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REGIONAL CONSULTATION WORKSHOP

Smallholders and family farms



Regional Initiative: Empowerment of Smallholders and Family farms – Regional Synthesis Report

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13-14 March 2018, Budapest, Hungary



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Agenda

- Definitions and statistics
- Findings:
 - Weight and role of smallholders and family farms
 - Rural areas
 - Needs, challenges and constraints for smallholders and family farms
 - Policies affecting smallholders and family farms
- Recommendations

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Definitions of smallholders and family farms

- In most countries there is no formal definition of smallholders and family farms in place
- Definitions, thresholds and categories are numerous, often vague and come from different perspectives
- The consequences of this lack of definitions are
 - Lack/weak statistical information about smallholders and family farms
 - Difficulties targeting policies towards the needs, constraints and challenges for smallholders and family farms
 - Lack of access to public support for smallholders and family farms

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Statistics and data: A big challenge!

- In addition to agricultural statistics, various other set of data and indicators were used
- In recent years most countries have made progress in the harmonization of their (agricultural) statistics
- Difference in the figures on the same data item obtained from different sources (employment)
- Broken time series did not allow to evaluate the trends
 - Change of methods of data collection, definitions, thresholds; Sometimes even mid-term time series are not available
- No country has fully comparable data on the farm structure from two consecutive periods
- There should be increased awareness of the importance of quality and availability of data at all levels of decision-making
 - need to build analytical capacities; maintain and upgrade analytical work

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Weight and role of smallholders and family farms

- Considerable importance of agriculture in the overall economy in each country:
 - 10 - 20% of GDP
 - 20 - 45% of employment
- Family farms dominate agricultural production
 - No segregated data on contribution of farms according to size classes
 - Share of family farms varies, depending on the product and country

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Weight and role of smallholders and family farms

Country (year)	Share of agriculture in GDP (%)	Value of agricultural production (million €)	Employment in agriculture	Number of SHFF	Value of production per farm (average, €)
Albania (2015)	21.6	2,216	448,000	352,000	6,295
Armenia (2015)	17.3	1,967	379,000	345,875	5,687
FYROM (2015)	10.0	1,305	244,000	161,657	8,073
Georgia (2016)	11.9	1,545	865,600	574,077	2,691
Kyrgyzstan (2015)	14.0	838 ⁴	690,000	357,586	2,332
Moldova (2016)	13.0	798	410,900	351,268	2,271
Tajikistan (2016)	20.7	1,358 ³	473,800	145,107	3,184

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Weight and role of smallholders and family farms

- The farm structure is dominated by the small farms and excessive land fragmentation
- The process of land abandonment takes place in all countries

	Cumulative share of farms by size classes					Average farm size (ha)	Number of parcels
	< 0.5 ha	< 1 ha	< 2 ha	< 3 ha	< 5 ha		
Albania (2012)	20	46	86		98	2,10	2-5
Armenia (2016)	42	60	80	89	95	1,50	3-4
FYROM (2007)	43	63		89	95	1,60	7
Georgia (2014)	50	77	94	97	99	1,40	4-5
Kyrgyzstan			n.a			2,90	1-2
Moldova (2017)		36			93	1,50	3-4
Tajikistan			n.a			3,70	n.a

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Rural areas

- Demographic trends marked by ageing and/or intensive (external) migration
- The mono-economic structure prevails in most rural areas,
 - High employment in agriculture, but relative importance of income from agriculture decreasing
 - Several new branches are beginning to emerge
- High poverty rate; generally decreasing, but fading out in some countries

Country (year)	Rural poverty headcount %
Albania (2012)	15,3
Armenia (2015/2017)	29,9
FYR Macedonia (2014)	no data
Georgia (2016)	no data
Kyrgyzstan (2015/2017)	33,6
Moldova (2013)	18,8
Tajikistan (2015)	35,2



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Needs, constraints and challenges for smallholders and family farms

- **Low productivity**
 - Outdated technology, quality of inputs and low labour skills are key constraints for value adding opportunities
 - High transaction costs in accessing inputs; volatile prices and high market risks
- **Weak integration in the value chain**
 - Mostly active in short value chains with local standards; few examples of integration in international niche markets
 - Contract farming is rare, vary across scale of operation and sectors
- **Limited access to production factors, natural resources and finance**
 - Poorly managed irrigation and drainage systems, land market, limited investments, lack of support from and access to extension services
 - No collaterals, high interest rates, no insurance

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Needs, constraints and challenges for smallholders and family farms

