivery logistics.
- **Lack of Shared Logistics Infrastructure:** There is a shortage of regional logistics hubs (e.g., collection centers, cold storage facilities, processing units) to enable collective distribution. Shared tools and vehicles (e.g., refrigerated vans, warehousing) are not readily available. The consequence: Producers must manage logistics individually, which is inefficient and environmentally unsustainable.
- **Low Level of Producer Cooperation:** There are few collaborative initiatives among producers to organize transport, packaging, or marketing together. A lack of trust and a competitive mindset hinder the emergence of cooperative logistics models.

4. Policy Context

4.1. Existing Policy Context

I. National-Level Policies and Legislation

Decree No. 60/2023 (XI.15.) of the Ministry of Agriculture — on hygiene requirements for small-scale, local, and marginal food production and sales

This 2023 decree specifically regulates the hygiene conditions for small-scale (low-quantity) production and local sales. Its scope includes small producers, on-site production/sale of foods of animal origin, small slaughterhouses, and game meat handling. It details reporting, record-keeping, and basic hygiene requirements, as well as special procedures (e.g. mobile game processing, small slaughterhouses, handwashing and sanitation requirements).

For AFNs and SFSCs, this is a key facilitating and structuring regulation, since it introduces proportionate requirements for small-scale operators — supporting lawful operation and reducing uncertainty. However, compliance still involves administrative and financial burdens for the smallest actors.

EUR-Lex — Regulation (EC) No. 852/2004 on the hygiene of foodstuffs (29 April 2004)

Regulation 852/2004 establishes general hygiene requirements for all food business operators, including the principles of good hygiene practice and the need for traceability. It makes HACCP-based food hygiene systems mandatory, though implementation can consider the size and nature of the enterprise — meaning "proportionate" solutions can apply to small producers.

For AFNs, this regulation provides the minimum safety standard: even small-scale operators in short food chains must comply with hygiene principles. Overall, the regulation ensures consumer trust and safety but also creates technical and administrative burdens, making proportionate enforcement and guidance essential.

Joint Decree No. 68/2007 (VII.26.) of the FVM-EüM-SZMM — on certain hygiene requirements for food production and marketing, and official food control

This joint decree provides detailed rules on public health and hygiene requirements, issued jointly by multiple ministries. Its practical importance lies in coordinating the responsibilities of different authorities (food hygiene, public health, occupational safety), providing an integrated operational framework for quality and safety management at local markets, events, and small-producer facilities.

For AFNs, this decree can enhance consistency and clarity in enforcement, but the detailed requirements can be complex for small-scale operators to follow.

Decree No. 34/2018 (XII.3.) of the Ministry of Agriculture — on professional qualifications required for food business operation

This decree regulates professional qualification and administrative requirements in the agricultural and food sectors. Relevant parts for AFNs include small-producer registration, product categorization, and eligibility for certain supports. If implemented clearly, this decree can simplify administration and improve transparency, aiding local sales and SFSCs; however, if new administrative layers are added, it may impose extra burdens.

Act CXXIII of 2020 — on Family Farms

This act defines the legal and operational framework for family farms, aiming to simplify their legal recognition, structure, and access to markets and supports. For AFNs, a favourable regulatory environment for family farms enhances operational security, facilitates participation in short food chains, and eases direct sales. Overall, it supports local-scale agriculture and market access for smallholders.

Government Decree No. 55/2009 (III.13.) — on markets, fairs, and shopping centres

This decree sets the general legal framework for the establishment, authorization, and operation of markets and fairs (local-level licensing, municipal oversight, operating principles). AFNs and local farmers' markets operate under this regulation, which requires multi-level authorization but allows local governments to issue specific market rules (opening hours, fees, stall allocation).

It ensures order and consumer protection, but implementation can be administratively demanding for organizers.

Decree No. 51/2012 (VI.8.) of the Ministry of Rural Development — on food safety conditions for sales at local farmers' markets

This decree introduced simplified and special rules for local farmers' markets: simplified registration, basic hygiene requirements (handwashing, waste collection, sanitation), and a defined concept of a "local farmers' market" (with geographic limits). Its goal was to reduce administrative burdens on small producers, thereby clearly supporting SFSCs and AFNs. Although some provisions have since changed, it remains a landmark regulation for recognizing and facilitating local direct sales.

Decree No. 59/1999 (XI.26.) of the Ministry of Health — on public health requirements for markets and fairs

This older health decree sets hygiene, structural, and operational minimum standards for markets and market halls. While certain relaxations were later introduced by Decree 51/2012, this remains the baseline hygiene standard for markets. For AFNs, it supports consumer trust and safety but may impose technical and investment burdens on small producers.

