

# Reaching & supporting semi-subsistence farms in Poland

Jan Fałkowski

University of Warsaw

Sibiu, Romania 13-15 October 2010

# Outline

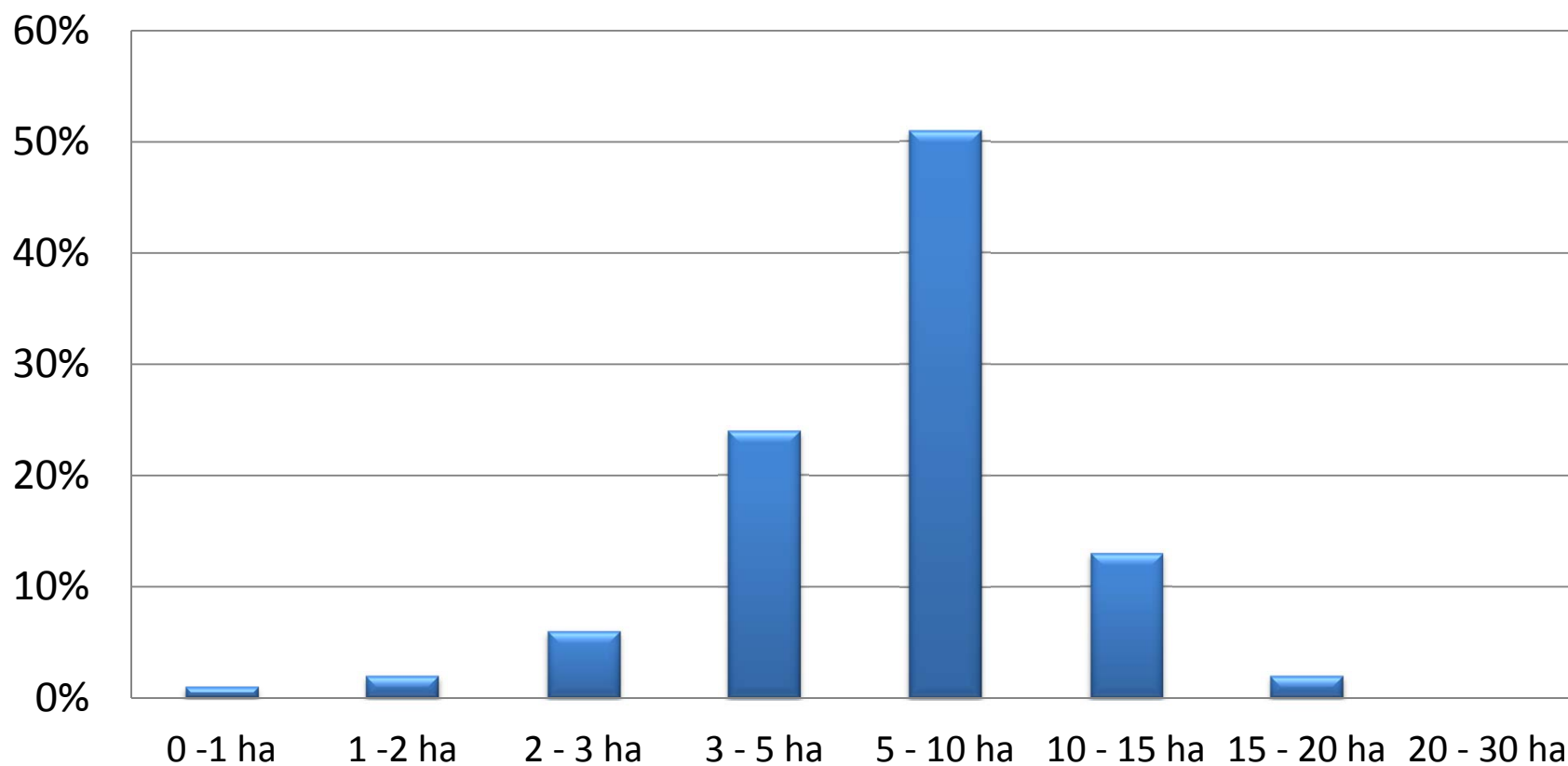
- Definition of semi-subsistence
  - Background info on semi-subsistence farms in Poland
  - Support for semi-subs. farms in Polish RD plan
  - Lessons learned & conclusions
- 
- Unless stated otherwise, all data for 2007

