CGIAR INITIATIVE ON Agroecology

Landscape of Agroecology Financing

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Agroecology Financing Landscape

A Report on Financing agroecology

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Acronyms and abbreviations

AEF	Agroecology Fund
BMGF	Bill and Melinda Gates Foundation
FAO	Food and Agriculture Organization
GCF	Green Climate Fund
HLPE	High Level Panel of Experts
IFAD	International Fund for Development
IPES	International Panel of Experts on Sustainable Food Systems
JKUAT	Jomo Kenya University of Agriculture and Technology
KALRO	Kenya Agricultural and Livestock Research Institute
KU	Kenyatta University
ODA	Overseas Development Aid
WFP	World Food Program

Executive summary

There is an urgent need to transform the current food systems to be more resilient, sustainable, and inclusive. Agroecology is a promising approach that could address the multiple challenges associated with the current food systems. However, a significant share of national and global investments is still being allocated to conventional approaches (or the business-as-usual). Yet, the cost associated with agroecological transition is significantly lower when compared to the estimated cost of the negative externalities emanating from the current food systems.

Like other countries in the Global South, Kenya faces significant challenges because of unsustainable food systems. Although the Country ranks second, after Ethiopia, in the amount of bilaterial and multilateral aid received, a significant share is allocated to industrial approaches. In response to these, the Government of Kenya recently launched its National Agroecology Strategy for Food Systems Transformation 2024 -2032 to promote an ecologically resilient and socially inclusive food system in the Country. Although the strategy recognises the need for increased investment in agroecology, it remains unclear how this will be achieved. Kenya benefits from consolidated funds from donors, such as the Agroecology Fund, but the size of such grants is still relatively small for a significant impact. It is therefore important for governments, donors, philanthropists, and other investors to redesign their investments portfolios and budgetary allocations to prioritize initiatives that promote agroecological transition. This may be achieved by either increasing funding for agroecological interventions *vis-a-vis* conventional/industrial approaches or shifting existing funds towards interventions that support agroecological transition, or a combination of both.

1. Introduction

Sustainability serves as a normative principle in the context of food system transformation, but also it remains a hotly debated topic. Ongoing crises in modern agriculture suggest that the current model of food production, supply and consumption may not be sustainable in the long run to guarantee global food and nutrition security. For example, recent studies show that the world is still grappling with hunger and malnutrition, exacerbated by the recent COVID-19 pandemic despite significant efforts in the past decade (FAO et al., 2024; FSIN & Global Network Against Food Crises, 2024). As such, advocacy for more comprehensive and sustainable models has increased because of the pressing need to improve food and nutrition security, particularly in low- and middle-income countries.

Agroecology-based food system transformation has been highlighted as a viable approach to support sustainable and inclusive food system transformation (Bezner Kerr et al., 2023; HLPE, 2019; Wezel et al., 2014). Evidence shows that about 30% of the firms around the world are gradually redesigning their food systems around agroecological principles (Pretty et al., 2018). Using seven case studies in high- and low-income countries, a study commissioned by the International Panel of Experts on Sustainable Food Systems (IPES) found that it is possible to reduce the multiple lock-ins of the industrial food systems if changes are made with regards to production practices, knowledge generation and dissemination, social and economic relations, and institutional frameworks (IPES-Food, 2018). Despite the recognition of the important role of agroecology, it receives little attention in global agricultural research and development plans, particularly in sub-Saharan Africa (SSA). Furthermore, it continues to receive little attention from donors, governments and other financing bodies when it comes to funds and budget allocation. Evidence shows that a significant share of agricultural investment is still being directed towards conventional or industrial approaches, which often target to increase productivity and enhance global value chains. However, for a successful agroecological transition, it is estimated that a total of USD 430 billion would be required annually, yet the actual investments are 10 times less (USD 44 billion) than the required (Agroecology Fund, 2023a).

This report relies on literature to assess the extent to which funding agencies are allocating their resources to agroecological interventions at the global level, and then narrows down to Kenya as one of the countries where the CGIAR's Initiative on Agroecology is being implemented.

