

Diversification of Farm Activities



Thematic area: Socio-Economic Performance.

Priority: How to improve farms profitability?

Need: Low profitability of farms: How to improve their profitability through diversification? Identify new sources of income encouraging small farmers to maintain their traditional land management: Diversification of activities? Mixed farming?

Solution EU number: PRO-05.

Content of the solution: Diversification of farm activities expands the farm's operational scope by integrating new income-generating activities that align with available infrastructure, skills, and market opportunities.

Reasons for Implementing the Solution

Developing additional business branches increases the farm's economic resilience by reducing dependence on a single income stream. If one activity faces financial volatility, others can continue to generate revenue and stabilize the overall farm operation.

Description of Solution Strategies

Diversifying farm activities enables more efficient use of existing production factors—land, buildings, workforce—and secures multiple sources of income. The choice of diversification pathway should be guided by a thorough diagnostic assessment, market demand, operator skills, local opportunities, and long-term strategic objectives.

Before deciding on a new branch, assessing market potential and regulatory constraints is recommended. Costs vary depending on the activity type and the need for new infrastructure or equipment. In many regions, subsidies or grants may be available; eligibility depends on the sector of the new activity (e.g., tourism, agriculture, commerce).

Additionally, workload management must be considered, potentially requiring employee hiring. For certain activities, sector-specific training may be necessary.

Possible diversification areas include:

- Tourism
 - Horse riding experiences.
 - Bed & Breakfast
 - Holiday cottages (gîtes)
- Equestrian Activities
 - Horse boarding
 - Training and lessons
 - Competition or show organization.
 - Stallion services
 - Animal-assisted therapy or mediation

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- **Agricultural Activities**
 - Breeding additional species
 - Fodder production and sales
 - Cultivation of cereals or vegetables
 - Agroecology (greater crop diversity, reduced input dependency)
 - Sale of horsemeat
 - Harvesting and sale of mare's milk
- **Other Activities**
 - Manure valorization (heating bricks, fertilizer, compost substrates)
 - Renewable energy production (e.g. solar panels)
 - Shared use of agricultural equipment (e.g. CUMA cooperatives)

Implementation Steps

1. Farm Diagnosis: Inventory existing infrastructures, evaluate human resources, assess economic performance, and identify strengths, weaknesses, opportunities, and constraints.

2. Selection of Diversification Pathways: Choose one or more activities that align with market demand, skills, and farm potential.

3. Technical and Regulatory Feasibility Study: Evaluate equipment requirements, applicable standards, hygiene and safety regulations, accessibility, public-access rules, and operational capacities.

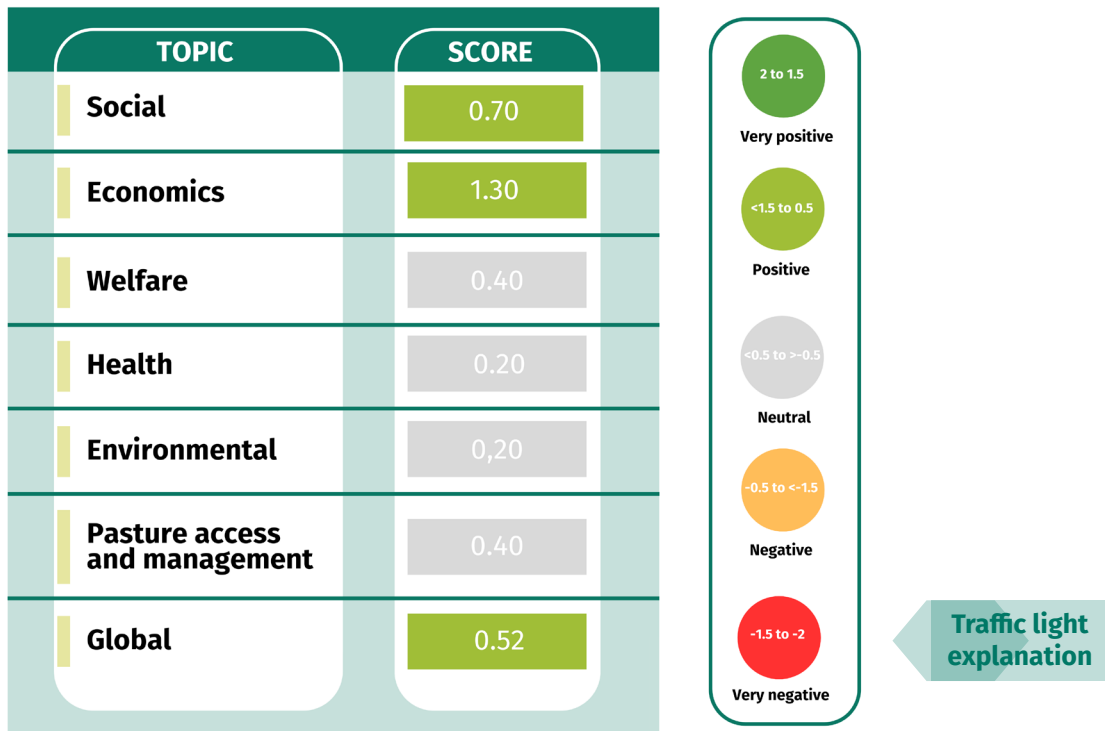
4. Investment and Development Planning: Define required investments, plan construction or adaptation works, establish a timeline, and identify funding sources (including subsidies, grants, and private financing).

