



*National Institute for Economic Research*



**POLISH** NATIONAL AGENCY  
FOR ACADEMIC EXCHANGE

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# **Diagnosis of the small farms sector in the Republic of Moldova**

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“The role of small farms in sustainable development  
of the food sector in the countries of Central and Eastern Europe”  
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# KEY FACTS FROM MOLDOVAN AGRICULTURE



Share of the agricultural sector in GDP – 12.2%

Share of the agricultural sector and food processing industry in GDP – 22.6%

People living in rural areas - 57.3%

Active population employed in agriculture – 32.3%

# DEFINITION OF SMALL FARMS IN THE REPUBLIC OF MOLDOVA

- The concept of small farm **is not expressly defined** within a legal act or regulation in the Republic of Moldova.
- **“Small agricultural producers are the households, peasant farms with the agricultural land up to 10 ha, registered according to the rules, and the persons who received equivalent shares of land but did not register their agricultural household”** - from the “Agricultural activity of small agricultural producers in the Republic of Moldova” publication by the National Bureau of Statistics



# ROLE OF SMALL FARMS

- Involvement in different production activities;
- Diversification of the income (agricultural and non-agricultural);
- Ensure a significant part of self-provisions products;
- Face several problems, like:
  - ✓ limited access to foreign markets,
  - ✓ lack of advanced and modern technologies necessary for production;
  - ✓ lack of access to post-harvest infrastructure;
  - ✓ severe requirements in terms of ensuring food safety and high quality of the products, etc.

# SMALL FARMS VS LARGE FARMS (I)

Occupy 25.4% of total land used	Occupy 74.6% of total land used
Estimated at approx. 363 thousand farms	Estimated at approx. 6700 farms
<p>Production for-self consumption – farmers engage in trade only if an unplanned surplus of goods appears – specialized on cereals, sun-flower, small production of vegetables and fruits on households plots and limited livestock production</p> <p>Semi-commercial – an over production of some of commodities, compared to own consumption needs, is planned. Are multipurpose, oriented to several categories of production.</p> <p>Commercial – production of several categories of goods allows small farmer to be efficient in being commercial, in order to generate a sufficient level of income – potatoes and vegetables, fruits, nuts and grapes, livestock products (in particularly milk, honey)</p>	<p>Specialized on production specific for large plots, but with a low value added: cereals (wheat, maize, barley), oleaginous crops (sun-flower, rapeseed), technical crops (sugar beet),</p> <p>Limited number of large farms develop production of high valued goods: livestock production, vegetables and fruits, ethero-oleaginous crops and others.</p>



# SMALL FARMS VS LARGE FARMS (II)

<p>Commercial component is less obvious, products are directed mainly for own consumption or for selling in local open-air markets in small amounts or to neighbours. Some products are sold to processing factories or traders.</p>	<p>Commercially oriented, both, towards internal and external markets</p>
<p>Limited market integration opportunities</p>	<p>Better access to markets</p>
<p>More likely to imply in additional activities (non-agricultural)</p>	<p>Basically specialized on agricultural activities. Some exceptions could be noticed: companies specialized in international transport, processing, some traders begin to invest in large-scale agriculture. A limited numbers of large farmers try to extend their some related activities.</p>
<p>Intense use of the family labour force, in most of cases, with no specialized education in the field</p>	<p>Employ people. Number and structure of employees differs depending on the field of activity of the farm.</p>



# SMALL FARMS VS LARGE FARMS (III)

A great social impact, as they are presented as a safety net	Oriented towards own income, less socially active or responsible
Limited capacities to access finance and subsidies	Better access to finance, including subsidies
More labour intensive	Less labour intensive
Lacking modern production tools	Better equipped with the necessary machinery, instruments
Lack of negotiating skills	Stronger bargaining power, in inputs and selling goods
Agricultural activity is done mainly on own land	Manage own land and have lease agreements with smallholders

# SUPPORT POLICY FOR SMALL FARMS (I)

## State support

- Provided by the Agency of Interventions and Payments in Agriculture;
- Measures with the highest shares of subsidizing are mainly oriented towards the large scale producers;
- Small producers are disadvantaged;
- Small farms can absorb support only measurable with their scale of production;
- For the first time, starting with 2017, according to the Law on the subsidizing principles in the development of agriculture and rural area, potential agricultural producers to receive subsidies are classified according to the category of small, medium and large agricultural producers.
- Even if the definition of small farms was established, no special measure focused on small farmers exclusively, was adopted.
- A small number of small farmers have benefited from subsidies, which are generally related to some specific investments in their activities.
- Payments in advance can represent a possible solution for small farmers

# SUPPORT POLICY FOR SMALL FARMS (II)

## International donors

- IFAD
  - ✓ Rural Resilience Project (IFAD VII),
  - ✓ Inclusive Rural Economic and Climate Resilience Programme (IFAD VI), etc
- FAO
  - ✓ Improving small-scale farmers' resistance to drought through better water management and modern irrigation technologies Project,
  - ✓ Strengthening the capacity of smallholder farmers in national berries production,
  - ✓ Support to the implementation of the Regional Initiative on Empowering Smallholders and Family Farms project
- Other donors (WB, USAID, etc.)



