A NEW RURAL DEVELOPMENT PARADIGM FOR DEVELOPING COUNTRIES FOR THE 21ST CENTURY

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Rural and Regional Policies for Sustainable and Inclusive Development
Why a new rural development paradigm?

- Three billion people live in rural areas in developing countries and number will continue to rise for the next 15 years.
- In SSA, rural population is expected to keep growing in the next decades, reaching 1 billion people by 2050.
- Rural areas are particularly affected by poverty: 75% of the poor in SSA lived in rural areas.
- Developing countries need better strategies to deal with large and growing rural populations.
- Effective rural development strategies are going to be necessary to achieve the Sustainable Development Goals and the Agenda 2063.
Rural population in selected countries, 1960-2014

Source: World Bank, World Development Indicators, 2015
Multidimensional Poverty Index, rural substantially lag urban areas

Source: Oxford Poverty and Human Development Initiative (2015), *Global MPI Data Tables for 2015*, database
## Access to services, rural and urban areas (2012)

<table>
<thead>
<tr>
<th>Service</th>
<th>China</th>
<th>Korea</th>
<th>Thailand</th>
<th>Vietnam</th>
<th>Côte d’Ivoire</th>
<th>Tanzania</th>
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</thead>
<tbody>
<tr>
<td><strong>Access to electricity (% of total population with access)</strong></td>
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<tr>
<td>% of urban population</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>99</td>
<td>55.8</td>
<td>15.3</td>
</tr>
<tr>
<td>% of rural population</td>
<td>100</td>
<td>100</td>
<td>99.8</td>
<td>97.7</td>
<td>29</td>
<td>3.6</td>
</tr>
<tr>
<td><strong>Improved water source (% of total population with access)</strong></td>
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<td></td>
</tr>
<tr>
<td>% of urban population</td>
<td>97.5</td>
<td>99.7</td>
<td>97.5</td>
<td>98</td>
<td>92.8</td>
<td>78.9</td>
</tr>
<tr>
<td>% of rural population</td>
<td>88.5</td>
<td>87.9</td>
<td>96.8</td>
<td>91.9</td>
<td>68.6</td>
<td>45.5</td>
</tr>
<tr>
<td><strong>Improved sanitation facilities (% of total population with access)</strong></td>
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<tr>
<td>% of urban population</td>
<td>84.4</td>
<td>100</td>
<td>89.9</td>
<td>90.8</td>
<td>32.4</td>
<td>28.3</td>
</tr>
<tr>
<td>% of rural population</td>
<td>60.9</td>
<td>100</td>
<td>96.1</td>
<td>64.8</td>
<td>10</td>
<td>8.1</td>
</tr>
</tbody>
</table>

Source: World Bank, World Development Indicators, 2015
Challenges and opportunities for developing countries today

Challenges

• Demographic pressure, 370 million additional youth will join the labour market in SSA within 15 yrs.

• More competitive global context limits many previous opportunities

• Climate change, higher vulnerability to droughts and water stress.

• Rural-to-urban migration with limited productive jobs.

Opportunities

• New links and lower costs to international trade and access to global supply-chains.

• New technologies: Green Revolution, ICT-enabled services, better access to and exchange of information for rural populations (must be leveraged on other policy actions)

• Rural industry, education and health services, tourism
Population Growth Rates in the Developing World (1950-2050)
Different trajectories: OECD, Korea, developing countries

Employment in agriculture vs rural population

Developing World

Korea

OECD Countries

Legend:
- : % rural population
- : % employment in agriculture
# Evolution towards a new rural development paradigm

<table>
<thead>
<tr>
<th></th>
<th><strong>Old paradigm</strong></th>
<th><strong>New context</strong></th>
<th><strong>New paradigm</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Principles</strong></td>
<td>• Focus on rural areas only</td>
<td>• Widening inequalities between rural and urban</td>
<td>• Rural areas inextricably linked to cities, regions and national context</td>
</tr>
<tr>
<td></td>
<td>• Growth will follow agricultural and industrial development</td>
<td>• Climate change</td>
<td>• Women critical for rural development</td>
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<tr>
<td></td>
<td></td>
<td>• Rapid population growth in many developing countries</td>
<td>• Governance capacity is key</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Information revolution</td>
<td></td>
</tr>
<tr>
<td><strong>Key target sector</strong></td>
<td>Agriculture, rural communities</td>
<td>• Agriculture not able to provide sustainable livelihoods for growing populations</td>
<td>Multi-sectoral: all economic sectors that can contribute to productive growth: agriculture, rural industry, services, tourism, ICT, biofuels.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Urban areas not able to productively absorb large inflows of rural migrants</td>
<td></td>
</tr>
<tr>
<td><strong>Main approach</strong></td>
<td>• Project-based</td>
<td>• Sustainable Development Goals</td>
<td>Tailored to the specific context (natural, economic, social, and institutional)</td>
</tr>
<tr>
<td></td>
<td>• Agricultural technology</td>
<td>• Multi-dimensional poverty assessment and Multi-dimensional Country Review</td>
<td>• Prioritised and realistic</td>
</tr>
<tr>
<td></td>
<td>• Green Revolution</td>
<td>• Community-driven development</td>
<td>• Well-sequenced to maximise synergies</td>
</tr>
<tr>
<td><strong>Key actors</strong></td>
<td>Agricultural ministries, agricultural research and extension, donors, local governments, farmers</td>
<td>• Greater participation by non-state actors including the private sector, rural communities, NGOs, and foundations</td>
<td>Multi-agent: participation and collaboration of broad set of stakeholders across public and private sectors and from national to local</td>
</tr>
</tbody>
</table>
The new rural development paradigm for developing countries

