

Progress towards an international definition of “small-scale food producers”

Statistics Division and Office of the Chief Statistician

FAO

Background

2 ZERO HUNGER



Target 2.3: *“By 2030, double the agricultural productivity and incomes of small-scale food producers, in particular women, indigenous peoples, family farmers, pastoralists and fishers, including through secure and equal access to land, other productive resources and inputs, knowledge, financial services, markets and opportunities for value addition and non-farm employment”*

Official global indicators:

- **2.3.1:** The volume of production per labour unit by classes of farming/pastoral/forestry enterprise size
- **2.3.2:** The average income of small-scale food producers, by sex and indigenous status

Currently only very diverse **national definitions** of small-farmers are available

An **internationally agreed definition of “small-scale food producers”** is necessary to produce internationally comparable data for SDG indicators 2.3.1 & 2.3.2

This definition is needed also to be able to compare the structure of the agricultural sector across countries and identify specific policy measures to address the challenges faced by small-farmers globally

Definition of Food Producers

Preliminary clarifications

- Food producers instead of farmers, in order to cover also the fishers/foresters/pastoralists, etc.
- The definition should include subsistence farmers (developing countries)
- The definition should exclude hobby farmers (developed countries)
- International definition is not meant to replace national definition. Country are only requested to disaggregate data

Methodological work

- Extensive literature review and collection of national definitions
- Simulations of the impact of different criteria processing a large number of HH surveys available in the public domain.
- 2 expert consultations involving Int. Organizations and NSOs to discuss the proposed definition

Available definitions

Numerous ways to identify small-scale food producers are available in the literature. A broad categorization distinguishes among **definitions based on a single criterion** and those based on the **combination of multiple criteria**.

Criteria frequently found in the literature:

1. Criteria based on the **endowment of factors of production** (e. g. land, labour);
2. Criteria based on the **share of family workers in the holding**;
3. Criteria based on concepts referring to the **connection between the holding and the market** (e.g. own-consumption, subsistence, market orientation);
4. Criteria based on the **economic size of the holding** (e.g. revenues).

Land size is the most commonly used criterion, as the vast majority of “small-scale food producers” definition are based on the physical size of the farm and the number of livestock heads.

Absolute versus relative approaches to set a threshold for “small”

Thresholds to separate large from small holdings can be either **absolute** or **relative**:

Absolute thresholds: Assign, for a given criterion, **the same threshold for all countries**, regardless of agro-ecological and socio-economic conditions.

Pros: Enhance comparability across countries. It could be linked to measures of extreme poverty, thus establishing a close relationship between SDG1 and SDG2.

Cons: Disregards differences among national contexts. Furthermore, over time it will generate an adverse selection bias, which would lead to monitor the productivity/income of the worst performers (the best performers will leave the group of small-scale producers).

Relative thresholds: Assign a threshold that corresponds to **a specific percentile of the distribution** of the selected criterion variable in each country.

Pros: Identifies in each country producers who are relatively disadvantaged in terms of the selected criteria. Thus, this approach reflects more effectively the country-specific differences among food producers.

