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AUSTRALIAN NGO COOPERATION PROGRAM (ANCP) THEMATIC REVIEW

Agricultural Development and Food Security

December 2020

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CONTENTS

ACKNOWLEDGEMENTS	ii
CONTENTS	iii
ABBREVIATIONS	v
EXECUTIVE SUMMARY	1
Purpose and Method	1
Key Findings	1
Recommendation 1: Focus on smallholders	3
Recommendation 2: Engage with markets	4
Recommendation 3: Help improve nutrition	4
Conclusions	5
INTRODUCTION	6
Purpose and method	6
Scope of Review	7
SECTOR OVERVIEW AND POLICY FRAMEWORKS	9
Agriculture and development	9
Australia's aid strategy for agriculture	10
Gender equality and women's economic empowerment	10
Disability-inclusive development	11
Climate action	11
NGO policy frameworks	12
ACTIVITIES AND ACHIEVEMENTS	14
Activities	14
Reported impacts	15
DFAT observations	19
Scale and sustainability	20

CONNECTING FARMERS TO MARKETS	21
Markets and smallholders	21
Market-focused ANCP approaches	22
Simple typologies to understand the intervention	23
RECOMMENDATIONS AND CONCLUSIONS	28
Recommendations	28
Conclusions	29
ANNEXES	30
Annex A: Thematic Review Terms of Reference and Methodology	30
Annex B: 2018-19 ANCP ARD-FS projects included in Review	33
Annex C: Excerpts from detailed visit reports	37

ABBREVIATIONS

ACFID	Australian Council for International Development
ADPlan	Annual Development Plan (ANCP)
AFS	Agriculture and Food Security section, DFAT
ANGO	Australian NGO
ANCP	Australian NGO Cooperation Program
ARD	Agriculture & Rural Development
AUD	Australian dollar
BRAC	Bangladesh-based NGO (Building Resources Across Communities)
CSIRO	Commonwealth Scientific and Industrial Research Organisation
DFAT	Department of Foreign Affairs and Trade
FAO	United Nations Food and Agriculture Organisation
FS	Food Security
GAP	Good Agricultural Practice
iMSD	Inclusive Market Systems Development
IPCC	Intergovernmental Panel on Climate Change
LM4P	Last mile market inclusion framework for the poor
LVCD	Local Value Chain Development
M&E	Monitoring and Evaluation
MELF	Monitoring, Evaluation and Learning Framework (ANCP)
MSD	Market Systems Development
NGO	Non-Government Organisation
NPQ	NGO Programs Performance and Quality section, DFAT
ODE	Office of Development Effectiveness (DFAT)
SDGs	Sustainable Development Goals
SHG	Self help group
SWOT	Strengths, weaknesses, opportunities, threats
USAID	United States Agency for International Development
USD	United States Dollar
VSLA	Village Savings and Loan Association
WEE	Women's Economic Empowerment
WVA/WVI	World Vision Australia, World Vision International

EXECUTIVE SUMMARY

PURPOSE AND METHOD

The Australian NGO Cooperation Program (ANCP) is the Australian Government's primary mechanism for working through Australian NGOs to support the world's poorest and most vulnerable people. The 2019 ANCP Thematic Review of agriculture, rural development and food security (ARD-FS) was undertaken to provide insights into how NGOs are addressing development issues in this broad 'sector' through their ANCP-supported projects, and to identify opportunities for shared learning with a view to further strengthening development outcomes. The DFAT review team visited projects in Timor-Leste, Lao PDR, Cambodia and eastern Indonesia, conducted a short survey of relevant ANCP NGOs, and analysed ANCP project documentation across the sector. A draft report was presented for discussion at the ANCP Learning Event in Canberra on 20 November 2019. This revised version includes analysis of the 2018-19 ANCP performance reports, which were not available at the time of initial drafting. However, this report does not reflect COVID-19 impacts on these projects or ARD-FS more broadly. The full Terms of Reference are in Annex A.

KEY FINDINGS

This sector matters for the poor

Global poverty rates have fallen dramatically in recent decades, including among Australia's developing country partners, while structural transformation has seen a general decline in agriculture's share of GDP. Most of the investment in economic infrastructure has focussed on urban areas, while poverty, vulnerability and low productivity persist in rural areas. Agriculture remains a major employer and the mainstay for large segments of developing-country populations. Agricultural growth and rural resilience will continue to be important to broader economic growth and stability.

Over 800 million of the world's population still suffer hunger – more than two-thirds of these in the Indo-Pacific region. Furthermore, nearly two billion people have micronutrient deficiencies. Undernutrition has high health, economic and social costs for families, local communities and countries. In particular, child stunting remains a huge cause for concern, as it reduces life expectancy, education attainment, life-long earnings and national economic growth.

Improving the performance of the agriculture sector is critical to creating pathways out of poverty. World Bank analysis also shows that growth in the agriculture sector is two to four times more effective in lifting people out of poverty than comparable growth in other sectors. Agricultural development can help tackle growing disparities in wealth between rural and urban populations, and address the high rates of youth unemployment in rural areas.

Smallholder producers supply 70 per cent of global food production, and are a particular focus of the sustainable development goals.¹ They face a range of challenges including decreasing farm size, limited access to information, technology and infrastructure, and poor connections to markets and the broader economy. Moreover, despite growing much of the food in developing countries, smallholder families suffer disproportionately from food insecurity, hunger and malnutrition.

This sector matters for ANCP

In 2018-19, ARD-FS projects accounted for around one fifth of ANCP funding and reached nearly 700,000 beneficiaries. Just under one-third of the 57 accredited ANCP NGOs are active in this sector.

Most projects are small – with a few notable exceptions

Most of the 74 projects included in this Review are small-scale: receiving less than AUD500,000 in ANCP contributions, and targeting fewer than 10,000 beneficiaries. Six projects attracted over AUD1 million from ANCP in 2018-19.

Even the smallest projects are making an important difference

It is clear from field visits and other reporting that ANCP projects are providing valuable benefits to the lives of the rural poor in the targeted communities. Farmers are reporting significant increases in production of crops for both consumption and sale, improving their food security and cash incomes. This enables funding of household and community priorities such as housing, education and small-scale infrastructure. Technical innovations, natural resource management and good agricultural practices are strengthening resilience to risks such as climatic variability. Training and practical support in business and financial management are improving access to finance, and linkages are being created between producers and buyers. These activities are helping farmers respond to market demands and diversify into new small-scale business operations. Many projects are also helping strengthen community awareness of gender and disability issues and achieving important gains for inclusion and empowerment.

Efforts are being made to broaden the scale and sustainability of impact

A risk of any small-scale intervention is that impacts may remain localised, and possibly only short-term unless lessons are shared, proven approaches more widely adopted, and changes become embedded in the broader operating environment. Many NGOs are actively seeking to extend reach by influencing key players within and outside their target communities and making connections with government and private sector service providers. There are opportunities to build on these examples.

The extent and nature of market focus can be typified and considered more deliberately

Most ARD projects include some market-oriented activities within their projects, although these are often a relatively small element of an integrated community-driven approach. Specific points of intervention depend in large part on local context and project target groups. For instance in some communities, crops are grown primarily for subsistence purposes with selling primarily to meet occasional cash needs; whereas in other cases there may be more deliberate production of 'cash crops'. This Thematic Review presents a typology of market interventions that can help characterise the approaches used and enable ANGOs to consider more deliberately the best modality for engaging smallholders with markets. This is a rapidly evolving area of theory and practice, and there would be considerable benefit from further sharing of experience and approaches among ANCP NGOs and with DFAT.

¹ Particularly SDG2: End hunger, achieve food security and improved nutrition and promote sustainable agriculture. This includes a commitment to double smallholder productivity and incomes by 2030.

RECOMMENDATION 1: FOCUS ON SMALLHOLDERS

ARD-FS projects should specifically address the needs of smallholder farmers

Focussing on smallholders is a priority for Australia and for the SDGs. This means ‘going the last mile’ to reach those who cannot otherwise access market opportunities due to remoteness, lack of assets or information or social capital. The transformation from subsistence to semi-subsistence is a very powerful step that appropriately addresses risk while increasing incomes and opportunities to address malnutrition and poverty. ANCP ARD-FS projects are well-placed to make a difference for smallholder farmers and their households.

Actively promote inclusion

NGOs are typically regarded as the development actors best placed to reach the poorest and most disadvantaged segments of their target communities. However this does not happen automatically. In farming for instance, not everyone will have the asset base and financial security to take the risks involved in innovating. Proactive steps will be needed to identify those excluded from accessing opportunities and to foster inclusivity.

In particular, gender, women’s empowerment and disability remain core policy priorities for Australian aid. While most projects identify gender as a significant focus of their activities, implementers often struggle to translate policies into practical action. Deliberate strategies are essential to ensure disadvantaged groups are visible and valued, and benefit from project activities and outcomes. For example, a strong business case can be made for gender equality in value chain development, while working with Disabled People’s Organisations (DPOs) is an important step towards disability inclusive development.

Develop, articulate and adjust ‘graduation’ models to suit the target group

To work with the poorest smallholder farmers (subsistence farmers, small plots or marginal land and few or no assets), a heavier level of support is often necessary. This may involve asset transfers, group formation, confidence-building and carefully curated links to markets. For better-off smallholders, training in good agricultural practices, access to improved seeds and access to microfinance may be sufficient. Commercial farmers may benefit from access to improved farming inputs through links to input providers.

Many of the programs reviewed are using a kind of ‘graduation’ model² that – through program evolution and built knowledge of communities – is working. It would be beneficial for NGOs to articulate clearly the type of graduation model they are applying: what the elements are; how long it should take; how it is adapted to different target groups. This is a better way of understanding sustainability than the more common approach where a project begins by providing help for several years and then considers an ‘exit strategy’ for sustainability in the final year. When graduation approaches are dovetailed with interventions with market actors, a strong level of sustainability and efficiency can be achieved.

Be climate-smart

Risks such as climate variability are particularly pertinent when introducing new and unfamiliar cash crops, many of which are highly sensitive to water and temperature. NGOs can draw on the value add of their community-based approaches to help smallholders develop their whole farm enterprise (even if subsistence/semi-subsistence) rather than focussing on only one crop or value chain. Smart farmers faced with malnutrition, unpredictable commodity prices and climate/disaster risks build diverse farm businesses that can better cope with shocks. By engaging with smallholders and their households, communities and villages, ANCP partners can help build the productivity and resilience of the whole farm system.

² In ANCP projects this is likely to include short-term support (e.g. injection of assets and training to selected households, along with ‘empowerment’ activities at individual, household or community level and broader ‘community strengthening’) to break the cycle of poverty.

RECOMMENDATION 2: ENGAGE WITH MARKETS

Be ‘market-aware’: take time to assess and understand market realities before seeking to increase production

Markets can be complex, and fickle. Instances still arise of farmers being encouraged and supported to grow ‘cash crops’, only to find that markets are unavailable or inaccessible or returns are lower than anticipated. This is not only a waste of resources, but also irresponsible: smallholder farmers can’t afford to take significant financial risks. NGOs can play a useful role not only in being alert to opportunities, but also in assessing and helping minimise risks. It’s important to understand the full range of selling options including requirements for quality, quantity, aggregation and transport, as well as what factors influence demand and prices. Encouraging diversification (eg growing more than one cash crop, and continuing to grow food crops for home consumption) is one practical strategy to spread risk.

Intervene at multiple points in the production and marketing process

Successfully building market engagement will likely require a variety of complementary interventions, including: technical support to increase agricultural productivity and resilience to pests, diseases and climatic variability; training and practical support to develop farming families’ financial and business skills; supporting aggregation mechanisms such as producer groups or cooperatives; and engaging directly with other participants in the market system.

Shape or build aggregation mechanisms that boost smallholder market power

Smallholders cannot connect directly with markets in profitable ways because of the diseconomies of scale. They may connect to market via middlemen, collectors, agents or cooperatives. Working with smallholders implies a responsibility to understand the market linkage mechanism and to adapt it to boost their market power. This cannot be done by simply increasing production, but also by working to improve the way the market linkage operates, e.g. by improving information available to farmers, by building cooperatives or making them more effective, or by including an honest broker in the system.

Work with and through other established ‘market actors’

NGOs don’t need to perform functions that market actors are quite capable of performing. To promote sustainability, it’s preferable for NGOs *not* to become essential players in their own right, for instance by taking on input supply and marketing roles themselves. Wherever possible, NGO projects should seek to *facilitate* linkages between the producers and long term service providers, including both private sector and government. Many NGOs are already demonstrating this approach with some success.

RECOMMENDATION 3: HELP IMPROVE NUTRITION

ARD projects should also be nutrition-sensitive

Many of the countries with current ANCP projects have extremely high levels of child stunting and other malnutrition indicators.³ ARD-FS projects often encourage people to grow more and different food, but it cannot be assumed that this will translate to reduced malnutrition. It’s not a big stretch to add some behaviour change components to ensure people eat some of what they produce, to increase diet frequency and diversity and reduce stunting. Nutrition-sensitive agriculture approaches are relatively new to DFAT but have demonstrated strong results in addressing malnutrition globally.

³ For example, stunting affects around half of all children in Timor-Leste and Papua New Guinea; and over one-third in Pakistan, Malawi, Zambia, Nepal, Bangladesh, Indonesia, Myanmar, Tanzania, Kiribati, Uganda and Cambodia (<https://www.indexmundi.com/facts/indicators/SH.STA.STNT.ZS/rankings>).

