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REGIONAL CONSULTATION WORKSHOP

Smallholders and family farms



Regional Initiative: Empowering Smallholders and Family Farms for Improved Rural Livelihoods and Poverty Reduction - **country report of Armenia**

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Weight and role of smallholders and family farms in Armenia

Since 2007, no formal definition neither for smallholders nor for family farms exists in Armenia.

- 99.9% of all farms are led by natural persons and are considered as family farms
- More than 97% of gross agricultural output
- Considerable share in GDP (17%, 2015), exports (29%, 2015) and in employment (35%, 2015)
- Value chain participation by FF is spontaneous
- Share of ag. employment in rural areas >65%
- Informal employment in agriculture is around 99%



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Categorization of family farms by size

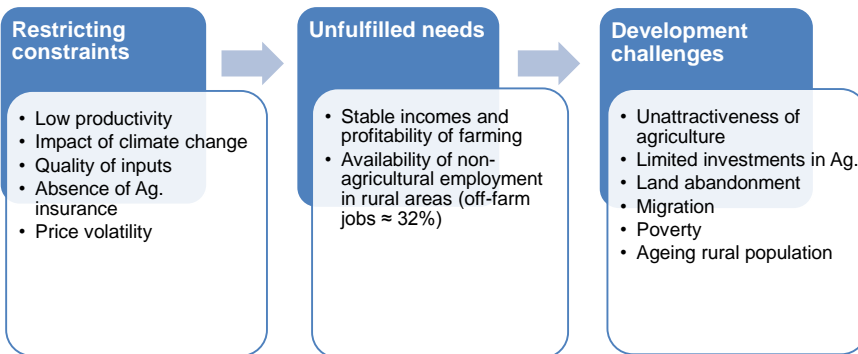
Area (ha)	Number of farms	Percentage
up to 1	206,270	59.6
1.0-2.9	101,095	29.2
3.0-4.9	22,295	6.4
5 and more	16,214	4.7
Total	345,875	100.0

- In most cases family farms are also smallholder farms – according to Census (2014) 88.8% of household farms are less than 3 ha
- Agricultural lands managed by FF are highly fragmented (33% are in 6 and more plots) with the average of 1.48 ha

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Conclusions (1)



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Conclusions (2)

Low productivity – around 20% of GDP, 35% of employed population

- Prevalence of *small and fragmented family farms*, with average plot around 0.41 ha and with 1/3 of lands of FF in more than 6 plots
- Low level of *access to knowledge, technology, and practical consulting* – the link between farmer's challenges and research is vague – the R&D expenditures are low – 4% of total expenditure on science (2005-2015), in 2015 – USD310,000
- Low level of access to *mechanization* – on-time availability of ag. machinery, 95% expired term of use, power over SH
- Access and reliability of *irrigation* water – WUAs don't function well. Limited participation of water-users in governance of WUAs – power over SHFF
- Low quality of *land resources* – soil erosion vulnerability in almost all types of land, desertification and degradation features in around 80% of lands

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Conclusions (3)

Climate change

- Colder winters and warmer summers; increased frequency and intensity of hazardous hydro-meteorological phenomena – limited investment in resilient agricultural practices – severe impact of climate change for SHs

Quality of inputs

- Not functioning mechanisms of ensuring quality of imported and sold inputs – quality was a problem even in case of Gov distributed ones

Agricultural insurance

- Higher interest rates and collateral requirements for ag loans; increased vulnerability for SHFF; lower investment attractiveness

Price volatility

- Impact of climatic hazards, inability of farmers to make correct decisions based on market trends

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Conclusions (4)

- Low level of Government spending on agriculture
 - actual spending from state budget on agriculture, including forestry and irrigation for 2015 was USD 71,784,605 – around USD197 per farm (1.5% of Budget in 2015)
- Non-efficient and negligent local governance
 - adequate and timely information dissemination
 - support for local development and alleviation of socio-economic burdens, as well as timely response to the problems of the village is very important

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Recommendations (1)

- Five main recommendations were identified:
 - Regulatory framework formation
 - Effective water management
 - Mechanisms for enhanced productivity
 - Regional specialization
 - Insurance



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Recommendations (2)

Regulatory framework formation and enhancement focused on:

- definition, responsibilities and rights of agricultural producers, including a definition of smallholders and family farms (size)
- set of support mechanisms that each of the defined set of producers will be entitled to

New framework should ensure zero (or compensated) transaction costs for households involved in agriculture

Effective water management

- Construction of water reservoirs to collect the flow
- Improve the performance of WUAs by increasing the power of water-users
- Involvement of water-users in irrigation water subsidization scheme

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Recommendations (3)

Mechanisms for enhanced productivity

- Promotion of farm consolidation and bigger farm structures
- Financing of agriculture related scientific research directed to alleviation of existing farming constraints
- Improved mechanisms for knowledge and technology transfer (TV programmes, demonstration farms by scientific centres, extension service)

Regional specialization

- Regional cost-effective specialization with complete set of tools and consulting should be offered to the farmers

Insurance

- Pilot projects including different agricultural sub-sectors should be tested in different marzes → quantitative and qualitative evaluations, subsidized insurance premiums during the introductory phase

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Thank you

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