

TIER RE-CLASSIFICATION FOR INDICATORS

2.3.1 -- Volume of production per labour unit by classes of farming/pastoral/forestry enterprise size

and

2.3.2 -- Average income of small-scale food producers, by sex and indigenous status

Custodian Agency:  **Food and Agriculture
Organization of the
United Nations**

Current Tier: III

Proposed Tier: II

Background



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”*

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

both in **Tier III** = an internationally agreed methodology does not exist yet.

An international definition of “small scale food producers”

A key prerequisite of the methodology of the two indicators is the identification of a **harmonized definition of “small-scale food producers”**.

FAO proposes to define small-scale food producers using a **combination of two criteria**:

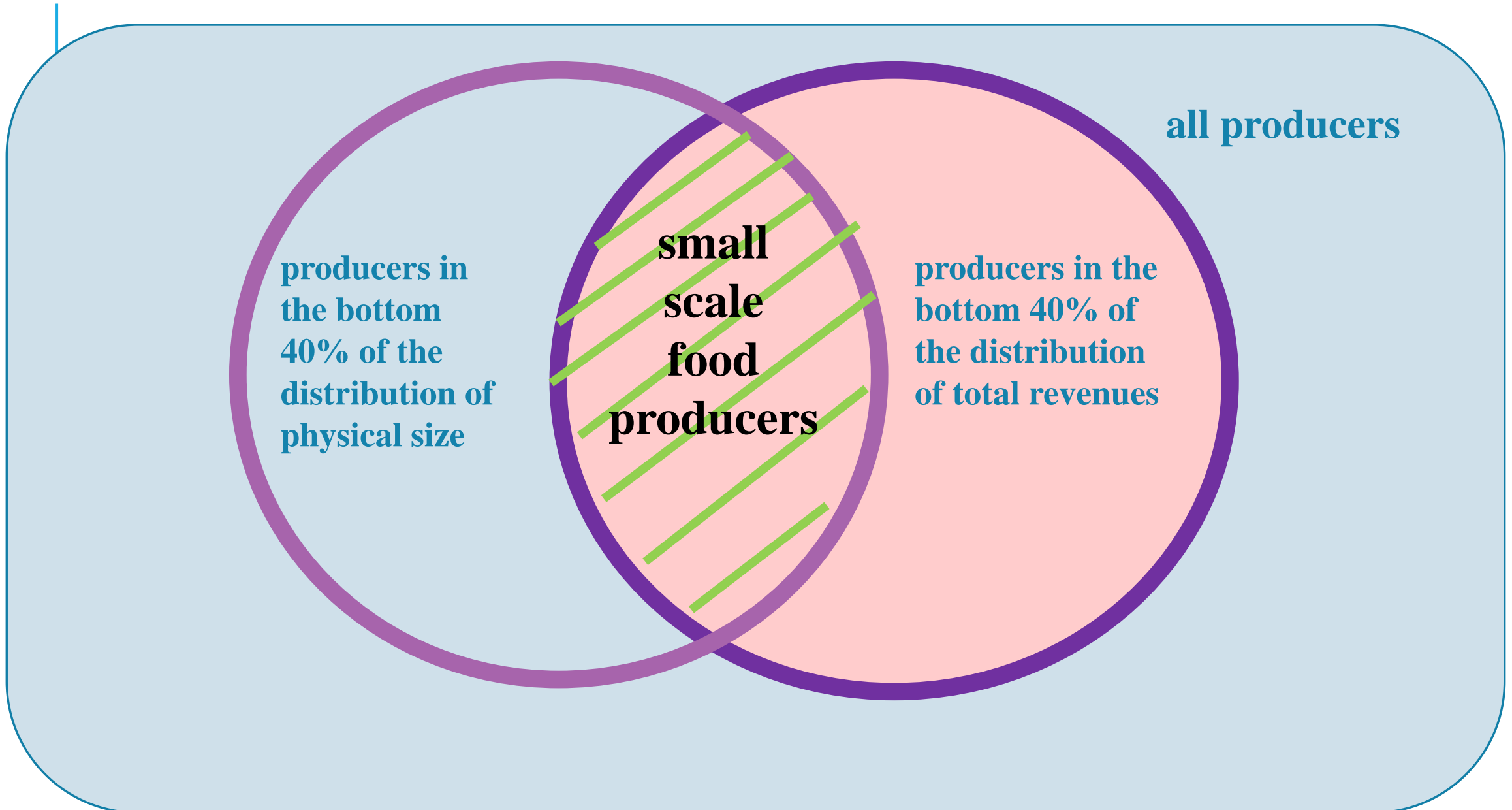
1. the **physical size** of the food producer, as expressed by the amount of operated land and number of livestock heads in production, and
2. the **economic size** of the food producer, as expressed by its revenues, with a cap at \$PPP 34,387

