

Smallholder Farmer Development: *International Donor Funding Trends*



A Trend Analysis of the
Corporate Leadership Coalition for Smallholder Farmer Livelihoods
August 2010



“Smallholder farmers can contribute to greater food supply for the world. But, first, they need secure access to land and water – as well as to rural financial services to pay for seed, tools and fertilizer. They also need roads and transportation to get their products to market, and technology to receive and share the latest market information on prices.”

IFAD



“Evidence shows that investments in the smallholder sector yield the best returns in terms of poverty reduction and growth.”

European Commission



“With a sixth of the world’s people going hungry every day, the crisis in food remains very real, posing a severe economic burden on developing countries, especially in sub-Saharan Africa.”

Robert Zoellick, World Bank

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I. INTRODUCTION

“ This renewed investment in agricultural development is excellent news for our small farmers, who face degraded soil, pests, disease, and a changing climate as they struggle to feed their families and overcome poverty. ”

Kofi Annan

ABOUT THE SMALLHOLDER COALITION

Background of the Corporate Leadership Coalition for Smallholder Farmer Livelihoods

The Coalition was formed over the course of 2009 through a series of meetings initiated by the Syngenta Foundation for Sustainable Agriculture. Recognizing that dramatic and sustainable impact on smallholder development would require joint efforts, a group of agricultural technology and services companies was formed (*see box on the top right for current members*) that are predominantly focused on smallholders, bring technologies and services that work, have proven assets and expertise that can be introduced into the field, and can target pre-commercial farmers together.

Mission & Impact Goal of the Coalition

Through advocacy and project investments we will strengthen the enabling environment and the fabric of business solutions that interface with smallholders to allow smallholders to access technology, services and markets, increase yields, manage risks, contribute to improved management of natural resources, and strengthen the welfare of their communities.

Our Principles

- **We are a Corporate Coalition open to participation and support** | *We represent a constellation of the world's major corporations that joined forces to accelerate the development of smallholder agriculture in emerging markets.*
- **We see the development of smallholder agriculture as a necessity and opportunity** | *Our objective is to achieve productivity gains for smallholders and to develop input and output markets notably in Sub-Saharan Africa and South and South-East-Asia.*
- **Our Coalition has complementary resources to guide market-based approaches** | *Success will be demonstrated when technology packages and services reach smallholders based on sustainable market forces.*
- **We are equal partners open to cooperation with stakeholders** | *The inherent synergy of our collaboration is that complementary action is greater in value and impact than our individual efforts.*
- **We demonstrate leadership through action, good governance and stakeholder dialogue** | *Coalition companies are Board members with rotating responsibilities; actions will be implemented with participation of company experts.*

Core Members of the Coalition



Our Approach

While we each contribute important and proven technologies, individual farm inputs and services are not enough to create dramatic improvements — their combination is needed. Breaking down "sector mentality" and launching innovative partnerships — including public-private, private-private, mentoring, or value chain partnerships — that move beyond research to implementation is critical. By working together, including with the current Friends of the Coalition (*see box below*), we can bundle services and technologies, as well as policy suggestions, to develop proven solution sets that we and partners, donors, and governments can take to scale to improve smallholder productivity, market access, and ultimately livelihoods. This allows us to add unique value to other efforts, e.g., Global Harvest Initiative, Crop Life, WEF New Vision for Agriculture, Clinton Global Initiative Smallholder Action Network, the I'Aquila commitment, Farming First and others who we are in active dialogue with.

Our 2010 Priorities

- **Catalyze Joint Action at Scale:**
Create opportunities to scale-up member initiatives, benefiting millions of smallholder farmers, by mapping where members and donors are pursuing such opportunities and by creating a platform to identify and coordinate joint action.
- **Identify and Advocate for What Works:**
Offer private sector perspectives on how to improve smallholder productivity and livelihoods through position papers.
- **Grow the Scope and Reach of the Coalition:**
Keep relevant stakeholders aware of progress and based on the results achieved in 2010, reach out to additional companies to join coalition, including more companies from Asia/Africa/Latin America and potentially more companies that are "downstream" from farmer activity, such as food and beverage companies.

Friends of the Coalition



RATIONALE & INTENTION OF ANALYSIS

Why Focus on Smallholders?

According to estimates of the Syngenta Foundation for Sustainable Agriculture, the world is home to an estimated 450 million small farms, with less than 2 ha of land, in non-OECD countries. Of these, and estimated 270 million are pre-commercial: not yet benefitting from productivity enhancing technologies, financing, or stable and sustainable market access.

These farmers represent one of the world's most critical development opportunity for several reasons:

- Unlocking smallholder productivity and market access can **lift millions of families out of poverty**
- Improving yields of smallholders is imperative to addressing growing **food security challenges**
- Smallholders are vulnerable to **climate change**, while improving their practices and productivity can help better **preserve and protect resources**
- Transforming smallholders into viable suppliers and customers is a **winning proposition for agriculture technology and services companies**

Indeed, smallness is not an economic condemnation. Small farms can be viable and many that are not, could be with the help of technology and links to markets. Private sector actors, in partnership with each other as well as with international donors and local governments, can contribute important assets and know-how to the development of smallholders.

Why Focus on Funding Flows?

The last few years have seen increased momentum for agricultural development broadly, and smallholders in particular. There are dozens of initiatives going on around the world at both the policy and on-the-ground funding levels— driven by multilateral, bilateral, corporate, and NGO actors and multi-sector coalitions.

However, as the global coalition Farming First recently pointed out: *“Increased **transparency on how commitments are being realised is an important component of ensuring that multiple programmes are working together more efficiently toward a shared goal.**”*

Our Coalition shares this perspective. To inform the Coalition members where opportunities for leveraging and magnifying donor funding exist, we made mapping of international donor flows to smallholder development projects one of the key priorities for 2010, as alluded to on the previous page.

However, as the database of projects that were mapped grew to over 1,500, we realized that we had built a one-of-a-kind platform for **allowing all actors working on smallholder issues to learn about the efforts of others, and to seek out synergies and coordination opportunities such as public private partnerships (PPPs).**

Intention & Limitations of this Analysis

By publishing this report, our **intention** is that:

- All actors engaged in smallholder development issues will benefit from **understanding the trends** that have been gleaned in terms of where funding is flowing geographically, and with which focus
- In any specific country, especially the top ten countries profiled in this report, actors will be able to **identify** which other organizations are active and represent **potential partners**
- Smallholder-focused funders that are making **resource allocation decisions** for the coming years can use the trends and gaps shown by the analysis to **inform their strategies**

We acknowledge that there are important questions that this specific trend analysis **is not able to address**, including:

- What is the intended and/or realized **impact** of these funding flows?
- What is the underlying **strategy** of each donor in any given region?
- To what extent are the funders in a given region **already coordinating** their efforts, and with what **success**?
- What are funders **learning** from their projects on what does and what doesn't work?

As described further in the last Section of this report (“Conclusions & Next Steps”), we hope that this snapshot in time will be a **springboard for an ongoing information platform on smallholder development efforts** that gets augmented with data over time, especially information that addresses the questions posed above.

The next page (“Methodology & Caveats”) describes in more detail how the data that underlies this trend report was collected and interpreted. While we feel confident that the data and trend analyses in this report are directionally relevant, we want to be **fully transparent on how the data was assembled**. We hope that in future years even more accurate methods can be developed to bring this type of analysis to the field at large.

METHODOLOGY & CAVEATS

Methodology

Comprehensively mapping international donor flows to smallholder development projects¹ is complicated and challenging for a number of reasons. While there are several publicly accessible databases and sources that track ODA (Official Development Aid), there is no single exhaustive source for smallholder related funding. Multilateral donors, such as the World Bank and the International Fund for Agricultural Development, provide full lists of projects along with official documentation, but project title and description are often not enough to determine conclusively whether the focus is on smallholders. Moreover, international donor flows are complex, comprising joint programmes and involving several co-funders. Specifically, in addition to independent projects, bilateral donor agencies contribute to multilateral agencies, who in turn also fund projects. Finally, even analyses that break down ODA, for example into the broader category of Agriculture, or sub-categories within Agriculture, tend to be of a backward-looking nature, in other words, showing aggregate funds for the prior calendar year, and they don't include "smallholder" as a searchable sub-category.

Against this backdrop of complexities, the following methodology was used for this analysis:

- The universe of funders was limited to "international donors", including **multilateral agencies, bilateral agencies, and private foundations**²
- The vast majority of the data was **collected from public sources**, such as the project listings from the websites of the donors, or aggregate data sources such as the AIDA Development Gateway
- Several different **searches** were used for each of these data sources to arrive at an initial list of agriculture projects that were likely related to smallholders
- Each project was **evaluated individually** by reading the project description or documentation to determine whether the project was focused on smallholders
- Projects were then allocated to one of **three different focus areas**: Inputs/Training; Finance/Markets; Infrastructure/Environment which are **in line with the CAADP pillars**:
 - Inputs/Training – CAADP Pillars 3 and 4: Raise smallholder productivity and disseminate appropriate new technologies
 - Finance/Markets – CAADP Pillar 2: Increase market access
 - Infrastructure Environment – CAADP Pillar 1: Extend the area under sustainable land management and reliable water control systems

- Funding was analyzed on a **disbursement basis** (as opposed to commitments). For example, for a five-year project running from 2007 to 2011, 60% of the funding would be included in the 2009 and onwards trends analysis.

This methodology yielded the following **data set**:

- **29 donors** are included in the analysis, including 9 multilateral development agencies, 13 bilateral development agencies, and 7 private foundations
- **1,767 projects** that are active as of 2009 and beyond have been included and analyzed
- These represent **\$12.0 billion** in funding to smallholder development identified from 2009 onward
- Detailed data are available for **120 countries**, of which the ten receiving the most funding are profiled in this report

Caveats

Since the dataset is based on public information, there are some important caveats consider:

- This data set is a **snapshot in time of information publicly available as of May 2010**. The analysis has not, therefore, captured many of the planned commitments toward smallholder development, including USAID's Feed the Future initiative, the \$20 billion pledged following the 2008 L'Aquila meeting, or the \$900 million Global Agriculture and Food Security Program (GAFSP). While we have not been able to capture these anticipated funds, our aim is that this analysis will be helpful as resource allocation decisions are made.
- There are several international foundations actively funding smallholder development (e.g., Aga Khan Foundation, Noor Al-Hussein Foundation, Mae Fah Luang) that do not report on their funding levels publicly. Therefore, we have not been able to include them in this analysis.
- This data set was compiled with publicly available information, and by making assumptions where needed. As such, it cannot provide an absolutely accurate picture. Nevertheless, we are confident that the analysis is directionally relevant and that it supplies valuable trends and insights for the smallholder development community.

See the "Appendix" for further details on methodology and a complete listing of sources and key assumptions.

¹ Projects is used as a summary term to capture projects, programs, and initiatives.

² A fourth category of funders/investors in smallholder development is the corporate sector, both directly and through corporate foundations. The aggregate contributions of the corporate sector are small (an estimated \$50 million per year) and thus not included in this analysis. For a listing of the smallholder projects of the Coalition Members, see www.smallholdercoalition.org/projects

II. SUMMARY

“ In 1979, aid to agriculture was 18 percent of total assistance. By 2006, it was just 2.9 percent. Domestically, government investment in agriculture in developing countries also fell, by one third in Africa and by as much as two thirds in Asia and Latin America during this period. ”

IFAD

SUMMARY | SMALLHOLDER FUNDING TRENDS IN CONTEXT

Putting Smallholder Focused Funding into Context

This analysis captured 1,767 projects representing \$12.0 billion in estimated funding focused on smallholders for the period from 2009 and onward from 29 international donors. Counting only disbursements captured for 2009 yields an estimated \$2.6 billion focused on smallholders. In order to understand the scope of this figure, it is important to put it into context of total development aid, as shown to the right.¹

The encouraging news is that 40% of all aid focused on agricultural development seems to substantially benefit smallholders. However, since agricultural aid is only an estimated 5.4% of total aid, **smallholder focused aid is thus just an estimated 2.2% of total global aid.**

Given that a substantial portion of world's poor are smallholders, this trend analysis implies that much more funding is required to connect this important group to sustainable markets and livelihoods.

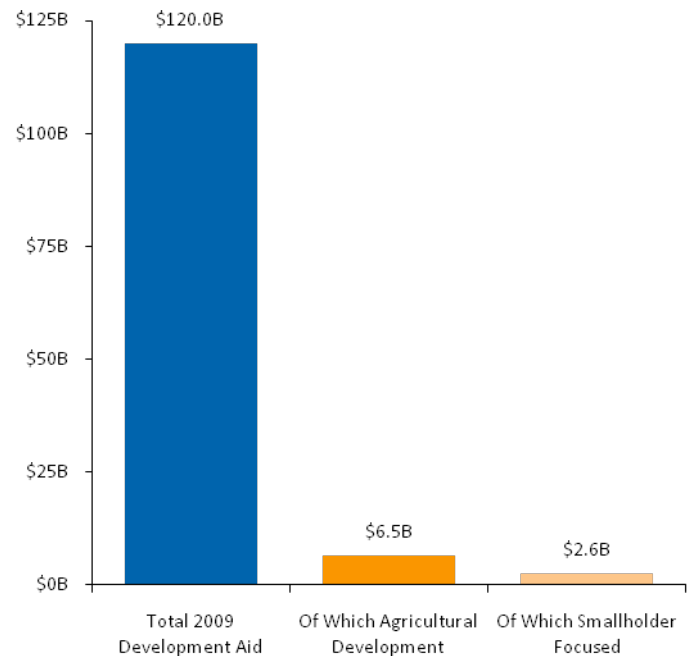
Another way to look at this analysis is to calculate **implied funding by farm**². There are an estimated 450 million small farms globally, of which an estimated 200 million are located in China, and are predominantly *not* the focus of the international donors analyzed. Calculating funding for the 250 million smallholder farms *not* in China (450M less 200M), the data captured implies that over the coming years, **international donors will be spending \$48 per smallholder farm (\$12B divided by 250M).**

This varies vastly for different parts of the world. For example, in India, which has an estimated 90+ million smallholder farms, the international donor funding captured in this analysis of \$1.1 billion is only \$12 per farm. In Tanzania, where there are an estimated ~4 million smallholder farms, the international donor funding captured in this analysis of \$749 million amounts to \$187 per farm.

These figures should be not be over-interpreted, as they do not account for the fact that in many places, local governments are also investing in smallholder development. Further, funding in India, for example, tends to be concentrated in specific regions, and not spread out over all of the 90+ million farms.

Nonetheless, the trend analysis implies that **Africa may be receiving more funding in proportion to its smallholder base than countries in South and Southeast Asia.**

Snapshot of Estimated 2009 Development Aid



Donor Funding Trends 2009 and Onward per Smallholder Farm²



¹ 2009 Total ODA according to OECD's Development Assistance Committee (DAC); 2009 Agricultural ODA extrapolated based on the 2008 figure of \$6.3 billion cited in the "Agricultural Development Assistance" report commissioned by ONE. By way of comparison, 2008 disbursements for Agriculture according to OECD Stats were \$5.6 billion.

² In the regional and country profiles, estimates on smallholders are presented at the population level, not the farm level, to allow comparison to overall population in the geography. The methodology for calculating population versus farms assumes that each farm is home to a household of five. The household of five assumption is derived from "Household size and composition in the developing world in the 1990s" by John Bongaarts.

SUMMARY | BREAKDOWN OF FUNDING TRENDS

Overall Funding Trends

At the highest level, there are three ways to break down the \$12.0 billion in aggregate funding identified by the analysis for 2009 and onward: focus of funding, type of funder, and region.

Focus of Funding | *Relatively even distribution:*

- 39% of smallholder funding (\$4.7B) is focused on projects that entail direct assistance to smallholders on training and/or providing them with inputs to improve their yields and incomes. The 807 projects captured in the analysis have an average size¹ of \$9.3M.
- A further 34% of smallholder funding (\$4.1B) is focused on creating access to markets and finance for smallholders. The 570 projects captured in the analysis have an average size of \$10.0M
- The final 27% (\$3.3B) is focused on improving the infrastructure and environment for smallholders, such as land rehabilitation, road building, or large-scale irrigation infrastructure. The 390 projects captured in the analysis have an average size of \$13.9M.

Type of Funder | *Multilaterals contribute nearly 75%:*

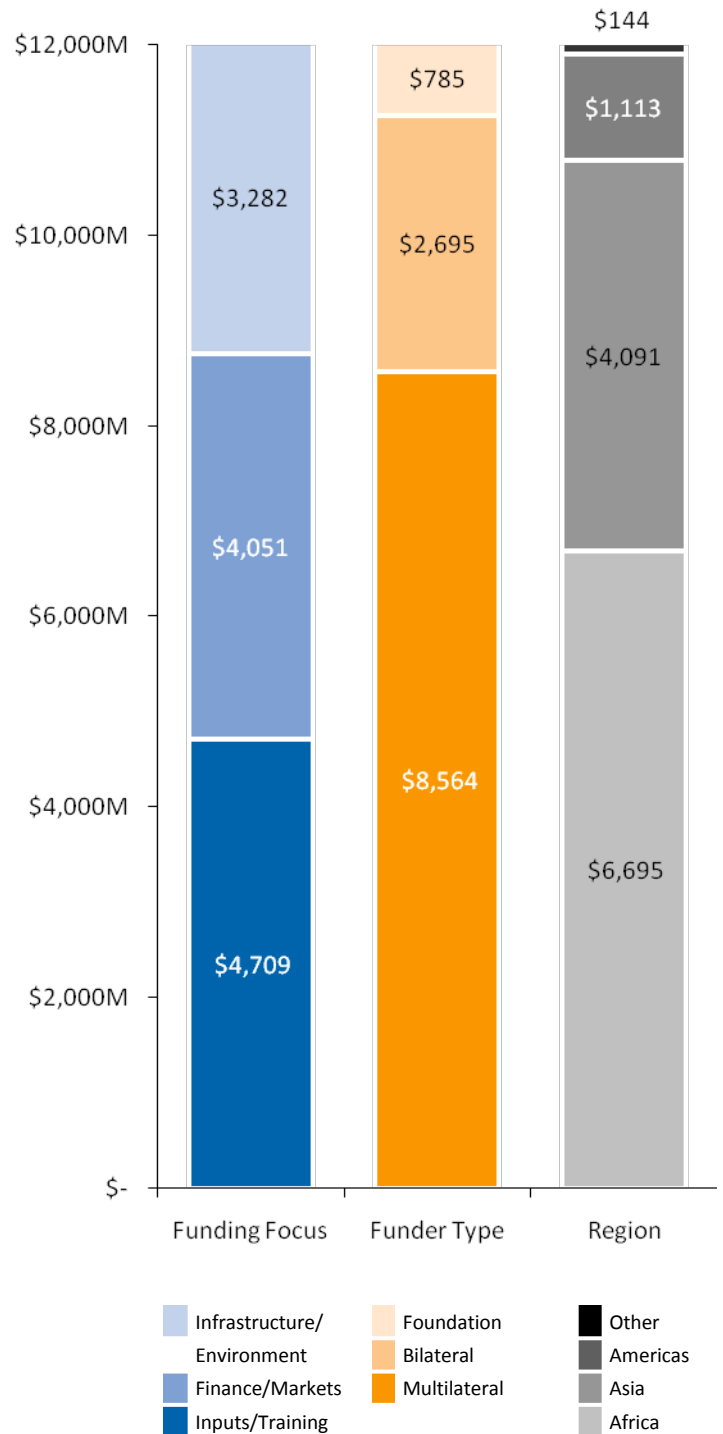
- Not surprisingly, the majority of funding for smallholder development – 71% (\$8.6B) – comes from multilateral development agencies, in particular the World Bank, the International Fund for Agricultural Development (IFAD), and the African, Asian, and Inter-American Development Banks. The 1,174 projects captured in the analysis have an average size of \$10.7M.²
- Funding directly from bilateral development agencies represents about 22% of smallholder funding (\$2.7B).³ The 471 projects captured in the analysis have an average size of \$10.6M.
- Foundations contribute 7% (\$0.8B), driven primarily by the Bill & Melinda Gates Foundation. The 122 projects captured in the analysis have an average size of \$8.9M.

Region | *Africa is receiving more than 50%:*

- \$6.7B, or 56%, of smallholder focused development funding, is going to Africa, spread out over 53 different countries and 1,019 projects.
- \$4.1 B, or 34%, of smallholder focused development funding is going to Asia, spread out over 39 different countries and 496 projects.
- \$1.1 B, or 9%, of smallholder focused development funding is going to the Americas, spread out over 24 different countries and 226 projects.

The remaining 1% of funding is focused globally and could not be allocated, or is focused on Eastern Europe. The next section of the report includes more information on funding by region.

Breakdown of \$12.0 Billion Smallholder Funding



¹ The average size calculation takes into account the entire lifespan of each project, not just the period of 2009 forward. Thus, the average size multiplied by the number of projects yields a larger figure than the total amount of funding captured from 2009 onward and displayed in the graph.

² FAO projects, which tend to be smaller, are included as multilateral projects. Excluding those from the calculation yields a larger average of \$20.5M.

³ It is important to remember that bilateral agencies also contribute substantially to smallholder development by funding multilateral agencies. In order to avoid double counting of funding flows, these contributions are not added to the bilateral totals featured in this analysis.

SUMMARY | TRENDS BY FUNDER TYPE

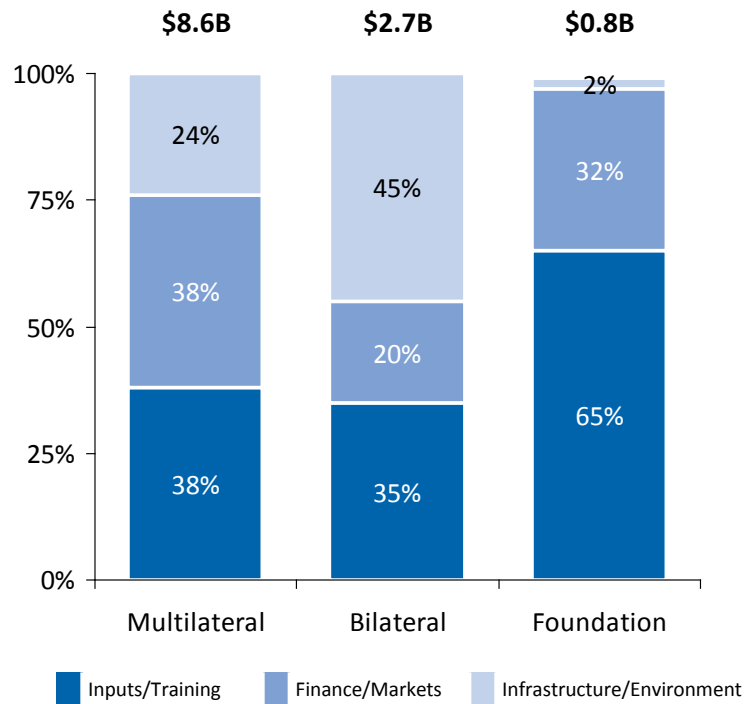
Funder Type and Funding Focus

Multilateral funders are active in all focus areas for smallholder development, with 38% of funding focused on direct provision of training and inputs, and an equal amount of 38% focused on creating access to finance and markets. The balance of 24% is focused on building the infrastructure and environment to enable smallholders to improve their livelihoods.