Decree No. 36/2014 (XII.17.) of the Ministry of Agriculture — on food information to consumers

This decree contains detailed rules on labelling, certification, and composition of foods. For AFNs, clarity in standards and labelling requirements helps ensure transparent communication and consumer confidence, but excessive administrative demands may hinder micro-scale producers. Its exact effect depends on how strictly the requirements are applied.

Hungarian Food Codex (Magyar Élelmiszerkönyv)

The Hungarian Food Codex is a set of product standards and guidelines, defining compositional, quality, labelling, and sensory requirements for many food types. Although not always legally binding, it serves as an authoritative reference for inspections and product certification.

For AFNs and small producers, it provides guidance on quality classification and communication, but compliance can be costly or technically challenging for artisanal products.

Farm to Fork Strategy (European Commission)

The EU's Farm to Fork strategy aims to make the entire food system more sustainable, addressing climate, environmental, and health goals. It promotes organic farming, short food supply chains, local markets, and food loss reduction.

For AFNs and SFSCs, it offers strong policy support (favourable funding priorities, consumer trends), thus largely facilitating local sustainable food systems. However, implementing EU-level goals may increase compliance and reporting costs at the local level.

Act XI of 1997 — on Trademarks and Geographical Indications

This act regulates Hungary's system of trademarks and geographical indications, harmonized with EU PDO/PGI frameworks. For AFNs, obtaining geographical or trademark protection offers market advantage and legal recognition for local products (e.g. regional specialties).

However, the process involves administrative and legal costs, so it is mainly feasible for collective or high-value initiatives.

Regulation (EU) 2018/848 — on organic production and labelling of organic products

This regulation, applied since 2022, provides detailed rules for organic farming, including livestock, crop protection, feed use, transition periods, inspection, and labelling. For AFNs, organic certification creates market premium and trust, but documentation and traceability requirements impose administrative burdens. It supports organic-oriented SFSCs, though access and compliance can be challenging.

Hungary's Digital Food Industry Strategy (DÉS)

This strategy focuses on digitalisation, IoT-based traceability, and logistical optimisation in the agri-food sector. For AFNs, digital tools (online marketplaces, traceability, inventory management) offer clear advantages in efficiency, transparency, and market access.

Small producers particularly benefit if training and funding are accessible; however, initial costs and digital skill gaps can hinder adoption among the most vulnerable operators.

"Food Economy Programme 2017-2050" — Long-term Concept

This long-term strategy defines Hungary's agri-food vision up to 2050: competitiveness, value chain integration, food processing development, and recognition of short supply chains. Although the focus is on processing and export, the programme acknowledges direct sales and local markets as vital to rural economies. It thus provides a potentially supportive policy framework, particularly if implemented through targeted funding (e.g. for local processors, LEADER projects).

Digital Commerce Development Strategy (DKFS, 2017)

The DKFS promotes e-commerce and supports domestic digital retailers, including local food sellers. It calls for increased online sales of local products, legal and business toolkits, and SME digital training. For AFNs, it offers direct benefits — enabling producers' access to digital marketplaces and enhancing visibility. Implementation effectiveness depends on how well the smallest actors can access training and resources.

Hungary's Common Agricultural Policy (CAP) Strategic Plan 2023-2027

This national implementation plan of the EU CAP defines funding allocation and development priorities for Hungarian agriculture and rural development. Its main goals are to strengthen competitiveness, sustainability, and social legitimacy in farming.

It places strong emphasis on short food supply chains (SFSCs), local markets, organic farming, and support for small and family farms. The plan dedicates a section to "organization of the food chain and development of local markets", aiming to increase producers' added value and local income retention.

The strategy supports community-based food systems, including direct consumer groups, farmers' markets, and small-scale processors, and reinforces LEADER/local action groups (LAGs). Environmental sustainability and shorter supply distances are central elements.

It clearly facilitates AFN and SFSC development by:

- providing financial support for investments, market infrastructure, and cooperation;
- promoting digitalisation and logistics innovation;
- strengthening small producers' bargaining power;
- supporting sustainable and organic production.

The main challenge lies in complex administrative and application procedures, which may hinder access for the smallest farmers. Effective implementation therefore depends on local-level professional support and partnerships.

II. Regional-Level Initiatives and Programmes

LEADER Local Development Strategies

The LEADER programme, part of the EU's rural development policy, supports bottom-up rural initiatives involving local stakeholders (municipalities, businesses, NGOs). Instead of centralised calls, Local Action Groups (LAGs) create their own local development strategies and publish calls tailored to community needs — covering tourism, agriculture, business, community, energy, and cultural projects.

Key features:

Local initiative: Communities decide how to allocate funds.

Integrated approach: Combines multiple sectors (agriculture, tourism, culture, enterprise).

Local Action Groups: Multi-stakeholder management structures.