# Definition & reality

- „Semi-subsistence” often associated with „small scale”
  - Need to take into account not only „area dimension” but also „income dimension”  $\implies$  ESU as a solution
- 2-4 ESU farms in Poland
  - 300 thousands (13%)
  - 2 mln ha agric. land (13%)
- However, 0-2 ESU farms – 1.6 million (68%)
  - 3.3 mln ha agric land (20%)
  - Still undertaking agric. activity
  - How to/Should we include them in agricultural policy?
  - What about non-farm income/relations to the market?

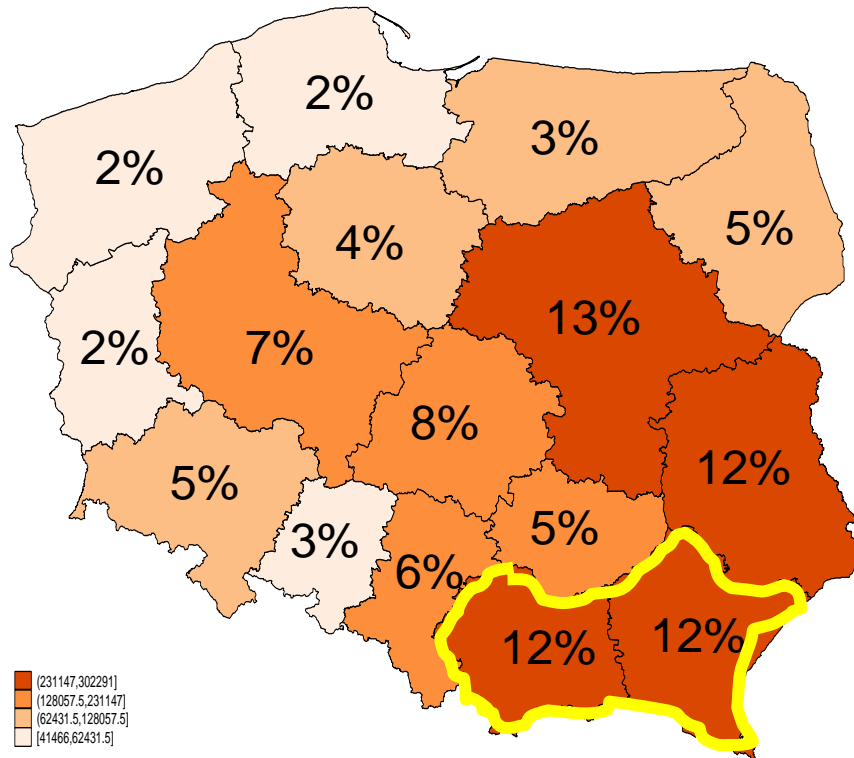
# Definition & reality (2)

