IDB Experience in Supporting Smallholders:
lessons form the field

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OUTLINE

- Introduction
- Who are the smallholders, where are they and why are they important?
- What are the emerging challenges?
- How is IDB supporting smallholders? … and lessons learnt
- Conclusions

INTRODUCTION

- IDB was established in 1975 to foster the economic development and social progress of Muslims
- In 2005 IDB underwent reform process….
- …..to align its development objective with member countries emerging priorities
- the Bank restructured its operations departments
  - From Regional focus to sector focus – AGR – Human Dev – INF. **In 2009**

INTRODUCTION

- IDB invested more than USD 13 billion in agriculture since 1976.
- The share of Agr in total IDB investment increased from 3% to 17% during 2009-2013
- Current active investment in Agr is about USD 4 bill

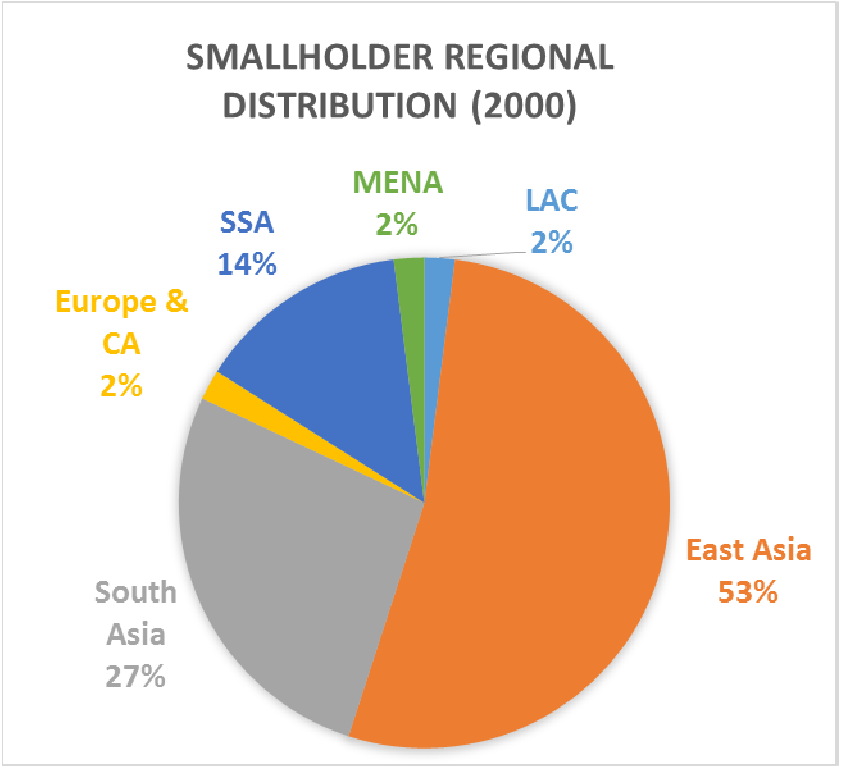
WHO ARE SMALLHOLDERS, WHERE ARE THEY AND WHY ARE THEY IMPORTANT?

- Some characteristics of smallholder include:
  - resource poor…small plots and rely on family labor
  - Operate mostly in the informal economy
  - Produce relatively small volumes

- Farm size is the most common measure used to define Smallholder Farmers (2 ha)

WHO ARE THE SMALLHOLDERS, WHERE ARE THEY AND WHY ARE THEY IMPORTANT?