The review has been conducted under the framework of the CGIAR Initiative on Agroecology, in Kenya.

2. Financing landscape for Agroecology

2.1. Global landscape

An assessment of funding flows by the European Union channelled through the Food and Agriculture Organization (FAO), International Fund for Development (IFAD) and World Food Program (WFP) between 2016 and 2018 shows that there was no allocation of funds to support transformative agroecological development. However, only 2.7% were allocated to projects supporting the initial steps towards agroecology through substitution of harmful products (Moeller, 2020). Other funds were allocated for social enabler projects and international governance of FAO, IFAD, and WFP. The same study also showed that during this period, 10.6% of the funds invested by the Green Climate Fund (GCF) supported transformative agroecology, 10.1% flowed towards intermediate input substitution approaches while the rest of the budget (73%) was allocated to conventional agriculture and sustainable intensification (Figure 1). In a follow-up study, Achterberg & Quiroz (2020) assessed 260 projects funded by Dutch Overseas Development Aid (ODA) between 2010 and 2020 with a budget of over € 2.7 billion. The results from this study showed that support for agroecological transformation remains limited within Dutch ODA funding. During the reference period, only 4% of the projects promoted agroecosystem transformations such as recycling, resilience, synergies and biodiversity, 35% of the funding supported only 2-3 elements of agroecology while 61% did not support agroecology.

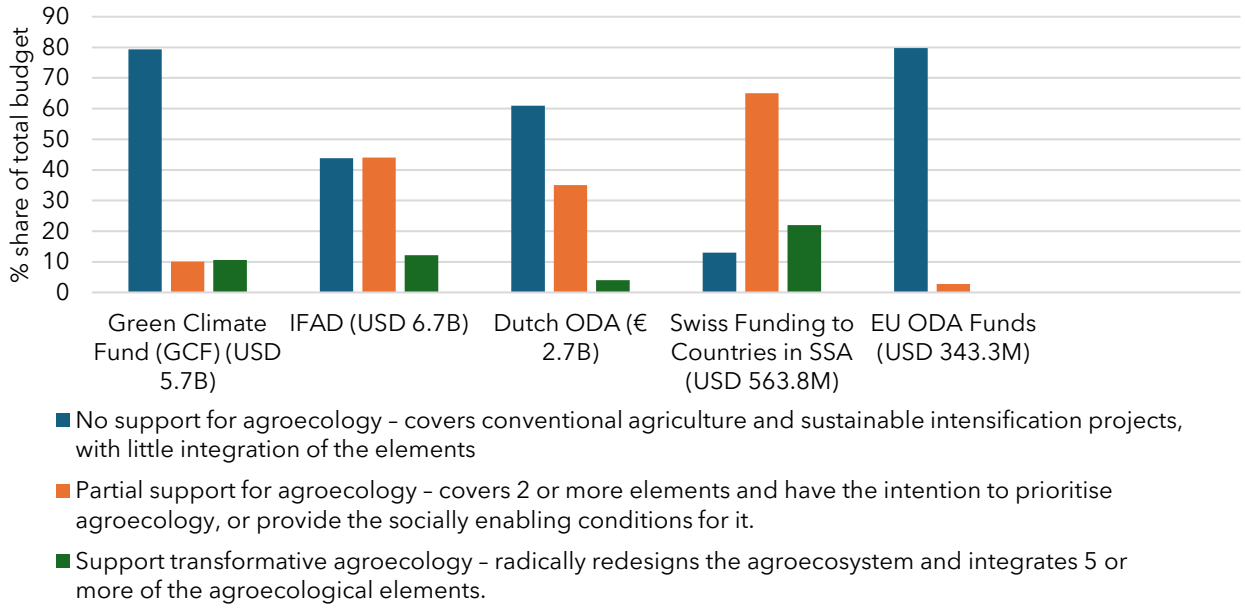

Figure 1: Financial flows to agroecology by major public funders between 2010-2020