- **Diversity of survival strategies and development pathways are not well documented**
 - Lack of data on pluriactivity, farm diversification, farm labour distribution;
 - Remittances are important parts of income of recipient families; spent mostly on housing and consumptions, not on investment
- **Weak support from rural institutions, extension services**
 - Low capacity of local institutions
 - Low coverage and quality of extension services;
 - Progress in establishing networks of service providers; still high fragmentation in terms of territorial coverage and knowledge base

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Policies affecting smallholders and family farms

- Strategical directions and regulatory framework are developed and updated
 - Competitiveness, food-safety, climate change and land reforms are in focus
 - However, smallholders and family farms are not recognised
- Implementation, control and enforcement hampered by lack of institutional competences, capacities and political willingness
- The amount and composition of budgetary transfers differs
 - Limited funding, different type of measures
 - Very few policy interventions targeting smallholders marginalised groups and remote areas
 - Investment subsidies, if they exist, provided with very complex compliance mechanisms and high required standards

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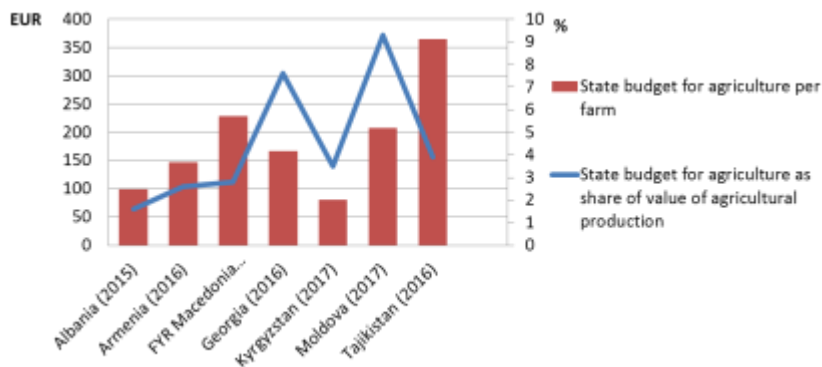
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Policies affecting smallholders and family farms



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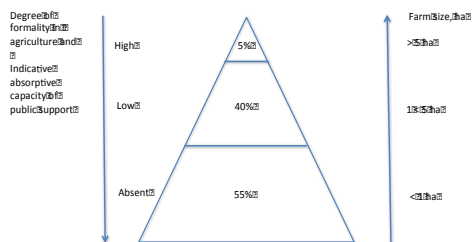
Summary of observations



Formal vs. informal agriculture (1)

- The dominant share of agriculture in seven study countries is informal
 - number of farmers
 - hectares of utilized land
 - employment
 - value and volume of production

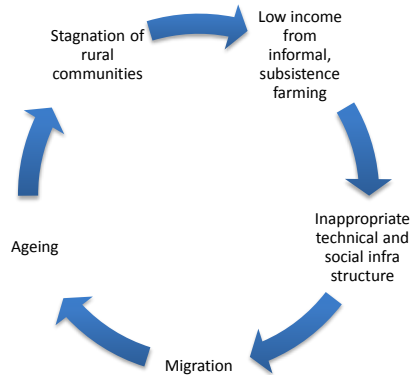
Share of farmers (%), size (ha), indicative formality and absorption capacity of public support





Formal vs. informal agriculture (2)

- The dominant informality of the agricultural sector causes many different problems

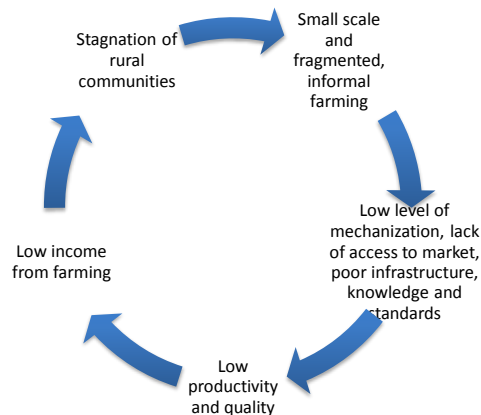


Vicious circle of rural poverty

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Formal vs. informal agriculture (3)



Vicious circle of agricultural stagnation

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Recommendations



Recommendations part 1

1. Initiatives will/must take advantage of FAO comparative advantages matching
 - a) CPFs and
 - b) country specific needs, constraints and challenges



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Work areas with FAO competitive advantages