- …about 500 million smallholder farms worldwide
- 2.5 billion depend on smallholder farming
- Smallholders are in Asia (80%) and Africa (14%)
- produce 80% of the food consumed in developing countries
- Make up 80% of the farmers in developing world
- They invest 4x more in agriculture than their governments



WHAT ARE THE MAJOR CHALLENGES

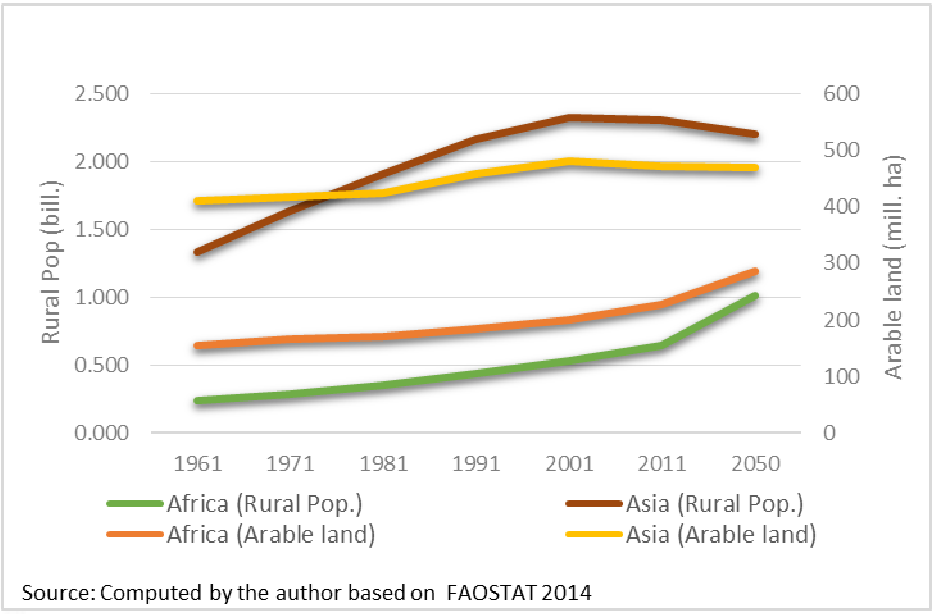
- ***Depleting natural resources***
  - Water:
    - 80% freshwater is used in agriculture despite only 18% of the land in developing countries is irrigated which accounts only 40% of the total agricultural value
    - More competition for water – agriculture-industry-urban use
  - **Land quality had significantly declined over the past three decades.**
    - In SSA soils lose 30-60% nutrient per ha per year

WHAT ARE THE MAJOR CHALLENGES

- ***Climate variability threatens productive capacity of smallholders***
  - About 75% of the world's food is based on only 12 plants and 5 animal species
  - About half of IDB member countries experience periodic droughts and floods

- ***Declining average farm size***

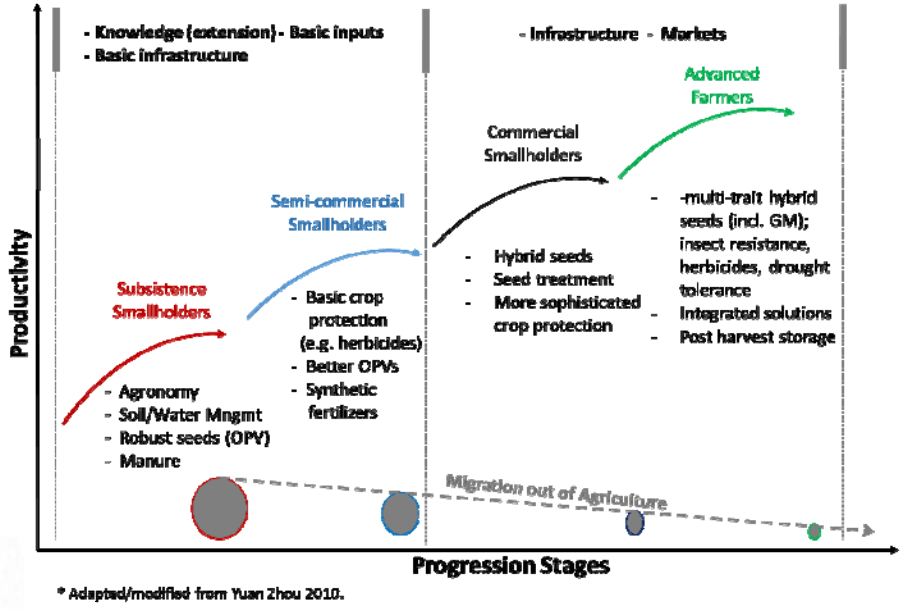
	1990	*2008*
Asia	***› 2ha***	***1.5 ha***
SSA	***2.4ha***	***2.16ha***