Source: Achterberg & Quiroz (2021); Biovision Foundation for Ecological Development & IPES-Food (2020); Moeller (2020)

Notes: Reference period: GCF (until 2019), IFAD (2018-2024), Dutch ODA (2010-2020), Swiss Funding (2013-2018), EU ODA (2016-2018)

A similar trend was observed when focusing on the allocation of agricultural aid in sub-Saharan Africa. Using a sample of 159 Dutch funded projects implemented in Ghana, Ethiopia, Uganda and Mozambique in the past decade. Achterberg & Quiroz, (2021) found that 67% of them did not promote agroecology. Although some projects partially (25%) and potentially (7%) supported agroecology, most of them implemented only one or two agroecological elements. Another study conducted by Biovision Foundation for Ecological Development & IPES-Food (2020) found that 85% of the projects funded by the Bill and Melinda Gates Foundation (BMGF) and more that 70% of the projects carried out by the Kenyan research institutes were limited to supporting conventional practices.

In light of the above, the world is still far from achieving the Sustainable development goal (SDG) 2, Zero Hunger, and a significant proportion of the global population are still unable to access healthy diets (FAO et al., 2024). This calls for concerted efforts to increase investment in agroecology to realize the associated benefits. In the recent past, various governments, donors, agencies and research institutions have been developing policies and tools to support scaling and financing of agroecology (Table A1). For instance, an assessment of Swiss-Funded projects implemented between 2013 and 2018 in Sub-Saharan Africa shows that significant proportion of the funds were allocated to partial (65%) and transformative (22%) agroecology, and 51% of these contained aspects of socioeconomic and political change like gender equality and decent working conditions (Biovision Foundation for Ecological Development & IPES-Food, 2020) (Figure 1). Multi-donor initiatives are also championing their efforts towards promoting agroecology. For example, the Agroecology Fund (AEF), supported by over 50 donors (see Appendix Table A1), was established in 2012 to support agroecology across diverse regions of the world, with a strong focus on the Global South. By 2021, the AEF had made a total of US$10.5 million in grants across 76 countries to leading agroecological actors to enhance their work on practice, advocacy and research (Agroecology Fund, 2023c). In 2023, the AEF granted a total of USD 5.4 million globally with a significant share being allocated in the Global South (Figure 2) (Agroecology Fund, 2023b, 2024). One key aspect of the AEF is the inclusion of initiatives led by the marginalized groups including women, indigenous people and youth.

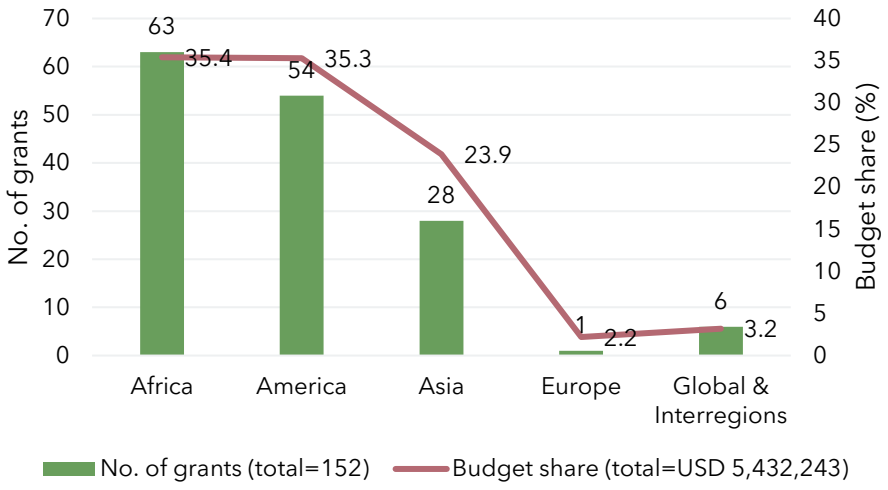

Figure 2: Agroecology Fund grant allocation in 2023 by region

Source: (Agroecology Fund, 2023b)