The **thresholds** that identify small scale producers correspond to the 40th percentile of the distribution of the three criterion variables in each country

This relative criterion allows taking into account the **specificity of small scale food production** in each country, while maintaining international comparability

The definition and the computation of indicators 2.3.1 and 2.3.2 was **tested on a sample of countries for which micro-data at the farm level were available** to FAO

A graphical representation of the definition of “small-scale food producers”



The consultation on the definition of “small scale food producers”

In August 2017 the Chairs of the IAEG-SDG and FAO called member countries for a global consultation of the definition and received feedback from 58 national and regional institutions.

Additional refinements to the definition were implemented, based on feedback from member countries and testing on a large number of national datasets

The proposal was submitted to the 49th session of the UNSC. The Commission considered **acceptable** the methodologies for the two indicators but requested further work on the definition of small holders.

A task team of developed countries was established to work on two key points of particular concern:

1. how to **exclude non-professional farms** from the target population; and
2. how to **adapt the definition to countries with relatively homogeneous farm scale** – where large-size farmers might end-up being considered “small scale”.

The consultation on the definition of “small scale food producers”

Following in-depth discussions between May and July, this group arrived at the “**Sweden compromise**” for identifying **small-scale for producers** :

1. Use the FAO combined 40th percentile method;
2. Exclude “hobby” farms based on national diversity using a minimum threshold;
3. Apply a maximum cap to exclude farms above 25,000 EUR adjusted using Price level indices (\$PPP 34,387).

These proposed adjustments **do not alter the integrity** of the FAO methodology in so far as:

- The maximum threshold of 25,000 EUR expressed in PLI merely **adds a condition that could be applied to all countries**, yet also be especially relevant to certain countries where agricultural revenues are high;
- The exclusion of ‘hobby’ farms is **already embedded in data sources of several countries** by excluding a large number of very small farms that would be too costly to survey.

The methodology for indicator 2.3.1

Indicator 2.3.1 is a measure of the **average productivity of labour**. The Manual for Measuring Productivity (**OECD, 2001**) is the main reference

The numerator is the volume of agricultural / livestock / fisheries / forestry production (aggregated via constant prices) and the denominator is labour input.

