How small farmers and the private sector can end poverty and hunger

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Private companies are discovering that small farms are big business at the same time as the development community is realizing that they are key to ending poverty and hunger. There are 500 million small farms in the world, and their potential is huge. Indeed, small farms are responsible for up to 80 per cent of food production in parts of Asia and sub-Saharan Africa. But most smallholder farmers in the developing world are poor themselves. To increase their production and better their livelihoods, they need a variety of investments—and not just money. They need improved seeds, machinery, technology, knowledge and training. With increased support and new opportunities, they can feed the world's growing population. But government, the private sector and institutions like IFAD will all need to play a part.

At the outset, it is important to remember that smallholder farmers are themselves part of the private sector. Farming at any scale is a business—and it is the predominant business in rural areas. That's why raising on-farm productivity and creating off-farm opportunities can do so much to improve the lives of rural people. Drawing upon the vast resources of the local and international private sectors will be critical to meeting the goals of ending hunger and poverty, which are part of Agenda 2030, an ambitious plan agreed upon by world leaders in September 2015.

But while greater private-sector investment in rural areas is already happening, it is not a panacea, it is not automatic, and will only work in tandem with increased investment and actions by governments themselves. Specific steps are needed to ensure that public and private investments really change the lives of rural people, including smallholder farmers, land-poor and landless workers, women and youth, marginalized ethnic groups, and victims of disaster and conflict.

This is why IFAD is reaching out to the private sector and other partners to help ramp up *inclusive* investment—the kind that empowers poor rural people and their organizations, and gives them a say in their own development. Being inclusive means that development projects result in fair prices for smallholders, opportunities to connect to high-value markets, decent employment opportunities, and women's participation and empowerment.

In Rwanda, an IFAD-supported project forged a partnership between two tea-producing cooperatives and private investors. The tea factories established by the private-sector partners bought directly from the cooperatives, which participated as equity shareholders in the tea factories. The project promotes investment in the rehabilitation of existing tea plantations and the establishment of new ones. Cooperatives acquire equity shares of 30 to 40 per cent in factories. It's a win-win approach for farmers and their private sector partners.

Putting people at the centre of development is key. Investments that rest on public-private-producer partnerships, and take into account the needs and rights of smallholder farmers, lead to sustainable benefits (enhanced livelihoods, environmental sustainability, and profits) for all parties. This is how we can build the fair, profitable food systems that we need for everyone's future.