



# **Fostering regional economic growth and rural development through smallholders and family farms**

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## **Overview**

- **Economic and political environment for smallholders and family farms**
- **Policies for rural development and modern agriculture**
- **Understanding of smallholders and family farms**
- **Attitudes to smallholders and family farms – a tool for regional agricultural and rural development**
- **Future and opportunities for smallholders and family farms in the region (SWOT Analysis)**
- **Fostering social economy and sustainable rural development through smallholders and family farms**

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## ***Economic and political environment for smallholders and family farms***



- common past inside the URSS
- economy collapsed after the independence with a crucial negative consequences for agriculture
- still some remnants of state control via state owned input supply or state owned processors
- underdeveloped economic infrastructure for farming and related up-stream and down-stream sectors

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## ***Economic and political environment for smallholders and family farms***



- insufficient public services such as extension services, institutional capacity, low level of professional education in rural communities, gaps in production standards and food safety
- lack of legal regulations for agricultural and rural development
- lack of statistical information on smallholders and family farms
- land use and ownership fragmentation, except Belarus and partly Ukraine

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## ***Economic and political environment for smallholders and family farms***



- smallholders and family farms vast majority in Armenia, Azerbaijan and Georgia
- vary from 10% in Belarus to 71% in Moldova, and about 50% in Ukraine
- dual agrarian structures
  - a) large holdings and agri-enterprises
  - b) smallholders and family farms
- deficient land administration (e.g. cadaster)
- different levels of political support for agriculture, mostly focused on modernization and strategic commodities for export

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## ***Economic and political environment for smallholders and family farms***



- main areas constraining the agriculture and rural sector, in particular for the smallholders and family farms:
  - value chain:
    - Fragmented land holdings
    - Lack of producer cooperation and integration
    - Low level of professionalism and training in rural communities
    - Outdated technology
    - Lack of appropriate infrastructure in rural areas
  - policy making and institutional set-up
    - No real rural development policy
    - A concentration on production subsidies with no cross compliance mechanism
    - Gaps in standards, regulations, legislation and comparative information
    - Under-developed food safety system (sanitary-veterinary)

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## ***Policies for rural development and modern agriculture***



- **relevant institutional capacity with a focus on farmers and rural areas are existing in all countries:**
  - Ministries of agriculture are responsible for development and implementation of the agriculture and rural development policies and other policies related to the agricultural sectors, such as veterinary, food safety, land tenure, forestry and fisheries
  - some functions, in particular relating to implementation of policies, are under the responsibility of other state institutions, agencies, universities and research institutions
- **statistics, an important instrument for informed policy making is deficient and focused on production and market information, few data on characteristics of smallholders, like market participation, economic size, actual working units and other indicators**

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## ***Policies for rural development and modern agriculture***



- **CAP like approaches to agriculture policy**
  - Armenia, Georgia, Moldova, Ukraine
- **programing approach – Azerbaijan, Belarus**
- **in all countries, national development strategies and programs related to agriculture and rural development exist or are being developed, including subsector strategies, programs and action plans**

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## ***Policies for rural development and modern agriculture***



- **civil society for fostering rural development and modern agriculture**
  - present and functioning through non-governmental organizations focused on different issues related to rural areas and social inclusion
  - diverse international initiatives and programs to support rural communities in capacity building and diversification of rural economies
  - not well developed civil society to represent and promote smallholders and family farms

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## ***Understanding of smallholders and family farms***



- **different definitions and concepts condition the understanding of smallholders and family farms**
  - US approach (gross-value based)
  - EU approach (many indicators, e.g. agricultural area, labour input, market participation, economic size of farm, etc.)
- **national definitions for smallholders and family farms**
  - different approaches, but some are similar to EU
  - common is that family relation is one criteria, but size of holding, number of employed people or turnover, are other relevant criteria
- **a proper definition is the precondition to improve the farmers' situation and create the necessary favourable environment for their development and functioning**
- **however, lack of appropriate collection of data and statistics difficult this task in addition**

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## ***Attitudes to smallholders and family farms – a tool for regional growth and rural development***



- **need of a new attitude to smallholders and family farms, as**
  - smallholders and family farms possess a big potential for rural and regional development
  - but biggest part live in poverty, social exclusion and suffer from lack of opportunities and future
- **different political and economic environment increases discrepancies between the countries in their perceptions and attitudes to smallholders and family farms**
- **there are not well functioning systems for support to smallholders and family farms**
- **a change in the attitudes and the perceptions to the rural people at governmental, local and civil society level**

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## ***Fostering social economy and sustainable rural development through smallholders and family farms***



- **smallholders and family farms are key to poverty reduction and social inclusion**
- **easy to involve all disadvantaged groups – minorities, women, disabled persons, creating employment and fighting social discrimination**

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## ***Fostering social economy and sustainable rural development through smallholders and family farms***



- **priority areas for action:**
  - agriculture and rural development policy
  - institutional and regulatory framework development
  - competitiveness and sustainable production
  - diversification of rural economic, social and cultural activities

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## ***Fostering social economy and sustainable rural development through smallholders and family farms***



- **rural population should be seen as leading force for sustainable growth, economic development, poverty reduction and social inclusion**
- **support programs for smallholders and family farms should be the benchmark of all national policies for agriculture and rural development**

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**“Small farmers feed the world...  
Government should support a  
transition to agricultural  
democracy”**

*Hilal Elver, UN Special Rapporteur on the Right to Food*

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