Bilateral funders are also focused on direct provision of training and inputs at 35% of their funding, but less interestingly more focused on the infrastructure and environment than on creating access to markets and finance. This is particularly driven by the many bilateral-sponsored projects focused on irrigation systems and rural road development, especially in Asia.

Foundations, not surprisingly, are hardly focused on the infrastructure and environment and only somewhat focused on access to markets and finance. Two thirds of their funding is predominantly targeted at direct provision of training and inputs to smallholders.

Funding Focus Trends by Funder Type



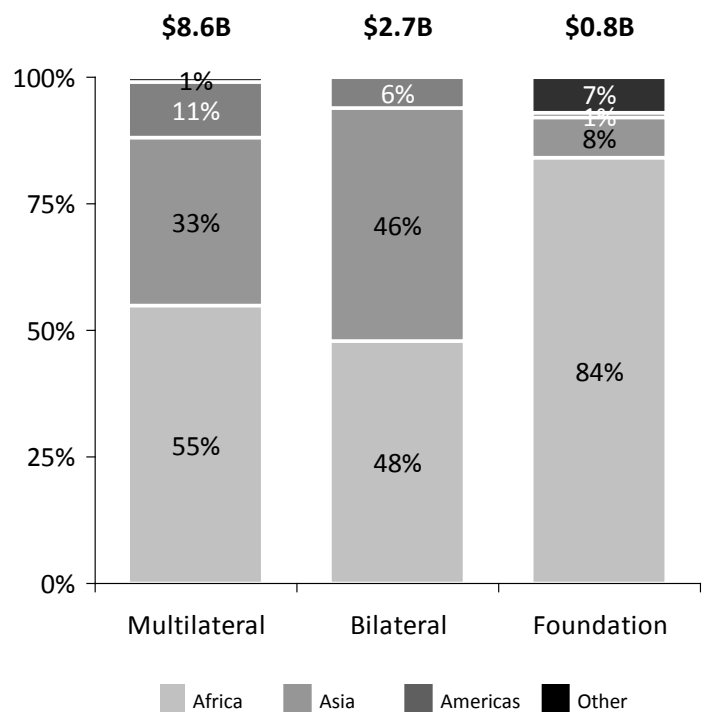
Funder Type and Region

Looking at the regional flows of funding also reveals differences between funder types. Whereas 55% of multilateral funding is focused on Africa and only 33% on Asia, bilateral funding is more evenly split at 48% and 46%, respectively.

Part of the reason for this is that the International Fund for Agricultural Development (IFAD) is funding more smallholder development in Africa than in Asia, and that the African Development Bank is particularly focused on agricultural development. Further, two of the most active bilateral agencies on smallholder development, Australia's and Japan's, are heavily focused on Asia.

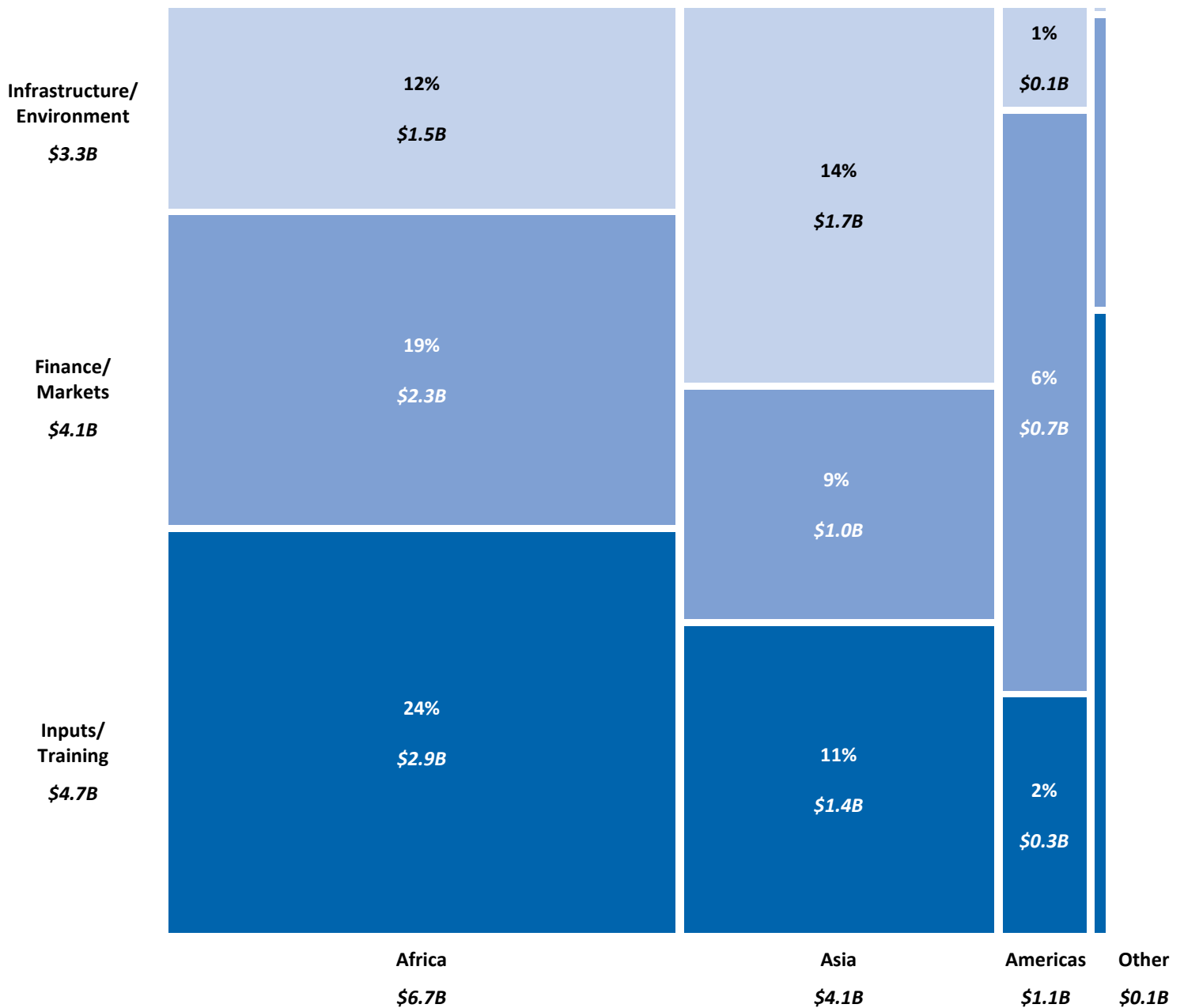
Foundations, driven in large part by the activities of the Bill & Melinda Gates Foundation, are predominantly focused on Africa. Most of the Foundation's projects in Africa are multi-country in nature, allowing learnings and successes to benefit more than one geography. Indeed, this trend analysis implies that the Gates Foundation is investing more into smallholder development in any given year than many of bilateral agencies.

Funding Region Trends by Funder Type



SUMMARY | OVERALL DISTRIBUTION OF FUNDING TRENDS

Aggregate Distribution of \$12.0 Billion in Funding Flows Captured in Analysis for 2009 and Onward



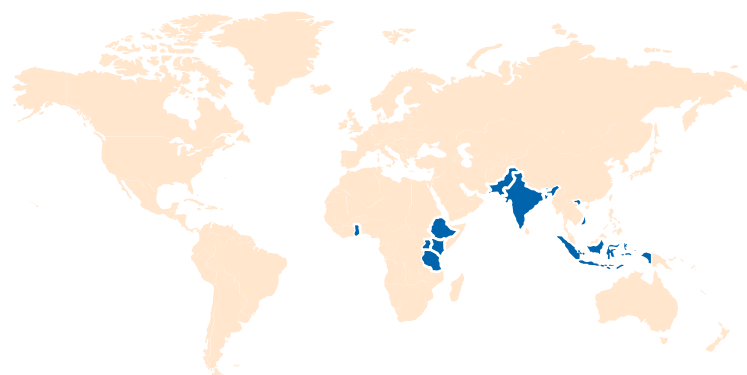
- \$2.9 billion, or 24%, of the \$12.0 billion in funding captured in this analysis is focused on direct provision of training or inputs to smallholders in Africa.
- The next largest tranche of funding, \$2.3 billion or 19%, is focused on providing access to markets or financing to smallholders in Africa.
- \$1.7 billion, or 14%, is focused on building the infrastructure and environment for smallholder livelihood improvements in Asia.
- \$1.4 billion, or 11%, is focused on direct provision of training or inputs to smallholders in Asia.
- The remaining 19% is split across the Americas, Other, and access to markets and finance in Asia.

SUMMARY | TRENDS IN TOP TEN COUNTRIES

Top Ten Country Trends

Nearly 40% of the \$12.0 billion funding captured in this analysis is concentrated in ten countries as shown in the table below. For each country, Section IV of this report includes a detailed analysis of the agricultural landscape and of funding trends. Highlights include:

- For **India** the analysis captured \$1.1 billion or 9.2% of global smallholder funding flows. A majority of the projects here are focused on irrigation/water management and there is a high level of donor activity in Uttar Pradesh, Andhra Pradesh and Orissa.
- For **Tanzania** the analysis captured \$749 million or 6.2% of global smallholder funding flows. Funding here is very coordinated, especially through the multi-funder Agricultural Sector Development Programme.
- For **Ethiopia** the analysis captured \$481 million or 4.0% of global smallholder funding flows. Land fertility is a recurring theme for projects. Further, the Productive Safety Net Programme has generated donor support and resulted in improvements to infrastructure.
- For **Ghana** the analysis captured \$395 million or 3.3% of global smallholder funding flows. Funding is focused fairly evenly on inputs/training and access to markets and finance; the multi-funder comprehensive Northern Rural Growth Programme is the largest project.
- For **Indonesia** the analysis captured \$359 million or 3.0% of global smallholder funding flows. Most of the funding in Indonesia relates to irrigation as well as a large road improvement effort in Eastern Indonesia.
- For **Pakistan** the analysis captured \$328 million or 2.7% of global smallholder funding flows. Funding is focused on irrigation and rural road construction, as well as development of dairies and mango export.



- For **Bangladesh** the analysis captured \$311 million or 2.6% of global smallholder funding flows, with a large concentration of projects in water management and extension services.
- For **Vietnam** the analysis captured \$311 million or 2.6% of global smallholder funding flows. Funding splits mainly into agricultural and livestock competitive improvement efforts and rural infrastructure development, especially irrigation/water management.
- For **Uganda** the analysis captured \$310 million or 2.6% of global smallholder funding flows split relatively evenly among inputs/training, access to markets and finance, and infrastructure/environment.
- For **Kenya** the analysis captured \$300 million or 2.5% of global smallholder funding flows, of which two thirds focus on training and inputs. In terms of markets, there is a focus on dairies, while for infrastructure rural road development is a priority.

In half of the countries, access to markets and finance is receiving the smallest percentage of funding of the three focus areas.

Country	Funding Overview		Funding Trends by Focus (\$M)			Funding Trends by Type of Funder (\$M)		
	\$M	% of Global	Inputs/ Training	Finance/ Markets	Infrastructure /Environment	Multilateral	Bilateral	Foundation
India	\$1,113	9.2%	\$249	\$285	\$579	\$871	\$200	\$43
Tanzania	\$749	6.2%	\$396	\$329	\$25	\$702	\$16	\$31
Ethiopia	\$481	4.0%	\$200	\$113	\$168	\$292	\$173	\$16
Ghana	\$395	3.3%	\$193	\$173	\$29	\$179	\$181	\$35
Indonesia	\$359	3.0%	\$23	\$48	\$288	\$77	\$281	\$0
Pakistan	\$328	2.7%	\$116	\$8	\$203	\$140	\$188	\$0
Bangladesh	\$311	2.6%	\$255	\$36	\$20	\$186	\$122	\$4
Vietnam	\$311	2.6%	\$149	\$55	\$107	\$177	\$134	\$0
Uganda	\$310	2.6%	\$119	\$94	\$96	\$203	\$67	\$40
Kenya	\$300	2.5%	\$215	\$23	\$63	\$154	\$66	\$80
TOTAL TOP 10	\$4,657	38.7%	\$1,914	\$1,163	\$1,579	\$2,981	\$1,428	\$248

III. REGIONAL SNAPSHOTS OF FUNDING FLOW TRENDS

“ An additional \$14 billion in agricultural investment per year will be needed in developing countries to meet the Millennium Development Goal of halving poverty and hunger by 2015. ”

**International Food Policy
Research Institute**

AFRICA | OVERVIEW



Population¹	981 million
Of which in agriculture¹	~502 million (51%)
Of which smallholders²	~395 million (18% of global total)
Funding flow % world	56% of total smallholder funding captured

Total Funding Captured 2009-onward:

\$6.7B

Total Number of Projects Captured:

1,019

Funding trends by focus area

44%, or \$2.9 billion, of smallholder development funding in Africa is concentrated on direct provision of training and inputs to smallholders. Specifically, project topics range from seeds to fertilizer to training on land and water management techniques and pest control. These projects also cover a wide range of crops, including cotton, horticulture, pineapple, maize, tomatoes, sunflower oilseed, coffee, sweet potatoes, rice, palm oil, as well as livestock and beekeeping.

34%, or \$2.3 billion, of funding is aimed at creating access to markets and finance for smallholders. Projects involve capacity building on marketing, creating connections to value chains, bolstering cooperatives, developing tailored insurance, savings, and credit products, and providing information technology to enable all of the above.

22%, or \$1.5 billion, of funding is focused on infrastructure and environment. Projects range from large-scale irrigation efforts, to the building, rehabilitation and improvement of roads, to seed harmonization policy implementation.

Funding is somewhat concentrated from a country perspective. **Ten countries are receiving 54% of total funding in Africa** (30% of funding worldwide). These countries represent 49% of total smallholders in Africa. For more details on specific countries, see the next page for detailed funding data. Five of these countries (*Tanzania, Ethiopia, Ghana, Uganda, and Kenya*) are in the global top ten and profiled in terms of funding as well as the overall landscape for agriculture and CAADP progress in Section IV of this report. All five of these countries have been identified as potential Feed the Future focus countries.

The donor landscape in Africa

71%, \$4.7 billion, of smallholder development funding in Africa comes from multilateral organizations. The World Bank, IFAD, the African Development Bank, and FAO are all very active in Africa.

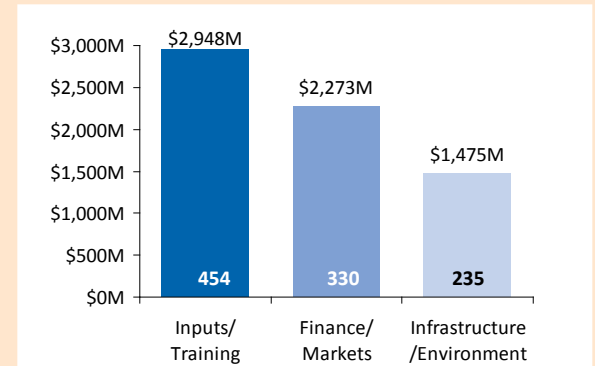
Bilaterals contribute 19% or \$1.3 billion. USAID is active in at least 15 countries, while SDC is particularly active in Burkina Faso, Chad, and Tanzania. The Dutch development agencies are active in Benin, Mali, Uganda, Zambia, Ethiopia, and Ghana among others. DFID is also active in several countries, including Kenya and Malawi. CIDA funds in more than a dozen countries, especially Senegal, Ethiopia, and Ghana. AFD supports smallholders in more than 15 countries, with a special emphasis on Ghana, Madagascar, and Burkina Faso. BMZ funds across many countries, as does DANIDA.

The Bill & Melinda Gates Foundation, active in more than 25 countries, provides 90% of the **foundation funding in Africa, which totals \$661 million or 10%.** Other foundations are also active across the continent, with a particular emphasis on Kenya, Uganda, Tanzania, Zimbabwe, and Mozambique.

¹ FAO stat

² FSG calculation extrapolated from "Small farms: current status and key trends", Oksana Nagayets, IFPRI, 2005 and "The prospect of utilizing urea treated maize stover by smallholders in Kenya", Abdullah N Said and M M Wanyoike, University of Nairobi, 1987 and "Smallholder farmers in developing countries" Syngenta Foundation for Sustainable Agriculture. See page 6 for more information on the methodology for linking smallholder farms to smallholder population.

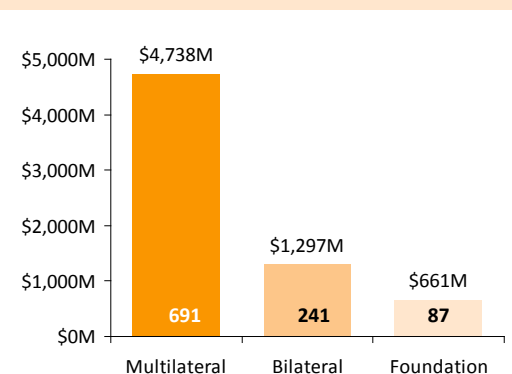
Funding & number of projects by main focus area



Representative projects

- | | | |
|---|---|---|
| <ul style="list-style-type: none"> • Tanzania Accelerated Food Security Project • East Africa Agricultural Productivity Programme | <ul style="list-style-type: none"> • Uganda Agribusiness Growth Programme • Cameroon Agricultural Competitiveness Project | <ul style="list-style-type: none"> • Building small-scale cashew nut processing centres in Cote d'Ivoire • Irrigation development project in Bani basin in Mali |
|---|---|---|

Funding & number of projects by funder type



Active funders

- | | | |
|---|---|--|
| World Bank, IFAD, African Development Bank, FAO | USAID, SDC, Netherlands, BMZ, DFID, CIDA, AFD, DANIDA | Bill & Melinda Gates Foundation, Rockefeller Foundation, Ford Foundation |
|---|---|--|

AFRICA | COUNTRIES



2009 Onward Funding Captured in African Countries (1 of 2)¹

Country	Funding Overview		Funding Trends by Focus (\$M)			Funding Trends by Type of Funder (\$M)		
	\$M	% of Global	Inputs/ Training	Finance/ Markets	Infrastructure /Environment	Multilateral	Bilateral	Foundation
Tanzania	\$749	6.2%	\$396	\$329	\$25	\$702	\$16	\$31
Ethiopia	\$481	4.0%	\$200	\$113	\$168	\$292	\$173	\$16
Ghana	\$395	3.3%	\$193	\$173	\$29	\$179	\$181	\$35
Uganda	\$310	2.6%	\$119	\$94	\$96	\$203	\$67	\$40
Kenya	\$300	2.5%	\$215	\$23	\$63	\$154	\$66	\$80
Nigeria	\$291	2.4%	\$156	\$99	\$36	\$270	\$3	\$18
Mali	\$291	2.4%	\$105	\$39	\$147	\$164	\$107	\$20
Egypt	\$285	2.4%	\$64	\$2	\$220	\$242	\$43	\$0
Burkina Faso	\$268	2.2%	\$90	\$163	\$15	\$169	\$88	\$11
Cote d'Ivoire	\$251	2.1%	\$31	\$13	\$207	\$240	\$0	\$10
DRC	\$222	1.8%	\$56	\$122	\$44	\$219	\$0	\$2
Mozambique	\$213	1.8%	\$75	\$96	\$42	\$122	\$72	\$19
Madagascar	\$209	1.7%	\$96	\$107	\$5	\$182	\$17	\$10
Rwanda	\$191	1.6%	\$136	\$38	\$17	\$158	\$11	\$23
Senegal	\$185	1.5%	\$73	\$98	\$14	\$88	\$91	\$5
Niger	\$160	1.3%	\$47	\$43	\$70	\$108	\$41	\$11
Malawi	\$135	1.1%	\$86	\$48	\$1	\$99	\$23	\$13
Sudan	\$130	1.1%	\$30	\$80	\$20	\$120	\$10	\$0
Benin	\$126	1.0%	\$49	\$34	\$43	\$106	\$14	\$6
Morocco	\$118	1.0%	\$28	\$58	\$32	\$60	\$58	\$0
Cameroon	\$116	1.0%	\$13	\$104	\$0	\$86	\$26	\$5
Burundi	\$86	0.7%	\$85	\$1	\$0	\$83	\$0	\$3
Chad	\$85	0.7%	\$19	\$6	\$60	\$67	\$18	\$1
Zambia	\$82	0.7%	\$43	\$36	\$3	\$68	\$2	\$12
Swaziland	\$75	0.6%	\$25	\$47	\$3	\$74	\$1	\$0
Guinea	\$63	0.5%	\$40	\$19	\$4	\$51	\$11	\$1
Angola	\$60	0.5%	\$49	\$9	\$2	\$53	\$0	\$6
Mauritania	\$51	0.4%	\$38	\$11	\$3	\$44	\$7	\$0
Congo	\$50	0.4%	\$31	\$7	\$12	\$50	\$0	\$0
Namibia	\$46	0.4%	\$25	\$5	\$16	\$30	\$17	\$0
Zimbabwe	\$39	0.3%	\$24	\$1	\$14	\$35	\$2	\$1
Gambia	\$32	0.3%	\$19	\$4	\$9	\$31	\$1	\$1

¹ Excludes three countries with funding of less than \$1 million captured in this analysis.

