

# Rural transformation: Key to sustainable development



**2015  
GOVERNING  
COUNCIL**

# Rural transformation: Key to sustainable development

## The global development context

The year 2015 represents a critical juncture for development. The definition of new Sustainable Development Goals provides an opportunity to refocus policies, investments and partnerships to achieve development that is inclusive, sustainable and people-centred. Consultations on the post-2015 development agenda have helped give shape to a shared vision: a world where extreme poverty has disappeared, everyone has access to adequate and nutritious food, decent jobs are available to all (including the vast numbers of young people entering labour markets, especially in developing countries), and natural resources are preserved and restored.

While it is estimated that nearly 70 per cent of the world's population will be living in urban areas by 2050, it is important to recognize that urban and rural areas cannot succeed without each other. Interdependencies between rural and urban areas are increasing – rural growth (especially within food systems) underpins the sustainability of urban areas, while growth in urban sectors provides opportunities to raise rural incomes.

Three quarters of the poor and hungry people in the world live in the rural areas of developing countries. Most of them derive their livelihoods from agriculture. To achieve sustainable development and eradicate hunger and poverty, it will be indispensable to particularly target rural areas and reduce rural-urban inequalities. This is why IFAD has advocated strongly (and successfully) for a specific focus on rural areas and smallholder agriculture in the post-2015 development agenda.

Smallholder farmers have enormous potential to contribute to sustainable development and food security. But increasing productivity is not enough; improving access of rural people to markets, finance, technology and information is essential for achieving more diversified and resilient rural economies. Poverty has multiple dimensions that go beyond low levels of income, consumption and material assets. This is why IFAD targets its investments towards rural transformation – a sustainable and comprehensive level of change that is social as well as economic. Some of the main areas where IFAD has been investing heavily to drive inclusive and sustainable rural transformation are:

- Promoting diversification and resilience;
- Advancing gender equality and empowering women;
- Building sustainable food systems by creating opportunities for smallholders; and
- Enhancing rural-urban connectivity and linkages.

## The price of inaction

Neglect of rural areas has far-reaching effects and high costs, both socially and economically. It is an unfortunate reality that in many cases lack of opportunity drives rural people, many of them young, to migrate, thus contributing to the growth of urban slums, where conditions are frequently worse than in poor rural areas. The capacity of rural transformation to provide potential migrants with a greater range of choices, including decent employment in their own communities, as well as greater access to information and training, has in most cases not yet been harnessed.

In a world that continues to be beset by conflict and violence, the links between sustainable and equitable rural transformation and the building of peaceful communities and societies cannot be ignored. The same conditions that hamper rural transformation provide fertile ground for unrest and conflict: poor governance, corruption and injustice; lack of basic infrastructure and amenities; lack of access to education, health care and financial services; intense competition for resources and unbridled greed of urban and rural elites; and absence of opportunities and disillusionment among youth about future prospects. Acknowledging that deprivation in rural areas contributes to the spread of extremism and unrest, and addressing the adverse conditions that affect rural women and men, are central to building peaceful and prosperous societies of tomorrow.

New commercial opportunities are arising for many smallholders as a result of higher food prices and the possibility of new partnerships between farmers' organizations and private-sector entities. It will be important to leverage these opportunities in order to reverse a perceived disaffection among young people with agriculture as a profession,



at a time when youth populations are at an all-time high in many developing countries. In particular, the organization of farmers has the potential to overcome traditional constraints in accessing productive assets, technology, finance, training and markets.

Building farmers' organizations has other transformative effects as well. Such organizations also enable rural producers to participate in decision-making processes and debates. Working with and strengthening farmers' organizations has been one of the cornerstones of IFAD's work over the years. IFAD has achieved considerable success in promoting access to markets for rural producers by engaging with farmers' organizations and brokering mutually beneficial partnerships with domestic and international private-sector actors.

### Unlocking the potential

As the demand for rural goods and services continues to grow and opportunities continue to expand (for example in the production of renewable energy and small-scale agrofuels), rural people can enhance and diversify their incomes – provided that the right policies and investments are in place. Wider diversity of economic activities, as well as the use of modern technologies and innovations in production processes, are key features of rural transformation. So too is expanded access to commercial opportunities in modern supply chains.

