

MEETING HIGHLIGHTS

2023 Annual General Assembly

**20 years of rural development
and aid effectiveness:
Where are we now and
where are we going?**

**26-27 October 2023
IFAD HQ IN ROME, ITALY
AND VIRTUALLY**



**20 YEARS
BRINGING DONORS
TOGETHER**



**Global Donor
Platform for
Rural Development**

Agenda

DAY 1 – Thursday 26 October 2023

09:30 – 10:15	OPENING SESSION
10:30 – 12:30	MAIN SESSION High-level session Food system approaches and shifting development agendas in agriculture and rural development
13:45 – 15:15	Breakout sessions Drawing on lessons learned from the past and implications for the future of agriculture, rural development and food systems
15:30 – 17:00	High-level synthesis Moderated session with speakers and rapporteurs from the breakout sessions
17:00 – 18:30	SESSION 2 Land governance tools and approaches in support of climate action Organized by the Global Donor Working Group on Land

DAY 2 – Friday 27 October 2023

	SESSION 3 Making donor funding more catalytic
9:30 – 12:30	Keynote address Scene-setting An overview of the findings from the GDPRD enquiry High-level reaction to the findings Recommendations for the way forward and panel discussion
13:50 – 15:20	SESSION 4 Leveraging change for rural youth employment and food systems transformation Organized by the Thematic Working Group on Rural Youth Employment
15:35 – 16:50	Implications of the AGA discussions and deliberations for donor coordination
16:50 – 17:00	CLOSING SESSION



Members of the Global Donor Platform for Rural Development (GDPRD) convened on **26 and 27 October** for the **2023 Annual General Assembly (AGA)** to discuss the evolving aid landscape and emerging priority areas for collaboration among donors.

This year's AGA offered a chance to celebrate the Platform's 20th anniversary and to look back at how the donor landscape in agriculture, rural development and food systems has evolved over the past 20 years.

Reviewing two decades of development trends demonstrated the **enormous shift in development objectives** since the Platform was established in the wake of the 2002 European Forum on Rural Development Cooperation.

The Millennium Development Goals set out in the year 2000 were replaced in 2015 by the Sustainable Development Goals (SDGs), which set a much wider, interconnected agenda. The 2021 United Nations Food Systems Summit and 2023 Stocktaking Moment, together with the 2023 mid-term review of SDG progress, have **illuminated the scale of the challenges the development community confronts** and the inadequate progress.

Growing hunger, and rising resources devoted to emergency relief, have highlighted the **gross shortfall in donor resources** to achieve long-term development. The **overriding conclusion** is that donors need to explore and adopt innovative approaches to rural development, **refocusing**, and **seizing new opportunities, technologies and techniques** to scale up the impact of their dollars.

ABOUT THE AGA
www.donorplatform.org/event/annual-general-assembly-2023/

Day 1 recording:
<https://youtu.be/uA8DDIuDzsQ>

Day 2 recording:
<https://youtu.be/pagYG63SSdM>

In this meeting review, drawn from the annual assembly discussions piloted by the GDPRD in Rome, we look at six key themes for donors:

- Why and how the aid agenda has evolved
- How shifting to a food systems approach can invigorate rural development
- Four sets of related issues will define the new aid agenda:
 - Food security and nutrition
 - Environment, climate change and biodiversity
 - Aid effectiveness, coordination and alignment
 - Conflict, resilience, risk and fragility
- Better land governance tools will be central to effective climate action
- Donor funding must become more innovative and catalytic
- Mechanical and technical jobs offer hope for burgeoning rural youth populations.

Opening, background and scene-setting

In 2023, the Platform celebrated 20 years of bringing donors together. But it was also a moment for the entire development community to take stock: what has been achieved over the past two decades, and how must donor practices change in the light of recent evidence that we are off course to achieve the SDGs?

Official development assistance (ODA) has much to be proud of. Over the past two decades, it has lifted hundreds of millions out of poverty, and vastly improved health and education. But hunger is once more increasing against a backdrop of accelerating climate change and tumultuous world events, such as the COVID-19 pandemic and the outbreak of wars in Eastern Europe and the Middle East.

On this dynamic journey, the AGA provided a timely opportunity for members to review progress and shortfalls concerning various aspects of the development agenda and their causes.

It was also a chance to chart new ways forward and forge a greater shared understanding of how to do the vital work of development more effectively, with more impactful and innovative interventions.

To help the search for ways forward, the Platform released the findings of an important enquiry by the Shamba Centre for Food & Climate, commissioned by the GDPRD, into ways to make donor funding more catalytic and use the power of commercial finance.

The AGA was an opportunity to build the connections that will allow new approaches, adapted to the changing landscape, to happen.



“ People in many parts of the world face widespread hunger, water and energy scarcity, fragility, conflict and violence, and these require – to quote a platform member – a massive change in how we work together to support countries and address global challenges.”

Brian Baldwin

Senior Advisor to the GDPRD, Development and Agricultural Policy Advisor



“ The AGA is about giving members and partners a safe space to discuss how to shape coordinated and harmonized donor approaches to better serve rural people in the path to development and make our interventions more effective and impactful.”

Maurizio Navarra

GDPRD Secretariat Coordinator



“ The fabric of multilateralism is being frayed right now ... We are entering an era where the major powers ... are not engaging, they're not collaborating. There is a cold war ... and that is totally changing the context in which development is carried out.”

Tristan Armstrong

GDPRD Chair (2021-2023), Senior Sector Specialist Agricultural Development and Food Security, Department of Foreign Affairs and Trade Australia

Rural development to serve rural people



“ Impact ... is not felt at the level of beautiful documents that are shared, but in how you move the needle and shift the reality of the lives of rural people and all of the people in the food systems.”

HE Jeanine M Cooper
Minister Agriculture, Republic of Liberia

HE Jeanine M Cooper, Minister Agriculture, Republic of Liberia, opened a comprehensive discussion about the nature and benefits of the accelerating shift now under way to rural development through food systems reform.

