



SMALL FAMILY FARMS COUNTRY FACTSHEET



THE CONTEXT OF AGRICULTURE AND THE ROLE OF SMALL FAMILY FARMS

Although the Republic of Guatemala is the third largest country in the tropical zone of Central America, mountainous regions bound the total cultivable area. A vast share of 77 percent of the country's arable area is used for agriculture and forestry activities. Nevertheless, the agricultural contribution to GDP (14 percent) and labour force (31 percent) is decreasing, indicating Guatemala as a progressively diversifying country.

Land distribution is highly unequal in the country. Around 2 percent of the largest farms that grow cash crops such as sugar cane, palm oil or rubber occupy almost two-thirds of the arable land, whereas the majority of all holdings (82 percent) are dedicated to smallholder farmers, which utilize only one-sixth of the total arable land. A vast share of Guatemala's small family farms are unable to maintain their livelihood based on their own farm production and cannot generate their income solely by self-employment in agriculture.

KEY CHARACTERISTICS OF SMALL FAMILY FARMS¹

General aspects

The average smallholder farm in Guatemala consists of 6 household members with around 0.6 hectares of farmland, which is comparatively little considering other smallholder farms in Latin America.² Pastoralists, whose source of livelihood is primarily livestock, hold on average 2 Tropical Livestock Units (TLU) which is, again, below the region's average, potentially indicating Guatemala's transition towards service and manufacturing. Agriculture in Guatemala is male dominated, wherefore only 15 percent of the small family farms are female-headed. As tenure is still insecure and laws that regulate land ownership are almost nonexistent, land conflicts arise between historically confiscated land and smallholders that grow crops for self-subsistence. Among other factors, these unresolved land disputes result in a vast majority of smallholder farmers living below the national poverty line (75 percent).

Economic situation and diversification

An average small family farm in Guatemala generates a gross annual income of about USD 6 772,³ however, earnings from agricultural production do not generate the bulk of income. Instead, 40 percent of an average smallholders' income stems from non-agricultural wages or off-farm self-employment, with commerce and services as the most common components of rural non-farm income activities. Despite agriculture being an important source of livelihood, around one fourth of the average income only is generated through on-farm activities, from that 21 percent originate from the growing and selling of crops. This potential to diversify income is also reflected in the

AT A GLANCE

- **Low middle income country** with one of the **strongest GDP growth rates** in Latin America, averaging 4 percent per year.
- Despite strong economic performance, one of the **highest inequality rates** in Latin America (GINI coefficient of 49 percent).
- **59 percent** of the 16.5 million inhabitants live **below the national poverty line**, among them the majority is rural.
- **Human Developing Index** for Guatemala is still the **third lowest** in Latin America (0.640 in 2015).

Source: World Bank, 2017.

¹ Unless indicated specifically, the data in this factsheet is taken from the LSMS survey 2006, 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 Guatemala for having provided valuable feedback.

² For example, Nicaraguan smallholder farmers operate on 6 hectares land on average.

³ All monetary values in this factsheet are expressed in constant 2009 international dollar.

households' labour allocation; an almost equal share of available family labour is dedicated to both on-farm and off-farm activities.

Income from public and private transfers accounts for 18 percent of the total household's income which is well above the average of other Latin-American countries, reflecting the country of Guatemala being one of the top remittance receiving countries in the world. Nevertheless, the high share of income from non-agricultural wages mirrors increasing diversified and commercialized rural areas, in which smallholder households may find alternatives to agriculture. However, as a consequence of lacking opportunities in rural areas, rural-urban migration flows remain strong.

Productivity and technology

Although large businesses dominate the most fertile land areas in the country, it is likely that different governmental, smallholder-oriented programs are bearing fruits, such as the flagship program Family Farming Programme to Strengthen the Rural Economy (PAFFEC), which offers technical assistance to a vast share of Guatemalan households of family farmers. A considerable share of smallholder households has access to motorized equipment (43 percent) and are able to apply fertilizer on their fields (76 percent), potentially as well a result of the program. Among other factors, this could also explain the high value of food production per hectare (USD 1 243).

By comparison, the total value of crops produced per year on average remains relatively low (USD 929). More than 75 percent of the crops produced are food crops, mainly used by the household itself to meet nutritional needs. Only a minor share is sold, presumably on local markets.

Constraints

Small family farms in Guatemala sell less than one third of their agricultural production on average, highlighting the importance of crop production for home consumption. On the other hand, expenditures for inputs in terms of value of production remain high with 28 percent, cutting the available budget for investments in inputs or other agricultural equipment. The average amount of credit of USD 2 584 is limited to only 8 percent of the smallholders that are included in these credit schemes. Guatemala introduced the conditional cash transfer program Mi Familia Progresá in 2008, providing economic support to families in order to break the circle of poverty. Until now, the program covers around one third of the total population, however, the per capita transfer of the program is very small and the government has been reducing the budget gradually. Access to extension services remains similar weak (1.8 percent of households).

SMALL FAMILY FARMS IN GUATEMALA		SMALL FARMS	OTHER FARMS
Farm aspects	Average farm size (ha)	0.6	2.47
	% of smallholders on total farmers	82	18
	% female headed households	15.2	26
Income and poverty	Household income (const. 2009 Int.\$)	6 772	7 146
	% of income from crop production	21	45
	% of income from on-farm income	24	49
	% of income from agricultural wage labour	18	10
	% of income from non-agricultural wages and self-employment	40	26
	% of income from public and private transfers	18	15
	Smallholder poverty rate (national poverty line)	75	73
Labour	Family labour-days supplied on farm over a day period (person days)	0.85	1.32
	Family labour-days supplied off-farm over a day period (person days)	0.82	0.53
Production	Amount of food produced (const. 2009 Int. \$)	713	1 852
	Value of crop production (const. 2009 Int. \$)	929	2 465
	Value of food production per ha (const. 2009 Int. \$)	1 243	759
Capital and inputs	Livestock (TLU; pastoral households only)	1.9	2.2
	% of households using motorized equipment	43	72
	% of households using fertilizer	76.4	7.8
Constraints	% of agricultural production sold	29	54
	% of expenditure for inputs on value of production	28	19
	% of households recipient of extension services	1.8	5.6
	% of credit beneficiary households	8	12
	Credit (const. 2009 Int. \$)	2 584	3 215

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

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.

REFERENCES

- FAO. 2016. *Mid-term evaluation of the Forest and Farm Facility Programme*. Rome.
 International Fund for Agricultural Development (IFAD). 2011. *Latin America: The State of Smallholders in Agriculture*. Rome.
 United Nations Development Programme (UNDP). 2009. *Assessment of Development Results – Guatemala*. New York, USA.

For more information about SMALL FAMILY FARMS

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

Or write to: Laura Schenck – Laura.Schenck@fao.org