



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

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OECD Development Centre

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Side Event on Policies for Effective Rural Transformation
Agricultural and Food System Transition

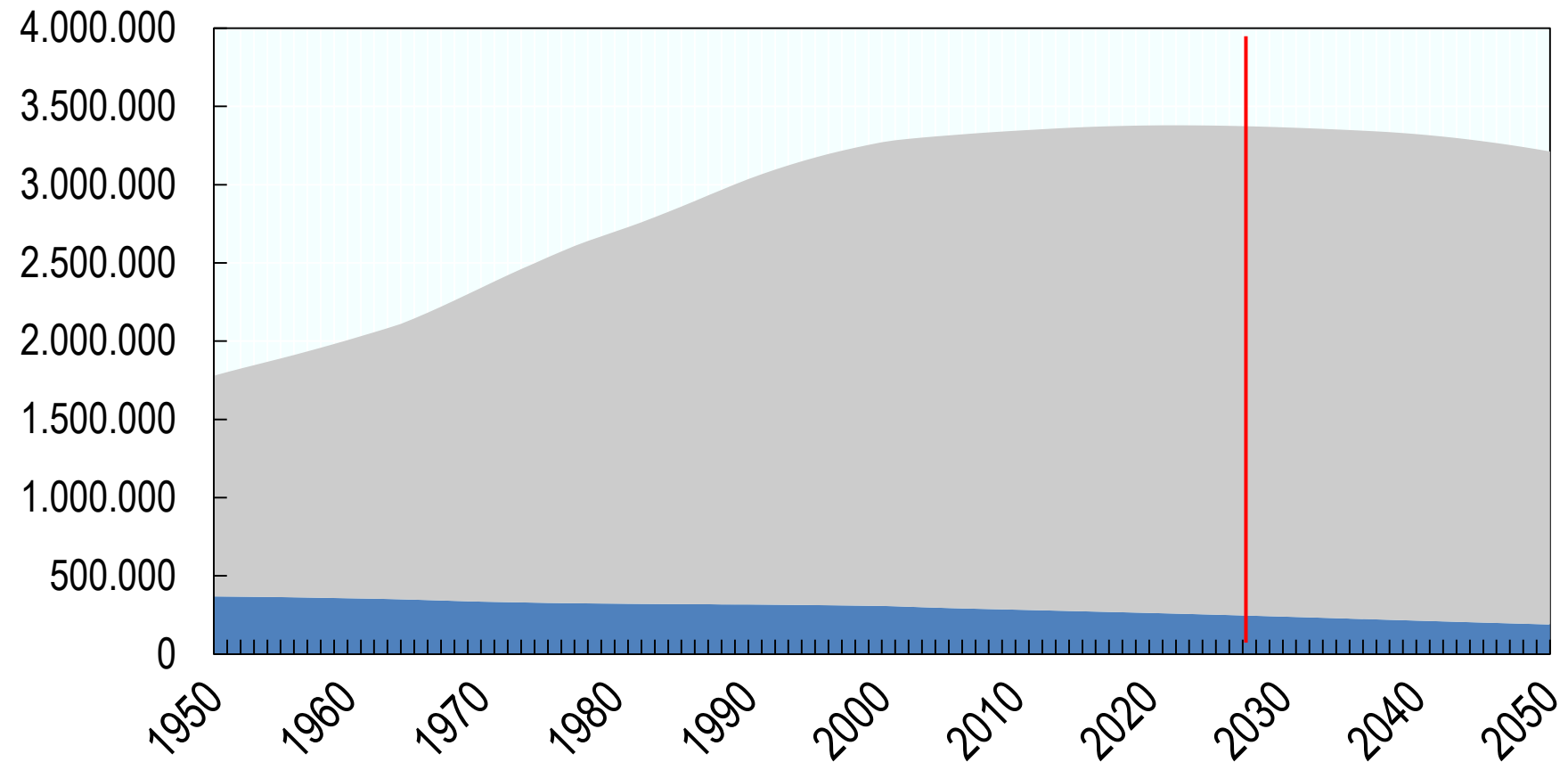


Total Rural Population continues to increase until 2028

Rural Population
(thousands)

