



INSTITUTE OF AGRICULTURAL
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How EU member states innovated the programming of EU structural funds and cohesion policies to support the transformation in farm structures?

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Farm structures transformation

Dominant processes effecting agriculture structures transformation:

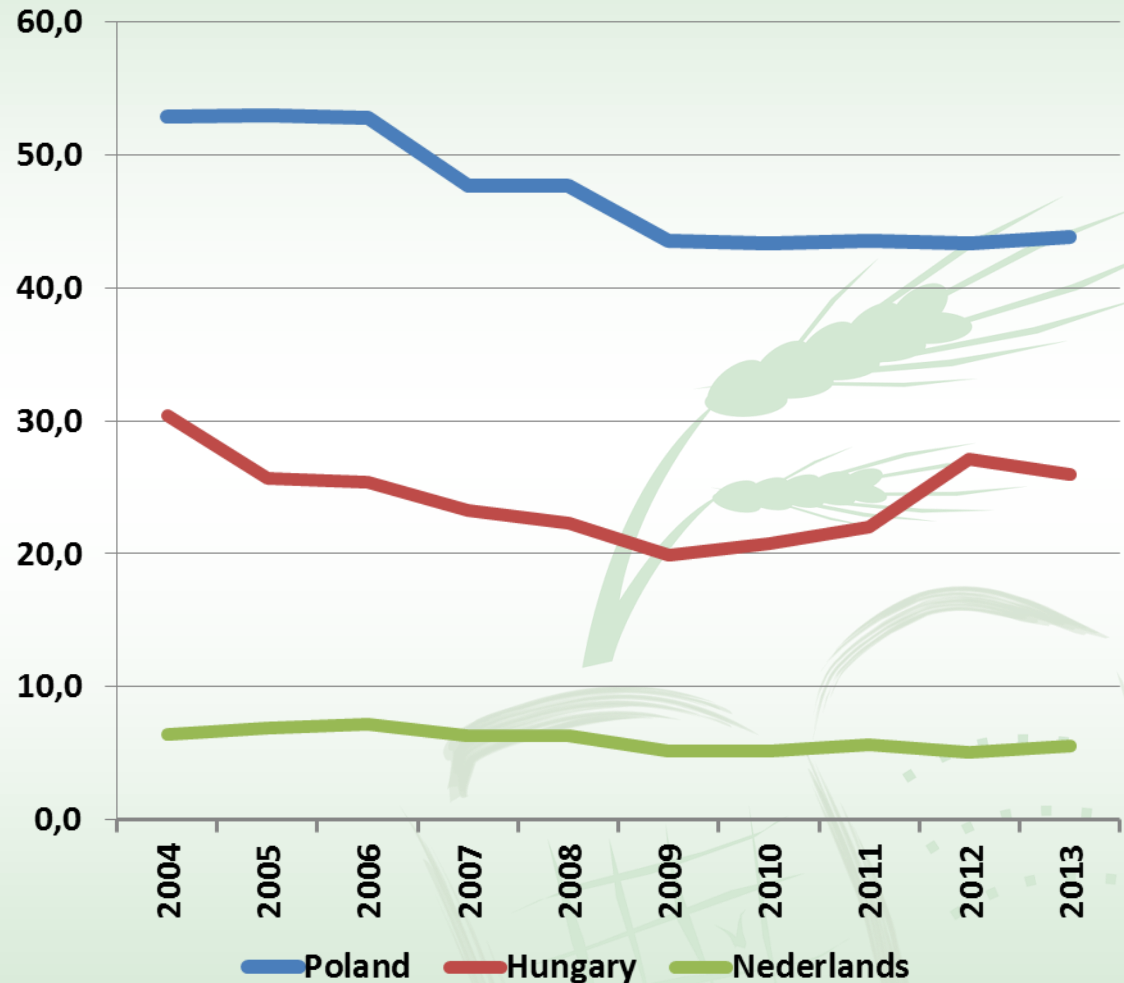
- a) Specialization as a simplification of farm production structure while focusing on specific product and utilization of advanced (innovative) technology – diminishing numbers of mixed types of farms**
- b) Concentration of production by utilization of economy of scale by increase of volume of factors of production resulting - diminishing numbers of market orientated farms**

