



SUSTAINING OUR FARMERS

Why Smallholders Are the Key to Fighting Hunger and Feeding a Growing World

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Population growth and climate change are two of the greatest challenges facing humanity today. It's no exaggeration to say that we are living in a time of population explosion: 2050 is just thirty-five years away and the global population is projected to rise to 9.6 billion by then—some 30 percent more than today's figure of 7.3 billion, and a rise of more than 50 percent since the beginning of this century. Some projections for the year 2100 put the global population at sixteen billion.

With this increase in population comes the pressing need for more food. Estimates show that by 2050 food production must increase by as much as 60 percent over 2005 levels to meet the inevitably rising demand, while increasing prosperity and changing diets will generate further pressure to produce more. At the same time, climate change is radically altering crop-growing conditions in many parts of the world and increasing the frequency of extreme weather events that severely disrupt poor people's lives and agricultural production. The rhetoric around these issues is becoming so familiar that we are in danger of ignoring the messages.

How will we feed the 9.6 billion? This is often the first question asked, but it should be rephrased: How can we sustainably produce enough food for the 9.6 billion while ensuring that people from all social groups can access the food they need and protecting the environment for our children?

Producing more food to feed a growing population is an easy answer to a complex question. It's not incorrect—but it's definitely insufficient. We know from the situation today that producing enough food is no guarantee that no one goes hungry. Although figures released in the annual United Nations hunger report, *The State of Food Insecurity in the World 2015*, show a reduction in the proportion of people who are chronically undernourished, their numbers still stand at 795

◁ Spring harvest, El-Shohada, Egypt, April 27, 2012. Marco Salustro/International Fund for Agricultural Development

million. Yet we are told that the world produces enough food today to feed every one of us.

The quantity of food produced is just one part of the equation. The quantity of food wasted is another—with some sources estimating that up to 50 percent of the food produced doesn't reach our plates. Food waste occurs at every step of the supply chain: during harvest, storage, processing, marketing, and when consumers consign it to the bin. Then there's accessibility—can people afford the food they need for a full and healthy life? And lastly, there's the issue of sustainability—can we produce sufficient food using methods that do not deplete and despoil natural resources?

Inclusive Growth

A critical part of the answer to these questions—a key to fighting hunger and feeding a growing world—involves empowering the smallholder farmers. The food system is highly complex, and interlinked with equally complex systems as diverse as the weather and international trade regimes. And it often seems as contradictory as it is complex. Consider the fact that the smallholder farmers who produce most of the world's food—as much as 80 percent in some developing countries—are often also the very people who are both poor and hungry.

Although more than half of the global population is now urban, about three-quarters of poor and hungry people live in rural areas and the majority of them depend on the world's 500 million smallholder farms for food and income. Yet these critical producers—many of whom are net buyers of food—are often unable to adequately feed their own families.

The concentration of hunger and poverty in the very areas where food is produced means that to tackle the big challenges at the roots, we must focus on rural women and men and on their communities. By investing in sustainable and inclusive economic transformation in rural areas, we can effectively respond to the need for more equitable access to food today, at the same time as we build a resilient food system that will be equal to the challenges of tomorrow.

The beneficial effects of agricultural growth in reducing hunger and poverty are well known—and go far beyond the production of greater quantities of food. In resource-poor low-income countries, gross domestic product (GDP) growth driven by agriculture is at least three times as effective in cutting poverty rates as growth in other sectors.

Significantly, agricultural growth that is underpinned by the development of smallholder family farming has been shown to be more inclusive. Smallholders with higher incomes spend more on rural food and non-food products, creating markets for local businesses to thrive and generating further employment and income gains. This creates a virtuous cycle that results in better market opportunities for

everyone—and higher and more stable incomes for rural people, enabling them to have more secure access to nutritious food.

Prospering communities on reclaimed desert land in Egypt demonstrate how inclusive rural transformation can change people's lives. The West Noubaria Rural Development Project, funded by the UN's International Fund for Agricultural Development (IFAD), has enabled young settler families to make a decent living and create vibrant communities on land that was once desert. Over 45,000 settler households—or about 250,000 people—benefited from the project's interventions. The target population included unemployed graduates, smallholders, and displaced farmers. About 15 percent of the settler households were headed by women.

The project, located north of Cairo and west of the Nile Delta, aimed to strengthen community infrastructure and services and build capacity in agriculture and marketing. The project built or repaired nearly four thousand houses, nineteen schools, fifteen clinics, eighteen kindergartens, twenty event halls and youth centers, and ten mosques. It supported the establishment of more than twenty community development associations to give local residents a voice and enable them to manage the social infrastructure.

