



AgEcon SEARCH

RESEARCH IN AGRICULTURAL & APPLIED ECONOMICS

The World's Largest Open Access Agricultural & Applied Economics Digital Library

This document is discoverable and free to researchers across the globe due to the work of AgEcon Search.

Help ensure our sustainability.

Give to AgEcon Search

AgEcon Search

<http://ageconsearch.umn.edu>

aesearch@umn.edu

*Papers downloaded from **AgEcon Search** may be used for non-commercial purposes and personal study only. No other use, including posting to another Internet site, is permitted without permission from the copyright owner (not AgEcon Search), or as allowed under the provisions of Fair Use, U.S. Copyright Act, Title 17 U.S.C.*

No endorsement of AgEcon Search or its fundraising activities by the author(s) of the following work or their employer(s) is intended or implied.

Biotechnology and biosafety

Instruments for achieving
agricultural competitiveness

**A renewed IICA
for the new hemispheric
dynamic on the 21st Century**

Rural family production and the design of differentiated policies

Like the other Southern Cone countries, Uruguay is endeavoring to identify and quantify the contribution that family farmers make to the economy, with a view to designing differentiated policies that would enable them to benefit from various government programs.

Mariana Fossatti

Specialist in Rural Development, IICA Office in Uruguay



this effort is to support family agriculture by designing differentiated policies. In other words, by highlighting the importance of their economic contribution and value to society, the governments hope to find ways of helping them to tap the opportunities available to the agricultural sector under different government programs. Generally speaking, without differentiated policies it is very difficult for small producers to tap those opportunities.

This issue is being debated again in Brazil, Argentina, Paraguay and Chile, and the governments are keen to define family agriculture, develop specific criteria for it and gauge its importance. This is also a priority for the Uruguayan

It is a well-known fact that the Southern Cone countries are endeavoring to identify and quantify the segment of rural producers commonly referred to as family or small farmers, or small-scale producers. The process involves conceptualizing and defining family agriculture as a specific subsector and using sectoral statistics and agricultural censuses to characterize the situation of the group of producers concerned. The ultimate objective of

government, and the Agricultural Programming and Policy Office (OPYPA), a unit of the Ministry of Livestock, Agriculture and Fisheries (MGAP), has been working on the issue since 2005. A number of MGAP projects, such as Uruguay Rural, the Responsible Production Project and the Livestock Project, are designed to generate lines of action and programs that address the specific needs of small producers. Their aim is not only to make the agricultural sector more competitive but also to improve the living conditions and income

of its most disadvantaged groups. Projects of this kind must be clearly defined and include criteria for differentiated policies if the instruments they use are to be properly applied and they are to have a bigger impact on the beneficiaries. The criteria must be compatible with national conditions and relatively simple to apply.

Definitions of family agriculture

Before presenting the criteria used in Uruguay, it is worth looking at the definitions of family agriculture applied throughout the region. Table 1 shows the definitions used in the different countries and the operational criteria that are applied. The criterion described is the one adopted

Table 1. Definitions of family agriculture in the Southern Cone

Argentina Study: "El peso económico de los pequeños productores agropecuarios" (ICA-PROINDER)	Small agricultural producer: <ul style="list-style-type: none"> - Works directly on the farm - Does not employ non-family members as paid workers on a permanent basis - Maximum amounts of land and capital are established for each region - Companies are excluded
Brazil Family Agriculture Act	Family agriculture: <ul style="list-style-type: none"> - Workers are family members - All income comes from a single property - The family itself manages the operation - Maximum acreage is four modules (8 ha. or 80,000 m², depending on the State)
Chile Criteria established for individuals to whom INDAP provides assistance	Small agricultural producer: <ul style="list-style-type: none"> - Works the land directly; encompasses all systems of ownership - Most income comes from the farm - Farms not more than 12 ha. of Basic Irrigation (unit of equivalency) - Assets do not exceed the equivalent of 3500 Development Units (approx. US\$12,000)
Paraguay Institute of Rural Development and Lands - INDERT	Small-scale Family Agriculture <ul style="list-style-type: none"> - Family members do most of the work. No more than ten temporary paid workers are hired each year. - Farms no more than 20 ha. of land
Uruguay Proposal published in the OPYPA's Yearbook for 2005	Rural Family Producer <ul style="list-style-type: none"> - Individuals and de facto companies - Lives on or near the farm - Occupation: the farm is the owner's chief source of work and income - Does not employ paid workers (permanent and/or seasonal) or does not employ more than the total number of family workers - Specific upper limits on the amount of capital and land farmed for each type of production



by public institutions or recent studies. The only country that applies a legally established definition is Brazil.