AFRICA | COUNTRIES



2009 Onward Funding Captured in African Countries (2 of 2)¹

Country	Funding Overview		Funding Trends by Focus (\$M)			Funding Trends by Type of Funder (\$M)		
	\$M	% of Global	Inputs/ Training	Finance/ Markets	Infrastructure /Environment	Multilateral	Bilateral	Foundation
Tunisia	\$25	0.2%	\$14	\$6	\$5	\$20	\$5	\$0
Liberia	\$24	0.2%	\$6	\$6	\$13	\$19	\$0	\$5
Gabon	\$24	0.2%	\$22	\$1	\$0	\$6	\$18	\$0
Sierra Leone	\$22	0.2%	\$5	\$11	\$6	\$22	\$0	\$1
Centr. African Rep.	\$21	0.2%	\$6	\$15	\$0	\$21	\$0	\$0
Lesotho	\$17	0.1%	\$9	\$8	\$0	\$14	\$3	\$0
South Africa	\$13	0.1%	\$10	\$2	\$1	\$3	\$9	\$1
Eritrea	\$13	0.1%	\$10	\$2	\$1	\$13	\$0	\$0
Guinea-Bissau	\$12	0.1%	\$4	\$2	\$5	\$12	\$0	\$0
Togo	\$10	0.1%	\$1	\$3	\$6	\$9	\$0	\$1
Mauritius	\$9	0.1%	\$5	\$0	\$4	\$9	\$0	\$0
Botswana	\$9	0.1%	\$2	\$0	\$6	\$9	\$0	\$0
Cape Verde	\$5	0.0%	\$1	\$0	\$4	\$5	\$1	\$0
Libya	\$4	0.0%	\$3	\$0	\$0	\$4	\$0	\$0
Algeria	\$4	0.0%	\$2	\$1	\$1	\$3	\$1	\$0
Sao Tomé & Princ.	\$4	0.0%	\$1	\$2	\$0	\$3	\$1	\$0
Seychelles	\$2	0.0%	\$2	\$0	\$0	\$2	\$0	\$0
Djibouti	\$2	0.0%	\$0	\$0	\$1	\$2	\$0	\$0

¹ Excludes three countries with funding of less than \$1 million captured in this analysis.

ASIA | OVERVIEW



Population¹	3.8 billion
Of which in agriculture¹	~2.0 billion (53%)
Of which smallholders²	~1.7 billion (76% of global total)
Funding flow % world	34% of total smallholder funding captured

Total Funding Captured 2009-onward:

\$4.1B

Total Number of Projects Captured:

496

Funding trends by focus area

34%, or \$1.4 billion, of smallholder development funding in Asia is concentrated on direct provision of training and inputs to smallholders. Specifically, project topics range from on farm irrigation techniques to crop diversification to soil management training. The projects cover a wide range of crops, including rice, citrus, wheat and mango, as well as livestock and many projects focused on aquaculture.

25%, or \$1.0 billion, of funding is aimed at creating access to markets and finance for smallholders. Projects involve enhancing marketing skills, organizational development of cooperatives, creating agricultural financial services, and supporting community led enterprise development.

41%, or \$1.7 billion, of funding is focused on infrastructure and environment. Projects include the development and improvements of roads, but are most heavily focused on irrigation and other water management projects.

Funding is concentrated from a country perspective. **Ten countries are receiving 84% of total funding in Asia** (27% of funding worldwide). However, these countries also represent 93% of smallholders in Asia. For more details on specific countries, see the next page for detailed funding data. Five of these countries (*India, Indonesia, Pakistan, Bangladesh, and Vietnam*) are in the global top ten and profiled in terms of funding and key agricultural development information in Section IV of this report.

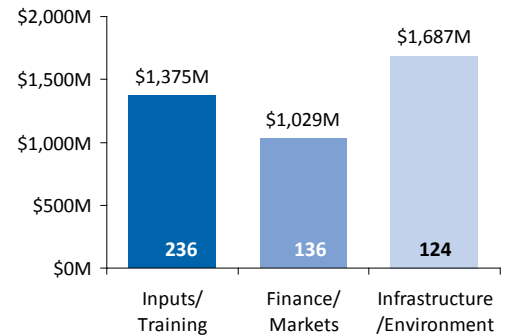
The donor landscape in Asia

68%, \$2.8 billion, of smallholder development funding in Asia comes from multilateral organizations. The World Bank, IFAD, the Asian Development Bank, and FAO are all very active in Asia.

Bilaterals contribute 30% or \$1.2 billion. AFD is particularly active in Cambodia and Vietnam, while Australian aid agencies are very active in Indonesia, the Philippines, and Papua New Guinea. CIDA funds in several countries, especially in Vietnam. DFID also supports smallholders in many Asian countries and has been very actively concentrated on Afghanistan. German agencies have funded several projects in Laos, while naturally JICA is most active in Asia, especially in India, Indonesia, and Pakistan. The Dutch agencies are also funding actively in Afghanistan, as well as SDC, who also have several projects in Nepal.

Foundations represent only 2% of funding for Asia. The Bill & Melinda Gates Foundation is active in several countries with a special emphasis on the development and distribution of new rice varieties. The Ford Foundation has several projects in India, Sri Lanka, and Nepal.

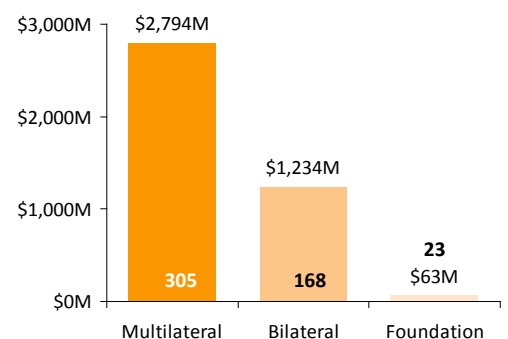
Funding & number of projects by main focus area



Representative projects

<ul style="list-style-type: none"> •Agricultural Technology Transfer Project China •Micro-irrigation techniques in India •Crop Diversification Project in Bangladesh 	<ul style="list-style-type: none"> •Rural Livestock and Microfinance Programme in Afghanistan •Cambodia Agricultural Value Chain Programme 	<ul style="list-style-type: none"> •Agriculture Modernization and Water-Bodies Restoration and Management Project in India •Canal System Rehabilitation Project in Pakistan
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Funding & number of projects by funder type



Active funders

World Bank, FAO, IFAD, Asian Development Bank	SDC, Netherlands, JICA, DFID, CIDA, AusAID, AFD	Gates Foundation, Ford Foundation
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¹ FAO stat; excludes OECD countries (Turkey, Japan, South Korea)

² FSG calculation extrapolated from "Small farms: current status and key trends", Oksana Nagayets, IFPRI, 2005 and "The prospect of utilizing urea treated maize stover by smallholders in Kenya", Abdullah N Said and M M Wanyoike, University of Nairobi, 1987 and "Smallholder farmers in developing countries" Syngenta Foundation for Sustainable Agriculture



2009 Onward Funding Captured in Asian Countries¹

Country	Funding Overview		Funding Trends by Focus (\$M)			Funding Trends by Type of Funder (\$M)		
	\$M	% of Global	Inputs/ Training	Finance/ Markets	Infrastructure /Environment	Multilateral	Bilateral	Foundation
India	\$1,113	9.2%	\$249	\$285	\$579	\$871	\$200	\$43
Indonesia	\$359	3.0%	\$23	\$48	\$288	\$77	\$281	\$0
Pakistan	\$328	2.7%	\$116	\$8	\$203	\$140	\$188	\$0
Bangladesh	\$311	2.6%	\$255	\$36	\$20	\$186	\$122	\$4
Vietnam	\$311	2.6%	\$149	\$55	\$107	\$177	\$134	\$0
Afghanistan	\$298	2.5%	\$55	\$131	\$112	\$219	\$79	\$0
China	\$165	1.4%	\$124	\$18	\$23	\$152	\$12	\$1
Yemen	\$156	1.3%	\$51	\$0	\$105	\$153	\$3	\$0
Cambodia	\$136	1.1%	\$74	\$48	\$14	\$70	\$66	\$0
Philippines	\$127	1.1%	\$27	\$45	\$55	\$115	\$13	\$0
Nepal	\$121	1.0%	\$36	\$50	\$35	\$100	\$18	\$3
Sri Lanka	\$95	0.8%	\$38	\$53	\$3	\$92	\$2	\$0
Uzbekistan	\$91	0.8%	\$6	\$36	\$49	\$86	\$5	\$0
Laos	\$76	0.6%	\$37	\$19	\$21	\$45	\$32	\$0
Papua N. Guinea	\$54	0.4%	\$27	\$1	\$26	\$27	\$26	\$0
Azerbaijan	\$52	0.4%	\$0	\$45	\$7	\$49	\$3	\$0
Syria	\$52	0.4%	\$25	\$26	\$1	\$52	\$0	\$0
Kyrgyzstan	\$42	0.3%	\$3	\$19	\$21	\$25	\$17	\$0
Tajikistan	\$42	0.3%	\$11	\$26	\$4	\$39	\$2	\$0
Armenia	\$29	0.2%	\$0	\$29	\$0	\$29	\$0	\$0
Bhutan	\$18	0.2%	\$1	\$9	\$8	\$18	\$0	\$0
Georgia	\$16	0.1%	\$0	\$16	\$0	\$16	\$0	\$0
Jordan	\$16	0.1%	\$15	\$0	\$1	\$16	\$0	\$0
Mongolia	\$15	0.1%	\$9	\$7	\$0	\$7	\$8	\$0
Myanmar	\$14	0.1%	\$11	\$3	\$0	\$6	\$7	\$1
East Timor	\$8	0.1%	\$8	\$0	\$0	\$0	\$8	\$0
Kazakhstan	\$8	0.1%	\$1	\$7	\$0	\$8	\$0	\$0
Solomon Islands	\$7	0.1%	\$0	\$7	\$0	\$7	\$0	\$0
Gaza & West Bank	\$6	0.0%	\$4	\$1	\$1	\$0	\$6	\$0
Iran	\$3	0.0%	\$2	\$0	\$1	\$3	\$0	\$0
Lebanon	\$3	0.0%	\$2	\$0	\$1	\$3	\$0	\$0
Thailand	\$3	0.0%	\$1	\$0	\$1	\$3	\$0	\$0

¹ Excludes seven countries with funding of less than \$1 million captured in this analysis.

AMERICAS | OVERVIEW



Population¹	575 million
Of which in agriculture¹	~92 million (16%)
Of which smallholders²	~33 million (1.5% of global total)
Funding flow % world	9% of total smallholder funding captured

Total Funding Captured 2009-onward:

\$1.1B

Total Number of Projects Captured:

226

Funding trends by focus area

26%, or \$288 million, of smallholder development funding in the Americas is concentrated on direct provision of training and inputs to smallholders.

Specifically, example project topics include organic cocoa, sesame production, sustainable management of quinoa and potato, small-scale animal production, improvement of stockpiling, marketing and seed experimentation to obtain inedible oils for biofuel production.

63%, or \$704 million, of funding is aimed at creating access to markets and finance for smallholders. Projects involve matching grants for investments to producer associations, support to business initiatives from local community groups, provision of microcredit loans for agricultural and fishing sectors, and investments in production chains.

11%, or \$120 million, of funding is focused on infrastructure and environment. Projects are mainly focused on water management and irrigation, for example the implementation of national water plan in Ecuador or a irrigation modernization project in Honduras.

Funding is concentrated from a country perspective: Ten countries are receiving 82% of total funding in the Americas (8% of funding worldwide). However, these ten countries also represent 82% of smallholders in the Americas, implying that overall funding quite balanced. For more details on specific countries, see the next page for detailed funding data.

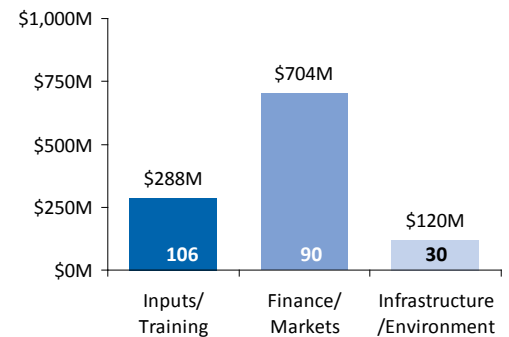
The donor landscape in the Americas

86%, \$954 million, of smallholder development funding in the Americas comes from multilateral organizations. The World Bank, IFAD, the Inter-American Development Bank, and FAO are all very active in the Americas. For example, IADB's Direct Farm Support Programme in Mexico, or IFAD's Cariri and Seridó Sustainable Development Project in Brazil.

Bilateral contributes 14% or \$152 million. The North American bilateral agencies USAID and CIDA are naturally especially active, the latter with a particular emphasis on Honduras. Several of the European bilateral development agencies have a handful of projects in the Americas spread across a dozen countries or so, for example DFID's Improving Livelihoods of Poor Small Farmers project in Brazil, or DANIDA's Sector Programme Support to Agricultural Development in Nicaragua and Bolivia, or the German aid agency's Sustainable Agricultural Training efforts in Peru.

Foundations represent only about 1% of funding for the Americas, spread across different countries and project foci. The largest project is the Howard G. Buffett Foundation's effort to support small-scale coffee farmers in Mexico.

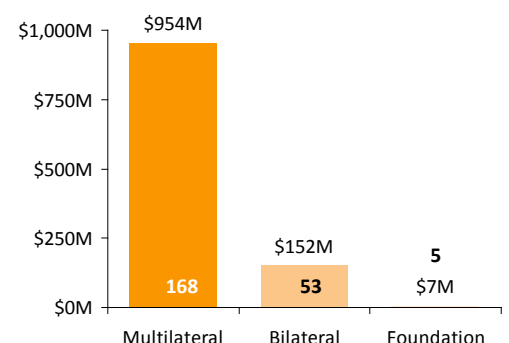
Funding & number of projects by main focus area



Representative projects

- | | | |
|--|--|--|
| <ul style="list-style-type: none"> • Agricultural Technology Project Nicaragua • Sustainable Agriculture to Increase Incomes in Peru | <ul style="list-style-type: none"> • Development of Organic Agriculture and Markets in Mexico • Value Chain and Market Access Project in Nicaragua | <ul style="list-style-type: none"> • National Irrigation Programme with a Watershed Approach in Bolivia • Bahia State Integrated Rural Poverty in Brazil |
|--|--|--|

Funding & number of projects by funder type



Active funders

- | | | |
|--|-------------|---|
| World Bank, Inter-American Development Bank, IFAD, FAO | USAID, CIDA | Howard G. Buffett Foundation, McKnight Foundation, Kellogg Foundation |
|--|-------------|---|

¹ FAO Stat; excludes US and Canada

² FSG calculation extrapolated from "Small farms: current status and key trends", Oksana Nagayets, IFPRI, 2005 and "The prospect of utilizing urea treated maize stover by smallholders in Kenya", Abdullah N Said and M M Wanyoike, University of Nairobi, 1987 and "Smallholder farmers in developing countries" Syngenta Foundation for Sustainable Agriculture

AMERICAS | COUNTRIES



2009 Onward Funding Captured in American Countries¹

Country	Funding Overview		Funding Trends by Focus (\$M)			Funding Trends by Type of Funder (\$M)		
	\$M	% of Global	Inputs/ Training	Finance/ Markets	Infrastructure /Environment	Multilateral	Bilateral	Foundation
Brazil	\$195	1.6%	\$3	\$154	\$38	\$195	\$0	\$0
Mexico	\$165	1.4%	\$14	\$151	\$0	\$158	\$0	\$6
Honduras	\$102	0.8%	\$36	\$51	\$15	\$53	\$48	\$0
Bolivia	\$91	0.8%	\$31	\$25	\$36	\$61	\$29	\$1
Peru	\$76	0.6%	\$41	\$29	\$6	\$51	\$24	\$0
Guatemala	\$67	0.6%	\$2	\$65	\$0	\$58	\$10	\$0
Colombia	\$67	0.6%	\$5	\$61	\$0	\$66	\$1	\$0
Nicaragua	\$61	0.5%	\$37	\$24	\$0	\$52	\$10	\$0
Paraguay	\$50	0.4%	\$49	\$1	\$0	\$50	\$0	\$0
Haiti	\$43	0.4%	\$33	\$9	\$1	\$34	\$8	\$0
Argentina	\$36	0.3%	\$0	\$36	\$0	\$36	\$0	\$0
Panama	\$36	0.3%	\$1	\$34	\$0	\$36	\$0	\$0
El Salvador	\$31	0.3%	\$0	\$30	\$1	\$30	\$0	\$0
Ecuador	\$30	0.2%	\$2	\$13	\$15	\$27	\$3	\$0
Dominican Republic	\$27	0.2%	\$10	\$17	\$0	\$10	\$17	\$0
Venezuela	\$11	0.1%	\$11	\$0	\$0	\$11	\$0	\$0
Jamaica	\$8	0.1%	\$1	\$5	\$3	\$8	\$0	\$0
Guyana	\$5	0.0%	\$1	\$1	\$3	\$4	\$0	\$0
Dominica	\$3	0.0%	\$3	\$0	\$0	\$3	\$0	\$0
Grenada	\$3	0.0%	\$3	\$0	\$0	\$3	\$0	\$0
Uruguay	\$2	0.0%	\$0	\$1	\$1	\$2	\$0	\$0

¹ Excludes three countries with funding of less than \$1 million captured in this analysis.

IV. TOP TEN COUNTRY SNAPSHOTS OF FUNDING FLOW TRENDS

“ Across the globe, more than 1 billion people go to bed hungry each night—a number exacerbated by the 2007-08 food price crisis.

”

World Bank

INDIA | BACKGROUND

Population¹	1.2 billion
Of which in agriculture¹	~610 million (52%)
Of which smallholders²	~485 million (21.6% of global total)
Funding flow % world	9.2% of total funding captured
% Asia	27.2% of total Asia funding captured

Total Funding Captured 2009-onward:

\$1.1B

Total Number of Projects Captured:

49



Overview of India's agricultural sector

India has experienced rapid growth since introducing economic reforms in the early 1990s. The average GDP growth since 1997 has been 7.0% per year.¹

Despite only contributing to **21%** of India's current **GDP** the **agricultural sector remains crucial** to India's economic, social, and political development. Over 70% of India's 1.1 billion people live in rural areas, and most of them depend on agriculture or forestry for their living.³ **Agriculture accounts for about 10% of India's export earnings**, with rice, soybeans, sugar, maize and tea being the typical cash crops.

In 2007/08 the agricultural sector grew by almost 5% due to a good monsoon, an increase in minimum support prices for grains, and a rise in global prices for agricultural products. Before that, annual growth was at a much lower 2.5-3% on account of lower rain falls and drought.⁴

During the **Green Revolution** in the 1970's India was able to **achieve self-sufficiency and reduce the risk of famine** by steeply increasing foodgrain production. Rural poverty and food insecurity further declined in the 1980's thanks to productivity gains. Sustained, although much slower, agricultural growth in the 1990s reduced rural poverty to 26.3% by the year 2000.³

In the last decade however, agricultural growth has slowed. Today, India's rice yields are only a third of China's and about half of those of Vietnam or Indonesia. **Low productivity** compared to other countries holds true for a host of other commodities as well (exceptions are sugarcane, potato and tea).³

Land and water use practices are unsustainable in many regions. Especially, rice and wheat production systems have been identified as a major reason for land degradation as well as ground water depletion.

Given its strategic importance to growth and food security, it will be essential for India to build a productive, diversified, and competitive agricultural sector and facilitate rural, non-farm entrepreneurship. To achieve this, subsidy-based regimes will need to be replaced with market-driven mechanisms.³ In addition, India will need to shift its agricultural focus to **high-value crops**.

Challenges and opportunities of the agricultural sector

India's agricultural sector faces several challenges:

- **Public spending** on agricultural subsidies may be **crowding out productivity-enhancing investments** such as agricultural research and extension, as well as investments in rural infrastructure.³
- **Over-regulation of domestic trade** has increased costs, and led to price risks and uncertainties, thereby potentially undermining the sector's competitiveness. In addition, government has intervened in factor and output markets, which has hindered growth of the rural non-farm sector.³
- State governments have **not in all cases installed the necessary regulatory and institutional frameworks** for the efficient, sustainable, and equitable allocation of water.³
- As a consequence of uncompleted irrigation projects the **irrigation infrastructure remains lacking**. Existing infrastructure has deteriorated as operations and maintenance is given low priority.³
- Although India has a wide network of rural finance institutions, **many rural poor people are still denied access to credit** due to inefficiencies in the formal finance institutions, high transaction costs, and risks associated with lending to agriculture.³

However, there are several opportunities that can be seized:

- Low yields per unit in a variety of crops indicate an **immense potential to increase productivity** once farmers gain easier access to factor input markets.³
- The Indian agricultural sector ranks as the **third most diversified in the South Asia Region**, driven mainly by a shift to high-value crops, livestock, and fisheries.⁵ Increased diversification opens up new export markets and creates new labor opportunities.

¹ World CIA Factbook

² Estimate extrapolated from "Small farms: current status and key trends", Oksana Nagayets, IFPRI, 2005

³ World Bank: "India: Priorities for Agriculture and Rural Development" (World Bank Website)

⁴ World Bank: "India Country Overview April 2010" (World Bank Website)

⁵ World Bank: National Agricultural Innovation Project Document, 2006

INDIA | SMALLHOLDER FUNDING TRENDS

Funding trends by focus area

International donor funding for smallholder development in India spans all three focus areas, but not surprisingly, in line with the challenges around water management described on the previous page, **more than half of the funding relates to infrastructure, especially water management and irrigation systems.**

In terms of funding for inputs/training, there is a lot of activity in specific regions, especially **Uttar Pradesh, Andhra Pradesh and Orissa.** In terms of crops and products, there is emphasis on **rice**, e.g., through the Gates Foundation's rice intensification project, as well as legumes, fisheries, and animal husbandry.

Within the finance/markets category, USAID is funding several efforts around **rural finance** and a project to link smallholders to input and output **markets.** The World Bank is supporting a myriad of projects related to **commercialization and value chain investments**, for example the National Agricultural Innovation Project, which aids the transformation of the Indian agricultural sector to more of a market orientation.

Reflecting, though not necessarily aligned with, the Indian government's National Watershed Development Project for Rainfed Areas (NWDPR), a proportion of projects focused on inputs/training, and all of those in infrastructure/environment, are concerned with water management. The World Bank and JICA are funding a number of **large-scale projects** working solely on the construction, rehabilitation or improvement of irrigation infrastructure, while regional agricultural development projects often include an element of water management training, or improvement to farm-level irrigation technology.