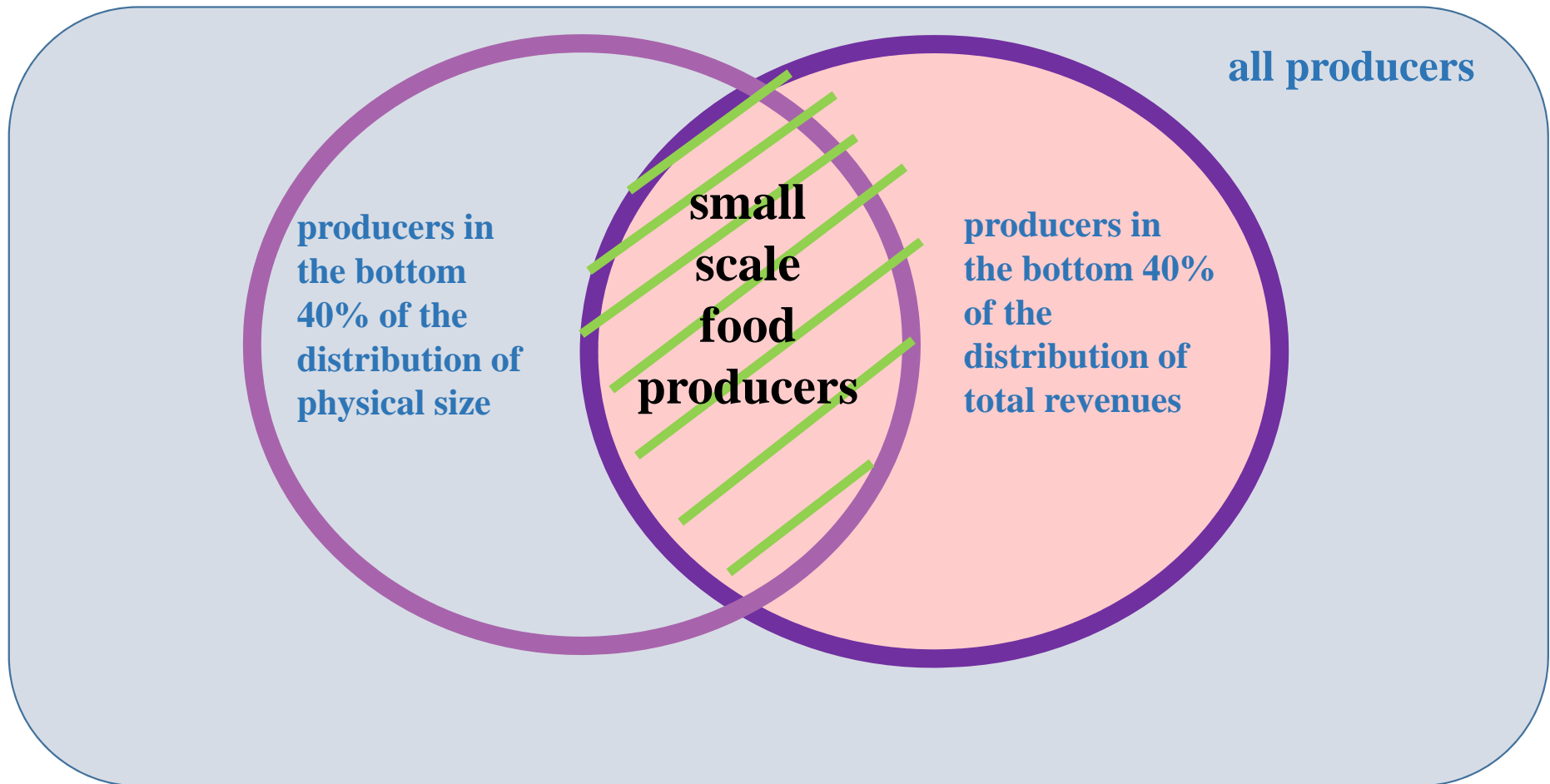
Cons: The use of different thresholds reduce the comparability across countries.

FAO proposal to define small-scale food producers

Using a **relative approach**, the proposed statistical definition by FAO defines small-scale food producers using two criteria:

1. **Physical size of the farm**, as expressed by:
 - a. **Land size**: producers falling in the bottom 40 percent of the distribution of land size, in hectares;
 - b. **Livestock**: producers falling in the bottom 40 percent of the distribution of total livestock heads
2. **Economic size of the farm**, as expressed by the bottom 40 percent of the distribution of total revenues measured in **PPP**

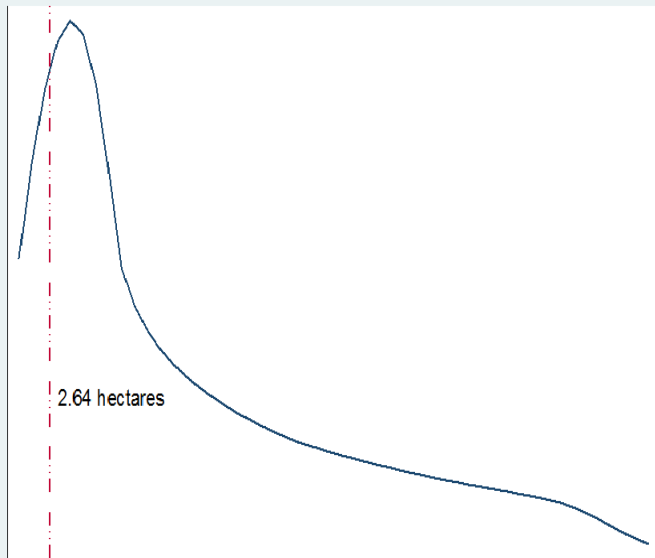
‘Small-scale food producers’ are those included in the intersection of these three criterion variables.