CONCLUSIONS

Valuable lessons and thinking can be shared

Many NGOs are demonstrating innovative approaches to a range of development challenges faced by poor rural communities. For example, yields are being increased without expensive and potentially damaging chemical use, using organic composting and natural pest-deterrents. There are many examples of practical, low-cost ways of boosting nutritional outcomes – such as improving animal-rearing practices, introducing new protein sources (eg crickets), or identifying companion crops and mixed farming systems that increase resilience, incomes and nutrition. New high value market opportunities in the cosmetic, organic, fair-trade or tourism segments are being identified and exploited for increased farm-gate prices. These opportunities can be shared.

Likewise NGOs are developing effective and efficient techniques to help smallholders escape poverty. Many of these remain unarticulated. Describing the ‘package’ of interventions necessary to lift up particular target groups with similar attributes can help improve sustainability (and realistic expectations), and lead to increased scale, efficiency and impact over time.

Some NGOs are also thinking carefully about inclusive market development. Not all elements of their approaches will be directly applicable or feasible in all circumstances, for instance for small NGOs or very small-scale projects. However, there are useful principles and lessons (e.g. work with market actors and communities; avoid doing what the market is already capable of delivering sustainably) which may be worthwhile adapting, as briefly outlined above.

The diversity of models and approaches is a strength of ANCP and appropriate given the diversity of cultures and situations in which the projects take place. However, improved articulation, documentation and sharing could help the sector improve its performance over time.

DFAT can support and extract more from these ANCP investments

Many DFAT staff understand agricultural markets well and know the key actors; they could provide a useful source of advice for NGOs on emerging opportunities and ways of interacting with markets to develop linkages for smallholders. At the same time, DFAT could learn much from NGOs’ practical experience guiding and supporting agricultural development across a range of complex environments.

ANCP projects are generally delivering highly contextualised and tangible support to poor, rural and remote communities in ways that larger programs often cannot. DFAT can help ensure that larger initiatives learn from ANCP successes and take them to scale where appropriate. Some NGO partners are more than capable of scaling their own market-linkage ARD projects and would be a viable delivery modality for DFAT’s bilateral programs. And where DFAT does not have bilateral programming in ARD-FS, Posts can draw on the richness of the ANCP portfolio to demonstrate the depth of Australia’s support to rural communities in partner countries.

INTRODUCTION

The Australian Government has worked with Australian, international and local civil society organisations for more than 40 years to support the world's poorest and most vulnerable people.⁴ The main mechanism for doing so is the Australian NGO Cooperation Program (ANCP), which supports accredited Australian NGOs to implement their own programs and strategic priorities, consistent with the goals of the Australian aid program. In 2018-19 ANCP provided AUD132.5 million in grant funding to 57 accredited NGOs to implement 454 projects in 46 countries (plus regional/multi-country) across a range of sectors including health, education, civil society strengthening, agriculture and rural development and food security.

Under the ANCP Monitoring, Evaluation and Learning Framework (MELF), there is a commitment to carry out regular Thematic Reviews and meta-evaluations of ANCP projects. Through the collaboration and shared learning generated by these thematic reviews, the Department of Foreign Affairs and Trade (DFAT) seeks to support a process of continuous improvement to build on the effectiveness and sustainability of activities delivered through the ANCP.

Agriculture, rural development and food security (ARD-FS) was selected as the topic for the 2019 Review as a result of discussions in late 2018 between DFAT's Agriculture and Food Security (AFS) and NGO Programs Performance and Quality (NPQ) sections, recognising that a large proportion of ANCP funding falls within these sectors. The Review was undertaken by DFAT (AFS) sector specialists in collaboration with NPQ and relevant DFAT Posts. Terms of Reference are in Annex A.

PURPOSE AND METHOD

The ARD-FS Review was undertaken to provide insights and commentary on the ways in which ANCP-supported NGOs are working with smallholder farmers and other rural households. In particular, the Review explored whether and how ANCP projects are helping small-scale producers link with markets; which target groups are benefiting; and what good practice lessons could usefully be shared among the ANCP community to inform future program design and implementation.

The review team participated in ANCP monitoring visits to seven projects in Timor Leste, Laos, Cambodia and Indonesia.⁵ The reviewers also had discussions with implementing NGOs and/or brief site visits relating to several other projects in those countries. The in-country observations were supplemented by desk review and analysis of other recent DFAT M&E visit reports, relevant ANCP NGO policies and other project documentation, particularly in relation to engaging with smallholder farmers and their markets. A short

⁴ See cooperation framework [here](#).

⁵ (1) Oxfam Australia: Strengthening community livelihoods in Timor Leste; (2) CARE Australia: Empowered women for an equitable coffee value chain, Lao PDR; (3) Australian Lutheran World Service: Livelihood Enhancement Actions Program (LEAP), Cambodia; (4) World Vision Australia: Cambodia micro-franchised agriculture service expanded (MASE2) project; (5) World Vision Australia: More income generated for poor families in Indonesia (MORINGA) project; (6) Nusa Tenggara Association: Income generation and food security project, Indonesia; (7) Caritas Australia: Integrated village development project in East Nusa Tenggara, Indonesia.

survey was also circulated to 18 NGOs active in these sectors to elicit both quantitative and qualitative data on priorities and approaches.⁶

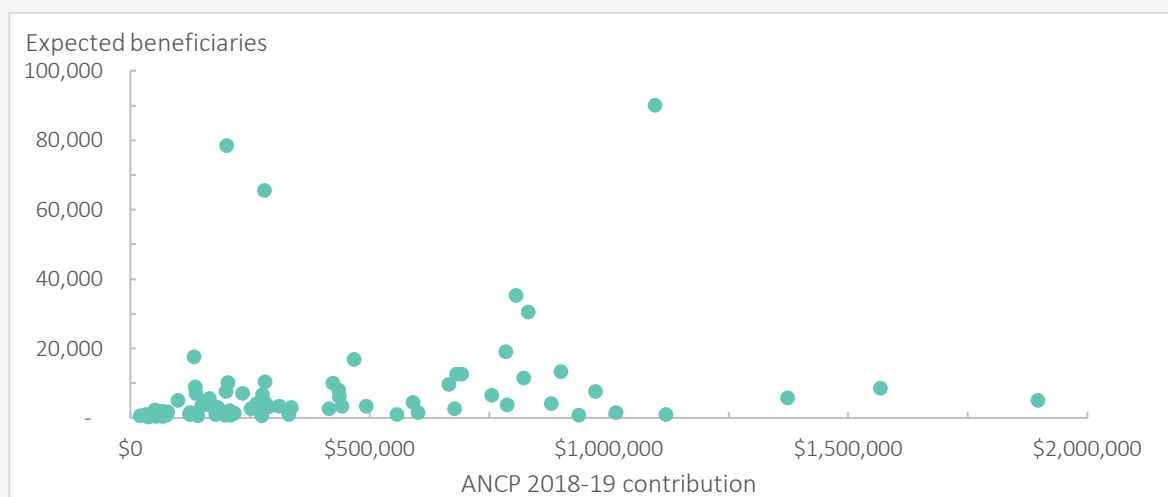
This Review was undertaken concurrently with a separate synthesis review of DFAT’s experience to date in Market Systems Development (MSD)⁷. DFAT’s suite of MSD programs, mostly implemented through managing contractors, has expanded in recent years to a wide variety of geographies and economies. The two reviews will allow DFAT to explore further complementarities between NGO and large-scale MSD approaches, and identify practical opportunities to harness their respective strengths to improve the impact and sustainability of DFAT’s development efforts in this sector.

SCOPE OF REVIEW

In 2018-19, 110 ANCP projects classified as ‘Rural Development/Agriculture’, ‘Food Security’, ‘Livelihoods’ or ‘Economic Development’ were underway.⁸ Further filtering by DAC code and/or project description generated a list of 74 projects deemed to fall within the scope of this review (Annex B). These projects were being implemented in 25 countries – plus 4 regional/multi-country – by 18 of the 57 accredited ANCP NGOs. Together these projects secured AUD31.6 million in ANCP funding in 2018-19 – just over a quarter of the total ANCP allocation – and were expected to benefit nearly 620,000 people.

As illustrated in Figure 1 below, there is considerable variation in scale. ANCP contributions in 2018-19 ranged from AUD20,000 to AUD1.9 million. Most of the selected projects received less than AUD500,000 in ANCP contributions, but six attracted over AUD1 million. The number of intended beneficiaries ranged from 147 to 90,000. One quarter of the 74 projects expected to reach less than 1000 beneficiaries; most targeted fewer than 10,000. As the chart highlights, there is no simple relationship between funding and expected beneficiary numbers.

Figure 1: 2018-19 ANCP funding and expected beneficiaries (74 projects)

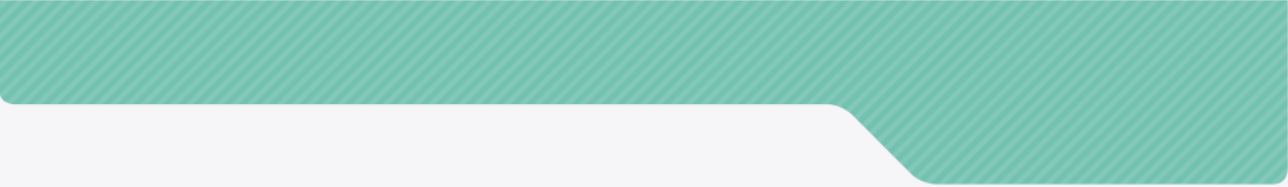


Of the 74 projects included in this Review, one includes ‘gender’ in its title; two others refer to ‘women’. While only 16 mention gender issues in their brief descriptions, just seven indicated that gender was not a

⁶ 16 of the 18 completed the survey.

⁷ MSD programs seek to catalyse and facilitate lasting change in the functioning of markets relevant to the poor. Programs partner with private businesses and other selected market actors rather than delivering assistance directly to end-beneficiaries. Review available at: <https://www.dfat.gov.au/publications/aid/market-systems-development-synthesis-review-and-management-response>.

⁸ Several projects listed as climate change, disaster risk and resilience and environment could also have relevant elements, but were excluded on the basis that rural development/agriculture was not their primary focus. (Those topics could together warrant a separate thematic review in the future.)



significant focus. Around a third of the projects assessed listed disability as a ‘significant’ focus (and for one project it was the ‘principal’ focus). In addition, several of the projects are specifically designed to work with ethnic minority communities to overcome disadvantages that may be contributing to low socio-economic status. However it is unclear how many of these projects also tackle broader societal attitudes, government policies and the like, beyond the target communities.

SECTOR OVERVIEW AND POLICY FRAMEWORKS

AGRICULTURE AND DEVELOPMENT

Productive, efficient and market-oriented agriculture is a strong foundation for economic development. It provides employment and income, empowers women and lifts people out of poverty. Agriculture is also a substantial source of export earnings across much of the Indo-Pacific region.

Realising economic opportunities, increasing productivity, addressing hunger, malnutrition and climate pressure, and ensuring long-term global food security are priorities under Australia's Foreign Policy White Paper and the 2030 Agenda for Sustainable Development.

While global poverty rates have fallen dramatically in recent decades, investment and development have favoured urban areas. More than 70 per cent of the world's extreme poor live in rural areas and depend on agriculture and fisheries for their livelihoods. Productivity remains low, and many near-poor rural dwellers are vulnerable to slipping back into poverty. Agricultural and rural development creates pathways out of poverty through improved livelihoods, market access for smallholders, an increase in skilled employment in rural areas, and establishment of efficient value chains⁹. World Bank analysis shows that growth in the agriculture sector is two to four times more effective in lifting people out of poverty than comparable growth in other sectors.¹⁰ Agricultural development can help tackle growing disparities in wealth between rural and urban populations, and address the high rates of youth unemployment in rural areas.

Global progress in combatting hunger and malnutrition has stalled. Over 800 million of the world's population still suffer hunger – more than two-thirds of these in the Indo-Pacific region. Furthermore, nearly two billion people have micronutrient deficiencies. Undernutrition has high health, economic and social costs for families, local communities and countries. In particular, child stunting remains a huge cause for concern, as it reduces life expectancy, education attainment, life-long earnings and national economic growth. Because the poor spend more than half of their income on food (with one fifth spending 70 per cent¹¹), they are particularly vulnerable to sudden food price increases.

Smallholder producers supply 70 per cent of global food production, and are a particular focus of the sustainable development goals.¹² They face a range of challenges including decreasing farm size, limited access to information, technology and infrastructure, and poor connections to markets and the broader economy. Moreover, despite growing much of the food in developing countries, smallholder families suffer disproportionately from food insecurity, hunger and malnutrition.

⁹ *Agriculture and Structural Transformation in Developing Asia: Review and Outlook*, ADB Economics Working Paper, ADB, Manila, 2013.

¹⁰ *World Development Report, 2008 - Agriculture for Development*, World Bank, Washington DC, 2008.

¹¹ *Food Security in Asia and the Pacific*, ADB, Manila, 2013.

¹² Particularly SDG2: End hunger, achieve food security and improved nutrition and promote sustainable agriculture. This includes a commitment to double smallholder productivity and incomes by 2030.

