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INTERVIEW INSIDE Kemal Dervis, UNDP Administrator

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Fighting Rural Poverty in Central America

Central America made the headlines worldwide when the U.S. Congress passed the Central America Free Trade Agreement (CAFTA) on July 27, 2005. Despite a growing consensus that CAFTA will benefit the region, the ratification process fueled a heated debate concerning its effects on the vulnerable populations of the region (up to 70 percent of Central American peoples live in poverty). These discussions highlighted the economic challenges Central American countries face. The problems of uneven economic growth; highly unequal asset distribution; unacceptably high rates of poverty, hunger, and malnutrition; and environmental degradation are particularly acute in Central America's rural areas, home to 60–80 percent of the region's poor.

Although IFPRI has many long-standing research projects in Central America, establishing the Central America program marks a new type of engagement in the region. Through long-term policy research and capacity building, the program aims to generate the information needed to create solutions and design policy strategies

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A Viable Future for Small Farmers?

Hundreds of millions of small farmers are struggling to earn livelihoods and produce agricultural goods for the developing world. What will it take to increase their productivity and help lift them out of poverty?

At the Scottish resort of Gleneagles in July, leaders of the world's industrialized nations pushed through a pro-African agenda that included one groundbreaking pledge: new support for agricultural development, which may improve the lives of millions of small farmers forming the continent's bedrock.

For some experts, this summer's G8 summit underscores a larger sea change underway in international development. After years of neglect, they argue, agriculture is again being embraced as the driving engine for prosperity and progress in some of the world's poorest countries.

Or is it? Even as some analysts hail pro-farming initiatives such as efforts to reduce international trade barriers,

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Inside IFPRI FORUM

2020 VISION
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IFPRI News

Strengthening the Capacity to Improve Food Security in South Asia

What tools are available to assess the effectiveness of agricultural subsidies or market reforms? What are the potential impacts of competing policies related to agricultural trade and economic liberalization? How can such policies be implemented in ways that benefit the poor?

Meeting in Colombo from July 25–29, researchers, policymakers, and university professors from Bangladesh, India, Nepal, Pakistan, and Sri Lanka grappled with these questions at the workshop, "Quantitative Methods for Policy Analysis: Multi-Market Modeling," the last in a series of training workshops organized by IFPRI's Learning and Capacity Strengthening (L&CS) program for the South Asia Initiative (SAI). IFPRI launched the initiative three years ago as part of its response to the emerging challenges to agriculture and food security in this region, where about 40 percent of the world's poor live.

Past workshops, held in Bangladesh, Bhutan, India, Pakistan, and Sri Lanka, have trained academics and policymakers on methods for analyzing market reforms in high-value agriculture, the World Trade Organization and trade liberalization for poverty alleviation, and domestic market reforms in South Asian agriculture.

These workshops are part of the work IFPRI's L&CS program carries out to strengthen research capacity in South Asia. Led by IFPRI's International Service for National Agricultural Research (ISNAR) Division, the program conducts learning events and distance-education programs throughout the world, designs and produces learning modules, develops networks and linkages for researchers and policy analysts, and carries out research on learning and capacity strengthening.

"Through this program, ISNAR generates new knowledge in collaboration with partners and strengthens the capacity of individuals and institutions in food and agricultural innovation systems, universities, and government agencies so they can help reduce hunger and poverty in a sustainable way," says Wilberforce Kisamba-Mugerwa, director of the ISNAR Division.

With the help of the L&CS program, local researchers and policymakers can build analytical, methodological, and policy communication skills long after a project has ended.

"By strengthening capacity to assess, analyze, and implement food and agriculture-related policies and reforms, we hope to foster outcomes that alleviate poverty and hunger not only in South Asia, but across the globe," says Suresh Babu, leader of the L&CS program and ISNAR senior research fellow. ■

Fighting Rural Poverty in Central America *(continued from page 1)*

for alleviating poverty and promoting rural development. "Such information is becoming increasingly valuable given current trends toward more open economies and growing pressure on the public sector to allocate investments in ways that result in lasting and sustainable solutions to the problem of rural poverty," says Hans Jansen, coordinator of IFPRI's Central America program.

The program targets issues of growth in rural areas, trade liberalization and globalization (focus of the CAFTA project, launched in June 2005), natural resource allocation, investment strategies, knowledge management systems, and governance. The region's three poorest countries—Nicaragua, Honduras, and Guatemala—are the program's primary focus.

Designed to support strong collaboration with regional partners, the program seeks to increase training and policy communication. IFPRI's main partner is the Regional Unit for Technical Assistance, host to IFPRI's office in San José. IFPRI also operates out of the Inter-American Institute for Cooperation on Agriculture, conducting research on institutional change and innovation systems, science and technology management, and organization and management.