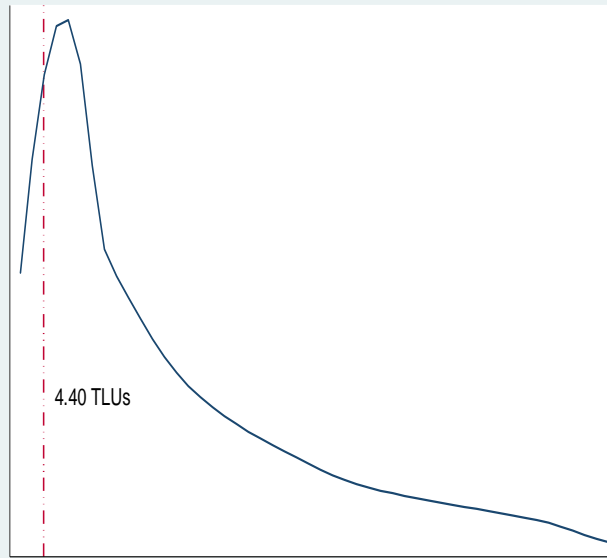
An example from a hypothetical country

Thresholds for the 3 criteria depend upon the cumulative distribution

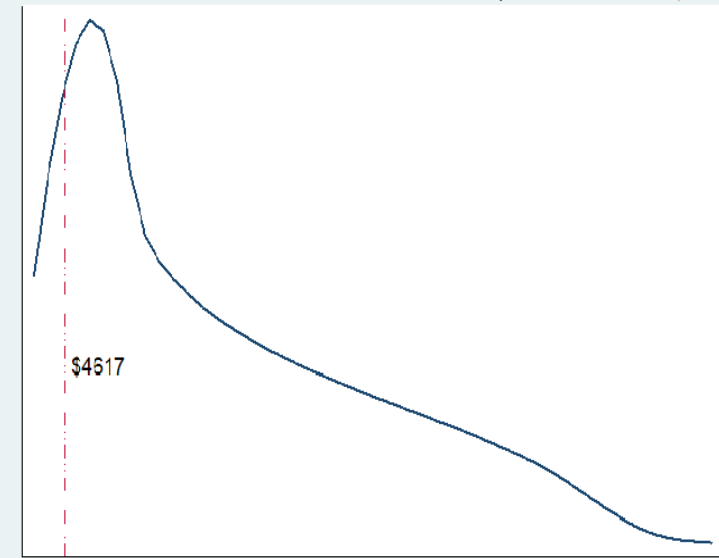
Cumulative Distribution of Land Size



Cumulative Distribution of Livestock Size

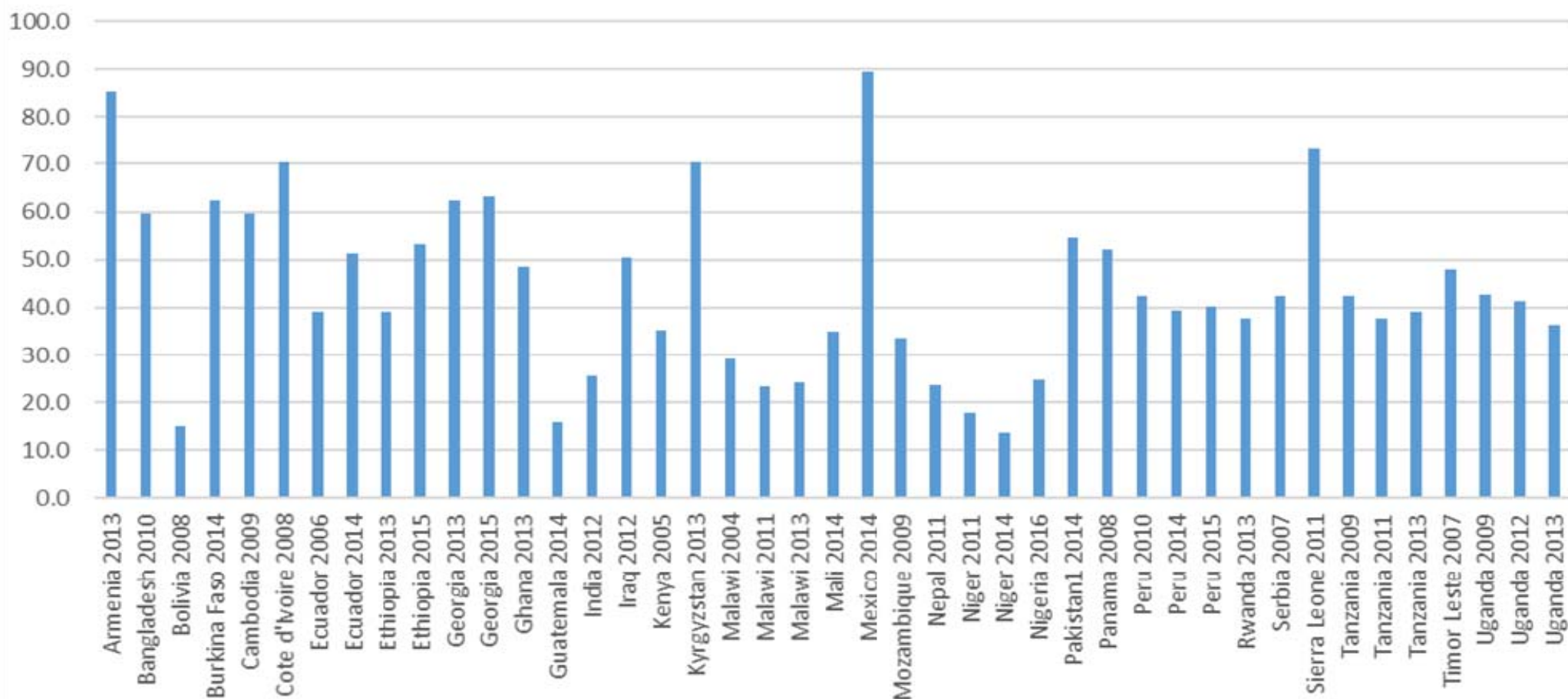


Cumulative Distribution of Revenues (Economic Size)



Thresholds are country-specific

Percentages of small-scale food producers in selected countries, based on the proposed criterion



Implementation of the proposed approach (1): Physical size of the holding

1. The **amount of land** available to an agricultural producer should be considered in terms of “**operated land**”, which is defined as the amount of land effectively used.

Includes

Land cultivated with permanent crops
Land cultivated with temporary crops
Land rented in
Fallow land (land left uncropped and not dedicated to grazing)

Excludes

Land rented out
Forest land
Land abandoned prior to the reference period

2. The **number of livestock** available to a producer must be considered in terms of **Tropical Livestock Units (TLU)**. This unit of measurement standardizes different livestock types in a single measure through conversion factors valid for specific livestock varieties in each region of the world.

Consultation on the definition of “small-scale food producer”

- Peer review through the IAEG on Food Security & Agricultural Statistics (involving Ethiopia, Sweden, US Peru, Brazil, Samoa, Morocco, Tanzania, Indonesia, Eurostat)
- FAO and UNSD submitted a technical note to all UN member countries for **global consultation** through the IAEG-SDG in August 2017
- The consultation was opened for 4 weeks, and extended for 2 additional weeks
- **Results:** 58 replies from national and regional institutions by 1 October 2017.
Among these:
 - 18 agreements
 - 12 agreements with the general thrust, suggesting changes
 - 25 neutral comments, mainly on national definitions in place.
 - 3 rejections
- **Concerns** with the proposed definition were of **five** types.

Five main concerns (and replies)

1. Threshold: the relative 40 percent is arbitrary, too high or too low; better a range around it?
 - all thresholds are somewhat arbitrary; the 40 percent (first 2 quintiles) is commonly used (e.g. taken from the Shared Prosperity project of the WB)