Complimenting the GDPRD for highlighting the tension between development cooperation and humanitarian assistance, she noted that it was 20 years since Liberia began rebuilding its institutions and indeed its nation after civil conflict. In many ways, it has been a “lab rat” for exploring and developing strategies for moving from catastrophe to resilience and longer-term prosperity, she said.

“Without peace, you can’t have development. So, as we solidify gains, we are seeing the emergence of synchronized aid in the agricultural sector and rural development sector, especially around food systems transformation.”

Marylaure Crettaz Corredor noted that thinking has evolved so that today not only farmers but also vulnerable consumers in rural and peri-urban areas have become central to efforts to speed the development of agriculture and communities. She suggested that the widening rural development agenda – from smallholder farmers to rural communities to food systems – reflected mixed past success in efforts to help small-scale farmers, prompting donors to switch to a more overarching approach.



“ I think moving outside of only agriculture and only smallholder producers may be a response to some of the failures of the past.”

Marylaure Crettaz Corredor
Head, Food Systems Section, Swiss Agency for
Development and Cooperation

Namukolo Covic said that as long as rural livelihoods are associated with drudgery and a too-slow shift to mechanization, young people would continue to migrate to towns and cities in search of better livelihoods. Digital technologies opened new paths for development, and the success of M-Pesa mobile phone transactions in Kenya provided valuable lessons in meeting real needs. She urged participants to “think about innovations that are appropriate for our settings”.

Sean de Cleene pointed out that the UN Food Systems Summit has drawn attention to the need for donors to move beyond coordination, and to think about ways they should intervene in food systems to achieve development objectives. In addition to learning to combine technologies such as analog phones, drones and satellites, we need to unlock finance, he said. That requires a revolution in the way we think about partnerships and the impact they can achieve.

Referring back to Brian Baldwin’s introduction, **Boaz Blackie Keizire** called for a sharpened focus on aid effectiveness to ensure optimal use of ODA. He urged countries to assume a greater role in coordinating closer collaboration between donors, governments and others involved in rural development. The food systems agenda brings together production, distribution, the environment and many other



“ Nutrition has become much more part of our work. Food security has become much higher on the agenda.”

Wilma van Esch
Head of Food Security and Nutrition, Ministry of
Foreign Affairs of the Netherlands



“ Never underestimate the power of leadership. When leaders speak, people listen.”

Boaz Blackie Keizire

Head of Policy, Advocacy and Food Systems, AGRA



“ For as long as rural livelihoods are associated with drudgery and inadequate movement towards mechanization, we will be losing our young people into urban settings.”

Namukolo Covic

Director General Representative to Ethiopia, International Livestock Research Institute, CGIAR Ethiopia Country Convenor and Regional Director for East and Southern Africa



“ We are in the foothills of a really long, complex, challenging journey. We ... need to support countries in unlocking their (national food) pathways. We don't have 20 years for us to spend getting food systems transformation right.”

Sean de Cleene

International Systems and Partnerships Expert, Former Member of the Executive Committee, Head of the Future of Food, World Economic Forum

factors that are the responsibility of governments, he said. “We do not sufficiently align, coordinate and collaborate”, especially in terms of national agendas, he argued.

There is a “huge” gap between production and consumption in Africa, noted **Wilma van Esch**. One of the biggest challenges, she argued, is to locate within thinking about food systems the levers to close that gap. Programmes are fragmented, and we need to get back to a sector-wide approach. But today there is “much more capacity and much more ownership in the global south”. So, where states are effective, donors need to plug into national food systems pathways. But increasingly, poverty is concentrated in fragile states, which lack governmental capacity and sometimes do not develop national food systems pathways. Because of these states' weak capacity for economic development, combating poverty in these situations remains more difficult.

From the floor, **Manon Bellon**, French GDPR Board Member from the Ministry of Foreign Affairs and Europe, asked whether other arms of government, such as education and health, were engaging with the food systems approach to development. **Alun Jones**, Head of International Projects at CIHEAM Zaragoza, asked whether the panel could identify good examples of national coordination that could be used as models.

Drawing together these thoughts and questions, **Minister Cooper** responded that young people don't want to be poor farmers but are enthusiastic about creating wealth by building highly productive food businesses founded upon information technology and mechanization.

The best way to help them, she said, is through close collaboration between government, donors and beneficiaries. And as for models, Liberia is striving to become a “poster child” for what can be achieved.

One theme that emerged was a sense that a past focus on direct help to small-scale farmers has been too narrow. Adopting a food systems approach to rural development, guided by carefully thought-through national food systems pathways, opens the way to a more market-oriented approach. Aiding the development of small and medium-sized enterprises (SMEs) that buy from farmers, or service their needs, may not only speed the integration of farmers into a market economy but also provide a better prospect of attractive rural jobs for young people flooding onto the labour market in much of Africa.

Minister Cooper called for donors to be more relaxed about monitoring and evaluation, and rather to focus on working in partnership with governments and each other to achieve agreed aims. And, as **Sean de Cleene** stressed, there's no time to lose. The 2030 deadline to achieve the SDGs is only seven years away.

MAIN SESSION

<https://www.donorplatform.org/event/annual-general-assembly-2023-main-session/>

Drawing on lessons from the past to shape a new agenda for agriculture, rural development and food systems



Breakout sessions

Four breakout sessions looked at key issues that will shape donors' work in the decade to come:

- Food security and nutrition
- Environment, climate change and biodiversity
- Aid effectiveness, coordination and alignment
- Conflict, resilience and fragility



Sheryl Hendriks

Director of the Natural Resources Institute, University of Greenwich, United Kingdom



Bernard Lehmann

Chairperson, High Level Panel of Experts on Food Security and Nutrition

FOOD SECURITY AND NUTRITION are top of the agenda, but for any given community it is still largely unclear what food system transformation means, because the implications for a community producing fruit and vegetables will be very different to those of farmers in the United States corn belt, or for a city of food consumers. **Sheryl Hendriks**, rapporteur for the breakout group, highlighted the different perspectives of those involved in developing strategies, and the many questions about how to bring the private sector on board. Many donors are states that play a role in geopolitics and climate negotiations, for example, as well as in development efforts. Amid this policy complexity, there's a risk that long-term food systems transformation could fall off the agenda. Decentralization meantime increases funding complexity: upcoming replenishment of international funds is an opportunity to renew the focus. And, finally, is the world about to enter an economic crisis – and, if so, what will be the implications for funding development?