Extension services were provided to farmers where crop, livestock, and water management technologies were demonstrated. Irrigation canals were repaired and localized irrigation (drip and sprinkler) was introduced to adapt to the sandy soils of the desert. This allowed water saving of more than 30 percent. To boost producers' access to market, six farmer marketing associations were established, with membership of nearly one hundred agricultural cooperatives. During the lifetime of the project, the marketing associations entered into 138 sales contracts with twenty-seven marketing companies for a wide range of crops, including tomatoes, potatoes, beans, artichokes, peppers, onions, oranges, grapes, and peaches.

An independent impact assessment carried out at the end of the project in 2014 shows improvement across most indicators in comparison to 2006 and 2009. Households in the villages where the project was active have higher literacy rates, enjoy better sanitary and housing conditions, own more assets, have higher incomes and savings, and are more food secure than those from villages outside the project area. The improvement of education, health, and other social services in the project area also attracted more settlers, contributing to the growth of thriving communities.

When the project closed last year, the completion report noted that the project area had been transformed into a region that is recognized for its quality production of high-value fruit and vegetables. It supplies national fresh produce markets, the food processing industry, and export companies. Net annual farm household income for a typical settler family of four increased fourfold and was about \$8,850—well above the poverty benchmark of \$456 per person.

Poverty and Hunger

The centrality of agricultural and smallholder development to inclusive growth helps explain why economic growth alone does not necessarily lead to significant improvements in food security and poverty rates for all sectors of society. Despite GDP growth in many developing countries—including some of the poorest—hunger has often persisted. In many cases, smallholders and their families have been left behind as growth policies focus on a narrow range of extractive industries. In addition, lack of agricultural development leaves expanding urban populations reliant on food imports, with predictably disastrous consequences, as seen during recent global food crises.

Growth that has not been inclusive is one of the reasons why, according to a recent report of the Organisation for Economic Co-operation and Development, the global gap between rich and poor is at its highest level for thirty years. The report also underlines the fact that rising inequality is a drag on economic growth as well as a threat to social cohesion. Only inclusive growth underpinned by better livelihoods for smallholder family farmers can generate the income and employment gains that sustainably reduce hunger and poverty. Investing in smallholders and enabling these women and men to boost productivity levels and strengthen their access to markets is central to driving any inclusive growth agenda.

Inclusive growth also requires prioritizing social protection schemes. Many of the countries that have reached the first Millennium Development Goal of halving the proportion of hungry people in the world by 2015 have schemes that ensure income security and access to better nutrition, healthcare, and education. This enables the more vulnerable people to tap into the benefits of economic growth and take advantage of employment opportunities.

Inclusive development also means better two-way connectivity between rural and urban areas. Although popular discourse tends to portray urban and rural areas as separate and distinct, in reality, cities, towns, and villages are linked by flows of labor, goods, resources, services, finance, communications, and information, as well as human ties between families and across generations.

By 2030, about 60 percent of the global population will be living in cities. As the world becomes increasingly urban, rural areas and economies need to adapt and transform so that they can more efficiently and sustainably provide greater amounts of food, clean water, and environmental services to satisfy urban and rural demand. And as urban and rural economies become more interdependent, they also need to be better connected to each other to generate positive dynamics of inclusive and sustainable development. Responsible investments in the rural space to increase people's access to communications, infrastructure, and services will be central to building resilient interconnections between rural and urban areas.

In some countries, urbanization is already being accompanied by stronger linkages between rural and urban areas, with more intense flows of people, money, and goods. The increasing integration of food supply chains is a good example of this. However, rural-urban connectivity is still inadequate in many regions—in terms of services, infrastructure, and institutions. For infrastructure in particular, the gaps are immense and can hamper investment in agricultural value chains. Such gaps can also result in rural people being forced to engage in urban economies or rural-urban supply chains on very unequal terms. This typically leaves them with unstable incomes that make it difficult for them to sustainably afford sufficient and nutritious food.

Improving rural-urban connectivity—together with rising demand for agricultural products—creates new opportunities for food companies to build mutually beneficial partnerships with smallholders. The potential benefits of these arrangements are multiple: profits, increased incomes, inclusive growth, and rural transformation.

The scope for agribusiness companies and commercial processors to work with smallholders is greater now than ever before. New technologies are enabling smallholders to increase their productivity at the same time as they are reducing the costs of doing business with these key producers. In addition, there is now strong support among the public sector, donors, and development agencies for inclusive agribusiness practices that prioritize integrating smallholders into value chains.

However, functioning partnerships between agribusiness operators and smallholders also require a broader inclusive business environment—infrastructure, institutions, training, and access to efficient, transparent markets. Unfortunately, in the rural areas of developing countries, these elements are still rarely all in place. Governments and development partners need to address this as a matter of urgency through suitable policies and investments.