AUSTRALIA'S AID STRATEGY FOR AGRICULTURE

Australia's development policy, *Australian aid: promoting prosperity, reducing poverty, enhancing stability* was launched in 2014.¹³ Agriculture, fisheries and water is one of the aid program's investment priorities.

The *Strategy for Australia's aid investments in agriculture, fisheries and water* (2015) frames how aid in these sectors supports three overarching objectives:¹⁴

- Enhancing food, nutrition and water security
- Increasing incomes of poor people, and
- Increasing contributions to national economic output.

To meet these objectives, Australia prioritises effort in three key areas:

- Strengthening markets
- Innovating for productivity and sustainability
- Promoting effective policy, governance and reform.

DFAT harnesses the expertise, creativity, networks and resources of a wide range of partners to deliver development outcomes in these priority areas. There is a particular focus on empowering women in agriculture, maximising nutrition benefits from agriculture programs, reducing climate risk and harnessing the development potential of the private sector. Application of research and innovation is also an integral element of DFAT's agricultural investment strategy.

GENDER EQUALITY AND WOMEN'S ECONOMIC EMPOWERMENT

On average, women comprise about 43 per cent of the agricultural labour force in developing countries, with participation as high as 50 per cent in Eastern Asia and 70 per cent in South Asia. Yet, rural women have more restricted access than men to productive resources and opportunities, and as a result produce less than male farmers. The Food and Agriculture Organisation (FAO) refers to this challenge as the gender gap. They estimate that if women globally had the same access to productive resources as men, women could increase the yields on their farms by 20-30 per cent.¹⁵ This would raise the total agricultural output in developing countries by 2.5 to 4 per cent and reduce the number of hungry people in the world by 12 to 17 per cent. The gender gap is likely to become more pronounced due to the feminisation of agriculture as economies in our region undergo agrarian transitions.

Gender equality and women's empowerment are core to DFAT's foreign policy, economic diplomacy and development work. The *Gender equality and women's empowerment strategy* sets out three priorities:

- enhancing women's voice in decision-making, leadership and peace-building
- promoting women's economic empowerment
- ending violence against women and girls.

DFAT funds gender-specific investments as well as working to mainstream gender equality effectively into all investments.

¹³ <https://www.dfat.gov.au/about-us/publications/Pages/australian-aid-promoting-prosperity-reducing-poverty-enhancing-stability>

¹⁴ <https://www.dfat.gov.au/about-us/publications/Pages/strategy-for-australias-aid-investments-in-agriculture-fisheries-and-water>

¹⁵ FAO, 2011. The State of Food and Agriculture 2010-2011: Women in Agriculture – Closing the Gender Gap for Development, FAO.

DISABILITY-INCLUSIVE DEVELOPMENT

As outlined in DFAT's *Strategy for strengthening disability-inclusive development in Australia's aid program*¹⁶, people with disabilities are the largest and most disadvantaged minority in the world, making up 15 per cent of the global population (about one billion people). Eighty per cent of people with disabilities live in developing countries, and one-in-five of the world's poorest have a disability. People with disabilities and their families are more likely to be poor and remain poor as a result of higher living costs, barriers to education, health and employment opportunities, and unpaid caring responsibilities. Having a family member with a disability can accentuate gender inequality within the household and limit women's and girls' opportunities for education and employment.

The objective of Australia's work in disability-inclusive development is to improve the quality of life of people with disabilities in developing countries. This is pursued by:

- enhancing participation and empowerment of people with disabilities, as contributors, leaders and decision makers in community, government and the private sector
- reducing poverty among people with disabilities
- improving equality for people with disabilities in all areas of public life, including service provision, education and employment.

DFAT works with people with disabilities and their representative organisations to achieve these outcomes.

CLIMATE ACTION

Agricultural production both contributes to, and is impacted by, climate change. Around 30 per cent of global greenhouse gas emissions are generated by agriculture, which is also responsible for 80-90 per cent of surface and groundwater use. There is increasing focus on the need for a major transformation of the global food system to meet future nutritional needs while also addressing climate change and other environmental pressures.¹⁷ Meanwhile the impacts of rapid climate change are magnifying a range of challenges for developing countries. Disasters and extreme weather events such as drought, floods and cyclones are adversely impacting livelihoods, critical infrastructure and productive industries, particularly agriculture.

Australia has long supported climate change action through its development assistance program. DFAT's *Climate Change Action Strategy*,¹⁸ released in November 2019, articulates a continuing commitment to activities to reduce greenhouse gas emissions, build resilience and adapt to the adverse impacts of climate change, while also promoting social inclusion and gender equality. Three objectives are identified:

- support partner countries to adapt to climate change, and to plan, prepare for and respond to climate related impacts
- promote the shift to lower-emissions development in the Indo-Pacific region
- support innovative solutions to climate change, including those that engage private sector investment.

¹⁶ Commonwealth of Australia, DFAT, Development for All 2015-2020: Strategy for strengthening disability-inclusive development in Australia's aid program, May 2015.

¹⁷ See for example: Willett et al (2019), 'Food in the Anthropocene: The EAT-Lancet Commission on Healthy Diets from Sustainable Food Systems', *The Lancet Commissions* Vol 393, issue 10170 ([https://www.thelancet.com/journals/lancet/article/PIIS0140-6736\(18\)31788-4/fulltext](https://www.thelancet.com/journals/lancet/article/PIIS0140-6736(18)31788-4/fulltext)); and the range of IPCC reports: <https://www.ipcc.ch/reports/>.

¹⁸ <https://www.dfat.gov.au/about-us/publications/Pages/climate-change-action-strategy>

Climate change action will be integrated across Australia's development assistance program as well as progressed through targeted climate change programs. This will include promoting climate resilient agriculture and food security in vulnerable areas.

NGO POLICY FRAMEWORKS

Eleven of the 18 NGOs included in this Review indicated that policy or strategy documents exist which describe their approach to ARD-FS. A few specialise in this sector, while others operate across multiple sectors including within specific projects.

ACFID (2016) promoted the work of Australian NGOs in sustainable and inclusive economic development.¹⁹ Across NGOs' livelihood efforts, ACFID pointed to the importance of working with small-scale producers, in particular women, to stimulate markets, address poverty and improve food security. Creating sustainable access to financial services and building economic resilience in the aftermath of disasters were also highlighted as a key part of NGOs' focus on increasing inclusion of women and vulnerable groups.

NGOs must have strong policies on inclusion to satisfy DFAT accreditation and ANCP selection processes. However, the 2014 ANCP thematic review of gender equality and women's economic empowerment (WEE) highlighted some significant gaps in approaches of ANCP NGOs and their in-country partner organisations.²⁰ However the gender review 'noted a greater acceptance of gender within a more inclusive framework, where NGOs have broadened their rights based approaches to one of "inclusive development" and not separated out marginalised groups or subpopulations' (p.7). Given the explicit focus on gender in the previous ANCP thematic review, this review has not undertaken a comprehensive assessment of NGO gender policies and approaches, focusing instead on elements directly relevant to ARD-FS programming.

ACFID (2016) also claimed that NGOs play a key role in helping communities understand and take advantage of markets by building trust, creating new linkages with market actors, introducing new technologies and improving smallholder market power. ACFID efforts to help members share good practice in helping the poor benefit from markets appears to have waned in recent years. However, a few larger NGOs have led the way in developing explicit policies and programs to improve effectiveness in linking smallholders to markets.

For example, Oxfam Australia Trading (OAT), set up in 1962, has established a standalone but influential international market that provides direct benefit to more than 130 producer organisations in 39 countries, as well as a 'demonstration effect' that raises consumer consciousness about ethical treatment of smallholder producers. This complements Oxfam International's broader approach for the development of smallholder supply chains, which has a dual focus on 'supporting the development of smallholder enterprises that create linkages with multiple markets' and on developing the markets themselves.²¹ They achieve this by helping traders adapt business models so they are more inclusive of smallholder farmers, especially women; building smallholders' power to influence governments and market actors; and facilitating the provision of appropriate financial and agricultural services.

Advancing this work is Fairtrade International (with Fairtrade Australia-New Zealand – not part of ANCP), creating a certification system that ensures smallholders get a fair price and that their organisations benefit from premiums, whilst guaranteeing consumers the produce is fair and free of child labour or modern slavery. Some NGOs are linking their ANCP projects to the Fairtrade system to benefit from this model.

¹⁹ ACFID (2016), Sustainable and inclusive economic development: a key role for Australian non-government organisations, https://acfid.asn.au/sites/site.acfid/files/resource_document/Economic-Development-paper-Final.pdf

²⁰ Commonwealth of Australia, DFAT, Australian NGO Cooperation Program (ANCP) Thematic Review – Gender Equality and Women's Empowerment, March 2016. <https://www.dfat.gov.au/about-us/publications/Pages/ancp-thematic-review-gender-equality-womens-empowerment>

²¹ <https://policy-practice.oxfam.org.uk/our-approach/private-sector/smallholder-supply-chains>

While many NGOs help address constraints in particular value chains through community-based activities, a few have recently taken on board the key principles and methods from the ‘market systems development’ (MSD) approach (Box) – more commonly applied in larger-scale, contractor-led development projects.

Market systems development (MSD)

MSD programs seek to facilitate change in the way markets work – particularly those markets of direct relevance to the poor. Rather than providing direct assistance to poor communities, MSD implementers negotiate partnerships with other ‘market actors’ (generally though not always in the private sector), which incentivise lasting changes. For example, an agri-business might change from only supplying inputs to also providing training to both retailers and end-users; or a wholesaler accustomed to buying only from established large-scale producers might expand to a new cohort of smaller suppliers, for whom they also provide inputs and training. ANCP projects include a few innovative applications of this approach.

For example, World Vision Australia (WVA) has built on World Vision International (WVI)’s earlier Local Value Chain Development model²² and lessons from project experience to develop an ‘inclusive market systems development’ (iMSD) approach.²³ WVA is currently piloting a ‘WEE in iMSD’ approach, integrating strategies that seek to make the business case for gender equality with strategies for community and household norm change. WVA currently has the largest footprint of explicit market-linkage programs across DFAT’s ANCP rural development portfolio. This model was the basis for the Moringa project in West Timor and the MASE2 project in Cambodia, visited by the review team. MASE2 also includes an ultra-poor graduation component, based on a model developed with BRAC and described in a handbook released in 2019 (see further discussion of graduation approaches in the ‘Markets’ chapter below).²⁴

CARE Australia in 2016 commenced a market linkage program for smallholder cocoa farmers in Papua New Guinea: the Bougainville Cocoa Families Support (BECOMES) project.²⁵ This aimed to build the capacity of smallholder farmers, increase their level of ‘cooperation and collective action’ and encourage the cocoa industry to be more responsive to and inclusive of smallholder farmers, particularly women. BECOMES also worked with government and the cocoa industry to create new women-friendly market opportunities, including through a higher quality and more inclusive market for extension service provision. More recently, CARE Australia is explicitly seeking to apply MSD principles to several of its value chain projects, including those which work to empower women in the coffee sector in Lao PDR and Viet Nam.

A smaller NGO with an explicit market-systems focus is Palmera. Their ‘Last mile market inclusion framework for the poor’ (LM4P) is designed to assist the implementers of ARD projects to harness the benefits of both community-level and market-system interventions and to bridge the gap between these two perspectives.²⁶ Transform Aid is working with Palmera to put these principles into broader practice.

²² World Vision International articulated a Local Value Chain Development model to help smallholder and vulnerable farmers to ‘analyse markets, gain information, build relationships and act collectively to overcome market barriers and increase profits’. The model has four key components: participatory market analysis; helping producers work collectively in groups; empowering and training producers; and facilitating links to market actors and service providers (World Vision Australia (2014), *Local Value Chain Development*. <https://www.worldvision.com.au/docs/default-source/seed-docs/local-value-chain-development.pdf?sfvrsn=2>)

²³ World Vision Australia (2018), *Inclusive Market Systems Development: sustainable growth for everyone*. (<https://www.worldvision.com.au/docs/default-source/publications/aid-trade-and-mdgs/wva---inclusive-market-systems-development-paper---final.pdf>)

²⁴ <https://www.wvi.org/sites/default/files/WV%20Ultra-Poor%20Graduation%20Handbook.pdf>

²⁵ CARE (2016), Design framework for CARE International in PNG Bougainville Cocoa Families Support (BECOMES) project (unpublished).

²⁶ Palmera (undated), Last mile market inclusion framework for the poor (LM4P): a capacity building tool for local development actors to design and implement lift and reach strategies, PDF (supplied).

ACTIVITIES AND ACHIEVEMENTS

ACTIVITIES

The 18 NGOs working on ARD-FS are engaging in a broad range of activities generally intended to ‘improve livelihoods’. Survey data (Table 1) confirmed that a majority of the NGOs prioritise community-level activities such as strengthening local governance, fostering empowerment and supporting small-scale infrastructural improvements. Food security and women’s economic empowerment also feature prominently. NGOs generally take an integrated approach based on a combination of their established principles and areas of specialisation, and community-driven priorities. Many NGOs (especially the larger ones) would routinely include elements of all the listed focal areas within most of their projects.