ENVIRONMENT, CLIMATE CHANGE AND BIODIVERSITY rapporteur **Bernard Lehmann** said events of the past few years showed that environmental health must be among our top goals. We know that things are going the wrong way, but some positives emerged from the discussion. Firstly, responsible investment can be a powerful tool to combat climate change and enhance biodiversity, so the public and private sectors must work together; secondly, ecosystem services provided by responsible agriculture must be rewarded; thirdly, embracing technological solutions can help, especially in attracting young people to reshape food systems; and fourthly, the role of soils should not be overlooked. But, he asked, how do we overcome the “tragedy of the commons” whereby common assets, such as a healthy environment and biodiversity, are undervalued?



Jean Ives Bonzi

Coordination Officer, Office of the Deputy Special Representative of the Secretary-General, Resident and Humanitarian Coordinator, Somalia



Sophia Murphy

Director, Institute for Agriculture and Trade Policy

AID EFFECTIVENESS, COORDINATION AND ALIGNMENT

issues were addressed by the third breakout session. Rapporteur **Jean Ives Bonzi** said the group explored ways in which donors could do better. In particular, they noted that, by implication, if donors were to improve coordination, they must be willing to give up some power. Involving the private sector and civil society could help validate – or correct – donor thinking. Earmarked funding is essential to enable effective long-term planning. **Jim Woodhill**, Senior Advisor to the GDPRD, added that coordination is not a technical issue, but rather a political process. He said that you need good leadership, in both government and donors, that is skilled and committed to success.

CONFLICT

substantially increases economic fragility and risk. Donors can't stop conflicts, but they can help build resilience. **Sophia Murphy**, rapporteur for the breakout group examining these issues, first identified climate change and inequality as fundamental challenges. These were compounded by the lack of effective land governance, the erosion of democracy and the rise of reactionary politics. This implied a need for social protection – and here donors have learned a lot – but also a need to protect natural capital. The 2030 Agenda was a useful reminder of trade-offs when deciding how to respond. In the past 20 years, we have become better at forecasting. But, equally, Africans have taken greater ownership of the problems on a continent where progress is often threatened – or undermined – by conflict. The urgency of the challenges we face risks overwhelming the painstaking fight to give a voice to the communities affected. The panel concluded that the failure to take responsibility for collective assets was a profound problem. One solution was to pay more attention to indigenous peoples and small-scale farmers whose commitment is vital to solving the array of problems confronting both the environmental and developmental agenda. Given the scale of the challenge, new technologies – and the private sector – have to be part of the solution, and this will require new, more collaborative approaches.



High-level synthesis

Their conclusions fed into a panel discussion that explored why today's changed circumstances suggest donors need to rethink the way they work. But what should donors do differently? In a keynote, **Mia Beers**, Deputy Assistant Administrator, United States Agency for International Development (USAID) Bureau for Resilience, Environment, and Food Security, set the scene.

Conflict, climate change and the enduring impact of the COVID-19 pandemic, compounded by inflation and rising interest rates, have pushed new communities into hunger and multiplied the challenges for those seeking to help them. An estimated 205 million people are in desperate need of food assistance, and around 735 million suffer chronic hunger, she said.

To avoid crises reversing a decade of progress, we'll need more donor coordination and continuing commitment to achieve systemic change because humanitarian assistance alone doesn't solve the causes, she argued.

One example of what can be done to build more resilient communities and food systems is a fund launched jointly by USAID and Norway in September 2023. The Financing Agricultural Small- and Medium-Enterprises in Africa (FASA) fund's initial US\$70 million envelope, which they hope contributions from other donors will lift to US\$200 million, is pioneering ways to leverage three times more from commercial lenders.

Small-scale farmers in sub-Saharan Africa rely on SMEs for services, including getting their production to consumers. These SMEs face a yawning financing gap, yet they are critical to creating African food systems that can feed the continent. "We believe the fund has the potential to support 500 businesses and 1.5 million farmers in Africa, ultimately benefiting 7.5 million people,"

Mia Beers said. Initiatives can also improve food security by helping farmers combat the effects of climate change by adopting growing techniques that improve ground cover and reduce their dependence upon increasingly expensive fertilizers.



“ Shocks to the global food system are making it difficult for the most vulnerable communities to access sufficient affordable and nutritious food.”

Mia Beers

Deputy Assistant Administrator, USAID Bureau for Resilience, Environment, and Food Security



“ Most countries have demographics of farmers over 50 years of age. There is an existential question around who will grow the 70 per cent more food that we need to feed a growing global population.”

Ron Hartman

Director, Global Engagement, Partnership and Resource Mobilization Division, IFAD



“ What we're hearing now from our 83,000 members who are indigenous peoples is that over the past five years, green energy is becoming one of the biggest land-grabbers.”

Michael Taylor

Director, International Land Coalition

Land governance tools and approaches in support of climate action

ORGANIZED BY THE GLOBAL DONOR WORKING GROUP ON LAND



“The tendency we all have is to prioritize organizations that are able to do the paperwork, rather than organizations who are able to get the results on the ground.”

David Kaimowitz

Chief Programme Office, The International Land and Forest Tenure Facility



“If you want to know if the plumbing works, you need the tools, you need the instruments to check the functioning – and for land, these indicators are the SDGs.”

Ward Anseeuw

Senior Land Tenure Officer, Food and Agriculture Organization of the United Nations (FAO)

Why better information on land governance is critical to mitigating climate change

David Kaimowitz opened the discussion by pointing out that indigenous people and local communities manage 32 per cent of the world’s land, and in terms of preventing global warming their stewardship outperforms many other forms of tenure. Their land tends to have lower rates of forest loss, less degradation and more regeneration, resulting in lower CO₂ emissions and higher evapotranspiration, notably in India, Nepal and Mesoamerica.