Farm structures transformation Poland Hungary, Nederland – specialisation

**Poland of low level
but growing of
specialisation**

**Hungary of changing
broken trend of
specialisation**

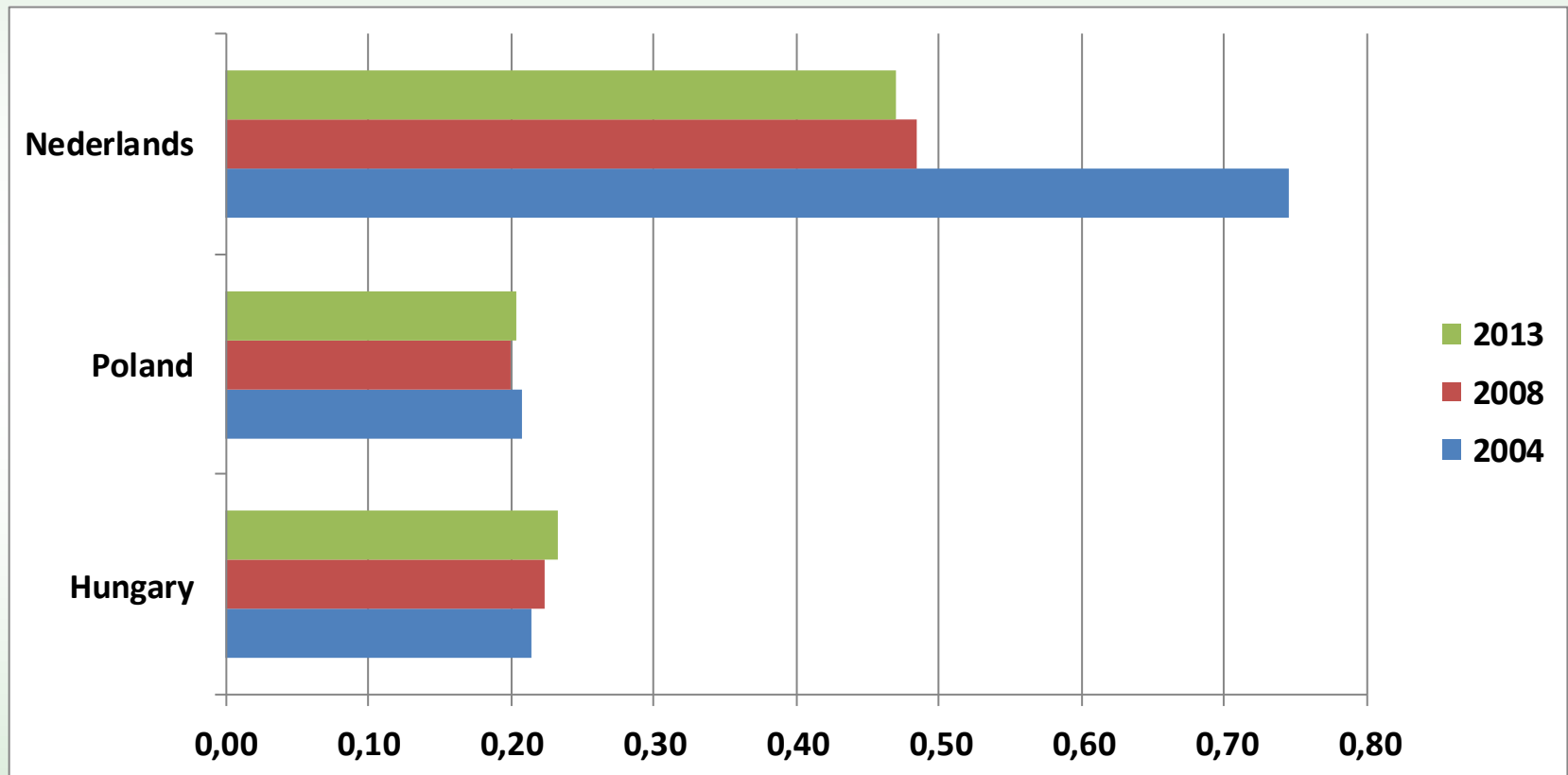
**Nederland of high
specialisation**



**Specialisation of farms as a % of farms of mixed type share in
FADN field of observation**

Farm structures transformation Poland Hungary, Nederland – concentration

Production concentration in respect to economic size classes - value of Herfindahl-Hirschman Index



Significantly higher concentration of agricultural production in Nederland but diminishing.

Structural transformation and sustainability of farms

Wide spectrum of factor determining farm transformation point to complexity of the process beyond economic foundation (SCARLET, 2006).

Different dynamic of structural transformation of farm sector can be explained with the multifunctional regime underlining other than production of agricultural goods functions of agriculture (Wilson, 2008).

Internal factors can be classified as responsible for differences in logics and farming style despite the generally defined paradigm (Geels, 2011).

Programs supporting multifunctionality are not sufficient for sustainability while small farm do not provide sufficient incomes (Wrzaszcz, Zegar; 2010-2014).

Small farms and big farms – interactions with market

- **Agricultural producers that offer relatively large and uniform batches of goods and present at the stock exchange and commodity wholesale markets.**
- **Small farms, whose production is conducted mainly for the needs of self-sufficiency and local markets, where they place variety of goods but of small quantities**

Factors that distinguishes them are different possibilities of production in terms of quantity and quality. Such dichotomy in the market situation could be maintained by a long period (Sikorska, 2015).

Market vs. Rent seeking approach - policy relation

Policy such as CAP with its instruments and cohesion policy may influence dynamics of the transformation process.