Funding areas: rural tourism, micro-enterprises, community events, agricultural diversification, and environmental projects.

The programme strongly supports AFNs and SFSCs, particularly through rural market development and producer cooperation.

Employment Pacts and Local Product Pacts

Employment pacts aim to strengthen local economies and labour markets in rural regions. Within this framework, Local Product Pacts promote producer cooperation, marketing, and network building among local farmers and food artisans.

A good example is the Nyíregyháza Local Product Pact, which enhances identification, branding, and marketing of local products — thus directly supporting AFNs and SFSC visibility and collaboration.

III. Local-Level Initiatives

In Pest County

Several municipalities (e.g. Pilisvörösvár, Nagykovácsi, Érd) operate local farmers' markets under municipal management.

Through the Territorial and Settlement Development Operational Programme (TOP), the county government has supported the establishment of farmers' markets.

Local regulations define operating conditions (opening hours, hygiene, sales rules) and often prioritise local producers, facilitating short supply chains and local food access.

In Hajdú-Bihar County

The county's "Hajdú-Bihari Product" trademark system recognizes local goods produced within a 40 km radius using traditional methods. This strengthens local identity and market embeddedness of short food supply chains, improving producer networking and visibility.

In Zala County

Many municipalities (e.g. Keszthely) have local regulations governing markets.

Keszthely's Decree No. 8/2021 (III.11.) defines opening hours, product categories, and hygiene requirements.

Such local rules create a favourable operational environment for AFNs, ensuring safety while enabling direct sales.

In Bács-Kiskun County

Development funds have modernised infrastructure for several farmers' markets (e.g. Kiskőrös, Zsana). These investments directly strengthen short supply chains, though there is no unified county-level regulation — market operations are locally governed with emphasis on hygiene and management standards.

In Veszprém County

Farmers' markets operate in several towns (Veszprém, Tapolca, Ajka), based on municipal decrees.

These typically regulate market operations, stall fees, and hygiene.

Such local markets play a vital role in maintaining the infrastructure of short food supply chains, supporting both producers and consumers within local economies.

4.2. Policy Gaps and Challenges

Alternative Food Networks (AFNs) and Short Food Supply Chains (SFSCs) have strengthened significantly in Hungary in recent years, particularly through local farmers' markets, community-supported agriculture (CSA), and direct sales models. These initiatives have become both economic alternatives and cultural counter-movements to globalized food systems, driven by growing consumer demand for trust, authenticity, and locality.

While the regulatory environment is in many ways supportive — through Decree 60/2023 of the Ministry of Agriculture, Decree 51/2012 of the Ministry of Rural Development, the Hungarian CAP Strategic Plan (2023-

2027), and the EU's "Farm to Fork" Strategy — several structural and implementation-related issues continue to hinder development. Producer testimonies confirm that the gap between regulatory intentions and everyday practice remains wide.

1. Disproportionate Administrative and Hygiene Requirements

One of the most pressing difficulties concerns hygiene and administrative burdens.

Although EU Regulation (EC) No 852/2004 and Hungarian Decree 60/2023 (XI.15.) AM theoretically allow proportional hygiene rules, in practice authorities often enforce industrial-level standards even on micro-producers. The mandatory HACCP system, detailed record-keeping, and overlapping inspections were repeatedly described by farmers as "unrealistic" for small operations.

Several interviewees noted that different authorities interpret the same rules inconsistently, leading to confusion about which requirements actually apply. One farmer remarked, "even the inspectors sometimes disagree on which paragraph applies." The lack of coordination among sanitary, veterinary, and food-safety offices leaves producers uncertain and discouraged.

Many small food businesses therefore operate partly informally, as full compliance would demand resources they do not have. As one respondent summarized, "the system was designed for factories, not for farms."

A national simplified hygiene code or "micro-HACCP" protocol, developed jointly with producers, would create legal clarity and proportionate standards.

2. Regulatory Inconsistencies in the Definition of "Local"

Producers also face challenges due to inconsistent definitions of "local" across Hungarian law. Decree 51/2012 (VI.8.) VM defines local markets by a 40 km radius, while some municipalities apply county or district boundaries, and the CAP Strategic Plan uses a broader socio-economic definition.

Farmers reported that this ambiguity creates uncertainty about eligibility for grants and participation in "local product" schemes. It also hampers data collection and monitoring. Many respondents argued that "local" should not be understood purely in geographical terms but should include trust-based community relations and short logistical chains.

An integrated national definition of "local food systems" encompassing geography, economy, and community would therefore improve consistency and equity in programme design.

3. Missing Intermediate Categories for Processing and Distribution

Hungarian law currently recognizes only two producer categories: the "small-scale producer" with strict production limits and the "food business operator" subject to industrial requirements. There is no middle category for community kitchens, cooperatives, or regional food hubs — precisely where most AFN actors operate.