In addition, and not included in these figures, a number of **government agricultural development initiatives make specific provision for smallholder farmers.** States allocating government funding as part of the National Food Security Mission have been advised to earmark 30% for small and marginal farmers¹, who also qualify for a 10% subsidy on crop insurance premiums² and are likely to be the main beneficiaries of the nationwide 'Rural Go-Down' project which aims to reduce post-harvest waste and crop deterioration.

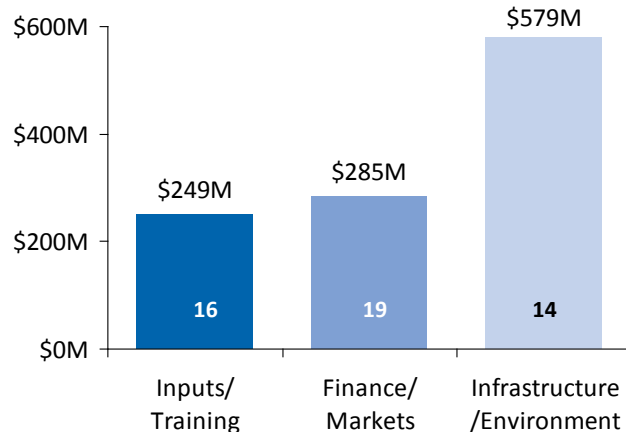
The donor landscape

Whilst the number of projects active in India is distributed between multilaterals, bilaterals and foundations, the vast **majority of funding** is contributed by **multilateral donors**, specifically by the **World Bank.** **FAO** is supporting several water management efforts.

Among the bilaterals, **JICA** is particularly active, funding principally irrigation work, while **USAID** supports several efforts around markets and finance.

Foundations account for a large number of much smaller sized projects, across the areas of inputs/training and finance/markets. Of these, the largest is a **Bill & Melinda Gates Foundation** project to improve smallholder access to micro-irrigation technologies.

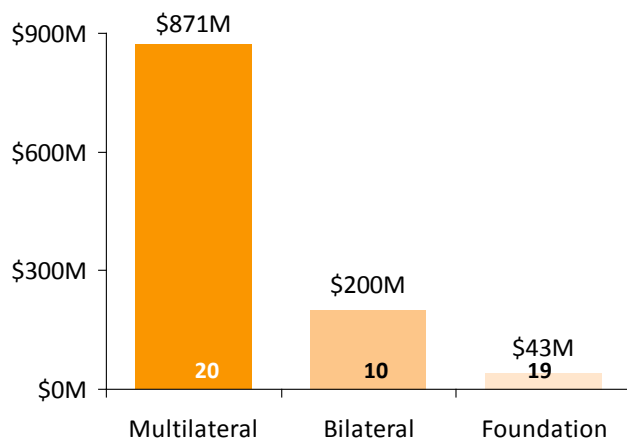
Funding & number of projects by main focus area



Representative projects

- | | | |
|---|--|--|
| <ul style="list-style-type: none"> North Eastern Region Community Resource Management Project for Upland Areas, IFAD Micro-irrigation techniques for smallholders, BMGF | <ul style="list-style-type: none"> Connecting Smallholder Farmers to Agriculture Value Chain, ADB Assam Agricultural Competitiveness Project, WB | <ul style="list-style-type: none"> Andhra Pradesh Irrigation and Livelihood Improvement Project, JICA Tamil Nadu Irrigated Agriculture Modernization and Water-Bodies Restoration and Management Project, WB |
|---|--|--|

Funding & number of projects by funder type



Active funders

World Bank FAO	JICA USAID	Gates Foundation Ford Foundation
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¹ Indian Ministry of Agriculture Annual Report 09-10, 8.13 / ² ibid, 4.11-4.16

TANZANIA | BACKGROUND

Population¹	42 million
Of which in agriculture¹	~34 million (80%)
Of which smallholders²	~20 million (0.9% of global total)
Funding flow % world	6.2% of total funding captured
% Africa	11.2% of total Africa funding captured

Total Funding Captured 2009-onward:

\$749M

Total Number of Projects Captured:

51



Overview of Tanzania's agricultural sector

Since the late 1990's Tanzania's economy has recorded **rapid growth**. During 1998-2007, the GDP growth rate averaged 6.6% per year. **The agriculture sector plays a dominant role** in the economy, contributing 26% of GDP and employing 80% of the workforce. However, since 2000 its share of GDP has been declining and it is currently growing at only 4% annually.³

The country has **favorable climatic conditions for cereals production**. However, **yields** for the dominant staple maize average only 0.88 tons per hectare, which is very **low level in international comparison**. From 2000-2007, overall population growth of 3% increased at a faster rate than maize production of 2%.³ This is particularly regrettable since research has shown that a high growth in maize production would reduce poverty, while simultaneously improving food security of poor households.

Besides pulses, all other crops recorded positive growth.

Particularly, export-oriented crops such as cotton, sugarcane and tobacco recorded high growth rates – some almost 10% annually. However, these crops tend to be highly concentrated in specific regions.³ The fisheries and livestock subsectors contribute a third of agricultural GDP. While fisheries have been steadily growing at a rate of 5.1% per year between 1998 and 2007, livestock trailed behind crop agriculture with an average growth rate of only 3.3% annually.³ Slow growth in the livestock sector effects poor household particularly since they depend on incomes from cattle and poultry for their livelihoods.

Although recent production trends indicate strong overall growth in the agricultural sector during the period 2000-2007, the **source of growth has been concentrated among a few crops** typically located in the northern and eastern regions of Tanzania and often **produced by large scale farmers**. Thus observed growth did not have huge countrywide impacts in reducing poverty or improving nutritional outcomes.³

In formulating the Agricultural Sector Development Strategy in 2001, Tanzania is **moving towards a multi-sectoral development strategy for agriculture**. It aims to achieve a green revolution by improving institutional arrangements, land use and financing and combining these efforts with an industrialization strategy geared to the transformation of the sector.

Challenges and opportunities of the agricultural sector

The agricultural sector is confronted with a range of challenges on one hand, and stands to benefit from opportunities on the other:

- The **strong dependency on agriculture** renders Tanzania **vulnerable** to frequent natural catastrophes as well as unfavorable prices in global commodity markets.⁴
- **Smallholders lack market linkages**, as well as access to agricultural inputs (such as seeds and fertilizers), credit and irrigation water.⁵
- The country has **immense potential for irrigated agriculture**. The area suitable for irrigation is estimated to be about 29.4 million hectares but only 0.33 million ha are currently under irrigation.³
- The **Agriculture Sector Development Framework** has had a considerably positive impact by **raising average productivity of paddy fields**, encouraging Local Government Authorities (LGAs) to construct 271 and rehabilitate 187 dip tanks, rehabilitating almost 500 km of rural feeder roads enabling accessibility to crop and livestock markets, and establishing nearly 100 crop markets.³
- Tanzania has been identified as one of the **USAID Feed the Future** initiative's potential 'Focus countries'.

Tanzania and CAADP Progress

In July 2010, the Tanzanian government signed a CAADP compact, pledging to increase investment in agriculture. Areas for improvement identified by CAADP include enhancement of private sector involvement in irrigation programs (small, medium and large), rural road construction, and market linkages.³

- With an **average growth of 5% in its agricultural sector** over the last decade Tanzania has almost achieved the CAADP goal of 6% per year. In 2008, Tanzania's agricultural sector grew by more than 10%.⁶
- Tanzania **did not meet the CAADP target of 10% agricultural** spending in recent years. Spending on the sector ranged from 4.5-7% in the period during 2003-2007. In 2008, the spending share fell to 2.5%.⁶

¹ World CIA Factbook

² Estimate extrapolated from "Small farms: current status and key trends", Oksana Nagayets, IFPRI, 2005

³ Comprehensive Africa Agriculture Development Programme (CAADP) in Tanzania, Brochure 1-3

⁴ World Bank: "Tanzania: Country Brief" (World Bank Website)

⁵ IFAD: "Rural Poverty in Tanzania"

⁶ Regional Strategic Analysis and Knowledge Support System Tanzania Page (www.resakss.org)

TANZANIA | SMALLHOLDER FUNDING TRENDS

Funding trends by focus area

The most noteworthy trend that emerges from the smallholder funding captured for Tanzania is the predominance of **large, cross-sector projects designed to address multiple focus areas**: these account for half of total funding to the country.

Funded by multilateral agencies, with co-financing from bilaterals, these projects aim to increase smallholder productivity and profitability through improved inputs, training and extension, access to markets, capacity building of farmers groups and financial services provision, as well as some investment in rural infrastructure. The largest of these cross-sector initiatives, the **Agricultural Sector Development Programme (ASDP)**, is a Government developed initiative supported through a basket fund of contributions from multilateral and bilateral donors.

Within inputs/training focused funding, specific crops and products that are prioritized include **coffee, bananas, sweet potatoes, rice, bees, and cassava**.

On the finance/markets side, projects focus on both finance as well as market linkages, ranging for example from **export development of cashew nuts** to strengthening women entrepreneurs in the Arusha region through business training, advisory, and microcredit services.

Finally, in terms of infrastructure, all projects reviewed are focused on **water management**. However, as mentioned the ASDP is multi-focus, including roads and other rural infrastructure.

The donor landscape

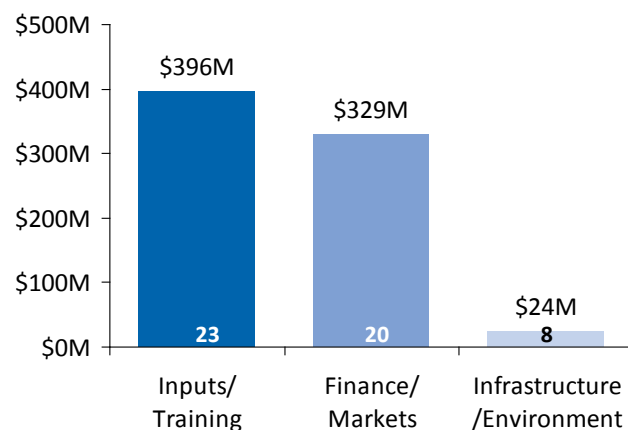
Initiatives from multilateral agencies, often co-financed by bilaterals, account for by far the majority of smallholder investment in Tanzania.

Apart from contributions made as co-financiers and to the ASDP basket fund, the largest single bilateral investments are in irrigation (**BMZ, JICA**). Other bilateral work, in which **USAID** and **SDC** are particularly active, focuses on linking smallholders with markets and the private sector.

The Bill & Melinda Gates Foundation is actively funding across all three focus areas: supporting, for example, small-scale pump technologies, improvements to cassava value chains, and pro-smallholder policy change in partnership with AGRA.

The high level of international donor activity in Tanzania should be considered alongside recent and ongoing **government commitments** to action in agriculture investment. As part of its recent pledges, the government has expressed a wish to see **more collaboration between the private sector**, development partners and the state. For example, at the 2010 Africa World Economic Forum (WEF) in Tanzania, President Kikwete declared his personal support for an **agricultural growth corridor** running through the southern highlands of Tanzania.

Funding & number of projects by main focus area

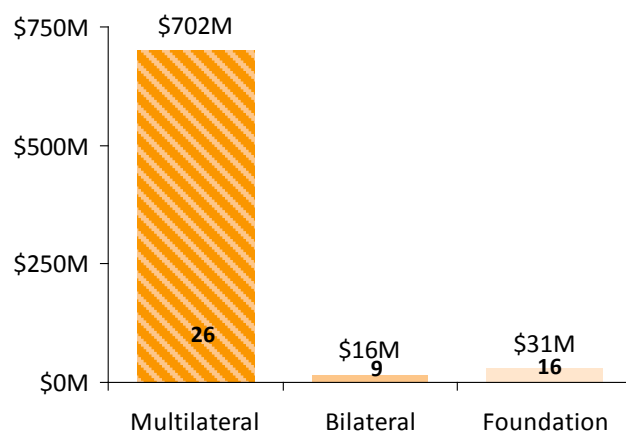


Representative projects

- Accelerated Food Security Project, WB
- Marketing infrastructure value addition, AfDB (pipeline)
- Lake Tanganyika Resource Management Project, AfDB

- Tanzania Agricultural Sector Development Programme

Funding & number of projects by funder type



Active funders

- | | | |
|--------------------|-----------------------------|---|
| IFAD
World Bank | BMZ
JICA
USAID
SDC | Bill & Melinda Gates Foundation
Gatsby Charitable Trust
McKnight Foundation |
|--------------------|-----------------------------|---|

ETHIOPIA | BACKGROUND

Population¹	88 million
Of which in agriculture¹	~75 million (85%)
Of which smallholders²	~55 million (2.4% of global total)
Funding flow % world	4.0% of total funding captured
% Africa	7.2% of total Africa funding captured

Total Funding Captured 2009-onward:

\$481M

Total Number of Projects Captured:

55



Overview of Ethiopia's agricultural sector

In recent years, Ethiopia has been one of the **fastest growing economies in Africa** with growth averaging 8-10% annually.³ Due to macroeconomic challenges the IMF forecasts a slowdown in growth to around 7.7% in 2010/11.³

Ethiopia's economic structure has shifted from agriculture to the non-agriculture sector in recent years. **The share of GDP accounted for by agriculture declined** from 57% to 46% between 1996 and 2007.⁴ Nevertheless, the agricultural sector still employs about 85% of the population and was declared a priority by the government in 1991.

Agriculture is extremely vulnerable to climatic conditions and to the disruptive impact of war and civil unrest. The occurrence of **regular droughts** have caused major fluctuations in agricultural yields. The crop sector accounts for about 65% of total agricultural output, while livestock and hunting make out 26.5% and 8.4% respectively.⁴ Ethiopia is the world's tenth largest livestock producer, and the **biggest exporter of livestock in Africa**.⁵

Most of Ethiopia's poor are small-scale farmers. A large part of rural households earn less than US \$0.50 per day, and more than half of the country's 12 million smallholders have 1 ha or less of land.⁶ According to IFAD, one third of households cultivate less than 0.5 ha, which is not sufficient to produce enough food for an average household.

Because Ethiopia has such a **large domestic** market for food staples, it has **not established itself as an export country**. Indeed in years of drought the country still depends on large food aid shipments. Nevertheless, the value of total exports increased by an average growth rate of about 2% from \$602 million to \$1,466 million between 1997/98 and 2007/08.⁴ **Coffee** remains the highest generator despite its share of total exports having declined in recent years. The decrease in coffee exports demonstrates that Ethiopia is effectively **diversifying its agricultural portfolio**. Ethiopia increasingly exports live animals and oil seeds.

Ethiopia's total **cereal** production recently surpassed South Africa, reaching 14 million tons in total.⁷ It has also become the second largest producer of **maize** in Africa. Current trends in crop – and specifically grain – production indicates that Ethiopia is fulfilling the 2,100 kilo-calorie per capita per day requirement.⁴

Challenges and opportunities of the agricultural sector

Ethiopia's agriculture sector is confronted by several broader challenges; however, there have been some positive developments as well:

- Despite immense potential, **agriculture water development, especially irrigation** has not received sufficient investments. According to data from the Ministry of Water Resources (MoWR), the total potential irrigable land of the country is estimated to be 3.7 million hectares. Currently less than 5% of the total irrigable area is under irrigated agriculture.⁴
- Ethiopia's agriculture is **heavily dependent on seasonal rainfall**. Food insecurity has resulted as both quantity and distribution of precipitation have not been adequate to sustain crop and livestock production. Due to recurring droughts rural communities are prevented from building up their assets in a long-term, sustainable manner.⁸
- **Sharp increases in the prices of food and fertilizers** on world markets have repeatedly made it more difficult for poor households in Ethiopia to secure adequate food supplies. Further, there is an **ineffective and inefficient agricultural marketing system**.⁶

On the positive side, **the number of agro-processing establishments is on the rise**. Both the number of bakery products manufacturers and grain mill manufacturers has increased in the past decade. Similarly, the amount of sugar confectionery manufactures has also grown since 2000.⁴ Moreover, Ethiopia has been identified as one of the **USAID Feed the Future** initiative's potential 'Focus countries'.

Ethiopia and CAADP Progress

Ethiopia signed the CAADP compact on September 27-28, 2009. It has now begun the elaboration of post-compact investment plans.

- Even before signing the CAADP compact in 2009, Ethiopia had already **exceeded the CAADP budgetary target** of 10% spending on agriculture.⁷
- Ethiopia has also **surpassed the CAADP targets in terms of the annual growth of the agriculture sector**: in recent years, the growth rate of the agriculture sector in terms of GDP has been around 13%.⁷

¹ World CIA Factbook

² Estimate extrapolated from "Small farms: current status and key trends", Oksana Nagayets, IFPRI, 2005

³ World Bank: "Ethiopia: Country Brief" (World Bank Website)

⁴ CAADP Ethiopia Study, July 2009; prepared by Dr Demese Chnayalew, Dr Getinet Gebeyehu, Dr Goshu Mekonen, Ato Yaddessa Dinssa

⁵ Ethiopian Embassy: "Investing in Ethiopia: Agriculture"

⁶ IFAD: "Rural Poverty in Ethiopia"

⁷ Regional Strategic Analysis and Knowledge Support System Ethiopia Page (www.resakss.org)

⁸ African Development Bank: "Agriculture Sector Support Project ASSP Phase II project description"

ETHIOPIA | SMALLHOLDER FUNDING TRENDS

Funding trends by focus area

A large portion of smallholder funding in Ethiopia is **concentrated in the inputs/training focus area**, but, as elsewhere, the largest projects tend also to involve market development work and some investment in larger-scale land rehabilitation or water management.

Project information indicated that the largest projects in the **inputs/training** focus area are concerned with promoting sustainable farm-level **management of land** and small-scale **irrigation** solutions. All three funder types captured in this study are investing in large projects with a focus on **land fertility**; through the Gates funded **AGRA Soil Health** project, BMZ's Sustainable Land Management project and broad investments from the World Bank, IFAD and the African Development Bank. This focus is in keeping with the particular **vulnerability of smallholders to drought** mentioned on the previous page. Of the smaller projects in the inputs/training focus area, a number center on **horticulture** and eradication of tsetse. From a crop perspective, projects are diverse, including foci on **palm, cactus, and rice**.

In the finance/markets category, most of the projects are focused on **market access**, for example IFAD's Pastoral Community Development Project which helps **rural cooperatives**, or FAO's efforts to improve market access for **potatoes and bananas**, or EuropeAid's Agricultural Marketing Development project. There is very little activity around finance. One such effort is the AfDB's Rural Financial Intermediation Programme, which seeks to **enhance MFI outreach to rural households**.

In the **infrastructure/environment** focus area, much of the funding captured in the analysis originated from the **Productive Safety Net Programme** as this initiative was designed to focus in part on building **community assets** such as roads, social infrastructure, and soil and water conservation. The balance of projects in this focus area predominantly fund water management.

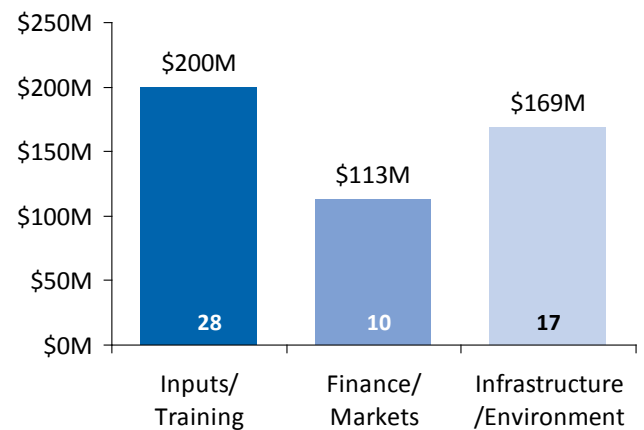
The donor landscape

Multilaterals make up the largest share of the smallholder funding landscape in Ethiopia, with **IFAD**, the **World Bank**, and the **African Development Bank** all contributing to large projects spanning several focus areas. **FAO** has more than 15 active projects in Ethiopia, spanning all three focus areas.

Four bilaterals are funding eighteen projects in the country, more than half of which are **CIDA** projects. These projects collectively take a holistic approach across all focus areas, including, for example, horticulture development, marketing training, and water harvesting.

The **Gates Foundation** is contributing \$16M through five multi-national projects operational in Ethiopia as well as elsewhere in Africa. These projects also span training (e.g., a soil health), markets (e.g., building trade models with international business), and the enabling environment (e.g., empowering governments to shape agricultural policy designed to support smallholders).

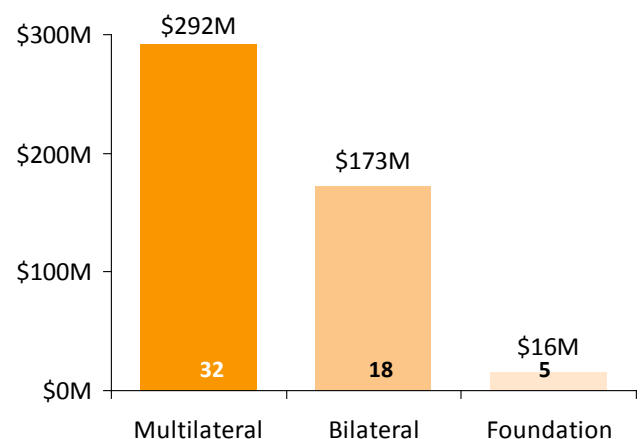
Funding & number of projects by main focus area



Representative projects

- | | | |
|--|--|--|
| <ul style="list-style-type: none"> Participatory Small-scale Irrigation Programme, IFAD Sustainable Land Management, BMZ | <ul style="list-style-type: none"> Pastoral Community Development Project II, IFAD Agricultural Marketing Development Programme, EuropeAid | <ul style="list-style-type: none"> Irrigation and Drainage Project, WB Sustainable Land Management Project, WB |
|--|--|--|

Funding & number of projects by funder type



Active funders

AfDB	BMZ	Bill & Melinda Gates Foundation
World Bank	CIDA	
IFAD		
FAO		

GHANA | BACKGROUND

Population¹	24 million
Of which in agriculture¹	~14 million (56%)
Of which smallholders²	~12 million (0.5% of global total)
Funding flow % world	3.3% of total funding captured
% Africa	5.9% of total Africa funding captured

Total Funding Captured 2009-onward:

\$395M

Total Number of Projects Captured:

56



Overview of Ghana's agricultural sector

Ghana has witnessed two decades of continuous growth and belongs to the small group of African countries with a record of positive per capita GDP growth over the entire last 20 years.³ The main drivers of growth have been sound economic reforms, natural resources, and political stability.

