



SMALL FAMILY FARMS COUNTRY FACTSHEET



THE CONTEXT OF AGRICULTURE AND THE ROLE OF SMALL FAMILY FARMS

The Republic of Indonesia is the world's largest archipelago of more than 17 000 islands straddling the Indian and Pacific Oceans in Southeast Asia. The nation's total land area used for agricultural production has increased over the last decades and is now equivalent to 32 percent of the total land area. Although its share of GDP is decreasing, agriculture is still of crucial importance for Indonesia's economy, accounting for 14 percent of GDP. Moreover, the sector is the second biggest source of employment, in particular in the country's rural areas, with around 33 percent of Indonesia's labor force being employed in the agricultural sector.

Rice is the primary staple food crop with a steady increase in annual production, making Indonesia the third largest rice producer in the world. In spite a gradual increase of food crop production, the country remains a net importer of grains (wheat mainly) and other agriculture produce, such as horticulture. **93 percent of Indonesia's total number of farmers are small family farms.** They dominate the sector and grow the bulk of staples, including rice, corn and cassava, as well as of cash crops, under which palm oil and rubber are the main export crops.

KEY CHARACTERISTICS OF SMALL FAMILY FARMS¹

General aspects

In Indonesia, small family farming is generally carried out on modest plots averaging 0.6 hectares. The average smallholder household consists of 5 to 6 household members with the household head having an average educational level of 6 years. Women face a more limited access to agricultural resources than men, wherefore only 11 percent of the family farms are female headed.

Given the several agro-climatic zones, agriculture in Indonesia is highly diversified. A humid tropic climate with regular rainfall during monsoon seasons offers potential for the production of rice, while the more temperate highland areas provide conditions for the growing of cash crops, such as coffee, tea, spices, palm oil, fruits and vegetables. **Lowland and upland cropping are the two farming systems that are most commonly practiced by Indonesian smallholders,** while a third system, the perennial crop farming system, is mainly headed by larger estates, growing the favourable income crops. Keeping livestock plays a minor role for most Indonesian smallholders, while poultry and fish represent important sources of protein.

Economic situation and diversification

For the average small family farm in Indonesia, on-farm activities contribute only 49 percent to the annual income which is one of the lowest shares for smallholders in Asia.² However, 47 percent of the total household income is originated through crop production. Although agriculture remains the most important source of livelihood, smallholders in Indonesia are likely to complement their annual farm income with non-agricultural sources or self-

AT A GLANCE

- Indonesia is the **fourth most populated country in the world**, with a population reaching nearly **262 million**.
- With an average annual GDP growth of **5–6 percent**, Indonesia has become the **largest economy in Southeast Asia** during the past decade.
- The **poverty rate has been cut to more than half** within two decades, leaving around **11 percent of the population** still living below the national poverty line.

Source: World Bank, 2017.

¹ Unless indicated specifically, the data in this factsheet is taken from the LSMS survey 2000, 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 Indonesia for having provided valuable feedback.

² Referring to the Asian countries included in the Smallholder Farmers' Data Portrait.

employment (e.g. with enterprises or rents), which accounts for 30 percent of the average gross annual income of USD 1 967.³ Moreover, income from public and private transfers plays a substantial role for income diversification. The opportunity to diversify is an important way for Indonesian small family farms to self-insure their livelihood against the occurrence of shocks, such as a delay in the monsoon rains that could harmfully affect agricultural production. Nevertheless, income poverty remains high and almost one fifth of the family farms in Indonesia live below the national poverty line.

Productivity and technology

Smallholder agriculture in Indonesia is often practised without the benefit of modern tools or improved seed varieties. Moreover, the vulnerability of rice farming to climate change has made its production less attractive to smallholders. Encouraging smallholders to diversify, for example, into high value fruits is key to stabilise incomes and reduce poverty. In the light of a rapidly increasing population, long-term promotions by the government of Indonesia have fostered both the growth of rice production and a strengthened production of other food crops. Achievements have been made due to the installation of new irrigation infrastructure and other farm techniques, as well as the expansion and rehabilitation of agricultural land. **Increasing rates of fertilizer have boosted production, leading to high values of food production per hectare and remarkable productivity per working day compared to other smallholders in Asia, highlighting a shift to more intensive crop farming.** However, the value of annual crop production remains considerably low (USD 573). Yet, only 10 percent of the country's smallholders practice a high level of mechanization.

Although the average smallholder farmer partially allocates labour to off-farm activities, agriculture continues to be the most labour intense family activity; the share of family labour-days spend on-farm (0.78 person days) remains higher as the one allocated to off-farm income activities (0.24 person days).

Constraints

Improved technical assistance and a simplified access to credit schemes, have enhanced the livelihood of Indonesian smallholders. Still, among all family farms approximately 17 percent are beneficiary households with a credit that amounts to USD 420 annually. **A high share of income spent on food and agricultural inputs limits the potential of smallholders to sustainably re-invest the amount of credit.** Moreover, weak infrastructure, declining farm sizes due to demographic pressure and missing linkages between input and output markets challenge food security and productivity in Indonesia.

SMALL FAMILY FARMS IN INDONESIA		SMALL FARMS	OTHER FARMS
Farm aspects	Average farm size (ha)	0.6	5.0
	% of smallholders on total farmers	93	7
	% female headed households	11.3	20.5
Income and poverty	Household income (const. 2009 Int.\$)	1 967	3 284
	% of income from crop production	47	50
	% of income from on-farm income	49	52
	% of income from agricultural wage labour	6	4
	% of income from non-agricultural wages and self-employment	30	32
	% of income from public and private transfers	12	10
	Smallholder poverty rate (national poverty line)	18	14
Labour	Family labour-days supplied on farm over a day period (person days)	0.78	0.77
	Family labour-days supplied off-farm over a day period (person days)	0.24	0.24
Production	Value of crop production (const. 2009 Int. \$)	573	1 348
	Value of food production per ha (const. 2009 Int. \$)	3 904	1 028
	Value of crop production per working day (const. 2009 Int. \$)	6.5	14.9
Capital and inputs	% of households using motorized equipment	9.6	21.5
Constraints	% of credit beneficiary households	17	12
	Credit (const. 2009 Int. \$)	417	865
	Distance of household from road (km)	2.3	2.4

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

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

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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