Producers repeatedly described this as a "growth trap." Once output exceeds the small-scale ceiling, the operator must meet full industrial standards that are financially unattainable. Many farms thus remain intentionally small or informal.

Several respondents proposed creating a "local food processing unit" category, allowing simplified licensing and moderate hygiene rules. Such a framework would legalize community processing and shared logistics without sacrificing food safety — a need echoed across all regions.

4. Complexity of Certification, Labelling, and Taxation

Certification and labelling are central to consumer trust, yet current systems — the Trademark and Geographical Indications Act (XI of 1997), the "Hungarian Product" Decree (74/2012 VM), and the EU Organic Regulation (2018/848) — are too complex and expensive for micro-producers.

Organic certification requires audits, paperwork, and annual fees many cannot afford. As a result, numerous local products remain uncertified, relying solely on personal trust. Some farmers also highlighted that legal language is opaque and that "smallholders aren't lawyers or accountants," which discourages participation.

In addition, several interviewees identified tax policy as a critical barrier. Rural "farm dining" services face a 27% VAT rate — a burden farmers call "disproportionate and incompatible with rural development." Administrative rules around invoicing and accounting were also cited as obstacles to joint marketing and cooperative sales, undermining one of the core goals of short supply chains.

Possible remedies include introducing a community-based Participatory Guarantee System (PGS) — recognized under EU law — and simplified regional "local product" labels. On taxation, a reduced VAT rate for direct sales and on-farm hospitality could align fiscal policy with rural development objectives.

5. Weak Implementation and Limited Practical Support

Although AFN and SFSC promotion features prominently in the Hungarian CAP Strategic Plan (2023–2027), implementation on the ground remains weak. Many farmers reported that support programmes are difficult to navigate, requiring professional knowledge they cannot afford. As one producer put it, "the funding exists, but the system isn't made for people like us."

LEADER Local Action Groups (LAGs) show highly uneven performance: some effectively foster cooperation, while others remain inactive. Respondents also pointed to lack of mentoring and advisory capacity, especially for newcomers. The uniform application of eligibility criteria means that start-ups and micro-farms face the same bureaucracy as large enterprises, a clear disincentive to entry.

Producers further criticized weak enforcement and unfair competition. Loopholes allow some primary producers to resell non-local goods as their own, undermining consumer trust. Farmers called for targeted inspections that distinguish genuine local producers from resellers without adding bureaucracy.

To address these issues, stakeholders propose establishing a national AFN Support Platform — or "Short Supply Chain Council" — to provide legal, financial, and technical assistance, complemented by a network of AFN-trained agricultural advisors integrated into the rural extension service.

Conclusion

Overall, both producers' testimonies and policy analysis indicate that Hungary's regulatory environment is well-intentioned but overly complex, fragmented, and disproportionate. Bureaucratic rigidity, inconsistent definitions, and lack of tailored categories hinder small-scale participation.

Future policymaking should prioritize clarity, proportionality, and accessibility — designing rules that reflect the realities of small producers rather than industrial models. By aligning hygiene, taxation, certification, and support schemes with local capacities, and by fostering trust-based, community-oriented governance, Hungary can unlock the full potential of AFNs and SFSCs as viable, sustainable, and socially embedded alternatives within its agri-food landscape.

5. Regional Policy Recommendations

5.1. Policy objectives

I. Simplifying and harmonizing the regulatory environment

Creating a coherent, proportional and transparent legal framework that reduces overlapping or conflicting requirements, lowers administrative burdens, and makes compliance feasible for micro- and small-scale actors.

II. Providing tailored financial and advisory support

Ensuring that small producers can access funding, credit, and professional guidance through simpler procedures, inclusive eligibility criteria, and dedicated advisory services—reducing dependence on external consultants.

III. Strengthening market access and fair competition

Enhancing producer participation in local markets by improving traceability, consumer protection, and monitoring systems, while ensuring equal treatment of small actors and reducing informal or unfair competition.

IV. Supporting cooperation and shared infrastructure

Encouraging collective marketing, logistics, processing, and distribution solutions that reduce individual costs, increase efficiency, and improve the stability of local food systems.

V. Creating a more proportionate fiscal environment

Adjusting taxation and financial rules to reflect the realities of small-scale and rural food producers, enabling legal market participation, improving competitiveness, and stimulating local economic activity.

5.2. Proposed policy changes

To achieve these objectives, several targeted policy changes are proposed, focusing on both legal reform and institutional innovation. One of the key recommendations is the introduction of a new category of "micro food enterprise", positioned between small-scale producers and industrial operators. This new legal form would include simplified hygiene, record-keeping, and inspection requirements, specifically tailored to small-scale, artisanal, and local production.