1. Is multi-sectoral: focusing not just on agriculture, but also rural industry and services; and not just rural focused, but also building on rural-urban linkages

2. Is multi-agent and multi-level: involving not just national government, but also local and regional governments, the private sector, international donors, NGOs, and rural communities

3. Contains 8 key components, and includes an illustrative menu of 25 policy tools which offer opportunities for rural development in the 21st century.
Components of the NRDP

- **Governance.** A consistent and robust strategy is not enough if implementation capacity is weak. It is thus important for an effective strategy to build governance capacity and integrity at all levels.

- **Multiple sectors.** Although agriculture remains a fundamental sector in developing countries and should be targeted by rural policy, rural development strategies should also promote off-farm activities and employment generation in the industrial and service sectors.

- **Infrastructure.** Improving both soft and hard infrastructure to reduce transaction costs, strengthen rural-urban linkages, and build capability is a key part of any strategy in developing countries. It includes improvements in connectivity across rural areas and with secondary cities, as well as in access to education and health services.

- **Urban-rural linkages.** Rural livelihoods are highly dependent on the performance of urban centres for their labour markets; access to goods, services and new technologies; as well as the exposure to new ideas. Successful rural development strategies do not treat rural areas as isolated entities, but rather as part of a system made up of both rural and urban areas.
Components of the NRDP (cont.)

• **Inclusiveness.** Rural development strategies should not only aim at tackling poverty and inequality, but also account for the importance of facilitating the demographic transition.

• **Gender.** Improving rural livelihoods should take into account the critical role of women in rural development, including their property rights and their ability to control and deploy resources.

• **Demography.** High fertility rates and rapidly ageing populations are two of the most relevant challenges faced by rural areas in developing countries today. Although the policy implications of these two issues are different, addressing these challenges will imply good co-ordination across education, health and social protection policies, as well as family planning.

• **Sustainability.** Taking into account environmental sustainability in rural development strategies should not be limited to the high dependence of rural populations on natural resources for livelihoods and growth, but also their vulnerability to climate change and threats from energy, food and water scarcity.
Operationalization of the NRDP

1) Assessment
2) Agents, incentives and buy-in
3) Priority setting and sequencing
4) Financing
5) Implementation plan
6) Monitoring and evaluation
7) Adapting to changing circumstances and lessons learned
Criteria for Country Classification

Countries have been classified according to the following criteria:

- **Rural Population Share**: rural population higher than 67%, between 34% and 67% and less than 34%
- **Natural Resources**: natural resources rents (excluding forestry) accounting for more or less than 10% of GDP
- **Demography**: Total Fertility Rates (TFR) divided into five categories from higher than 5 to lower than 2 births per woman.
- **State Fragility**: countries are color-coded according to their level of fragility and classified as: Very High Alert, High Alert, Alert, Very High Warning, High Warning, Warning, Less Stable, Stable and Very Stable.

Our Index is adapted from the existing Fragile States Index but includes only the following relevant six dimensions:

1. Group Grievance
2. Legitimacy of the State
3. Human Rights
4. Security Apparatus
5. Factionalised Elites
6. External Intervention

- **Climate Change Vulnerability**: the underlined countries are the ones with a high score in the vulnerability to climate change index (higher than 0.50), as derived from the Notre Dame Global Adaptation Index. Vulnerability is measured by considering six life-supporting sectors and three components within each of them.