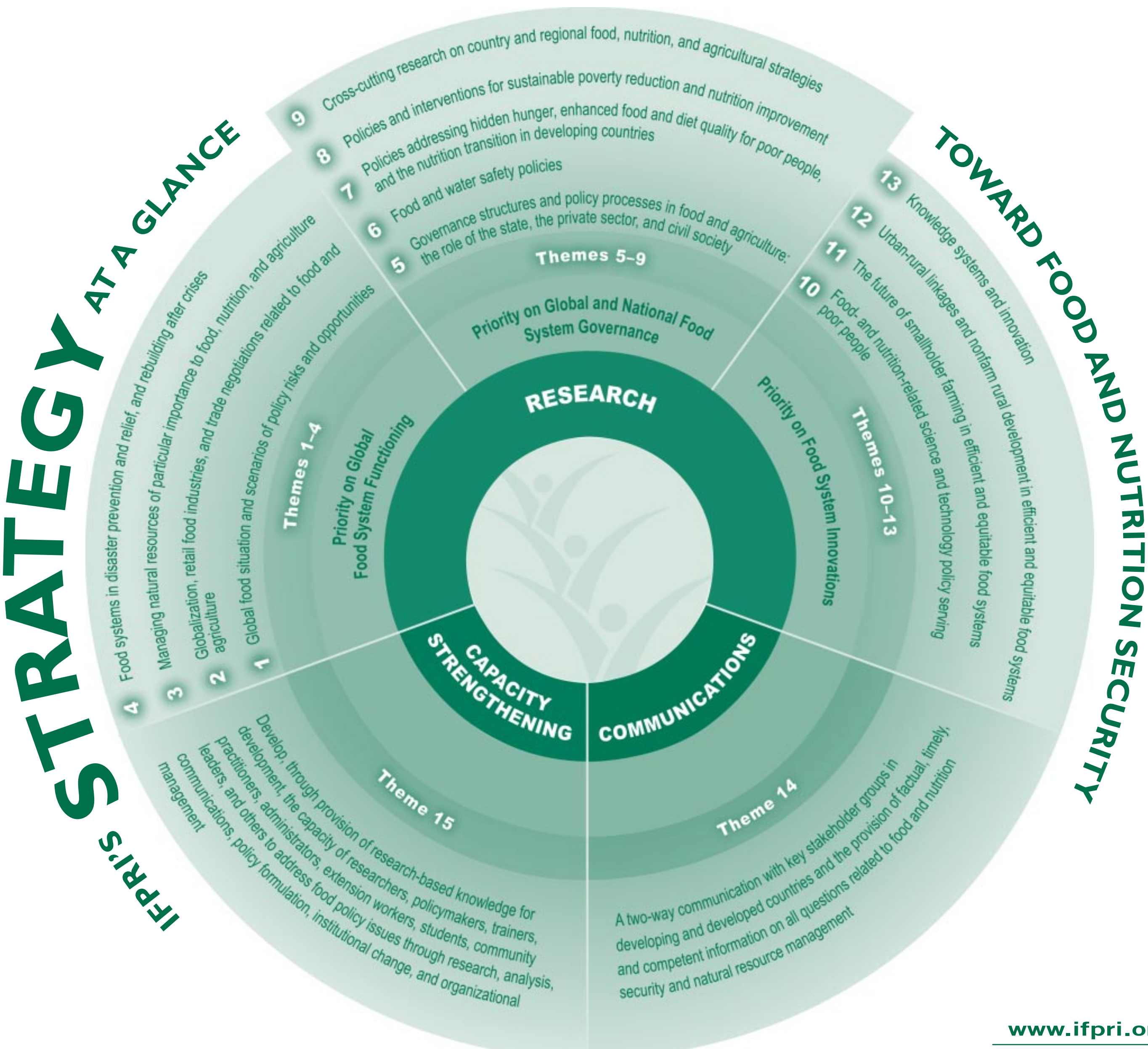
For more information on the Central America Program, go to **www.ifpri.org/themes/camerica/camerica.htm**, and on the CAFTA project, go to **www.ifpri.org/themes/cafta/cafta.htm**. ■

IFPRI Updates Its Strategy for a Changing World

Every two years, IFPRI updates its strategy in light of changes that have taken place in the world, in the CGIAR, and at IFPRI. Currently in the CGIAR and the development community there is a new emphasis on the Millennium Development Goals (MDGs), more focus on capacity strengthening, and a strong recognition that there is no "one size fits all" development strategy. At IFPRI, changes include the integration of the formerly freestanding International Service for National Agricultural Research (ISNAR) into IFPRI, a decentralization of IFPRI operations, and a greater focus on development strategy and governance.

