

IFAD Rural Poverty Report 2011 Launch

On Thursday, March 24th, SIANI, in cooperation with the Swedish Ministry of Foreign Affairs, welcomed the International Fund for Agricultural Development at the International Press Centre in Stockholm to launch the *IFAD Rural Poverty Report 2011*. The event was attended by over 70 participants.

Per Örneus, who heads the Department for Multilateral Development Cooperation at the Ministry for Foreign Affairs, opened the event and welcomed panel speakers by speaking of Sweden's historic and on-going cooperation with IFAD. The 2011 report arrives advocating for the agricultural sector as the major potential path out of poverty for rural populations around the globe, while nevertheless recognizing that agriculture finds itself internationally more susceptible to market-based and environmental shocks than ever.

Dr. Henock Kifle, Chief Development Strategist at IFAD began the report's presentation, focusing on chapter 2 of the report: "Dimensions of Rural Poverty". Dramatic and sustained improvements in rural incomes and poverty reduction have been achieved over the past decades in many parts of the world, in Asia and Latin America in particular, mostly paralleling a slow growth of agricultural productivity in low-income countries. There remain areas however, many lying in sub-Saharan Africa and South Asia, which have remained untouched by these developments. 55% of the 3.1 billion people in the developing world live in rural areas. Of 1.4 billion people living on less than \$1.25 a day, 1 billion of these are in rural areas.

The situation in rural areas is nevertheless rapidly changing for all, Dr. Kifle stated. The wide scale productivity increases gained from the green revolution have for the most part been accompanied by environmental degradation. Today, rural agriculture is faced with five major sources of growing instability: rising food prices and increased price volatility; the addition of 2 billion more inhabitants in the world by 2050 requiring overall food production increases of 70%; increasing competition for land and water resources; accelerating natural resource degradation; and the potential worsening effects of global climate change.

Poor rural farmers in the developing world are also operating in a market of increased pressure to supply rapidly growing economies and urban markets with higher value food demands, and in an economic atmosphere where private sector investment is returning to the agricultural sector via support to large-scale commercial agriculture, to the potential detriment of small farmers.

IFAD operates on the premise that investing in agriculture has been proven the most effective way to raise incomes. Its own work has demonstrated that well-designed agricultural programmes and projects can support poverty reduction. Dr. Kifle emphasized that this is where African countries' in particular have fallen short in their investment progress.

Today, IFAD increasingly focuses on a value-chain approach to economically empowering rural communities. More integrated agricultural markets are seen as an opportunity for smallholder farmers to increase their productivity in reaction to growing demand from an increasingly urbanized population. To support these productivity increases, we must shift the perception of poor smallholder farmers and entrepreneurs from simply being aid receivers to that of being innovative, dynamic and hard working people who can bring prosperity to their communities and contribute to greater food security to the world.

As illustrated in IFAD's rural poverty report and by Dr. Kifle, the key lies in adopting the right market-oriented and sustainable policies to tackle this ever-changing agricultural context and simultaneously foster growth. Governments and the international community need to bring back the focus of their agricultural policies to smallholder agriculture participation in the value chain while driving renewed investment towards agriculture and rural areas in general.

Next to speak was Edward Heinemann, Team Leader of the 2011 Rural Poverty Report. He began explaining IFAD's primary goals in writing the report – to better understand how rural poverty has changed, to gain insight into farmers' current preoccupations, and to inform policy dialogues and communication with donor communities.

Poverty is not just a product of limited assets and growth opportunities; it is shaped by history, politics and social relations. Those most typically disadvantaged are rural women, children and youth, and indigenous peoples, ethnic minorities and low castes. While livelihoods are becoming more diversified, 80% of developing-economy rural households engage in farm activities. The poorest households, however, are those which derive a higher share of their income from farming and agricultural labour. Simultaneously, non-farm income, including wage employment, self-employment, migration and remittances, is of growing importance everywhere.

The rural poor are neither a stable or homogenous group. There is increasing awareness of a cycle where those who improve their position emerge from poverty very slowly and then rapidly fall back into their former conditions as a result of shocks.

Mr. Heinemann classified these shocks into four broad categories: personal and household level, natural resource related, market-related, and state-related. Rapid market fluctuation, illness and failed harvests quickly penalize those who take initiative, but risk is also an essential element of any strategy to move out of poverty. Today, agricultural risk is largely a product of less secure access to land, increasing pressure on common property resources, climate change and food price volatility. Our approaches must continuously identify common risks and natural shocks while also increasing people's resilience through diversified income-making strategies and access to required tools.