Growth in the agricultural sector has improved since the 1990's, reaching 5.4% in 2008.³ In recent years **agriculture has grown more rapidly than the economy as a whole**. Consequently, both poverty and hunger have declined since the 1980's. In fact, Ghana has become the **first African country** to reach the first Millennium Development Goal 1 (MDG1) of **halving poverty and hunger before the target year of 2015**. However, given its high initial rate, poverty remains widespread, particularly in the North. Income growth varies widely across regions and the already existent income gap between the North and the rest of the country is expected to widen further in the years to come.

The agricultural sector and its growth rate **depend heavily on rainfall**. Moreover, the current growth rates are **achieved mainly by land expansion**, not by an increase in yield. The staple subsector has been identified as the major driver of both agricultural growth poverty reduction in the future. The nonagricultural sector can potentially play a critical complementary role by providing the poorest households with a second source of income.

Outputs of most crops have increased at a faster rate than population growth (exceptions are sorghum, millet and cassava).³ While production of tobacco, cotton and coffee have all declined, sheanuts, cocoa and palm oil have experienced strong growth between 2003 and 2005. **Growth rates for livestock have been low**, and particularly poor for cattle. Fish production has remained constant between 2000 and 2006.³

Ghana's agricultural sector targets are outlined in three key documents: the Vision 2020, the Ghana Poverty Reduction Strategy (GPRS) and the Food and Agriculture Development Policy (FASDEP I and II). In addition, the **government aims to achieve middle-income (MIC) status by 2015**, an ambitious goal considering that it will have to more than double per capita income during the next ten years to reach the typical level of per capita income for MIC countries (\$1,000).³ It has announced an agriculture-led growth strategy and specified concrete sector goals in the GPRS.

Challenges and opportunities of the agricultural sector

Ghana's agricultural sector is confronted by several developmental challenges and stands to benefit from some opportunities:

- **Substantial gaps between actual and potential yields persist for most crops.**³ Improving productivity could lead to significantly higher agricultural growth. The government intends to increase the share of agriculture in its spending to move towards closing these gaps.
- **Markets for agricultural outputs function poorly** and are a main cause for rural poverty.⁴ Improving access for smallholders to fertilizer and improved seeds would significantly increase yields.
- Short fallow periods (or even continuous cultivation) due to **population pressures** has led to **land degradation** in the densely inhabited Upper East and Upper West region.⁴
- **Land ownership** and security regulation is often over-complex, intransparent and varies widely.⁴

On the opportunity side, Ghana has been identified as one of the **USAID Feed the Future** initiative's potential 'Focus countries'. Further, having learned valuable lessons from FASDEP I, FASDEP II will take a **highly differentiated approach**, targeting different categories of farmers according to their specific needs.⁵

Ghana and CAADP Progress

Ghana held its CAADP Roundtable on October 27-28, 2009 and signed its country compact.

- **Agricultural GDP growth has been volatile**, reaching nearly 10% in 2004, up from -4.6% a year earlier before dipping to 0.2% in 2007. The 2008 growth rate of the sector is 5.4%, just below the CAADP 6% target.⁶
- **Agricultural spending fell dramatically during the early 1990s** from 40% to below 5%. Although spending has since increased, it has not reached the heights of spending in the early 90s. Since the early 2000s, spending has generally **remained lower than the CAADP 10% target** (2006 was an exception: spending reached 10.3%). Today Ghana is being outspent in funds dedicated to agriculture as a percentage of GDP by its neighbors in the West African region.⁶

¹ World CIA Factbook

² Estimate extrapolated from "Small farms: current status and key trends", Oksana Nagayets, IFPRI, 2005

³ Comprehensive Africa Agriculture Development Programme (CAADP) in Ghana, Brochure 1-5

⁴ IFAD: "Rural Poverty in Ghana"

⁵ Ghana Ministry of Agriculture: "FASDEP II"

⁶ Regional Strategic Analysis and Knowledge Support System Ghana Page (www.resakss.org)

GHANA | SMALLHOLDER FUNDING TRENDS

Funding trends by focus area

Smallholder funding flow in Ghana is concentrated relatively evenly between the inputs/training and finance/markets focus areas. As in many other countries, the largest projects are broad in their objectives touch upon all three of the focus areas.

A large proportion of projects captured in the inputs/training category focus on supporting production of specific crops. Of these, those which are the focus of multiple projects include **rice**, **rubber**, **cocoa** and **roots** and **tubers**. This is in line with the yield improvement opportunities alluded to on the prior page.

The IFAD-AfDB **Northern Rural Growth Programme**, the single largest project captured in this analysis in Ghana, will be implemented according to a sector-wide approach agreed between the Government and development partners, a six-year initiative under the Food and Agricultural Sector Development Policy (FASDEP II). In line with the government's investment strategies, it aims to stimulate production through **irrigation** improvement, whilst improving **marketing** via commodity-specific ventures between smallholders and private operators and developing the supporting **transport** and **market infrastructure**. Specifically, the commodities to be prioritized include industrial crops such as **sorghum** and **oilseed**, **sheanuts**, **fruits**, **vegetables** and **animal products**.

In line with this, although not necessarily funded by the same donors, other projects in the finance/markets area tend to focus on the development of a particular product value chain, such as **cashews**, **cocoa** and **cassava**. IFAD is supporting a large **rural finance** initiative.

There is relative limited activity by international donors in Ghana around infrastructure/environment. The few projects that focus on this area span **bridge construction**, **land administration**, **water management**, and smallholder-supportive **policy reform**.

The donor landscape

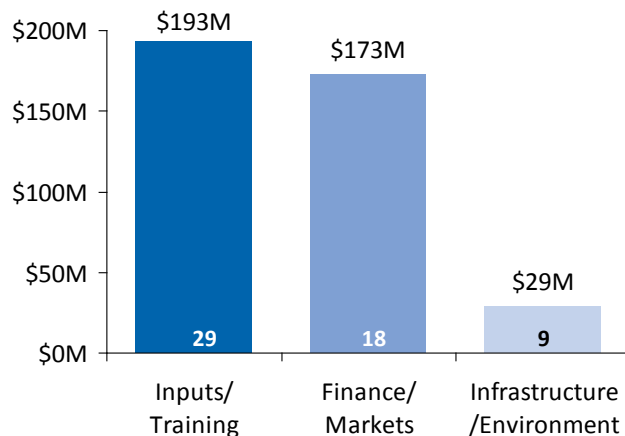
A large number of organizations across all three donor types are engaged in smallholder development funding in Ghana.

Bilateral involvement is high, with five separate agencies actively funding projects, among whom the **Agence Française de Développement** and **BMZ** are particularly active. **CIDA** is funding a broad project in support of the government Food and Agriculture Sector Development Programme (FASDEP).

Multilateral agencies are funding a combination of broad development projects and focused projects centered around a particular geography or crop. **IFAD** in particular is funding a variety of efforts around inputs/training, ranging from livestock development to rubber, cashews, rice, and cassava.

In terms of foundations, the **Gates Foundation** is very active, including Ghana in several projects that it is conducting Pan-Africa. Funding is focused on both inputs/training (for example the development and distribution of new rice varieties) as well as finance/markets (for example cashew supply chain development).

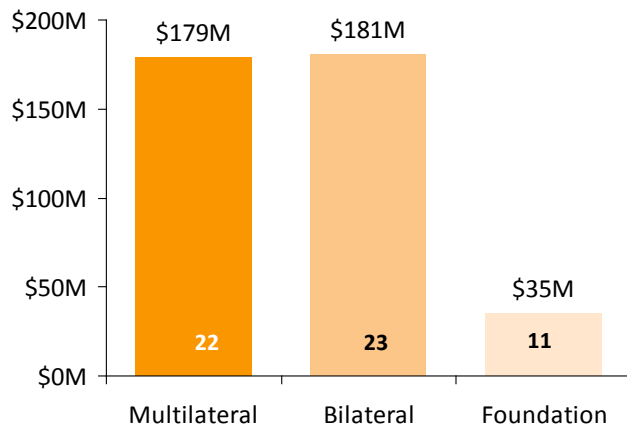
Funding & number of projects by main focus area



Representative projects

- | | | |
|---|--|--|
| <ul style="list-style-type: none"> Promotion of Perennial Crop Plantation, AFD Root and Tuber Improvement and Marketing Programme | <ul style="list-style-type: none"> Agricultural Market Development, BMZ Rural Agricultural Finance Programme, IFAD | <ul style="list-style-type: none"> Bridge Construction, Northern Ghana, AFD |
| <ul style="list-style-type: none"> Northern Rural Growth Programme, IFAD, AfDB Food and Agriculture Sector Development, CIDA | | |

Funding & number of projects by funder type



Active funders

IFAD AfDB	AFD BMZ CIDA	Bill & Melinda Gates Foundation
--------------	--------------------	------------------------------------

INDONESIA | BACKGROUND

Population¹	243 million
Of which in agriculture¹	~102 million (42%)
Of which smallholders²	~90 million (4.0% of global total)
Funding flow % world	3.0% of total funding captured
% Asia	8.8% of total Asia funding captured

Total Funding Captured 2009-onward:

\$359M

Total Number of Projects Captured:

25



Overview of Indonesia's agricultural sector

Indonesia's economy is expected to grow by 5.5% in 2010, and by 6% in 2011.³ The **agriculture sector is critical** for rural household incomes, employing more than 40% of labor and contributing 17% of GDP.⁴ But **agricultural productivity growth has been slower** and is currently low both compared with other countries and historically for Indonesia.⁴

Due to increased irrigation, integrated pest management, better seed and application of enhanced major nutrients, Indonesia achieved rapid productivity gains in the past. However, **yields per unit and national average yields have been stagnant since the early 1990's**.⁴ Total factor productivity growth has fallen from annual gains of 2.5% from 1968-1992 to yearly contractions of 0.1% from 1993-2000.⁴ According to the World Bank, there are multiple reasons for this: Firstly, **irrigation investment has come to a halt** with the crisis, leading to an outdated and aged irrigation infrastructure. Secondly, **agricultural extension services have declined** and now serve fewer farmers. And finally, in contrast to earlier Green Revolution technologies, most new **technologies** for enhancing agriculture productivity have become more specific to agro-ecological areas and consequently **have fewer widespread benefits**. Both government spending and private investments in the agriculture sector as a percentage of agricultural GDP have also declined in the 1990s.

Productivity rates of rice and sugar have slowed down significantly, thus generating less additional employment opportunities and contributing less to income growth.⁴ However, the **cocoa and palm oil markets have rapidly expanded** in the last three decades, largely because smallholders are increasingly participating in these markets. From 1990-96 over 70% of the total cocoa production, and 30% of palm oil production came from smallholders.⁵ Indonesia is the world's largest producer of palm oil, and the third largest producer of cocoa. Smallholders also account for more than 90% of production in coconut, coffee, cashew and pepper.⁵

Revitalizing agriculture remains critical for Indonesia's economic prosperity. Agriculture was not only historically the main driver for Indonesia's dramatic reduction of poverty, but continues to be a vital source of growth and poverty alleviation today. In rural areas agricultural sector growth induces non-agricultural sector growth by stimulating demand for locally produced goods and services. Both in Indonesia and in many other countries agricultural sector productivity growth (along with price changes) has remained the most important way out of poverty.⁴

Challenges and opportunities of the agricultural sector

- **Shifting from low value to high value crop and livestock activities:** Smallholders with small plots or poor land quality often cannot support their families from rice farming income. Diversifying into higher-value crops, livestock and fish production is a way of responding to new types of consumer demand. **Technical assistance from either the public or private sector is critical for this**. A first step taken by the government could be reducing the trade-policy-based price bias in favor of rice and sugar production. Compared with other agricultural activity options, farmer income improvement through these two crops is more limited (though opportunities should not be neglected).⁴
- **Shifting from a domestic to an international market focus:** Expanding the production of export commodities provides an excellent opportunity to improve farmer incomes. Scarce energy supplies have driven up the market values of **rubber, palm oil and sugar**. Opportunities also exist to improve the quality of Indonesia's beverage crops (**cocoa, coffee and tea**) and horticultural products.⁴
- **Smallholders' access to export markets** is still limited, but can be **significantly enhanced** through facilitation of **public private partnerships** as well as greater government focus on facilitating interaction between different members of the industry. Government could also coordinate policies, thus creating both incentives and investments in public goods such as agricultural research, extension services, and infrastructure. Combined with private initiatives this could generate competitive advantage.⁴
- **Moving from agriculture to agro-industry and the rural non-farm sector:** Due to the extremely small plots of many smallholders (often less than 0.5 ha of land) rural households that are primarily engaged in agriculture can be expected to continue to rely on **diversified income** from other labor and business sources. These already account for half of rural household incomes.⁶

Shifting agriculture along the above-mentioned dimensions will require an **enabling agriculture policy environment**, significant improvement in the **delivery of key services**, agricultural research and **extension** in particular.⁴ This will allow enhanced provision of public goods and services, which build support systems for farmers to achieve continuous productivity gains.

³ World Bank : "Indonesia: Country Brief" (World Bank Website)

⁴ World Bank "Sustainable Management of Agricultural Research and Technology Dissemination; A Strategic Framework" 2008

⁶ Asian Development Bank: "Indonesia: Strategic Vision for Agriculture and Rural Development"

¹ World CIA Factbook

² Estimate extrapolated from "Small farms: current status and key trends", Oksana Nagayets, IFPRI, 2005

INDONESIA | SMALLHOLDER FUNDING TRENDS

Funding trends by focus area

Investment in infrastructure/environment makes up the largest portion of smallholder funding flows to Indonesia, with five of the eight projects concerned with irrigation, in line with the challenges noted on the prior page around rehabilitating the irrigation infrastructure.

In the inputs/training focus area, IFAD's **Rural Empowerment for Agricultural Development Programme** in Central Sulawesi Programme introduces sustainable agricultural technologies and practices and provides for a revolving fund through which poor farmers can undertake a range of activities to generate income and create assets. The remaining eleven projects in this area are smaller, mostly bilateral funded initiatives largely focusing on specific crops and products in defined geographies such as **sweet potatoes, livestock, rice, passion fruit, and hatcheries**. Given the need for more extension services noted on the previous page, especially to help shift from low value to high value crop and livestock activities, this focus area appears to be underfunded.

In the access to finance/markets category, the majority of funding captured comes from the **World Bank's Farmer Empowerment through Agricultural Technology and Information project**, which seeks to develop a demand-driven, market oriented agricultural services system, based on partnerships between farmer groups, public agencies and private sector enterprises. Given the need identified by the World Bank around improving international market access for smallholders in Indonesia, both donors and the private sector should consider increasing activity in this critical focus area.

The **lack of funding for finance** could be due to with the fact that Indonesia is host to what the Asian Development Banks calls 'the largest and most successful microfinance operation in the developing world', the **Bank Rakyat Indonesia (BRI)** unit desa system. There are still calls for more expansion of BRI into rural areas, though the necessary elements for this will be largely driven through domestic policy and investments.

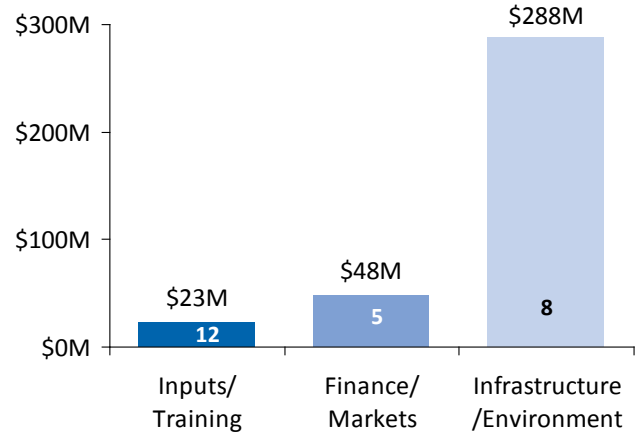
The donor landscape

Bilateral donors are the largest contributors to smallholder funding in Indonesia, with development agencies from **Australia** and **Japan** being particularly active.

It is interesting to note that the largest single project captured in Indonesia is AusAID's funded **Eastern Indonesia Road Improvement** project: country infrastructure is more typically an area addressed by multilateral agencies. The need for major investment in Eastern Indonesia's road network is highlighted by IFAD: the area is home to the poorest rural communities in the country, many of which survive on subsistence farming.

In terms of multilaterals, in addition to the **World Bank** project discussed above, **FAO** is active with several projects in all three focus areas.

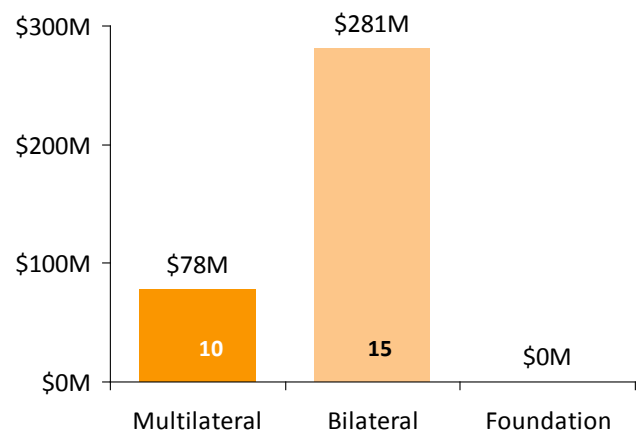
Funding & number of projects by main focus area



Representative projects

- | | | |
|--|---|--|
| <ul style="list-style-type: none"> Farmer Empowerment through Agricultural Technology and Information, WB Rural Empowerment for Agricultural Development in Central Sulawesi, IFAD | <ul style="list-style-type: none"> Linking vegetable farmers with markets, ACIAR Farmer Empowerment through Agricultural Technology and Information, WB | <ul style="list-style-type: none"> Eastern Indonesia National Road Improvement Project, AusAID Participatory Irrigation Rehabilitation & Improvement Project, JICA |
|--|---|--|

Funding & number of projects by funder type



Active funders


World Bank	AusAID	
FAO	JICA	

PAKISTAN | BACKGROUND

Population¹	177 million
Of which in agriculture¹	~76 million (43%)
Of which smallholders²	~30 million (1.3% of global total)
Funding flow % world	2.7% of total funding captured
% Asia	8.0% of total Asia funding captured

Total Funding Captured 2009-onward:
\$328M

Total Number of Projects Captured:
24



Overview of Pakistan's agricultural sector

Pakistan's agricultural sector is **the main income- and employment-generating sector** of its economy. It accounted for 22% of GDP and employed about 45% of the country's workforce in 2005. Agro-industries account for two thirds of industrial output.³

At 2.4% annually, Pakistan has one of the highest population growth rates in the Asia-Pacific Region.³ In order to **maintain food security** for its **growing population** food production needs to grow at a comparable rate. According to the International Food Policy Research Institute, agricultural output must grow at least 5-6% annually in order for Pakistan to reduce its poverty level. Since both land and water resources have become relatively scarce, the increase in production will need to stem mainly from increased productivity and crop intensification. Today, Pakistan suffers from **low crop yields due to soil erosion, salt-affected soils, and low-yielding plant varieties**.³ The government is therefore faced with the challenge of disseminating new technologies, and enhanced farming inputs on a large scale. Investments in agricultural R&D are also necessary.

Due to its variety of agro-ecological zones ranging from coastal areas in the south to the Himalayan Mountains in the north Pakistan has the **capacity to produce a wide range of food commodities**. The country's **main staple food**, and its largest food crop in term of production volume, is **wheat**.³ Pakistan produces more wheat than all of Africa and almost as much as all of South America annually. **Cotton**, which contributes around 2% to GDP, is one of Pakistan's main export crops. Other cash crops include **sugarcane** and **rice**. Together, wheat, sugarcane, cotton and rice account for over 75% of total crop output.³ Much of Pakistan's fruit and vegetable production, including mangoes, is not fully utilized for consumption or export – due to poor harvesting, handling and other postharvest practices.⁴

Accounting for half of the value of the agriculture sector, the **livestock sector is larger than the crop sector**. It contributes almost 11% to GDP.³ Pakistan is the world's fifth-largest milk-producing country by volume.³ Cattle are raised throughout the country, while buffaloes are kept mainly in the irrigated plains. The country also raises sheep (mainly in the Western and Northern dry mountain regions) and hosts large goat herds. In addition, Pakistan has a vibrant poultry sector. Fisheries contribute 0.3% of GDP and are the main source of livelihood for communities inhabiting the coasts of Sindh and Balochistan.³ Fish exports have increased in recent years.

Challenges and opportunities of the agricultural sector

Despite progress in some areas, Pakistan's agricultural sector remains constrained by several challenges:

- Since most of Pakistan is classified as arid or semi-arid, agriculture is **highly dependent on water supply** through either irrigation or water harvesting. Pakistan has the largest network of irrigation canals in the world, distributing water from the three major basins in Punjab province. In 2003, 72% of Pakistan's agricultural area was irrigated.³ Nevertheless, a lack of water persists and remains a major constraint to agricultural growth. Further, the **recent flooding has wreaked havoc** on the water system and wiped out crop and livestock farms and infrastructure for years to come.
- **Agricultural growth and poverty reduction is constrained by poorly functioning factor markets** and limited access to key assets such as land, capital and water. Due to land shortages, many of the rural poor cannot pursue farming activities. **Incomes from non-farm activities**, including the processing of agricultural products, trade, construction, and transport services account for **63% of total rural incomes**.⁵
- Pakistan is characterized by a **strong inequality in the distribution of assets**. 2% of the households control more than 45% of the land area. Subsidies in water and agriculture as well as credit schemes have mainly benefited large farmers.⁵
- **Liberalized markets** and increased integration into global markets could offer new opportunities for growth if the Government adopts an effective **diversification strategy**.
- Pakistan has taken **important steps to devolve authority to local governments** to improve service delivery.⁵ Roles and responsibilities in all levels of government have been clearly defined and accountability strengthened. Enhancing service delivery and increasing civic participation will be critical for the development of the non-farm sector, the rural investment climate, and improved governance.
- **Dairy farming** remains a **smallholder-dominated industry with potential for development**. According to the Dairy Hub Initiative, presently 97% of raw milk produced in the rural economy is not linked to markets. Further, there is untapped productivity with potential for 30% annual growth in the coming years.