While IFPRI's basic mission has not changed, the updated strategy has several new features compared with IFPRI's previous strategy document, issued in 2003. Updates include a new research theme on knowledge systems and innovation, increasing emphasis on policy communication and capacity strengthening, and a review of IFPRI's anticipated partners and competitors over the next decade.

The strategy helps guide IFPRI as it determines what research to conduct and how it designs that research. The document *IFPRI's Strategy: Toward Food and Nutrition Security* is available at **www.ifpri.org/about/gi14.asp.** ■



"Many of the building blocks for achieving that long-sought-after goal—including technological innovation in agriculture and medicine, economic lessons learned by developing countries and donors, the potential of private investment, the willingness to increase aid, and recognition of the importance of democratic governance—are now in place."

Kemal Dervis, Administrator, United Nations Development Programme

In the wake of the 2005 World Summit held in New York in mid-September, Kemal Dervis, the new administrator of the United Nations Development Programme (UNDP), talks to IFPRI Forum *about the Millennium Development Goals and the challenges and opportunities facing developing countries and the international development community.*

FORUM: **As you assume administrative leadership at UNDP, what do you see as the main challenges facing the international development community? What role will UNDP play in meeting those challenges?**

Dervis: I'm thrilled to be joining the UNDP at a great moment of opportunity. For the first time, it may be possible to make poverty history. Many of the building blocks for achieving that long-sought-after goal—including technological innovation in agriculture and medicine, economic lessons learned by developing countries and donors, the potential of private investment, the willingness to increase aid, and recognition of the importance of democratic governance—are now in place. A growing number of the leaders who attended the World Summit in New York last week share that understanding and are making significant commitments to the cause.

As administrator, I will use my position to urge donors to keep the promises they have already made and will advocate for still greater funding for development, especially to help the poorest countries in Africa and elsewhere. The politicization of aid can and should be overcome. Development assistance should no longer be a means to gain allies in a political struggle but should rather be a key instrument in making the benefits of global growth more inclusive. This in itself can be a huge structural shift in the working of foreign aid.

At the same time, we in the United Nations have the responsibility to help ensure that aid is not squandered. Financial resources are a necessary but not sufficient condition for progress; they must be deployed in environments where they can be productive. The UNDP and others in the UN system are working to foster these environments and channel resources into activities that over time can help self-sustaining growth.

Another area where, unfortunately, we will need to work hard is peace-building and post-conflict recovery. It is an area where the UNDP has developed greater capacity, and with revived attention on the interrelationship between security and development, the international community is increasingly turning to us for help in these situations.

FORUM: **You've been involved with successful economic reforms in Turkey. In your view, what are the key reforms that developing countries need to undertake?**

Dervis: Ultimately the path of a country's development—and the economic reforms needed to move along that path—must be decided upon by its own government and people. As in Turkey, they are the ones that need to own the process. But at the most general level some needs are certainly clear: to build transparent institutions able to deliver services, eliminate corruption, encourage private investment and enterprise, respect human rights, and address inequalities.

FORUM: The Millennium Development Goals (MDGs) have gained a strong foothold in international development discourse. Is reality keeping up with the rhetoric in your view? What do you see as the main obstacles to achieving the goals?

Dervis: I do believe that the MDGs have been extremely useful in the development debate. They have made development targets much more concrete, capturing the imagination of people in poor and rich countries alike.

One of the true achievements of the World Summit is a strong affirmation of the importance of the MDGs by political leaders from both the north and south. Now we have to make sure that the MDGs are included in the overall growth and poverty reduction strategies. UNDP is committed to helping the MDGs become part of the planning and policy process in developing countries. Meanwhile, donors must keep their promises for greater resources. This is the time to move ahead on both fronts, although not in a rigid way—every developing country has its own circumstances, and every rich country may have its own approach and way of interpreting some of the objectives.

I really like the MDGs because they are so concrete, and because you can measure progress towards them. What we need to do a lot of in the next two to three years is to make the links between the MDGs and other parts of policy: fiscal policy and the MDGs; agricultural pricing policy and the MDGs; educational framework and the MDGs. We need to really make these links to ensure that the MDGs are not quantitative targets hanging by themselves. Rather, they are getting embedded in the whole institutional and policy framework one is trying to build.

FORUM: What role do you see for macroeconomic and trade policies in enabling us to reach the MDGs?

Dervis: Development-oriented rules on international trade are essential, so that more countries have the opportunity to use trade as an engine of pro-poor growth. It is also vital that poor countries are assisted in their capacity to trade, with support given to basic infrastructure needs such as ports and roads, as well as the soft infrastructure of surveillance, customs procedures, and trade negotiation capacity. In these areas, I envisage UNDP working with the World Trade Organization (WTO), the World Bank and others even more closely than has been the case in the past.