5. Marketing and Commercialization: Define the offer and pricing, develop communication tools, create partnerships with local stakeholders, and participate in local events or fairs.

6. Operation, Monitoring and Evaluation: Manage daily operations, control performance indicators, adjust pricing or processes, and continuously evaluate economic viability.

Diversification of Farm Activities

How Will this Solution Impact the Performance of your Farm?



Socioeconomics: This solution will not affect the health performance of the farm because it does not directly translate into the prevention of disease risk or better health in general. Actually, as owners' attention is redirected to various aspects of farm production other than equine-related activities, many may be distracted from paying adequate attention to the health status of their animals. Probably, owners will focus more on the health and welfare of equines when their diversification activities include boarding clients' horses or offering their own animals to clients. This solution will also not support the welfare performance of the farm because, as for health, when owners' attention is redirected to various aspects of farm production other than equine-related activities, many may be distracted from paying adequate attention to the welfare status of their animals.



Health & Welfare: This solution will not affect the health performance of the farm because it does not directly translate into the prevention of disease risk or better health in general. Actually, as owners' attention is redirected to various aspects of farm production other than equine-related activities, many may be distracted from paying adequate attention to the health status of their animals. Probably, owners will focus more on the health and welfare of equines when their diversification activities include boarding clients' horses or offering their own animals to clients. This solution will also not support the welfare performance of the farm because, as for health, when owners' attention is redirected to various aspects of farm production other than equine-related activities, many may be distracted from paying adequate attention to the welfare status of their animals.