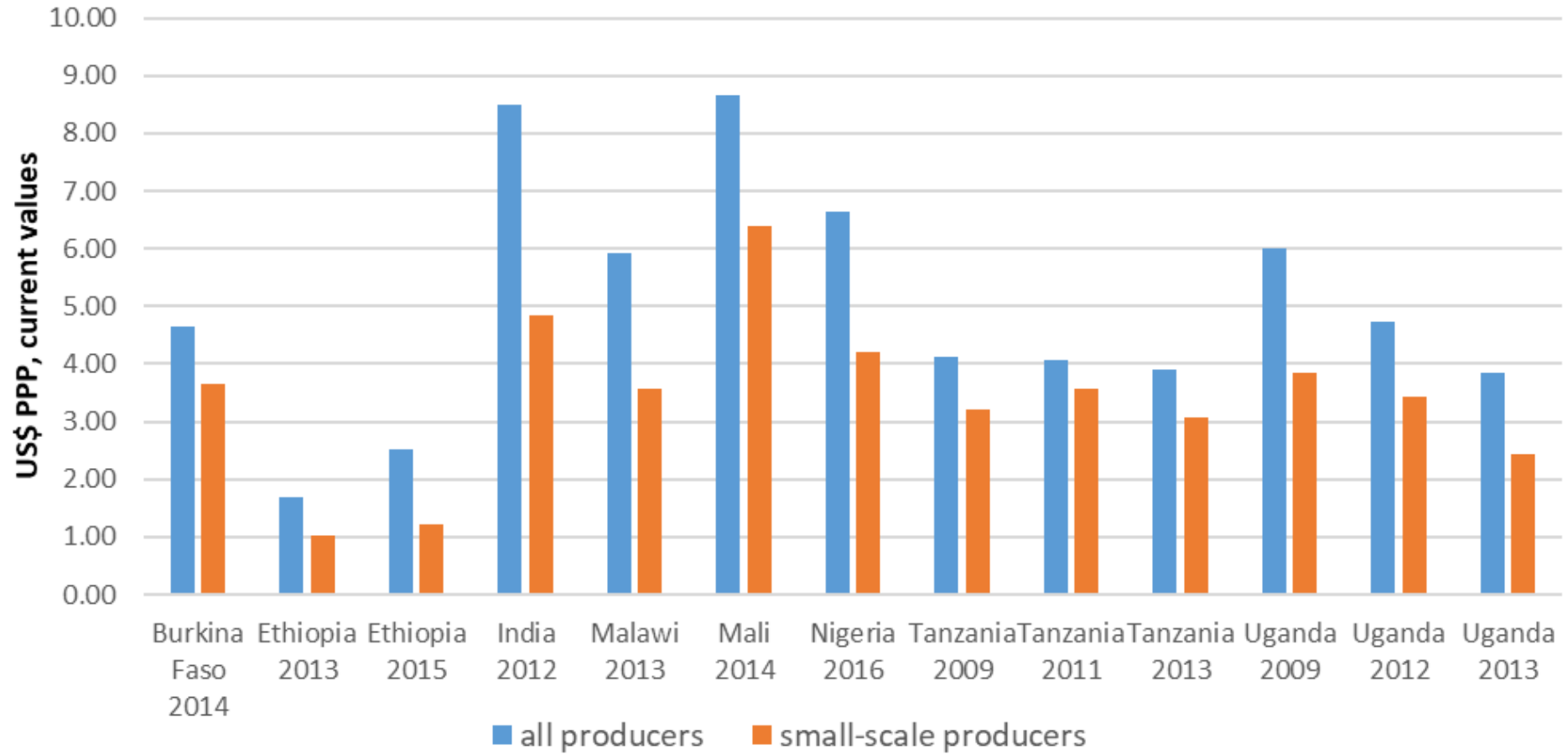
As the indicator refers to a small-scale food producer, the denominator needs to summarize information at the level of production units.

Results for SDG indicator 2.3.1 could be computed for a limited sample of **13 surveys** from **8 countries** for which micro-data at farm level was available to FAO.

More tests were conducted by national and regional institutions.

Large inequalities can be observed between the annual income estimates for the small-scale producers and average for all producers, with the latter systematically higher than the former

Indicator 2.3.1: Output per labour input
 (PPP\$ per year/number of days worked per year)



The methodology for indicator 2.3.2

Indicator 2.3.2 is a measure of **income** derived from agricultural activities.