# STATISTICAL DATA ON SMALL FARMS

## Land use per category of agricultural producers

	2011			2018		
	Total	<i>of which:</i>		Total	<i>of which:</i>	
		Arable land, sown area	Multiannual plantations		Arable land, sown area	Multiannual plantations
<b>Total</b>	1596.0	1477.2	118.8	1683.9	1544.3	139.6
<b>Peasant farms managing less than 10ha</b>	<b>423.1</b>	<b>375.3</b>	<b>47.8</b>	<b>349.8</b>	<b>298.4</b>	<b>51.4</b>
Agricultural enterprises and peasant farms managing over 10ha,	841.0	787.8	53.2	1028.1	962.3	65.8
<i>of which:</i>						
<i>Agricultural enterprises</i>	744.8	701.4	43.4	855.4	804.7	50.7
<i>Peasant farms managing over 10ha</i>	96.3	86.4	9.8	172.7	157.6	15.1
<b>Households plots, gardens</b>	<b>288.4</b>	<b>272.0</b>	<b>16.4</b>	<b>306.0</b>	<b>283.6</b>	<b>22.4</b>

# STATISTICAL DATA ON SMALL FARMS

## Number of small farms

- The total number of small farmers can not be established based on the data collected by the National Bureau of Statistic.
- If in case of registered peasant farms presumes that one farm include the land plots of the all family members, in case of equivalent shares of land not registered it includes separate data for different family members.
- It could be estimated that the total number of family farms represent 123878, considering that it have to include lots of both spouses.
- A total number of 363231 of family farms can be estimated for 2018 that includes registered peasant farms and estimated number of family farms based on the number of plot holders.

# STATISTICAL DATA ON SMALL FARMS

## Number of agri producers and sown/yielding area

	Number of agri producers						
	2009	2010	2011	2014	2015	2016	2017
<b>Registered peasant farms managing less than 10ha</b>	293416	297833	290876	286794	286129	260620	239353
<b>People who received equivalent shares of land but did not register their agricultural household</b>	195740	206726	227232	226741	223720	244483	247757
Agricultural enterprises (companies that declared agriculture and hunting as main activity)	2302	2360	2438	2930	3031	3318	3723
Peasant farms managing over 10ha	1245	1556	2101	2707	3009	3125	2971



# STATISTICAL DATA ON SMALL FARMS

Farmers managing less than 10 ha, main sown areas, production, thous.ha, thous. tons

	2013	2014	2015	2016	2017
<i>Sown areas - total</i>	362	365	350.5	338.6	323.4
<i>Sown area, cereals and leguminous crops - total</i>	249.6	248.6	239	226.2	216.3
Production, cereals and leguminous crops - total	626.7	702.7	488.6	635.2	697.0
including:					
<i>Sown area, wheat</i>	70.7	69.8	59.6	554.4	60.2
Production, wheat	186.2	191.5	137.3	203.8	205.6
<i>Sown areas, grain maize</i>	149.4	150.0	152.7	138.5	132.8
Production, grain maize	386.9	456.7	310.3	554.4	437.6
<i>Sown areas, sun-flower</i>	59.3	61	62	64.6	60.8
Production, sun-flower	26.3	81.1	77.5	100.4	107.3
<i>Sown area, field vegetables</i>	3.9	3.2	2	2	2.5
Production, field vegetables	25.5	33.9	12.8	12.5	14.4



# STATISTICAL DATA ON SMALL FARMS

Perennial plantations, farmers managing less than 10 ha, thousands ha

	2013	2014	2015	2016	2017
Fruits, berries and nuts, total	47.2	39.1	52.5	52.7	51.8
<i>Share in total area per country, %</i>	<i>38.7</i>	<i>32</i>	<i>38.7</i>	<i>39.2</i>	<i>37.6</i>
Seeds fruits	29.9	22.4	30.5	30.5	29.7
<i>Share in total area per country, %</i>	<i>45.1</i>	<i>37.8</i>	<i>46.7</i>	<i>49.1</i>	<i>47.5</i>
Stone fruits	16.3	11.9	16.5	554.4	16.0
<i>Share in total area per country, %</i>	<i>39.7</i>	<i>32.9</i>	<i>39.2</i>	<i>39.1</i>	<i>37.3</i>
Grapes, total	60.6	60.1	58.2	57.1	52.8
<i>Share in total area per country, %</i>	<i>44.3</i>	<i>42.8</i>	<i>43</i>	<i>42.2</i>	<i>40.7</i>
Of which, table grapes	9.0	9.2	8.9	8.6	7.9
<i>Share in total area per country, %</i>	<i>46.9</i>	<i>44.9</i>	<i>44.6</i>	<i>43.2</i>	<i>40.5</i>