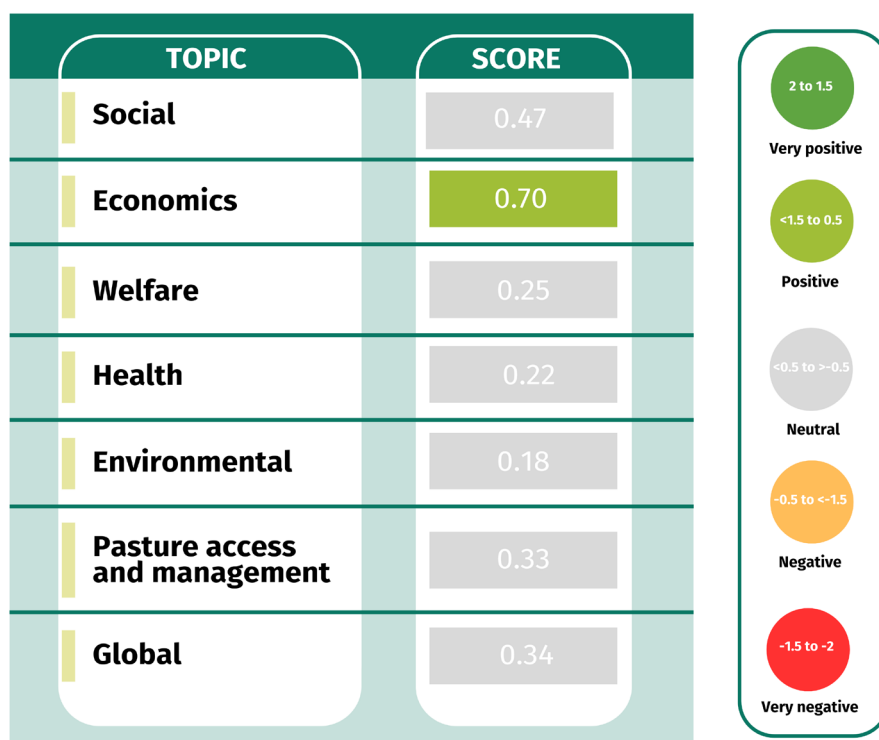
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Environmental sustainability: This solution will not have an effect on the environmental performance of the farm, as its impact on environmental sustainability cannot be reliably assessed at a general level. The effect on environmental sustainability depends on the type of diversification activities adopted and on how they are implemented. Furthermore, the effects can vary greatly and be contradictory. The diversification solution encourages multifunctional land use, often integrating low-impact activities like agro-tourism, equine-assisted services, or educational programs. These uses can support biodiversity (e.g. maintaining pastures, hedgerows) and may offer climate-adaptive practices (e.g. extensive grazing instead of high-input systems). Many diversification activities are often associated with increased water use; therefore, improved water management is required.

This solution will not have effect on the land access or management performance of the farm because it cannot be reliably assessed at the general level. Effect on grassland management performance depends on what kind of diversification activities are adopted and how they are implemented. If the adopted activities support multifunctional land use and sustainable approaches, grassland access and management will benefit from rotational or extensive methods. On the other hand, if the new activity uses land that was previously used for grazing or forage production, it means that grassland management will have to be adapted and it is possible that agricultural land area is decreasing at farm-level.

How Will this Solution Impact the Resilience of your Farm?



Diversification of Farm Activities



Socioeconomics: This solution will not impact social performance of the farm facing external challenges assessed because the social effects of diversification are highly dependent on the type of activities chosen and the context in which they are implemented. While diversification can strengthen outreach, community ties, and quality of working life in some situations, these benefits are not systematic and can be uneven across challenges such as pandemics, disease outbreaks, or welfare regulation changes. Some diversified activities may even be negatively affected during crises, and increased workload or organisational complexity can offset social gains if not well managed. As a result, diversification does not guarantee a consistent or direct improvement in social performance when facing external challenges.

This solution will support economic performance of the farm facing external challenges assessed because diversification increases financial resilience by multiplying income sources and reducing dependence on a single activity. This flexibility helps buffer economic shocks linked to inflation, pandemics, extreme weather events, or limited grassland access, allowing the farm to maintain revenue when one activity is disrupted. Diversification can also strengthen farm capital through new infrastructure and improve long-term adaptability. Although outcomes vary and some activities may be affected by rising costs, water prices, or regulatory constraints, the overall capacity to adjust, reallocate resources, and sustain cash flow under changing conditions supports the farm's economic resilience.