Source: Computed by the author based on FAOSTAT 2014

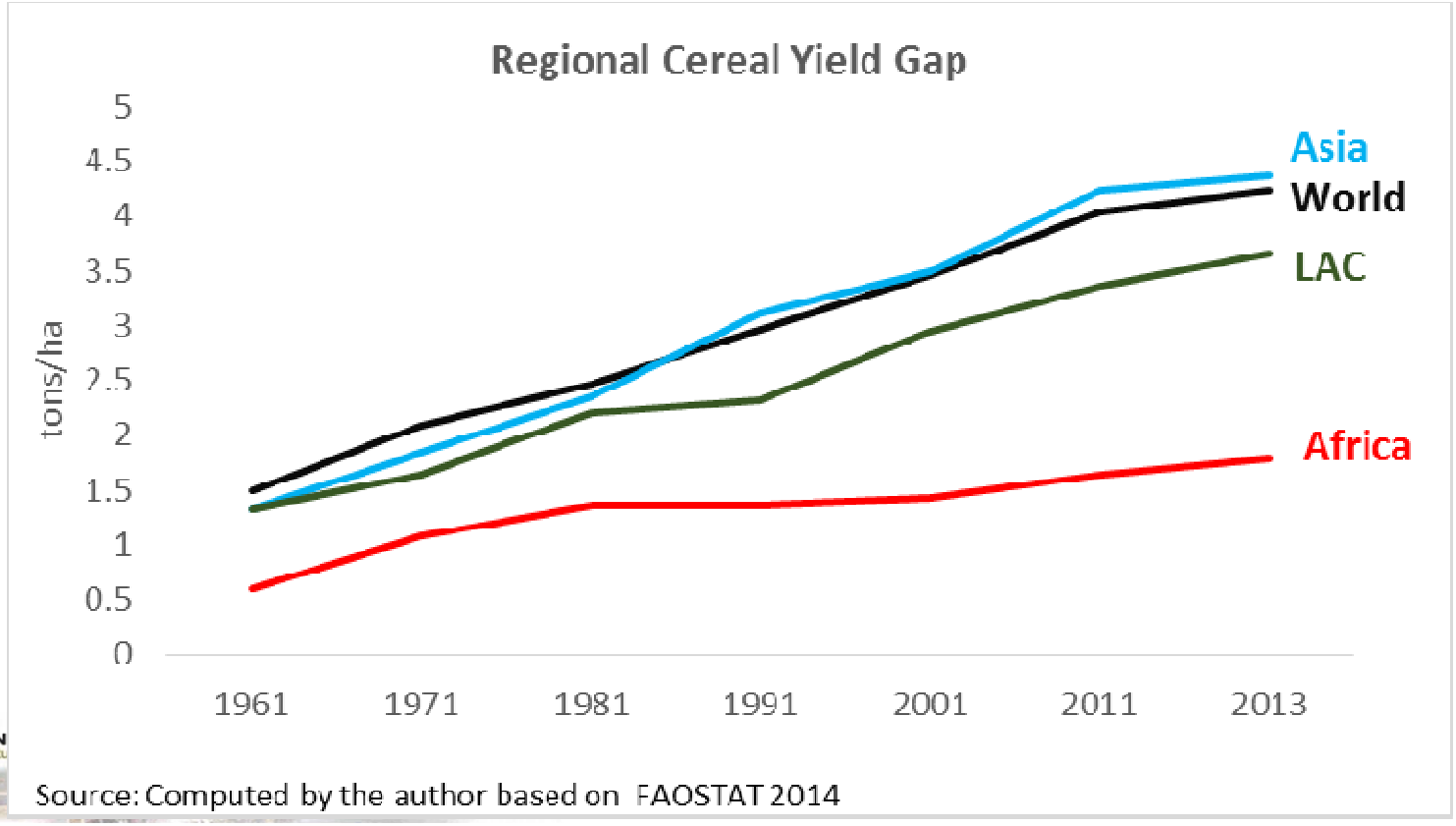
- ***Emerging globally integrated production system***
  - Agr-food production systems are becoming more knowledge based – capital intensive and globally integrated