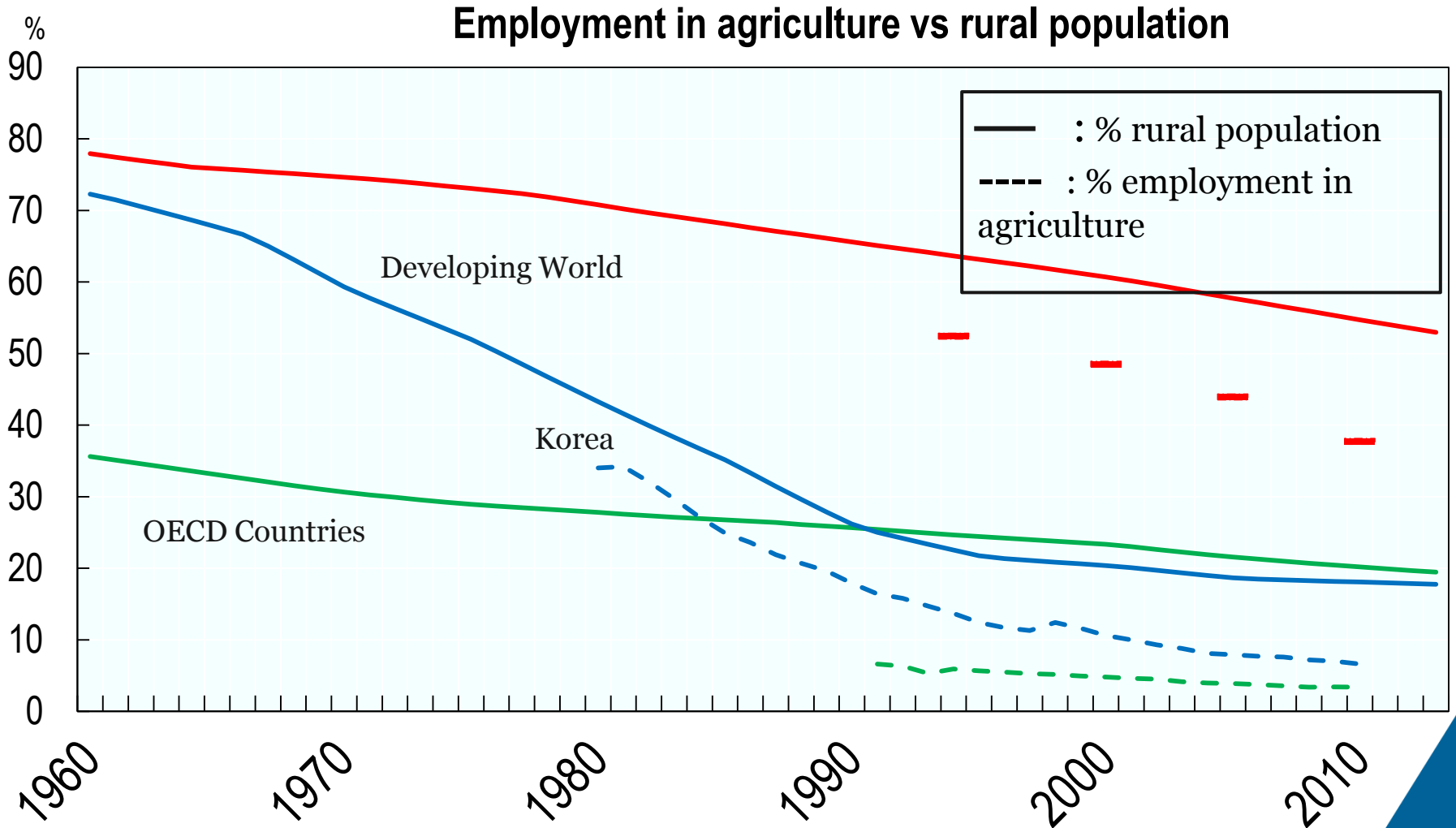
■ Less developed regions

■ More developed regions





Different trajectories: OECD, Korea, developing countries





The new rural development paradigm in OECD countries

	Old paradigm	New paradigm
Principles	<ul style="list-style-type: none">• Equalisation, entitlement• Focus on farm income, competitiveness	<ul style="list-style-type: none">• Competitiveness of rural areas• Valorisation of local assets
Key target sector	<ul style="list-style-type: none">• Sector based	<ul style="list-style-type: none">• Multi-sectoral: all sectors can contribute to productive growth
Main approach	<ul style="list-style-type: none">• Subsidies to agriculture	<ul style="list-style-type: none">• Investments• Transfers to low-income population
Key actors	National governments, farmers	<ul style="list-style-type: none">• All government levels