Table 1: Main areas of focus for ANCP NGOs active in rural sectors

	Rank*:	1	2	3	4	5	6	Score	Overall rank
Community-level: empowerment, org strengthening, infrastructure etc		9	0	4	0	2	0	5.00	1
Gender/women’s economic empowerment		1	7	2	1	3	1	3.94	2
Food security and nutrition		5	1	3	1	3	2	3.75	3
Agricultural (incl fish) production: new crops, improved techniques		0	3	3	4	4	1	3.31	4
Climate/environment – preparedness, resilience, response		0	3	2	6	2	2	3.00	5
Market linkages, value chains		0	1	1	3	1	9	2.00	6

(* 1 = primary focus, 6 = minimal. 16 respondents.

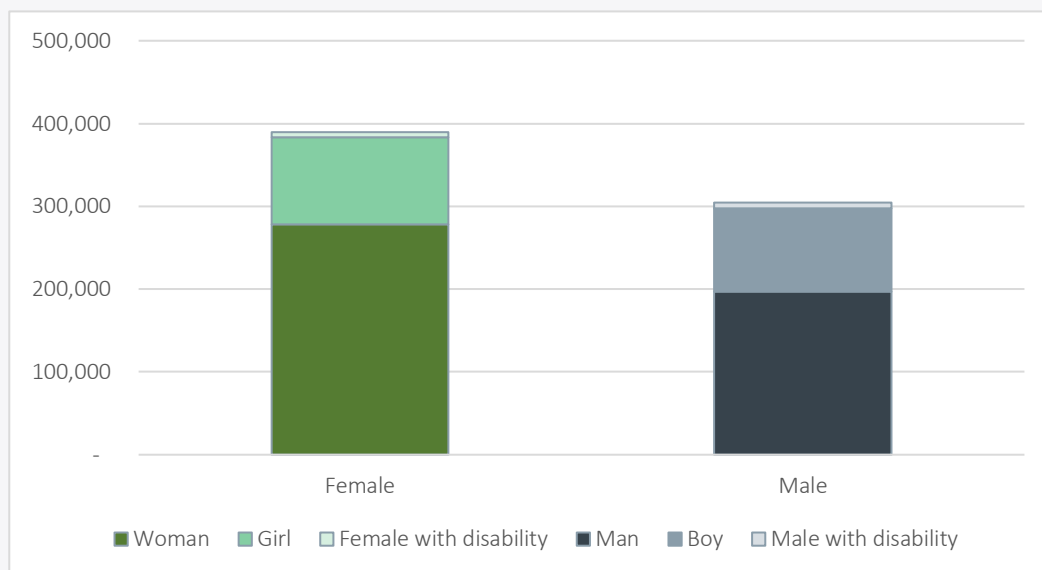
Many NGOs follow (implicitly or explicitly) some form of ‘graduation’ model. In ANCP projects, this might take the form of a short-term injection of assets and training to selected households, along with ‘empowerment’ activities at individual, household or community level and broader ‘community strengthening’. These various forms of support are intended to provide beneficiaries a quick ‘push’ to break the cycle of poverty. When the classic graduation model is applied as part of large-scale social protection programs, households cease receiving support once they meet certain criteria (eg assets, income). Given the constraints of most small-scale NGO projects, ‘graduation’ is more likely to mean that the project works with one target group for a pre-defined period and then moves on to other similar target groups elsewhere.

REPORTED IMPACTS

Analysis of data from the 2018-19 ANCP performance reports confirmed the breadth and reach of even quite small-scale projects.

Reported **beneficiary numbers** totalled over 694,000, compared to the 620,000 predicted. Around 56 per cent of beneficiaries were female (41 per cent women, 15 per cent girls), while 13,200 people with a disability also benefitted from these projects (Figure 2).

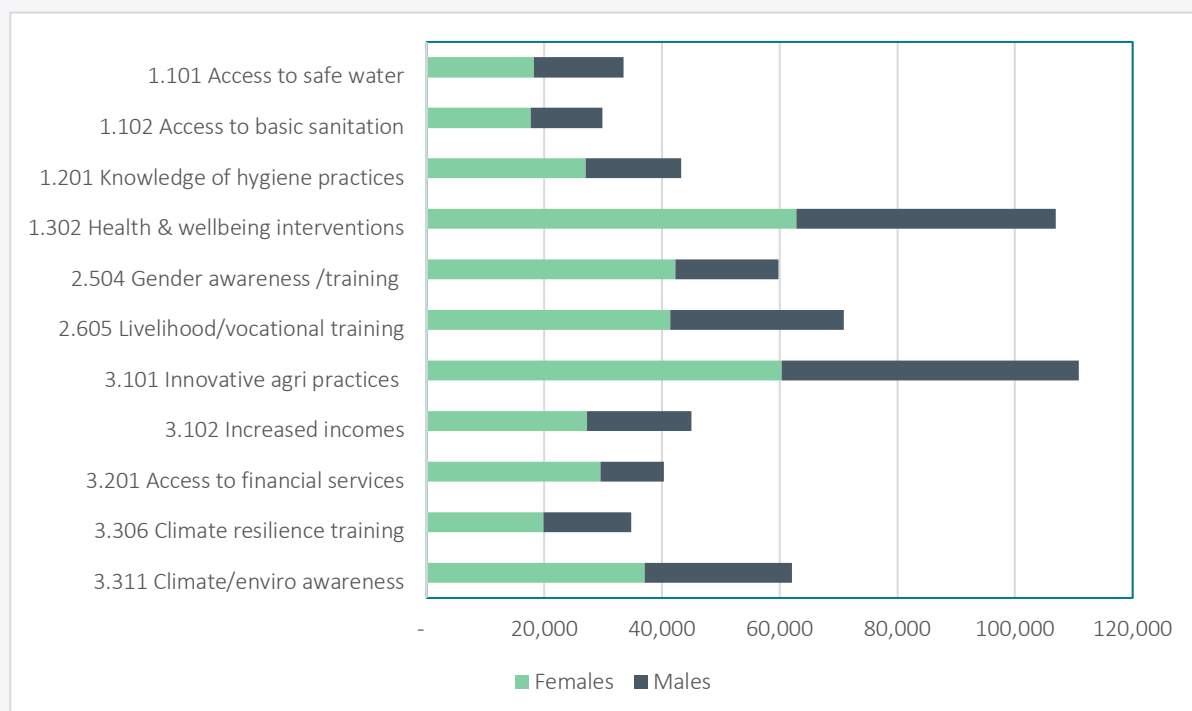
Figure 2: Beneficiaries by gender (total = 694,147; 74 projects)



The 74 projects reviewed collectively reported results across five indicator groupings: (1) health (including water supply and sanitation), (2) inclusion (gender, disability), (3) livelihoods, (6) partner strengthening and (8) investment leveraging. Some of the more significant achievements documented (in terms of beneficiary numbers) are highlighted in Figure 3. While it is unsurprising that this group of ARD-FS projects would have delivered strong results on adoption of ‘innovative agricultural and fisheries practices’ (60,350 women and 50,500 men), it is notable that a similar number of people benefited from ‘health and wellbeing interventions’. Awareness-raising on climate and environment and on gender issues also featured strongly. Around 27,200 women and 17,800 men were recorded as having increased incomes as a result of these projects.

In addition to contributing their own funds to supplement the ANCP grants received, 24 of the 74 projects were being co-financed to some degree by other donors or partners. In a few cases, the contributions were substantial (over AUD 0.5m in 6 cases including one receiving AUD1.5m and one receiving AUD2.7m). In addition, two projects (WVA’s MORINGA in Indonesia and Oxfam’s SUNRISE in Sri Lanka) had between them leveraged over AUD121,500 in private sector investment.

Figure 3: Selected results, by gender*



* ANCP performance indicators, as follows:

1.101	Number of women and men (and where specified girls and boys) with increased access to safe water
1.102	Number of women and men (and where specified girls and boys) with access to basic sanitation
1.201	Number of people with increased knowledge of hygiene practices
1.302	Number of people who benefit from integrated community approaches to health and wellbeing (including nutrition, infection control, access to health care, oral rehydration, bed nets and Maternal Child Health outreach activities, etc)
2.504	Number of people provided with awareness raising/training on gender issues and women's equal rights
2.605	Number of people who participated in training and vocational training to assist them to access increased and sustainable livelihoods
3.101	Number of poor women and men who adopt innovative agricultural and fisheries practices
3.102	Number of poor women and men with increased incomes
3.201	Number of poor women and men who increase their access to financial services
3.306	Number of people provided with climate resilience training
3.311	Number of people exposed to awareness raising campaigns/activities highlighting climate change and environment issues

The summary performance data matrix compiled for this review included brief descriptions of each project's outcomes in 2018-19. The 'word cloud' in Figure 4 illustrates some of the common themes in these reports.

[illegible]

Figure 5: Number of projects reporting achievements in key areas



Thirty-three of the projects had resulted in better market linkages and/or new enterprise development. Thirty-two had improved food security and nutrition. Around one-third of the 74 projects highlighted achievements in areas relating to climate and/or disaster management; access to finance and/or financial literacy; health and/or water supply and sanitation; and gender. Twelve reported progress with disability inclusion while 11 had made improvements relating to children's education.

The ANCP performance reporting does not readily allow for aggregation of quantitative measures such as extent of income and productivity increases. However, the excerpts in the Box below provide a flavour of some of the achievements not fully captured by the indicators discussed above. Further insights derived from field visits follow in the next section.

Examples of project achievements reported in 2018-19 (various projects and locations)

Productivity, market linkages and income

- 29% increase in yield on promoted crops
- 48% of produce meets market quality specifications
- 72% of producer groups had adopted collective purchase and aggregated sale practices, indicating moves towards sustainable marketing
- After training in marketing and business development, 10.2% of producer groups have formal contracts with buyers while 56.2% overall have market linkages (up from 34% last year).
- Average household income increased from USD 1,560.28 at baseline to USD 2,632.68 at end-line
- 1,310 target households had increased their annual income from an average of USD1,227 to USD1,953
- Average annual household income in target villages increased by 60%.

Nutrition

- 67.6% of children 6 - 23 months were eating from 3 food groups 3 times/day
- The proportion of households with sufficient diet diversity increased from 23.2% to 84.2%
- Improved nutrition in children under five, with underweight dropping from 15% to 8% and wasting from 8% to 5%. Dietary diversity for children under two improved from 27% to 80% and for children aged two to five, from 47% to 93%. Dietary diversity of women of childbearing age improved from 69% to 85%
- Reduction in hunger months from seven to four months
- 49% of infants were exclusively breastfed for 6 months

Climate & disasters

- Over 85% of farmers adopting and championing climate-resilient farming practices
- 7,000 trees planted by 1,216 households.
- 12 communities have disaster risk reduction plans and are addressing hazards in their communities
- 6,000 beneficiaries have structures to store food and fodder for humans/animals, alleviating effects of drought.

Gender & disability

- 69% of interviewed women farmers are involved in decision making at household level around agriculture inputs, markets and resources; previously they were excluded from decision making.
- 100% of Village Savings and Loan Association (VSLA) leaders are women (target: 50%).
- 2,686 women engaged in self-help groups (SHGs), and 250 were trained to facilitate their SHGs, promoting female leadership.
- 183 people with disabilities were involved in 14 newly established networks for people with disability, creating safe platforms to promote their voices.

DFAT OBSERVATIONS

Field visits by the Review team and other DFAT colleagues confirmed that **ANCP projects are providing valuable benefits** to the lives of the rural poor in the targeted villages.

Excerpts from 13 ANCP monitoring visit reports are summarised in Annex C. The 'Results and Achievements' section highlights both the wide variety of improvements attributable to particular project interventions, and also some commonalities across a range of project settings.

For example, farmers have reported that as a direct result of project activities, they are now planting a greater diversity of crops and improved varieties. This has resulted in significant increases in output for both sale and home consumption, which has boosted cash incomes and improved household food security. Some projects have also helped farmers access other forms of support such as government services and farm input subsidies. In addition to the immediate impacts on poverty and livelihoods, the additional resources have enabled households and communities to progress priorities such as housing, education and small-scale infrastructure. In especially poor and vulnerable communities, improved productivity is seen to play an important role in reducing displacement and insecurity.

Good agricultural practices coupled with technical innovations and improved management of land, water and other natural resources are also strengthening resilience to risks such as climatic variability. For example the introduction of CSIRO's soil-moisture monitoring device, the Chameleon²⁸, has enabled beneficiaries to save on water and energy (water pumping) costs.

Training and practical support in business and financial management are giving farming households new skills in record-keeping and farm business management – which are often pre-requisites for accessing microfinance and other financial services. These activities are helping farmers better understand and respond to market demands and diversify into new small-scale business operations. For instance new ventures are being born as young entrepreneurs gain the skills and confidence to move beyond subsistence farming. The full range of ANCP project activities helping strengthen linkages between producers and markets are discussed further in the next chapter.

Many projects are helping strengthen community awareness of gender and disability issues and achieving important gains in inclusion and empowerment. Where projects explicitly focus on women in cash cropping, their critical roles are now better appreciated by government and private sector as well as within the communities themselves. Community-based activities such as savings and loans groups tend to involve strong female participation; some also are pro-active in engaging people with a disability. Such groups have been shown to strengthen women's roles in financial management, open up small-scale entrepreneurial opportunities and provide leadership opportunities.