When I was Minister of Economic Affairs in Turkey and then when I was trying to get elected to the Turkish Parliament, during my campaign I visited Turkish cotton farmers. They are very competitive, as are African cotton farmers. But there's no way they can compete with the products of rich countries that receive massive subsidies. On top of this, most goods from developing countries face tariffs three or four times higher than goods from developed countries. A much fairer system of trade is absolutely needed.

One more point on trade, not necessarily focused on what UNDP or UN agencies can do, is to recognize that globalization creates winners and losers. We cannot say that it is a process where everyone always wins all the time, and this goes even for groups within rich countries. As part of this overall discussion, it is important to focus on the needs of those who may lose in the short run, although in the long run everyone stands to gain. And that includes displaced workers in old industries in Europe, in the US, and in Japan; and it includes farmers who may be affected by the changes towards better agricultural policies and who may need some support in the short run.

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"This is the time to move ahead on both fronts, although not in a rigid way—every developing country has its own circumstances, and every rich country may have its own approach and way of interpreting some of the objectives."

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FORUM: What role do you see the agricultural sector and rural development playing in meeting the MDGs and advancing pro-poor economic development?

Dervis: Pro-poor trade reform is especially important in the area of agriculture. Instead of keeping a promise made in the last round of world trade negotiations, developed countries have actually increased agricultural subsides. These subsidies have now reached $1 billion a day, compared with $1 billion a year for agricultural aid to developing countries. Obviously this hurts many of the world's poorest farmers. Counting multiplier effects, developing countries lose about $72 billion a year from agricultural protection and subsidies, an amount equivalent to all official aid flows in 2003.

Of course, successive "green revolutions" have a role to play as well. The UNDP, for instance, has supported the Africa Rice Initiative, which has developed blends of rice that embody some of the best qualities of Asian and African strains and are suitable specifically for soil and climate conditions in Africa. The new rice has a shorter growth cycle of 90 to 110 days from seeding to harvesting in comparison with 130 to 140 days for traditional varieties. It is also substantially richer in protein, tastes good, is more tolerant to disease, drought, and acid soils, resists some of the most damaging insect pests in West Africa, and can outcompete weeds. We're now helping to scale up the use of these blends across west and central Africa.

FORUM: In your recent book, *A Better Globalization*, you argue for better governance, both globally and nationally. What are the key components of this better governance?

Dervis: My experiences at the World Bank and back home in Turkey have taught me that technical knowledge without political legitimacy can only achieve limited results. If policy prescriptions are perceived as being driven by "external" actors or interests, it is impossible to build the domestic support necessary to implement them successfully and in a lasting fashion. That's one reason I'm so excited to be leading the UNDP, which has always helped developing countries build their capacity to set and achieve their own goals. It is essential, of course, that these goals represent the true aspirations of their citizens and not just the interests of narrow ruling elites. That is why the efforts to deepen and widen democratic governance are so important.

I believe that the UN system's greatest successes will continue to come by helping to empower the citizens of these countries—particularly the poor, women, and other disadvantaged groups—to take hold of their own destinies. In 2004, 132 countries used UNDP's services to support their own democratic processes. One out of three parliaments in the developing world is now in some way supported by the UNDP. We support an election on average every two weeks somewhere around the world.

In the 21st century, legitimacy will more than ever result from participation and empowerment. This is also true for the global economic and political system. The fight against poverty and the quest for security are inextricably linked to building international institutions that function based on the active involvement and democratic consent of all stakeholders. At the same time, all international institutions, including the UN, need to embrace the most rigorous standards of professional management, to ensure transparency, accountability, and results. Finally, I believe that by working more closely together, the various bilateral and multilateral development agencies can achieve much more than they have so far; if we succeed in reforming the institutional architecture of development assistance, combining harmonization and cooperation with some useful forms of competition, we can obtain results of a kind not seen before. Secretary-General Annan has been promoting reforms in all of these areas, and in my role as chair of the UN Development Group I am doing everything I can as well.

Linking Agriculture and Health

Agriculture produces food essential for human life and livelihoods. A large proportion of people experiencing malnutrition and disease in the world work in agriculture. The process of agricultural production has inherent environmental effects that influence the health of vulnerable groups. Hence agriculture and health are interlinked. To explore these connections and improve coordination of health-related research among the centers of the Consultative Group on International Agricultural Research (CGIAR) and its partners in the health sector, IFPRI hosted a workshop, "Agriculture and Health Linkages: Towards Improved Coordination," on June 23 and 24, 2005, in Washington, D.C.

