Background Paper for the Round Table of Platform’s Strategic Initiative *Agenda 2030 – New Momentum for Rural Transformation*

13 & 14 October 2016

Botanical Garden, Rome/Italy
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The paper is meant to provide an input into the Round Table Discussion “Agenda 2030 – New Momentum for Rural Transformation: The future of Donor Programmes in Rural Development” on 13-14.October, Botanical Garden, Rome, Italy.
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1. Key messages

In order to structure the dialogue in the Platform on the future donor support to rural transformation, four key messages are put forward for consideration:

(i) Rural transformation is defined as a process of change in rural areas which depends on many factors and dynamics. This process can be influenced by buffering negative trends or positively designing support to a development of the rural space which is economically viable, socially inclusive and ecologically sustainable.

(ii) The challenges and opportunities of rural transformation derive from rural-urban linkages and depend on many sectors inside and outside agriculture, thus calling for multi-sectoral programming and the choice of policy priorities which realistically set the pace of supporting rural transformation over time.

(iii) The complexity of rural transformation calls for multi-layered governance and an outline of effective engagement system of civil society and private sector as well as governments and of an international community based on decentralisation, participation and a rights-based approach to governance.

(iv) The requirements deriving from the Agenda 2030 and the addressing of rural transformation processes demand new forms of technical and financial assistance to developing countries to achieve sustainable and inclusive development in the rural space.
2. Strategic Initiative Agenda2030 – New Momentum for Rural Transformation: where does the Platform stand?

The central idea behind Agenda 2030 of developing an integrated framework that is universal and addresses the “world as a whole”1 has resulted in a very comprehensive but complex agenda. While not mentioned specifically, the cross-cutting nature of many SDGs calls for approaches which are appropriate to deliver on such complex targets and go beyond sectoral thinking.

2.1 Agenda 2030 and its relevance for Rural Transformation

The Agricultural sector and rural development will remain central for the implementation of Agenda 2030 nevertheless they would need to be leveraged within a broader approach that addresses sustainable and inclusive rural transformation processes using the framework provided by Agenda 2030. Addressing the opportunities and challenges of rural development through the prism of Agenda 2030 can contribute to a more successful sustainable development of rural spaces in most if not all the dimensions captured by the SDGs, since the development of rural areas will be the key to achieving targets under goals 1 “no poverty” and 2 “no hunger”. But strategies for sustainable and inclusive transformation can also serve as a catalyst to contributing to many other targets, including targets of goal 5 “gender equality”, goal 8 “decent work and economic growth”, goal 10 “reduced inequalities”, goal 11 “sustainable cities and communities” and goal 15 “life on land” and others.

Each of the SDGs and the Agenda 2030 as a whole create a pathway to a better, more sustainable and inclusive world and the donor community has already committed to the implementation of this agenda. Yet in practice, Agenda 2030’s universality translates into highly complex implementation processes that require focused and coordinated application by development countries’ governments and within the agriculture and rural development community. This complexity of Agenda 2030 and the interlinkages of the goals reflect the complexity of many of the dynamics that drive rural transformation processes. Thus, shaping the rural transformation processes will offer an operational entry point to address multiple SDGs simultaneously and in doing so – contribute to managing the complexity.

Therefore: Agenda 2030 cannot be implemented in one go and as one package, it needs a phased approach, cross-sectoral strategies and foremost the development of priorities which are in their details mostly site-specific, but have common features from which the international community and developing countries can learn and adjust to new opportunities.

2.2 Strategic Initiative Agenda2030 of the Platform

The Strategic Initiative Agenda2030 was created by the Platform to contribute to the response of donor agencies to the changing development architecture following the agreement on the SDGs and their targets as well as the Quadruple A on Finance for Development. With the rapidly growing number of middle income countries, changing donor priorities in development cooperation and an unfortunate decrease in ODA (particularly in agriculture and rural development), as well as increasing ODA expenditure on migration, the development programming is changing profoundly.

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This also includes the growing importance of emerging donor countries like China, Brazil and India and their priorities which are not necessarily congruent with the ones of OECD countries\(^2\).

In response to the changing framework of international development cooperation, the Global Donor Platform for Rural Development established a new Strategic Initiative post-2015. After the agreement on the SDGs, AAAA and COP22, the members of the Platform reflected the outcomes in a newly developed concept note of the Strategic Initiative, which can be found as annex 1 to this paper. The Strategic Initiative is designed as an overarching framework for the work of the Platform and therefore is informed by the various work streams of the Platform. The work streams themselves focus on developments and consensus in donor priority areas, such as land governance, gender and youth empowerment and operational experiences of the Comprehensive Africa Agriculture Development Programme (CAADP) of the African Union.