In parallel, it would be crucial to develop a unified definition of "local food system", encompassing not only geographic proximity but also social and economic relationships within the local area. Such a definition would provide a clearer legal basis for local markets, community-based sales models, and small processing units, reducing ambiguity and legal fragmentation.

Another important measure would be to lower the VAT rate for local hospitality and direct sales activities, including rural guest dining and community catering. This step would align fiscal policy with the objectives of rural development, tourism, and local food promotion, while improving competitiveness for small actors.

Improving traceability and monitoring systems for primary producers and smallholders is also essential. The establishment of a digital registration and monitoring platform could enhance transparency and allow authorities to verify that local markets sell genuinely local products. This would strengthen consumer confidence and help eliminate unfair practices.

To support collective marketing, the creation of Local Food Hubs is proposed — physical or digital centers providing shared logistics, storage, and administrative infrastructure for several small producers. Linked to this, the introduction of a simplified shared invoicing system would make collective sales more feasible and reduce the administrative burden for participating farmers.

Finally, the establishment of Regional AFN Support Centers is recommended. These centers would provide legal, financial, and administrative guidance for small producers, assist with grant applications, and facilitate networking among stakeholders. Such centers could operate under the umbrella of LEADER Local Action Groups or regional development agencies, ensuring local embeddedness and a bottom-up approach.

5.3. Policy implementation strategy

The implementation of the proposed policy changes requires close coordination among multiple actors. The Ministry of Agriculture should take the lead in preparing the legislative amendments, designing fiscal incentives, and ensuring consistency with the Hungarian CAP Strategic Plan. The National Food Chain Safety Office (Nébih) should modernize hygiene and traceability standards and oversee the introduction of digital monitoring tools.

At the local level, county governments and LEADER Local Action Groups would be responsible for practical implementation, stakeholder engagement, and capacity-building activities. Producer cooperatives, civil organizations, and market operators would play a crucial role in testing collaborative sales models and ensuring that the measures respond to real needs.

Implementation should follow a phased approach. The first stage (2025–2026) would involve legislative preparation, institutional alignment, and pilot project design. The second stage (2026–2027) would focus on launching pilot AFN Support Centers, testing the digital traceability systems, and establishing the first Local Food Hubs. The third stage (2027–2029) would expand successful models nationally, integrate monitoring and evaluation results, and refine the policy instruments.

Potential barriers include administrative inertia, institutional resistance, and funding constraints. To overcome these, targeted actions should be introduced, such as multi-stakeholder policy forums, training programs for local authorities and inspectors, and the coordinated use of EU and national funding streams (e.g., CAP, LEADER, and TOP Plus).

Ultimately, the purpose of these measures is to ensure that Alternative Food Networks in Hungary operate within a stable, supportive, and transparent policy environment. If effectively implemented, these reforms could significantly strengthen the local food economy, contribute to environmental sustainability, and enhance the resilience of rural communities within the broader regional development framework.

6. List of actions

6.1. Action overview

The regional action plan aims to define concrete, feasible measures to strengthen Alternative Food Networks (AFNs), enhance their logistical and operational efficiency, and ensure their long-term sustainability. These actions directly respond to the main challenges identified in the previous analysis — including excessive regulation, complex administrative procedures, limited cooperation among producers, and a lack of financial and informational resources.

The plan is structured around four main intervention areas:

1. Regulatory and institutional simplification – making the rules governing AFNs more transparent and proportionate.
2. Organizational and logistical development – fostering cooperation between producers and establishing shared infrastructures.
3. Improved access to finance and knowledge – providing advisory, training, and funding support to small actors.
4. Digitalization and traceability enhancement – strengthening transparency, food safety, and consumer confidence.

These measures are closely interconnected: reducing administrative barriers enables stronger cooperation, while logistical and digital development improves the competitiveness of local food systems. The overall goal is to create a supportive regional environment where regulatory, financial, and infrastructural conditions work in synergy to sustain resilient and locally embedded AFNs.

6.2. Detailed action plan

The main actions of the plan are as follows:

1. Introduction of a "Micro Food Enterprise" Category

This action would create an intermediate operational level between small-scale producers and industrial operators, with simplified hygiene and administrative requirements.

- Tasks: legislative drafting, consultation with the Ministry of Agriculture and Nébih, pilot program design.
- Timeline: 2025–2026.
- Responsible parties: Ministry of Agriculture, Nébih, producer associations.
- Funding: CAP Strategic Plan, national budget.
- Outcome: simplified market entry, reduced administrative burden.

2. Establishment of Regional AFN Support Centers

These centers would provide legal, financial, and project assistance to small producers, offering training and networking opportunities.

