12% small farmers produce 80% of world food- UNCTAD report

Despite renewed interest in industrial agriculture by investment banks and sovereign wealth funds, more than 80% of the world's food is still produced by family farmers. Basing their position on estimates that project 12% small land holders manage 12% of all agricultural land, yet they produce more than 80% of the world's food in value terms, a UNCTAD report asserted that they deserve more attention from policy makers to unleash their full business potential.

More than 500 million family farms manage between 70% and 80% of the world's agricultural land. However, farms smaller than one hectare account for 72% of all farms, but control only 8% of agricultural land. Small and medium sized farms tend to have higher crop yields per hectare than larger operations, the report said because they manage resources and use labor more intensively.

Though there are marked differences by country and region in the average size of small farms, it is estimated that more than 90% of the 570 million farms worldwide are managed by an individual or a family.

Estimates further showed that about 2.5 billion people depend on agricultural production systems for their livelihoods. Smallholders also play a key role in environmental sustainability objectives, including climate change mitigation, by protecting biodiversity in agriculture.

Global food production needs to grow by 60% before 2050 to meet the anticipated demand from an expected population of 9 billion, FAO Director-General José Graziano da Silva said. Environmental challenges will put increasing pressure on family farms in the coming years. Land and water resources are becoming ever more scarce and degraded.

The report highlighted a number of enduring challenges, including limited access to agricultural inputs such as fertilisers, seeds, land, labour and credit markets, unfulfilled capacity to commercialise their produce due to deficient or non-existing infrastructure such as paved roads and lack of access to market information, which leads to power imbalances.

The report showcased a number of instances where factors, such as innovative financing mechanisms, access to contract farming, better and increased training and agricultural and financial services using information and communications technology, have gradually increased smallholders' productivity.

Moving away from business as usual and striving to achieve the Sustainable Development Goals, the report argued, will require a better alignment of policies, pledges and actions at the national, regional and international levels.

The report showed that developing countries can benefit from greater participation of small holders in sustainable commodity production and trade. To this end, the report suggested that these countries put in place policies to support sustainable agricultural development, strengthen institutional capacities, provide appropriate infrastructure, facilitate technology access, secure land tenure and create a business-friendly environment for smallholders.

Global poverty remains a predominantly rural phenomenon, with 70% of the developing world's 1.4 billion extremely poor people living in rural areas, particularly in South Asia and in sub-Saharan Africa.

Several econometric studies showed that in countries where rural poverty accounts for the largest share of total poverty, agricultural growth is essential to its reduction, and leads to consumption and production linkages in the overall economy, according to FAO.

Rural infrastructure has a strong impact on smallholders' productivity, access to markets and marketing costs, and hence the profitability of their farming businesses. In many developing countries, weak or non-existent infrastructure constitutes a major bottleneck for viable farming businesses.

The negative effect on farmers of price variability in international markets became particularly acute, following market liberalisation policies introduced in most developing countries in the 1980s.

This is illustrated by producer prices of wheat in Pakistan and cocoa in Côte d'Ivoire, which experienced dramatic changes during the 2000s.

Data showed that international prices of wheat and cocoa were less volatile than producer prices in Pakistan and Côte d'Ivoire, suggesting that volatility in producer prices is more than a simple transmission of volatility from the international to the domestic market. Domestic policies and market structure also contribute to producer price volatility.◆