



SMALL FAMILY FARMS COUNTRY FACTSHEET



THE CONTEXT OF AGRICULTURE AND THE ROLE OF SMALL FAMILY FARMS

Viet Nam is a fast industrializing country located in the southeastern margin of the Indochinese peninsula. The economic performance within the past decades has been remarkable: transforming the country from a food-insecure nation to one of the world's leading exporter in food commodities.

Almost 40 percent of the total land area of Viet Nam is dedicated to agricultural production. The country's climate promotes rice production in particular, which dominates the vast majority of the utilized agricultural area, followed by maize and rubber. 43 percent of Viet Nam's 92 million inhabitants are engaged in agriculture, making the sector the major employer before services and industries. However, agricultural production generates less than one-fifth of GDP (18 percent). Among all farmers in Viet Nam, 89 percent are small family farmers, of which more than 65 percent are situated in rural areas.

KEY CHARACTERISTICS OF SMALL FAMILY FARMS¹

General aspects

Viet Nam's family farms cultivate on very small plots of land, averaging 0.4 hectares. This is, among other factors, likely driven by a low pace of urbanization and a simultaneously fast growing rural population in the country. Pastoralists, on average, keep 1.7 Tropical Livestock Units (TLU), but livestock contributes only secondarily to a households' income. A typical family farm in Viet Nam is predominantly male-headed with an average of 4 members per household, only one-third of the farms are headed by women (32 percent). The relatively high level of education of the household head compared to other countries in Asia,² averaging 7 years, can be credited to the country's high proportion of GDP spent on education. 19 percent of the total government expenditure is dedicated to education (around 6 percent of GDP), one of the highest in East Asia. Despite the country's progressive development, 59 percent of the small family farms in Viet Nam remain below the national poverty line.

Economic situation and diversification

For more than half of Viet Nam's smallholders, on-farm income is the major source of income, with crop production being the most frequent form (38 percent). However, as educational levels increase, so does the ability to participate in non-farm activities. A quarter of the annual gross income, which amounts up to USD 6 609,³ is generated through non-agricultural wages and self-employment, for example including work in the industry and service sector. Public or private transfers account for 12 percent of the income.

AT A GLANCE

- Strong economic performance transformed Viet Nam **from one of the world's poorest countries to a low middle-income country** during the last decades.
- Annual **GDP growth** is among the **fastest in the world**, averaging 6 percent.
- **Extreme poverty reduction** over the course of two decades results in **2.8 percent of the population** living on less than USD 1.9 a day (2011 PPP) (compared to 40 percent in 2000).
- Households in **rural areas remain vulnerable** to fall back into poverty; **income inequality is rising** (GINI Index averaging 38).

Source: World Bank, 2017.

¹ Unless indicated specifically, the data in this factsheet is taken from the LSMS survey 2008, 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 Viet Nam for having provided valuable feedback

² Among the other Asian countries included in the Smallholder Farmers Data Portrait the average level of education is 4.1 years.

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

Viet Nam's small family farms sell almost half of their agricultural output predominantly on local markets, presumably as a result of good functioning market access and the ability to meet nutritional needs with their own production.

Productivity and technology

Rice usually thrives under extremely moist conditions. As a consequence, irrigated rice fields have become the most common system in East Asia, and around 73 percent of small family farms in Viet Nam have access to such irrigation systems. The use of farm machinery has decreased over the past decades resulting in 11 percent of smallholders being motorized equipped,⁴ which can be related to the unfavorable effect of continuous land fragmentation in the country. This often makes it hard for small sized holdings to make use of machinery economically. However, on-farm productivity is high for small family farms in Viet Nam. An average of USD 9 of crop production is generated per working day, and the annual value of food produced per hectare reaches USD 5 341. Consequently, on-farm labour productivity is the highest among Asian countries and households are able to invest a considerable share of labour for off-farm income generation (0.81 person days).

Overall, Viet Nam has shifted from extensive agricultural production to an intensive agricultural crop cultivation over the last three decades, resulting in a tremendous increase of fertilizer use. 97 percent of the small family farms report the application of fertilizer, which has led to a strong yield growth, but also increased the potential for environmental contamination.

Constraints

Small family farms in Viet Nam spend almost 40 percent of their value of production for agricultural inputs, making crop production relatively cost-intensive. Nevertheless, around 36 percent of all family farms in the country are able to attain formal credit, which amounts up to USD 1 005 on average, allowing them to invest into modernized agricultural inputs. Often, however, agricultural extension services that provide farmers with information and technical support remain weak, with less than 5 percent of the family farms having access to these services.

SMALL FAMILY FARMS IN VIET NAM		SMALL FARMS	OTHER FARMS
Farm aspects	Average farm size (ha)	0.4	2.5
	% of smallholders on total farmers	89	11
	% female headed households	19.6	32.2
Income and poverty	Household income (const. 2009 Int.\$)	6 609	10 204
	% of income from crop production	38	63
	% of income from on-farm income	56	79
	% of income from non-agricultural wages and self-employment	26	11
	% of income from public and private transfers	12	5
	Smallholder poverty rate (national poverty line)	59	58
Labour	Family labour-days supplied on farm over a day period (person days)	1.1	1.82
	Family labour-days supplied off-farm over a day period (person days)	0.81	0.46
Production	Value of crop production (const. 2009 Int. \$)	2 110	6 444
	Value of food production per ha (const. 2009 Int. \$)	5 341	1 895
	Value of crop production per working day (const. 2009 Int. \$)	9	19
Capital and inputs	Livestock (TLU; pastoral households only)	1.7	1.7
	% of households using motorized equipment	11	24
	% of households using fertilizer	97	20
	Fertilizer per hectare (kg)	961	393
	Irrigation (% of land)	73	51
Markets	% of households selling crops through informal channels*	99	100
	% of households selling crops in the local markets* <small>* 48 percent of households reported this information</small>	99	100
Innovation and technology	% of household owning a telephone	1.7	1.7
	% of households recipient of extension services	4.5	4.8
Constraints	% of agricultural production sold	47	68
	% of expenditure for inputs on value of production	37	35
	% of credit beneficiary households	36	47
	Credit (const. 2009 Int. \$)	1 006	1 678

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

REFERENCES

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 General Statistics Office of Viet Nam. 2011. *Results of the 2011 Rural, Agricultural and Fishery Census*. Ha Noi.
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⁴ According to the Smallholder Farmers' Data Portrait, 29 percent of households were mechanized equipped in 2002.

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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