- Tasks: selecting locations, developing advisory services, creating training modules.
- Timeline: 2026–2027.
- Responsible parties: County governments, LEADER Local Action Groups.
- Funding: LEADER, TOP Plus.
- Outcome: improved access to resources and stronger producer networks.

3. Development of a Digital Traceability and Shared Invoicing System

A unified digital platform would be introduced to track product origins and simplify accounting for collective sales.

- Tasks: software development, data protection compliance, user training.
- Timeline: 2026-2028.
- Responsible parties: Nébih, IT partners, producer associations.
- Funding: Digital Renewal Programme, national and EU innovation funds.
- Outcome: greater transparency, reduced paperwork, increased consumer trust.

4. VAT Reduction and Fiscal Incentives for Local Sales

Reducing the VAT rate for local food-related services (e.g., rural guest dining) from 27% to 12% would encourage legal operation and stimulate rural tourism.

- Tasks: fiscal impact study, government negotiation, policy proposal submission.
- Timeline: 2025-2026.
- Responsible parties: Ministry of Finance, Ministry of Agriculture.
- Outcome: enhanced competitiveness of local enterprises and increased rural income.

5. Creation of Local Food Hubs

These shared facilities would support logistics, processing, and collective marketing among local producers.

- Tasks: site selection, equipment procurement, operational model design.
- Timeline: 2027-2029.
- Responsible parties: Local municipalities, LAGs, producer cooperatives.
- Funding: LEADER, regional development funds.
- Outcome: improved logistics, lower transport costs, stronger SFSC networks.

6.3. Risk management

Action 1 - Introduction of a "Micro Food Enterprise" Category

Risk	Probability	Impact	Priority	Mitigation Strategy
Delays in legislative approval due to bureaucratic complexity	High	Medium	High	Early engagement with ministries; establish an interdepartmental working group.
Resistance from regulatory authorities fearing food safety risks	Medium	High	High	Organize consultations with Nébih and pilot projects demonstrating safety compliance.
Lack of awareness among small producers	Medium	Medium	Medium	Launch targeted communication and information campaigns.
Insufficient administrative capacity for implementation	Low	High	Medium	Allocate additional resources and training for local authorities.

Action 2 - Establishment of Regional AFN Support Centers

Risk	Probability	Impact	Priority	Mitigation Strategy

Limited funding for establishing new centers	Medium	High	High	Combine multiple funding sources (LEADER, CAP, national).
Low participation from producers	Medium	Medium	Medium	Conduct local outreach and awareness campaigns; involve producer associations.
Staff turnover and loss of expertise	Medium	High	High	Provide competitive salaries, long-term contracts, and continuous training.
Coordination challenges among stakeholders	Medium	Medium	Medium	Develop clear governance structure and communication protocols.

Action 3 - Development of a Digital Traceability and Shared Invoicing System

Risk	Probability	Impact	Priority	Mitigation Strategy
Technical failures or delays in software development	High	High	High	Use phased development and testing; hire experienced IT partners.
Low digital literacy among small producers	High	Medium	High	Provide training and technical support through AFN Support Centers.
Data protection and privacy issues	Medium	High	High	Ensure GDPR compliance and involve data security experts.
Limited funding for digital infrastructure	Medium	Medium	Medium	Access Digital Europe and Innovation funds; enable co-financing options.

Action 4 - VAT Reduction and Fiscal Incentives for Local Sales

Risk	Probability	Impact	Priority	Mitigation Strategy
Resistance from fiscal authorities	High	Medium	High	Prepare fiscal impact assessments and highlight economic benefits.
Delays in parliamentary approval	Medium	Medium	Medium	Coordinate with the Ministry of Finance and advocate through producer alliances.
Potential misuse of reduced VAT by non-eligible actors	Low	High	Medium	Define clear eligibility criteria and strengthen monitoring.
Lack of visible impact in the short term	Medium	Low	Low	Complement VAT reduction with promotion and training for producers.

Action 5 - Creation of Local Food Hubs

Risk	Probability	Impact	Priority	Mitigation Strategy
Insufficient investment for infrastructure	High	High	High	Combine regional and EU funds; promote public-private partnerships.
Difficulty in maintaining hub operations long-term	Medium	High	High	Develop sustainable business models and cooperative ownership structures.
Unequal access among producers (dominance of larger actors)	Medium	Medium	Medium	Establish transparent governance and usage rules.
Logistical coordination problems among producers	Medium	Medium	Medium	Provide digital logistics planning tools and coordination staff.

6.4. Stakeholder engagement

1. Manage Closely (High Power - High Interest)

These stakeholders directly influence both policy-making and implementation, and therefore require continuous and active engagement.