Unfortunately, this good stewardship is increasingly threatened by multiple factors. In the decade 2010 – 2020, only about US\$270 million – less than 1 per cent of climate funds – went to these landholders, despite their massive importance and potential.

That’s because, until recently, donors lacked evidence about the scale, impact and (modest) cost of the benefits flowing from indigenous stewardship. But now there is abundant evidence that these areas can contribute more to emissions reduction and mitigation. Yet they are underfunded, he argued, because too often donors favour those who can do paperwork over those who get results. So donors need to find better ways to channel grants to indigenous peoples, in both tens of thousands and millions of dollars. However some governments have successful programmes others can learn from, notably in Mexico, Peru and Guatemala.

Chris Penrose-Buckley said that, at COP26 in Glasgow, donors had pledged to channel US\$1.7 billion of climate finance to indigenous peoples. Much more was needed. But another key challenge was to persuade governments to implement legal systems that protect indigenous and local community rights. Donors have set up a Forest Tenure Funders' Group to improve funding, delivery and coordination. Yet, in the first year, 51 per cent of the money went to NGOs, which was unsatisfactory. These NGOs can play an important role as trusted intermediaries, achieving dialogue with people who have very different values. Yet the current importance of intermediaries highlights the need to build trust and the capacity of indigenous peoples and local communities to work directly with donors.

Ward Anseeuw emphasized the importance of reliable data to guide donor decision-making about land policies. Three SDG indicators are directly related to land: 1.4.2 is about tenure rights, 5a1 is about secure ownership of agricultural land for women and 5a2 is about the legal framework that guarantees women's equal rights to land. After six years of generating data around these indicators, only 46 of 100 countries have reported on 5a1, though 77 have reported on 5a2. But when it comes to securing tenure rights, only 53 countries have reported. Political commitment is therefore critical, because today data-gathering tools focus only on private land, and there are few data about land held in common by indigenous and local communities. He called on donors to push for more reporting on land rights and policies, and for the development of data proxies and alternative data sources.

Eva Hershaw said the SDGs clearly called for the collection of data on collective tenure. Though some national statistical agencies are collecting the data, they aren't being published. Today, data tend to count people on collectively held land: it would be more useful to count hectares, she suggested, and, critically, to measure whether land rights are upheld. She argued for a reformed or new indicator centred upon biodiversity preservation, ecosystem restoration and positive climate outcomes that could include assessments of indigenous peoples' and local communities' land rights – and the ecosystem benefits they provide.

The aim of this approach would be to channel climate funding to indigenous peoples and local communities, whose actions reduce global warming more effectively than many rival options for funding.



“ There is an opening for consortiums ... to organize and contribute to thinking about how we might open up the SDGs in a way that might allow us to more meaningfully report progress.”

Eva Hershaw

Global Data and Land Monitoring Lead,
International Land Coalition



“ If you are trying to promote responsible land-based investment, you can try to influence companies investing in land, you can help communities protecting their rights, and you can look at the role of regulation.”

Chris Penrose-Buckley

Senior Land Policy Lead, UK Foreign,
Commonwealth & Development Office

SESSION TWO

[https://www.donorplatform.org/
event/annual-general-assembly-2023-
session-2/](https://www.donorplatform.org/event/annual-general-assembly-2023-session-2/)

Making donor funding more catalytic

ORGANIZED WITH THE SHAMBA CENTRE FOR FOOD & CLIMATE

Finding the money to end hunger

INTRODUCTION

A recent report estimated that US\$330 billion would be needed between now and 2030 to reduce hunger in line with SDG2. Yet ODA grants to agriculture – the main source of funding to achieve SDG2 – have been stagnating at around US\$12–15 billion a year.

Carin Smaller explained that while donors are already being more creative in using ODA as loans, there is considerable scope to develop the nascent field of blended finance, using donor funds as a catalyst to underpin much larger volumes of lending from private finance to rural enterprises.

Together with **Oshani Perera**, she presented the findings of a study by the Shamba Centre, commissioned by the GDPRD, into ways to make donor funding more catalytic. The principal conclusion is that every dollar of donor money has the potential to mobilize US\$4 of commercial finance, because if donors and development banks take more risks, domestic lenders will lend more to SMEs at lower rates.

To make that happen:

- Blended finance should focus on the “missing middle”: agri-food SMEs seeking US\$50,000 to US\$2 million in loans/financing
- To catalyse increased investment, loans underpinned by concessional finance must be additional
- Governance of development finance institutions (DFIs) needs overhaul to allow for more risk-taking
- Donors need more research and data on the performance of agri-food SME loans.



“Donors and development finance institutions should use guarantees and incentives to build the expertise and risk appetite of domestic lenders.”

MODERATOR

Carin Smaller

Co-Founder and Executive Director,
Shamba Centre for Food & Climate,
Co-Founder of Hesat2030

Oshani Perera explained that agri-food SMEs in sub-Saharan Africa and Southeast Asia are estimated to need US\$106 billion a year more in commercial funding than they obtain. This “financing gap” arises because most of the funding goes to SMEs producing commodities such as cocoa, coffee and soybeans for export. Lending is underpinned by contracts and payment in hard currencies.

Domestic food producers meantime struggle to obtain the funds they need, for diverse reasons including their inability to provide collateral and higher exchange rate risk. By anchoring lending by domestic banks through so-called blended finance, donors can catalyse a total of US\$5 of lending for every dollar they provide. Yet only 2–3 per cent of ODA is going into blended finance to help domestic agri-SMEs expand. Development banks have a big role to play, but they choose to lend to other sectors, and the fault seems to stem from their mandates, which typically require them to avoid losses and ensure they keep their credit ratings.