IFPRI and other CGIAR centers have long examined the nutritional ties between agriculture and health. In fact, such work has burgeoned in recent years and includes issues like malaria, livestock diseases that affect humans, worker health, diseases spread by water, and HIV/AIDS. Yet the health-related work of the centers remains insufficiently coordinated.

The workshop brought together 45 participants from the agriculture and health sectors: representatives from international organizations, academia, donor and nongovernmental organizations, 10 CGIAR centers, and the World Vegetable Center. Themes discussed included

- frameworks linking agriculture and health,
- impacts of agriculture on health and of health on agriculture, and
- challenges and opportunities the CGIAR faces in researching and coordinating agriculture–health links.

Despite the potential barriers to successful cross-sectoral work, participants agreed that there are opportunities for the CGIAR to improve the links between agriculture and health and add value to the health sector. The consensus was that the CGIAR should coordinate its health-related research because

- it has a comparative advantage in research and policy work on agriculture–health links;
- the CGIAR centers have a wide range of existing and emerging research programs on agriculture–health linkages; and
- improved coordination among the CGIAR centers would unite researchers working on agriculture–health links, draw on their collective strength, generate greater efficiency, and maximize the use of resources.

Proceedings of the workshop will soon be online at **www.ifpri.org/events/seminars/2005/20050623AgHealth.htm**. For further information, contact Marie Ruel, director of IFPRI's Food Consumption and Nutrition Division (FCND) (m.ruel@cgiar.org), or Corinna Hawkes, research fellow, FCND (c.hawkes@cgiar.org).

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others suggest the answers to economic growth in developing countries may no longer lie on the farm. Experts on both sides of the debate met in Wye, England, in June at a workshop organized by IFPRI and its 2020 Vision Initiative, the Overseas Development Institute (ODI), and Imperial College, London, to explore the future of small farms. They assessed ways to reenergize small-scale agriculture as a force for development—or to find viable economic alternatives for millions of small farmers in poor countries (for more information on the workshop, see **www.ifpri.org/events/seminars/2005/20050626SmallFarms.htm**).

If views on the future of small-scale farming differ radically, one fact is indisputable: With an estimated 525 million small farms in the world—of which 8 out of 10 are less than two hectares in size—they cannot be dismissed lightly. Indeed, trends indicate small farms will continue to dominate the landscapes of many developing countries, at least for the next few decades.

21st-Century Challenges for Small-Scale Farming

Today, small farmers face daunting handicaps, both old and new. Patchy communications, ramshackle roads, aging rails, and nonexistent bridges can turn African farm goods into unreliable commodities for domestic markets and price them out of foreign ones. HIV/AIDS has sickened and killed millions of rural laborers, hobbling agricultural production in many developing countries. And supermarket chains are posing both opportunities and risks for small-scale producers around the world.

No region has more small farms than Asia—accounting for more than 80 percent of the world's farms of under two hectares. And few rural regions have witnessed such breathtaking economic strides in recent decades. The Green Revolution of the 1960s and

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What Will It Take for Africa to Achieve the MDGs?

Across Africa, urgent development challenges are eroding prospects for improved livelihoods and attainment of global benchmarks, such as the Millennium Development Goals (MDGs). But, according to a new IFPRI study, significant changes in policy and investment priorities starting now could reverse this trend and put the continent on the track to success.

Released in August in advance of the United Nations Millennium+5 Summit, *Looking Ahead: Long-Term Prospects for Africa's Agricultural Development and Food Security* (2020 Vision Discussion Paper 41) uses state-of-the-art computer modeling to project Africa's food security outlook over the next two decades. Three scenarios—"business as usual," "pessimistic," and "vision"—reveal the impact of different policy and investment choices on agriculture, food security, and nutrition.

A key finding of the report shows that Africa could come close to achieving the MDG target to cut child malnutrition in half by 2015, but this will only happen if policies and investments are put in place now to accelerate agricultural productivity and economic growth; reduce population growth rates; and improve access to education, health care, and clean water. Such findings provide a reality check about Africa's future prospects, particularly as world leaders go home from the United Nations summit this month to make good on their promises.

"Our findings reveal that an additional US$4.7 billion per year in investments above business-as-usual levels, along with appropriate policy changes, would enable Africa to confront child malnutrition as effectively as the rest of the developing world," says Mark Rosegrant, director of IFPRI's Environment and Production Technology Division and the lead author of the report.

As global attention now turns to the follow-up to the United Nations summit, journalists are particularly keen to know what it would take for Africa to overcome hunger and poverty and achieve the MDGs on time. Following its release, the report garnered significant coverage in prominent media outlets, reflecting widespread interest in the region.