-- Smallholders are to lose if they do not adapt



WHAT ARE THE MAJOR CHALLENGES

- ***Smallholders in ASIA and LAC benefited from the Green Revolution while those in SSA did not***



How is IDB supporting Smallholders

Current IDB portfolio benefiting stallholder farmers cover the following themes:

- climate smart agriculture and building resilience
- farmer-extension-research linkages for tech. transfer
- access to credit – Islamic financial products and services
- linking farmers to markets
- strengthening rural institutions for inclusive and equitable growth

PORTFOLIO SNAP SHOT

- ***Smallholder Agricultural Productivity Enhancement Program*** USD 157 million (2012-2017)

  Objective: to increase productivity of rain fed and irrigated production systems in West Africa (5 countries)

1. Soil Health – ISFM technologies

- Construction of soil analysis labs and acquisition of lab equipment
- development of fertilizer recommendation database to enhance *fertilizer application efficiency*
- Smallholder training on ISFM demonstrations
- Development of 2250 ha irrigated land
- Training and capacity building activities (farmers, agro-dealers, etc)

2. Smallholder Access to seed (physical and financial access)

- Development of 15 new seed varieties (support to NARIs)
- Seed certification laboratory and greenhouse facilities
- Development of national seed biosafety regulations

3. Access to market and finance

- Construction Agriculture Business Centers (LFM)
- Construction of grain reserve facilities
- Revolving funds - microfinance (seed and fertilizers)