Smallholder farmers today are operating in a new marketing environment. After a quarter of a century in operation, state-run marketing systems have been widely dismantled. Emerging domestic markets and changing global markets have created more potential access to integrated value chains for farmers, facilitating increased commercialization of their production. With this commercial shift comes pressure to be more productive, environmentally sustainable and again to demonstrate resilience to environmental shocks.

Mr. Heinemann explained that the report identified four important drivers behind the present growth: urbanization associated with the emergence of small and medium-sized centres and a growing rural-urban integration of economies; economic liberalization and globalization; improved communication and information systems, particularly with the diffusion of mobile phone coverage to rural areas; and increasing investment in decentralized and renewable-based energy systems. "These drivers may be present and combine differently within and across countries, creating different opportunities for the development of the rural non-farm economy" he stated.

IFAD's Rural Poverty Report highlights the need to create new economic conditions and challenges for the rural sector, to promote entrepreneurship and focus on business as a tool to reduce risk and transaction costs along integrated value chains. As Mr. Heinemann further explained, this comes with the requirement for supporting small and medium-sized rural producer organizations and expanding financial services into rural areas while ensuring access to infrastructure, utilities and information. Farming under contract and labour opportunities in agricultural value chains are also emerging key development issues. IFAD sees tapping into the global corporate sector as another important economic link as well.

Educational development remains an essential tool to strengthen rural people's capacities, yet we should remain aware that technical and vocational skills development must match the changing needs of those learning them. IFAD sees education as a door to employment opportunities for adults and youth and also an enhancement of business creation capacity. Ultimately though, capacity-building and opportunity-creation are inseparable from investment in good governance.

Sustainable Agricultural Intensification (SAI) was presented as a new development model aimed at meeting productivity demands through alternatives to conventional approaches that are at the same time tailored to each situation. SAI focuses on more systematic use of agro-ecological processes for enhancing soil fertility, selective use of inputs and adaption and innovation. It emphasizes a range of soil and water management techniques, integrated pest management, crop rotation, integrated crop and livestock or fish systems as well as agro-forestry. Six priority policy areas have been identified: land tenure, pricing and

regulation, payment for environmental services, agricultural education, agricultural research and agricultural advisory services.

The challenges we face in addressing rural poverty are immediate but there are no blueprints. Ultimately, successes will come from making rural areas attractive places to live and do business. Certainly, support of farmer organizations is essential to addressing this problem for they are an essential source of confidence, power and security for the rural poor.

Development economist Dr. Stefan de Vylder followed with his presentation as an independent discussant to the report. His introductory comments included a reminder of his overwhelming support for many of IFAD's recommendations and the report's findings. Improving rural peoples' livelihoods, focusing primarily on small and medium-sized farmers and at the same time safeguarding sustainability and increasing food production capacity are certainly necessary goals, in his opinion.

However, he raised scepticism about the report's references to a current food crisis: most major agricultural staples have dropped in price by two-thirds since the 1960's with most of that change happening since the mid-1980s. Dr. de Vylder brought attention to the politics of language embodied within the report. The high frequency of positive-connotation words and terms popular with contemporary development discourses, such as "poverty", "market", "improvement", "sustainability", or even semi-popular and more specific terms such as "participation", "cooperatives", "equality", which readily appeared throughout the report, was juxtaposed with the much scarcer appearance of less-popular ones such as "urban bias", "democracy", "oil prices", "GM/GMO" or even absent important ones such as "post-harvest losses", "common agricultural policy", and "structural adjustment". Dr. de Vylder was quick to uphold his support for IFAD's work, but voiced the opinion that the report had somewhat fallen short of discussing some of the more controversial but crucial matters affecting agriculture today in favour of an overview perspective.

Independent consultant and discussant Dr. Michael Ståhl brought up his view that the report was a valiant effort to understand the present but that it should be needs to be more dynamic in its approach to visualizing future scenarios. It needs to show more direct concern for micro-farming in small areas of crop land where resources are scarcest. It could also advocate for more youth-directed empowerment strategies he explained, for after all, they hold responsibility for the future. Similarly, the report should also place greater emphasis on gender roles in rural areas and their own relation to agricultural activities.

Following the independent panellists' comments, the floor was opened up to the audience for questions. Concern for reducing post-harvest losses rather than strictly promoting productivity increases were again raised, along with reaffirming the need to include gender-based discussions in the report. It was pointed out that the role of women in agriculture is the theme of the FAO State of Food and Agriculture report this year, to be launched at KSLA in May.

The seminar ended with an informal meeting session accompanied by refreshments hosted by the Ministry for Foreign Affairs and SIANI.