Lessons from 6 case studies

China, Côte d'Ivoire, Korea, Tanzania, Thailand, Vietnam

- “Rural areas” vary enormously
- Governance, incl. capacity, is key
- Demographic dynamics play vital role
- Rural economy > rural area
- Agriculture key to improve welfare ...
- ... but more to rural than agriculture
- Infrastructure + basic services
- Greater gender equality
- Rural development needs environmental sustainability

A new rural development paradigm in developing countries

	Old paradigm	<i>New context</i>	New paradigm
Principles	<ul style="list-style-type: none"> • Focus on rural • Growth to follow agricultural and industrial development 	<ul style="list-style-type: none"> • <i>Widening inequalities rural / urban</i> • <i>Climate change</i> • <i>Rapid population growth</i> • <i>Information revolution</i> 	<ul style="list-style-type: none"> • Rural linked to cities, regions and national • Women critical for rural development • Governance capacity is key
Key target sector	Agriculture, rural communities	<ul style="list-style-type: none"> • <i>Agriculture not able to provide sustainable livelihoods</i> • <i>Urban areas not able to productively absorb</i> 	<ul style="list-style-type: none"> • Multi-sectoral: all sectors can contribute to productive growth
Main approach	<ul style="list-style-type: none"> • Project-based • Agricultural technology • Green Revolution 	<ul style="list-style-type: none"> • <i>SDGs</i> • <i>Multi-dimensional poverty assessment and MDCRs</i> • <i>Community-driven development</i> 	<ul style="list-style-type: none"> • Context specific • Prioritised and realistic • Well-sequenced to maximise synergies
Key actors	Agricultural ministries, agricultural research and extension, donors, local governments, farmers	<ul style="list-style-type: none"> • <i>Greater participation by non-state actors incl. the private sector, rural communities, NGOs, and foundations</i> 	<ul style="list-style-type: none"> • Multi-agent



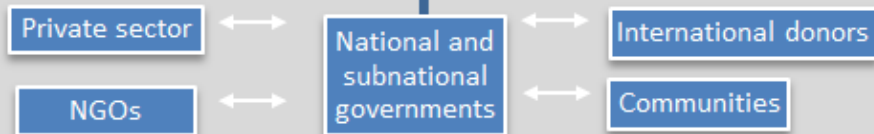
The new rural development paradigm for developing countries

- 1. Multi-sectoral.** Focus not just on agriculture, but also rural industry and services; and not just rural focused, but also building on rural-urban linkages
- 2. 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. 8 key components.** Includes an illustrative menu of 25 policy tools which offer opportunities for rural development in the 21st century.

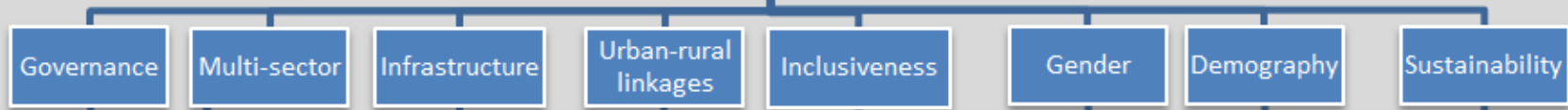
Context Specific



Multiple Agents And Multiple Levels



Components



Policy Tools





Criteria for Country Classification

- **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 5 categories **from > 5 to < 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 | 4. Security Apparatus |
| 2. Legitimacy of the State | 5. Factionalised Elites |
| 3. Human Rights | 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**.

Classification Matrix

	Rural population > 67%		34% < Rural population < 66%	
	National rents < 10% of GDP	National rents > 10% of GDP	National rents < 10% of GDP	National rents > 10% of GDP
TFR > 5	Burundi* Malawi* Niger* Timor-Leste Uganda*	Burkina Faso* Chad*	Gambia Mali* Somalia	Angola Congo, Dem. Rep. Nigeria Zambia*
4 < TFR < 5	Afghanistan* Comoros Ethiopia* Kenya Mozambique Rwanda* Tanzania	Eritrea South Sudan*	Benin Cameroon Côte d'Ivoire Guinea-Bissau Liberia Madagascar Senegal Sierra Leone Sudan Togo	Congo Equatorial Guinea Guinea Mauritania
3 < TFR < 4	Samoa Swaziland* Tajikistan* Zimbabwe*	Papua New Guinea	Central African Republic* Guatemala Sao Tome and Principe	Ghana Yemen, Rep.