## 2-4 ESU farms in Poland (2007)

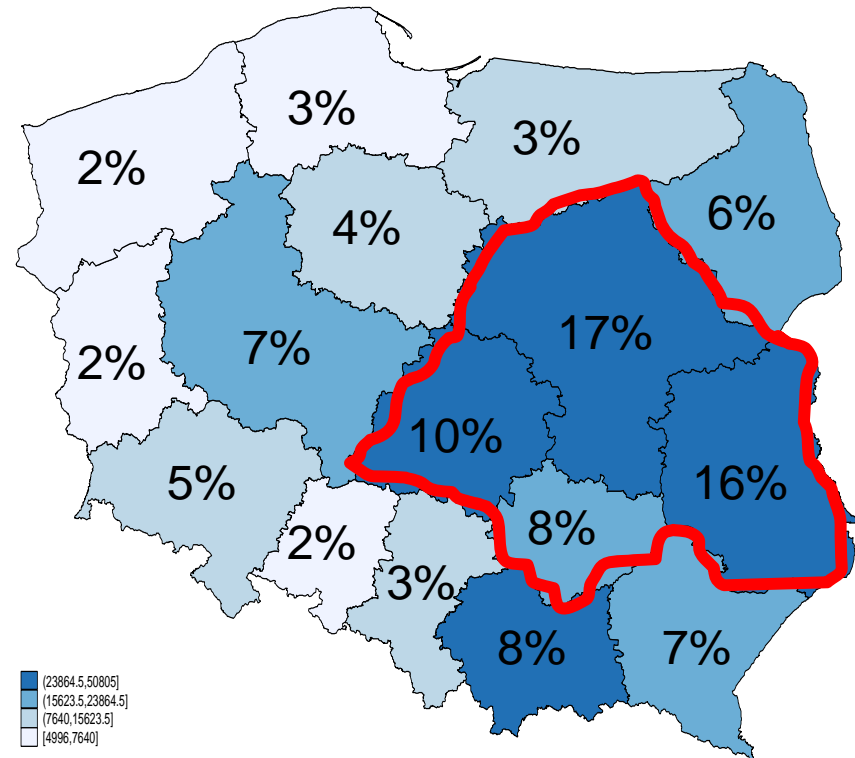


Source: Central Statistical Office; Charakterystyka gospodarstw rolnych w 2007 r., GUS, Warszawa 2008

# Regional distribution of farms in PL



Total number of farms



2-4 ESU farms

## 2-4 ESU farms – basic information

- The largest group (~30%) classified as: *various crops and animals*
- ~100% of land under GAEC
- Around 50% of farms operating on *LFA*
- Organic farming – an alternative to consider
  - 26% of organic farms in PL are 2-4 ESU
- 0.2 AWU per ha of agricultural area

# 2-4 ESU farms – basic information

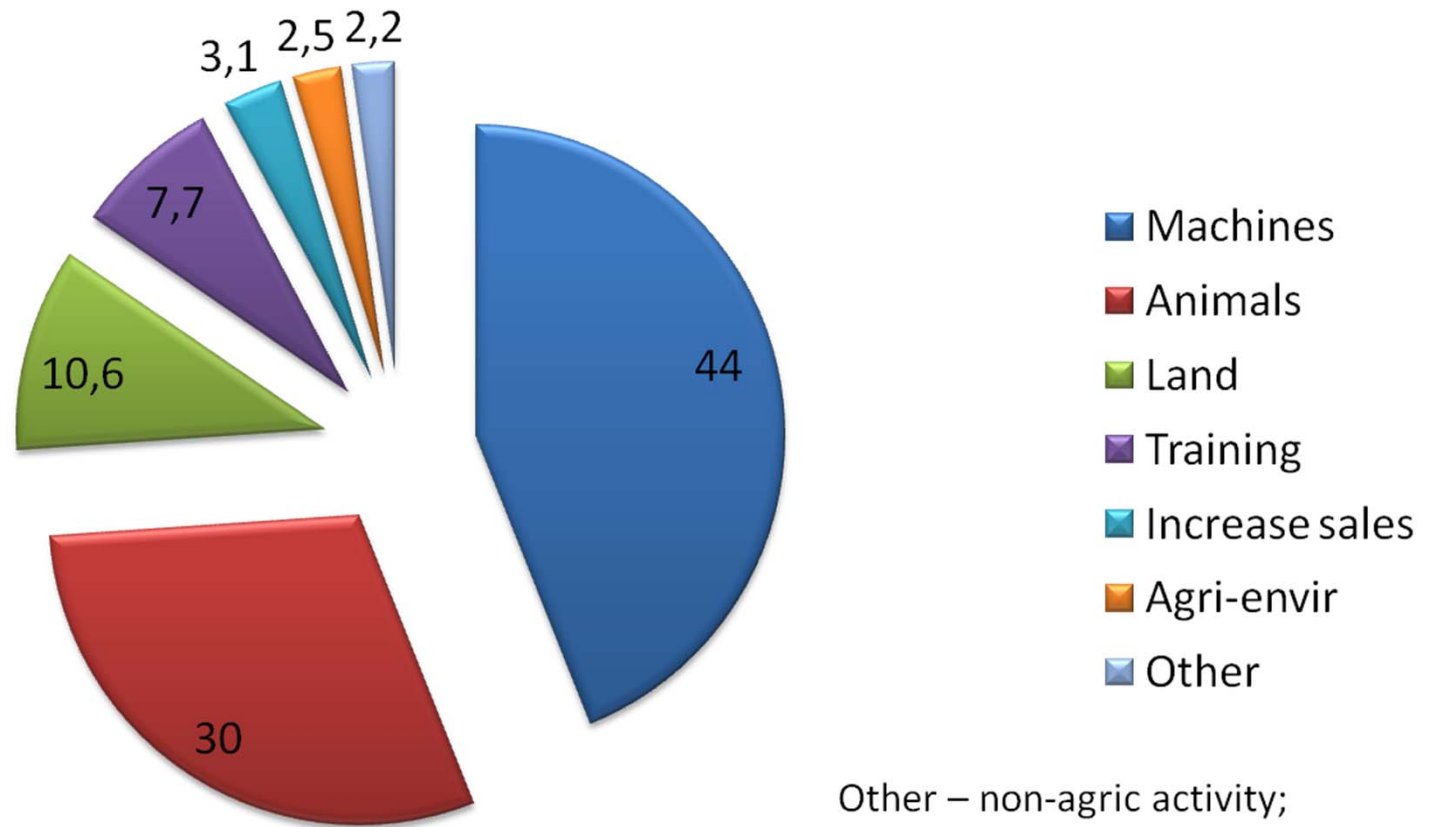
- Relatively low human capital
  - 52% of 2-4 ESU farms with some agric. education
  - Larger farms: 60%-82%
  - Similar trends for general education
- ⇒ Barrier for developing agric/non-agric activities
- 19% produces mainly for own consumption
- Main income sources
  - Agric production (41% of farms)
  - Off-farm paid work (23%)
  - Pensions and allowances (10%)

