Ending poverty and hunger by investing in agriculture and rural areas
KEY MESSAGES

➔ Investing in the agricultural sectors is key to eradicating poverty, hunger and malnutrition, particularly in rural areas where most of the world’s poorest live. Investments need to simultaneously 1) increase small-scale farmers’ productivity and income; 2) diversify farmers’ income through value chain development; and 3) create more and better jobs for the rural poor.

➔ In addition to investing in agriculture, reducing poverty also requires investing in rural non-farm economies, strengthening rural institutions and organizations, and expanding the coverage of social policies social protection, basic infrastructure and public services. FAO helps countries improve access to technologies, services and markets, as well as access to and sustainable management of natural resources for poor rural people, including smallholders and family farmers, to increase their productivity and income in the context of mitigation and adaptation to climate change.

➔ Investment in agriculture and rural areas will need to increase substantially to achieve the Sustainable Development Goals (SDGs) of eradicating poverty and hunger by 2030 and to feed an additional two billion people by 2050.

➔ Public sector investment is key in eradicating poverty because it provides public goods such as agricultural research and extension, education, infrastructure and services usually not supplied by the private sector. The public sector also provides crucial incentives for the regulation of sustainable management of natural resources.

➔ Private sector investments have a strong role to play in helping create markets for the poor, adding value to primary agricultural products, lowering the costs of technologies and services and fostering decent rural employment.

➔ Rural investment, pro-poor policies, social protection and strengthened rural institutions create the necessary positive climate for family farmers, small-scale producers and poor rural people to invest in their businesses and build sustainable, income-generating activities.

"FREEING THE WORLD OF HUNGER AND EXTREME POVERTY IS OUR FIGHT. NO ONE MUST BE LEFT BEHIND."

José Graziano da Silva, FAO Director-General
ENDING POVERTY AND HUNGER BY INVESTING IN AGRICULTURE AND RURAL AREAS

THE CONTEXT

While there has been an unprecedented achievement in poverty reduction in the last three decades, eradicating extreme poverty and halving poverty by 2030 are still two of our greatest challenges.

Today, about 767 million people continue to live in extreme poverty. Roughly, two thirds of the extreme poor live in rural areas, and the majority are concentrated in Sub-Saharan Africa and South Asia (World Bank, 2016).

Furthermore, progress in reducing poverty has not been synonymous with economic and social equality, demonstrating that economic growth in the last decades has not been inclusive enough. For example, the poorest of the poor have not seen their livelihoods improve in the last 30 years (Ravallion, 2016). While inequality among countries has narrowed, within-country inequality has increased between rural and urban areas and between genders.

In the past 30 years, private and public investments in agriculture and rural areas have remained stagnant or have declined in most developing countries, particularly in Sub-Saharan Africa and South Asia, where poverty and hunger are most prevalent (FAO, 2012).

With the adoption of the new 2030 Agenda for Sustainable Development, countries have renewed their commitment to fight poverty, hunger and malnutrition, recognising that equitable and sustainable growth and inclusive structural transformation are key to achieving sustainable development and lifting people out of poverty.

The 2030 Agenda is thus an opportunity to focus public and private investments in reaching the poorest of the poor, particularly in rural areas of the developing world. This task will not be simple and will require changing the way we think and act in relation to rural development.

Achieving the Sustainable Development Goals will require a significant increase in the quantity and quality of investment in agriculture and rural areas. Almost a decade ago, in 2009, the G8 countries pledged US $20 billion to agricultural development at their summit in L'Aquila, Italy. These pledges increased at the Pittsburgh G20 summit of the same year to US $22 billion although only part of this sum materialized. However, investment momentum has subsided in recent years. While food production will need to double to feed an additional two billion people by 2050, growing demand for agricultural products will increase pressure on already severely degraded natural resources.

Investments today need to take into account natural resource conservation and sustainable agricultural production, including investing in climate-smart technologies (FAO, 2016). To achieve SDG 1 (No Poverty) and SDG 2 (Zero Hunger), each country and region will have to evaluate its own pathways out of poverty; however, country experiences suggest that both social and economic interventions are equally important in reducing poverty (Marniesse and Peccoud, 2003). Economic growth (e.g. in agriculture) is not enough. To promote rural development and inclusion, countries must take specific policy and programmatic actions that reach the poor directly. This should include a combination of social and economic policies that address today’s challenges and enable and empower rural people to earn a living and shape their livelihoods (IFAD, 2016).
TODAY, ABOUT 767 MILLION PEOPLE CONTINUE TO LIVE IN EXTREME POVERTY.
Economic growth that focuses on agriculture and that increases the incomes of poor family farmers and landless labourers is particularly effective in reducing poverty (Rosegrant and Hazell, 2001).

Evidence shows that investment in agriculture is more effective in reducing poverty, particularly amongst the poorest people, than investment in non-agricultural sectors.