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



Components of the NRDP

- 1. 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.
- 2. 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.
- 3. 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.
- 4. 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; & 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.)

- 5. Inclusiveness.** Rural development strategies should not only aim at poverty and inequality, but also importance of facilitating demographic transition.
- 6. 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.
- 7. 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.
- 8. 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

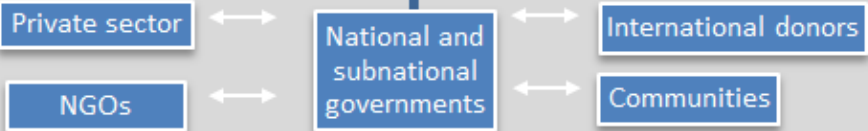
6) Monitoring and evaluation

7) Adapting to changing circumstances and lessons learned

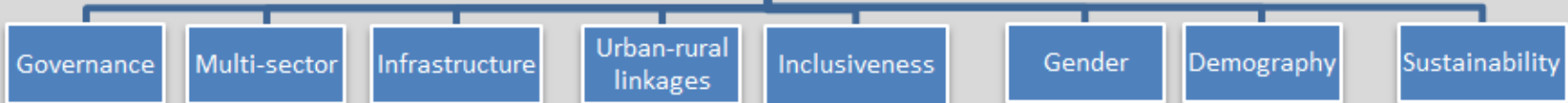
Context Specific



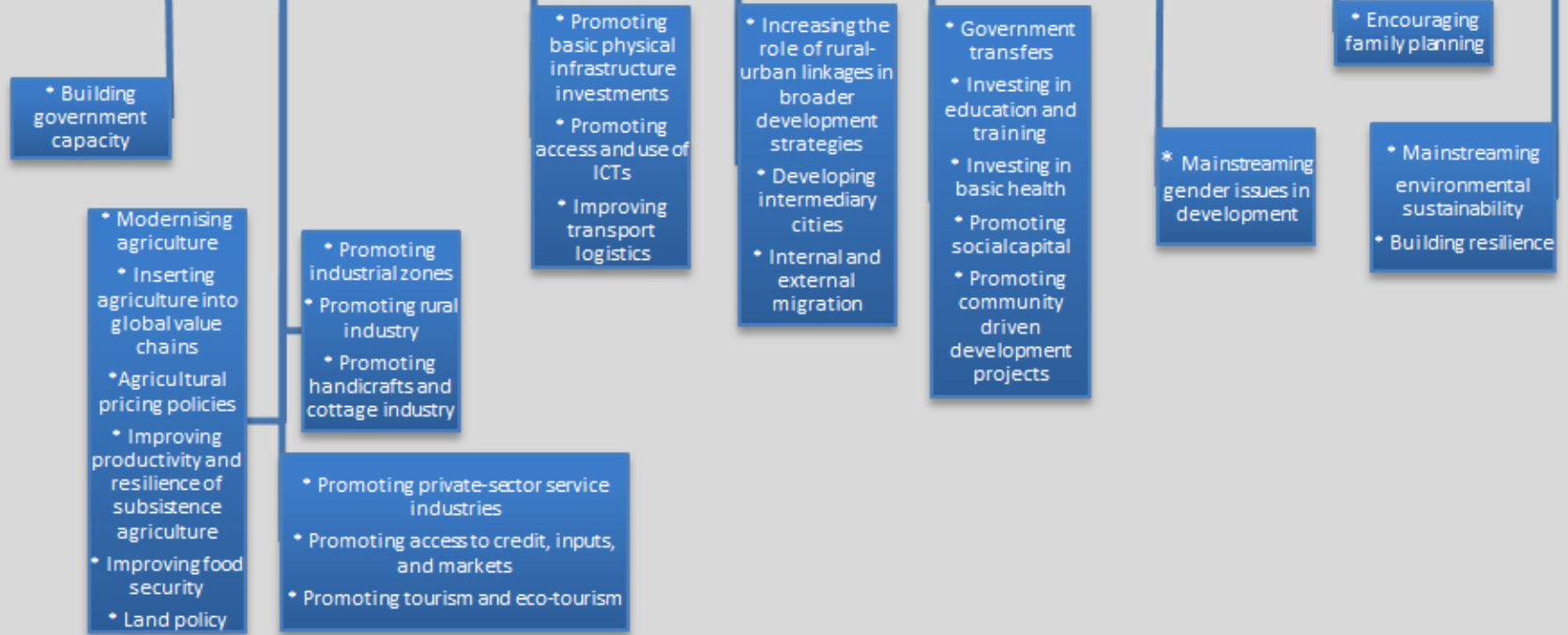
Multiple Agents And Multiple Levels



Components



Policy Tools





THANK YOU

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Why a new rural development paradigm?

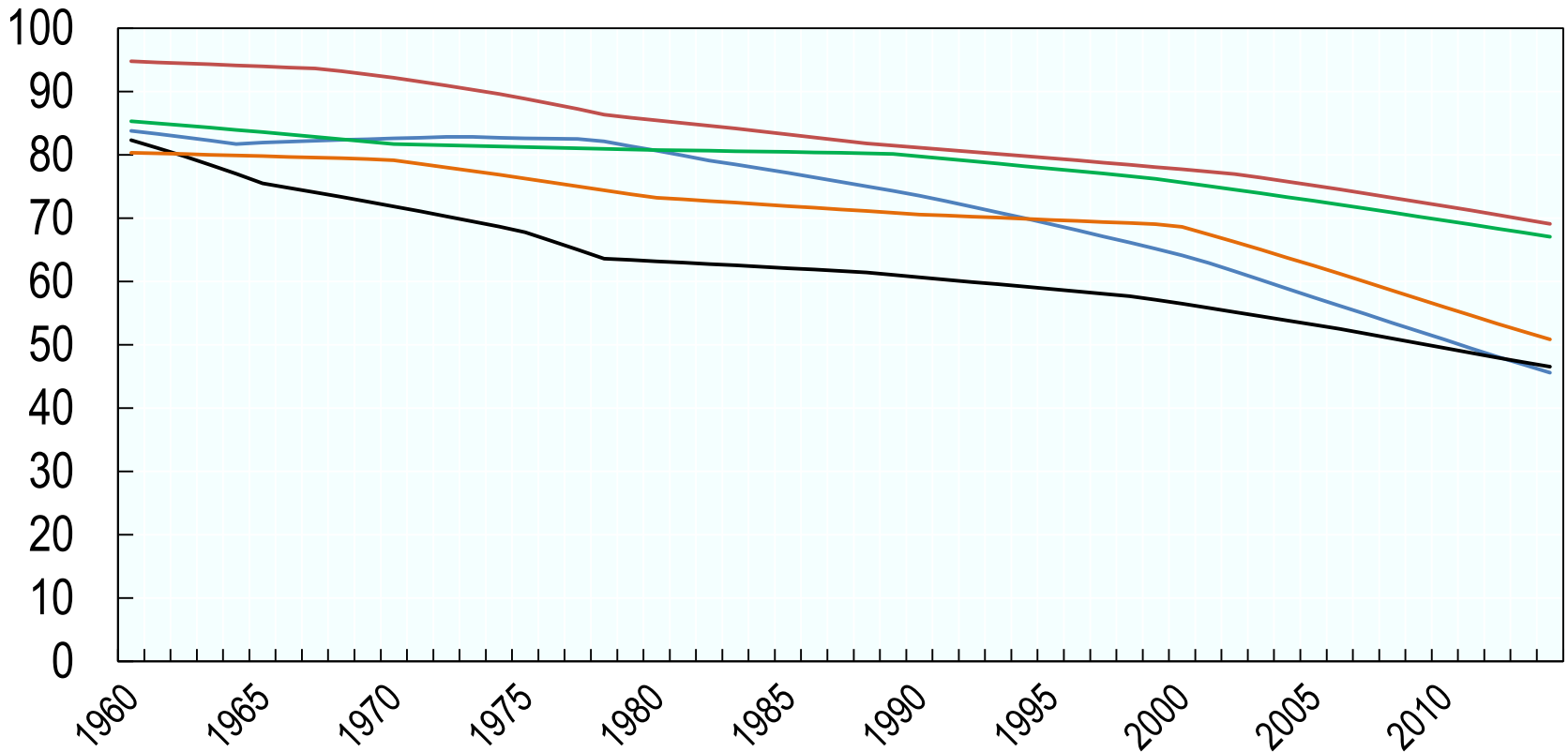
- Three billion people live in rural areas in developing countries and number will continue to rise for the next 15 years
- More than 60% of rural population in developing countries is below \$2.00PPP/day
- Developing countries need better strategies to deal with large and growing rural populations
- Effective rural development strategies are going to be necessary to achieve the Sustainable Development Goals