Although the theoretical criteria are similar in the different countries of the region, the variables and critical values used to distinguish between family producers vary from one country to another. The two basic criteria common to all the definitions are the use of family labor and involvement in agricultural activities. In every country except Paraguay, it is explicitly stated that most family income must come from the farm. In the case of Uruguay, producers must also live on or near the farm. The differences between the definitions mostly have to do with the factors of production: the hiring of workers and the acreage farmed. Each country establishes a different upper limit for the number of workers employed and hectares (or equivalent units of acreage) farmed, keyed to the respective production structure. Producers who exceed these ceilings cannot be included in the category of family farmers. In Argentina and Uruguay, the legal status of the operation is taken into consideration, while in Argentina, Chile and Uruguay companies are excluded and ceilings are set on assets or capital.

The OPYPA in Uruguay made the ratio of family workers to paid workers the main variable (more family members must work on the farm than paid workers). Other variables were then sought for which data could easily be gathered and which would reflect this criterion in a more operational way. The most appropriate seemed to be the surface area of the landholding and the fact that the producer lived on the farm.

Given the heterogeneity of the structure of agriculture in Uruguay, the average amount of land farmed and the number of workers vary considerably from one production system to another. The same ceilings cannot be applied to the different systems (which range from horticulture to stock raising), as the combinations of these factors vary considerably.

For its first proposed definition, the OPYPA used different variables related to the number of workers employed in the different production systems. For stock raising, wool and dairy farming, it took into account the surface area of the farm. For dryland grains, deciduous fruits, viticulture and horticulture, it considered the acreage under cultivation. Finally, for poultry and pigs, it used the number of animals as a variable. Based on the specific variables, values were established to distinguish between “family” producers, “medium-scale” producers (family members are involved but there are more paid workers) and “large-scale” producers (very few family workers are involved). Representatives of the producers and specialists in the different types of production were consulted in order to validate these criteria, in addition to the necessary statistical analyses that were carried out.

These criteria and the results of the first analyses were published in the OPYPA’s Yearbook for 2005. Subsequently, it was suggested that the criteria be simplified. The criteria proposed were:

- There are no more than four permanent workers (including family members and paid and seasonal workers).
- The total acreage under cultivation does not exceed 500 ha. in Real Value (CONEAT),¹ instead of the gross surface area, taking into account the farm’s location and productive value.

The first criterion provides an easy way of identifying family producers on all farms where

¹ The CONEAT is the index of real value used in Uruguay to characterize all rural landholdings according to soil capability.

Table 2. Number and percentage of farms by type of producer

Farms	Type of producer			TOTAL
	Family Members	Medium-scale	Large-scale	
Number	39,120	6,199	3,997	49,316
Percentage	79	13	8	100

Source: prepared by OPYPA-DIEA, based on the 2000 CGA

intensive use is made of land and labor, as in the case of horticulture. In stock raising and extensive agriculture, where the average surface area is much larger, the second criterion establishes an exact upper limit. This upper limit may be large compared to other countries but it is appropriate in Uruguay. Although the heterogeneity of the country's production systems is a factor, most producers engage in extensive stock raising. This activity is carried out on nearly 80% of the country's productive soil and tends to require large areas of land and a low stocking rate.

Two other criteria are included: the owner of the farm must be an individual or a de facto company, and the agricultural activity must be a full-time occupation and the main source of the family's income.

The two proposed definitions of "rural family producer" are being studied by the Family Agriculture Development Unit, which was created by the MGAP in July 2006. In this article, the data presented are those published by the OPYPA in its Yearbook for 2005, based on the first definition, which uses specific variables for each type of production.

Rural family producers: how many there are, where they are located and how important they are to national production

Based on the criteria described above, the data gathered for the General Agricultural Census (CGA) was reprocessed (the Directorate of Agricultural Statistics (DIEA) carries out the census, working with the OPYPA). Thanks to this new treatment of the census data, we now have a clearer picture of the socioeconomic structure of Uruguayan agriculture and its different strata, how many family producers are involved in the different types of production and how big a contribution they make.

As many as 49,316 of the 57,131 farms included in the 2000 census were used for the analysis. Excluded were producers who said they produced for personal consumption and those whose income comes mainly from forestry, citrus fruits, rice, machinery services, nurseries and other activities in which few family producers are involved.

Nearly 80% of the rural producers included in the OPYPA study are family farmers (Table 2) and 88% of them engage in one of only three types of production: stock raising (65%), dairy farming (11%) and horticulture (12%) (Table 3).