However, field visits also reinforced the practical difficulties of ensuring inclusion. Formal farmer groups still tend to be dominated by men even where women have active farming roles. Finding a workable balance between NGO principles and the prevailing socio-cultural norms is often challenging. The 2014 Gender thematic review highlighted that local partner organisations in particular often struggle to interpret and put into effect locally the policies and guidelines promulgated by the Australia-based organisations.²⁹ Reaching people with a disability through project activities can be even more difficult. Many face a wide range of constraints to participating in activities such as savings groups or farmer groups, including simply not possessing the assets relevant to those activities (eg savings or land). Deliberate strategies are essential to ensure disadvantaged groups are visible and valued, and benefit from project activities and outcomes.

²⁸ <https://www.csiro.au/en/Research/AF/Areas/Food-security/Chameleon-soil-water-sensor>

²⁹ Commonwealth of Australia, DFAT, Australian NGO Cooperation Program (ANCP) Thematic Review – Gender Equality and Women's Empowerment, March 2016. <https://www.dfat.gov.au/about-us/publications/Pages/ancp-thematic-review-gender-equality-womens-empowerment>

SCALE AND SUSTAINABILITY

A risk of any small-scale intervention is that impacts may remain localised and possibly only short-term unless lessons are shared, proven approaches more widely adopted, and changes become embedded in the broader operating environment.

Ex-post impact studies would be required to determine conclusively whether the short-term support provided through ANCP ARD-FS projects is in fact leading to long-term improvements in living standards and resilience. However, it is evident that NGOs generally seek to maximise reach, impact and sustainability even from small-scale, time-bound interventions (see Box below).

For example, training activities often focus directly on those expected to be role models and mentors for others (eg ‘model farmers’). Representatives of successful women’s groups are transported to other villages nearby to demonstrate and explain what they have done. A newly-established farmer or community group is taken to observe and discuss practices developed through the NGO’s earlier interventions elsewhere.

Some NGOs actively seek to extend reach by connecting with and influencing key players outside their target communities, including government and private sector service providers. A few larger NGOs are working to bring about lasting change in the broader market systems relevant to their target beneficiaries, which could then potentially affect rural producers well beyond the immediate project areas. These models are discussed in further detail in the next chapter.

Many NGOs see themselves as ‘there for the long haul’: they implement a series of evolving engagements over time, and/or multiple complementary projects (sometimes with different donors) in a target region. These practices underscore the fact that development is complex and long-term. On the other hand, this may also indicate a need for more explicit attention to graduation criteria and to working with and through other established actors to *facilitate* rather than *deliver* change.

Progressing scale and sustainability

Examples from 2018-19 ANCP performance reports included:

- Evidence of a demonstration effect, with non-project participants adopting ‘project technologies’
- Inclusion of new approaches and initiatives in local Development Plans
- Effective training and skills development to support sustainable development
- Partnerships with local Agriculture Departments and extension services to ensure ongoing technical assistance after project completion
- Strengthened community structures, with members empowered to manage community development
- Self-help, savings and other community groups that are community-run and self-sustaining
- Improved market linkages, eg producer groups and cooperatives adopting collective purchase and aggregated sale practices; formal contractual relationships with buyers; and progress towards sustainable seed systems.

CONNECTING FARMERS TO MARKETS

MARKETS AND SMALLHOLDERS

Markets provide an essential mechanism for allocating and exchanging goods, services and resources. By linking local, national and global economies, efficient markets support growth and development. While the rural poor are typically not influential market participants, they depend on markets for their livelihoods. Well-functioning markets enable rural households to buy consumption goods and productive inputs, sell their labour, access financial services and new technologies, and maximise returns from selling farm and non-farm products. Effective links between local and broader markets can also provide a degree of protection from the price fluctuations that would otherwise result from crop failures or bumper harvests.

However, the rural poor face many challenges in their market interactions. In particular, smallholder farmers often struggle to produce the quantity and quality required by formal markets and value chains. This is especially the case in international markets, where food safety and other quality standards may be difficult to assure. Individual smallholders also lack bargaining power and can be vulnerable to unfair conditions and practices. More broadly, poor farmers may not have the necessary information, understanding, connections, access to finance and business skills to engage successfully in trade.

A wide range of interventions would often be required to improve the functioning of the overall ‘market system’ in ways that would provide greater opportunities for the rural poor. Agriculture sector value chains are often complex, increasingly international, and involve multiple actors including the private sector and government. Key enabling mechanisms such as infrastructure, financial services and technical expertise are often not in place. Government policy measures such as price support, tariffs, subsidies, export restrictions and food self-sufficiency programs might provide short-term gains for some producer groups but will often distort incentive structures in ways that ultimately disadvantage those less better-off.

Despite the broader challenges, a range of practical community-based interventions can play an important role in improving how smallholder farmers, poor communities and other vulnerable people engage with relevant markets. In particular, helping farmers to form associations or cooperatives creates economies of scale by pooling resources, expertise and outputs. This opens up financing and market access opportunities and strengthens bargaining power for both input purchases and product sales. Farmer groups are also better positioned to meet quality standards (which are especially stringent for international markets), and benefit from the resulting price premiums. Modern technologies are also helping boost productivity, enable information flows, expand marketing options and improve returns by satisfying consumer demands for certification and traceability.

The 2017 Foreign Policy White Paper affirmed Australia’s commitment to the 2030 Agenda for Sustainable Development.³⁰ The rallying cry of the 2030 Agenda – ‘leave no one behind’ – is reason to look further into how Australia can better facilitate the sustainable (and fair) participation of the very poor in agricultural and

³⁰ <https://www.fpwwhitepaper.gov.au/foreign-policy-white-paper/chapter-six-global-cooperation/promoting-sustainable-development>

other markets. Smallholder farmers are central to the second Sustainable Development Goal (SDG2): their productivity and incomes need to double as part of the ‘zero hunger’ challenge. This means we need better ways of taking the benefits of development assistance to these communities. NGOs have a real value add in reaching smallholders because of their direct engagement with the rural poor; they need to be part of the SDG2 solution.

MARKET-FOCUSED ANCP APPROACHES

As outlined in the previous chapter, many NGOs include some market-oriented activities within their projects, but relatively few identify these as a significant focus overall. In fact only one in four of the ANCP projects reviewed here include ‘markets’, ‘value chains’ or similar terminology in their project description – even though many of these projects are training farmers to increase the quantity and quality of production for sale and/or encouraging them to use purchased inputs. The tendency remains to look to the private sector only when the project is close to completion and pathways to sustainability are needed.

Figure 6 below highlights the range of opportunities for NGOs to help strengthen market linkages.

Figure 6: Strengthening market linkages



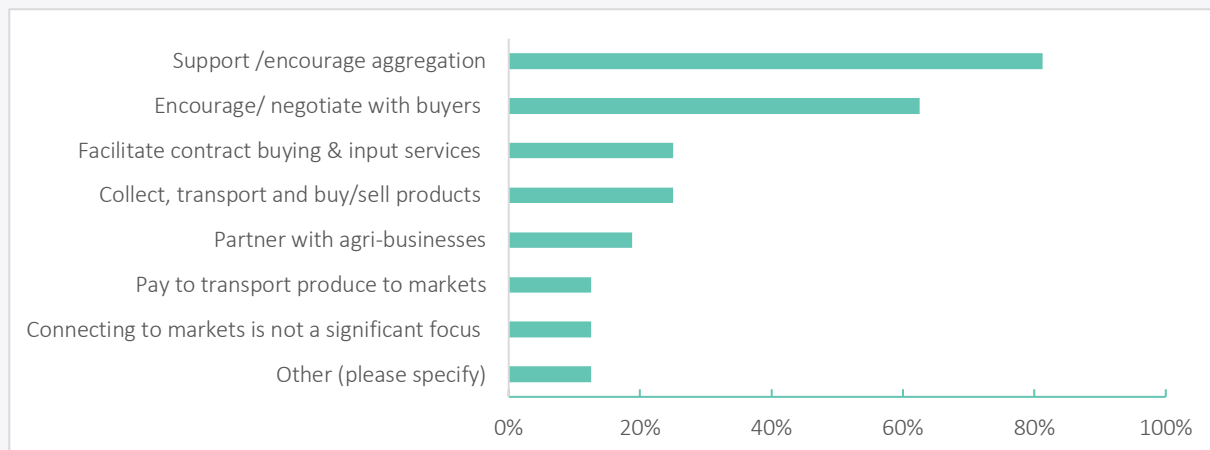
When asked about their main market-focused activities (Figure 3), the majority of ANGOs surveyed identified aggregation – helping producers form into groups or cooperatives to reduce input costs and make outputs more accessible and attractive to potential buyers. Many also seek to improve business and marketing skills. While this training and technical advice may encourage and support farmers to produce cash crops, these projects do not necessarily directly engage with the end-markets.

A smaller number of NGOs explicitly seek to strengthen market linkages through their projects, including by building connections with the private sector. Some provide direct marketing services, such as collecting, transporting and selling produce themselves, or paying others to transport it to market.

A few projects take an enabling rather than ‘direct delivery’ approach: they help farmers negotiate longer-term service arrangements with the private sector to supply inputs and training/advice, and then to buy

produce that meets agreed quality standards. This reflects key principles and methods from the ‘market systems development’ (MSD) approach, as outlined in the ‘Policy Frameworks’ chapter above.

Figure 7: Most common market-linkage activities³¹



SIMPLE TYPOLOGIES TO UNDERSTAND THE INTERVENTION

ANCP ARD projects provide various types of support to various target groups. They intervene at various points in an agricultural economy and (to varying extents) engage a variety of market actors. It is this variety that makes the portfolio a vibrant one, but it would be useful for ANCP partners to consider and describe their rationale and approach in greater depth. This would help their local NGO and government partners as well as DFAT to understand the underlying theory of change in each project. It may also help ANGOs to think through different facets of their project.

We propose four facets (target group, agro-economic segment, type of support, market engagement) that should be essential to most ARD projects.

Target group and intervention point

Australia’s development dollars come with a strong poverty intent, which is in line with the aims of ANGOs. In the simplest terms this means that ANCP operates in developing countries. However, a number of developing countries are now ‘middle income’ countries with a substantial elite, and even in the poorest countries inequality may be rife.

By working with rural communities in the agriculture sector, ARD projects already poverty-target better than many other projects.³² However, looking more closely at rural areas we see households that are quite well off, and other households barely surviving on marginal land. For this reason, there is a very strong focus now – including through SDG2 – on smallholder farmers. While there is debate about the definition of ‘smallholder’, there is no debate that small-scale producers should be the focus of development efforts. The estimated 500 million smallholder farmers – a number which is growing rather than shrinking – produce most of the developing world’s food yet make up a huge proportion of the undernourished, and generally have extremely low productivity and high vulnerability to shocks.

³¹ Based on the NGO survey undertaken for this Review.

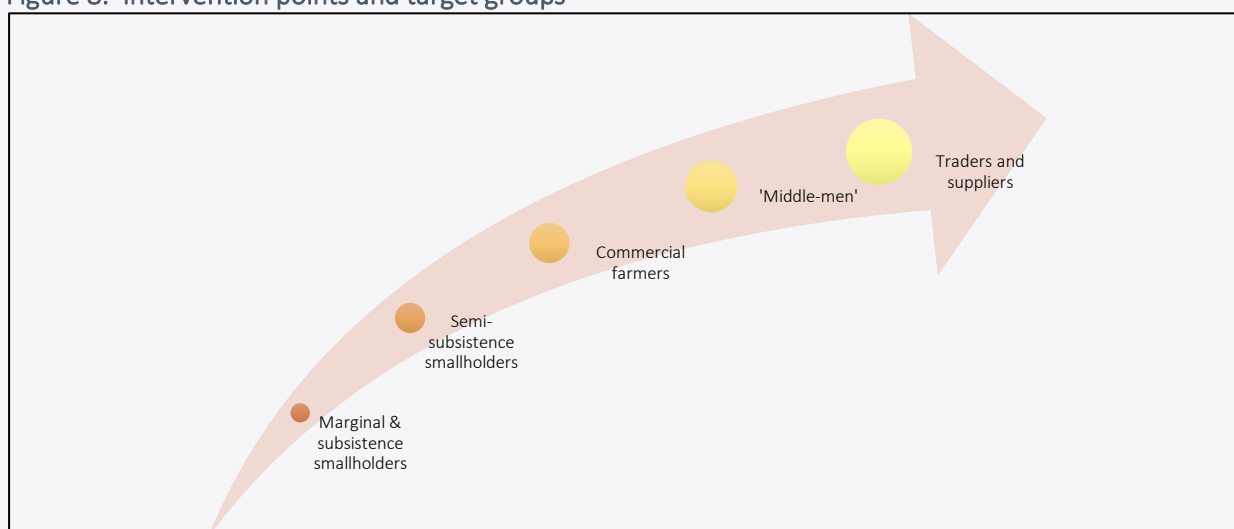
³² As noted in the Sector Overview chapter, the World Bank’s 2008 World Development Report established that working in this sector is 2-4 times more poverty-alleviating than other sectors, because many of the poor are rural farmers.

Understanding whether an ANCP ARD project is reaching and benefiting smallholders is critical. A common definition would be a crop farmer with less than 1 or 2ha of arable land³³ or less than 5-10 head of large livestock.³⁴ There are many farmers surviving on far less than this, particularly in south and south-east Asia, and average farm sizes are decreasing as farms are divided amongst children in rural families with relatively high fertility rates. Average farm sizes in India have decreased from more than 2ha in 1971 with 71 million farmers to 145 million farmers holding 1ha on average in 2016.³⁵ The typical farm size in China is now less than 0.1ha.³⁶

Projects may consider a typology that goes from the marginal/landless smallholder, other types of subsistence smallholder, semi-subsistence smallholders through to commercial smallholders and then larger farmers. Within these groups special attention of course needs to be paid to women, people with disability and minority groups. However, since the asset base determines farmer prospects to such an important extent, reaching these groups cannot be a substitute for considering the needs of smallholders.