The Strategic Initiative has two overall objectives. Firstly, the necessary knowledge sharing on the reporting practices of donor agencies against the SDGs and secondly, the discussion of how to support strategies and approaches of partner countries in the light of the ongoing rural transformation processes and the programmatic responses of donor agencies. This includes the review of priorities of donor agencies like trade, market access and inclusive agri-business, as well as climate finance for agriculture and rural development. Nevertheless, the long-standing development priorities of poverty reduction and food security remain firmly on the development agenda, as does climate resilience.

In a Platform background paper on the implications of Agenda 2030 for Rural Development, John Barrett examined the central role of agriculture and rural development with regard to economic growth and job creation inside and outside the agricultural sectors\(^3\). By linking SDG 2 on food security with SDG 8 on economic development, it becomes evident that support to ongoing rural transformation needs a much more holistic approach and strategies than the sectoral thinking of the past. This is particularly eminent when looking at the new financial architecture of development defined by rising importance of domestic budgets, remittances, private sector contributions and international and domestic climate finance.

Following the objectives of the Strategic Initiative, the Platform provides a specialised forum for donor agencies and development partners to take a profound look at current donor strategies, programmes and ODA spending against the background of new donor priorities. In addition, the changing role of developing countries turning development partners into economic partners and moving from aid effectiveness to development effectiveness has to be acknowledged. The secretariat of the Platform supports the members in their reflection on the new development cooperation framework and potentials for adaptation, by seeking answers to the most pressing issues such as: What does the agreement on Finance for Development mean for agriculture and rural development? How does the international community work with middle income countries and emerging donors? How to link or blend conventional and innovative sources of finance in programmatic approaches? And most importantly, what future role will the donors play as partners in a rapidly changing world with tremendous effects on rural areas?

The Agenda 2030 is seen as a strategic opportunity and a new momentum to discuss sustainability in rural transformation and the role of donor agencies and international finance institutions. In its work

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\(^2\) See also: EU paper on emerging donor agencies

\(^3\) John Barrett, 2016: Implications of Agenda 2030 for Rural Development, Global Donor Platform for Rural Development
the Platform members examine the changing conditions in and for development countries and through knowledge exchange, advocacy and networking the members seek agreement on what the future donor support should look like. Through the Strategic Initiative, the members will have the opportunity to explore new forms of the collaboration with the private sector and attain more clarity on what role the emerging urban economies will play in rural transformation.

The substantive and sectoral focus of the past is under discussion and might change towards governance support, rights-based approaches and participation of all stakeholders. The Strategic Initiative of the Platform will contribute towards a clear answer, of how all these changes and processes will influence the work of the international donor community.

3. International debate on Rural Transformation and related initiatives

The international debate on the structural and political changes in rural areas is vivid and ongoing. There are several, partly newly established, international working groups and forums that explore the central and unifying role rural transformation will play in the implementation of Agenda 2030. Following these developments, in January 2017, the next Annual General Assembly of the Platform will take place in Brussels upon invitation of the European Commission and its topic will be the future role of donor agencies and international finance institutions in guiding the process of rural transformation. All activities of the Platform – be it the engagement in the different work streams or in the Strategic Initiative Agenda 2030 of the Platform, constitute a longer-term exercise in close cooperation with a growing number of institutions and initiatives which are mentioned in this section, towards the better informed positioning of donor programmes within the new development framework.

Most recently, on 14 September 2016, IFAD has launched the Rural Development Report 2016 entitled “Fostering Inclusive Rural Transformation”. The report offers five main messages to inform programmatic and policy choices of development practitioners working in rural areas:

a) Rural transformation does not happen in isolation, but as part of a broader process of structural transformation shaped by the interlinkages between agriculture, the rural non-farm economy, manufacturing and services. Rural transformation is essential for structural transformation;

b) While rural transformation may generate both positive and negative effects for rural people, inclusive rural transformation must be made happen, it will not happen automatically;

c) Rapid rural or structural transformation while necessary, do not automatically lead to a rapid reduction of poverty;

d) Inclusive rural transformation hinges on agriculture, which retains its importance as the transition unfolds, but requires that distinct agricultural policies be adopted at different stages of rural transformation;

e) Rural development strategies for inclusive rural transformation are context-specific, but have a similar direction, with high-priority policy reforms, institutional innovations and investments on the speed and inclusiveness of the transformation pathways to date.

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The report recognises inclusive rural transformation as an integral element of global efforts to eliminate poverty and hunger. Another one of the Platform’s members, FAO, is focusing on the need to build evidence base for policies that promote sustainable development, food and nutrition security and poverty reduction. At an event organized on 19/20 September 2016 on “Rural transformation, agricultural and food system transition”, participants from all over the world will discuss the missing links and the importance of holistic programmatic approaches from different angles.

The international discussion about multi-sectoral and cross-cutting approaches has long been informed by a publication of the OECD from 2006 that called for a “New Rural Paradigm”. It identified different priorities, including “a shift from an approach based on subsidising declining sectors to one based on strategic investments to develop the area’s most productive activities” and “a shift from a sectoral to a territorial policy approach, including attempts to integrate the various sectoral policies at regional and local levels and to improve co-ordination of sectoral policies at the central government level”. This year, the OECD updated this work to the context of developing countries with the launch of the “New Rural Development Paradigm for the 21st Century Toolkit for Developing Countries”, in which they call for a new development paradigm for rural areas that addresses the challenges and harnesses the opportunities of the 21st century, such as climate change, demographic shifts or technological change.