2.2. Kenya landscape

Like many countries in the Global South, Kenya faces multiple challenges attributed to unsustainable food systems approaches including food and nutrition insecurity, land degradation, biodiversity loss, inequality, limited agricultural land, climate change and variability among others. Yet, government's support for conventional farming over agroecological farming is evident through fiscal policies like the fertilizer support programs meant to enhance food production and improve food security (AGRA, 2024; Mason et al., 2017; Opiyo et al., 2023; Ricker-Gilbert et al., 2024). While these programs reported some sizeable positive impacts on productivity and income (Mason et al., 2017), they are largely unsustainable from the agroecological lens. Although there exists other multiple laws, policies, and strategies that support agroecological transition, they are limited in terms of uneven distribution of resources, inconsistent implementation, and weak institutional mechanisms to promote consultation between the national and county governments (Awiti & Ndiwa, 2024). In response to this, the Kenya government recently launched its National Agroecology Strategy for Food Transformation 2024-2033 in November 2024 (Government of Kenya, 2024). The purpose of this strategy is to promote an ecologically resilient and socially inclusive food system in the Country. Prior to the development of the National Agroecology Strategy, two counties (out of 47), Murang'a (Murang'a County Government, 2023) and Vihiga (Vihiga County Government, 2024), had already developed and launched their County agroecology policy. This initiatives clearly demonstrates the recognition of agroecology as an important approach for food system transformation in Kenya.

Despite these efforts, funding for agroecological interventions through the national programs or bilateral and multilateral agencies remains limited. Kenya ranks second, after Ethiopia, in the amount of bilateral and multilateral agricultural aid it attracts (OECD, 2015). However, a significant share of this funding is still directed towards conventional agriculture. For instance, of the US$69 million of funding received by Kenya from bilateral donors between 2013-2018, about 66% went into conventional/industrial agriculture that did not integrate any aspect of food system transformation (Biovision Foundation for Ecological Development & IPES-Food, 2020). In addition, findings from this study showed that of 249 projects implemented by the Kenya National Agricultural and Livestock Research Institute (KALRO) and three Kenyan Universities (Kenyatta University (KU), Jomo Kenyatta University of Agriculture and Technology (JKUAT) and Egerton University) between 2013-1018, only 1% of them addressed the socioeconomic aspects of agroecology (Figure 3)