The target group is not necessarily the same as the intervention point - see Figure 8 below. It is possible to intervene through one level to reach a different level. MSD approaches have frequently worked with seed and fertiliser suppliers (the top level) to encourage them to sell and market their inputs in smaller packages through more remote distributors, benefiting smallholders who would not otherwise have had access to improved inputs. On the other hand, working directly with a trader without regard for whether improved efficiencies translate into better prices or productivity for smallholders can lead to perverse outcomes and elite capture.

Figure 8: Intervention points and target groups*



* A project may intervene with middlemen, but in a way that targets semi-subsistence smallholders. As the intervention point moves upwards, greater effort will be needed to reach the bottom.

³³ While a 1ha plot for cereal crops may make it difficult to feed the family, 1ha of intensive vegetable production in greenhouses or high value fruit orchard may mean the family is relatively well off. These other assets (greenhouses, irrigation equipment, fruit trees, etc.) should be considered when defining the smallholder target group for a given population.

³⁴ Large livestock such as cattle, pigs or camels may have customary value in some societies that bears little relation to market forces or poverty status, often being retained for ceremonial, religious or group-bonding purposes. There may be reason to disregard or indeed amplify the value of these assets in some circumstances. Many smallholders prioritise poultry production over larger livestock. 'Tropical Livestock Unit' calculations allow the approximate conversion of different types of livestock. Conversion factors (2005) are: cattle = 0.7, sheep = 0.1, goats = 0.1, pigs = 0.2, chicken = 0.01 (see IFPRI Harvestchoice website: https://harvestchoice.org/data/anos_tlu)

³⁵ <https://timesofindia.indiatimes.com/india/slide-in-farm-size-but-women-land-owners-rise-agri-census/articleshow/66035943.cms> ; <https://www.livemint.com/Politics/SOG43o5ypqO13j0QflaawM/The-land-challenge-underlying-Indias-farm-crisis.html>

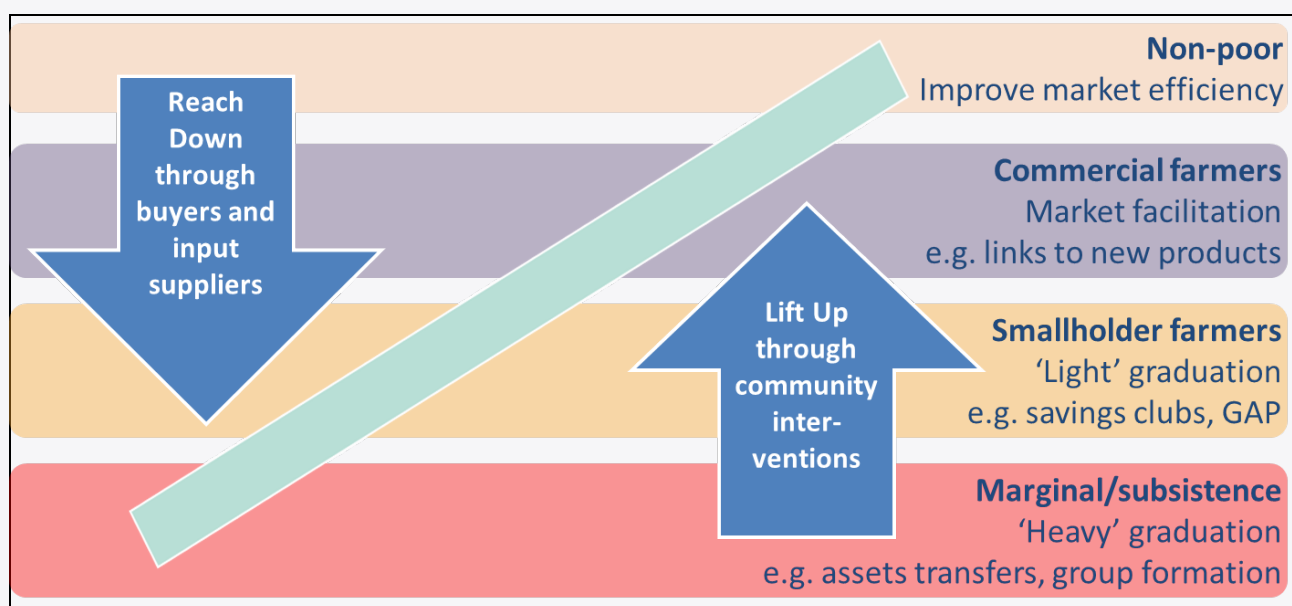
³⁶ <https://www.pnas.org/content/115/27/7010>

Market engagement

Traditionally, many NGO projects have shied away from interacting with market actors for fear of elite capture. But ignoring market actors can lead to supply-driven projects that go to extreme lengths to boost production in ways that can't be maintained after the project, or result in produce that can't be sold at market. NGOs have complete freedom in ANCP to engage with market actors such as off-takers, traders, input suppliers, transport companies, processors and warehouse operators. These may be highly motivated to sustainably expand their markets to smallholders or poorer communities.

On the other hand, market actors will be much more comfortable engaging with commercial and semi-subsistence farmers than with those who have been producing for subsistence only for generations. Marginal, landless and subsistence smallholders may well need intensive support to become more 'market-ready' and take up these new opportunities when they arise. This has led to considerable interest in 'hybrid' approaches that deliberately combine market system changes with carefully targeted and sequenced direct support (sometimes referred to as a 'graduation package'³⁷) to smallholders. These are variously called 'push-pull' (USAID), 'lift/reach' (DFAT) or 'inclusive MSD' (iMSD – World Vision Australia).³⁸ Figure 9 below depicts how these approaches can combine: intervening with private sector markets to 'reach down' whilst directly 'lifting up' the poor by boosting their assets, knowledge, confidence and social capital.

Figure 9: The 'lift/reach' hybrid model combining direct support with market-level interventions*



* Usually the greater the 'distance' from commercial markets that 'heavier' the support required to facilitate linkages.

³⁷ We use the term 'graduation' here in a broad sense, to refer to time-bound direct support to disadvantaged groups that would otherwise struggle to benefit from project activities, such as connections to markets. This would include, but is not restricted to, the ultra-poor graduation model pioneered by BRAC (see further discussion below, and the World Vision-BRAC handbook here: <https://www.wvi.org/sites/default/files/WV%20Ultra-Poor%20Graduation%20Handbook.pdf>)

³⁸ Garloch, A. (2015), 'A framework for a push/pull approach to inclusive market systems development', USAID LEO Brief (<https://www.marketlinks.org/library/framework-pushpull-approach-inclusive-market-systems-development>); Delforce, J. and Gill, T. (2018), 'Beyond value chains: emerging lessons from Market Systems Development approaches in Australia's aid program', (https://beamexchange.org/uploads/filer_public/59/49/594968e4-c0e1-4e51-9476-1b00e2bb7535/beyond_value_chains_delforce-gill_2018.pdf); World Vision Australia (2018), *Inclusive Market Systems Development: sustainable growth for everyone* (<https://www.worldvision.com.au/docs/default-source/publications/aid-trade-and-mdgs/wva---inclusive-market-systems-development-paper---final.pdf>)

Agro-economic segment

In addition to considering the target groups, the intervention points, and creative ways to combine ‘lift up’ with ‘reach down’ activities, it would be beneficial for ARD projects to consider the optimum segment in which to intervene in the agro-economic system. A simple typology of three parts of the system is proposed in Figure 10 below.

In order to build sustainability into the project from the beginning, it may be necessary to intervene temporarily at multiple points, either simultaneously or sequentially. This will depend on the ‘strengths-weaknesses-opportunities-threats’ (SWOT) analysis, community mapping or equivalent that informs the project. Often, ARD projects presume that smallholders are not progressing due to lack of knowledge or because they haven’t thought about planting something new. However it may be that access to a small loan, introduction to a new buyer, or better post-harvest handling (to reduce losses before produce can reach the market) could result in even greater gains. A full consideration of each of the three segments is highly recommended before determining the best types of interventions and how to phase them in, at all times considering how to link smallholders beneficially to agricultural markets.

Figure 10: Possible interventions by agro-economic segment



The review demonstrated the vital importance of the interface with buyers. Smallholders on their own have little bargaining power and are normally either ignored by the market or are price-takers. This frequently involves a middleman who can take the produce to market on behalf of the smallholder. Middlemen are frequently considered a lifeline for remote smallholders who have no other way of accessing markets, loans or information. They provide important services and can be a very effective mechanism of aggregation.

However, these relationships can also be fraught with danger, particularly where there is lack of transparency, an absence of other options, segregation of farmers into tiny, individual production units, power imbalances including control of information and knowledge, and often an extremely tight link between financial services (in particular loans) and sale of produce.

ANCP NGOs should also consider other ways of helping aggregate production, such as formation or strengthening of agricultural cooperatives, simple collection points/centres, collective transport arrangements, affordable warehouse facilities and invitations to buyers to visit when significant amounts of produce are available. The aggregation mechanism can make an enormous difference to the incomes of smallholders even without interventions on the production side.

Type of ‘graduation’ support

ANCP projects are highly tailored to the socio-economic environment in which they operate. Each community or culture has a particular set of constraints and opportunities that necessitate a different way of

working. Many ANGOs have been working with particular communities for years or even decades and have – through trial and error and deep cultural understanding – evolved a set of interventions that work particularly well.

The world's largest NGO – BRAC, a strategic partner of DFAT in Bangladesh – has taken this knowledge of the extreme poor in Bangladesh and developed what it refers to as a 'graduation package': a basic set of inputs that are phased in and out over an 18 month period which have been proven to result in a sustained escape from destitution.³⁹

Other than scale, and in some instances target group, the difference between BRAC and many of DFAT's ANCP partners is the lack of a definition of what the 'graduation package' is in a given place. For instance, it was clear from one project visited by the review team that providing grants and/or loans for barbed wire (to prevent cattle from destroying farms), vegetable seeds, access to water and irrigation and basic education support or children could result in a major development impact. Yet this 'package' had not yet been articulated. Doing so would allow it to be further streamlined, phased and tailored, and potentially rolled out to many more communities in similar situations.

While 'direct delivery' is often criticised as being a recipe for unsustainable impact, it is clear from the current suite of ANCP activities that Australian-based NGOs have continued to adapt their approaches and market analysis. Where direct support is based on strong market analysis and graduation principles – phased in with a view to helping smallholders participate in markets and phased out again as they establish assets and make favourable new connections with markets – it can provide a sustainable pathway out of poverty as real linkages are made between poor communities and value chains. This is being demonstrated by a number of ANCP NGOs.

Options, approaches and terminologies relating to market linkage vary widely and can be a cause for confusion. The typologies suggested in this chapter are by no means the final word, but potentially a starting point for further discussion as both DFAT and ANCP NGOs build on experience and further develop their strategies and approaches.

³⁹ As noted above, the BRAC model specifically targets the ultra-poor: <https://www.wvi.org/sites/default/files/WV%20Ultra-Poor%20Graduation%20Handbook.pdf>

RECOMMENDATIONS AND CONCLUSIONS

This Review has provided a valuable opportunity to raise the profile of the work Australian NGOs and their in-country partners are undertaking in agriculture, rural development and food security through the ANCP. The Review scope covered around one-quarter of the 2018-19 ANCP allocation and involved 18 of the 57 accredited ANCP NGOs.

In particular, the Review team's in-country visits and discussions with implementing NGOs highlighted the range of approaches used to address rural poverty through Australia's aid program. All the projects visited are making an impact on the ground, but equally could benefit from adopting aspects of alternative approaches.

Key findings of the Review include:

- the importance of the ARD-FS sector for the poor, particularly in the context of SDG2 which focuses on smallholder farmers;
- local achievements in terms of crop production and resilience, inclusion and empowerment, and access to financial and product markets; with resulting improvements in incomes and food security; and
- efforts being made to broaden the scale and sustainability of impact through engagement and influence both within target communities and with the government and private sector.

The Review also suggests a typology of market interventions aimed at enabling NGOs to consider more deliberately which options would best suit their specific local circumstances.

RECOMMENDATIONS

Recommendations of the review are grouped under three headings:

Recommendation 1: Focus on smallholders

ARD-FS projects should specifically **address the needs of smallholder farmers**, who are a priority for Australia and for the SDGs. This means 'going the last mile' to reach those who cannot otherwise access market opportunities due to remoteness, lack of assets or information or social capital. **Inclusion** – of the poorest, of women, of people with a disability – needs to be actively addressed. Articulating and applying a '**graduation**' **model** appropriate to the target group can improve project efficiency and sustainability. Interventions also need to be **climate-smart** to manage risks and help build the productivity and resilience of the whole farm system.

Recommendation 2: Engage with markets

NGOs designing and implementing ARD projects should take time to **assess and understand market realities** before seeking to increase production – including both identifying opportunities and helping minimise risks. Successfully building market engagement will likely require **intervening at multiple points** in the production and marketing process. In particular, **aggregation mechanisms** need to be shaped or built to boost smallholder market power. In addition, to promote sustainability it is generally preferable for NGOs to **work with and through other established ‘market actors’** rather than becoming essential players in their own right.