- **Ministry of Agriculture** - responsible for national and regional agricultural and food policy regulation, as well as for the implementation of Hungary's CAP Strategic Plan.
- **National Food Chain Safety Office (Nébih**) - a key authority in hygiene, food safety, and traceability regulation.
- **County and Municipal Governments** - responsible for the management of local markets, development projects, and LEADER programme implementation.
- **LEADER Local Action Groups (LAGs)** - coordinators of local development initiatives that are directly linked to AFNs.
- **Producer Associations and Cooperatives** - key actors who both benefit from and help to implement policy changes in practice.

***Engagement strategy*:** regular consultations, participation in decision-preparation working groups, annual evaluation forums, and continuous information exchange.

2. Keep Satisfied (High Power - Low Interest)

These stakeholders possess significant influence but are not necessarily involved in the day-to-day operation of AFNs. The goal is to maintain their trust and willingness to cooperate.

- **Ministry of Finance** - influences taxation policies, including VAT reductions affecting local food activities.
- **Ministry of Regional Development / Innovation and Technology** - responsible for digitalisation and infrastructural development.
- **National Chambers of Agriculture (NAK)** - play an important advocacy role, though not always specifically focused on AFNs.

- **Regional Development Agencies** – key partners in project implementation and allocation of development funds.
- **Large Food Retailers / Wholesalers** – potential partners in logistical integration, though not a primary target group.

Engagement strategy: strategic briefings, bilateral meetings, ad hoc partnership initiatives, and targeted consultations.

3. Keep Informed (Low Power - High Interest)

These stakeholders have a strong interest in the development of AFNs but limited influence. It is essential to keep them well-informed and involved in ongoing dialogue.

- **Small-Scale Farmers and Family Farms** – directly affected but have limited individual influence.
- **Local NGOs and Food Initiatives** – including community-supported agriculture groups and food sovereignty organizations.
- **Consumer Groups / Community-Supported Agriculture (CSA)** – represent the demand side and can exert indirect pressure on policy decisions.
- **Local Food Markets and Vendors** – practical actors of short food supply chains who experience regulatory challenges on a daily basis.

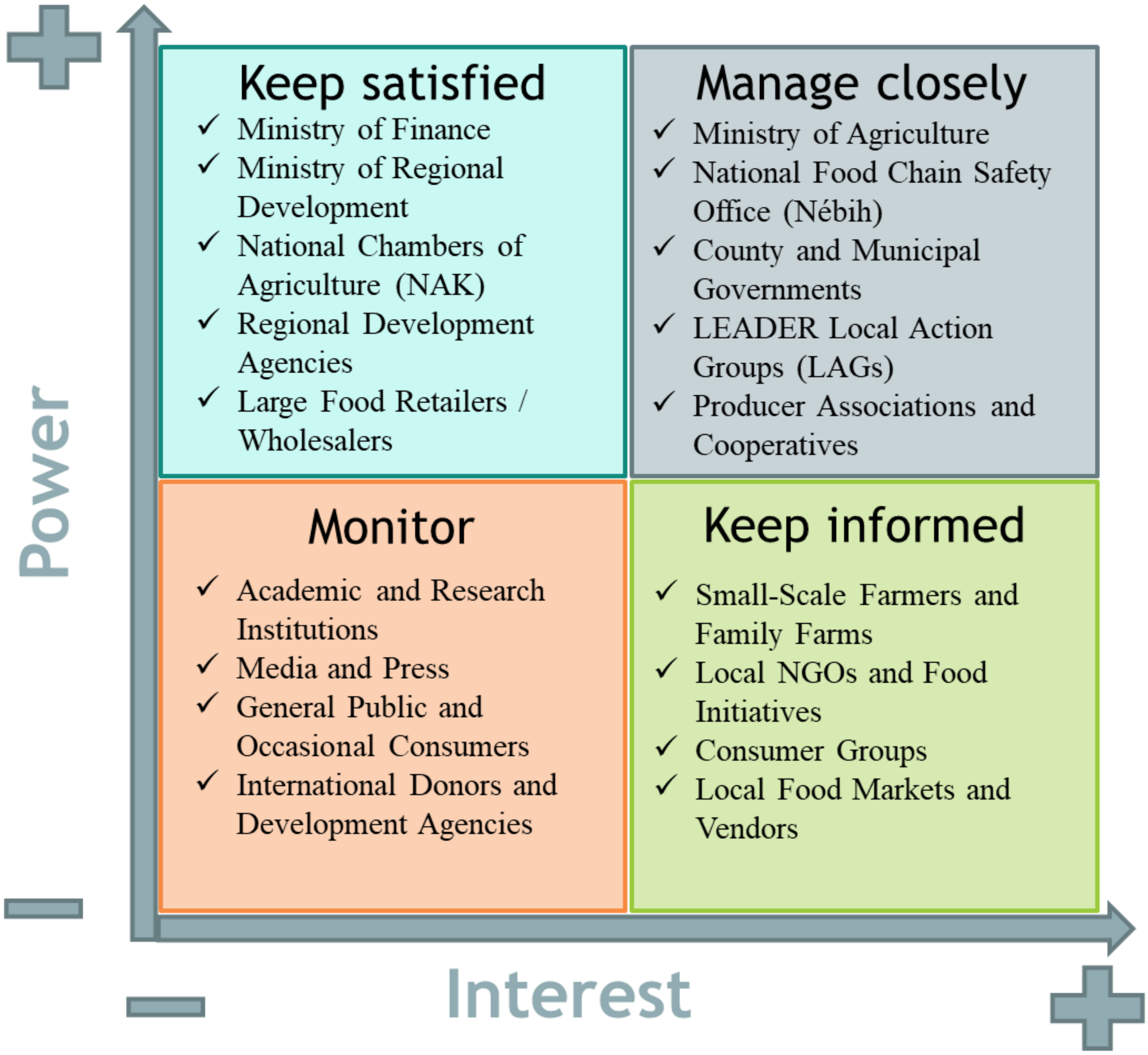
Engagement strategy: regular newsletters, online consultations, training programmes, open days, and feedback platforms (e.g. a digital AFN portal).