It is also up to 3.2 times better at reducing poverty in low-income and resource-rich countries (including those in sub-Saharan Africa) at least when societies are not unequal (Christiansen et al., 2010). However, agriculture is a broad sector and not all investments lead to poverty reduction.

For the rural poor to benefit from agricultural growth:

- land and access to natural resources must be more equitably distributed;
- publicly financed agricultural research must focus on the problems faced by poor family farmers and small scale producers as well as those faced by larger, more commercially oriented farms;
- new technologies must be suitable and profitable for all farm sizes;
- input, credit and product markets must ensure that all farms have access to the necessary, modern farm inputs and receive similar prices for their products;
- the rural labor force must be able to migrate to access employment in agriculture or diversify into rural non-farm activities; and
- policies must not discriminate against agriculture in general and family farmers in particular (Rosegrant and Hazell, 2001).

By implementing inclusive economic and social policies, the public sector has an important role in ensuring that the above conditions exist relative to agricultural investment. Through public investment, countries provide public goods such as agricultural research and extension, infrastructure and services, as well as regulation and incentives for the sustainable management of natural resources and for protecting tenure rights. Public investment should also support policies to guarantee health, education and social protection for the rural population, including for the poorest of the poor.
Public investment can stimulate the positive conditions on the ground that can attract further private investment, both from the rural households themselves and from the corporate private sector. The latter has a multiplier effect on the local economy. These benefits include generating demand for food and other rural goods and services. This in turn creates more employment opportunities for poor rural people, including those without access to land (FAO, 2014).

Examples of pro-poor investments include (IFAD, 2016):

- Promoting access to technologies and capacity development that enhance the employability and entrepreneurial capacity of rural people by expanding access to finance and financial services. These actions should place a particular emphasis on youth, women, landless workers and other groups facing substantial risk of exclusion;

- Supporting the development of membership-based farmers’ organizations and their professionalization and building business models for farmers’ organizations to better access markets;

- Promoting financial literacy and management skills, communication, advocacy and transparency;

- Promoting participatory research (that involves or is led by farmers and other local stakeholders) on topics such as seed conservation/dissemination, small machines, agroforestry systems, agroecology, water harvesting technologies;

- Improving market infrastructure in the most vulnerable and poorest communities (i.e.: investing in roads, electricity grids, connectivity, storage and warehousing capacity, rural and wholesale markets, footpaths, bridges, schools and other buildings, irrigation and drainage, water supply and sanitation, energy, and telecommunications);

- Creating public works and employment guarantee schemes, engaging participants in manual, labor-oriented activities, such as building or rehabilitating community assets and public infrastructure.
There are multiple pathways for reducing rural poverty.

One pathway consists in assisting rural households to specialize in the agricultural sector, allowing them to be more productive and integrated in markets. Another pathway is creating more and better employment opportunities in the off-farm and non-farm sector to allow for income diversification.

Agricultural employment, which tends to be seasonal, derives its apparent lower productivity (vis-à-vis other sectors) from underemployment (McCullough, 2016). Investments can help smooth the labour calendar for poor households by promoting diversification and intensification of agricultural production systems where feasible, as well as creating off-season employment in the rural non-farm economy (Christiansen, 2017).

Therefore, policies and investments should not only focus on boosting agriculture but also boost the development of other activities available to the rural poor. Poor rural households often start small-scale businesses themselves because of a lack of local employment opportunities or because these jobs require skills and training that they do not have.

To promote these different pathways, investments should create an enabling environment that leads to decent job creation in both the agricultural and non-agricultural sectors. For example, investments in roads and transportation, telecommunications, solar energy, enhancing processing and storage facilities for agricultural products, as well as boosting rural tourism, all contribute to creating jobs, enabling livelihoods to flourish and helping break the cycle of poverty.

Finally, investments must take into account social dimensions, which are fundamental for the development and sustainability of any society. This includes expanding the coverage of basic health, nutrition and education services as well as social protection, both as safety-nets and as contributory schemes to poor rural families.
POLICIES AND INVESTMENTS SHOULD NOT ONLY FOCUS ON BOOSTING AGRICULTURE BUT ALSO BOOST THE DEVELOPMENT OF OTHER ACTIVITIES AVAILABLE TO THE RURAL POOR.
To meet the goals of eradicating hunger and poverty, investments in agriculture and rural areas should help remove the structural constraints that poor rural people face.

This includes promoting transfers of assets, technologies and inputs, such as: small livestock, fertilizers, pest management solutions and improved seeds, to improve farmers’ productivity and food security, as well as enhancing the conditions for better handling harvest and storage facilities. These actions can also help avoid seasonal spikes in food prices, particularly of staple crops in Sub-Saharan Africa (Gilbert, Christiansen and Kaminski, 2017).