Recommendation 3: Help improve nutrition

ARD projects should be **nutrition-sensitive**, to help address the high levels of malnutrition in many of the target communities. This means not only encouraging people to grow more and different food, but also adding behaviour change interventions to ensure this translates into increased dietary frequency and diversity.

CONCLUSIONS

Valuable lessons and thinking can be shared

Many ANCP NGOs are demonstrating innovative approaches to a range of development challenges faced by poor rural communities, thereby helping smallholders escape poverty. Some NGOs are also thinking carefully about how they can most effectively and inclusively support market engagement.

The diversity of models and approaches is a strength of ANCP and appropriate given the diversity of cultures and situations in which the programs take place. Specific approaches being demonstrated, for instance, by larger NGOs, will not necessarily be directly applicable or feasible for small NGOs or in very small-scale projects. However, there are useful principles and lessons which may be worthwhile adapting, as outlined above.

While a few examples of innovation have been highlighted in this Review, in many cases the NGOs themselves have not set out clearly the rationale, principles and parameters underlying their approaches. Improved articulation, documentation and sharing could help the sector improve its performance over time.

DFAT can support and extract more from these ANCP investments

Many DFAT staff understand agricultural markets well and know the key actors; they could provide a useful source of advice for NGOs on emerging opportunities and ways of interacting with markets to develop linkages for smallholders. At the same time, DFAT could learn much from NGOs’ practical experience guiding and supporting agricultural development across a range of complex environments.

ANCP projects are generally delivering highly contextualised and tangible support to poor, rural and remote communities in ways that larger programs often cannot. DFAT can help ensure that larger initiatives learn from ANCP successes and take them to scale where appropriate. Some NGO partners are more than capable of scaling their own market-linkage ARD projects and would be a viable delivery modality for DFAT’s bilateral programs. And where DFAT does not have bilateral programming in ARD-FS, Posts can draw on the richness of the ANCP portfolio to demonstrate the depth of Australia’s support to rural communities in partner countries.

ANNEXES

ANNEX A: THEMATIC REVIEW TERMS OF REFERENCE AND METHODOLOGY

Background

The Australian Government has worked with Australian, international and local civil society organisations for more than 40 years to support the world's poorest and most vulnerable people.⁴⁰ The main mechanism for doing so is the Australian NGO Cooperation Program (ANCP), which supports accredited Australian NGOs to implement their own programs and strategic priorities, consistent with the goals of the Australian aid program. In 2018-19 ANCP will provide \$131.8m in grant funding to 57 accredited NGOs to implement 454 projects in 60 countries across a range of sectors including health, education, civil society strengthening, and agriculture and food security.

DFAT's NGO Programs Performance and Quality (NPQ) section and overseas Posts routinely conduct in-country assessments of selected ANCP projects, in accordance with the ANCP Monitoring, Evaluation and Learning Framework (MELF). These help ensure compliance with DFAT requirements as well as providing the evidence base to demonstrate the effectiveness of ANCP in achieving results in poverty reduction. DFAT's Agriculture and Food Security (AFS) section has committed to undertake a number of project review visits during 2019 as part of that process. To maximise the value of these visits and promote cross-learning, AFS and NPQ have agreed that AFS will use the information gathered to inform a **thematic review**⁴¹ of ANCP activities in agriculture, rural development and related areas.

The Thematic Review will be undertaken concurrently with, and closely related to, a synthesis review of DFAT's experience to date in Market Systems Development (MSD). DFAT's suite of MSD programs has been expanding since 2010 and it is timely now to reflect on the extent to which these are meeting expectations, particularly in terms of impacts on the lives of poor people. At the same time, a number of ANCP NGOs are orienting their rural development work increasingly towards facilitating the beneficial integration of smallholder producers into agricultural markets. DFAT (AFS) is keen to explore complementarities between the two (MSD and NGO) approaches, and to identify practical opportunities to harness their respective strengths to improve the impact and sustainability of DFAT's development efforts in this sector.

Purpose and objectives

Specific purposes of the 2019 ANCP Thematic Review of Agriculture/Rural Development are to:

⁴⁰ See cooperation framework at: <https://www.dfat.gov.au/about-us/publications/Pages/dfat-and-ngos-effective-development-partners>

⁴¹ Thematic reviews are an integral part of the MELF. The last one, on Gender, was published in 2016.

- Provide an insight into the ways in which Australian NGOs are working with smallholder farmers in a selection of ANCP supported projects classified as ‘agriculture’, ‘rural development’, ‘food security’ or similar.
 - In particular, comment on the effectiveness and likely sustainability of activities aimed at helping smallholder farmers connect to markets (for inputs, produce and/or labour)
 - Also obtain information on the economic profile of beneficiaries, including specific target groups identified in the project’s documentation (eg smallholder farmers, extreme poor, landless labourers, women, etc).
- Identify opportunities for shared learning on how ANCP NGOs can improve the impacts, sustainability and inclusiveness of their projects in this sector.

In addition, the following objectives common to all ANCP monitoring exercises will guide the work:

- a. strengthen the effectiveness and efficiency of ANCP projects by providing useful, strategic and well informed feedback to implementing partners (using both quantitative and qualitative data and analysis)
- b. ensure ANCP projects align with the overall purpose of Australia’s aid program and complement bilateral country program policies and Aid Investment Plans
- c. capture frank advice from implementing partners on ANCP NGO performance
- d. capture key results and case studies for the purpose of DFAT corporate reporting (e.g. Aid Quality Check, Annual Program Performance Report, and Partner Performance Assessments) and communication material
- e. share lessons between NGOs and DFAT through the selected visit/s and subsequent visit reports, no more than two weeks following the visit
- f. strengthen the ANCP MELF through lessons learnt during its application in-country.

Scope

The review will concentrate on the following themes:

- Prominence of market-linkage focus in project documentation and in implementation
 - And the nature of those market linkages.
- Extent of poverty targeting and ‘inclusion’ focus in documentation and implementation
 - Including in relation to those disadvantaged by gender, disability, ethnicity, etc
- Extent to which gender and women’s economic empowerment are being addressed
- What types of services and support NGOs are providing
- How NGOs’ services and support are provided (eg directly to end-beneficiaries, or with/through others)
- Quantitative and qualitative evidence on the direct and indirect impacts of the project, including
 - Data from the project’s M&E system or other reliable sources
 - Indicators of interest will vary by project but could include, for example, changes in agricultural productivity, quantities produced, consumed and sold, additional household income attributable to the project, productive inputs purchased, paid labour, buying and selling prices for key inputs and outputs, indicators of nutrition status, vulnerability indicators.

- Feedback on the value of project activities, and the likely duration of benefits, from a range of relevant stakeholders – such as (female and male) direct and indirect beneficiaries, input suppliers and produce buyers, various levels of government, other civil society groups, etc.
 - Including any information on whether (and how) project activities have helped vulnerable individuals or households to access new market opportunities.
- Any evidence or insights on additional market linkage opportunities not yet explored in the projects reviewed.

Approach

The Review is intended to facilitate learning for continuous improvement, both among ANCP NGOs and more broadly across the Australian aid program. It is not the intention to rank projects or NGOs.

The Review will be undertaken by DFAT sector specialists in AFS, in close collaboration with NPQ, relevant DFAT Country Programs (Posts and Desks), and NGO contact points in Australia and selected countries.

ANCP activities selected for the Review will represent a mix of project type (including length of implementation, scale), geographic/economic context and lead implementing NGO. Particular attention will be given to projects which have an explicit focus on market linkages. Where opportunities arise, bilateral (ie non-ANCP) NGO projects in similar areas and with similar objectives may also be visited for comparative purposes.

Methodology

The Review will take a ‘strengths based’ approach that focuses on identifying what is working well, analysing why it is working well and how this may inform other projects or NGO practices. A range of qualitative methods to achieve triangulation will be employed, including a modified case study approach. Elements include:

- Consultations to finalise the themes, locations, timing, scope and broad methodology.
- Preparation of Key Review Questions to guide in-country and Australia-based discussions.
- In-country field visits including discussions with partner organisations, visits to selected field project sites and community meetings.
- Consultations with ANCP NGO at their Australian headquarters.
- Desk Review and analysis of relevant ANCP NGO policies and nominated project documentation, particularly in relation to engaging with smallholder farmers and their markets.

Outputs

Standard ANCP project monitoring reports will be prepared following each project visit, and shared with the implementing NGO in a timely fashion.

The major output will be a report presenting the findings of the Thematic Review. An initial draft will be prepared in advance of the planned ANCP Learning Event in November 2019, and will serve as a focus for discussions during that workshop.

The Final report will be a Word document of up to 30 pages (plus Annexes), to be delivered no later than 20 December 2019. The report will summarise the evidence collected, present analysis and findings against the focus questions and make recommendations where appropriate.

The primary audience for the report will be DFAT and ANCP NGOs, but the final report will also be available to a wider audience via the DFAT website. It is anticipated that the findings of the report will also be shared at events such as the Australian Council for International Development (ACFID) Council and ACFID University Linkages.

ANNEX B: 2018-19 ANCP ARD-FS PROJECTS INCLUDED IN REVIEW

Organisation	Primary Country	Project Title
Act for Peace Ltd	ZIMBABWE	Increasing Food Security for Zimbabwean Subsistence Farmers through Conservation Farming
Action on Poverty Limited	VIET NAM	Building Capacity and Access for Resilient Communities
	ZIMBABWE	Improving Food Productivity and Market Linkages
	ETHIOPIA MALAWI MOZAMBIQUE	Improving food security and economic empowerment for smallholder farmers (Africa)
	KIRIBATI, TIMOR-LESTE, FIJI	Pacific Regional Food and Water Security Project (Pacific)
ADRA Australia	TIMOR-LESTE	Timor-Leste: LOSA (Livelihood Opportunities through Sustainable Agriculture)
	VANUATU	Vanuatu: LEAFFS (Livelihood Empowerment And Family Food Security)
	ZAMBIA	Zambia: MARI (Mambwe Agri-Business and Resilience Initiative)
	ZIMBABWE	Zimbabwe: WITS III (Wealth in the Soil III)
Anglican Board of Mission - Australia Ltd	KENYA	Livelihood Improvement Project in Makueni and Machakos
	MYANMAR	Sustainable Agriculture Project in Hpa-an Villages, Myanmar
	PHILIPPINES	Asset-Based Community Development Project, Philippines - Phase 2
Australian Lutheran World Service	CAMBODIA	Livelihood Enhancement Actions Program (LEAP): Cambodia
	NEPAL	Civil Society Strengthening and Empowering Communities (CSSEC) Phase 2: Nepal
Australian People for Health Education and Development Abroad (APHEDA)	TIMOR-LESTE	Supporting and strengthening rural farmers' organisations in Timor Leste
CARE Australia	LAO PEOPLE'S DEMOCRATIC REPUBLIC	Empowered women for an equitable coffee value chain, Laos (EW-EVC)
	TANZANIA, UNITED REPUBLIC OF	Kukua Ni Kujifunza, Growing is Learning in Tanzania
	VIET NAM	Technologically-Enhanced Agricultural Livelihoods (TEAL) in Vietnam

Caritas Australia	BANGLADESH	Sustainable Food and Livelihood Security (SuFoL) Project Phase 2, Bangladesh
	BANGLADESH	Sustainable Livelihoods Project for Indigenous Communities in Dinajpur Bangladesh - Phase II
	CAMBODIA	Sustainable Change with Dignity, Cambodia
	CONGO, THE DEMOCRATIC REPUBLIC OF THE	Sustainable Livelihood and Protection Program in Democratic Republic of Congo
	INDONESIA	Economic and community-based health development Project in Pandeglang, Indonesia
	INDONESIA	Integrated Village Development Project in East NusaTenggara Indonesia
	KENYA	Malindi Livelihoods project in Mambasa sub-location in Kenya
	NEPAL	Nepal Livelihoods and Resilience Program
	PHILIPPINES	Camarines Norte Integrated Community Development in the Philippines
	PHILIPPINES	Camarines Norte Indigenous People Empowerment and Development Project, Philippines
	TIMOR-LESTE	Sustainable Livelihoods Program Timor Leste
	TANZANIA, UNITED REPUBLIC OF MALAWI	Malawi and Tanzania Integrated Community Development Program
International Needs Australia	UGANDA	Agri Business for Community Development
Nusatenggara Association Inc	INDONESIA	Income Generation and Food Security Project
Oxfam Australia	SRI LANKA	Sustaining and Nurturing Rural Agro-Industrial Social Enterprises (SUNRISE), Sri Lanka
	TIMOR-LESTE	Strengthening Community Livelihoods in Timor-Leste
Palmera Projects	SRI LANKA	Strengthening the Dairy Sector through Youth employment in Sri Lanka
Quaker Service Australia	CAMBODIA	Increasing women's empowerment and income generation opportunities in Pursat Province
	CAMBODIA	Enhanced food and water security for Kampong Thom rural communities
	CAMBODIA	Community development in three communes in Kandal Province
	CAMBODIA	Poverty alleviation and development of business capacity in Pursat Province
	INDIA	Promotion of environmentally friendly and traditional agriculture in Tamil Nadu