4. Monitor (Low Power - Low Interest)

These actors are only indirectly connected to AFNs but may become more relevant over the long term. They require continuous but low-intensity monitoring.

- **Academic and Research Institutions** – provide analytical support for AFN evaluation but are not operational actors.
- **Media and Press** – play an important role in shaping public awareness and visibility of AFNs.
- **General Public and Occasional Consumers** – a potential target group through increased awareness and education.
- **International Donors and Development Agencies** – potential but not permanent funding partners.

Engagement strategy: press releases, public communication campaigns, and occasional project partnerships.



7. Conclusion

The analysis of the Hungarian policy environment has revealed that Alternative Food Networks (AFNs) and Short Food Supply Chains (SFSCs) operate in a complex and often fragmented regulatory framework. While

Hungary's national and EU-aligned agricultural strategies formally support local food systems, the practical implementation of these frameworks remains constrained by overlapping legislation, disproportionate administrative burdens, and limited institutional support for small-scale actors.

At the core of the problem lies an imbalance between the scale of regulation and the capacity of small producers. The existing legal system was largely designed for industrial food operations, and it often fails to account for the realities of artisanal, community-based, and low-volume production. As a result, many producers face excessive compliance costs, uncertainty about applicable rules, and limited access to markets or funding mechanisms.

The policy recommendations and action plan outlined in this report aim to address these systemic barriers by introducing more proportional, transparent, and locally responsive solutions. The proposed creation of a "micro food enterprise" legal category, the establishment of regional AFN Support Centers, and the development of digital traceability and shared invoicing systems all contribute to simplifying operations and improving the competitiveness of small-scale producers. At the same time, fiscal incentives—such as targeted VAT reductions—and the creation of Local Food Hubs can provide tangible economic support and stimulate rural entrepreneurship.

Effective implementation will require a multi-level governance approach, integrating national ministries, regional agencies, and local action groups (LEADER/HACS). Equally important is the continuous involvement of small producers, consumer organizations, and civil society actors, ensuring that future policy adjustments are informed by real needs and experiences from the ground.

Risk management and stakeholder engagement will play a decisive role in the success of this process. Anticipating administrative delays, funding shortages, and stakeholder fatigue will allow for a more resilient and adaptive implementation strategy. Building trust among institutions and local actors is essential for sustaining long-term progress.

In conclusion, the strengthening of AFNs in Hungary is not merely an agricultural or logistical issue—it represents a broader opportunity to revitalize rural areas, promote food sovereignty, and enhance environmental and social sustainability. By aligning policy frameworks with the specific needs of small producers and communities, Hungary can create a more inclusive, transparent, and future-oriented local food economy that fully supports the principles of the Farm to Fork Strategy and the European Green Deal.

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Food4CE

The methodology outlined in this document provides a comprehensive framework for FOOD4CE project partners to develop regional action plans tailored to the needs and contexts of their respective regions. By following this blueprint, partners can create actionable, strategic, and impactful plans that enhance the support for local food producers and AFNs across Central Europe. Each action plan should be a living document, adaptable to changing circumstances and capable of guiding stakeholders toward the successful implementation of policies and actions that strengthen regional food systems. Regional action plans shall be created in participating regions in accordance with the methodology developed here and in coordination with the regional Innovation Hub. Adoption of 5 regional action plan by local/regional authority or organization responsible for policy making.