For more information on the report and related background materials, visit **www.ifpri.org/media/20050811Outlook2025.asp.** ■

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Is Agriculture Still Important for Economic Development and Poverty Reduction?

by Peter Hazell

Agriculture has played a key role in kick-starting economic growth and reducing poverty and hunger in many developing countries. Moreover, most of the countries that have failed to launch an agricultural revolution remain trapped in poverty, hunger, and economic stagnation. But the conventional conclusion that these countries should invest more heavily in their agricultural development is being challenged. In an era of globalization, trade liberalization, changing market structures and demand, and ample world food supplies, a new breed of agricultural skeptics argue that poor countries should now downplay the importance of food staples and small farms and focus instead on commercial farms, higher-value agriculture, and rural income diversification through migration and nonagricultural development. Some even advocate that poor countries take advantage of the global glut in food staples to leapfrog agricultural development altogether. Yet others note that rapid growth in urban–rural linkages and rural income diversification has made agriculture largely irrelevant for the rural poor. These arguments have merit, but they can also trigger simplistic and generalized conclusions that overlook the diverse needs and opportunities facing countries today. This can be seen by contrasting the current situations in Asia and Sub-Saharan Africa.

Asia's dramatic success in moving from famines in the 1960s to national food surpluses today has created a fundamental shift in farming. The prices of food staples are at historic lows, and remaining hunger and malnutrition is largely a problem of income distribution rather than food supplies. Rising incomes for many are leading to a veritable explosion in demand for livestock, oilseed, and horticultural and processed food products. In this situation, the skeptics are right to focus on the very favorable opportunities that now exist for farmers to diversify away from foodgrains and into higher-value products. Already in India more than 50 percent of the total value of agricultural output comprises higher-value products, and annual growth continues at double-digit rates. Farmers are prospering most in regions best able to compete in the market—regions with good infrastructure and marketing and distribution systems for higher-value, perishable foods. The private sector is taking the lead in making many of these investments and organizing the markets.

High-value agriculture is making substantial contributions to income growth in rural Asia. But left to market forces alone, many small farmers and poorer regions are likely to be left behind. While growth in the service and manufacturing sectors is creating attractive income diversification and exit opportunities for many rural workers, such opportunities are still too limited in relation to need. Already there are signs of worsening spatial and interhousehold inequalities in countries like China and India. Public interventions are needed to help distribute the benefits of the new agricultural growth more widely. These should include policies and investments to help integrate small farmers into modern market chains and to promote the long-term development of backward regions.

Sub-Saharan Africa faces a very different situation. Reminiscent of Asia in the early 1960s, the region is dealing with widespread poverty and malnutrition, large national food deficits, and high and increasing dependence on food imports and concessionary aid. Food staples still account for about 70 percent of the total value of agricultural output in Africa, and, unlike Asia, demand is projected to grow rapidly, doubling by 2020. This would add another $50 billion per year at today's prices. Moreover, with low and stagnant per capita incomes and widespread poverty, Africa's demand for higher-value foods remains low. The main growth in these markets lies in exports, but their current value is small (only US$6 billion per year), and they are difficult markets for most African farmers to penetrate. Unlike Asia, the manufacturing sector in Africa remains small and lackluster, and the only real off-farm opportunities for small farmers are low-paying jobs in the service sector. Contrary to the skeptics, the only viable prospects for most rural Africans still lie in agriculture and in food staples rather than high-value agriculture.

Increasing production of food staples is challenging for Africa because it has poor rural infrastructure and weak institutions to support agricultural development. Market access and transport costs are daunting obstacles to development. Modern technologies are simply not economic when farmers have to pay three to five times the world price for fertilizer and receive only 30–60 percent of the market value of their products. The problem has been compounded by structural adjustment programs that removed the public institutions and subsidies that provided farmers with affordable access to key inputs and markets. It will take significant investment in infrastructure and new technology to make the food staples sector competitive in today's markets. Moreover, since the privatization of markets for food staples and basic agricultural services has largely failed, there is urgent need for the public sector to innovate new forms of public-private partnerships to fill the main marketing gaps; provide farmers with access to essential inputs like fertilizers, seeds, and credit; and provide effective instruments for managing risk. If the agricultural skeptics have their way, most Africans will face a bleak future of worsening poverty and hunger.

Peter Hazell is an Institute Fellow at IFPRI. He was the founding director of IFPRI's Development Strategy and Governance Division and directed two other IFPRI divisions.

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1970s tripled yields of wheat and other food crops in some parts of Asia.

Now other sectors are driving economic growth in Asia. China, for example, is peppered with some 200 million tiny farms, averaging about half a hectare in size. But according to Simon Maxwell, director of the London-based Overseas Development Institute, "The poverty situation in China is being transformed not by agricultural development but by manufacturing along the coast. So there are many routes to growth. Agriculture may be one of them in many countries. And small farms may be one of them in some of them."