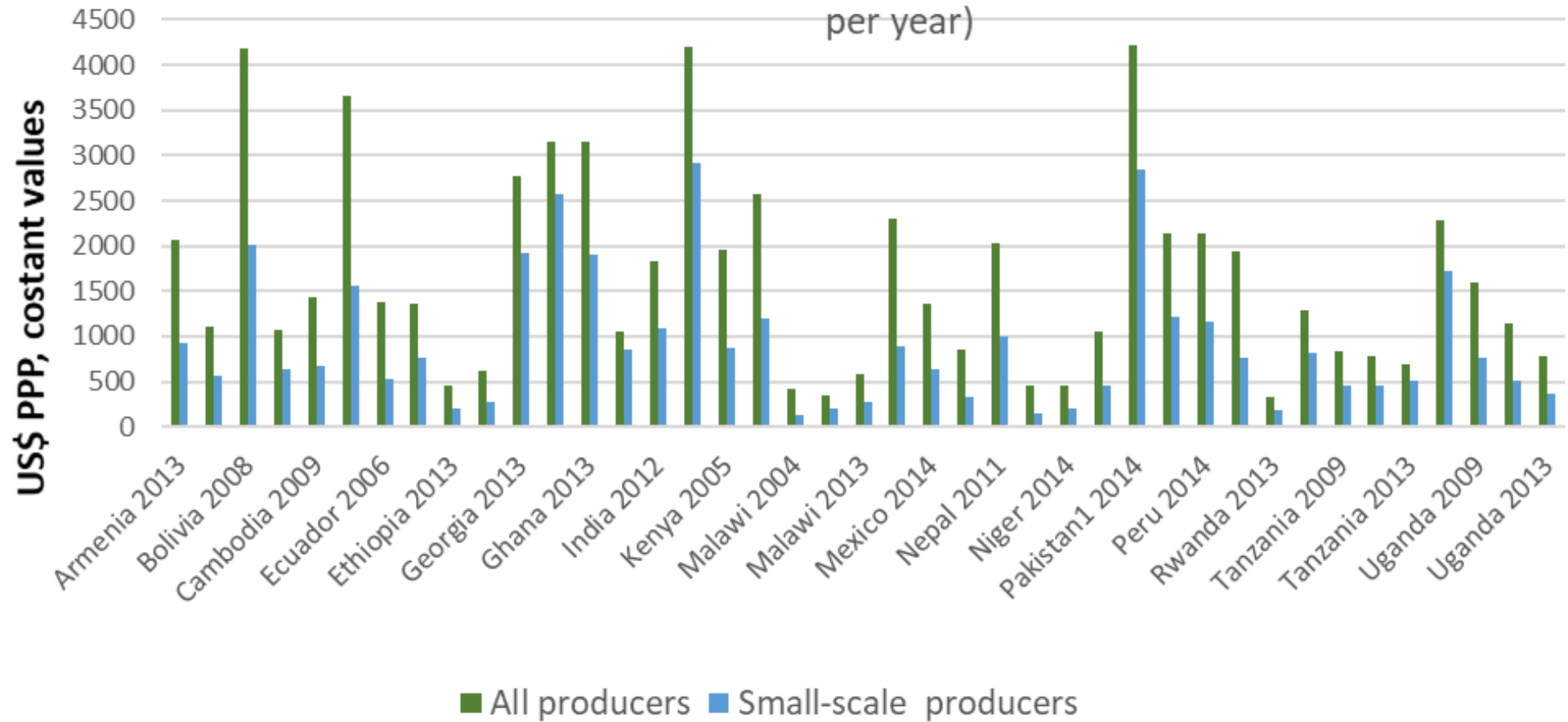
The computation of income adopted by FAO is based on the resolution adopted by the 17th International Conference of Labour Statisticians (ICLS).

Results for SDG indicator 2.3.2 could be computed for a limited sample of **41 surveys from 29 countries**.

More tests were conducted by national and regional institutions.

Large inequalities can be observed between the annual income estimates for the small-scale producers and the average for all producers, with the latter systematically higher than the former.

Indicator 2.3.2: Average Income of Small-scale Producers (PPP\$ per year)



Conclusions

The most **controversial** aspect of the methodology for computing indicator 2.3.1 and 2.3.2 was the **identification of the target population** of “small scale food producers”, but this has now been settled through the “**Sweden compromise**”

The methodologies for computing indicators 2.3.1 and 2.3.2 are relatively straightforward: they require the computation of

- **output and labour inputs** at the farm level (2.3.1); and
- **income** at the farm level (2.3.2)

Given the overall **positive feedback received from UN member countries** on the approach proposed by FAO, it can be concluded that **a methodology for measuring SDG indicators 2.3.1 and 2.3.2 is identified.**

For these reasons, it is proposed that indicators 2.3.1 and 2.3.2 are upgraded to Tier II



Thank you!