  **Six life-supporting sectors**
  1. Food
  2. Water
  3. Health
  4. Ecosystem Services
  5. Human Habitat
  6. Infrastructure

  **Three components within each sector**
  a. Exposure of the sector to climate-related or climate-exacerbated hazards
  b. Sensitivity of that sector to the impacts of the hazard
  c. Adaptive capacity of the sector to cope with or adapt to these impacts

- **Landlocked countries**: the asterisk indicates when a country is landlocked.
<table>
<thead>
<tr>
<th>Rural population&gt;67%</th>
<th>34%&lt;Rural population&lt;66%</th>
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<tbody>
<tr>
<td>National rents&lt;10% of GDP</td>
<td>National rents&gt;10% of GDP</td>
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<tr>
<td>TFR&gt;5</td>
<td></td>
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<tr>
<td>Burundi*</td>
<td>Mali*</td>
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<tr>
<td>Timor-Leste</td>
<td>Uganda*</td>
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<td></td>
<td></td>
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<tr>
<td>4&lt;TFR&lt;5</td>
<td></td>
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<tr>
<td>Afghanistan*</td>
<td>Benin</td>
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<tr>
<td>Comoros</td>
<td>Cameroon</td>
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<td>Ethiopia*</td>
<td>Côte d'Ivoire</td>
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<td>Kenya</td>
<td>Guinea-Bissau</td>
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<td>Mozambique</td>
<td>Liberia</td>
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<td>Rwanda*</td>
<td>Madagascar</td>
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<td>Tanzania</td>
<td>Senegal</td>
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<td>Sierra Leone</td>
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<td>Sudan</td>
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<td>Togo</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>3&lt;TFR&lt;4</td>
<td></td>
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<tr>
<td>Swaziland*</td>
<td>Guatemala</td>
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<tr>
<td>Tajikistan*</td>
<td>Sao Tome and Principe</td>
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<tr>
<td>Zimbabwe*</td>
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</tbody>
</table>

Note: here we focus only on countries with more than 34% of population living in rural areas.
Key points to keep in mind

- Strategies have to be tailored to specifics of each countries situation
- This requires detailed assessment and knowledge of the local context. It is not a process that can be done from abroad.
- It requires deep local knowledge and consultations and negotiations with relevant local agents
- Development and implementation of effective strategies requires improving the capability of government at all levels of other key actors, as even the best strategies need to be adjusted over time as circumstance change
SDGs and Rural Development

• SDGs and rural development are mutually reinforcing
• SDGs are not the end goals themselves: they indicate the need to have a comprehensive rural development strategy.
• Promoting rural development will be crucial to achieving:
  – poverty elimination (Goal 1),
  – food security and sustainable agriculture (Goal 2),
  – people’s well-being in rural areas (Goal 3), and
  – sound economic growth at both local and national level (Goal 8).
• A new paradigm for rural development will be crucial for achieving the new SDGs, which will strongly influence development practices in the 21st century.
Moving forward

• The new rural development paradigm for the 21st century can be used as a tool for identifying some of the challenges and proposing some of the solutions to achieving the Sustainable Development Goals (SDGs)

• In the process of developing it we have identified some major challenges beyond climate change which will require concerted national and international action
  – Addressing very high population growth in many countries, particularly in Sub-Saharan Africa
  – Need to create massive productive employment
  – Need to improve governance, and government capability
  – Need to improve donor coordination
  – Need to develop greater resilience in developing country

• Addressing some of these challenges will require
  – new innovative approaches including new technologies, organization and ways of implementing strategies
  – More efforts to build local capability in governments at all levels, but also in the private and NGO sector
  – Greater international coordination and more effective ways of engagement
Working-age population, 2015-2030

Source: UN, World Population Prospects, 2015 revision

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2020</th>
<th>2025</th>
<th>2030</th>
<th>2035</th>
<th>2040</th>
<th>2045</th>
<th>2050</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Sub-Saharan Africa</strong></td>
<td>519</td>
<td>601</td>
<td>696</td>
<td>803</td>
<td>918</td>
<td>1042</td>
<td>1172</td>
<td>1308</td>
</tr>
<tr>
<td><strong>Europe</strong></td>
<td>492</td>
<td>479</td>
<td>466</td>
<td>453</td>
<td>442</td>
<td>431</td>
<td>418</td>
<td>405</td>
</tr>
</tbody>
</table>

Note: population is expressed in millions
Desirable next steps: Pilot the implementation of NRDP in 3 African countries.

- **Objective**: guide policymakers in the design and implementation of rural development strategies that take into account the wellbeing of between rural and urban populations.

- **Agents**: OECD DEV will provide policy guidance in partnership with other international organisations that have the capacity to carry out field work for supporting the implementation of the strategy.

- **Expected outcome**:
  - Improve local capacity for designing and implementing rural development strategies that address the most relevant challenges for such as job creation, increasing rural population, access to markets and services, and environmental degradation.
  - Reduce urban and rural disparities by building on local assets, exploiting policy complementarities, and strengthening urban-rural linkages.
THANK YOU!
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