Carin Smaller concluded by arguing that donors and development banks should provide guarantees and help build the expertise of domestic lenders, enhancing their ability and willingness to lend more to agri-SMEs. She also called for a donor hub (or working group) to share knowledge about financing initiatives that support agri-SME lending, dedicated funding pools and a data repository on the performance of agri-SME loans.



“Unless there is more visibility on these loans, you as donors are unable to take the right decisions.”

Oshani Perera

Co-founder and Director of
Programmes, Shamba Centre for
Food & Climate

HIGH-LEVEL REACTION TO THE FINDINGS

Andrea Zinn is deeply involved in two private sector efforts to increase lending to agri-SMEs, as Director of the Council on Smallholder Agricultural Finance (CSAF) and Senior Manager of Aceli Americas and Aceli Africa.

She said public and private blended finance is commonplace in high- and middle-income countries, so it is unsurprising that it is needed in low-income economies too. There is clearly a domestic agricultural sector that needs smaller loans in local currencies, and domestic lenders are best placed to serve that market.

She said that while the recommendations are focused on expanding the capital supply, domestic lenders also find it hard to identify investible SMEs. So there could be a place for technical assistance to enhance the ability of SMEs to access finance. Improving the supply of capital alone may not solve the problem. Investors often struggle to find investible SMEs, she said.

In addition, Andrea Zinn said that leverage ratios can exceed four: Aceli was achieving a leverage ratio of one-to-ten after mobilizing US\$140 million of private capital with an average loan of US\$100,000. In East Africa, the need was often for relatively small loans, she said. With smaller “ticket sizes” Aceli was able to reach a much higher number of borrowers who might not otherwise have received funding. New borrowers were a useful measure of additionality, she said, and 60 per cent of Aceli borrowers had not received financing in the previous three years. CSAF experience showed that often loans went to the same cooperatives year-after-year, raising doubts that the funding was additional to funds available from local lenders. Sometimes CSAF seemed to be competing with impact investors to lend to the same SMEs. These outcomes suggest that better data are needed to go beyond leverage ratios to verify that the funding is additional, she said, and to verify that the funding improves environmental protection, and provides social benefits.

KEYNOTE

Paul Clements-Hunt, Founder of the Blended Capital Group, former Head of the United Nations Environment Programme Finance Initiative

Three decades of working with markets, insurance companies and mainstream capital markets have made Paul Clements-Hunt an expert in blended finance. Praising a “brilliant report”, he decried “timid capital” for the past “failure” of blended finance in agriculture and rural development. Citing an example from Burkina Faso, he said that a simple investment in a dam to ensure irrigation had been the foundation for successive developments that had created a resilient and relatively prosperous community.

However, he argued that while blended finance could improve the flow of capital, current applications are often flawed. He cited a distribution business he had started in western Kenya delivering solar power and agricultural technologies to 60,000 farming and fishing families, along with finance and insurance. It closed because development banks were too slow to maintain the inflow of finance via a commercial bank when COVID-19 hit its activities. Too often, commercial banks keep microfinance institution money on their balance sheets, rather than lending it, he said.

Paul Clements-Hunt argued that microfinance institutions and DFIs needed to get back to being risk-bearing at the first loss stage and be more aggressive in terms of catalysing markets, taking the best examples and scaling them up. Blended finance, he said, was the only way to achieve the urgently needed increase in lending flows to rural agri-SMEs.



“It is often very challenging to find agri-SMEs that have the maturity to actually manage a loan, are qualified, and meet the risk appetite of lenders.”

HIGH-LEVEL REACTION

Andrea Zinn

Director, CSAF and Senior Manager Aceli Americas, Aceli Africa



“Sustainable development is great, but the ability to mobilize finance at scale into these communities is key.”

KEYNOTE

Paul Clements-Hunt

Founder of the Blended Capital Group, former Head of the United Nations Environment Programme Finance Initiative

INSIGHTS FROM BLENDED FINANCE PRACTITIONERS

Recommendations for the way forward and panel discussion



“ We [SDC] are very small, we don't have enough money, so we need to be very selective and very targeted ... to leverage a lot of private sector effort.”

Peter Beez

Program Manager and Regional Thematic Advisor, Swiss Agency for Development and Cooperation (SDC)



“ In some ways, I think blended finance is just an interim measure until we get the policies and regulations in place to allow and require the DFIs to do more developmental funding. Today, they're not set up to do that.”

Songbae Lee

Agricultural Finance Lead, USAID Bureau for Resilience, Environment, and Food Security



“ Concessional finance is very important to reduce interest costs, especially in Africa.”

Hamid Hamirani

Senior Advisor, Food Systems for the Future



“ We shouldn't forget the technical assistance that is needed to bring these local commercial banks and DFIs up to speed in how to finance the agricultural sector.”

Agnes Johan

Head of Blended Finance, Rabo Partnerships



“ DFIs have to look at environmental and social risk, as well as financial risk.”

Fariza Chalal

Investment Officer, Manufacturing, Agribusiness and Services, Proparco



“ Microfinance started lending to the poor, and now commercial banks have entered that space. I think there is much to learn from the microfinance industry.”

Jean-Marc Kilolo

Economist, Innovative Finance & Capital Markets, United Nations Economic Commission for Africa



“ If we are not having failure with some of these investments then we are probably not doing something right.”

Iris Krebber

Head of Food Security, Agriculture and Land, UK Foreign, Commonwealth & Development Office. GDPRD Co-Chair (2024-2026)



“ The bulk of the finance industry is only just beginning to shift towards measuring and optimizing impact.”

Cecile Biccari

Managing Partner, Contrast Capital



Peter Beez declared himself a big fan of impact-linked finance, which pays for results to be achieved. Where the money goes is more important than how much money flows, he said, so it makes sense to target finance at SMEs, which create the most value. To maximize their impact, he urged donors to collaborate.

Fariza Chalal explained that although the French Government had provided her DFI with funding for stop-loss financing, Proparco remains a bank, and has to maintain its financial ratios and respect other regulatory constraints. But agricultural producers are especially risky because they need financing for both investment and working capital: lending profitably to small producers, as the bank's mandate requires, is difficult.