# Support in 2004-2006 RD policy

- Financial Perspective 2004-2006: specific „semi-subsistence” measure
- 2-4 ESU
- Over 1 ha
- Annual payment (1250€) for five years
  - Direct transfers
- Provide business plan
  - 12 different ways to restructure (possible to choose more than one)
  - To get payment for last 2 years need to accomplish intermediate goals declared in business plan



# Intermediate goals chosen



Other – non-agric activity;  
organic farming; resigning from  
flat rate VAT; producer groups;

Source: RD Plan 2004-2006 ex-post evaluation.

# Support in 2004-2006 RD policy

- Should it be „social benefit” or „investment capital”?
- In Poland: two aims behind the measure
  - Support restructuring process among farms with lower economic potential
  - Increase competitiveness of Polish agric. sector
- Priority: increase farm’s economic effectiveness
  - Conjecture: after 5 years of support farm > 4 ESU

# Support in RD - drawbacks

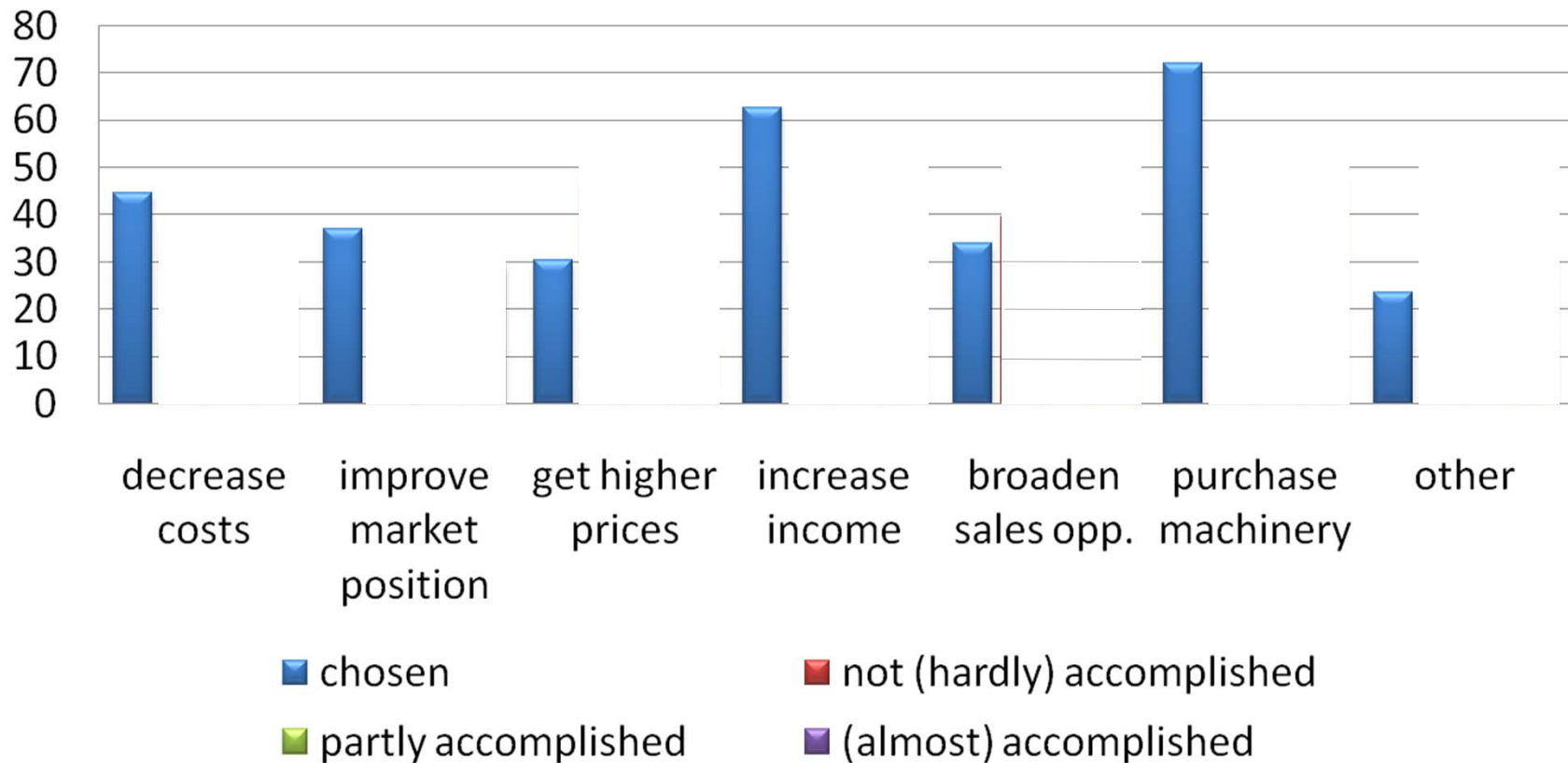
- Tied to ESU but not to hh income
- Imprecise intermediate goals – it was very easy to accomplish them
  - Support could have been perceived as social benefit => crowding out effect
- Focus was on agricultural activities (intermediate goals related to agric. activities)
- Some of intermediate goals overlapped with other RD measures

# Support in RD - results

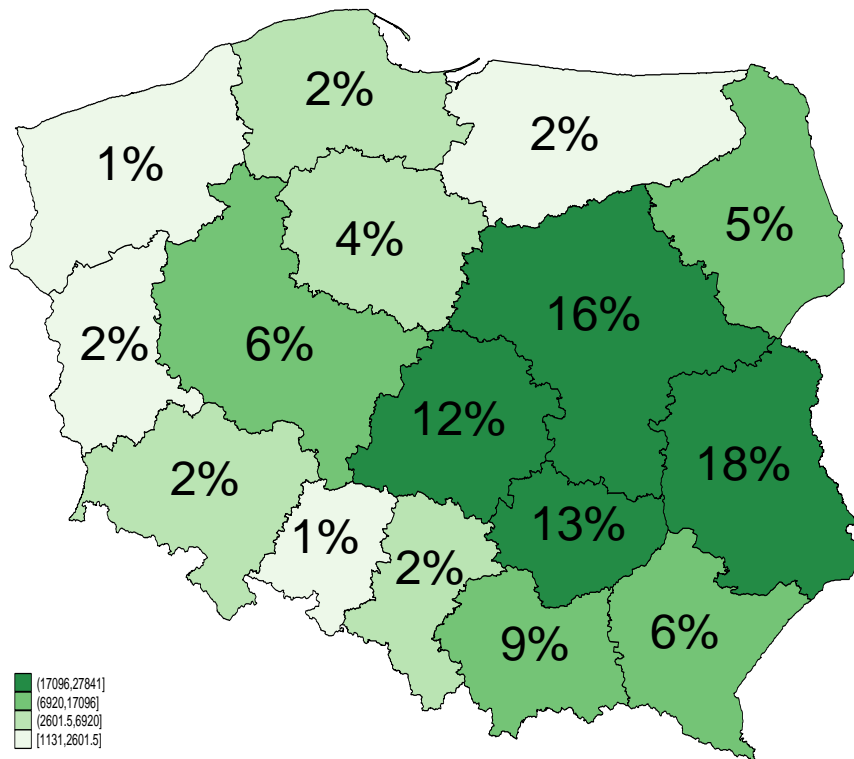
- No. of beneficiaries: 157 thousands
- Funds provided: 340 million €
- Survey results (157 respondents)
  - 97% (very) satisfied with support
  - On average 64% of funds used for investments
  - 34% would decide for the same without RD funds
  - 58% reports increase in sales compared to 2004
  - 48% reports increase in income compared to 2004
  - 27% & 34% no change respectively