But to be able to take full advantage of new opportunities, rural women and men need access to a range of productive assets. Unequal power structures are key drivers and maintainers of poverty, entrenching inequalities in access to assets, as well as depressing the returns that poor people receive from their assets. This is particularly so in rural contexts where people often rely heavily on land and other natural resources for their livelihoods. Moreover, unequal power relations and social exclusion further limit the access of poor people to markets, as well as their capacity to bargain on an even footing. This is why, despite aggregate growth and poverty reduction in many countries, poverty has remained persistent in rural areas.

Unequal power relations particularly impact rural women. Targeting women's empowerment shows how a transformative approach to development produces multiple benefits that help to build stronger and more stable communities and countries. When poor rural women increase their bargaining power and are able to participate in decision-making processes, this in turn enhances their ability to access productive resources (particularly land), knowledge and markets. Evidence demonstrates that when women are empowered, there are significant benefits for the nutritional and educational outcomes of children. Efforts to strengthen rural people's organizations and ensure that women are involved in decision-making processes have shown significant success in this respect. These modes of collective action also allow rural women and men to benefit from economies of scale in production and marketing and enable them to enter into mutually beneficial partnerships with other market actors.

In many parts of the world, indigenous peoples in particular are among those who suffer from a lack of representation in decision-making and planning, affecting their livelihoods, which oftentimes undermines their traditional access and control over land and forests. As a result of this disempowerment, a growing number of indigenous peoples now live under the poverty line. But strengthening traditional governance institutions often results in a stronger role of indigenous peoples' communities in decision-making over their natural resource base and more sustainable livelihoods.

### Envisioning change, modelling success

Public institutions, along with development organizations such as IFAD, must play a key role in increasing sustainability, innovation, and scaling up of best practices.

The following entry points will be key:

- **Key public goods** that increase connectivity between rural and urban areas enable rural people to expand their productivity and access to markets;
- **Inclusive and fair tenure systems** that facilitate access to land, water, forests and other productive assets, supported by targeted programmes that promote women's access to these assets and raise women's awareness of their legal rights;
- **Opportunities for young people** to engage in productive activities and increase their assets as a means of enhancing their livelihood options; and
- **Access** to risk management mechanisms, inclusive social protection systems, and quality public education and health systems for rural communities.

Clearly, greater investment will be essential to achieving these goals, but so will greater commitment, improved governance linked to decentralization and inclusive institutions, better coordination, and a people-centred approach that involves rural people themselves in all phases of development. Effecting sustainable and inclusive rural transformation, as opposed to just dispensing aid, is as ambitious as it is necessary. Lasting (sustainable) change is predicated upon holistic and well-coordinated actions.

Given the importance of building sustainable food systems, it is noteworthy that family farming remains the dominant model of agriculture in the world. As urbanization creates new opportunities for farmers to link to markets, there are specific economic advantages to the family farming model. Smallholder family farms already account for up to 80 per cent of food production in Asia and sub-Saharan Africa, while supporting the livelihoods of between 2 billion and 2.5 billion people.

Investment in agriculture is also a powerful lever for the elimination of poverty, nationally and globally. Agricultural-based GDP growth is estimated to be five times more effective in reducing poverty than growth in any other sector, and up to 11 times more effective in sub-Saharan Africa. Furthermore, it has been shown that the development of rural agriculture and non-agriculture sectors is more poverty-reducing than the development of either secondary towns or megacities.

A vital first step towards rural transformation, then, is an appreciation of the huge potential of smallholder farming to drive sustainable development. Investments in smallholder family farmers are essential to reduce hunger, protect key natural resources and biodiversity and help farmers adapt to climate change, and provide decent incomes and working conditions for the rural women and men who produce the majority of the developing world's food. It will also play a key role in improving nutrition and diet quality in both developed and developing countries, especially for women and young children.

It is also important to move beyond outmoded conceptions of a rural-urban divide, recognizing that the spread of peri-rural areas is closing the geographic distance between rural spaces and cities. Rural-urban interdependency includes the movement of people (labour), goods (especially food), services and capital, and these dynamics critically affect the livelihoods of both rural and urban inhabitants. As rural and urban areas become increasingly integrated, the rural space needs to be transformed to enable the efficient and sustainable provision of a broad range of goods and services. The adoption of innovative mechanisms to disseminate market information to rural people is also important, as is identifying marketing opportunities for various environmental services (including carbon sequestration), indigenous peoples' products, tourism and renewable energy production.