It is critical to provide balance between different group of farms and provide them ability to transformation according to their development capacity.

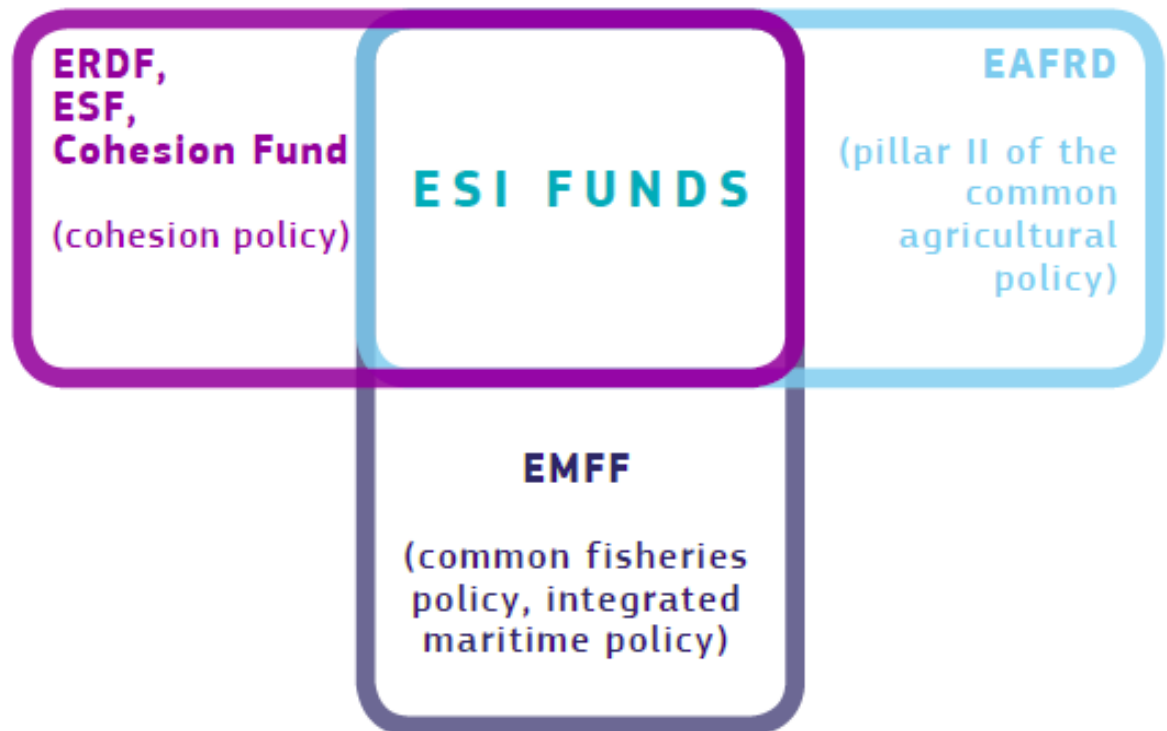
However extensive policies results in weakening market orientation and orientation toward transfers.

EU structural funds and cohesion policies characteristics

Two key goals:

- **Investment for growth and jobs.**
- **European territorial cooperation.**

- the European Regional Development Fund (ERDF);
- the European Social Fund (ESF);
- the Cohesion Fund;
- the European Agricultural Fund for Rural Development (EAFRD);
- the European Maritime and Fisheries Fund (EMFF).



Development programs - Nederland

Key characteristics:

- **Highly intensive agriculture and only 2% of land classified as a rural areas.**
- **Strong environmental focus and promote the collective systems as beneficiary for participation to the agro-environmental measures.**
- **Support to non-productive water management related investments.**
- **Programs for strengthening rural – city cooperation.**

Development programs - Poland

Key characteristics:

- **50% of land classified as a rural areas and polarized agriculture with high work forces.**
- **Support schemes preferable for small and medium –sized farms to improve their value added.**
- **Promotion of sustainable management of natural resources.**
- **Diversification towards non-agricultural sectors.**

Development programs - Hungary

Key characteristics:

- 66.3% of its area classified as rural and 46% of the population lives in rural areas.**
- emphasis on actions preserving ecosystems, and economic development in rural areas and**
- promotion of social inclusion and poverty reduction by improved services**
- promotion of food chain organisations by setting producers group.**
- support to increase energy efficiency in the agricultural and food processing sector.**

Summary

Despite significant differences of agriculture sector role:

- **Agriculture as traditional sector – transformation is rather to keep small farms.**
- **Innovations are of production and organizational character – social innovations are missing?**
- **LEADER ideas are not priority.**
- **Environmental issues are of importance but of conservative character while general measures are dominating.**

Instead of conclusions

Growing impact of policy and regulations under unstable economic, political and environmental circumstances:

- a) reduces flexibility of farms,**
- b) increases responsibility of administration**
- c) environment for further rent seeking approach development**

**Relevant publications available at:
www.ierigz.waw.pl**