# Support in RD - results

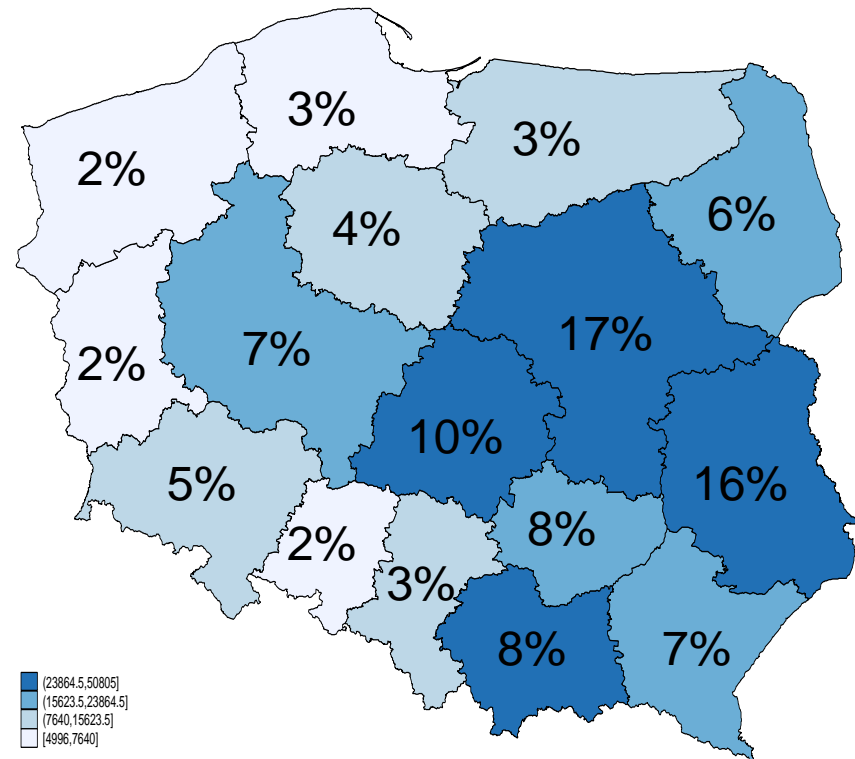
## Motivation for participation



# Regional distribution of support



Number of supported farms



2-4 ESU farms

# Some related issues

- Agricultural policy being one of many other policies affecting semi-subsistence farms
  - Domestic social policy
  - Cohesion policy; domestic infrastructural measures
  - Environmental policy (domestic and EU)
  - Education, health ...
- How to co-ordinate these policies?
  - Has CAP (in common perception) crowded out the other policies?
  - Can this explain why it is perceived as a „social benefit“?
- Not implemented during 2007-2013 programming period

# Some related issues

- New measure proposed (likely to be in place in 2011)
  - Create a marketplace
    - Local governments in charge (part of the LEADER approach?)
    - Farmers to have some priority
- *Ex post* it is easy to be wise
  - Some very important experiences gained
  - should be used to improve the measure not to abolish it



Thank you for your attention