

SMALLHOLDER FAMILY FARMS IN THE
FACE OF THE SARS-COV-2 PANDEMIC
-
EXPERIENCES FROM THE REPUBLIC OF
MOLDOVA

Alexandru Stratan,
National Institute for Economic Research,
Chisinau, Republic of Moldova

SEVERE DROUGHT:

- Gross agricultural production accounted for 72.9% compared to 2019.
- A sharp decline in crop production by 35.9%.

PANDEMIC COVID-19:

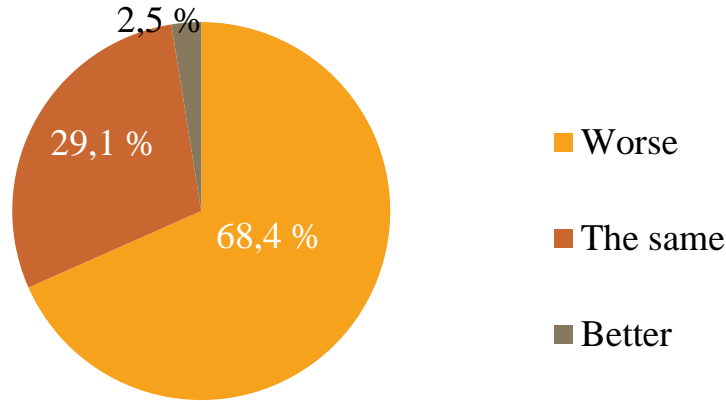
- Impact of COVID-19 pandemic compared to the impact of drought was negligible and insignificant
- In the agricultural sector, the impact of COVID-19 has manifested mainly in the form of difficulties in transportation, a decrease in external demand from some partners of the Republic of Moldova and periodic interruptions in the supply chain.

SPECIAL SUPPORT IN COMBATING THE EFFECTS OF DROUGHT

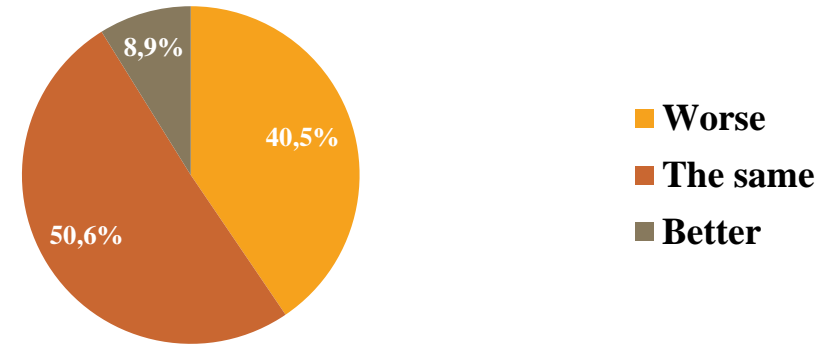
- **Allocation of 300 million MDL** (approximately 15 million EUR) from the National Fund for the Development of Agriculture and the Rural Environment for providing compensation to reduce the impact of natural disasters (drought and hail) on crops.
- Thus, for the damage caused by drought, grain crops of the first group were subsidized, namely: winter wheat - 1,500 MDL / hectare (about 75 EUR), winter barley - 1,530 lei / hectare, winter rape - 2,100 lei / hectare.
- At the same time, for the damage registered as a result of hail, the following were subsidized: peas - 1 100 lei / hectare and garden crops such as fruit trees, walnuts, fruit bushes and strawberries - 3 800 lei / hectare, vineyards - 3 000 lei / hectare, vegetables grown in the open field - 2 000 lei / hectare.
- Compensation was offered only to claimants affected by more than 60% of the grain crop of the first group and 60% or more of the harvest of fruit crops.
- **59.7 million MDL (about 3 million EUR)** provided by the Government of the Russian Federation, intended to partially compensate for the damage caused by the drought in 2020 to corn crops and soil preparation for the 2021 harvest.
- In 2021, Romania donated **6,000 tons of diesel fuel** as humanitarian aid to start agricultural activities.

Small farms (only registered ones) were eligible for receiving the special support.