¹ World CIA Factbook

² Estimate extrapolated from "Small farms: current status and key trends", Oksana Nagayets, IFPRI, 2005

³ IFPRI: "Agricultural Research & Development in Pakistan"

⁴ ACIAR: "Optimising mango supply chains project description"

⁵ World Bank: "Pakistan: Priorities for Agriculture and Rural Development" (World Bank Website)

PAKISTAN | SMALLHOLDER FUNDING TRENDS

Funding trends by focus area

Irrigation investment, at the farm level and in larger scale water management projects, accounts for much of the smallholder-focused funding flowing into Pakistan, with 10 out of a total 24 projects, and nearly 75% of funding, involving irrigation development as all or part of the project, either on-farm or large-scale. As mentioned on the previous page, access to water is a challenge for many farmers as large proportions of land are arid, semi-arid or rugged and water sources often scarce.

In both the inputs/training and the markets/finance categories, projects are focused on **dairy, citrus, and mangoes**. For example, Australia's Optimising Mango Supply Chains project aims to address key constraints currently limiting the efficiency, effectiveness and competitiveness of supply chains for Pakistan mangoes. IFAD's **Microfinance Programme** aims to bring financial services and products to people in remote communities and to overcome cultural and religious barriers relating to traditional credit, as well as gender bias and inappropriate delivery systems. Finally, FAO is supporting the development of **fisheries**.

The **World Bank's Poverty Alleviation Fund Project** forms part of a WB contribution to the Pakistan Poverty Alleviation Fund (PPAF), of which a small percentage directly concerns smallholder agricultural development. The PPAF is a not-for-profit private company, funded by the Government of Pakistan and the World Bank. Besides funding microfinance institutions, it also provides grants for small-scale community infrastructure: in this case in irrigation and drainage.

Three **Rural Support Programmes** are currently operational in Pakistan, established by the state governments of Baluchistan and Sarhad, as well as the national government. These are highly involved in many multi- or bilateral projects, and tend to focus on capacity development of community organisations (with particular attention to women), and on microfinance services. Initial involvement in technical support services and extension did not prove effective and has been replaced with training for regional and local line agency staff.

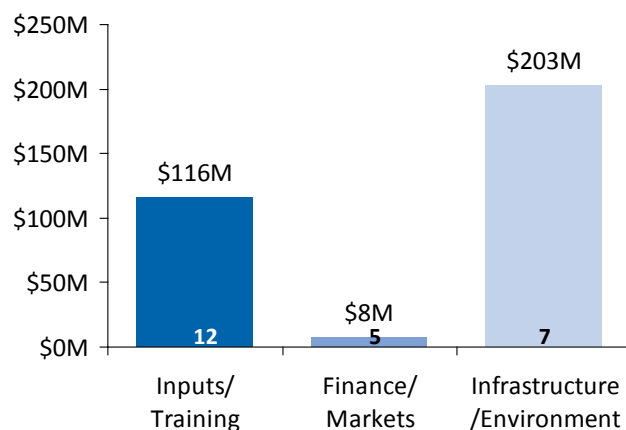
The projects captured that have a particular geographical focus are concentrated in the **south of the country**, in the arid and semi-arid Sindh, Baluchistan and Punjab regions.

The donor landscape

Unusually, a higher proportion of the smallholder funding captured for Pakistan originates from **bilateral agencies** than from multilaterals; principally due to several large projects funded by **JICA**. Australia, through **AusAID** and the **ACIAR**, is also active in smallholder development in the country. About 90% of the multilateral funding is from the **World Bank**. Of the projects in Pakistan captured for this analysis, none were funded by private foundations.

The US recently announced a new \$21 million commitment (*not included in the figures*) to **USAID**-supported projects to boost Pakistan's agricultural productivity and to open new market opportunities, especially around **dairies and mango exports**.

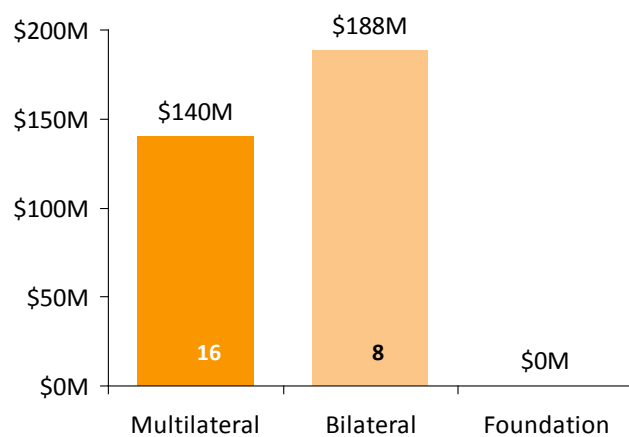
Funding & number of projects by main focus area



Representative projects

- | | | |
|---|---|--|
| <ul style="list-style-type: none"> Community Development project for Rehabilitation of Salt Affected & Waterlogged Lands, UNDP Sindh On-Farm Water Management Project, WB | <ul style="list-style-type: none"> Microfinance Innovation and Outreach Programme, IFAD Optimising Mango Supply Chains, ACIAR | <ul style="list-style-type: none"> Punjab Irrigation system improvement project, JICA Rural Roads Construction Project, JICA |
|---|---|--|

Funding & number of projects by funder type



Active funders

World Bank	AusAID	---
FAO	JICA	

BANGLADESH | BACKGROUND

Population¹	158 million
Of which in agriculture¹	~71 million (45%)
Of which smallholders²	~65 million (2.9% of global total)
Funding flow % world	2.6% of total funding captured
% Asia	7.6% of total Asia funding captured

Total Funding Captured 2009-onward:

\$311M

Total Number of Projects Captured:

23



Overview of Bangladesh's agricultural sector

Average annual growth in Bangladesh was 4.6% and 5.7% between 1988-98 and 1998-2008, respectively.³ According to predictions of the World Bank, **average growth rates will further increase further between 2008 and 2012.**

While trailing behind services (52.5%) and industry (28.5%), **agriculture** (including crops, livestock, fisheries and forestry) still directly accounts for 19% of national GDP, and underpins the non-farm sector for another 33% of GDP.³ However, the agricultural sector grew at only 3.2% in 2008, **thus lagging behind** total GDP growth that year. Almost 80% of Bangladesh's population lives in the rural areas, with 54% of them employed in agriculture.⁴

Despite the fact that Bangladesh produces enough rice to feed its population, **high rates of poverty and malnutrition** persist. Today more than 40% of Bangladesh's 150+ million citizens are chronically unable to adequately feed themselves.⁵ A growing population, demographic pressures and increased urbanization are rapidly reducing the agricultural land base.

With cultivated areas shrinking 1% annually and cropping intensity reaching its limit, the outlook for **future food security is uncertain.**⁴ Thus reforms in agricultural research and extension systems are needed. According to the World Bank, **growth opportunities exist** from intensification of cereal production, **diversification** into high-value crop and non-crop activities, and **value addition** in the agro-processing sector (storage, processing and marketing).

Rice production dominates about **60% of all cropped land** in Bangladesh.⁵ **Jute** however, is the **main cash crop**. Also known as the "golden fiber", jute is the main export earner, with Bangladesh being the world's second largest producer of jute after India.⁵ Its fibers are used to produce carpets, bags, and clothes. Other crops grown in Bangladesh include tea, sugarcane, potatoes, tobacco, and barley.

The government of Bangladesh is currently **revising its Country Investment Plan (CIP)**. It is engaging a broad group of stakeholders including the private sector, civil society, and NGOs in its efforts to come up with a strategic national agricultural development plan. The draft plan builds on existing government framework documents and has evolved through extensive consultation and analyses from several development partners.⁶

Challenges and opportunities of the agricultural sector

The agricultural sector faces a range of development challenges, but can also gain from opportunities:

- Poverty in Bangladesh is primarily a rural phenomenon. 53% of its rural population is classified as poor, comprising about **85% of the country's poor.**⁴
- The **lack of easily accessible markets** for smallholders⁷ combined with collusion by traders hinders a proper functioning of both agricultural input and output markets.⁴
- Almost **45% of the rural population** is either **landless** or functionally landless (owning less than 0.05 acres of land). Since employment rates in urban centers are low, this group seeks jobs mainly in the rural non-farm sector.⁴
- **Formal rural institutions remain very weak.** The NGO sector, however, is well developed and the quality of informal institutions is improving.⁴
- Bangladesh is the terminal floodplain delta of three large rivers – Ganges, Brahmaputra and Meghna. It is therefore **exceptionally vulnerable to natural disasters.**⁷ Each year about 20 -30%, and every few years about 40%, of the country is flooded, causing serious damage to infrastructure, crops and the overall economy.⁴

Bangladesh has been identified as one of the **USAID Feed the Future** initiative's potential 'Focus countries', driven in particular by the government's efforts around the new CIP.

In May 2010, Prime Minister Sheikh Hasina hosted a Food Security Investment Forum in Bangladesh for stakeholders to discuss and review a draft of the Bangladesh Country Investment Plan and six technical background papers. In particular, the draft CIP identifies several **priority areas of investment**⁶:

- Agricultural production and diversification
- Climate change
- Income growth
- Social safety nets
- Marketing and trade
- Livestock and fisheries
- Nutrition
- Cross-cutting issues such as gender and governance

¹ World CIA Factbook

² Estimate extrapolated from "Small farms: current status and key trends", Oksana Nagayets, IFPRI, 2005

³ World Bank: "Bangladesh at a glance", 2009

⁴ World Bank: "Bangladesh: Priorities for Agriculture and Rural Development" (World Bank Website)

⁵ Encyclopedia of the Nations: "Bangladesh – Agriculture" (Encyclopedia of the Nations Website)

⁶ Feed the Future: "An Improved Approach to Agriculture and Food Security: Bangladesh"

⁷ IFAD: "Rural Poverty in Bangladesh"

BANGLADESH | SMALLHOLDER FUNDING TRENDS

Funding trends by focus area

The vast majority of smallholder development funding in Bangladesh is **concentrated on inputs/training**. Many of these projects focus on **water resource management**, which is in line with the challenges around water noted on the previous page.

IFAD's **National Agricultural Technology Project** aims to improve the quality of national research and extension services and to make them more responsive to farmers' needs. The efforts include decentralizing extension services and enabling common interest groups of crop, livestock and fisheries farmers to form producers' organizations and federations to **strengthening farmer-market linkages**.

IFAD's other large project, **Market Infrastructure Development in Charland Regions**, seeks to strengthen the capacity of producer groups in char areas and to develop supporting market and communications infrastructure. It will build physical infrastructure such as **market facilities and farm-to-market roads** while boosting capacity for market management. It will also provide market traders and producers with technical and management training and access to **credit**.

In the infrastructure/environment focus area, the key effort is a **Rural Markets and Roads** initiative that will result in 13 markets and 238 kilometers of feeder roads to these markets being built, and 62 kilometers of rural roads made passable all year round.

The donor landscape

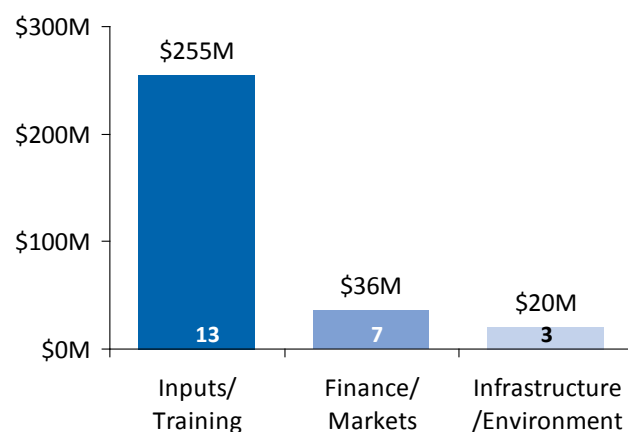
IFAD is the largest donor to smallholder development efforts in Bangladesh, providing more than half of the total funding captured in this analysis, through four large projects covering microfinance, market infrastructure development, agricultural technology, and small-scale water resources.

In terms of bilateral activity, seven countries are investing in Bangladesh in ways large and small. **DANIDA** has provided nearly one third of the bilateral funding captured in this analysis through its Agriculture Sector Programme Support effort. Other large bilateral efforts include **JICA's** Small Scale Water Resources Development Project and a Rural Markets and Roads project financed mainly by **KfW** with support from the Asian Development Bank.

The Bill & Melinda Gates Foundation is funding efforts around rice and milk.

At the recent stakeholder forum on the CIP, the U.S. announced more than \$40 million in commitments for agriculture programs in 2010 and 2011 (*not included in figures*). Several other donors, including the **United Kingdom, European Commission, Japan, Denmark, FAO, World Food Program, World Bank, and ADB**, are active in the Local Consultative Group through which they coordinate efforts across several sector areas. Complementing these actions, the **Global Agriculture and Food Security Program** has awarded Bangladesh **\$50 million** (*not included in figures*) to enhance the productivity and resilience of smallholder farmers against tidal surges, flash floods and frequent droughts through improved seed varieties and water management.

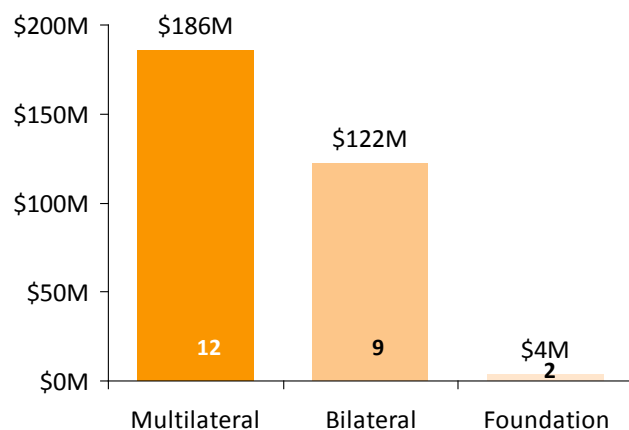
Funding & number of projects by main focus area



Representative projects

- | | | |
|---|--|--|
| <ul style="list-style-type: none"> Eradication of Extreme Poverty, AusAid Participatory Small-scale Water Resource Sector Project, IFAD | <ul style="list-style-type: none"> Microfinance for Marginal and Small Farmers Project, IFAD Market Infrastructure Development Project in Charland Regions, IFAD | <ul style="list-style-type: none"> Rural Markets and Roads, KfW and ADB |
| <ul style="list-style-type: none"> National Agricultural Technology Project, IFAD | | |

Funding & number of projects by funder type



Active funders

- | | | |
|-------------|--------------------------------|------------------------------------|
| IFAD
ADB | JICA
KfW
DANIDA
USAID | Bill & Melinda
Gates Foundation |
|-------------|--------------------------------|------------------------------------|

VIETNAM | BACKGROUND

Population¹	90 million
Of which in agriculture¹	~63 million (70%)
Of which smallholders²	~55 million (2.4% of global total)
Funding flow % world	2.6% of total funding captured
% Asia	7.6% of total Asia funding captured

Total Funding Captured 2009-onward:

\$311M

Total Number of Projects Captured:

37



Overview of Vietnam's agricultural sector

After implementing important market reforms in the late 1980's, Vietnam **experienced strong growth for two decades**. GDP grew by 5.3% in 2009 and the country is set to enter the ranks of middle-income countries (MIC) in the next few years.³

In **2008 agriculture** accounted for approximately **20% of GDP**, down from 40% in the early 1990s.⁴ Although agriculture's contribution to GDP has consistently decreased in recent decades, the **sector remains vibrant** and linked to food security and development goals. Agriculture **employs nearly 70% of the population** and accounts for 30% of the country's exports.⁵ **Livestock and aquaculture** production has grown by about 8% annually in recent years.⁵ The strong performance of agriculture explains the impressive progress that Vietnam has made in overall poverty reduction. However, after huge progress in the 1990's, agricultural **productivity** has been **stagnant** in recent years.⁶

Its importance to regional economies varies greatly. Only about **15% of the land in the north is arable**, and most of that is under cultivation.⁷ Excess grain from the **Mekong Delta** in the south – Vietnam's main rice-producing region – is shipped to northern parts of the country.

Becoming ever more diversified, the sector not only produces agricultural staples, but also raw materials such as **rubber** and cash crops. **Rice**, the main staple, occupies 60% of arable land.⁶ Extensive **irrigation systems** allow for two and sometimes three crops a year in some parts of the country. Since giving up the state monopoly on rice, Vietnam has become the world's second largest rice exporter. Other cash crops include **coffee, cotton, peanuts, rubber, sugarcane and tea**. Vietnamese farmers also cultivate corn, sorghum, cassava, sweet potatoes, beans, fruits, and vegetables.⁵ Vietnam's **fishing industry** has expanded in recent years due to vast resources given the country's long coastline and extensive network of lakes and rivers. Seafood exports quadrupled from 1990-2002, driven mainly by shrimp and catfish.

Given the dependency of a huge part of the population on land and water, it is critical that these natural resources are maintained. **Increased water scarcity** and pollution has become apparent in recent years.⁵ The allocation of water between agriculture and other uses has been the focus of government research efforts.

Challenges and opportunities of the agricultural sector

Vietnam's agricultural sector is confronted with several challenges and opportunities:

- Large-scale **deforestation** has increased over the past two decades and become a serious threat to the natural resource base.⁸
- The country's rural population generally has **small plots of low-quality land or is landless**, and its opportunities for off-farm employment are scarce. Often they live in remote villages and have **limited access to transportation**. Rural poor people also suffer from the unavailability of productive resources and basic **financial services** such as credit and savings.⁸
- Vietnam's agriculture is vulnerable to **natural disasters**. Regular flooding and storms in low-lying areas cause crop failure and livestock disease leading to loss of output and food insecurity.⁸
- Although some diversification has taken place, Vietnam continues to be **heavily dependent on rice**: it accounts for 45% of agricultural production and 60% of cultivated land. Crop failure or lack of market demand for rice can thus have huge negative impacts.⁶
- **Farmer diversification will be key**, so that they are not dependent on a single crop in case of crop failure or lack of market demand, and able to access markets to sell their products.
- **Infrastructure** is generally **outdated**, and **markets and institutions are underdeveloped**. Furthermore, market information does not flow in a timely way, resulting in high transaction costs.⁸
- Economic growth has not benefited all populations equally, which has led to a **widening income gap between urban and rural areas**. Poverty is increasingly concentrated among ethnic groups and the more remote northern uplands populations.⁶

The government has approved a **new plan on rural trade development for the period 2010-2015**. It aims to upgrade and build border and border-gate markets, as well as wholesale markets of agro-products in concentrated production zones.⁹

¹ World CIA Factbook

² Estimate extrapolated from "Small farms: current status and key trends", Oksana Nagayets, IFPRI, 2005

³ World Bank: "Vietnam – Country Overview" (World Bank Website)

⁴ Library of Congress: "Country Profile: Vietnam", 2005

⁵ IFPRI: "Improving Resource Allocation and Incomes in Vietnamese Agriculture", 2010

⁶ World Bank: "Accelerating Rural Development in Vietnam", 2005

⁷ Encyclopedia of the Nations: "Vietnam – Agriculture" (Encyclopedia of the Nations Website)

⁸ IFAD: "Rural Poverty in Viet Nam"

⁹ Ministry of Agriculture and Rural Development

VIETNAM | SMALLHOLDER FUNDING TRENDS

Funding trends by focus area

Nearly half of smallholder development funding in Vietnam focuses on inputs/training. Two thirds of this support is in the form of World Bank competitiveness efforts. The first, the **Livestock Competitiveness and Food Safety Project**, seeks to increase the production efficiency of household-based livestock producers, to reduce the environmental impact of livestock production, processing and marketing, and to improve food safety in livestock product supply chains. The second, the **Agricultural Competitiveness Project**, seeks to strengthen the competitiveness of smallholder farmers, with a focus on eight provinces in central Vietnam, through enhancement of agricultural technology, support to productive partnerships, and infrastructure development. AFD is supporting a large **rubber cultivation** development project.

In the finance/markets category, the majority of funding comes from three IFAD market development efforts, in particular the **Developing Business with the Rural Poor Programme** which helps empower poor households in targeted rural communities to organize themselves for profitable market participation along value chains, in an equitable and environmentally sustainable manner.

In terms of infrastructure/environment, nearly half of the funding relates to **water management and irrigation**, for example JICA's Phan Ri-Phan Thiet Irrigation Project. Further, the Mekong Transport Infrastructure Development Project aims to improve access to markets by businesses, farmers and the poor with lower logistics costs resulting from the alleviation of key physical and institutional bottlenecks of the main transport corridors in the important **Mekong Delta Region**.

The donor landscape

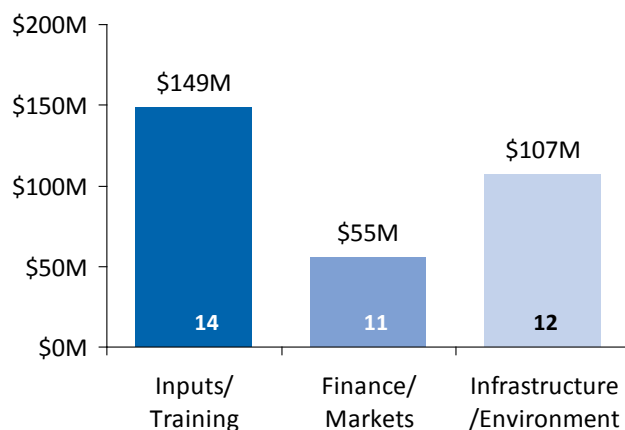
Both multilateral and bilateral agencies are very active in Vietnam. On the multilateral side, the **World Bank** is providing one third of funding in Vietnam captured in this analysis through **livestock and agricultural competitiveness** projects. As mentioned above, IFAD is funding several market development efforts.

In terms of bilateral activity:

- **AFD** is funding several large projects, ranging from rubber, to tea to water infrastructure.
- **AusAID** is supporting several infrastructure building efforts to ensure that roads and transport opportunities allow smallholders to link to markets.
- **CIDA** is funding both training and market access projects.
- **DANIDA** provides "Agricultural and Rural Development Sector Programme Support".
- **JICA**, as mentioned above, is funding a irrigation efforts.

Vietnam and **Sweden** (*not captured in this analysis*) have recently pledged to intensify the exchange of information, knowledge and experiences in various prioritized areas of agriculture and rural development.