Rural population in selected countries, 1960-2014

— China — Cote d'Ivoire — Thailand — Tanzania — Vietnam

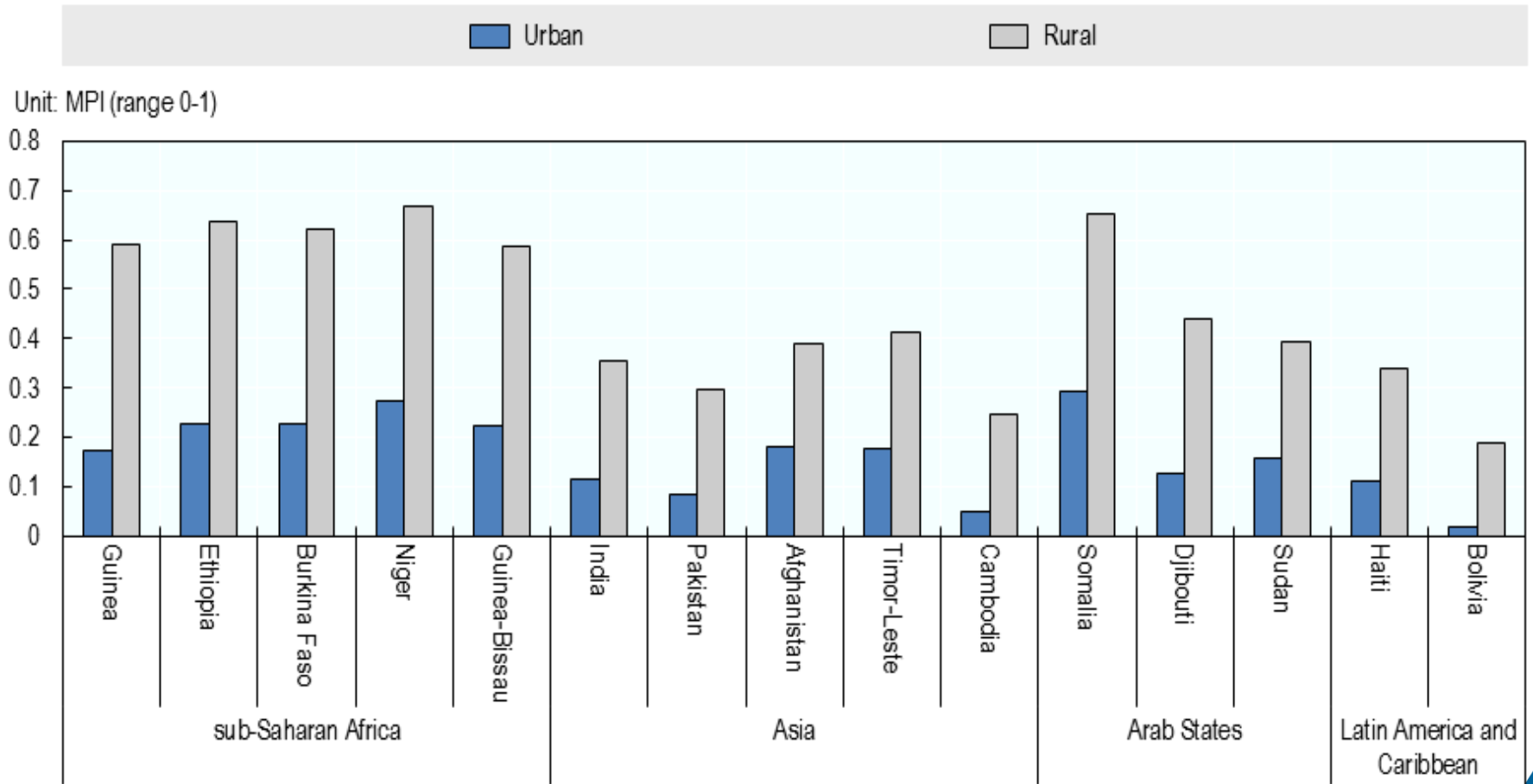
% of total population



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)