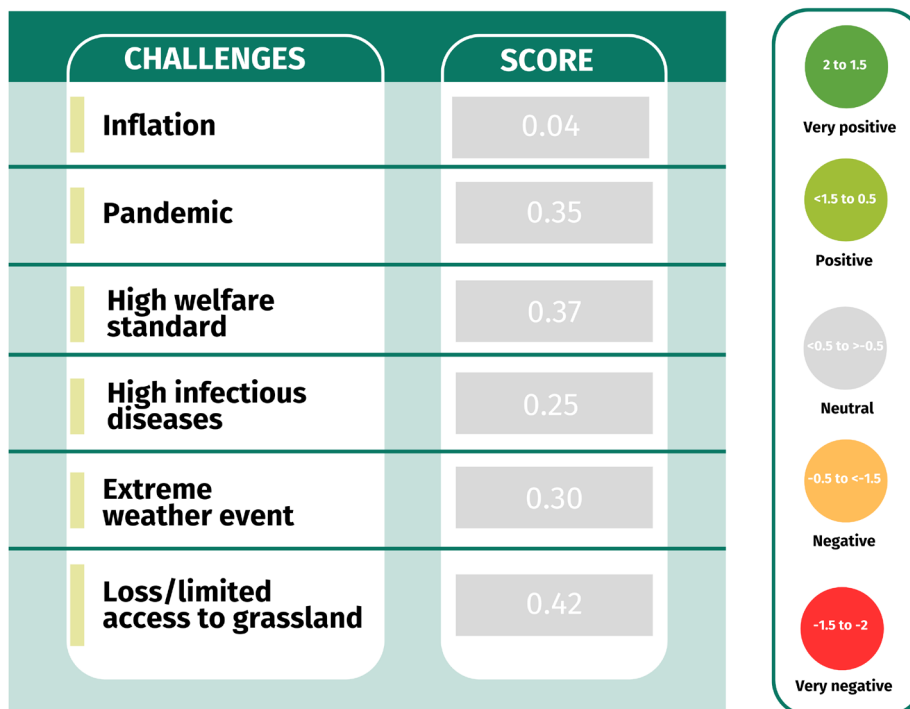
Health & Welfare: This solution will not impact farm health performance, as it does not directly reduce pain, mortality, and the need for medication when the farm experiences different external pressures. However, this can potentially decrease the animals' health status if, due to external challenges, the farm intensifies the use of its horses to compensate for losses in economic or environmental areas. With health issues occurring more often, the pain or overuse of veterinary drugs may increase. Similarly, this solution will not impact farm welfare performance, as it does not directly enhance housing in welfare-friendly conditions or positive emotional state if it is exposed to external pressures. Moreover, it can potentially decrease the animals' welfare status if, due to external challenges, the farm intensifies the use of its horses to compensate for losses in economic or environmental areas.



Environmental sustainability: This solution will not impact environmental performance of the farm facing external challenges assessed because it depends on what kind of diversification activities are adopted and how they are implemented. Diversification often integrates low-carbon services (e.g., cycling trails, agroforestry, sustainable practices, local food chain etc. supporting long-term resilience e.g. in climate change adaptation and mitigation and halting biodiversity loss in different challenges. Land used for ecotourism or conservation can be managed to support biodiversity, especially if grassland is inaccessible during certain periods. This solution will not impact land access or management performance of the farm facing external challenges assessed because it depends on what kind of diversification activities are adopted and how they are implemented. Diversification may increase flexibility in land use, however there may also create some land restrictions, such as regulations in conservation areas that may not be easily changed, even when farm faces serious external challenges.

Diversification of Farm Activities

How can this solution help your farm to face specific external challenges to be more resilient?



Inflation & Social Crises: Social challenge: This solution will not impact the global performance of the farm facing pandemics because the social benefits of diversification depend strongly on the type of activities developed. While some diversified, outdoor or digital activities may continue during a pandemic, others such as tourism, events, or on-farm services can be severely restricted. As these effects tend to balance each other and are highly context-specific, diversification does not systematically improve the farm’s overall social performance under pandemic conditions.

Economic challenge: This solution will not impact the global performance of the farm facing inflation because diversification can both buffer and amplify inflationary pressures. Additional income streams may help absorb rising costs, but diversified activities can also be exposed to higher expenses for water, energy, labour, or inputs. Since financial outcomes depend on the nature and scale of the activities chosen, positive and negative effects often counterbalance each other, resulting in no clear or guaranteed improvement in overall economic performance during inflation.



Welfare & Diseases: Health challenge: This solution may not support the global performance of the farm across socio-economic, health and welfare, and environmental areas when facing an infectious disease challenge. Although diversification of activities may economically help to overcome health-related problems during a disease outbreak, equine activities may need to be completely suspended until the epidemic situation improves.

