Unlocking the Promise of Smallholder Farmers: A Better Path for Development Finance

In his recent *Financial Times* op-ed, World Bank President Ajay Banga rightly argues that development is not just about reducing suffering — it's about unlocking a vast, untapped promise. But to truly seize this promise, the World Bank Group must reconsider where and how it invests — especially in agriculture, for which President Banga has pledged to double WBG finance to $9 billion annually by 2030.

Banga points to the potential of the developing world's young, growing population. But one of the clearest ways to harness that demographic dividend is to invest in the 600 million smallholder farmers who feed much of the Global South. These farmers are more than food producers — they are entrepreneurs, stewards of land and water, and drivers of rural economies and help ensure food security. Yet too often, development finance flows toward factory farming operations that undercut these producers, pollute the environment, and fail to create quality jobs at scale.

There is a better way. The World Bank can support resilient, sustainable agriculture by financing access to climate-resilient practices, water management systems, and social protections. A just, equitable food system can build soil quality and restore biodiversity. Investing in accurate, localized climate information and early warning systems would help smallholders adapt to climate shocks — and ensure food security for millions.

Programs like the Smallholder Agricultural Productivity Enhancement Program (SAPEP), funded through the Bank-supported Global Agriculture and Food Security Program (GAFSP), show what's possible. In SAPEP, farmers improved the quality and nutritional value of their crops, enhanced animal husbandry and health services, and increased incomes through better honey production. These are the kinds of ground-level interventions that empower communities and build local economies.

Banga emphasizes that the World Bank Group's private sector arms — like the International Finance Corporation (IFC) — play a crucial role in driving job creation. But if those investments go to industrial agriculture, they risk reinforcing inequality and ecological harm. Instead, the IFC should prioritize investments that support farmer cooperatives and small agribusinesses, creating inclusive value chains that benefit both producers and consumers.

By redirecting support away from factory farming and toward smallholder-led solutions, the World Bank can deliver on its own vision — to compete, grow, and stay secure by unlocking the vast human and economic promise already rooted in the fields of the Global South.