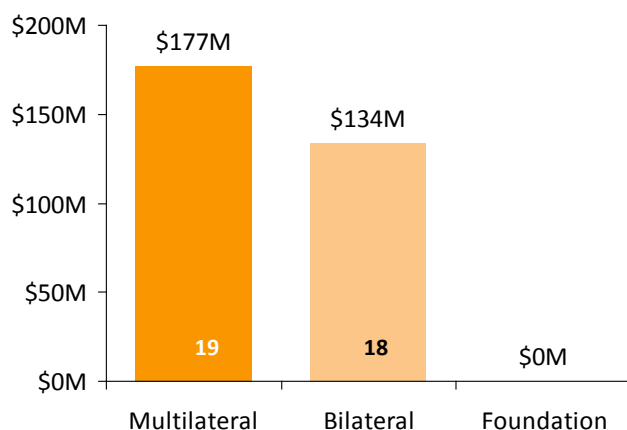
Funding & number of projects by main focus area



Representative projects

- | | | |
|---|--|--|
| <ul style="list-style-type: none"> • Livestock Competitiveness and Food Safety, WB • Agricultural Competitiveness Project, WB | <ul style="list-style-type: none"> • Developing Business with the Rural Poor Programme, IFAD • Food and Agriculture Products Quality, CIDA | <ul style="list-style-type: none"> • Rural infrastructure project, Central Vietnam, AFD • Mekong Transport Infrastructure Development Project, AusAID and WB |
|---|--|--|

Funding & number of projects by funder type



Active funders

- | | | |
|------------|--------|-----|
| World Bank | AFD | --- |
| IFAD | CIDA | |
| ADB | AusAID | |
| | DANIDA | |
| | JICA | |

UGANDA | BACKGROUND

Population¹	33 million
Of which in agriculture¹	~27 million (82%)
Of which smallholders²	~15 million (0.7% of global total)
Funding flow % world	2.6% of total funding captured
% Africa	4.6% of total Africa funding captured

Total Funding Captured 2009-onward:

\$310M

Total Number of Projects Captured:

47



Overview of Uganda's agricultural sector

Being one of the first Sub-Saharan countries to implement a wide range of pro-market policies in the 1980s, **GDP growth in Uganda has accelerated** from an average of 7% per year in the 1990s to over 8% the seven years to 2007/08.³

Although the role of agriculture in the economy is declining it still accounts for 22% of GDP and employs more than 70% of the labor force.^{4,5} With agricultural products representing 52% of the value of total exports between 2005 and 2008,⁵ it is also **central to Uganda's external trade**. Enhancing both productivity and profitability, and continuing the expansion of the agriculture sector, are critical to the well-being of millions of Ugandan households.

While the value of **coffee exports** – which remains the most important export – has increased by 50% in the past seven years, the value of non-coffee agricultural exports such as **fish, maize and flowers** have risen by 120%.⁵ Uganda's main export countries are Belgium, the Netherlands and France.

According to the Ugandan Ministry of Agriculture, Animal Industries and Fisheries, **productivity growth in agriculture has resulted primarily from area expansion and not from productivity gains resulting in higher yields**. It estimates average yields in recent years to have been between 1.5 and 1.8 metric tonnes (mt) per hectare (ha) for maize, between 5.5 and 6.0 mt/ha for cooking banana, and less than 1.0 mt/ha for most pulses. The large gap between average farm and research yields demonstrates the **immense potential for improvements in crop productivity**. Responding to increased demand for milk and meat in local markets, the livestock subsector has grown at more than 4% annually in the last 10 years. Similarly, fish exports have become the second leading revenue earner as a result of rising demand in regional and export markets.⁵

The Ugandan **government has engaged in several policies, plans, and strategies related to agricultural development**, including the National Agricultural Policy (NAP), the Local Government Act, a Rural Development Strategy, and the Development Strategy and Investment Plan for Agriculture (DSIP). Furthermore, there are subsector strategies for livestock, fisheries, water for production, research, environment, forestry, land use, and food and nutrition. However, during the past two decades, agriculture has **not received more than 3%** of the government budget in any year.⁵

Challenges and opportunities of the agricultural sector

Productivity and profitability of the agricultural sector face a range of development challenges, but can also gain from opportunities:

- **Limited market information** hampers producers' bargaining power.⁵
- **Outdated infrastructure** results in smallholder remoteness and **high transportation costs** for getting products to markets.⁶
- A **lack of inputs** (such as improved seed, inorganic fertilizer, or veterinary supplies) **and technologies** hinders farmers from raising productivity and reducing pests and diseases.⁶
- **Local institutional deficits**, including unpredictable local government taxation and inadequate oversight in the operations of farmers' and other cooperative groups, have hampered growth.⁵

In terms of opportunities, 75% of the geographical area is suitable for cultivation or pasture. However, **only 30% of arable land is presently under cultivation**.⁵ Moreover, there is tremendous potential for enhanced **crop productivity**. Finally, Uganda has been identified as one of the **USAID Feed the Future** initiative's potential 'Focus countries'.

Uganda and CAADP Progress

Uganda signed its country CAADP Compact on March 31st, 2010 with the following track record:

- **Agriculture growth rates have generally been lower and more volatile than GDP growth rates** (ranging from more than 10% in 2005 to negative rates in 2003 and 2004). However, in 2008, agriculture growth is estimated to have increased substantially to 9.1%, well **above the CAADP 6% target**.⁷
- **Government spending on agriculture as a percentage of total spending has remained well below the 10% target set by CAADP**. Despite the sector's important contribution to the economy, the government of Uganda has dedicated no more than 3% of its annual expenditures to agriculture. According to the Uganda Budget Strategy 2007/08, it remains committed to facilitating access to modern production inputs, improved marketing and processing capabilities, rural financial services, and improved rural access to roads, water, education and health facilities.⁷

¹ World CIA Factbook

² Estimate extrapolated from "Small farms: current status and key trends", Oksana Nagayets, IFPRI, 2005

³ World Bank: "Uganda: Country Brief" (World Bank Website)

⁴ World Bank: "Uganda at a glance", 2009

⁵ Comprehensive Africa Agriculture Development Programme (CAADP) in Uganda, Brochure 1-4

⁶ IFAD: "Rural Poverty in Uganda"

⁷ Regional Strategic Analysis and Knowledge Support System Uganda Page (www.resaks.org)

UGANDA | SMALLHOLDER FUNDING TRENDS

Funding trends by focus area

In line with Uganda's challenges and opportunities around costs and availability of inputs, access to markets, and the need for infrastructure, funding for smallholder development in Uganda is **distributed evenly among the three focus areas** featured in this report.

The World Bank's **Eastern Africa Agricultural Productivity Project** has provided much of the funding focused on inputs/training. Specifically, the project entails strengthening the institutional capacity that is needed to establish the Regional Center of Excellence in **cassava**, enhancing regional collaboration in agricultural training and dissemination, and improve the availability of planting material, seeds, and livestock germplasm. Other notable efforts in inputs/training include a large IFAD **Vegetable Oil Development Project**, a Gates Foundation **Heifer Project**, and an AfDB **Farm Income Enhancement Project** focused on tree planting, training, and small-scale irrigation. Further crops that are receiving support from donors include rice, pineapple, organic crops, vanilla, and potatoes.

In the finance/markets focus area, IFAD's **National Agricultural Advisory Services Programme** enables farmers' groups and associations to move into commercial production and become part of the commodity value chain. DANIDA's **Agribusiness Development Initiative** includes advisory services, training, agro-processing and marketing, financial services, business support. The Dutch development agency is supporting the commercialization of oil seed production.

Lastly, in terms of infrastructure, the **Community Agricultural Infrastructure Improvement Programme** focuses on rehabilitating and maintaining district and community access roads, building marketplaces, developing agroprocessing facilities and providing electric power to market centers.

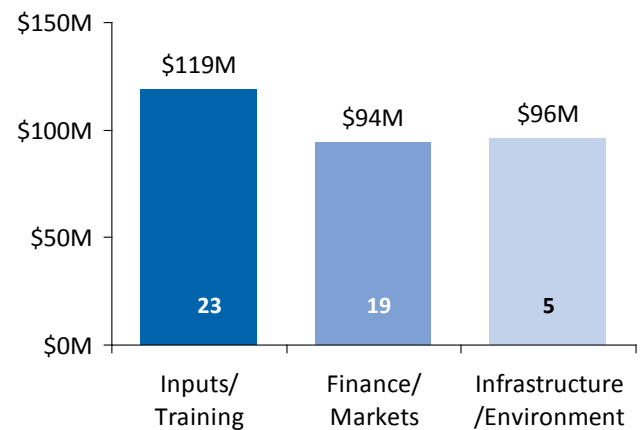
The donor landscape

As mentioned above, the **World Bank** has been supporting smallholder development in Uganda as part of its **Eastern Africa Agricultural Productivity Project**. **IFAD** and the **African Development Bank** are both funders of the Community Agricultural Infrastructure Improvement Programme. IFAD has also supported rural finance and market access efforts, while the AfDB has provided support to productivity improvement projects.

DANIDA has provided most of the \$67 million in bilateral funding captured in this analysis through its Growth Programme efforts around agribusiness and infrastructure. The **Dutch** and **French** development agencies are involved in several small projects around dairy and organic crops.

The **Bill & Melinda Gates Foundation** is funding several efforts as part of their many multi-country African agricultural development projects. Finally, the **McKnight Foundation** is funding several projects that seek to improve smallholder livelihoods, including training, credit, and help with associations.

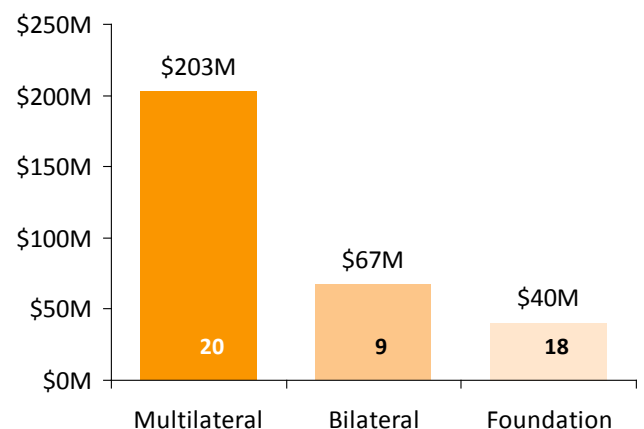
Funding & number of projects by main focus area



Representative projects

- | | | |
|---|---|---|
| <ul style="list-style-type: none"> Eastern Africa Agricultural Productivity Project, WB Farm Income Enhancement and Forest Conservation Project, AfDB | <ul style="list-style-type: none"> Uganda Growth Programme – Agribusiness, DANIDA National Agricultural Advisory Services Programme, IFAD | <ul style="list-style-type: none"> Community Agricultural Infrastructure Improvement Programme, IFAD, AfDB |
|---|---|---|

Funding & number of projects by funder type



Active funders

- | | | |
|----------------------------|--------|--|
| World Bank
IFAD
AfDB | DANIDA | Bill & Melinda Gates Foundation
McKnight Foundation |
|----------------------------|--------|--|

KENYA | BACKGROUND

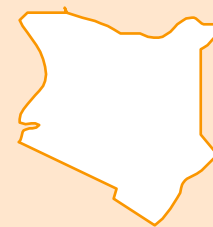
Population¹	40 million
Of which in agriculture¹	~30 million (75%)
Of which smallholders²	~25 million (1.1% of global total)
Funding flow % total	2.5% of total funding captured
% Africa	4.5% of total Africa funding captured

Total Funding Captured 2009-onward:

\$300M

Total Number of Projects Captured:

49



Overview of Kenya's agricultural sector

Kenya's economy has managed to grow by 2.5% in 2009, despite post election violence in 2008, a spike in oil and food prices, a global downturn and the worst drought in ten years.³

The **country depends heavily on agriculture**, which makes up 27% of total GDP and employs over 70% of the working population.⁴ The Agricultural sector grew by 3% in 2009 and is well connected to both global and regional markets, accounting for **80% of the country's export earnings**.⁵ The country's farmers, most of which are small scale, **export mainly tea, coffee, horticultural products, and increasingly dairy, fish and meat products**. Its main export countries are Uganda, the UK, the US, and the Netherlands. According to the IFAD smallholders produce 80% of Kenya's horticulture products. Besides export products, they also grow crop for personal consumption and local markets, mainly mostly **cassava, maize, yams, plantain, millet, rice and various fruits and vegetables**.⁶ With the Kenya Highlands the country also has one of the most successful agricultural production regions. In addition, the Kenya's **dairy sector** is well developed.⁵

However, Kenya is **still plagued by low productivity rates**, because high-quality seeds are hard to obtain and outdated storage facilities and infrastructure lead to high rates of **post-harvest loss**.⁶ In addition, small scale and resource poor farmers have been disadvantaged by poor macroeconomic policies in the 1980s and **recurrent droughts and low prices on international commodity** markets have posed problems to the sector.⁵ Another problem is the persistent **degradation of the natural resource base** due to the increased pace of deforestation, soil erosion and pollution. Today, only 46% of rural people have **access to clean water**.⁵ In light of a growing population water availability is likely to further decrease in the future.

The Kenya Ministry of Agriculture 2008-2012 Strategic Plan contains four main programs: General management and administrative services; Agricultural Policy and Legal/Regulatory Framework; Agricultural Product Enhancement; and Increased Agricultural Productivity and Outputs. The plan especially notes the **ineffectiveness of current extension** services in Kenya, as well as **poor access to credit and lack of marketing infrastructure**. It recognizes that small-scale farming accounts for 75% of agricultural output and is under-utilizing improved inputs such as hybrid seeds, fertilizers, pesticides, and machinery.⁷

Challenges and opportunities of the agricultural sector

Kenya's agricultural sector should address the following challenges, while leveraging the listed opportunities:

- Like most other African countries Kenya **mainly exports raw goods** and has not yet developed a processing industry within its borders.⁶
- As a consequence of Kenya's **difficulties in administering its land use system** farmlands are enormously fragmented and land is not used efficiently.⁶
- **Joining the formal sector involves many hurdles** (including the inaccessibility of the Company Registry, high taxes, and corruption among local authorities). This has contributed to very high rates of informality.⁶
- **Access to finance for small farmers remains difficult**. The financial sector is underdeveloped in multiple areas from loans for agricultural finance and agricultural insurance to non-standard collateral and mobile banking capabilities for rural customers.⁶
- **Getting access to markets has proved difficult** in light of poor infrastructure and corruption. This increases the time and cost involved with transporting agriculture products to market, which results in higher rates of post-harvest loss and diminished competitiveness for Kenyan products.⁶

Kenya has been identified as one of the **USAID Feed the Future** initiative's potential 'Focus countries'.

Kenya and CAADP Progress

Kenya held its CAADP Roundtable on October 13-14, 2009, and signed its country compact on July 24, 2010.

- Kenya has experienced **unstable growth rates** in the agricultural sector since 1990. Agriculture grew at a rate higher than the CAADP 6% target in 2005, but has since declined. **In 2008, the sector grew at 3%**.⁴
- Between 1995 and 2009, the agricultural share of government spending declined from 10% to 1.9%. Despite expressing a commitment to gradually increasing its agricultural budget to 10%, Kenya currently remains **far from the CAADP 10% budget goal**.⁴

¹ World CIA Factbook

² Estimate extrapolated from "The prospect of utilizing urea treated maize stover by smallholders in Kenya", Abdullah N Said and M M Wanyoike, University of Nairobi, 1987

³ World Bank: "Kenya: Country Brief" (World Bank Website)

⁴ Regional Strategic Analysis and Knowledge Support System Kenya Page (www.resakss.org)

⁵ IFAD: "Rural Poverty in Kenya"

⁶ Kenya's Agenda for Action, BIZCLIR, 2009

⁷ Republic of Kenya Ministry of Industrialization Strategic Plan 2008-2012

KENYA | SMALLHOLDER FUNDING TRENDS

Funding trends by focus area

The majority of smallholder development funding is focused on **inputs/training**. A large portion of this comes through **World Bank Agricultural Productivity projects**, which seek to transform and improve the performance of agricultural technology systems, empower stakeholders and promote the development of agribusiness. This is in line with the challenges noted on the previous page around productivity and post-harvest loss.

Further, there is a substantial investment by the **Bill & Melinda Gates Foundation toward smallholder access to crop varieties**. Other inputs/training projects include foci on horticulture, diversification, livestock, maize as well as pest/disease management.

In terms of access to markets and finance, the majority of the funding captured in this analysis comes from two large projects: a **Smallholder Dairy Commercialization Programme** and an **Agricultural Sector Programme** that provides business development, market information, as well as capacity and transparency in service delivery. **DFID** is supporting several market development efforts on the **dairy side**, by helping to enable raw milk traders to effectively contribute to the creation of policy and institutional frameworks that are responsive to their needs and the needs of the poor.

In terms of finance, the most active funders are the Ford Foundation (**microfinance, microleasing**) and the Rockefeller Foundation (**weather indexed crop and livestock insurance**), filling important financing needs identified as challenges in Kenya. The widespread use of the MPESA mobile banking system could explain why there is not more focus on rural finance by donors in Kenya.

In the infrastructure category, most of the funding comes from the **AFD Rural Roads projects**, as well as a large **irrigation project** funded by the **African Development Bank**. **FAO** is supporting several fisheries and aquaculture conservation efforts.

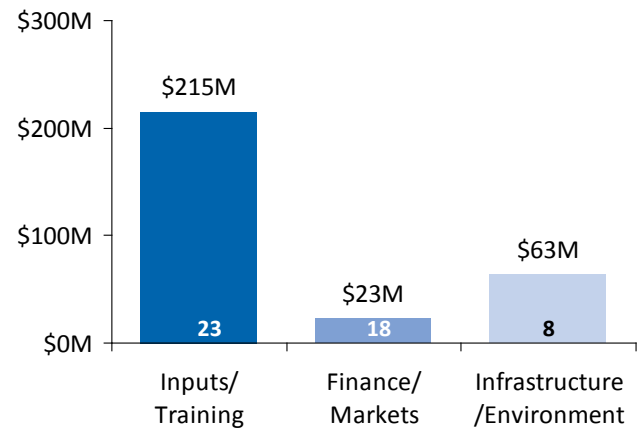
The donor landscape

Similar to Uganda, the **World Bank** is providing a lot of support to smallholder development through its Agricultural Productivity Project, as well as an Agribusiness Project. Both **IFAD** and the **African Development Bank** are supporting **dairy** and **horticulture** efforts.

In terms of bilateral activity, while seven different countries are currently funding projects in Kenya, **AFD's rural roads projects** are behind more than three quarters of the \$66 million in funding captured in this analysis. **DANIDA** is active through its Agricultural Sector Programme Support efforts and as mentioned above, **DFID** is supporting dairy farmers.

Finally, the biggest foundation funder is the **Bill & Melinda Gates Foundation**, supporting projects in sunflower oilseed, cassava, heifer, as well as soil health. As mentioned above, both the **Rockefeller Foundation** and the **Ford Foundation** are supporting innovative rural finance efforts.

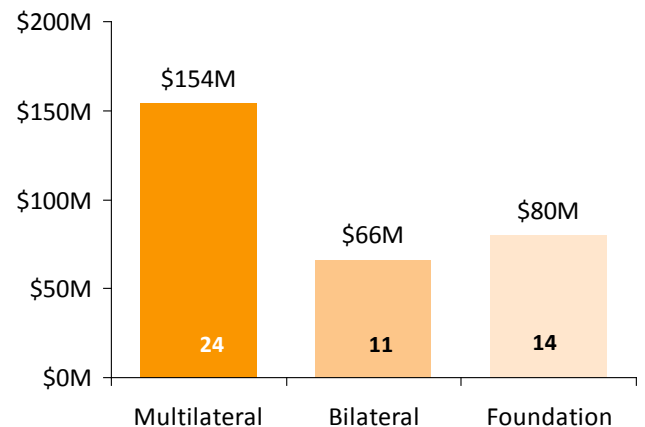
Funding & number of projects by main focus area



Representative projects

- | | | |
|--|--|---|
| <ul style="list-style-type: none"> Kenya Agricultural Productivity and Agribusiness Project, WB Smallholder access to crop varieties, BMGF | <ul style="list-style-type: none"> Smallholder Dairy Commercialization Programme, IFAD Agricultural Sector Programme Support, DANIDA | <ul style="list-style-type: none"> Rural Roads Project Phases I and II, AFD Kimira-Oluch Smallholder Irrigation Development Project, AfDB |
|--|--|---|

Funding & number of projects by funder type



Active funders

World Bank IFAD AfDB	AFD DANIDA DFID	Bill & Melinda Gates Foundation Rockefeller Foundation Ford Foundation
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V. CONCLUSIONS & NEXT STEPS

“ We have proof that investment in smallholder agriculture is two to four times more profitable than investment in any other sector or sub-sector. It's very simple mathematics. ”

Kanayo F. Nwanze, IFAD

FROM ANALYSIS TO ACTION

Specific regional and country trends

On a global level, this trend analysis implies that funding focused on smallholder development is quite evenly split between inputs/training (39%), finance/markets (34%), and infrastructure/environment (27%). However, there are interesting **regional variations** on this:

- In **Africa**, infrastructure/environment is receiving the least amount of funding relatively, while inputs/training are the focus of nearly half of the funding identified in this analysis.
- In **Asia**, the relative focus is more on infrastructure/environment, while finance/market access is receiving the least funding.
- Finally, in the **Americas**, the case is quite different, with access to markets and finance receiving nearly two thirds of funding and infrastructure/environment receiving the least.

Further, there are specific **trends at the country level**:

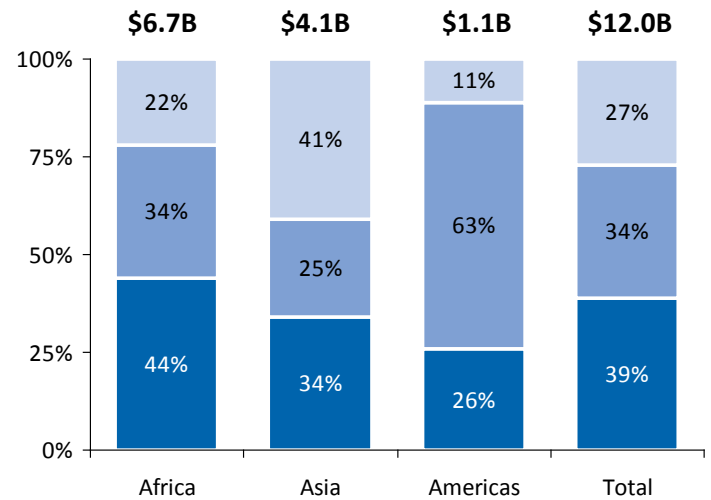
- Funding toward infrastructure in **Tanzania** is relatively low – this may help explain why the planned agricultural corridor will be so important and has received government support.
- Similarly in **Ghana** infrastructure/environment is receiving relatively little funding from the donor community.
- The opposite is the case in **Indonesia** and to some extent in **Pakistan**, where irrigation and road development are receiving a lot of donor funding, but for both inputs/training and finance/market access funding is not as extensive.
- Interestingly, **Bangladesh** and **Kenya**, exhibit a mirror image trend, with relatively a lot of funding going to inputs/training, and much less to market access and infrastructure.
- Finally, in **Ethiopia, Uganda, and Vietnam**, and to some extent in **India**, funding is split somewhat evenly among the three focus areas.