However, to reduce poverty and food insecurity, these efforts need to be accompanied with interventions to ensure the proper use of inputs and natural resources, such as investments in rural advisory services, nutrition-sensitive agriculture (Carletto et al., 2015) and climate-smart agricultural practices including agroecology. These interventions can enhance poor rural households’ resilience to climate change, increasing their capacity to adapt to new climatic conditions and diversifying their agricultural production.

Securing land tenure rights is also fundamental for developing more dynamic markets and enabling poor family farmers and small scale producers to invest in their farms, rent-in, rent-out land, or take in other off-farm income opportunities. Strategic investments also include ones that strengthen rural institutions and farmers’ organizations, increase access to knowledge, services (e.g. financial) and markets and prompt collective action.

Finally, for investments to be strategic, they should also focus on the needs of rural women, and in particular on labour saving technologies. Women’s agricultural plots tend to be less productive than those of men because women often have more difficulty in accessing productive resources and labour in their fields. Women farmers also tend to have more household responsibilities and therefore have less time to spend on the farm, making it less productive as seen in Sub-Saharan Africa.
A BROAD APPROACH TO REDUCE RURAL POVERTY

STRATEGIC WORK OF FAO TO REDUCE RURAL POVERTY (Kilic et al., 2015). Though often excluded, rural women, like their male counterparts, need access to both economic (agriculture, off-farm employment) and social interventions (social protection, care and education services for their children and health). In fact, interventions that focus on women tend to have higher impacts in welfare outcomes as they generally invest more in their families and communities (FAO, 2011).

FAO has recently worked with the government of Guatemala to create an enabling environment for forest and farm producers to reach decent standard of living. In 2015, this engagement led to the approval of the Probosque Law, which assigns 1 percent of revenues in the national budget to forest producers for the next 30 years.

In Guatemala, forest and farm producer organizations play a vital role in creating income and job opportunities in rural areas, where poverty is most concentrated and youth migration is rife. Yet, they often lack access to productive resources, markets, services and skills, and face marginalization from decision-making, which prevents them from reaching their full potential.

Through the programme, FAO is helping forest and farm producers increase their bargaining power, improve their productivity and ensure their participation in policy making processes. This programme is part of FAO’s efforts to empower rural people to access markets, technologies, information and services while achieving the sustainable management of natural resources.

FORMULATED WITH THE SUPPORT OF THE FAO AND THE ACTIVE PARTICIPATION OF THE NATIONAL ALLIANCE OF COMMUNITY FOREST ORGANIZATIONS OF GUATEMALA (ALIANZA), THE NEW LAW AIMS TO ACHIEVE FOOD AND INCOME SECURITY FOR SMALL FARMERS BY FINANCING ACTIVITIES TO TACKLE CLIMATE CHANGE, IMPROVE FORESTS PRODUCTION AND CONSERVE NATURAL RESOURCES.

Overall, 7.5 million people will benefit from the law, which is expected to create more than 20,000 jobs, provide indirect employment for further 60,000 people and improve the livelihoods of around 1.5 million families.

Producer organizations contribute to increase food production through economies of scale (FAO, 2016).
FAO SUPPORT TO PRO-POOR AND RESPONSIBLE INVESTMENTS

FAO is working with international financial institutions and other partners to help countries increase their investments, but also to better invest in agriculture and rural development in the long term. Through its Investment Centre, FAO provides support in four main areas:

**POLICY SUPPORT**
Strengthening the linkages between policy and investment plans is key to ensure the success of investments. FAO provides countries with policy support to create a positive climate for public and private investment in agriculture and rural development. This includes supporting government decision-making on pro-poor investment by advising on policies and legislations and undertaking market/sector analyses as well as value chain studies.

**INVESTMENT PROGRAMME SUPPORT**
FAO supports countries in the design, implementation, monitoring and evaluation of agricultural and rural development investment plans, programmes and projects. FAO works with financing institutions, national and international organizations, the private sector and producer organizations to promote inclusive investment processes; it also elaborates socio-economic assessments and gender analyses to better link investment programmes to the needs of the beneficiaries. FAO additionally provides countries with capacities to formulate effective investment plans, through practical guidance and tools, institutional strengthening and learning support.