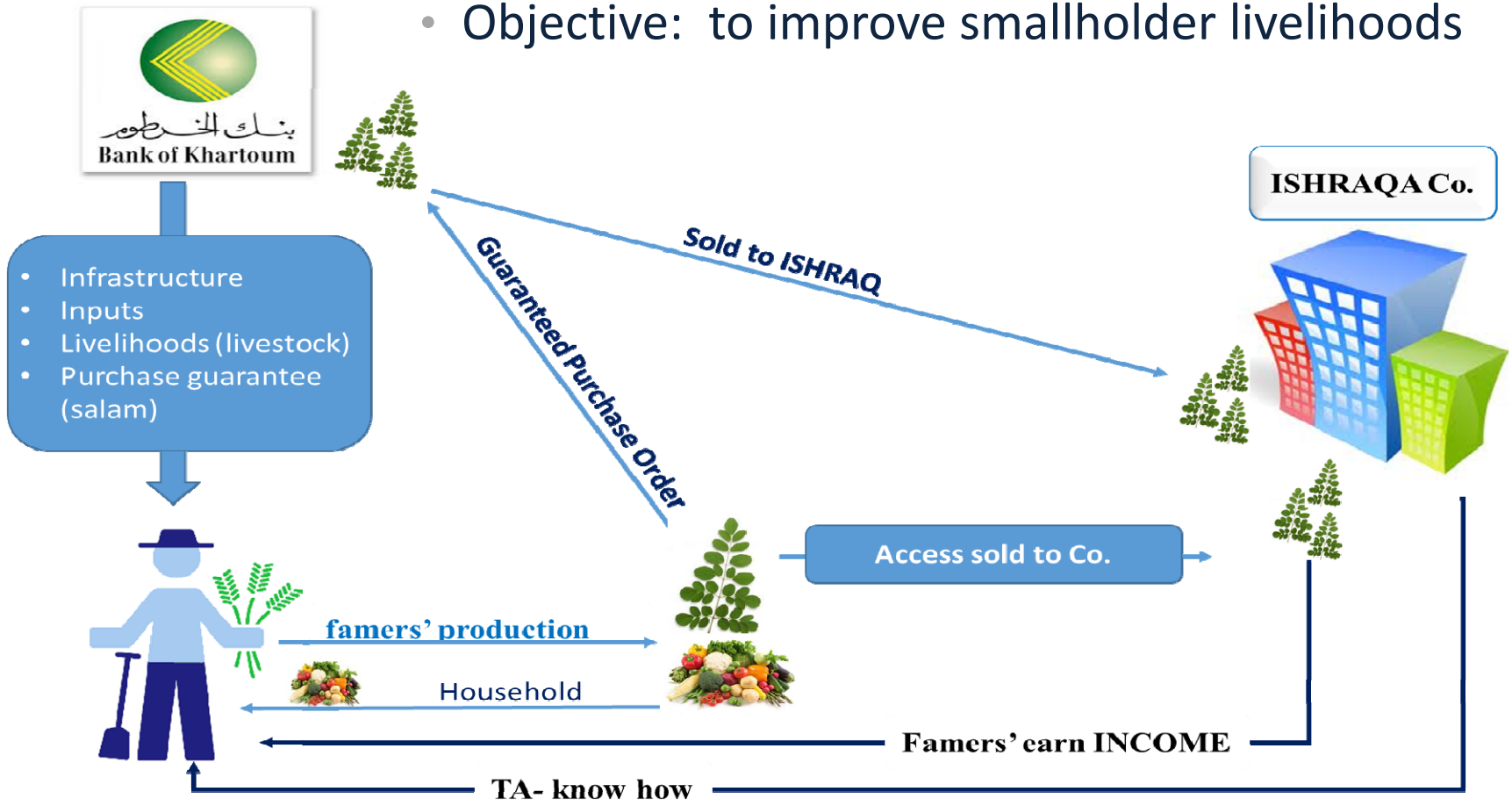
Program Benefits and Impact

- **Direct impact on 3 million people in 420,000 smallholder households**

- **Increase crop yield by at least 70% by 2017/2018**

- **Increase income of 420,000 households by 20% by 2017/2018**

- ***Innovative Financial Products and Services for smallholders – Moringa Project*** USD 3.5 million (2012-2015)
  - Objective: to improve smallholder livelihoods



Project Benefits and Impact

- **Direct impact on 600 people in 150 smallholder households**
- **Increase income of 150 households by 50%**
- **Increase crop yield by at least 75%**

- ***Cameroon Rural Land Development Project in Mont Bpabit Region*** USD 9.63 mill (Completed in 2012)

- **Objective: to improve socio-economic status of smallholders**

- The Project financed
  - Infrastructure (land development, water storage facilities);
  - Provision of agricultural inputs and equipment.
  - Natural Resource Management and capacity building;
  - Adaptive research implemented on a demand-driven basis – research priorities identified by smallholders

Project Benefits and Impact

- Increased crop productivity (rice and vegetable up to 70 percent) –
- rice yields increased from less than 4 t/ha to 6.6 t/ha
- socioeconomic conditions of more than 73,000 people have been improved