1. Policy dialogue, development of sustainable agricultural production
2. Innovative and good practices for sustainable agriculture production
3. A&RD strategy and policy development
4. Policy design and M&E
5. Land policy, strategy and projects incl. VGGT
6. Investment support measures
7. Promotion of R&D and innovation through transforming rural institutions (extension services and technology transfer institutions)
8. Development of value chains and cooperatives
9. Integrated local community based rural development
10. Climate change mitigation and adaption and natural resource management, including water management
11. Ensuring inclusiveness regarding gender including vulnerable groups

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Recommendations part 1

2. Enhanced comprehensive programming: From stand alone projects to an integrated, multidisciplinary and cross sectoral approach
3. Partnerships with governments, international organizations, NGOs and the private sector
4. Sustainable Development Goals strongly considered in programme activities

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Recommendations part 1

Relevant actions will be implemented as

- National projects benefitting from lessons learnt and experiences from other national projects and other countries
- Regional/horizontal projects addressing the same needs, constraints and challenges across two or more countries

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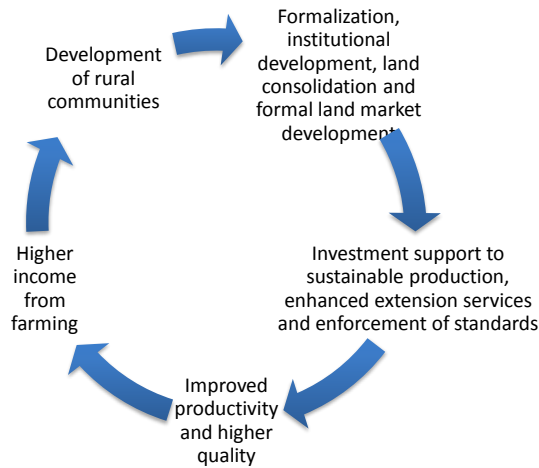
Recommendations part 2

- Supporting formalization of the agricultural and rural sector: The agricultural path
- Supporting the in-formal agricultural and rural sector: The diversification path

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Breaking the vicious circle of poverty: Agri path



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Supporting formalization of smallholders and family farms

Formalization requires

- Registration of ownership of land and development of formal land markets
- Registration of farms
- Identification of livestock
- Viability and minimum scale of production
- Educational requirements
- National (and EU) minimum standards in food safety, hygiene, animal health and welfare, traceability, environment and working conditions
- Accounting and bookkeeping systems, VAT, taxes
- Market access and integration into value chains

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Required policy and work areas

- Policy design and institutional support
- **Formal land registration and cost-effective transaction procedures**
- Development of the agricultural land markets and introduction of land consolidation
- **Investment support schemes with appropriate financial instruments; targeting competitiveness and standards**
- Extension services, technology transfer and support to sustainable production

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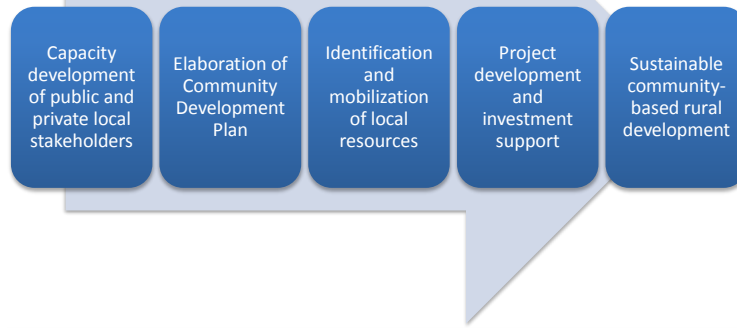
Supporting the informal sector: Diversification path

- Local institutional and capacity development
- Investment support schemes designed with
 - **Less restrictive requirements to standards**
 - Lower minimum and maximum support thresholds
 - **Integration of value chains through formal cooperation**
 - Lower minimum scale of production
 - **Lower educational and/or experience requirements**
 - Broader and softer financial instruments
- Community Based Rural Development, see next figure

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Community based rural development process



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Summary recommendations

1. Support smallholders and family farms through integrated multi-disciplinary and cross sectoral programming
 - Using selected work areas with FAO comparative advantages
 - Cooperation with governments, donors, NGOs, private sector
 - SDG included in work activities
 - National and regional projects, based on lessons learnt and contributing with added value
2. Support formalization of smallholders and family farms through an integrated approach based on selected policy instruments
3. Support the informal sector via integrated Community Based Rural Development with the help of selected and locally designed policy instruments

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Thank you for your attention!

Faleminderit shumë - Շնորհակալություն շատ
բան

Ви благодарам многу - დიდი მადლობა რაхмат -
vă mulțumesc foarte mult

Ташаккури зиёд - Merci beaucoup
большое спасибо

Mange tak

Time for Questions and Comments

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