 - the relative criterion is already accommodating national specificities; a range of percentiles would undermine international comparability
2. Simplistic: definition should consider additional criterion variables
 - may increase precision in some countries; but it would make more difficult to measure
3. Estimates for additional countries would be needed
 - Tests have been carried out for 29 countries
 - Limiting factor is the availability and accessibility of micro-data
 - Countries are encouraged to produce their own estimates; FAO can assist

Five main concerns (and **replies**) (cont'ed)

4. Data: definition requires complex data, which is not readily available in all countries
 - the definition requires the same type of information that is needed for monitoring SDG indicators 2.3.1 and 2.3.2. Data gaps have to be addressed anyway.
5. The inclusion error: definition may capture hobby farmers, or farmers whose main income is not derived from agriculture
 - adding criteria to avoid this error this may solve the problem in some countries, but lead to more exclusion (or inclusion) errors elsewhere
 - issue is probably better dealt at the national level, via convenient definitions of the “farmers” population
6. The international definition and the target may not be relevant for all countries
 - The international definition does not replace national definitions. Countries are asked to produce disaggregated data so as to be able to report against both the national and the international definition
 - Countries decide what are their national priorities. Global targets have to be achieved at the global level

To conclude on the consultation

- Relatively large number of positive feedback
- Very few rejections, based on the objections mentioned above
 - FAO will reach out to these countries to further discuss & find an agreement
- No consensus on alternative definitions:
 - Alternative criteria
 - Additional criteria
 - Same criteria but different thresholds

Next steps

- Developed countries are invited to provide their own estimates
- FAO will reach out to the countries who have rejected the definition to further discuss & find an agreement
- International definition de-linked from the discussion on the upgrade of SDG 2.3.1 & 2.3.2
- The proposal will be submitted for endorsement to the UN Statistical Commission



Thank you!