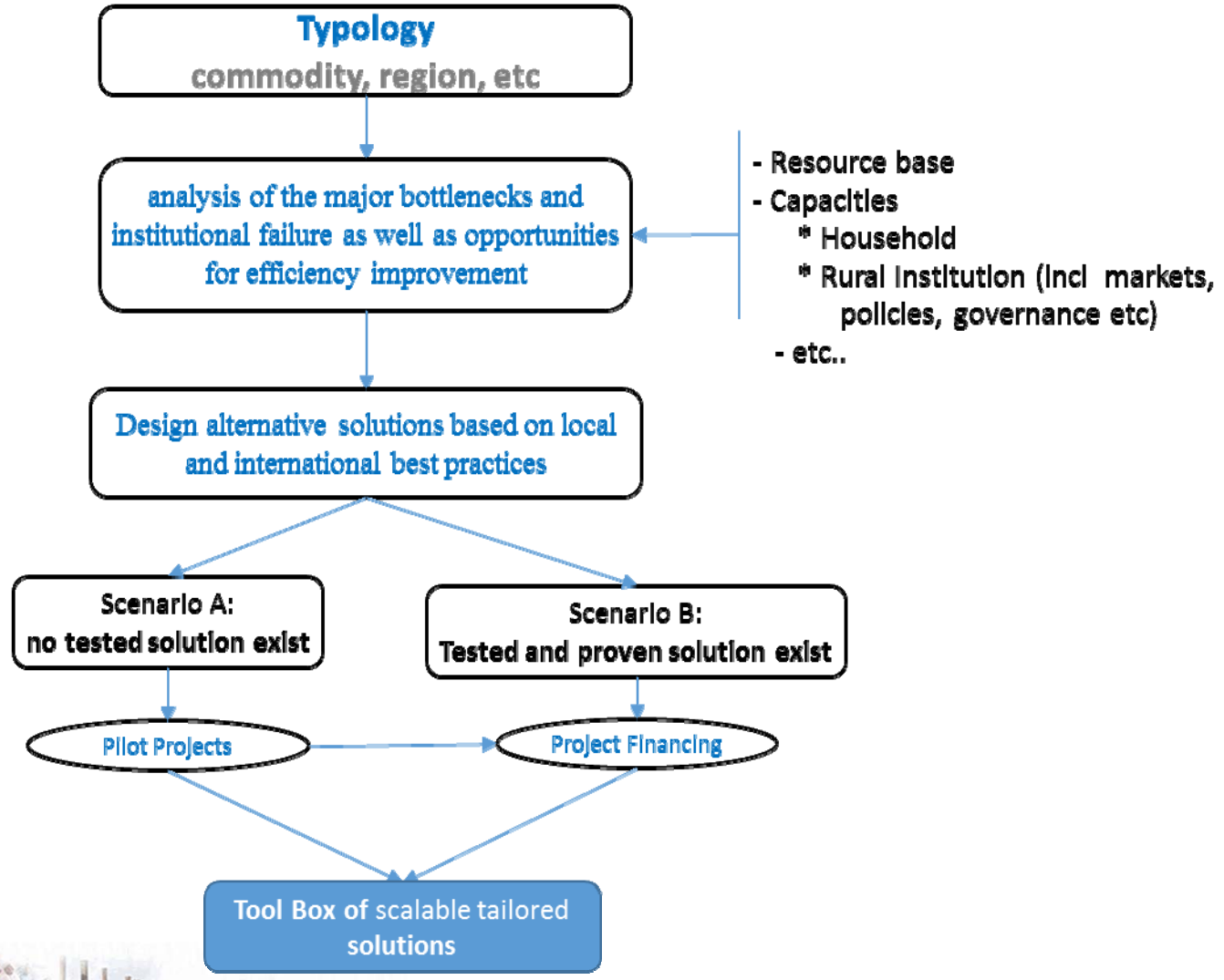
Lessons learned

- **A Multisectoral/multidisciplinary approach is more likely to achieve objectives than single-sector projects.**

- **Participatory project implementation requires flexible budgeting that is not constrained to predetermine outputs, but relies on a demand-drive identification of activities**

FRAMEWORK ANALYSIS

Smallholders are heterogeneous and have different needs



CONCLUDING REMARKS

- Smallholder produce 80% of the food
- They constitute more than 80% of the farmers world wide
- Challenges they face continue to increase in number and complexity…..
- ……and requires collective action at all levels (national, regional and global)

Thank You!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