	China	Korea	Thailand	Vietnam	Côte d'Ivoire	Tanzania
Access to electricity (% of total population with access)	100	100	100	99	55.8	15.3
% of urban population	100	100	100	100	88.1	46.4
% of rural population	100	100	99.8	97.7	29	3.6
Improved water source (% of total population with access)	93.2	97.6	97.1	93.8	81.2	55.4
% of urban population	97.5	99.7	97.5	98	92.8	78.9
% of rural population	88.5	87.9	96.8	91.9	68.6	45.5
Improved sanitation facilities (% of total population with access)	73.1	100	93.2	73.1	21.6	14
% of urban population	84.4	100	89.9	90.8	32.4	28.3
% of rural population	60.9	100	96.1	64.8	10	8.1

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.

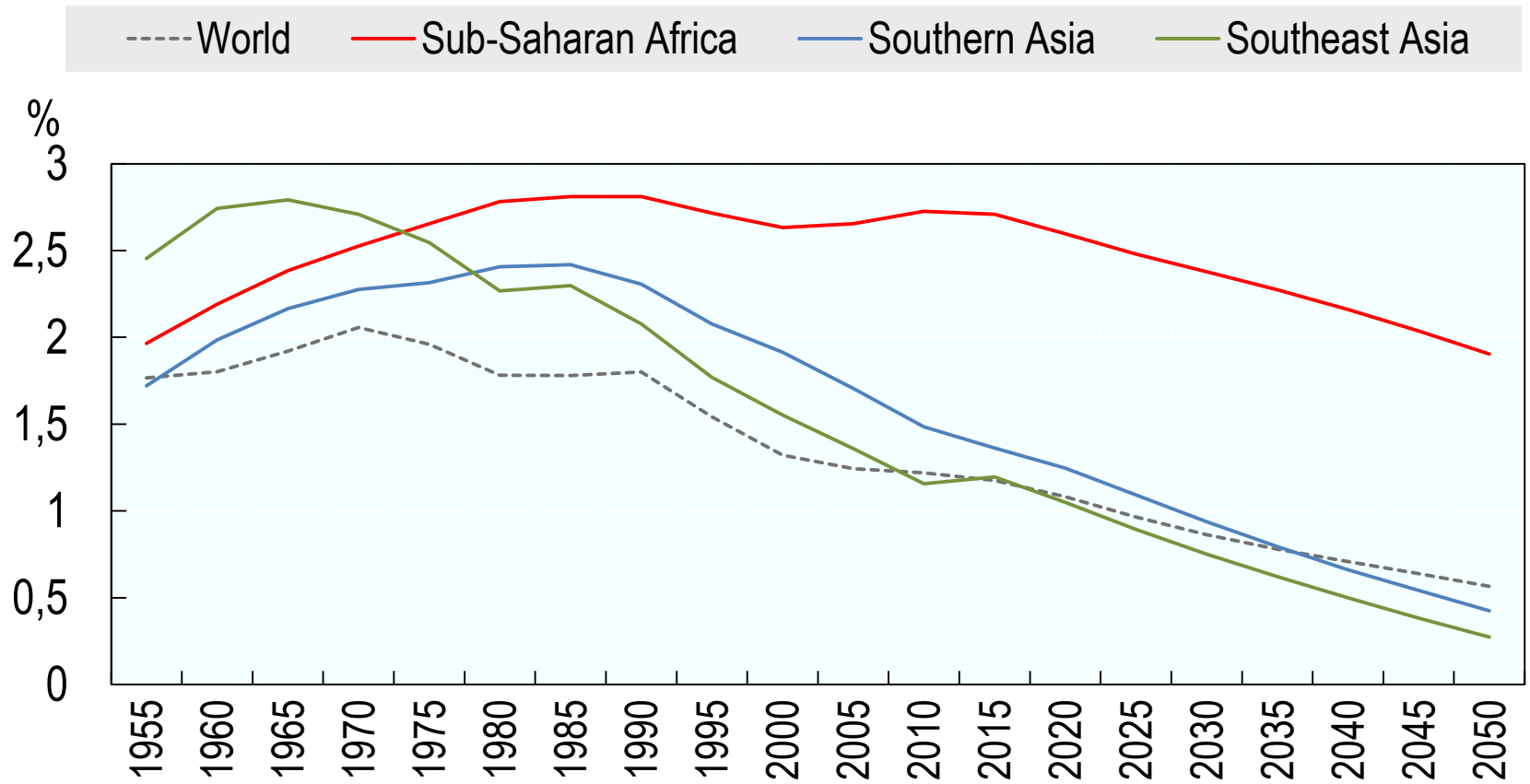
Opportunities