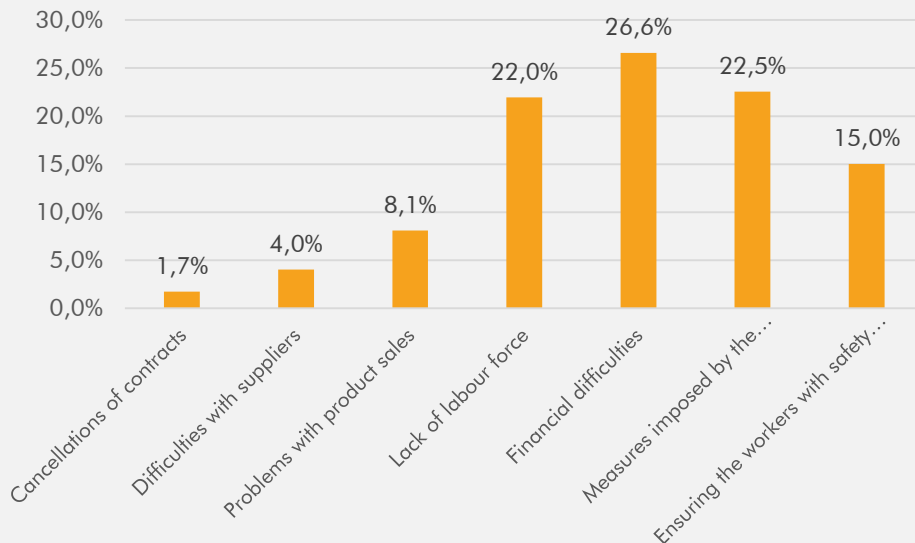
IMPACT OF COVID-19 ON FARMERS (BASED ON SURVEY OF 80 AGRICULTURAL PRODUCERS CARRIED OUT WITHIN NIER)



How do you assess the state of your business today (during the Covid-19 Pandemic), compared to the same period last year?



How do you assess the situation regarding the sales of agricultural production this year (compared to the previous year)?



The main problems faced by farmers due to the spread of COVID-19 pandemic, %

No differences have been noted in answers of small farmers, compared to medium sized or large ones

Small farms with a narrow and distinguished specialization were the most affected, like smallholders specialized in growing rabbits, quails, nutria, etc., as they've lost the sales market – the HORECA sector for about 3-6 months.

IMPACT OF COVID-19 ON HOUSEHOLDS (BASED ON SURVEY OF 273 HOUSEHOLDS CARRIED OUT WITHIN NIER)

"How do you assess dietary changes during COVID-19 pandemic?"

- more than half of the respondents did not change their eating behavior: 66.3% eat the same amount of eggs, 65.6% - poultry, 64.8% - milk, 64.5% - vegetables, 58.2 % - fruits, 56.8% - beef, etc.

"How often did you buy groceries from the market, bazaars, supermarkets, local small shops, online, etc. in 2020, during the COVID-19 pandemic period?"

- The share of people has increased, who, when choosing the place to shop, make the decision in favor of supermarkets and neighborhood stores, which are close to where they live. The share of respondents, who quite often buy food in neighborhood stores, increased by 4.8 percentage points in 2020 compared to the previous year, and in supermarkets increased from 67.5% in 2019 to 71.1% in 2020.
- The share of respondents who bought products on-line increased from 3% (pre-pandemic period) to 9% during the pandemic period

The results of the survey reveal that, during the COVID-19 pandemic, the population became **aware of the importance of healthy eating and changed their eating behavior**. Every third respondent increased the purchase of vegetables, fruits, healthy food and every second - reduced the consumption of unhealthy food.

In order to reduce the risk of infection with severe acute respiratory syndrome SARS-CoV-2, consumers have changed their **behavior in choosing the place of purchase of food**. Many shoppers switched to cashless payments and online shopping.

Even if 2020 represented a difficult year for the agricultural sector of the Republic of Moldova in terms of severe drought and Covid-19 pandemic, food security was not significantly endangered.

GENERAL STATE SUPPORT MEASURES IN COMBATING THE COVID-19 PANDEMIC

Postponement until April 25, 2020 of the declaration and payment of income tax for 2019 for individual entrepreneurs or peasant farms that do not pay VAT, with a number of employees up to 3 people and SMEs.

Deferral of payment of business income tax related to the first quarter of 2020 until June 25, 2020.

The introduction of a moratorium on all types of state control on entrepreneurial activity until June 1, 2020.

Interest subsidy program for enterprises that received loans from commercial banks in the period from May 1, 2020 to December 31, 2020.

VAT refund program for companies registered as VAT taxpayers and registering VAT amounts for deduction in the subsequent period.

Reimbursement of 100% or 60% of taxes and levies on wages paid to employees of economic operators who were forced to cease their activities as a result of restrictions imposed by the authorities and who established technical or stationary unemployment.

SUPPORT TARGETING THE AGRICULTURAL SECTOR AND SMALL FARMS FOR MINIMIZING THE EFFECTS OF COVID-19

- In 2020, there were no specific actions or support measures to combat the consequences of the COVID-19 pandemic in the agricultural sector.
- Nevertheless, all registered farms, including small ones, were eligible for receiving support via the general schemes.
- One support measure targeted directly the peasant farms, namely: Postponement until April 25, 2020 of the declaration and payment of income tax for 2019 for individual entrepreneurs or **peasant farms** that do not pay VAT, with a number of employees up to 3 people and SMEs.
- General support schemes were not popular among all types of entrepreneurs, including agricultural producers, because they were lacking in targeting sectorial support and proved to be inefficient.

THANK YOU FOR YOUR
ATTENTION!