



SMALL FAMILY FARMS COUNTRY FACTSHEET



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THE CONTEXT OF AGRICULTURE AND THE ROLE OF SMALL FAMILY FARMS

Ethiopia is a landlocked country in the Horn of Africa, which has experienced a strong economic growth over the past decades. The majority of this growth originated from Ethiopia's dominating agriculture-based economy; the agricultural sector accounts for 37 percent to GDP, one of the highest shares in sub-Saharan Africa, as well as to 83.9 percent of exports. Moreover, the sector employs around 72 percent of the total population.

Among them, 80 percent live in rural areas, making Ethiopia one of the least urbanized countries in sub-Saharan Africa. The country's topographic diversity results in varied farming systems, enabling crop and livestock production in the highlands and agropastoralism in the lowlands. Ethiopia is the origin of coffee – its production, which contributes to 26 percent of the total value of the country's exports, has established Ethiopia as one of Africa's leading coffee producers. The main staple crops that are grown to meet subsistence needs are teff, maize, wheat, barley and sorghum. About 74 percent of the country's farmers are small family farmers. As the country's population is rapidly increasing, farm sizes are becoming smaller, making it challenging for family farmers to sustain their subsistence agriculture.

KEY CHARACTERISTICS OF SMALL FAMILY FARMS¹

General aspects

Ethiopia's landholdings are often fragmented into small parcels, and the average farm size of less than one hectare is likely to decline further. Besides crop production, livestock sustains nearly all family farms, who keep around 2 Tropical Livestock Units (TLU), with cattle being the most common type followed by poultry and sheep. Such mixed crop-livestock production systems are an important risk-coping strategy for Ethiopian family farms. In contrast, Ethiopian pastoralists rely heavily on their livestock for their livelihood, and typically keep more than 2.4 TLU.

A typical small family farm in Ethiopia consists of 5 persons and is predominantly male-headed, only 21 percent of the farms are feminized. The household head generally has only primary level education, on average less than 2 years. About 67 percent of the small family farms in Ethiopia live below the national poverty line.

Economic situation and diversification

An average small family farm in Ethiopia generates a gross annual income of about USD 1 246. Agriculture is by far the main occupation for Ethiopian smallholdings, with on-farm income accounting for 79 percent of income and crop production being the most frequent form (62 percent). Although the share of family farms that generate income from non-agricultural wages or self-employment has marginally increased over the last decades, less than 8 percent of the income is generated from non-agricultural wages or self-employment. About 3.5 percent of a small family farms' income is supplemented with public or private transfers, among them cash and food transfers are the most common types in Ethiopia.

AT A GLANCE

- **Second most populous country** in Africa, reaching almost 103 million inhabitants.
- With a current population growth rate of 2.5 percent per year **the countries' population is expected to double by 2060.**
- Despite an **annual GDP growth of 7 percent**, still more than **33 percent of the population live below USD 1.9 a day** (2011 PPP).
- **High poverty rates** entail deterioration in health and nutrition, resulting in **32 percent of the population being undernourished.**

Source: World Bank, 2017.

¹ Unless indicated specifically, the data in this factsheet is taken from the LSMS survey 2012, analyzed by the SMALLS Team in FAO ESA. A detailed methodology description can be found online on the FAO Family Farming Knowledge Platform. The SMALLS Team would like to acknowledge the country office of Ethiopia for having provided valuable feedback.

Among the overall agricultural output produced by an Ethiopian family farm, only 21 percent are sold, highlighting the subsistence-oriented nature of the country's smallholders.

Productivity and technology

Despite the country's natural potential, the agricultural performance remains weak; high dependency on rain-fed agriculture, low rate of fertilizer application, not widespread use of improved seed varieties as well as land degradation and deforestation are impacting agricultural productivity. Only 2 percent of the arable land of a smallholder is irrigated, and just 3.7 percent have access to agricultural machinery. The most common agricultural input used is fertilizer, with more than half of the small family farms applying it on their fields. However, a weak application of around 28 kg per hectare may among other factors explain the poor annual value of crop production of USD 707, which is below the average of sub-Saharan Africa.² On top of this, an improvement of the commercialization of the agriculture sector, market linkages as well as agriculture-industry linkages would have a great role to enhance productivity.

Ethiopian family farms balance their labour-days spend on-farm and off-farm almost evenly, possibly indicating the importance of off-farm income opportunities that enable small family farms to diversify their income.

Constraints

More than one fourth of Ethiopia's small family farms have access to financial support. The average annual credit borrowed of USD 58 barely covers expenditures for inputs that are usually around 2 percent of the value of production, however, the low amount of financial support potentially offsets any advantage for smallholder to sustainably invest into other output promoting inputs. An average distance of 44 km to the closest road isolates many farmers from more lucrative markets. Due to these limited distribution options the majority of family farms sell their production in local markets or other informal channels, chancing income losses due to lower market prices.

SMALL FAMILY FARMS IN ETHIOPIA		SMALL FARMS	OTHER FARMS
Farm aspects	Average farm size (ha)	0.8	3.2
	% of smallholders on total farmers	74	26
	% female headed households	21	22.9
Income and poverty	Household income (const. 2009 Int.\$)	1 246	2 005
	% of income from crop production	62.4	74.2
	% of income from on-farm income	79.3	91.6
	% of income from non-agricultural wages and self-employment	7.9	2.4
	% of income from public and private transfers	3.5	1.2
	Smallholder poverty rate (national poverty line)	67	66
Labour	Family labour-days supplied on farm over a day period (person days)	0.41	0.64
	Hired labour-days supplied over a day period (person days)	0.06	0.16
	Family labour-days supplied off-farm over a day period (person days)	0.34	0.31
Production	Value of crop production (const. 2009 Int. \$)	707	1 482
	Value of food production per ha (const. 2009 Int. \$)	2 122	972
	Value of crop production per working day (const. 2009 Int. \$)	9.9	10.4
Capital and inputs	Livestock (TLU; pastoral households only)	2.4	4.4
	% of households using motorized equipment	3.7	5.7
	Fertilizer per hectare (kg)	28	3
	Seed per hectare (kg)	13	1
	Irrigation (% of land)	2	1
Markets	% of households selling crops through informal channels*	99	99
	% of households selling crops in the local markets* <small>* 40 percent of households reported this information</small>	96	90
Innovation and technology	% of households using improved seeds	21	30
	% of households recipient of extension services	29	41
Constraints	% of agricultural production sold	21	13
	% of expenditure for inputs on value of production	2	2
	% of credit beneficiary households	27	35
	Credit (const. 2009 Int. \$)	57	93
	Distance of household from road (km)	44	50

Source: FAO. 2018. Smallholders data portrait (available at www.fao.org/family-farming/data-sources/dataportrait/farm-size/en).

REFERENCES

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² Among the sub-Sahara African countries included in the Smallholder Farmers' Data Portrait the average annual value of crop production is USD 790.

SMALLHOLDER FARMERS' DATA PORTRAIT

The Smallholder Farmers' Data portrait is a comprehensive, systematic and standardized data set on the profile of smallholder farmers across the world. It can generate an image on how small family farmers in both emerging and developing countries live their lives. It is about putting in numbers, the constraints they face, and the choices they make so that policies can be informed by evidence to meet the challenge of agricultural development. Currently, the data portrait provides information for nineteen countries.

For more information about SMALL FAMILY FARMS

Please visit: www.fao.org/family-farming/themes/small-family-farmers

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