

AGRICULTURAL TRANSFORMATION INITIATIVE

Growing tobacco has never lifted smallholder farmers out of poverty. High-quality data and rigorous analysis can shape and inform effective, evidence-based policy creation and resource deployment to diversify economies and lessen country dependence on tobacco—better preparing farmers for the future while strengthening their countries' economies.

Launched on September 13, 2017, the Foundation for a Smoke-Free World (FSFW) is an independent, nonprofit organization dedicated to accelerating global efforts to reduce deaths and harm from smoking, with the ultimate goal of eliminating smoking worldwide. Global data indicate that the prevalence of smoking has been declining over the past few decades, but the absolute number of smokers is still increasing.^{1,2} Since the adoption of the WHO Framework Convention on Tobacco Control (FCTC) in 2003, however, countries that comprise 90% of the world's population have resolved to achieve even more significant reductions in smoking rates by 2025.³ This commitment promises many positive health impacts. It also creates a unique opportunity to support smallholder tobacco farmers as they transition to alternative crops and livelihoods.

The mission of the Foundation's Agricultural Transformation Initiative (ATI) is to prepare smallholder tobacco farmers for an era of significantly reduced demand for tobacco, focusing first on populations with the greatest need. The ATI will use this opportunity to facilitate the establishment of more secure income strategies for farmers and will seek to partner with a diverse set of stakeholders to ensure the success and sustainability of our strategy. ATI activities will target the following outcomes:

1. Higher and more secure income streams, improved food security status, and better overall health for smallholder farmers, their families, and their communities more broadly
2. Increased knowledge and application of cutting edge agricultural science and technology
3. Reduced economic dependence on tobacco and increased resilience for tobacco-growing nations
4. Reduced environmental degradation due to tobacco cultivation
5. Improved nutritional quality and food security status

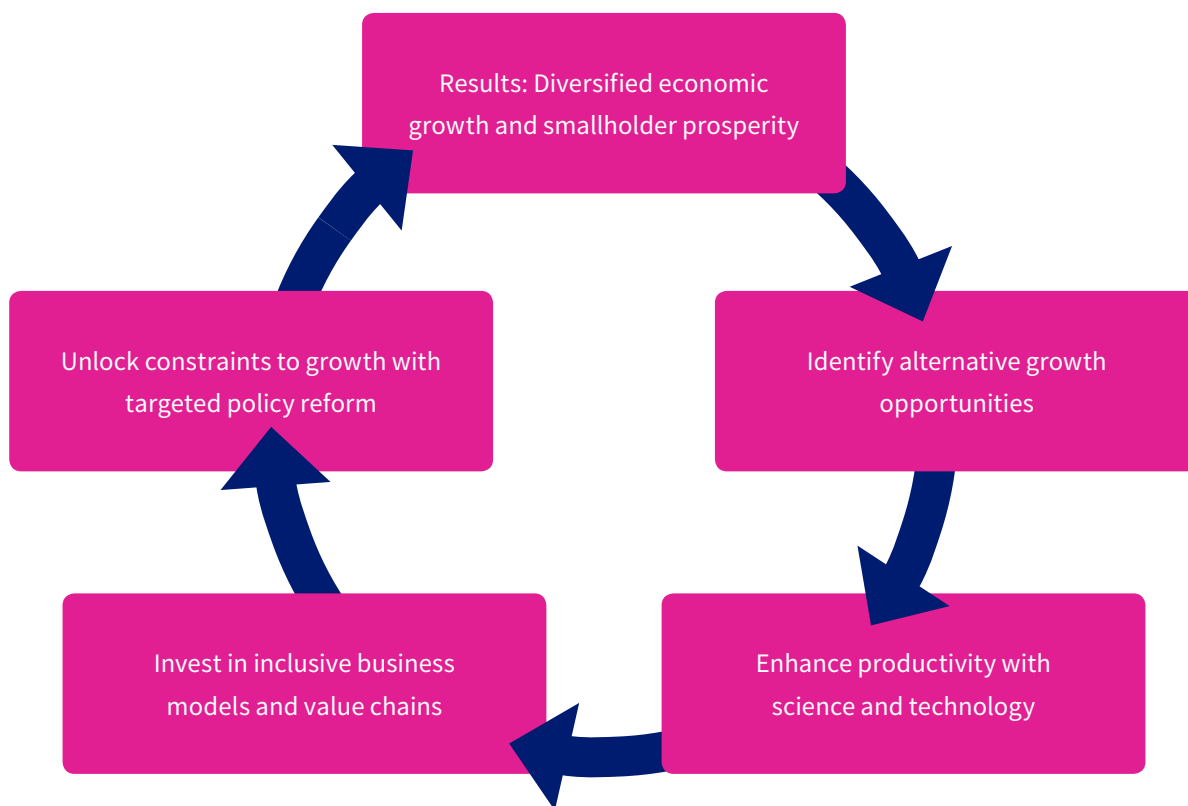
To achieve this, the ATI will employ a systems approach to understanding local contexts and potential points of intervention, coupled with an investment-oriented model of action. A systems-thinking approach is well suited for tackling complex

development problems because it incorporates multifactor analysis and feedback loops to foster better decision-making. Focusing on investment, meanwhile, will ensure that each dollar spent is contributing to building capacity and strengthening local and national economies in a sustainable way—contributing, that is, to a better future for smallholder farmers, their families, and their communities. Although the priority areas of the ATI will develop over time, the ATI intends to focus initially on the areas outlined here, recognizing that there is natural overlap between them.