- 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



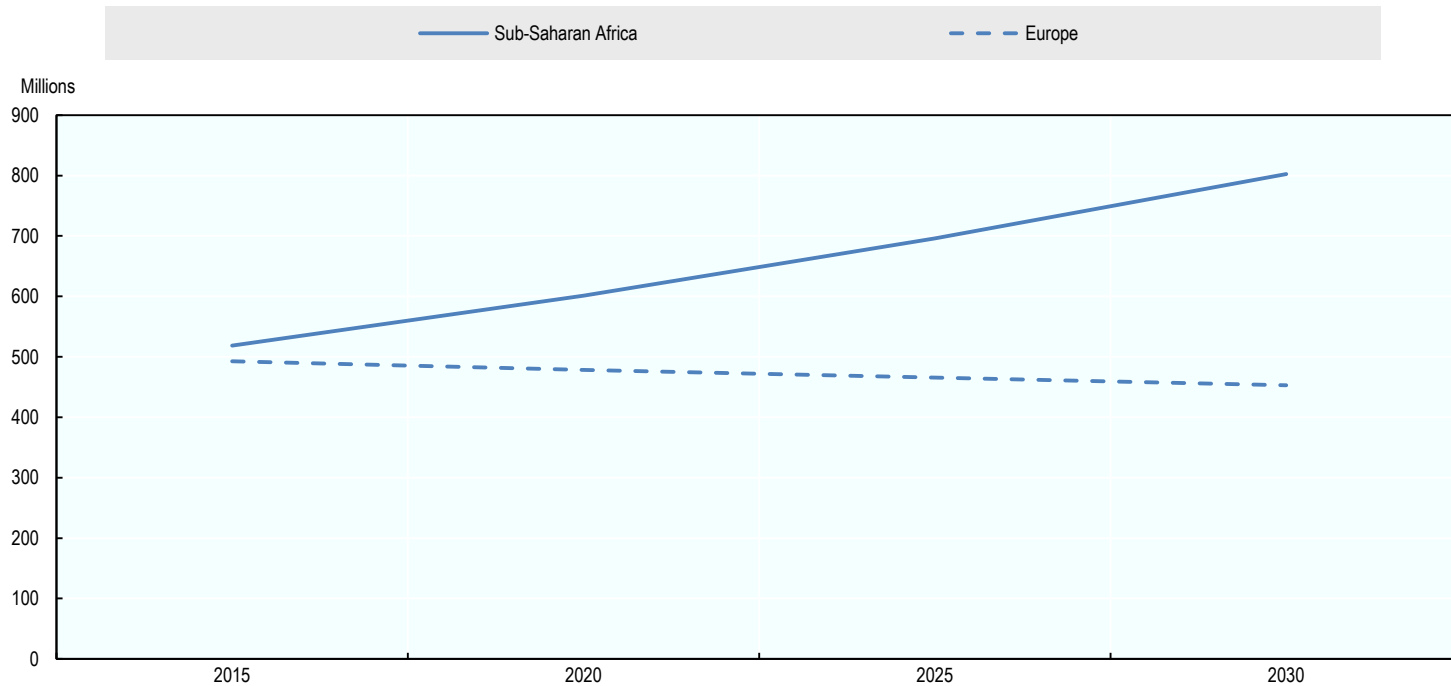
Population Growth Rates in the Developing World (1950-2050)

Population Growth Rates





Working-age population, 2015-2030



Source: UN, World Population Prospects, 2015 revision

	2015	2020	2025	2030	2035	2040	2045	2050
Sub-Saharan Africa	519	601	696	803	918	1 042	1 172	1 308
Europe	492	479	466	453	442	431	418	405

Note: population is expressed in millions



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



Desirable next steps: Pilot the implementation of NRDP in 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



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.



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