Also referring to this paradigm shift and in order to increase public finance and private investments in the rural space, OECD/FAO/UNCDF had launched the initiative “Adopting a Territorial Approach to Food Security and Nutrition Policy”, whose first phase concluded in April 2016, with the launch of its analytic report and the corresponding policy highlights. A second phase is currently under preparation and will be presented in a side event during the FAO conference on 19th and 20th September 2016 in Rome.

The Committee on World Food Security (CFS) also established an open-ended working group in early 2016 on Urbanization, Rural Transformation and Implications for Food Security and Nutrition. CFS has identified this as an area that needs further attention. A Forum will be held in CFS 43 in October 2016 in Rome to reach a better understanding of the issues at stake and identify possible roles for CFS. The outcomes of the Forum will be looked at to identify the existing constraints for food security and nutrition and what policy approaches would help overcome them. The resulting policy guidance will be presented to CFS 44 in October 2017.

To complete the series of initiatives and events, the just concluded 2nd Africa Rural Development Forum, organized by NEPAD’s Rural Future Programme from 8th to 10th of September in Cameroon was organised under the title “Transforming Africa’s Rural Areas through Skills Development, Job Creation and Youth Empowerment”. Participants from all over Africa discussed about various subthemes to be included in a “Blueprint for Rural Development”. This document can be considered as an attempt to develop a more holistic framework for the development of rural areas in Africa beyond agriculture.

7 OECD (2016): A New Rural Development Paradigm for the 21st Century; A Toolkit for Developing Countries
The upcoming HABITAT III conference in Quito, Ecuador is probably the most obvious international event, underlining the importance of rural–urban linkages and the fading divide between the two.

All these events and publications, and the whole ARD community, use various terms to describe the ongoing change processes in rural areas – rural transformation, agricultural transformation, agricultural transition, structural transformation. Yet despite differing terminology, most of the conclusions draw a clear link to the need for territorial approaches and more multi-sectoral rural development. The Annual General Assembly of the Platform in 2014 in Paris tried to differentiate between many of these terms and to find a way forward in discussing territorial development as an instrument to foster rural development more sustainably and to capture the opportunities of urbanisation in such approach. Back in 2014 the participants already came to the agreement that the foundation for such approach lies in the leadership of governments of developing countries, in decentralised government structures, community participation and private sector engagement.¹⁰

4. Unpacking Rural Transformation: definitions, trends and drivers

4.1 Definitions

The importance of partner countries leadership and multi-sectorality was only further highlighted with the Agenda 2030 and the discussed changes in development cooperation architecture. But with the complexity of the Agenda, the complexity of terminology and approaches has also evolved. This paper and the upcoming Round Table seeks to reduce this complexity and to identify ways to more effectively support the rural space, agriculture and food security under Agenda2030 and the sustainability imperative of the SDGs.

In many low and middle-income countries, rural areas are undergoing fundamental processes of change that affect not only their economic structure but also their social, cultural and political fabric. Historically, rural transformation has been compared to the economic transformation from agricultural to industrial economies that was witnessed in many parts of Europe in the 19th century and across Asia and Latin America in the 20th century. Yet this concept does not suffice to describe the various simultaneous and intertwining dynamics that are impacting or taking place in the rural space of developing countries today and the more complex and rapidly changing framework conditions that they are set in.

While definitions vary, rural transformation is recognised as a process impacting on development with or without interventions. In other words, it constitutes the dynamics in the rural space and does not by itself provide directions for sustainable development. A standard definition of Julio Berdegué that has been prominently adopted by CAADP, takes rural societies as starting point:

“Rural Transformation may be defined as a process of comprehensive societal change whereby rural societies diversify their economies and reduce their reliance on agriculture; become dependent on distant places to trade and to acquire goods, services, and ideas; move from dispersed villages to towns and small and medium cities; and become culturally more similar to large urban agglomerations.”¹¹

¹⁰ AGA 2014 of the Platform
A more general definition is provided by Rauch et al. in a conceptual study prepared for BMZ (unpublished) who defines rural transformation as a

“long-term multi-dimensional change process of the key characteristics of the economic and social life of rural populations that takes their embeddedness into broader societal and global dynamics into consideration.”

While not addressing the specific dynamics taking place in rural transformation, these definitions emphasize the continuity and longer-term nature of rural transformation processes as an ongoing phenomenon and underlines that these rural processes are linked to national and global dynamics.