Table 3. Number and percentage of family farms by type of production

Primary source of income	No.	%
TOTAL	39,120	100
Stock raising (meat and/or wool)	25,501	65
Horticulture	4,617	12
Dairy farming	4,442	11
Pigs	1,224	3
Poultry	923	2
Viticulture	837	2
Dryland grains	823	2
Deciduous fruits	753	2

Source: prepared by OPYPA-DIEA, based on the 2000 CGA

Family farms make up the single largest group in all the types of production studied by the OPYPA. The activity in which they account for the largest percentage is horticulture, where family producers

account for 88% of all operations and 90% of them live on the farm. As many as 79% of stock raising operations are family farms, with 65% of producers living on the property.

Table 4. Percentage of farms by size and type of production

	Family operations	Medium-scale operations	Large-scale operations	Total
Stock raising	79	13	9	100
Dairy farming	74	17	9	100
Horticulture	88	8	5	100
Pigs	84	10	6	100
Viticulture	76	18	7	100
Cereals and oil-seeds	76	12	12	100
Poultry	85	8	7	100
Deciduous fruits	79	13	8	100

Source: prepared by OPYPA-DIEA, based on the 2000 CGA

Family producers farm 24% of the country's productive land (Table 5), medium-sized producers some 26% and large-scale producers, 50%. The activity that best reflects this structure is stock raising. In the case of horticulture, poultry

and pigs, family farms account for a bigger percentage of the land used, although large-scale poultry producers, who make up only 2% of the total, use 31% of the acreage given over to this activity.

Table 5. Percentage of acreage used by each type of producer and productive activity

	Family farms	Medium-scale farms	Large-scale farms	Total
Stock raising	26	25	49	100
Dairy farming	34	24	42	100
Horticulture	64	14	22	100
Pigs	72	16	12	100
Viticulture	36	20	44	100
Grains and oil-seeds	29	25	47	100
Deciduous fruits	43	23	34	100
Poultry	60	9	31	100
Total	24	26	50	100

Source: prepared by author, drawing on OPYPA-DIEA data, based on the 2000 CGA

there are 39,120 family farms in Uruguay (79% of all farms). They operate on 24% of the country's productive soil and generate approximately one fourth of the Gross Value of Production.

For the year of the last census (2000), rural family production as a share of the Gross Value of Production (GVP) in the activities analyzed (Table 6) is put at 26%, with grains and oil-seeds reporting the lowest percentage (13%) and horticulture the highest (52%).

Table 6. Gross Value of Production of family farms

Activity	Total	Family Production (US x 000)	FP/Total (%)
Horticulture	152	79	52
Deciduous + citrus fruits	87	33	38
Viticulture	43	12	28
Grains and Oil-seeds	140	18	13
Dairy farming	187	51	27
Stock raising (meat and wool)	711	157	22
Poultry	90	22	24
Pigs	23	5	22
Total	1433	377	26

Source: prepared by OPYPA-DIEA, based on the CGA 2000

In short, according to this first analysis of the OPYPA-DIEA study, there are 39,120 family farms in Uruguay (79% of all farms). They operate on 24% of the country's productive soil and generate approximately one fourth of the Gross Value of Production. Family producers account for a majority of farmers in all of the eight types of production studied and are particularly dominant in stock raising and horticulture.

Differentiated policies

The Uruguayan government is currently trying to devise a strategy for developing family agriculture based on differentiated policies. Various programs and projects already exist that target the most

disadvantaged segments of the agricultural sector but they are not coordinated and do not share common criteria. General agricultural development policies, which do not include criteria for differentiating between groups or strata of producers, are more helpful to larger and more consolidated companies; seldom can family producers take advantage of all their potential benefits.

The criteria for differentiating between producers should be political guidelines based, in the final analysis, on a social contract regarding the importance of maintaining the social and economic fabric of rural territories. The MGAP's current strategic guidelines are designed to achieve this. A Family Agriculture Development Unit has been set up to address the concerns of rural organizations and is taking the Ministry's new strategic approach to the development of rural communities into account.

This unit's brief is to take the initiative in formulating plans and projects for family agriculture. It will also integrate the activities of different MGAP units, and coordinate the public and private institutional framework, which currently duplicates services in some areas while ignoring others altogether. A key tool for achieving close coordination and directing efforts better is a register of producers, farms and acreage. The MGAP will have to turn its attention to this task in the months ahead.

Differentiated agricultural policies are a new challenge for the Uruguayan government and its efforts to achieve rural development. They are needed to channel the various supports and subsidies provided to producers in a more organized and coordinated way.