Building the necessary trust between agribusinesses and smallholders is not always straightforward. IFAD plays a crucial role as an honest broker in facilitating public-private producer partnerships that explicitly address the needs of smallholder farmers.

For example, in the African island nation of Sao Tome and Principe, IFAD brokered a partnership in 2003 between the French chocolate company Kaoka and an export cooperative that brought together about three thousand cocoa smallholders. Kaoka provides the farmers with technical and commercial know-how, as well as access to European markets. The company buys dried cocoa beans at premium prices, based on negotiated contracts and according to ethical schemes. Because the farmers are providing Kaoka with high-quality products, they have been able to gain organic and fair trade certification.

Following the success of this first partnership, four more have been established—with CMC Malongo and Hom&Ter Développement in France, with Cafédirect in the United Kingdom, and with Slow Food International in Italy. These new collaborations have

broadened the range of products bought from smallholders to include organic coffee and pepper. As a result, about 5,500 farmers now enjoy stable access to niche markets, exporting over 1,300 metric tons of quality produce annually and earning a fair return.

Challenge of Gender Disparities

Hunger and poverty are often mentioned in one breath, but they are not the same thing. Rather, they are interlinked and can create a vicious circle. Poverty is defined as a deprivation in well-being that leaves people without the ability to acquire the basic necessities required to live a dignified life. Poverty causes hunger simply because poor people cannot afford to buy the food they need. The resulting food insecurity and malnutrition damages their long-term health and that of their children, thus critically reducing people's physical ability to work and fulfill their potential, and keeping generations truly trapped in poverty.

The causes of poverty and hunger include, but are not limited to: race, ethnicity, disability, location, age and gender. Indeed, although there is still a dearth of sex-disaggregated statistics, we have enough to know beyond doubt that hunger and poverty disproportionately affect women and girls. As a result, the significance of women's empowerment for inclusive development is increasingly recognized.

Many interrelated factors contribute to gender disparities. These are often connected to entrenched norms regarding gender roles, work distribution, and rights. According to a recent report from UN Women, in terms of workload women spend almost two and a half times longer than men carrying out unpaid care work—principally with children and elderly people. This has a massive impact on their capacity to earn money, educate themselves, enjoy free time, and interact with others outside the home. As a result of this and other factors, fewer women than men have a cash income in the less developed regions, and a significant proportion of married women have no say in how their cash earnings are spent. In more developed regions, women are overrepresented among the older poor. And they are more likely than men to be poor when living on their own in rich and poor countries alike. In many countries, households headed by single mothers are more likely to be poor than those headed by single fathers. Work is ongoing in many sectors to gather the data that is necessary to create a more accurate picture of women's lives.

The proportion of women receiving services from IFAD-supported projects has risen steadily over recent years, from 43 percent in 2007/2008 to 48 percent in 2013. In areas such as micro-entrepreneurship, business skills, and community management, women make up over 75 percent of participants. The organization has developed innovative ways to work with women and men in rural areas to address gender inequality, enabling households and communities to work together effectively to find solutions to poverty and food insecurity and malnutrition.

Women's empowerment is a hugely complex undertaking and it is often difficult to assess where to start in order to make the most difference. Working with partners, IFAD is pioneering the household methodologies—innovative ways of working with women and men in rural areas, starting at the household level where gender inequality is often most tenaciously rooted. Household methodologies shift the focus of development work from things, such as assets, resources, and infrastructure, to people—their daily activities, workloads and interactions, and their hopes and ambitions. The methodologies are based on the increasing understanding that households are often not egalitarian units that share resources and benefits. Instead, women and men in the same family may pursue largely different livelihoods, have different responsibilities, and reap greater or lesser rewards.

Using these groundbreaking approaches, trained facilitators or mentors work either through groups or at the individual household level to support families in developing a household vision of where they would like to be in three to five years' time. This provides the inspiration for household members to assess their current situation and to draw up step-by-step plans for a better future. People often discover that gender inequality at the household level is one reason that they remain trapped in poverty. Renegotiating domestic divisions of labor to share women's workloads or to enable women to engage in activities that generate income can benefit all family members. Women and men are also encouraged to make changes outside the household by joining self-help groups and accessing financial services.

IFAD is currently using household methodologies in projects in Malawi, Nigeria, Rwanda, Sierra Leone, and Uganda and is reaching about 100,000 people. Participants report improved productivity, higher incomes, decreased domestic violence, greater familial harmony, greater resilience in the face of shocks, and increased happiness. Another important change that takes place is that women gain in confidence and their participation in decisions inside and outside the household increases. IFAD is leading the drive to take household methodologies to scale and they have been included in the design of new projects in Ghana, Laos, and Mozambique.