IFAD-supported projects provide snapshots of what vibrant, modern, technologically advanced and connected rural communities can look like:

- In Armenia, the Fund for Rural Economic Development in Armenia (FREDA), part of the Farmer Market Access Program, provided equity investments and loans to rural enterprises working at different stages of agricultural value chains. The value of purchases along rural value chains has risen by 560 per cent and the number of people employed by the FREDA-supported enterprises has increased by 35 per cent.
- In Bolivia, the Economic Inclusion Programme for Families and Rural Communities is using a community-driven approach to disseminate indigenous and newly piloted adaptation innovations, ranging from traditional water harvesting infrastructure to biogas digesters. Local people are involved in appraising and prioritizing adaptation measures and tailoring them to their local context, with competitions for small grants to facilitate the implementation of innovations.
- In China, the IFAD-funded Guangxi Integrated Agricultural Development Project is helping rural communities convert to clean, renewable and affordable energy sources for lighting and cooking. The project promotes the use of biogas units, which transform human and animal waste into clean energy. Families, especially women, save 60 working days each year by not having to collect wood and tend cooking fires. In addition, the negative health effects of smoke are mitigated.
- In Nicaragua, the organization of small coffee producers into cooperatives with support from IFAD and other development agencies has enabled farmers to reach global markets in the United States and Europe. As a result, coffee has become the

country's number one export, worth over US\$450 million in 2012. The cooperatives also provide opportunities for youth, including scholarships and positions in the cooperatives' administrations.

- In Imo State in south-eastern Nigeria, FARM 90.8 FM radio station broadcasts agricultural market information in the local Igbo language on a daily basis, as well as advertising farm products, and sharing information on agricultural and environmental management techniques and critical business skills.
- In Rwanda, the Climate Resilient Post-Harvest and Agribusiness Support Project (PASP) helps smallholder farmers acquire skills, knowledge and access to specialized service providers in order to create and operate viable businesses capable of delivering larger volumes of improved produce to the market while also managing climate risks in post-production processes. PASP is expected to leverage at least three times the investment being made by the Ministry of Agriculture and Animal Resources from financial institutions, as well as inclusive public-private partnerships.
- In Zambia, the IFAD-sponsored Smallholder Enterprise and Marketing Programme has used mobile technology to set up a market information service to provide up-to-date information across agro-value chains, allowing rural producers to make informed decisions about what crops to grow, volumes required, storage, processing, marketing and investment opportunities.

©IFAD/Marco Salustro



Over nearly forty years, IFAD has pursued a multidimensional strategy for the transformation of rural areas. IFAD facilitates both public and private investment; supports national and global policy processes; generates and shares knowledge, including through brokering South-South and triangular cooperation; and develops partnerships for smallholder agriculture and rural economic development. Given that rural transformation is indispensable to sustainable development, inclusive growth and the eradication of hunger and poverty, governors are urged to consider the following questions:

- What kind of mechanisms can be used – investments, partnerships, policies – to address rural-urban gaps and enable rural women and men to access emerging opportunities and compete in modern supply chains?
- What policies and financing arrangements will be required to enable rural people to mitigate the effects of climatic and environmental changes and adapt to changing natural environments?
- What are some of the best practices that have emerged in the past twenty years to empower rural women and how can they be adapted to a post-2015 world?
- How can inclusive governance mechanisms – linked to decentralization and the engagement of rural people’s organizations – be used to enable rural people to contribute to national and global policy debates?
- How can rural transformation be reflected in the post-2015 development agenda, including explicit reference to the centrality of rural women’s and men’s livelihoods in the globally agreed-upon objectives?



International Fund for Agricultural Development  
Via Paolo di Dono, 44 - 00142 Rome, Italy  
Tel: +39 06 54591 - Fax: +39 06 5043463  
E-mail: [ifad@ifad.org](mailto:ifad@ifad.org)

[www.ifad.org](http://www.ifad.org)

[www.ruralpovertyportal.org](http://www.ruralpovertyportal.org)

 [ifad-un.blogspot.com](http://ifad-un.blogspot.com)

 [www.facebook.com/ifad](http://www.facebook.com/ifad)

 [instagram.com/ifadnews](http://instagram.com/ifadnews)

 [www.twitter.com/ifadnews](http://www.twitter.com/ifadnews)

 [www.youtube.com/user/ifadTV](http://www.youtube.com/user/ifadTV)

Contact information:  
Rosemary Vargas-Lundius  
Senior Research Coordinator  
Office of Strategy and  
Knowledge Management  
Tel: +39 06 54592350  
Fax: +39 06 54593350  
E-mail: [r.vargaslundius@ifad.org](mailto:r.vargaslundius@ifad.org)