From the floor **Nadia Martinez**, Coordinator of the Smallholder and Agri-SME Finance and Investment Network (SAFIN), argued that many of the demand-side issues are structural, requiring close coordination between donors: SAFIN facilitates the coordination needed to address them.

Songbae Lee called for donors to build the evidence base. He backed SAFIN's plea to resist the temptation to create new structures. He explained that USAID's Aceli Africa initiative was a pilot incentive facility that is trying to put a market price on impact. Its data show how to buy impact at the lowest possible cost. Likewise, the United States–Norwegian Financing Agricultural Small- and Medium-Enterprises in Africa fund is, in effect, designed to put a market price on first loss.

Agnes Johan, Head of Blended Finance at Rabo Partnerships, explained that her commercial bank was working with the Netherlands Ministry of Foreign Affairs and with MFO, the national development finance bank, on a fund designed to make it easier for Rabobank to provide affordable loans. She highlighted the need to educate commercial banks and DFIs about agriculture and how to manage risk when financing agri-SMEs. Commercial banks and the public sector also need time to learn to work together on these issues. Donors should be wary of adding particular requirements that add complexity, delays and costs.

Hamid Hamirani offered lessons from Rwanda, where a sovereign wealth fund was investing in temperature-controlled warehouses to reduce food waste while developing investible assets. Technical assistance was an important element of blended lending, he said.

Jean-Marc Kilolo said SMEs face many difficulties in obtaining loans: they struggle to provide collateral, and they may lack financial records, governance and marketing skills. No wonder they struggle to raise funds. He argued the case for a scorecard to enable commercial lenders to better understand and standardize the way they score the creditworthiness of SMEs that apply for loans.

Tristan Armstrong, from the floor, noted that many donors also lack financial skills, being rather specialists in agriculture. Donors have limited funds and must respond to political objectives. They must justify their actions transparently, linking the taxpayers' dollars invested with the impact they are buying. Until they can do so, they are likely to remain hesitant, he said. Blended finance is one among several mechanisms at donors' disposal. To be persuaded to invest funds in this development mechanism, they need more transparency, visibility and accountability. He suggested that blended finance might achieve more "bang per buck" by focusing higher up the value chain than small-scale farmers. In terms of stamping out poverty, often the issue is not food availability, but that small-scale farmers don't have enough money to buy it, he said.

Overall, donors have to be sure their funds are putting food in the mouths of the poor, not lining the pockets of fund managers in New York or London.

Cecile Biccari described the PRI, a group of 5,000 investment institutions managing US\$120 trillion of assets, which is developing principles for responsible investment. They are seeking to make their investments more sustainable, but measuring impact is a new challenge for them, and work on impact is ongoing. Many institutions own land in developed markets but are only now exploring how to invest in agriculture in emerging markets. The more DFIs and governments prepare the ground, the easier it will be for private capital to make the inevitable switch to investing more sustainably in food systems, she said.

Reviewing the discussion, **Iris Krebber** said there is an urgent need to find a common language around the scale and nature of investments and risks, and the kinds of investment needed and objectives. ODA needs to find a role in mitigating risk for commercial funders to multiply its impact, but this is a new frontier. Too often, she said, the most promising SMEs seeking funding just don't know the right people. Overall, she argued, a lot more technical assistance is needed – and not just expertise in providing grants.

SESSION THREE

<https://www.donorplatform.org/event/annual-general-assembly-2023-session-3/>

Leveraging change for rural youth employment and food systems

SESSION BY THE THEMATIC WORKING GROUP ON RURAL YOUTH EMPLOYMENT



“ We are pushing entrepreneurship too much as a solution to the unemployment problem. The successful entrepreneur is a very minor proportion of the youth. We need to promote more wage employment, and that means we need to create markets and industries where young people can be trained.”

Ji-Yeun Rim

Senior Policy Analyst, Organisation for Economic Co-operation and Development

Today there are about 1.8 billion young people in the world aged 15–29 years, and 90 per cent of them are in developing countries, said **Annira Busch**. In sub-Saharan Africa, 25 million young people enter the labour market each year, including some 14 million in rural areas.

Each needs the opportunity to earn a living. During its 2017 presidency of the Organisation for Economic Co-operation and Development, Germany launched the G20 initiative for Rural Youth Employment.

The initiative sought to make 5 million young people more employable over five years through training and to help create 1.1 million jobs, with a focus on rural Africa.

Presenting the outcomes, **Ji-Yeun Rim** said the project had exceeded expectations, improving the skills of 6.4 million, and creating 2.9 million jobs across 300 of the 700 projects undertaken. Total investment was US\$20.2 billion.

The most successful projects involved private sector employers from the beginning, and provided training such as apprenticeships, leading to formal qualifications.



“ The coalition on action for decent incomes and wages for all food system workers is committed to the goal of ensuring social justice through the generation of decent work and the right to adequate and nutritious food.”

Yukiko Arai

Director, a.i., Sectoral Policies Department, International Labour Organization



“ What we need for food systems transformation is to bring young people in and create jobs for them.”

Annira Busch

Senior Policy Officer, Division of Food and Nutrition Security, Fisheries, Federal Ministry for Economic Cooperation and Development



“ Donors today see the power of youth and their potential to bring things forward, but we’re only at step one.”

Genna Tesdall

Director, Young Professionals for Agricultural Development

Among key lessons was the need for donor coordination, for dialogue between government and private employers, investment in lagging regions and empowerment of local authorities. Poor coordination and record-keeping had made tracking outcomes very difficult, she said.

Genna Tesdall reminded donors that organizing young people is hard because they lack experience and social networks, and are “actively in the process of becoming not-youth”. Many also migrate, though this can provide beneficial links between urban and rural areas.



“ Finance is scarce because most of the financial institutions in western Kenya view young people as high-risk borrowers.”