The industrial boom also presents alternative employment opportunities for a new generation of Chinese farmers. "Half of farmers' income now comes from off-farm activities," says Jikun Huang, director of the Center for Chinese Agricultural Policy at the Chinese Academy of Sciences, in Beijing. "Earlier, many were working in rural industries—textile industries, construction, all kinds of industries. Now, more are migrating to urban areas."

Huang estimates that 8 out of 10 Chinese farm families have at least one member employed in nonfarm work, either full time or part time. Finding employment in other economic sectors does not necessarily come at the expense of small-scale farming. The remittances, for example, can help improve agricultural production—and the welfare of those remaining on the farm. But this situation does raise the specter of an increasing poverty divide between rural and urban areas and between different regions of the country.

Equally worrying is another trend, Huang says: Young people are leaving small farms in China in droves, in search of better job opportunities elsewhere. Increasingly, he says, small-scale agriculture is becoming the occupation of old people and women. "This trend is definitely not good for China's development," Huang says. "The question is, why can't the agricultural sector attract young people? That's an issue we need to look at."

Nor are past agricultural success stories necessarily replicable today. Like China, Indonesia has witnessed stunning agricultural strides, particularly in rice yields. "But that occurred in a very big country with a huge internal market, which was simultaneously beginning to industrialize and which also had oil wells," says Frank Ellis, development studies professor at the University of East Anglia, in Britain. "And agricultural growth was supported with subsidies and interventionist policies."

Can Indonesia's example be applied to Sub-Saharan Africa, emerging from a very different era of structural reforms and market liberalization? Ellis, for one, has doubts. There is very little extra fat in current government budgets to spend on agricultural subsidies and inputs, he says.

Many developing countries are also struggling for a slice of increasingly competitive, if not unfavorably tilted, world markets. Small cotton farmers in Burkina Faso, for example, face larger and richer rivals in the United States, who receive more than US$4 billion in domestic subsidies. That sum, the United Nations notes in its latest *Human Development Report*, is larger than Burkina Faso's entire national income.

And while one new phenomenon—giant supermarket chains sweeping into virtually every corner of the world—may ultimately enrich some small farmers, it also has the potential to sink others further into poverty. Both indigenous and foreign chains have already made major inroads in Asia and Latin America, where riding the supermarket boom often demands a major overhaul in small-farm practices.

Farmers there often lack training and financial resources needed to meet new food safety and quality requirements. In Latin America especially, where farm sizes vary dramatically, supermarket chains tend to prefer dealing with large farmers or the more successful smaller ones.

Even organizing small farmers into associations to better negotiate with supermarkets and large-scale processors is proving a challenge. "We're trying to do this—to get farmers organized," says Mercy Karanja, an agricultural advisor who also raises dairy cattle, maize, and beans in central Kenya. "But it will take a huge amount of resources and time. I'm not sure how long supermarkets will wait for us to get organized."

In some cases, farmers appear to be struggling with seemingly insurmountable odds, both man-made and natural. The images of famine that emerged from Niger in summer 2005 may send an instructive message. "The basic story is that if you don't invest in small-farm agriculture, you're going to have a lot more Nigers," says Peter Hazell of IFPRI. "Expecting poor countries to quickly generate enough productive nonfarm jobs to pull large numbers of workers out of farming is totally unrealistic. If agricultural growth and small farms are neglected, then a mass exodus of small farmers could simply overwhelm countries in terms of the social, political, and environmental problems this will create. The relevant question is not do you give up on small farms, but what can you do to help them seize new opportunities?" Investing in small-scale agriculture does not merely head off famine and other catastrophes, Hazell and others argue. It may actually offer a viable future for farmers.

Wanted: New Investments and New Ideas

In some cases, investment in small-scale farming may mean moving away from subsistence agriculture to production for the market. Farmers' organizations in Meru, Kenya, for example, are now raising high-milk-yielding Toggenburg goats. The milk is being sold locally, and there are plans afoot to introduce cheese and yogurt making into their operations, says Christie Peacock, chief executive for Farm-AFRICA, a London-based nonprofit.

Breeding the goats is proving financially successful as well. "People are coming from other parts of East Africa—Uganda, Tanzania, and elsewhere—to buy the goats," Peacock says. "There is a huge demand, and we're one of the very few suppliers."

Ultimately, the best argument for investing in small-scale agriculture may be the simplest one: few low-income countries have viable alternatives. And if small farmers are to survive and prosper, analysts believe they need assistance.

"I think there will always be 10–15 percent [of small farmers] who have sort of fallen off the bottom. And those people will need social protection," says Peacock. "But the vast majority of small farmers can become self-reliant and place themselves above absolute poverty."