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Welfare challenge: This solution will also not improve the global performance of a farm facing high welfare standards legislation, because having multiple activities within one farm may divert the owner's attention from ensuring welfare-friendly housing conditions and animal use. Thus, any potential positive effect on the farm's economic status may not guarantee a positive emotional state of the animals when higher welfare standards become compulsory.



Climate Change & Access to Land: Environmental challenge: This solution will not impact the global performance of the farm facing abnormally high temperatures and/or draught because it depends on what kind of diversification activities are adopted and how they are implemented. However, as farm diversification is already in use when farm faces assessed challenges, it may buffer risks that farm faces in a case of extreme weather event and provide alternative income or opportunities to recover from the challenge.

There are opportunities for making better use of marginal or non-traditional lands (e.g. for glamping, education), the farm maintains relevance and functionality even with limited grazing resources. Benefits vary, some diversification activities may have neutral or negative effects for farm entity. High temperatures and/or draught can also impact alternative activities.

Diversification of Farm Activities

Cost-benefit Analysis

Costs

Socioeconomics:

- High initial investments (infrastructure, construction, equipment).
- Additional training requirements for farmers and staff.
- Increased workload, time pressure, and risk of overburdening.
- More complex farm management and administrative procedures.
- Rising operating costs (marketing, insurance, maintenance).
- Additional labour costs if new staff are hired.
- Risk that the diversified activity is not economically viable.
- Need for detailed market studies and compliance with legal/administrative requirements.
- Temporary increases in stress levels and safety risks in public-facing activities.

Health & Welfare:

- Potential reduction in monitoring time per animal if workload is not properly managed.
- Increased stress risk due to visitor presence, unfamiliar activities, or higher workload for equids.
- Additional veterinary checks, welfare monitoring, and rest periods may be required.
- Necessary adaptations to housing, safety, and infrastructure to meet welfare standards.
- Possible risks related to introducing new species to the farm (e.g., disease transmission).



Benefits

- Increased economic resilience through multiple income streams.
- Greater financial stability and long-term security.
- Access to new customer groups and broader markets.
- Enhanced public image and stronger regional presence.
- Increase in overall farm value (tangible and intangible).
- Development of new skills and greater innovation potential.
- Contribution to rural development and local job creation.
- More efficient use of existing resources for new business opportunities.



- Mental stimulation for equids involved in diverse, low-stress, and welfare-friendly activities (e.g., therapy, guided experiences).
- Reduced overuse in high-intensity sport if work is distributed across multiple activities.
- Improved welfare as higher income may be reinvested in better housing, care, and feed.
- Opportunity to implement more welfare-oriented management systems (e.g., expanded turnout areas).

Diversification of Farm Activities

Costs

Environmental Sustainability:

- Potential increase in resource use (water, energy) depending on the activity.
- Local environmental impacts (soil compaction from tourism, additional waste).
- Higher traffic and mobility demands due to visitors or expanded logistics.
- Need to comply with environmental regulations, permits, and monitoring.

Cooperation between farms:

- Coordination efforts for joint services, marketing, or packages.
- Potential competition among local farms.
- Possible conflicts of interest or disagreements regarding service standards.
- Significant time investment for meetings, planning, and network management.
- Dependency on partner farms for combined offers.



Benefits

- Promotion of sustainable agricultural practices (agroecology, diversified cropping).
- Conservation of biodiversity through ecological land use.
- Support of landscape preservation via nature-based tourism.
- Possibility of reducing emissions through renewable energy production (e.g., solar).
- Strengthening of regional resource cycles and improved efficiency.

- Joint market research, knowledge exchange, and sharing of best practices.
- Collective marketing increasing regional visibility.
- Shared use of resources (equipment, land, staff, cooperative groups such as CUMA).
- Reduced workload for individual farms through subcontracting or cooperative models.
- Strengthening of regional networks and improved crisis resilience.