Dorothy Makayoto

Chairperson, Ingo Agrichamps Youth Association, Western Kenya

Lessons from Kenya to the African continent

Chicken farmer and youth activist **Dorothy Makayoto** said that in western Kenya, at the county level, policies encourage young people to set up agri-businesses, but many youngsters continue to view farming as a low-status profession. Funding is scarce because financial institutions believe lending to young people is risky – yet agriculture is “a beautiful sector to venture into”. She disparaged the need for further training, insisting that markets wanted the products of young entrepreneurs: what young entrepreneurs most need is capital, she said.

David Warui Mwangi agreed that many youngsters seek white-collar jobs, but said the Kenyan government is seeking to change that mindset through forums that show the opportunities of agri-business, backed by training and an enterprise fund. But Dorothy Makayoto took him to task, saying her application for funding had gone unanswered. She called on officials to decentralize their programmes to local administrators. David Warui Mwangi responded that some counties and even wards were starting to use their powers to set up their own funds, and he called for young people to make their needs heard when local authorities decide their budgets.



“ We have to consider young people as an asset, not as a threat.”

Haile Abebe

Programme Support Consultant, African Union Commission



“ Youth need to be more proactive when we call for public participation because if youth do not come out, money will not be set aside for them.”

David Warui Mwangi

County Director, Vocational Education and Training (Youth Training), Nakuru County Government, Kenya



“ The biggest problem is the mismatch between the skills that are there, and what the job market requires.”

George Yaa Mazuri

Chief Executive Officer, Ustadi Foundation

George Yaa Mazuri agreed that training and funding are the critical issues, but said interventions also needed to focus simultaneously on wage employment and enterprise development. Young people are often attracted by opportunities for quick gains, but once they enter a sector such as cashews, they realize they can make more from farming the nuts than from hawking them.

Haile Abebe said the African Union Commission was developing strategies and training administrators to build institutions that could draw more young people into food systems. Ileana Grandelis explained that FAO and the German development agency GIZ had joined forces in Kenya to support the youth employment and development strategies now being applied by county governments. She argued that local leadership is the best way forward.

During the discussion, however, **Ji-Yeun Rim** cautioned against an overemphasis on entrepreneurship. Not everyone has what it takes to start and run their own business, she said, urging donors to support and promote employment.

Wrapping up, GDPRD Youth Group co-chair **Frank Bertelmann (GIZ)** said the G7 initiative has achieved impressive results. But the evidence from Kenya suggests there is still much room for improvement in donor coordination at the international level and access to finance clearly remains an important issue: “The demand is huge. We need to invest a lot more, and we need to coordinate better”. Co-chair **Elisenda Estruch Puertas** (International Labour Organization) stressed that young people should be integral to finding solutions, and said the Working Group would take on board lessons from the AGA discussion.



“ Genuine efforts are needed to support these nationally-constructed and -owned agendas.”

Ileana Grandelis

Programme Officer, Inclusive Rural Transformation and Gender Equality Division, FAO

MAIN FOUR

<https://www.donorplatform.org/event/annual-general-assembly-2023-session-4/>

Focusing investment on places where the need is greatest

In a recorded message, **Maximo Torero Cullen**, Chief Economist at the FAO, urged donors to focus their efforts on the places where need is greatest. He reminded them that the number of chronically undernourished has surged from 612 million in 2019 to 735 million as a result of the COVID-19 pandemic and the ongoing war in Ukraine.

Climate change is increasing risks to agri-food systems, and hence to our ability to end hunger, he said. Of nine planetary boundaries, six have already been surpassed. Because biophysical dynamics are not linear, but rather exponential, problems are becoming more frequent, and he warned that once tipping points have been crossed, the consequences will be very serious.

The answer is to seek to minimize risks and to cope with risks when they occur – which is why FAO is focusing on insurance. But more broadly, he argued, we need to increase the capacity of communities to cope when crises occur, through well-targeted social protection, prioritized investments and interventions, less waste, and more trade to increase farm productivity and incomes. Above all, he said, we needed to focus investment in places where it is most needed.



VIDEO MESSAGE
<https://youtu.be/pagYG63SSdM?t=22735>

MEMORABLE INSIGHTS FROM THE AGA

Jim Woodhill invited participants to identify what had most inspired and surprised them at the AGA, and what was the most memorable message they would take away. Participants debated in groups. These are their conclusions.

Most inspiring

- The amount of information, knowledge and expertise displayed during the AGA
- Realizing that donors are still trying to learn
- Realizing that donors are committed to food system pathways
- Looking back 20 years and seeing what has happened, the progress and the future issues

Most surprising

- Hearing the diversity of perspectives and effective solutions
- The realization that donors are still trying to learn how to be more effective
- Grasping that pushing all unemployed youth towards entrepreneurship is a mistake

Most important

- Staying in contact with other donors
- Providing the resources to synthesize successful and replicable initiatives
- Recognizing that, though much remains to be done, we are making progress
- Understanding that collaboration means not everyone can lead



AGA conclusions

Members of the GDPRD governing board concluded:

Radio Save, Senior Adviser, International Development – private sector, infrastructure, agriculture and food systems, energy, UK Foreign, Commonwealth & Development Office:

- Financing agri-SMEs in innovative ways is going to be vital for food systems transformation. That's a line of work we should focus on in the years ahead.
- There is an overlap between the work on finance and the work on coordination. Local context matters a lot for financing SDG2 and investment in the missing middle.
- Land governance remains a vital priority for the UK Foreign, Commonwealth & Development Office and other members as an enabler for rural development and climate goals.

Bruce Campbell, Senior Policy Advisor, Food Security, Swiss Agency for Development and Cooperation. GDPRD Co-Chair (2024-2026):

- The question of how we leverage finance will be critical in the years to come. We have to think about who takes the risks and at what stage, and recognize that lending to young people involves higher risk. We also have to assess our own risk appetite.
- We have been reminded that there is a lot more we can learn about coordination. To reach an agreement we have to understand where we are coming from. A technical agreement often has much more legitimacy and strength than a political agreement.
- We are playing on a field where the goalposts are moving very quickly, and we will have our work cut out keeping up with that.

