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Diagnosis of the small farms sector in Poland

International Conference on
“The role of small farms in sustainable development
of the food sector in the countries of Central and Eastern Europe”
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- The purpose of the presentation is to provide basic information about agriculture in Poland, the agricultural sector, with particular emphasis on the small farm sector

Background of the research

and rural areas?

- What is the situation of small farms?
- What is policy towards small-scale agriculture?



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At the beginning...

- small farms in the paradigm of industrial agriculture vs sustainable development
- small farms treated as backward and unproductive, and thus constituting an obstacle to the development of the world economy
- small farms perform a number of social and environmental functions, hence they are crucial for long-term development



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Agriculture in Poland in the XXI century

Specification	Value
Share of agriculture in GDP	2.4%
Share of investments in agriculture against the background of total investments	2%
Share of gross fixed assets in agriculture against the background of total assets	4.2%
Employment in agriculture against the background of total labor force	11%*
Utilised agricultural area UAA	14.7 mln ha
Number of farms (above 1 ha of UAA)	1.4 mln
Average size of farm	10 ha UAA



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Agriculture in Poland in the XXI century

- high, seventh place in the European Union in terms of agricultural production volume
- high, positive balance of foreign trade in food (almost EUR 10 billion in 2018)
 - accession to the EU
 - inflow of foreign investment (foreign corporations)
 - "backwardness" rent – more traditional food
 - modernization of Polish food factories

BUT

- disparity of agricultural to non-agricultural income, although in recent years lower as a result of the inflow of European funds, mainly the Common Agricultural Policy



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Definition of small farm in Poland

- There is no clear definition of a small farm
- Most commonly used criteria:
 - physical farm area (5 or 10 ha of UAA)
 - economic size - standard output (8 or 15 thousand SO)
 - labor input - small farms consumes ca. 0.5-2 AWU annually
 - self-consumption - a small farm uses most of its own production for self-consumption
 - formal criterion for direct support - EUR 1,250



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The role of small farms

- due to the number of small farms in Poland, they are the basis for an agrarian structure and remain an important player in the field of food production
- they are a guarantee of maintaining many families in rural areas
- multi-functional character - activities for the benefit of the local community and the natural environment



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Benefits of small farm activities

- diversification - plant and animal production, landscape, culture, tradition;
- responsible management of natural resources, water, forests, maintaining animal welfare;
- creating jobs in the countryside, building social ties,
- combining work and life for the family
- providing relatively cheap food produced in a more traditional way, and thus tastier and healthier



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Small scale farms in statistics (1)

Specification	2005		2010		2013		2017	
	number	%	number	%	number	%	number	%
Total number of farms							5	100
Included (the number of entities with an area not exceeding 10 ha of UAA)								
up to 1 ha UAA			25	1.6	34	2.4	21	1.5
1-1,99 ha UAA							263	18.7
2-4,99 ha UAA							450	32.0
5-9,99 ha UAA	370	14.9	346	22.9	315	22.1	316	22.5

the number of entities with an area not exceeding 10 ha of UAA is about 1 million in Poland, which is 3/4 of all farms!

since 2005, this number has decreased by more than half



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Small scale farms in statistics (2)

Specification	2005		2017	
	Area	%	Area	%
Total agricultural area (thous. of ha)	14 755	100	14 620	100
Including farms (thous. of ha):				
up to 1 ha UAA		9	17	0.1
1-1,99 ha UAA			389	2.7
2-2,99 ha UAA			459	3.1
3-4,99 ha UAA	1 727	11.7	987	6.8
5-9,99 ha UAA	2 635	17.9	2 205	15.1

small farms use less than 28% of agricultural land



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Small scale farms in statistics (3)

Economic class SO (euro)	2005		2010		2013		2016	
	Number (thous.)	%	Number (thous.)	%	Number (thous.)	%	Number (thous.)	%
0-2 thous.	1 403	56.6	485	32.2	403	28.2	391	27.7
2-4 thous.	<div style="background-color: #ADD8E6; padding: 10px; border: 1px solid black; text-align: center;"> <p>the number of economically weakest farms is falling</p> </div>					19.8	270	19.1
4-8 thous.						18.3	253	17.9
8-15 thous.	205	8.3	195	12.9	184	12.8	185	13.1