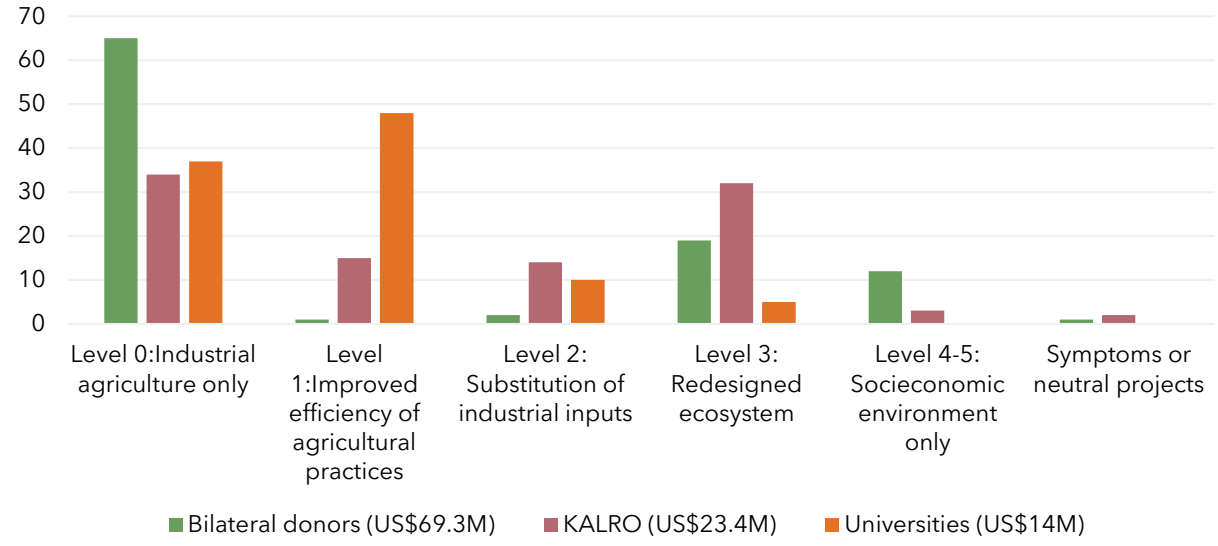

Figure 3: Distribution of budgets funded by bilateral donors in Kenya, and budget allocation by KALRO and local universities

Source: (Biovision Foundation for Ecological Development & IPES-Food, 2020).

In 2023, Kenya received more than USD 300,000 for about 11 grants from AEF, ranking third, after Mexico and India, in the amount of funds received (Figure 4). While these are relatively small investments to observe significant impacts, it shows that the country has positioned itself strategically to promote agroecological transition.

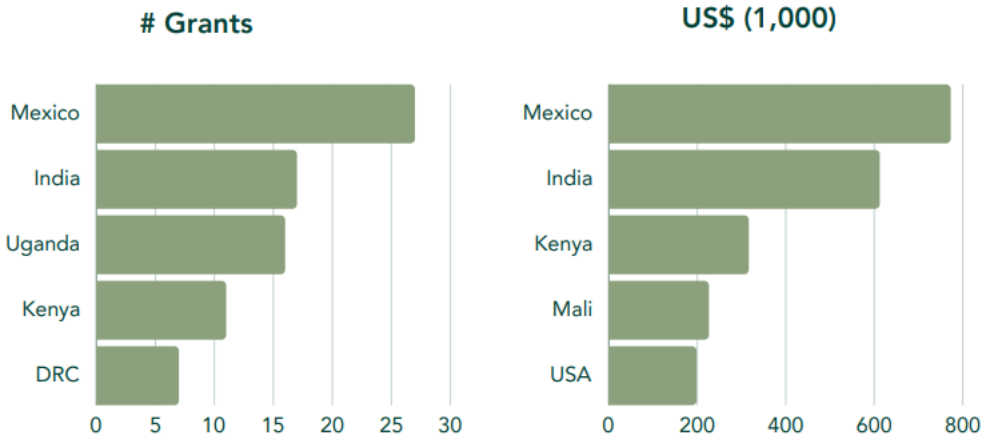

Figure 4: Top five countries in terms of grant allocation by the Agroecology Fund in 2023.

Source: (Agroecology Fund, 2023b)

A significant share of agroecology funds is currently being disbursed to private enterprises promoting agroecology through grassroot organizations. One such initiative is the Neycha Accelerator & Fund which blends capacity building and finance for Agroecological Enterprises (AEE) that are committed to adopt and scale the 13 principles of agroecology. The initiative is being implemented by SHONA, an East African business support organization, and Biovision Foundation to support AEE in East Africa to scale their impact. SHONA provides the technical

skills with regards to business development and builds capacity of local enterprises to participate in the program, SHONA Capital manages the Neycha Fund investments while Biovision provides the technical assistance in agroecology.

Another initiative is the O-Farms Accelerator Program which supports small and medium-size enterprises in agrifood sector to strengthen their circularity and their business models. While the program does not directly use the term 'agroecology', the scope of the activities lies within the framework of agroecology. The program specifically targets enterprises that are implementing circular activities like recycling and food waste management in Kenya and Uganda. The program is funded by the IKEA foundation and implemented by Biponic – a business enterprise that support companies to bring quality products to low-income consumers, and Village Capital - an impact investor. In Kenya, the program is implemented by E4Impact Foundation which supports Kenyan enterprises to grow their businesses, scale their impact, facilitate investment fundraising, and connect them to international markets.