Manon Bellon, Policy Advisor – Agriculture and Food Security, Ministry for Europe and Foreign Affairs, France:

- We were inspired by Minister Cooper of Liberia, who showed us strong connections between the finance track and the youth track. Donor coordination requires us to put ourselves in the place of the other. Sometimes in the development field we work too much in silos, but the GDPRD enables participants to listen and learn about what others are doing.

Closing session



Closing remarks

Maurizio Navarra, GDPRD Secretariat Coordinator, said that the task of the Secretariat was now to develop the workstream for the future.

“We live in a world that is a mess, and ODA will completely change over the next 20 years”, he said.

The Secretariat will continue to work with Platform members to identify topics where the Platform can lead trends in development – and the conversation on finance was inspiring. “If we can help members and the international community address this mess, the mandate of the Global Donor Platform will be fulfilled.”

Tristan Armstrong, GDPRD Chair (2021-2023), Senior Sector Specialist Agricultural Development and Food Security, Department of Foreign Affairs and Trade Australia, concluded:

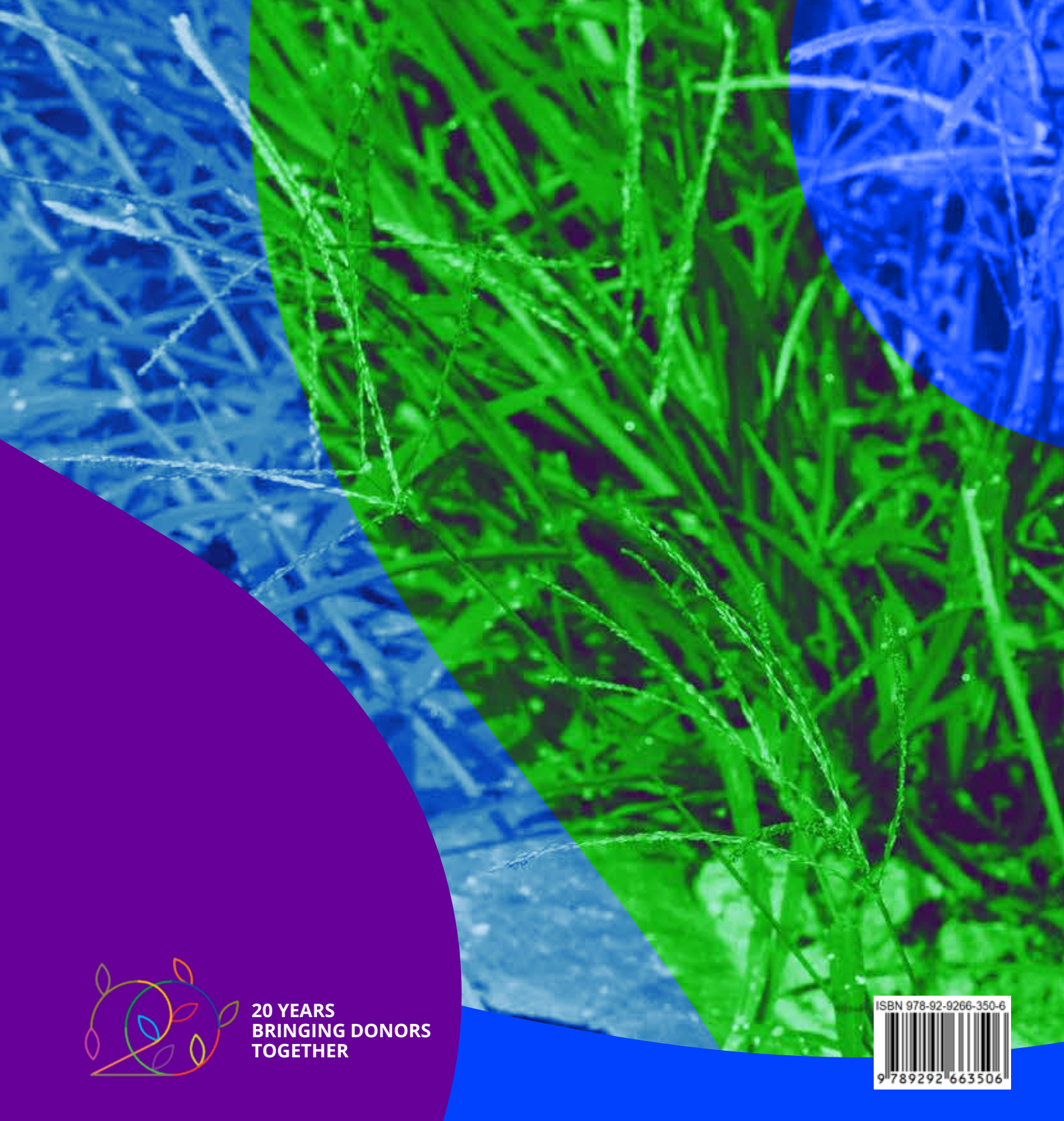
“We come to this space with enthusiasm and openness, and we leave our politics a little bit at the door. That is quite an achievement in a world where most of the multilateral spaces that I visit have gone the other way and become laden with politics, and where people don’t compromise, but rather try to compete with each other.

Here we value everyone’s voice, and we value the opportunity to listen to others including ministers in countries that are important to us. I think that is enormously valuable ... The world needs more conversations like this.”

CLOSING SESSION
<https://youtu.be/pagYG63SSdM?t=23504>







**20 YEARS
BRINGING DONORS
TOGETHER**



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The Global Donor Platform for Rural Development (GDPRD) is a vibrant partnership, advocacy and knowledge network of more than 40 bilateral and multilateral development agencies, international financial institutions, intergovernmental organizations and foundations. It was established in 2003 to lobby for increased public and private investments in food systems, agriculture and rural development.

In 2023, the Donor Platform celebrated 20 years of bringing donors together. This milestone is reflected in the theme of this year's Annual General Assembly (AGA) "20 Years of rural development and aid effectiveness: Where are we now and where we are going?", which took place on 26 and 27 October in Rome, Italy.

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