Empowering the Youth

Statistics show that farmers in many countries today are old and growing older. This is a trend that we urgently need to reverse. Harnessing the dynamism and innovative energy of young people is key to the development of sustainable food systems that will be needed to feed 9.6 billion people by 2050. Equally, the agriculture sector must play an important role in providing decent work for young women and men in rural areas, because even under the most optimistic projections, urban sectors will not be able to provide jobs for all the young people entering the labor market in the coming decades.

The potential returns of investing in young people are enormous—in terms of food security, poverty reduction, employment generation, as well as peace and political stability. In many countries where food security challenges are particularly stark, large proportions of the population are young. Children under the age of 15 account for around a quarter of the population in developing countries while youth (those aged 15 to 24) in many cases comprise up to a further one-fifth of the population. In Africa, more than 60 percent of the population is currently below the age of 25.

Projects cited in IFAD's Annual Report 2014 fund a range of activities tailored to the needs of young women and men in rural areas, enabling them to gain useful job skills and to play a part in the development of their communities. In Senegal, where a huge 47 percent of the population is under the age of 15, IFAD has partnered with village sports and cultural groups to reach young people and help them develop business proposals. More than four thousand young women and men have received funding to become agroentrepreneurs in their own villages, stemming the tide of migration.

In the Caribbean, the global economic crisis has hit young people particularly hard. In 2014, IFAD approved a three-year program to improve the business skills of a thousand young women and men in Belize, Cuba, the Dominican Republic, Grenada, Guyana, and Haiti. By developing a strategy for rural youth employment shared by governments and partners, the project also aims to boost public resource allocation to the sector, which will indirectly benefit several thousand more young people. In Moldova, credit lines have been made available for young farmers and sixty-four small and medium-sized enterprises have taken financing for a total of \$6 million.

Adapting to Global Warming

Climate change, and the increasingly frequent extreme weather events associated with it, hit the world's poor farmers hardest. Temperatures are more extreme, rains are unpredictable, droughts are more common, and what once grew well in a certain area can no longer be relied on. These changes have significant impacts on food systems, as well as the ecosystems and water supplies they depend upon. In addition, violent storms and devastating floods wash away crops and destroy homes and infrastructure. While world leaders edge toward a binding agreement that might put the brakes on carbon emissions, poor rural people live their daily lives on the frontline of a warmer world.

IFAD runs the largest global financing source dedicated to helping smallholder farmers adapt to climate change. Since it was established in 2012, the Adaptation for Smallholder Agriculture Programme (ASAP) has approved a total of \$209 million in grants to strengthen poor producers' resilience, help them manage risks, and enable them to adapt to changing conditions. ASAP funds a range of approaches in some of the world's most climate-vulnerable contexts. For example, in Egypt and Sudan,

climate financing is supporting the development of a dynamic agricultural information and response system. This will give early warning of events such as storms, pest outbreaks, heat waves and frosts, and advice on the timing of irrigation.

Bangladesh is another country that is extremely vulnerable to climate change and the risks are particularly high in the southern charlands, where some of the poorest people live. IFAD is constructing infrastructure to help protect people and their livelihoods. More than 1,200 kilometers of all-weather roads have been built, together with cyclone shelters for forty thousand people and twenty-two livestock refuges. About ten thousand hectares of land have been reclaimed with dykes, and trees have been planted to protect the shoreline. More than twenty thousand women and men have joined natural resource management groups to promote sustainable practices that protect natural resources.

A Precious Opportunity

Because inclusive rural transformation must be a keystone of our response to the challenge of sustainably feeding the world's growing population, there is an urgent need to boost the financial resources that are invested in agricultural and rural development.

Global leaders, policymakers, donors, and private sector actors are holding two meetings on the challenge this year: the Third International Conference on Financing for Development will take place in Addis Ababa in July; and a UN summit in New York in September will adopt the Sustainable Development Goals (SDGs)—a new, universal set of goals, targets, and indicators for development. A new global agreement on climate change is also on the agenda for later in the year.

Economic transformation of rural areas is central to the realization of the SDGs and this requires first and foremost strong commitment and action at the national level, together with continued support from the international community. Governments must direct a larger share of domestic public resources toward financing public goods in the rural sector, and back them up with enabling policies. It is also vital that domestic and international public financing are used to foster inclusive and responsible private investment in smallholder family farming. Public financing must be used to create an enabling environment to leverage additional private investment across food value chains. This encompasses public goods, services, and institutions.

In 2015, the world has a precious opportunity to refocus priorities, policies, and investments toward achieving development that is inclusive, sustainable, and people-centered—and that enables everyone, now and in the future, to access sufficient and nutritious food. By focusing efforts and finance on the rural areas and the family farmers that provide so much of our food, we can begin to answer the complex question of how to feed the 9.6 billion and leave no one behind.