Technical Sheet for Solution Implementation

Diversification of Farm Activities

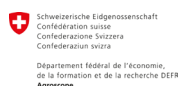
Additional Resources

Websites

- French Language:
 - <https://equipedia.ifce.fr/infrastructure-et-equipement/installation-et-environnement/developpement-durable/cheval-et-agroecologie>

Publications

- Rantamäki-Lahtinen, L. (2009). The success of the diversified farm - resource-based view. Agricultural and Food Science, 18(supplement), 134 p. <https://helda.helsinki.fi/server/api/core/bitstreams/b91d19de-942f-4be0-b7e0-559925a2013a/content>



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Ideas to Animate a Workshop About the Solution

- Ask a rural development agency / agricultural chamber / consultancy specialized in farm business development to sponsor the workshop.
- Find a model farm that has successfully diversified (e.g., equestrian tourism, agroecology, therapy work) where the workshop can take place.
- Prepare small demonstration stations (market analysis, regulatory checklist, facility planning, welfare assessment) and let participants rotate through them to experience the decision-making process behind diversification.

Proposed Structure For the Workshop on Diversification of Farm Activities in Equine Farms

1. Introduction to Diversification of Farm Activities

- What is diversification and why is it relevant for equine farms?
- Key components: market assessment, available infrastructure, workforce, regulatory aspects.
- Types of diversification available on the market:
 - Equestrian activities (boarding, training, therapy)
 - Tourism (horseback riding, B&B, gîtes)
 - Agricultural diversification (fodder sales, agroecology, mare's milk)
 - Additional revenue activities (renewable energy, manure valorization)

2. Benefits of Diversification in Equine Farms

- Increased financial resilience through multiple revenue streams.
- Improved use of existing facilities and land.
- Stronger connection to local communities and rural development.
- Reduced dependency on a single market segment.
- Potential to improve equid welfare through balanced workloads and reinvestment in care.

3. Practical Applications on Equine Farms

- Examples of diversification projects adapted to different structural conditions.
- How tourism, equestrian services, agricultural production or energy generation can be integrated.
- Demonstration of practical setups:
 - Layout of a therapy area
 - Tourist accommodation
 - Agroecological field structure
 - Solar installation or manure composting area
- Discussion of management implications for equids (workload planning, welfare monitoring).

4. How to Choose the Most Suitable Diversification Approach

- Evaluation of farm needs, available resources, and long-term objectives.
- Assessment of structural requirements (buildings, land, accessibility).
- Key criteria: feasibility, regulatory obligations, workforce capacity, expected demand.
- Comparing costs, required skills, market conditions, and potential synergies between activities.



5. Hands-On Demonstration

- Walk-through of diversification areas on the model farm.
- Activity stations where participants test:
 - Simple market analysis tools
 - Regulatory checklists
 - Infrastructure planning exercises (e.g., designing a stable-to-tourism workflow)
- Simulated decision-making exercises:
 - Choosing a diversification activity based on hypothetical farm scenarios.

6. Maintenance and Troubleshooting

- Maintaining diversified structures: safety, hygiene, visitor management, equid welfare standards.
- Adjusting activities according to seasonality, demand fluctuations, or equid workload.
- Identifying early warning signs of over-expansion or excessive workload.
- Troubleshooting common regulatory or organizational bottlenecks.

7. Case Studies and Real-World Examples

- Presentation of farms that have successfully diversified.
- How they integrated new activities into daily routines with equids.
- Key lessons learned:
 - Matching activities to strengths
 - Avoiding over-complexity
 - Securing certification or training
- Practical tips from operators on overcoming challenges.

8. Cost Analysis and Return on Investment (ROI)

- Comparing low-cost vs. high-investment diversification options.
- How to calculate ROI based on farm size, available workforce, and expected revenue.
- Financial benefits: improved cash flow stability, risk reduction, possible grants or subsidies.
- Practical exercises: filling out a simplified ROI worksheet.

9. Q&A Session

- Open floor for questions about specific diversification ideas.
- Address uncertainties regarding workload, equid welfare, local market demand, or regulatory issues.
- Guidance on accessing professional advice, funding programs, or certifications.

10. Wrap-Up and Resources

- Summary of key insights: planning, welfare consideration, economic feasibility, and structured decision-making.
- Additional resources:
 - Rural development offices
 - Chambers of agriculture
 - Tourism and therapy training institutions
 - Online business planning tools
- If partnered with sponsors: provide discount codes or information on support programs.