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Small scale farms in statistics (4)

Specification	Economic size (SO in euro)			
	0-2	2-4	4-8	8-15
Average size (ha UAA)	2.2	3.6	5.8	9.2
Structure of farms by area class (ha UAA) in %:	<div style="background-color: #ADD8E6; padding: 10px; text-align: center;"> very close relationship between economic size and UAA of farms </div>			
up to 1				
1-2	53.0	16.1	6.0	1.4
2-3	26.5	22.9	10.5	4.0
3-5	14.5	40.1	26.6	13.5
5-10	2.2	19.4	47.2	43.6
More than 10	0.3	0.5	9.4	37.1



Small scale farms in statistics (5)

Specification	Farms up to 10 ha UAA	Farms above 10 ha UAA
Share of farms managed by male	66%	87%
Share of farms according to the age of manager:		
below 40 lat	18%	28%
small farms, more often than large ones, are managed by older people with lower education		
Education of manager:		
primary education/no education	13%	7%
vocational education	37%	33%
vecondary education	37%	41%
higher (bachelor or master degree)	13%	19%



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Small scale farms in statistics (6)

Specification	Farms up to 10 ha UAA	Farms above 10 ha UAA
Share of farms conducting non-agricultural activities	2.6%	4.9%
Share of farms selling their own agricultural products over a period of last 12 months	68%	98%
Share of farms selling agricultural products	4%	0%
Share of farms using ecological methods of production	0.4%	7%
Share of farms benefiting from support under RDP	48%	68%

small farms less connected with the market, but more often use short sale channels



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Small scale farms in statistics (7)

Spe	lower share of land under sown crops, higher with meadows and forests				
sown land	40%	45%	51%	58%	70%
permanent me	lower intensity of cattle and pig farming - lower production of manure and slurry				16%
permanent pas	lower intensity of cattle and pig farming - lower production of manure and slurry				3%
parmanent crops	3%	4%	4%	4%	2%
forests and forest lar	lower consumption of inorganic fertilizers			9%	4%
other land	lower consumption of inorganic fertilizers			8%	5%
fertiliz	compared to large-scale agriculture, small farms in Poland operate in a more environmentally sustainable way				152.0
(kg pe	compared to large-scale agriculture, small farms in Poland operate in a more environmentally sustainable way				

Small scale farms in statistics (8)

Farm economic size SO (euro)	Number of farms	Total area (ha)	Total production (t)	Net income/100 UAA
2 000-8 000	9 909.2	1 078.2	3 703.9	231.0
8 000-25 000	9 909.2	1 078.2	3 703.9	403.0
25 000-50 000				643.3
50 000-100 000				777.1
100 000-500 000	60 172.7	2 227.1	19 629.2	726.5
>500 000				248.7

in the case of microeconomic calculations, small farms achieve much lower results than larger entities

large income disparity between small and large farms, as well as between small farms and average wages in the economy

small farms are not sustainable in economic terms



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Policy towards small farms in Poland (1)

- **4 groups of support:**

1. development of agricultural production
2. diversification of activities
3. farm/land transfer to another farmer
4. administrative facilities



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Policy towards small farms in Poland (2)

1. Development of agricultural production

- specially addressed action "Restructuring of small farms", launched under the Rural Development Program 2014-2020.
- the aid is granted for a farm with an economic size of up to 6,000. euro SO
- for restructuring towards the production of agricultural products, preparation for sale/direct sale or processing of agricultural products



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Policy towards small farms in Poland (3)

2. Diversification of activities

- funds for starting non-agricultural activities (RDP 2014-2020)

3. Farm/land transfer to another farmer

- special payment to small farms (RDP 2014-2020)
- for farmers who permanently transfer their farm to another farmer
- the transferee undertakes to carry out agricultural activity for a period of at least 5 years



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Policy towards small farms in Poland (4)

4. Administrative facilities

- creation of a simplified system of direct payments in the first pillar of the CAP (from 2015)
- covers farmers who received direct payments of no more than EUR 1,250 per year (having a farm of approximately 5-6 ha of UAA).
- simplification means less restrictive criteria for cross-compliance and greening of direct payments



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**No conclusions
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Thank you for attention

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