Quaker Service Australia (cont'd)	UGANDA	Climate-resilient agriculture for sustainable livelihood improvement in Greater Masaka
TEAR Australia	CAMBODIA	PNKS Integrated Rural Development and Community Empowerment Project (Somleng)
	INDIA	EFICOR (India) Community Development and Capacity Building Program (CDCBP)
	LAO PEOPLE'S DEMOCRATIC REPUBLIC	Southern Laos Community Sustainable Agriculture Development Project, Phase II
	LAO PEOPLE'S DEMOCRATIC REPUBLIC	Northern Laos Integrated Sustainable Livelihoods with Upland Tribal Minorities (ISLP)
	NEPAL	Western Nepal Integrated Community Development Program (ICDP)
	NEPAL	United Mission to Nepal Cluster Program
	NEPAL	Share and Care Nepal Action Based Community Development Program
	SUDAN	Enhancing Community Resilience in North Darfur
	ZAMBIA	Building the Resilience of Vulnerable Agricultural Communities in Eastern Zambia
The International Nepal Fellowship [Australia] Ltd	NEPAL	Community Health and Development Kapilvastu
Transform Aid International Ltd	CAMBODIA	PNKS Integrated Community Development and Empowerment Project, Cambodia
	KENYA	Elementaita Integrated Development Project, Kenya
	KENYA	Integrated Livelihood Improvement Project, Kenya
	KENYA	Garissa Livelihood Improvement Project, Kenya
	NEPAL	Inclusive Development, Empowerment And Livelihood (IDEAL) Project, Nepal
	NEPAL	Strengthening Community Resilience through Livelihoods and Environment Improvement Project, Nepal
World Vision Australia	BANGLADESH	Nutrition Sensitive Value Chains for Smallholder Farmers in Bangladesh Project
	BURUNDI	Burundi Bio-fortified Value Chains for Improved Maternal and Child Nutrition
	CAMBODIA	Cambodia Sustainable Business Development Project
	CAMBODIA	Cambodia Micro-franchised Agriculture Service Expanded (MASE) 2 Project
	GHANA	Talensi Farmer Managed Natural Regeneration (FMNR) and Livelihood Project

World Vision Australia (cont'd)	INDONESIA	More Income Generated for Poor Families in Indonesia (MORINGA) Project
	INDONESIA	Indonesia Rural Economic Development Project
	KENYA	Central Rift Farmer Managed Natural Regeneration Scale-Up Project (CRIFSUP)
	MYANMAR	Value Chain Development and Financial Inclusion for Inclusive Growth Project
	SENEGAL	Strengthening Household Livelihoods in Tambacounda Senegal Project
	SOLOMON ISLANDS	Solomon Islands Market Linkage Project
	SOUTH SUDAN	South Sudan Integrated Food Security and Livelihoods Project
	SRI LANKA	Sri Lanka Gender and Disability Inclusive Economic Development (iLIVE)
	TIMOR-LESTE	Timor-Leste Better Food, Better Health Project
	SWAZILAND LESOTHO SOUTH AFRICA	Southern Africa Livelihoods Project
World Wide Fund for Nature-Australia (WWF-AU)	PAPUA NEW GUINEA	Community-Based Sustainable Development in Papua New Guinea Coastal Communities
	SOLOMON ISLANDS	Community-Based Sustainable Development in Solomon Islands Coastal Communities

ANNEX C: EXCERPTS FROM DETAILED VISIT REPORTS⁴²

Overall approach

- Project staff have done a great job to date in implementing a wide range of activities across multiple villages, in difficult working conditions.
- Over many decades, this NGO has come to a strong understanding of community needs and how to slowly but surely assist them to escape from extreme poverty and water/food insecurity and move towards semi-subsistence and, at times, fully commercial farming. This is a model worth articulating and sharing.
- The (inclusive, market-focused) model being applied in this project is at the cutting edge of livelihoods development practice.
- Systems to increase planting, harvesting, transport, processing, organic certification and marketing need to be developed in a way that disproportionately benefits the poor.
- Continue with targeted capacity building that focusses on developing and reinforcing entrepreneurial skills and business principles.
- Be wary of potential community confusion between very different approaches being implemented by the same NGO within a given location – eg one program that directly funds community assets, and another using a more private sector-led model.
- One-off capital grants can provide a helpful ‘push’ for disadvantaged groups or individuals, but the costs involved will likely mean only a small number can benefit – potentially raising questions about fairness.

Relationships with others

- The collaborative approach taken to date (particularly with local partners and other INGOs) is commendable and could be further built on, eg by encouraging peer review and cross-learning between those implementing similar activities under different projects.
- There has been a commendable focus on developing productive relationships with other key actors in the market system – including provincial and district governments, processors, a large established cooperative and high-end processors/retailers.
- Increase engagement with the government and community to strengthen the sustainability of the project.
- Encourage local partners to build close working relationships with the local agricultural extension workers, with a view to learning from each other and potentially expanding project benefits beyond immediate project sites.
- Relationships with government can be delicate. Explore pragmatic ways of aligning project activities and approaches with the government’s own models (or at least seek to minimise perceptions of being in competition with government).
- While close collaboration with government may sometimes not appear optimal or the easiest way to operate, it could provide opportunities to influence as well as being important for sustainability.
- More direct communication between the implementing NGO, technical agencies and other active donors within the district is recommended, to avoid duplication and maximise synergies.

⁴² Modified excerpts from ANCP monitoring visit reports to 14 ARD-FS projects, by Review team and other DFAT staff, during 2018-19. These projects are in Indonesia, Timor-Leste, Laos, Cambodia, India, Lesotho, Mozambique, Malawi and South Sudan and are provided to illustrate both the range of issues highlighted, and also commonalities across a wide variety of project contexts.

Market linkages and business skills

- There was strong evidence that the project was fostering market linkages between small-holder farmers and reputable private sector companies.
- This project incentivises the private sector to establish on-going support systems across the value chain – including input supply, training and technical support, and marketing. To promote sustainability, NGO support has been scaling back and the private sector partners are increasingly taking on these costs.
- The project's focus on vegetable production responds to growing urban demand, much of which is currently met from imports. The project has initiated linkages between producer groups and buyers servicing urban markets, including for high-end organic products. There would appear to be strong scope to expand such partnerships in ways that help farmers expand production, meet quality standards and attract premium prices.
- Through training in marketing, financial management, logistics planning and record keeping, this project has enabled a group of five young subsistence farmers to establish a diversified farming business. The business initially started with subsistence crop farming and has grown into a diversified entity that includes agriculture, chicken and egg production with an established and economically viable supply chain. They've increased their market opportunities by producing commodities that are in demand.
- Through capacity building training in record-keeping, basic financial management, marketing and biosecurity, farmers are able to apply the skills to analyse production costs and document yield records. Record keeping documentation is a pre-requisite for micro-loan applications that are available to small holder farmers by banks or government-funded financial schemes.
- Facilitating linkages between farmers and existing market actors is generally a more sustainable and cost-effective strategy than directly providing training and input supply services.
- Seek to find a market solution to the implementing NGO's calf loan system – investigate whether there is a cattle trader interested in running this scheme, for example.
- Ensure interventions benefit smallholder farmers and poor farm labourers by developing aggregation, processing, marketing and trade arrangements that work for smallholders. This could include 'satellite farmer' models, development of producer organisations and/or co-investment in drying facilities.
- Fast-track the development of people capable of negotiating and facilitating aggregation and sale of produce to buyers at good prices.
- Link farmers directly to seed providers and to public/private extension services that can replace the local NGO over time as the provider of advice when things go wrong.
- Contract farming arrangements between farmers and private agri-businesses can be beneficial for both parties, but there are risks to both if farmers are unable to meet their product-delivery obligations.
- Ensure that consideration of how farmers will connect to markets is integrated with the project's production-focused activities.

Other sustainability measures

- If possible, ensure a 4-5 year implementation timeframe to maximise the chance of sustainable results at scale.
- Responsibility for direct engagement with farmers should be progressively handed over from project staff to the local Agriculture Department and/or other local actors who will remain in place once the project concludes.
- Further efforts will be needed to build the expertise, experience and confidence of agricultural extension workers so they can provide technical support independent of the NGO.

- A commitment should also be sought from Government partners to fund on-going agricultural extension work in villages.
- The project should focus on sustainability particularly ensuring that participants will be able to access affordable seed and have seed storing and disease control skills for when the program terminates.
- Media and government have recognised this program as a good model that can be deployed elsewhere in the state to protect essential resources and support sustainable eco-restoration.

Diversification and risk management

- 83% of farmers are now growing 3 to 7 different crops – exceeding the target of 60% and showing excellent progress towards diversification.
- Farmers particularly appreciated the advice, guidance and support... Crop rotation enabled them to produce diversified products for the market, control the spread of pests, and tackle price volatility.
- One of the project's key offerings is a 'reassurance insurance' in the form of farm expertise that can be drawn on whenever communities run into trouble. This means communities can feel more confident to branch out into new crops and livelihoods.
- While the project's cash cropping remains valid, there are risks – which need to be carefully managed – in developing high dependence on a single cash crop (especially one that is both technically-demanding and highly price-volatile).
- Farmers should be encouraged to retain crop diversity both for their own consumption and as an alternative source of cash into the future.
- Consider branching out to additional value chains to reduce risks to development results and to make the program more relevant to smallholders who typically have diverse crop/livestock farms to spread their own risk.
- Longer-term, it would be worth exploring the feasibility of partnering with additional agri-businesses to avoid over-reliance on a small number of companies.

Inclusion

- It was evident from discussions with the government, private sector and farmer/community groups that the role of women in production of this cash crop is now well-recognised.
- Our field visits highlighted that local partner gender awareness has been built. The savings and loans groups (~75-85% female participants), were strengthening women's roles in financial management, opening up small-scale entrepreneurial opportunities, and providing leadership opportunities.
- There are deliberate strategies to target sub-sectors and design interventions so as to benefit women as well as men; challenge harmful gender norms; and measure WEE outcomes. ...
- Disability is also an explicit focus – ranging from a broad 'do no harm' principle for all project activities, to ensuring people with a disability (PWD) are recruited. Under the pro-poor project component, 43 households that include a PWD receive support.
- Extending project benefits to the poorest villagers (including those with a disability, with no/minimal land, or with little cash to save) will remain a challenge. Practical steps to promote inclusion warrant further discussion with those already benefiting from project activities (eg savings and loan groups).
- Encourage inclusion of all (including the poor, people with disability) in groups organised under the project, or find another way to ensure they can benefit.
- Implement gender parity training within the local cultural context and raise awareness of the value of women's contribution as equal stakeholders in the community.

- Balance age and group demographics. For example, one business activity consisted mostly of elderly women who lacked saving and entrepreneurship skills. In future, include younger members in the group.
- Focus support on the poorest: smallholders who have the least resources.

Nutrition

- This project includes some farm trials for 'superfood' production. The NGO gives messages about how much to retain for own-use. There are also 15 processing groups, especially for tofu and tempeh. Superfood shops are a part of the methodology to make foods available, and 15 farmer groups are engaged with supermarkets. Anecdotally, they're starting to see differences in consumption, including taboos being overcome – eg more use of moringa and soybeans. The demos have been very effective.
- Previous projects focused on food security from an economic development perspective succeeded in raising agricultural production but there was no evidence of reducing malnutrition. Parents are not giving protein-rich foods because they lack experience/expertise, don't grow them or lack money.
- Provide training in nutrition to translate the income benefits into lasting development gains by addressing child stunting, women's anaemia and other malnutrition problems.
- Giving full consideration to the value of mixed farming businesses – along with better information and analysis of nutrition needs as well as appropriate behaviour change communication – could see the program make a strong impact on nutrition as well as incomes.

Climate and environment

- The introduction and training on the 'Chameleon' device, used to measure soil moisture level, has enabled farmers to manage their water resources much more effectively and improve crop production.
- Environmental and climate resilience are an explicit part of this project. Activities include a range of land and water management practices particularly in the mountainous locations, eg terracing of hillsides and planting of specific grasses to bind the soil. More broadly, climate considerations are integrated into other activities – eg stone walls had been constructed to control water flow and protect farming land from flooding.
- Climate change and extreme weather events pose significant risks to a project focused on vegetable production and marketing. Implementing staff and their private sector partners need to ensure they have access to strong technical advice on adaptation approaches (eg different crops, new varieties, conservation-agriculture practices) and that farmers are provided with appropriate strategies to minimise their own risks. Availability of crop insurance options could also be explored.
- The choice of this cash crop is appropriate to the long dry season and lack of farming technology or inputs, and has potential to provide income growth for smallholders as well as for farm labourers.
- The Australian NGO is working with a local organisation to restore 25,000 ha of Tropical Dry Evergreen Forest and help build critical environmental protection knowledge. Communities report the activity has helped alleviate poverty and increase health and well-being.
- The project appropriately addresses environmental protection, as farming is done without pesticides (100% organic). The implementing NGO conducted an environmental risk assessment which identified the need for training farmers on disaster risk reduction and climate change adaptation.
- The project makes good use of climate smart agricultural practices such as rotational farming that help in protecting the spread of pests, and also helps in maintaining and reinvigorating the quality of the soil. The project beneficiaries also practice composite manure making which they use to increase soil fertility for increased crop production.
- 92% of farmers are now practising climate smart agriculture, exceeding the target of 76%.