Irrespective of the definitional nuances, there is consensus that rural transformation is a complex and on-going process in the rural space in all countries. The effects of this process extend beyond the transformation of the agricultural sector and even beyond economic transformation and with some quite negative effects in many low- and middle-income countries. However, the direction and effects of these rural transformation processes can be shaped and steered to prevent and mitigate negative effects and produce outcomes that are beneficial for rural populations on a national and subnational level. The process of rural transformation must thus be addressed by a policy agenda aimed at making rural transformation ecologically more sustainable and socially inclusive. The figure below only seeks to illustrate the complexity of trends, drivers and dynamics related and resulting from rural transformation. The possible intervention of donors is discussed further below in the paper.

In their recently released Rural Development Report 2016, IFAD defined what an inclusive rural transformation might entail: “...inclusive rural transformation [is defined] as a process in which rising agricultural productivity, increasing marketable surpluses, expanded off-farm employment opportunities, better access to services and infrastructure, and capacity to influence policy all lead to improved rural livelihoods and inclusive growth.”

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12 Theo Rauch et al. (2016): Ländlicher Strukturwandel in Subsahara Afrika, SLE Discussion Paper 01/2016, translated to English by authors
4.2 Rural Transformation dynamics today

All over the world, the transformation processes affect the lives of about 4.6 billion people who work 60 per cent of the world’s arable land and produce almost two thirds of food and non-food agricultural products. Rural transformation poses great challenges to rural people and areas, but also it also provides great opportunities for sustainable development. Recognising these challenges as well as exploiting the opportunities can decide whether a society lives through a “brutal” or “benign” transformation.¹⁴

Figure 1 is visualising the main dynamics of rural transformation today to be moved towards the objective of sustainable and inclusive rural development.

Fig. 1: Shaping Rural Transformation in light of Agenda 2030

While rural transformation can result in the diversification of rural economies and create economic growth, in reality, this growth is unfortunately still spread unequally. In some parts of Africa, agricultural productivity remains low or is even declining, thereby further increasing the dependence of rural areas on distant places to achieve food security. Moreover, a lower share of the agricultural sector in the GDP does not translate into a higher share of manufacturing which historically has been considered as an engine of sustained economic growth. Rather, and especially so in many African countries, the declining share of agriculture in GDP translates into a higher reliance on natural resources and tremendous pressure on the non-farm labour market. Rural-urban inequalities within countries or regions add further urgency to this issue: around three quarters of the world’s hungry live in rural areas. At the same time, these poor populations are increasingly linked to the urban context through multi-local livelihoods.

In light of these dynamics, rural development can no longer be addressed with agricultural and agriculture-related programmes alone or without keeping the dynamics of urbanisation in mind. To avoid the further marginalisation particularly of remote rural areas, governments need to take action and devise innovative strategies to address the specific challenges and opportunities of rural transformation to make rural areas attractive places with future perspectives for its inhabitants. Here the issue of jobs and employment outside the agricultural sector, especially for youth cannot be overemphasised. Only by understanding the major processes at work in and around the rural space, governments and their partners can influence the direction of the transformation processes and make sure that nobody in the rural space (or urban space) is “left behind”.

4.3 Rural Transformation – a new donor intervention context

Rural transformation processes are hence more than just a new agenda item. Rather, the causes and effects of rural transformation processes provide a new intervention context for donors and other development actors and have far-reaching consequences for the development of rural areas (and urban areas) and alike. Demographic growth, climate change, mobility, global access to and exchange of information though ICT and migration and urbanisation, to name just a few, are trends that cannot be ignored in rural development programmes.

Using rural transformation as an analytical framework for change processes allows donors to develop a vision for the future of the rural space and rural populations that is comprehensive and goes beyond the agricultural sector to include other economic activity and social and political dimensions as well, while remaining specific enough to guide programming and priority setting in coherence with national strategies. It also allows addressing the different social groups in rural areas that can have very different needs. Of course, agricultural development will continue to be a major driver of inclusive and sustainable rural transformation. To provide better perspectives for the future of the rural space agricultural development also needs to consider the complex changes and dynamics taking place in currently ongoing rural transformation processes.

It is thus not surprising that the goal of making rural transformation processes socially inclusive and ecologically sustainable has gained importance on the agenda of many development organisations and donors. The policy goal of achieving ecologically sustainable and socially inclusive rural transformation for economic growth thus implies the creation of a favourable framework that allows addressing the key challenges of current and future transformation dynamics and thereby developing

16 Julio Berdegué, http://www.developmentideas.info/chapter/rural-transformation/
17 WFP (2016): Who are the hungry? https://www.wfp.org/hunger/who-are
18 These distinct groups have been typologised by the OECD in their Five Rural worlds model
social, political and economic structures in rural areas that are fit for a future characterized by mobility, migration and urbanization.