For that to happen, however, both public and private sectors will need to make major investments. "Many countries suffer from poor infrastructure, poor institutions, poor ways of using assets to improve productivity," says Prabhu Pingali, who heads the Agricultural and Development Economics Division at the Food and Agriculture Organization of the United Nations in Rome. "Many countries have poor human capacity—in schooling, in the ability to use and access new technologies and technical information. What's needed are really a lot of fundamental investments over a broad set of factors."

It's a message that appears to be sinking in, underscored by the G8's commitment in July to encourage agricultural development in Africa. G8 leaders also agreed to set a date to end agricultural export subsidies in rich countries, which have helped price farmers in poorer ones out of the international market. And at the U.N. in September, U.S. President George W. Bush called on world leaders to abolish all tariffs and subsidies. Still, the U.N.'s *Human Development Report* notes that richer nations have broken many past promises to help poorer ones.

Many of the solutions, however, may lie closer to home. If the supermarket revolution is inevitable, it does not necessarily doom small farmers. In some cases, it can work to their advantage. "The supermarket chain locally can be an export channel for local producers, as the chain supplies its stores in other countries," says Thomas Reardon, an agricultural economist at Michigan State University.

Indeed, the failure of many small Asian and Latin American farmers to sell their produce to supermarkets may serve as a lesson for Africa, where the retail chains are only beginning to gain a foothold. "But if governments don't put support packages in place for small farmers, the scenarios are not very good. Small farmers won't be able to compete" and will be cut out of local as well as international markets, says Nick Vink of Stellenbosch University in South Africa.

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A Viable Future for Small Farmers? *(continued from page 11)*

On the other hand, he added, "we know from past history that when African farmers have the opportunity to get into the market they don't stay small. They can compete and become as industrial as anywhere in the world."

To create those opportunities, African governments in particular may have to intervene where the private sector does not, by facilitating farmers' access to services and goods ranging from credit to new technology and promising seed varieties. State action may also be necessary to help open up markets for farmers' products.

"Particularly when it comes to food crops, the state has to play a more proactive role in terms of kick-starting markets and doing more than simply creating a level playing field for the private sector to come in," says Colin Poulton, a research fellow at the Imperial College in London. "The state's got to play a role [in Africa], even if it's not the really heavy intervention that took place in Asia."

Just how to create a government responsive to small farmers—while also avoiding the downsides of state intervention, such as corruption and inefficiency—remains an open question, Poulton admits. But what is clear, he says, is "one size won't fit all." Countries and even local communities need to find appropriate avenues for public-sector intervention, which will depend on farmers' needs and the crops they grow.

Diversifying into other types of agriculture or even industries is another option. Chinese youths may be underwhelmed about raising cotton and oilseeds for a living. But new, more lucrative opportunities in livestock, fish, and horticultural production may lure some back into agriculture, Huang of the Chinese Academy believes. In Africa, more imaginative proposals for rural income generation are needed, such as, perhaps, tourism or small-scale rural industry.

Other options are more problematic. More equitable land distribution that might help small farmers in Latin America, for example, demands reforms that "remain politically difficult to implement," says IFPRI research fellow Regina Birner.

Ultimately, however, improving agricultural productivity is critical to lift many small farmers out of poverty—and the countries they live in as well. "Historically, no major country has been able to achieve rapid, broad-based poverty reduction without significantly increasing agricultural productivity," says Steve Haggblade, a senior research fellow at IFPRI.

Perhaps the best prescriptions come from small farmers themselves. Good roads are not worth much without vans and other means to deliver their goods to market, says Glyvyns Chinkhuntha, a vegetable and fruit farmer who lives 45 kilometers from Malawi's capital, Lilongwe. Privatization has been heralded, but small growers need the government to provide good extension services that the private sector will not, Chinkhuntha said in an address at the June workshop in Wye, England.

In northern Zambia, coffee farmer Kaniki Bwalya also admits earning a living is "pretty rough." A member of Zambia's national farmer's union, Bwalya ticks off a host of problems facing small-scale producers: the high cost and scarcity of fertilizer and other inputs, the hard time selling maize right now, the difficulty obtaining credit. But Bwalya sees few alternatives to farming in Zambia. "There aren't many jobs or moneymaking activities people can get into," he says. "So agriculture has to be an activity people can get involved in." Bwalya's assessment is shared by many.

"The world's farmers are small farmers," says David King, secretary-general of the Paris-based International Federation of Agricultural Producers. "They're not just an aberration that will go away as people put all the research and resources into the commercial sector or the nonfarm sector.

"In the short term," King adds, "these people are here to stay. And we need to help them become more productive."

—Reported by Elizabeth Bryant

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