# STATISTICAL DATA ON SMALL FARMS

Main livestock as of January 1 by categories of producers, 2007-2018, units

		2007	2010	2011	2012	2013	2016	2017	2018
<b>Cattle</b>	Agricultural enterprises and farms which have on balance livestock	18737	13171	11621	12044	11636	15075	18257	19069
	Households	280368	208451	204330	191831	179536	171041	164082	148354
<b>Pigs</b>	Agricultural enterprises and farms which have on balance livestock	66775	94526	139387	120635	142033	185748	191426	184478
	Households	465043	282616	339136	317995	268394	267442	247581	221933
<b>Sheep and goats</b>	Agricultural enterprises and farms which have on balance livestock	36098	23671	20036	20821	17671	27645	25095	25708
	Households	910914	891231	885434	811606	806306	840906	844697	816738
<b>Bee families, piece</b>	Agricultural enterprises and farms which have on balance livestock	6073	4937	4595	3550	3769	2921	3066	2581
	Households	..	..	..	..	..	133025	145014	161083

# STATISTICAL DATA ON SMALL FARMS

Specialization of the farmers that are managing less than 10 ha, plant production, %

	2008	2013	2014	2015	2016	2017
Total	100.0	100.0	100.0	100.0	100.0	100.0
Several categories of products	66.0	59.6	58.9	57.4	57.4	56.4
Cereals	23.4	26.1	26.9	27.6	28.9	29.6
Sun flower	1.2	2.6	2.8	2.8	3.1	3.1
Sugar beet	0	0	0	0	0	0.1
Potatoes	0.5	0.2	0.2	0.1	0.1	0.1
Vegetables	0.1	0.2	0.1	0.2	0.2	0.2
Fruits	1.7	2.4	2.2	2.4	1.8	1.7
Grapes	7.1	8.9	8.9	9.5	8.5	8.8

# CONCLUSIONS (I)



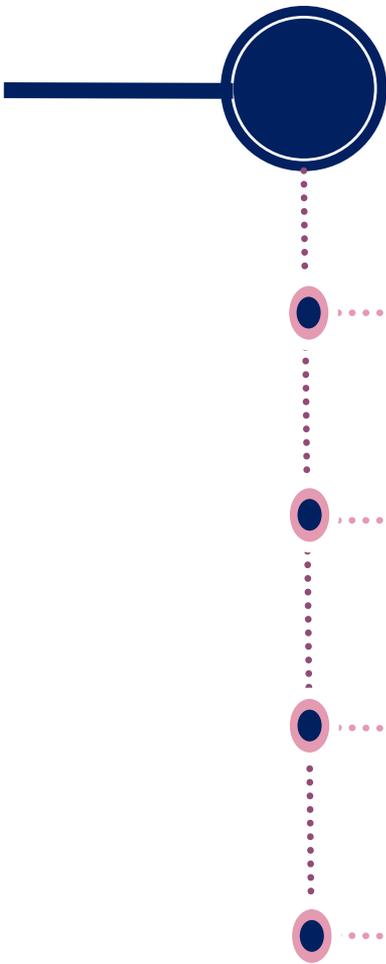
Nowadays, the number of small farms still dominates the farm structure in the Republic of Moldova;

The trend of the land consolidation continues, mostly in favour of large farms;

Overall shrinking of the farm sizes among the small family farms is observed. At least, a part of the released land is overtaken by the large commercial farms;

Farm growth among smallholder farms is an exception and not the rule: the large majority of farms do not change their size, in terms of growing;

# CONCLUSIONS (II)



Small farms are involved in more labour intensive agricultural activities and often acts as safety nets for rural inhabitants;

Definitions of the “small farms” are rather diffuse and differ from those accepted in other EU countries;

Agricultural policies are still less supportive for small farms being preponderantly oriented toward large scale farms;

There is no structural approach in the government policies for small farmers. In long term, the effects are consisting in a registered trend of growth of the cooperative sector.

# THANK YOU FOR YOUR ATTENTION!



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