4.4 Rural Transformation trends and driving forces

In order to devise a framework to address the challenges and opportunities of rural transformation, it is crucial to understand different trends and dynamics that drive and accelerate rural transformation processes. While it is impossible to categorise these dynamics according to cause and effect, it is possible to describe how these dynamics are transforming the rural space and how they interlink. Of course, these dynamics unfold differently in every country and are context-specific. Rural areas will also be at different stages of rural transformation depending on the frame conditions. Nevertheless, even a rather general unpacking of rural transformation can provide a sense of direction for possible policy priorities for donors.

Population Growth

One of the key global trends catalysing rural transformation processes is the demographic development in many developing countries. In Sub-Saharan Africa, the population has tripled over the last 40 years. By 2100, it is expected that Africa’s population will grow fourfold to an impressive 4.4 billion people. This ongoing population growth leads to a large increase in the number of young people that need to be integrated into the job market. According to the AfDB 10 to 12 million youth complement the workforce in Africa each year, yet only about 3 million new jobs are created, leaving millions under or unemployed. Moreover, this population growth creates increasing pressure on natural resources such as land and water as well as basic services and infrastructure. Yet while these pressures are also drivers of greater mobility and migration between rural areas and from rural areas to urban areas it would be wrong to assume that population growth does not also create strong pressure on the resources of rural spaces. Hence while the share of population growth in the rural space is declining in most parts of the world in comparison to the urban space, total rural population in Africa will outnumber the urban one until the mid-2030s.

Climate Change and Resource Degradation

Further compounding the pressure on natural resources are the effects of global warming and climate change such as stronger variability in rainfalls, higher temperatures and extreme meteorological events. While the effects of these trends are highly differentiated even within regions, there exists consensus that already vulnerable regions such as the Sahel zone will face increasing difficulty to ensure food security for its rural population. This unreliability of weather patterns and increasing pressure on and degradation of natural resources is a further driver for both transformations in the agricultural sector and the larger rural space, which often takes on the form of migratory flows. Moreover, in light of weak social protection systems in remote and rural areas, the effects of climate change do not only make the farming profession less attractive, but can actually endanger the livelihoods of vulnerable populations.

Globalisation

Economic globalisation is another important driver of structural transformation and represents an important framework condition in which rural transformation processes take place in. The interdependence of rural economies in developing countries with the global markets can lead to the cross-border exchange of goods, services, capital and technology but also creates dependence on global market prices for commodities and vulnerability to price shocks as was witnessed in the food

19 AGRA (2014): Africa Agriculture Status Report
20 UNDESA (2014): World Urbanization Prospects
price crisis of 2007-2008. Together with an increasing digitalization (to be discussed in the next paragraph) economic globalisation has a strong impact on rural transformation processes through numerous dimensions ranging from technology transfer, introduction of new products and services to land speculation. Depending on the competitiveness of rural areas, this can also open up vast economic opportunities.

**Urbanisation and Rural-Urban Linkages**

One of the major accelerators of rural transformation that best exemplifies the link between rural and urban areas is the process of urbanization and migration from rural areas to cities. In many countries, economic growth and development is not reaching the most vulnerable and remains locked and concentrated in urban areas. In cities, access to basic services and income opportunities is better and more diversified or at least appears to be better than in rural areas, thereby unfolding a strong pull-factor on rural population, especially youth. Next to these spatial inequalities, there exist numerous economic linkages between rural areas and cities, especially in terms of food systems. However, due to the increasing mobility mentioned above and patterns of urbanisation that no longer correspond to clear dichotomies of rural-urban and producer-consumer, the effect of urbanization on the rural space can no longer be summarised as migratory exodus\(^{21}\).

**Migration and Mobility**

The increasing mobility of rural population to move or even migrate both within rural areas as well as from rural areas to urban areas is arguably both a motor of rural transformation as well as one of its main effects. It is therefore intimately linked to population growth, climate change, and the resulting pressure on natural resources and basic services as well. Employment opportunities or rather the lack thereof are also an important factor that favours mobility and can trigger migration. Of course, the push and pull factors are different for every country and region. For example, global access to information and changing norms and values can be a strong driver of international migration, but many migratory patterns are seasonal and result in multi-local livelihoods in which families derive their income from various different geographic sources. However, one pattern that is clearly emerging is that those moving are often young males. This has important implications for the rural areas where households may be increasingly female-led and gendered access to resources and services gains even more importance.

**Agricultural Modernisation**

While debatable, if agricultural modernization qualifies as a driver or trend, there is consensus that it changes the face of rural areas and is closely linked to the need for inclusive growth. Agricultural modernisation and increasing agricultural productivity are integral to transforming the agricultural sector and thereby accelerating rural structural transformation. Yet, while rising agricultural productivity can be a strong driver of structural transformation of the rural space, in many developing countries, especially in Sub-Saharan Africa, it is as much a driver as it is policy target with the potential to drive and accelerate rural transformation processes.

While increased agricultural productivity is crucial to achieving food security for rural and urban areas alike, it can also lead to a significant release of labour that needs to be absorbed by the non-farm economy, putting ever increasing pressure on the labour market with immediate effects on urbanisation, mobility and migration.