STRATEGIC APPROACH

Strategic approach to economic diversification

A virtuous cycle of market-driven investment, science- and technology-driven innovation, and targeted policy reform



1. Identify alternatives. Identify innovative and profitable alternative crop and livelihood options for farmers. This will be done by partnering with agronomy research institutes to determine which crops and livelihoods are best suited for a given country or region, considering production, value chain, commercialization, and policy potential.

2. Enhance productivity. Develop and apply new technologies to enhance agricultural productivity, build resilience, and increase income generation for farmers, primarily driven through the establishment of a science and technology Center of Excellence (CoE). This Center will be a flagship program for FSFW / ATI and will be critical in assessing and verifying new technologies that can come into a given country's agriculture sector. Early areas of need identified are seed testing, tissue cultures and lab facilities, soil testing, and land allocation/mapping.

3. Facilitate commercialization. Facilitate the creation and application of new markets and sustainable business models to improve economic opportunity and generate income for rural communities, as well as to strengthen the economy more broadly. A core pillar of the FSFW / ATI strategy will be to strengthen and support alternate agricultural value chains. This activity will take place through multiple methods, including deep collaboration and local policy analysis with identified partners; conferences, seminars, and capacity-building sessions on a range of issues including but not limited to Special Economic Zones; economic diversification strategies across sectors including tobacco; CoE platform for testing new technologies; facilitation of investment capital and business case development; facilitation of off-take agreements; and creation of an inclusive supply chain based on an integrated smallholder / commercial model.

4. Strengthen policy. Create an enabling environment for these new livelihood and business strategies through targeted policy and resilience-building action at all levels of scale. Underlying most of the priority areas of investment will be an element of policy analysis and government capacity building. This is particularly true relating to market and value-chain development, education, and technology innovation.

REMEMBERING THE FARMER

The ATI's initiatives will be valuable only if the benefits trickle down to the individual farmer, impacting individual incomes, assets and consumption, and food security. In attempting to facilitate improved livelihood opportunities for these poor and undernourished populations, the ATI has a responsibility to be mindful of potential impacts on nutritional outcomes, as well as to purposefully incorporate a nutrition agenda into its work wherever possible. Contributing to increased nutritional levels will be a key outcome for FSFW / ATI.

Nutrition is a cornerstone of human health and economic productivity. The current global burden of malnutrition is immense, and smallholder farmers in Africa bear a disproportionate share of this burden. Alleviating the multiple burdens of malnutrition currently facing the world will have far-reaching benefits in almost every dimension of society. From an economic perspective, a well-nourished population translates directly into lower health care costs and more productive citizens. In fact, cost-benefit analyses make the case quite clear: it is estimated that investing in nutrition yields a return of \$16 for every \$1 spent.⁴

At the global level, Sustainable Development Goal 2 (end hunger, achieve food security and improved nutrition, and promote sustainable agriculture) sets the high-level goal for the ATI's agenda, with particular emphasis on target 2.3, durable agricultural productivity of small-scale food producers; and target 2.4, sustainable food production systems and resilient agricultural practices.⁵

As the Foundation conducts its work with smallholder farmers and other key stakeholders in Africa and beyond, it will prioritize research, community-based initiatives, innovations, and evidence-based policy strategies that will simultaneously—and independently—support improved nutritional outcomes, recognizing that well-nourished and healthy citizens are essential to healthy economies, and vice versa. Fundamentally, there is often substantial inherent overlap between strategies to reduce poverty and strategies to reduce malnutrition (by virtue of poverty being a primary root cause of food insecurity and malnutrition). In addition to these natural synergies, however, the Foundation is committed to actively incorporating nutrition assessment and research into its partnerships and projects, as well as to constantly seeking innovative avenues to advance these intertwined goals.

MALAWI: A UNIQUE CONTEXT

The ATI recognizes that Malawi is a country with uniquely great need. The economy is highly dependent on tobacco, and the Malawian people suffer from a disproportionate burden of poverty and food insecurity. Furthermore, current government, nonprofit, and private sector interests in the context render it a country with promising circumstances for change. As such, the initial programmatic focus of the ATI will be on Malawi, with the intention to ultimately expand into other tobacco-producing economies with a global scope.

Malawi is the most tobacco-dependent country in the world, despite being only the thirteenth global producer of tobacco by weight in 2016. In 2012, tobacco—Malawi's most important cash crop⁶—accounted for \$654 million in foreign exchange earnings for the country. This represented a full 59% of total export value as of 2016.⁷ Tobacco leaf cultivation alone, considered only the first step on the value chain, employed an estimated 451,000 people in 2016, representing a full 2.5% of the population. The current global trends in tobacco markets, health issues, and environmental concerns have exerted significant pressure on the domestic industry, prompting the government to diversify the economy and reduce overreliance on tobacco as the largest foreign exchange earner.

According to a 2016 study, only 25% of Malawian tobacco farmers were content with the prices they received in 2014, and approximately 41% of all tobacco farmers have considered switching to alternative crops or livelihoods.⁸ Approximately 45% of all tobacco farmers in Malawi are contract farmers, but no statistically significant differences between independent and contract farmers were found in price satisfaction and desire to switch.⁸

In addition to this, Malawi suffers from a disproportionate burden of poverty and malnutrition. As of 2011, the poverty rate was over 50% (and the rural poverty rate even higher, at 57%), with recent analyses suggesting that this is likely to have increased because of recent weather shocks.⁹ Furthermore, according to the most current data from the 2015-16 Malawi Demographic and Health (DHS) survey, 37% of children under 5 are stunted.¹⁰ As such, Malawi is a country that will be particularly vulnerable to future declines in global tobacco demand.

Endnotes

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