A call for more collaboration...

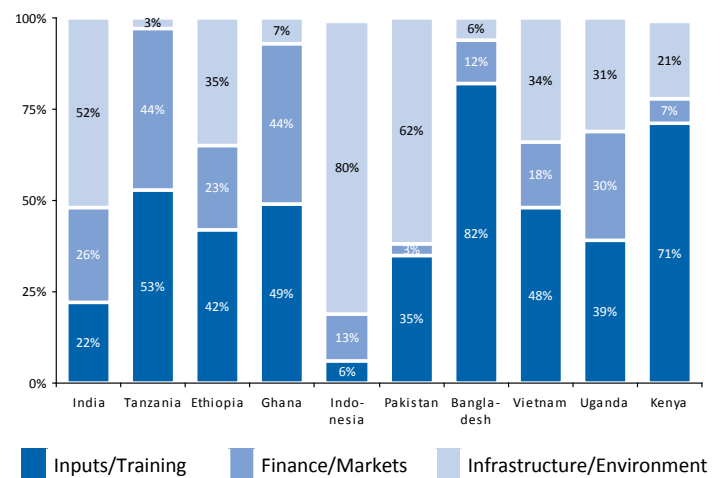
\$12 billion of funding focused on smallholders in the coming years can have tremendous impact on the livelihoods of millions of families. However, one of the more interesting findings is that no matter how one cuts the funding, the average project size hovers around an overall average of \$12 million. In other words, **the funding is quite fragmented** and split among thousands of individual projects, literally. The top ten countries profiled are home to anywhere from 25 to over 55 concurrent development projects with a smallholder focus.

If these projects, and the funding behind them, were more coordinated – as called for in Principle 1 of the Rome Principles – the opportunity for impact may yet increase.

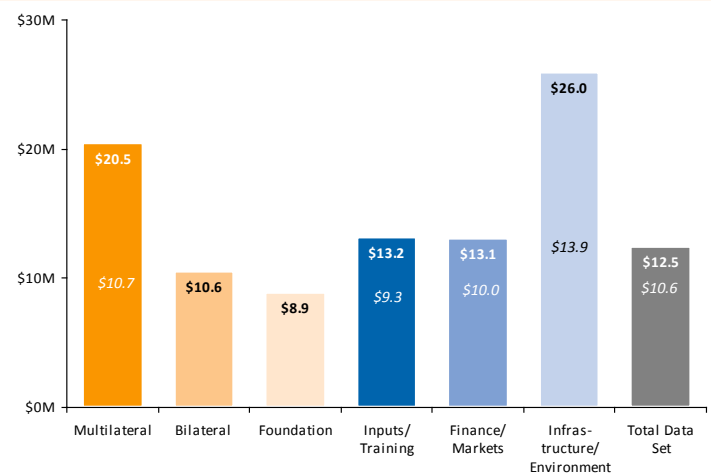
Regional Distribution of Funding Trends by Focus Area



Country Distribution of Funding Trends by Focus Area



Average Project Size Trends



Note: *Italicized numbers include FAO projects, bold numbers exclude these*

FROM ANALYSIS TO ACTION

...including the private sector

The Coalition believes strongly that coordination should extend to working with corporations: the **combination of private sector know-how, public sector funding, and coordinated local government planning and support** can unlock opportunities for millions of smallholders.

Together, all sectors can help create targeted “visions for change” around specific smallholder regions and their crops that can leverage their respective expertise. They can then identify the critical changes needed at all key levels (inputs/training, finance/markets, infrastructure/environment) to accompany smallholders towards commercial transformation, and link their respective “spend” to what it will take to deploy their core assets within a coordinated strategy.

For this process to occur, continued sharing of who is funding what is only a starting place. **Ideally, the presentation of this information moving forward would be based on national or regional smallholder transformation strategies**, showing which element of change is funded by whom and where gaps remain as opportunities for all sectors to invest.

*“Sustained investment and agricultural growth in developing countries can only be achieved with strong private sector engagement. An example of this is an ongoing effort with the World Economic Forum and eight major companies to jointly develop agribusiness and infrastructure along the **southern trade corridor of Tanzania**, which can serve as a **model for similar development along other agricultural trade corridors**”*

U.S. President Barack Obama,
Muskoka G-8 Summit

*“From our experience, we know that smallholder farmers produce the majority of food that is consumed in the developing world...and that access to inputs and access to markets are essential. **And this is where the private sector has a key role to play.**”*

Kanayo F. Nwanze, IFAD

KEEPING THE ANALYSIS RELEVANT

Recap of this Analysis

As mentioned in the “Introduction” section, the intention of this analysis was to enable:

- All actors engaged in smallholder development issues to benefit from **understanding the trends** that have been gleaned in terms of where funding is flowing geographically, and with which focus
- Actors in any specific country, especially the top ten countries profiled in the report, to be able to **identify** which other organizations are active there and represent **potential partners**
- Smallholder-focused funders that are making **resource allocation decisions** for the coming years to use the trends and gaps shown in the report to **inform their strategies**

However, we see this as just the beginning as this analysis presents a static snapshot of a moment in time on funding levels, focus, and geography – and does not answer qualitative questions or by itself lead to increased coordination.

Potential Ways Forward

There are several opportunities to expand the scale, scope, and relevance of this analysis:

- **Shore up existing data:**
 - A first step would be for the donors featured in this report to vet, and if relevant, make adjustments, to the existing data that have been collected so that it more accurately reflects their planned commitments to smallholder development
 - Further, donors that were not included in the analysis, due to difficulties in accessing their project information publicly, could contribute their data to make the analysis more complete
 - The Coalition will be open to receiving updated/refined data until December 2010, and will release an update of this report in early 2011 to reflect the new/refined data

- **Expand the categories and usability of information:**
 - In consultation with the Coalition members, and each other, donors could develop further categories of information to be captured in the project database, for example around strategies and impact
 - Further, opportunities should be developed and funded to store the data in an application that is user-friendly and visually organized, such as a mapping application and/or an interactive database
- **Develop mechanisms to keep the project database up-to-date:**
 - Ideally, going forward the donors active in funding smallholder development projects will proactively contribute information to the overall database on each new planned project
 - In return, they would have access to the whole data set, allowing them to continue seeing trends and coordination opportunities
- **Form communities of practice based on overlapping interests identified by the analysis:**
 - Finally, harkening back to the original purpose of the analysis, the most ideal outcome of this undertaking will be for donors and other actors that recognize geographic or thematic commonalities in the analysis to join forces for shared learning, investment, and action on smallholder development efforts

If you are interested in the continued use and growth of this analysis, **please contact Valerie Bockstette** of FSG Social Impact Advisors, who are managing the Coalition in 2010, at Valerie.Bockstette@fsg-impact.org.

VI. APPENDIX

“ Global food price spikes in 2007 and 2008 increased undernourishment by an estimated 6.8%, and drove at least 100 million more people into poverty . ”

World Bank

DEFINITIONS

Selecting Project as “Smallholder-Focused”

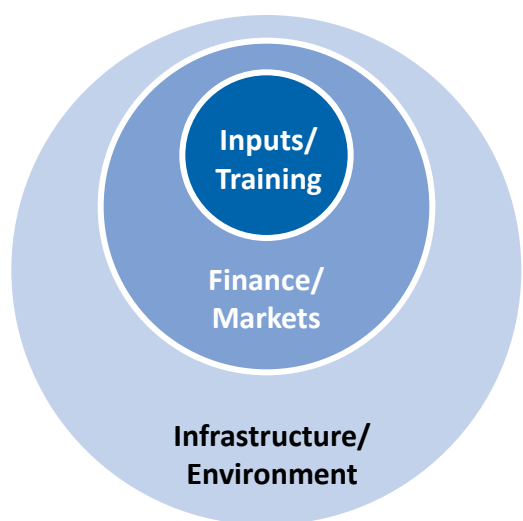
As acknowledged in the “Introduction” to this report, selecting initiatives/programmes/projects as ‘smallholder focused’ was an approximate judgment based on a number of factors. Where possible, and in order to ensure that project data was captured as comprehensively as possible, donor sources were scanned by country, checking each project for relevance to agriculture and then for the likelihood of relevance to smallholders. Elsewhere, databases were searched using a number of different terms designed to catch relevant entries, including ‘rural development’, ‘smallholders’, ‘farming’ and ‘agricultural development’. Each project was then individually examined to determine its relevance, taking account of the occurrence of key terms (‘small farmers’, ‘subsistence farmers’, ‘smallholders’), typical characteristics (references to farmers as poor, lacking inputs and/or training, having limited access to markets, financing etc.) and the overall profile of the agricultural sector in the country concerned. Where enough of these were in evidence, the project was deemed to be smallholder relevant.

A further ‘percentage relevant’ adjustment was made where it was either stipulated that projects had a wider aim of which smallholder development was just a part (e.g., in the case of rural development projects also comprising youth education or healthcare initiatives), or where it was suspected that the project was only partly relevant to smallholders (e.g. the construction of rural roads which would benefit smallholders alongside others).

Finally, the allocation of each project/programme/initiative to a funding ‘circle’ (focus area) allowed a further precision of relevance, with those in focus area one most likely to be wholly smallholder focused, being most closely linked to agricultural processes and development, and those in focus area three least likely, being generally larger infrastructure projects with, accordingly, a larger reach. For more detail on individual donors, please see the following pages on Information Sources.

This study excludes research projects other than where they include a significant element of implementation.

Categorizing the Focus of Funding: “Circles”



Circle 1: Inputs/Training

Direct assistance to smallholder farming, including, among others, technical assistance, training, other extension, inputs, diversification, small-scale or farm-level irrigation support, livestock and crop protection.

Circle 2: Finance/Markets

Any kind of rural financial services (credit, insurance, etc.), marketing support or market promotion, as well as development of markets or market structures including co-operatives or farmers groups, capacity building for support groups and agricultural organisations/ministries, business development and access to markets.

Circle 3: Infrastructure/Environment

Construction and development of roads, rural infrastructure development, pumping stations, land rehabilitation, large-scale irrigation infrastructure, etc.

Note: As can be expected, many projects fall into more than one focus area; in this case, the predominant focus area was selected.

INFORMATION SOURCES | MULTILATERAL AGENCIES (1 OF 2)

Organization	Source of Data	Key Assumptions or Methodology Comments
African Development Bank (AfDB)	www.afdb.org Online database	<p>Examined one by one all projects listed in the 'Agriculture and Agro-Industries' section of the database.</p> <p>Where dates were provided for start but not end of projects, an estimate of 5 years, based on the average from other donors, was applied across all projects, except where this placed the end date prior to 2010 for projects marked 'in execution', in which case 2010 has been applied as an end date.</p> <p>Projects currently in the pipeline and not yet fully approved have been included to try to make the data as forward-looking as possible, however it is possible that some of these will not go forward.</p>
Asian Development Bank	www.adb.org Projects database	Examined one by one all projects listed under 'Agriculture and Natural Resources' that are categorized as 'Approved'
Europe Aid (EC)	www.ec.europa.eu Searchable database (shows grants approved 2007-09)	Chose as search fields: 'Agricultural inputs', 'food crop production', 'livestock', 'agricultural alternative development', 'agricultural extension', 'agricultural education/training', 'agricultural services', 'plant and post-harvest protection and test control', 'agricultural financial services' and 'agricultural cooperatives'. In the absence of any detailed project descriptions, all projects in countries with high proportion of smallholders were considered to be smallholder focused.
FAO	www.fao.org Projects listed by country	Entire database of FAO projects was considered and the following project categories have been included: Crops; Diseases and pests of animals and plants; Fisheries and aquaculture management and conservation; Fisheries and aquaculture products and industry; Food and Agricultural Monitoring, Assessments and Outlooks; Food Production in Support of Food Security in LIFDCs; Forest management, conservation and rehabilitation; Livestock; Livestock production systems management; Natural Resources; Nutrition, Food Quality and Safety; Rural Development; Rural infrastructure and agro-industries; Rural livelihoods; Sustainable natural resources management; Technology, research and extension; Trade and marketing. All projects below \$10,000 were removed, which only resulted in reducing the overall funding flows from FAO by 0.1%.

INFORMATION SOURCES | MULTILATERAL AGENCIES (2 OF 2)

Organization	Source of Data	Key Assumptions or Methodology Comments
International Fund for Agricultural Development (IFAD)	www.ifad.org Projects listed by country	Current projects were examined for smallholder relevancy country by country. Where a supplementary loan or grant was later given to an existing project, these have been recorded as one single project.
IFC	www.ifc.org Searchable database	Looked at all active projects in 'Agriculture and Forestry' and examined them one by one for relevancy to smallholders.
Inter-American Development Bank	www.iadb.org Searchable database	Examined one by one the projects yielded by searching the following: keyword: 'small', topic: 'agriculture', sector: 'agriculture & rural development', year approved: 1999-2010. The same search was performed without the keyword entry, and with the added condition of showing only projects currently in, or pending, implementation. The date that the financing agreement was signed was taken as the project start date. A five-year average was applied where no end date was given, except where this placed the end date prior to 2010 for projects marked 'in implementation', in which case 2010 has been applied as an end date.
United Nations Development UNDP	www.undp.org Projects listed by country	Current projects were examined for smallholder relevancy country by country.
World Bank (WB)	www.worldbank.org Searchable database	All projects yielded by the following search terms were examined one by one for relevancy to smallholders: 'smallholder', 'agricultural development', 'farming'.

INFORMATION SOURCES | BILATERAL AGENCIES (1 OF 2)

Organization	Source of Data	Key Assumptions or Methodology Comments
Agence Française de Développement (AFD)	www.afd.fr Project database/mapping tool	All projects in the 'Agriculture and Food Safety' sector were examined one by one for relevancy to smallholders.
AusAID Australian Centre for International Agricultural Research	www.ausaid.gov.au Project information by country www.aciar.gov.au Project information by region and country	All current projects were examined for smallholder relevancy country by country. In some cases, AusAID project detail was listed on the ACIAR website. In addition to these, other ACIAR projects were captured if they were implementation-focused, i.e. where the project aim was a measurable and direct impact on smallholder production in a particular geography (as opposed to merely providing, for example, a new seed type or technology which would then be available to smallholders should they choose/be able to access it).
Bundesministerium für wirtschaftliche Zusammenarbeit und Entwicklung (BMZ), Deutsche Gesellschaft für Technische Zusammenarbeit (GTZ)	www.bmz.de (example cases), www.gtz.de (example cases by country), BMZ contact	BMZ-funded projects featured on GTZ website and supplemented with financial information from BMZ site were included, along with projects drawn from the BMZ site alone (example cases), and from a document sent by a contact at BMZ. The data provided by BMZ on smallholder development investment did not contain a project description besides the information in the project title, so focus area allocation where unclear is estimated based on similar project names from other donors. For example, whilst it was clear that a project entitled 'Rural Finance' would be focus area 2, 'Agricultural Development' is broader, but, in line with similarly named projects from other sources, was allocated to focus area 1. Based on advice from BMZ contact, an average project length of 3 years was applied where project end dates were not given.
Canadian International Development Agency (CIDA)	www.acdi-cida.gc.ca Searchable database	Searched all agriculture-related sectors in project database and examined them one by one for smallholder relevancy.
Danish International Development Assistance (DANIDA)	Senior Advisor contact	Information provided directly by contact from the DANIDA Technical Advisory Service.
Department for International Development (DFID)	www.dfid.gov.uk Searchable database	Searched for 'smallholder', 'agriculture', 'farming', 'rural development', 'rural infrastructure' and examined projects one by one for smallholder relevancy.

INFORMATION SOURCES | BILATERAL AGENCIES (2 OF 2)

Organization	Source of Data	Key Assumptions or Methodology Comments
Italian Development Corporation	www.cooperazioneallosviluppo.esteri.it Projects listed by country	Current projects were examined for smallholder relevancy country by country. A five year project length was applied to provide an end year for projects where this was not otherwise given. Some projects were listed as active but had neither start nor end date specified. Here, the start year was taken as 2010, and a five-year length also applied.
Japan International Cooperation Agency (JICA)	www.jica.go.jp	Examined for smallholder relevancy all projects yielded by a search of the sectors 'Agriculture, Forestry and Fisheries' and 'Irrigation and Flood Control', with a year of approval between 1999 and 2010. Where end year not given, a five-year project length was applied.
KfW Entwicklungsbank	www.kfw-entwicklungsbank.de Searchable database	All projects and programmes yielded by the following search terms: 'smallholder', 'agriculture', 'rural development', 'farming' were examined one by one for smallholder relevancy. Where the start date was not given, the 'last updated' date from the project information page was taken as a start date, and a five-year average project length applied.
Netherlands/SNV, Agriterra	AIDA Development Gateway www.agro-info.net	Contact at SNV advised consulting the website of Agriterra, one of the funders of Dutch bilateral work. This linked to www.agro-info.net , where all projects executed by SNV were examined one by one for smallholder relevancy. The AIDA Development Gateway was searched for all projects funded by the Netherlands in the agriculture sector and examined one by one for smallholder relevancy.
Swiss Agency for Development and Cooperation (SDC)	SDC website and SDC local country websites	All smallholder focused projects profiled under 'Agriculture and Rural development' on the SDC main website that listed financial information were included. SDC country specific websites were also searched for lists of current projects, which were examined individually for relevancy to smallholders.
United States Agency for International Development	AIDA Development Gateway	All projects recorded in the AIDA database and funded by the US in the agriculture sector were examined one by one for smallholder relevancy. The USAID past project database could not be used as the current version dates only to 1996 and the new version is not up as " <i>the new DEC site is pending USAID Bureau for Legislative and Public Affairs (LPA) approval.</i> "

INFORMATION SOURCES | PRIVATE FOUNDATIONS

Organization	Source of Data	Key Assumptions or Methodology Comments
Bill & Melinda Gates Foundation	www.gatesfoundation.org Searchable database	Searched the following terms: 'Agricultural development', 'smallholder', 'farming', 'rural infrastructure', 'rural development' and examined projects one by one for smallholder relevancy.
Ford Foundation	www.fordfound.org Searchable database, Foundation Directory	Searched 'smallholders', 'agriculture', 'rural development', 'farming', 'rural infrastructure' and examined projects one by one for smallholder relevancy. Results were cross-referenced against Ford Foundation grants recorded in the Foundation Directory.
Gatsby Charitable Foundation	www.gatsby.org.uk	All projects under "Grants Paid 2008-09" were examined one by one for smallholder relevancy.
Howard G. Buffett Foundation	Foundation Directory	Searched for 'Agriculture' projects in the Foundation Directory and examined projects one by one for smallholder relevancy. Project length was assumed to be three years, an estimate based on size of project and length of projects from other similar donors.
Kellogg Foundation	www.wkcf.org Searchable database	Searched 'smallholder', 'farming', 'agricultural development', 'agriculture', 'rural infrastructure' and examined projects one by one for smallholder relevancy.
McKnight Foundation	www.mcknight.org Foundation Directory	Searched for 'Agriculture' projects in the Foundation Directory and examined projects one by one for smallholder relevancy. Unless otherwise specified, projects/grants have been recorded as being of one year's duration.
Rockefeller Foundation	www.rockefellerfoundation.org	All projects which were part of the following 'foundation initiatives' were examined one by one for smallholder relevancy – 'Advancing Innovation Processes to Solve Social Problems', 'Harnessing the Power of Impact Investing', 'Promoting Equitable, Sustainable Transportation', 'Strengthening Food Security: Alliance for a Green Revolution in Africa'.

GLOSSARY

ACIAR	Australian Centre for International Agricultural Research
ADB	Asian Development Bank
AFD	Agence Française de Développement
AfDB	African Development Bank
AGRA	Alliance for a Green Revolution in Africa
ASDP	Agricultural Sector Development Programme (Tanzania)
AusAID	The Australian Government Overseas Aid Program
BMGF	The Bill & Melinda Gates Foundation
BMZ	Bundesministerium für wirtschaftliche Zusammenarbeit (Germany)
CAADP	Comprehensive Africa Agriculture Development Programme
CIDA	Canadian International Development Agency
DAC	Development Assistance Committee
DANIDA	Danish International Development Agency
DFID	Department for International Development (UK)
FAO	Food and Agriculture Organization (UN)
FASDEP	Food and Agricultural Sector Development Policy (Ghana)
GAFFSP	Global Agriculture and Food Security Program
GTZ	Gesellschaft für Technische Zusammenarbeit (Germany)
IADB	Inter-American Development Bank
IFAD	International Fund for Agricultural Development
IFC	International Finance Corporation
IFPRI	International Food Policy Research Institute
JICA	Japan International Cooperation Agency
KfW	Kreditanstalt für Wiederaufbau (Germany)
NGO	Non-Governmental Organization
ODA	Official Development Assistance
OECD	Organisation for Economic Co-operation and Development
ReSAKSS	Regional Strategic Analysis and Knowledge Support System
SDC	Swiss Agency for Development and Cooperation
SNV	Netherlands Development Organisation
UN	United Nations
UNDP	United Nations Development Programme
USAID	United States Agency for International Development
WB	World Bank
WEF	World Economic Forum

ABOUT FSG

The Corporate Leadership Coalition for Smallholder Farmer Livelihoods is being propelled by FSG in 2010.

FSG is an international nonprofit consulting and research organization dedicated to discovering better ways to solve social problems. FSG helps foundations, nonprofits, and corporations – individually and collectively – achieve social impact. In addition, FSG works to strengthen the fields of philanthropy and corporate social engagement by researching, creating, and sharing ideas and knowledge that address critical social issues.

For more information about FSG, please visit www.fsg-impact.org

For more information about the Coalition, please visit www.smallholdercoalition.org

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