\(^{21}\) see IIED briefing 2015
5. Cross-sectoral policy priorities, programming and governance – how to engage?

In order to effectively address the process of rural transformation, a higher level of policy coherence between the desired overall development path and agriculture, food security and nutrition will be required. Special attention will have to be paid to link sectors like basic services (energy, infrastructure etc.) with economic opportunities within and outside agriculture. Moreover, inclusive transformation can only be shaped successfully when associated with the establishment of multi-level governance structures that support and manage social, environmental and economic development in an appropriate equilibrium and thrive for inclusiveness.

The action fields below address challenges (or “need for action”) and present opportunities that arise for the rural space in the light of ongoing rural transformation processes. It is obvious that these action fields are and cannot be new and are addressed already by partners and donors. These action fields were listed here based on the hypothesis that shaping rural transformation processes requires interventions and corresponding approaches that go beyond the “traditional” sectoral action fields of agricultural and rural development programming. Looking at Agenda 2030 and the requirements to achieve sustainable development. A phased approach needs to be taken and the action fields below should provide only some food for thought to establish a more comprehensive development agenda for the rural space.

Developing adequate policy solutions in a phased approach based on available capacity and finance can be thought of as “ARD+” whereby the plus stands for policy fields that are intrinsically linked to agricultural policies and that have potential synergies that should be exploited to achieve the kind of multi-sectoral and holistic approaches that are needed to address the challenges developing rural areas in the light of rural transformation processes. These approaches are equally called for to achieve Agenda 2033 in rural areas.

ECONOMIC
- Rural infrastructure, including energy
- Provision of rural finance
- Agricultural productivity and innovation
- Employment creation (non-farm and on-farm), especially youth employment
- Workforce development and skills
- Small and medium enterprise development
- Trade facilitation, market access and value chain development of agricultural produce

POLITICAL/INSTITUTIONAL
- Basic governmental service provision
- Legislative compliance and law enforcement, including land tenure governance and land rights
- Decentralisation and political/structural participation
- National/Regional/ Local Planning
- Institutional capacity building
- Support to farmers’ organisations like cooperatives or production-market alliances
- Engagement with the private sector

22 The action fields listed below were identified by desk research screening donor portfolios and are non-exhaustive. Rather, the list shall serve as a basis for discussion to identify linkages between and prioritize action fields. Furthermore, context specific requirements may call for further action fields such as conflict prevention.
FINANCIAL PROVISIONS
- farmers’ credit unions or other forms of credit facilities
- appropriate governmental finance as part of national and decentralised programming
- direct private sector investments and/or public-private partnerships
- payments for environmental services under global and national climate regime (REDD+ etc.)
- ODA based finance for national priorities
- Blended finance from various sources (including climate finance) in programmatic approaches to rural transformation

SOCIAL
- Gender equality and women empowerment
- Youth and social institution development
- Social institutions support – families and farming communities
- Social protection for vulnerable groups and the role of remittances

ENVIRONMENTAL
- Natural resource management (water, soil and vegetation) closely linked to farming systems
- Adaptation to changing climate – resilience measures as part of farming systems and safeguarding surrounding environmental services

While there is much discussion on what to do, the question on how to do it is of equal importance for all stakeholders. A number of policy agendas that stem from or are linked to ARD clearly call for multi-sectoral approaches, so do funding priorities. Food security or youth empowerment are already global priorities which underline that. Nevertheless it remains of great importance to understand the relationship between such policy priorities and rural transformation processes. Examining donor programming through a rural transformation prism can be helpful, since it is the process of rural transformation that sets the framework in which policy priorities unfold. A coherent rural transformation policy framework would thus also help in programming and implementing policy priorities that are linked to both - national development priorities as well as to the global development goals. There are many examples of multi-sectoral programmes that address food security. The upcoming Round Table seek to create awareness in and among donor agencies that linking these programmes in a specific country of implementation (e.g. social protection, basic services or rural infrastructure) unfolds greater opportunity for more catalytic and sustainable impact.

6. Next steps of Platform’s Strategic Initiative – Rural Transformation – new momentum for rural transformation

In the next steps of the Platform under the Strategic Initiative and in cooperation with the leading institutions in the work stream (IFAD, BMZ/GIZ and others) we will discuss the different ways of exploiting synergies with others sectors both within a donor portfolio as well as in coordination with other donors, organisations and of course the national partner. Exploiting these linkages requires not only multi-sectoral approaches but also a multi-stakeholder approach and effective institutional capacity to coordinate such efforts on country and local level. So far, not many countries do have such holistic policy frameworks or approaches for rural development and largely lack the necessary coordination mechanisms to manage such complex stakeholder processes.
Within the work stream we will identify case studies with promising and interesting approaches that will fit into broader national agendas, attempt harmonization with other actors and refer to the action fields mentioned above.