In addition, other multi-donor funds are also channelled through the Consultative Group on International Agricultural Research (CGIAR). For a long time, the CGIAR's research programs were mainly focused on breeding and efficiency in production systems with minimal engagement in sustainable systemic transformation (Biovision Foundation for Ecological Development & IPES-Food, 2020). However, with the emerging need for a food systems transformation, the CGIAR has also positioned itself to promote agroecological approaches under some of its initiatives. For instance, the CGIAR Food Systems Accelerator (CFSA) Program, is being implemented by two Initiatives on Diversification in East and Southern Africa, also known as *Ukama Ustawi*, and the CGIAR Initiative on Agroecology (Agroecology (AE-I)). The program is promoting the scaling of agroecology in Kenya and Zimbabwe through provision of technical assistance and moderate financing though private enterprises.

3. Conclusion and recommendations

Despite the global call to adopt agroecology for a sustainable food system transformation, a substantial share of national and global investments is still being allocated to conventional approaches (or the business-as-usual). Yet, the cost associated with agroecological transition is significantly lower when compared to the estimated cost of the negative externalities emanating from the current food systems. Although there are some efforts towards consolidating funds from different entities and disbursing them through grassroot organizations, like in the case of the Agroecology Fund, the size of such grants is still relatively small for a significant impact. It is therefore important for governments, donors, philanthropists, and other investors to redesign their investments portfolios and budgetary allocations to prioritize initiatives that promote agroecological transition. This can be achieved by either increasing funding for agroecological interventions *vis-a-vis* conventional practices or shifting existing funds towards interventions that support agroecological transition, or a combination of both.

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Appendices

Table A 1: Donors, individuals, and foundations financing Agroecology Fund

	Institution	**Link**
1	Swiss Agency for Development Cooperation (SDC)	https://www.eda.admin.ch/eda/en/fdfa/fdfa/organisation-fdfa/directorates-divisions/sdc.html
2	Schmidt Family Foundation	https://11thhourproject.org/
3	Grassroots International	https://grassrootsonline.org/
4	American Jewish World Service	https://ajws.org/
5	The David Lucile Packard Foundation	https://www.packard.org/approach/
6	IKEA Foundation	https://ikeafoundation.org/
7	New England Biolabs Foundation	https://www.nebf.org/
8	PANTA RHEA	https://pantarhea.org/
9	Synchronicity Earth	https://www.synchronicityearth.org/
10	The A team Foundation	https://www.ateamfoundation.org/#landing
11	The McNIGHT Foundation	https://www.mcknight.org/
12	Thirty Percy	https://www.thirtypercy.org/
13	Thousand Currents	https://thousandcurrents.org/
14	Thread fund	http://www.threadfund.org/
15	Wallance Global Fund	https://wgf.org/
16	David Rockefeller Fund	https://drfund.org/index.php
17	W.K.Kellogg Foundation	https://www.wkkf.org/
18	Dunn Family Charitable Foundation	https://dunnfcf.org/
19	The Godley Family Foundation	https://godleyfamilyfoundation.org/
20	CS Fund	https://csfund.org/
21	Woka Foundation	https://www.wokafoundation.org/
22	One earth	https://www.oneearth.org/
23	OAK Foundation	https://oakfnd.org/
24	Mize Family Foundation	https://www.mizefamilyfoundation.org/
25	1% For the Planet	https://www.onepercentfortheplanet.org/
26	Waverley Street Foundation	https://www.waverleystreet.org/
27	Ballmer group	https://www.ballmergroup.org/
28	CERES Trust	https://cerestrust.org/
29	John & Marcia Goldman Foundation	https://jmgoldmanfoundation.org/
30	Helianthus Foundation	https://helianthus.foundation/
31	TAUCK Family Foundation	https://tauckfamilyfoundation.org/

32	The Savitri Trust	https://savitri.org.uk/
33	Louis Dreyfus Foundation	https://www.louisdreyfusfoundation.org/

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