Considering the challenges of Agenda 21, the Millennium Development Goals and the Paris Declaration for Aid Effectiveness, any attempt to influence the rural transformation processes and engage with partner countries to support sustainable development must consider the sectoral institutional reality and the problems in governance and cooperation between all actors. Mobilising adequate funding within the countries and matching it with shrinking and often fragmented funding lines of development partners for rural development remains another challenge to be addressed. Decentralisation and participation, rights-based approaches (not only in land governance) and enhanced economic opportunities like market access and trade as well as credits and other finance will play an increasingly important role.

Clearly the framework of interventions needs to entail a phased approach towards sustainable development rather than an overarching holistic concept which considers all desirable aspects at once and stands little chance of being successful in the end. Given the dynamics of rural transformation the question will be how to match rural and domestic priorities of developing countries with donor preferences and how to define the roles of national governments, civil society and the private sector in a modernised world where the donor community has to find its new place and space to interact and assist.

Next steps are:

1. round table Rome 13/14 September 2016 in Rome
2. engagement in CFS 43 in October 2016 in Rome
3. contributions to expert meeting IFAD on 3 – 5 November 2016 in Rome
5. Work programme of the Strategic Initiative 2017/2018 in March 2017
ANNEX 1

Concept Note

Strategic initiative post-2015 of the Platform:

Agenda 2030 and Development – new momentum for rural transformation

Background

The UN General Assembly has endorsed the Sustainable Development Goals (SDG) and their targets giving new impetus to a more comprehensive development agenda. Additionally, the adoption of the agreement on Finance for Development (Addis Ababa Action Agenda) will change the ODA architecture and financial flows to developing countries, including for agriculture and rural development (ARD). The contributions of OECD to this agenda clearly show a “modernization of ODA” in structural terms as well as sharpening the focus of ODA in terms of poverty reduction and social justice. However, new financial opportunities through trade and market access as well as climate change finance still remain broadly untapped for ARD.

What are the new opportunities arising from SDGs and their targets for the rural space? What are the reactions of donors to these global agreements?

A background paper has been commissioned by the Platform (John Barrett, 2016) which calls for rethinking rural development based on the complex dynamics and challenges of rapid rural transformation in developing countries. Taking one case in question, the paper analyses the links of SDG 23 on food security with SDG 824 on economic growth and job creation to show – as one example - the potential and synergies between SDGs – based on their universality and integration principles. Additionally, the targets of SDG2 do not only call for ending hunger, malnutrition and sustainable increases in agricultural productivity, but address determining factors like rural infrastructure, trade and functioning food commodity markets. These targets therefore already call for a broader approach to implement SDG 2.

Calling for more comprehensive approaches to sustainable rural development, the paper looks at emerging donor considerations on rural transformation, economic growth and job creation (inter alia G7 2015, IFAD, UK, Germany, France, Italy, European Commission and US). These initiatives seem to be in line with NEPAD/CAADP definition of rural transformation in the African context as “a process of comprehensive societal change whereby rural societies diversify their economies and reduce their reliance on agriculture; become dependent on distant places to trade and to acquire goods, services, and ideas; move from dispersed villages to towns and small and medium cities; and become culturally more similar to large urban agglomerations” (NEPAD, 2013).

This definition is based on the rural transformation process which is already ongoing in many countries. The overall approach of the strategic initiative is to identify the current dynamics of rural transformation for effective support by the donor community. In other words, the initiative does not strive for an “approach” to rural transformation, but tries to identify the current positive dynamics (to be supported by all actors involved).

23 SDG 2 End hunger, achieve food security and improved nutrition and promote sustainable agriculture
24 SDG 8 Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all
Objectives

The objectives of the strategic initiative are:

1. Knowledge sharing about progress in the implementation of Agenda2030 with regard to FS, SA & RD and building of common understanding on reporting by donor agencies
2. Analysis of the current dynamics of rural transformation and identification of development priorities for the rural space which could be supported by donor agencies in close cooperation with developing countries and international partners (governments, civil society and private sector).

Overall concept for achieving objective 1

The objective 1 is fully in line with the overall mandate of the Platform as outlined in the Strategic Plan 2016 – 2020. A flagship report is to be prepared in 2017 and the trend analysis on availability of financial resources for ARD is ongoing in close cooperation with OECD/DAC. Conceptionally and methodologically, the donor community will identify ways and means to report against progress in the implementation of the Agenda 2030. The work on the second objective with regard to broader approaches to rural development will determine the reporting formats and the scope and content of the flagship report.

Overall concept for achieving objective 2

The concept for objective 2 is currently more advanced. The background paper from John Barrett, as well as the aforementioned donor initiative, encourages the further work on an inclusive and more comprehensive approach to the development of the rural space. The Global Donor Platform for Rural Development has decided to capture the future potential of all relevant SDGs and the UN agreement on Finance for Development (FFD) for ARD and support moving from aid effectiveness to development effectiveness.

Championing the transformation of agriculture, food systems and rural livelihoods, the Platform aims to contribute to the following outcome as outlined in the new Strategic Plan 2016 – 2020 of the Platform:

“Evidence-based donor policies and programmes for sustainable agriculture and rural transformation enhance food and nutrition security, economic growth and reduce poverty and inequality in rural development.”

For this initiative, the SDGs and their targets constitute a comprehensive catalogue of all relevant issues for development worldwide. This means that the changing support to rural development and to the positive dynamics of transformation should be informed by the most relevant SDGs and targets which address the current rural reality. This includes the rural-urban linkages or cross-cutting dimensions like gender considerations. What are these priority elements of rural transformation which could determine the donor support of the future in the context of national/domestic efforts? What policy directives lead to a more comprehensive view on rural sustainability in all regards?

The aforementioned analysis of John Barrett on SDG 2 and 8 was only exemplifying the potential of the connections between one relevant SDG and its targets. New elements (and therefore other SDGs) like trade and market access, rural non-farm economy and food-value chains, migration and
urbanization will support agricultural productivity and the safeguarding of social and environmental achievements of the past.

It is to underline that these priorities deriving from the current dynamics of ongoing rural transformation should be those of the relevant actors – rural communities, private sector, government, particularly at decentralized level and urban citizens. The role of donor agencies is to support positive dynamics and priorities and help to limit negative trends. There is, however, a dilemma with the complexity of rural transformation. Governments, civil society, private sector and the international community should remain realistic, choose priorities which have the greatest impact and come up with targeted and manageable interventions. In other words, the concept of the work of the Platform is process-oriented, avoiding the development of “complex methodologies” which tend to be unrealistic in terms of implementation.

**Examples for elements possibly to be considered:**

The Platform is working on a number of development issues and the results of the various work streams (land governance, trade and inclusive agri-business, climate resilience, ARD financing trends etc.) can be used to inform the strategic initiative moving towards a common approach to support the current positive dynamics of rural transformation and the respective policy elements or dimensions.

These elements or policy dimensions should be seen in the light of economic growth of rural areas and the creation of job opportunities, particularly for women and youth. This focus should serve to increase the achieved social and environmental safeguards and strengthen them because of the ongoing and great challenges. The rural areas can only be attractive if modern developments that bring about new rural-urban dynamics take place. The following elements are not inclusive:

**Governance, institutional development and regulatory frameworks**

Increasingly, the development community supports the view that law enforcement and compliance with existing legal provisions and well as new and additional legal support to the farming communities should be the backbone of rural transformation to get the farming communities out of the “forgotten space of the rural poor”.

Furthermore, decentralization of governmental services and participation of farming communities as part of territorial approaches have been high on the donors’ policy agenda, including land governance in all regards (see work stream of the Platform). The last Annual General Assembly of the Platform called for enhanced institutional development, namely for the consolidation and/or creation of farmers associations and cooperatives and farmers’ alliances with a legal status to improve the availability of inputs, contribute to agricultural market-oriented transition and rural transformation at large.

**Mobility and rural-urban linkages**

Due to economic (e.g. no jobs in rural areas), social (e.g. limited rights to land resources) and environmental factors (decrease of soil fertility and availability of water, land and other national resources etc.), the mobility between rural areas and urban centres is very high. However, the opportunities which the rapid urbanization offers are not yet adequately tapped by rural communities, including the better use of remittances which are increasing through the urbanization and migration to industrialised countries.
One important aspect of rural-urban linkages is the consideration of seasonally “moving target groups” in terms of circular migration between rural and urban centres which might become an important element of economic growth.

Infrastructure, rural energy and public services:

In order to turn the rural space into an attractive place of sustainable livelihoods, e.g. the provision of modern infrastructure (water, sanitation, roads, transport etc.), the replacement or reduction of wood fuel and the provision of better formal education and access to ICT should be taken into account.

Agricultural productivity and farming systems:

This policy priority would address options for the transition of subsistence/small-scale farming to market-oriented and diversified agricultural production with the broader agri-food system, considering extension services/agricultural advisory services, agricultural finance and inputs based on sustainability criteria for agriculture (moving towards agri-entrepreneurship).

Inclusive agri-business and trade:

The work stream of the Platform on inclusive agri-business and trade is addressing the facilitation of farmers’ market access including their just share in value-chain (and hence, also inclusive value-chain development), contract farming etc. to support the use of opportunities of the rapidly increasing demand for diversified agricultural products also in urban centres, in ways in which the primary producer is not left behind.

Rural non-farm economy

Economic growth in rural areas and non-agricultural job creation are highly site-specific, but value-chain development of agricultural produce, manufacturing of products and service provisions in trade and market access could be elements to strengthen the non-farm economic growth and to have an effect on migration to urban centres and abroad.

Social and environmental safeguards:

Livelihoods of households, social institutions, gender considerations and environmentally sound and climate-sensitive production patterns would fall under this category, including environmentally sound water and forest management. This aspect would also include vocational training on various aspects, including balanced nutrition and health and community work.