**SHARING KNOWLEDGE AND LEARNING**
To achieve better and greater investments in agriculture and rural development, FAO promotes exchanges of knowledge and experiences among countries and regions. FAO also works to generate knowledge and data on the potential of investments for eradicating poverty and hunger; this includes producing policy guidelines, multi-sector and territorial development studies,
A BROAD APPROACH TO REDUCE RURAL POVERTY

FAO is supporting the implementation of the Principles for Responsible Investment in Agriculture and Food Systems. Endorsed by the Committee on World Food Security in 2014, the principles aim to improve nutrition and eradicate food insecurity and poverty by promoting investments that:

- contribute to food security and nutrition
- contribute to sustainable and inclusive economic development and the eradication of poverty
- foster gender equality and women’s empowerment
- engage and empower youth
- respect tenure of land, fisheries, and forests, and access to water
- conserve and sustainably manage natural resources, increase resilience, and reduce disaster risks
- respect cultural heritage and traditional knowledge, and support diversity and innovation
- promote safe and healthy agriculture and food systems
- incorporate inclusive and transparent governance structures, processes, and grievance mechanisms
- assess and address impacts and promote accountability

These ten principles are complementary, apply to all sizes and types of agricultural investments, including ones in fisheries, forests and livestock, and to all stages of the value chain. FAO contributes to the implementation of these principles by strengthening the capacities of policy makers, government staff, parliamentarians, small-scale food producers, producer organizations, and the corporate private sector to make responsible investments in agriculture and food systems.

ENDING POVERTY AND HUNGER BY INVESTING IN AGRICULTURE AND RURAL AREAS

EXAMPLES OF STRATEGIC INVESTMENTS FOR POVERTY REDUCTION

BETTING ON RURAL YOUTH TO ERADICATE POVERTY IN MALI

Contributing to 36 percent of the GDP, agriculture is a key component of the economy in Mali. Yet, in rural areas, youth unemployment levels remain high. Each year, around 180 000 young people enter the labour market in Mali and find it extremely difficult to find a job. In particular, young people have difficulty fully engaging in the agricultural sector because they lack access to land, market, technologies, microcredit and occupational skills.

Together with fast population growth, this situation increases distress migration, forcing them to leave rural areas in search for better opportunities. This poses additional sustainability challenges to urban centers.

Together, IFAD and FAO have designed the Rural Youth Vocational Training, Integration in Agricultural value-chains and Entrepreneurship project to better engage youth in sustainable agriculture and rural development. The initiative is part of FAO-IFAD’s Cooperative Programme framework and aims to provide poor young people with occupational skills to increase their opportunities for decent and profitable employment along different agricultural value chains and in the broad rural economy.

The project also helps young entrepreneurs set up their activities by improving their access to financial services and supporting them in formulating and implementing their business plans. The initiative also aims to support farmer organizations to improve their governance and increase young rural people’s representation at the regional and national level.

The project began in 2014 and has already contributed to strengthening the capacities of four young vocational training centers and established two new centers in Koulikoro and Sikasso to promote employment facilities. Thanks to this initiative, young entrepreneurs representing around 130 income generating activities, have received support to develop their business plans and microenterprises, in collaboration with local rural microfinance institutions.

Overall, the project is expected to provide vocational training to some 100 000 rural young people (of which 50 percent are women and girls) by 2022, and enable around 15 550 rural youth to better access employment and income generating opportunities, including wage employment, in rural enterprises.
A BROAD APPROACH TO REDUCE RURAL POVERTY

MALI

Fisherman pulling a net
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SECURING LAND RIGHTS FOR INDIGENOUS PEOPLES IN HONDURAS AND GUATEMALA

There are more than seven million indigenous peoples in Honduras and Guatemala. They are often among the poorest in the region and depend heavily on natural resources, including forests and cultivable land, for their livelihoods. Yet, they frequently lack legal ownership, control over and access to land, which hinders their productive capacity and prevents them from investing in income-generating activities.

FAO is partnering with the World Bank to strengthen the governance and rights of indigenous communities over land and natural resources in Central America. In Honduras, this partnership has designed an investment plan to enable the delimitation and registration of new inter-communal titles in the Mosquitia region. As a result, in 2016 the President of Honduras recognized the ownership of more than one million hectares of communal land, including forests, to 12 regional councils of the Misquito Indigenous Peoples, and launched a Plan of Action to promote the conservation of natural resources and sustainable management of indigenous territories. Thanks to the recognition of communal land rights, around 17,500 poor indigenous families are now able to better access and manage the natural resources present in their territories.

In Guatemala, thanks to a US$62 million project designed by FAO and the World Bank, several indigenous and rural communities obtained legal recognition of their land as communal. Building on this success, FAO has supported the government in preparing a new investment project to improve the governance of land tenure in the country and has developed a complementary initiative to strengthen territorial management of communal lands.

To achieve inclusive land tenure systems, the project is also supporting the implementation of the Voluntary Guidelines on the Responsible Governance of Tenure, building the capacity of key stakeholders, including government officials and indigenous peoples, to strengthen the governance of land tenure and of other natural resources.
In the Khatlon region of Tajikistan, poor smallholders and family farmers dominate the livestock sector, but most struggle with the limited availability and high costs of feed, degraded pasture lands, acquisition of good quality fodder seed or animal health care and access to financial services, markets or technologies. In addition to these challenges, poor farmers generally do not practice proper animal husbandry. Collectively, this leads to low productivity of livestock.

FAO, together with IFAD, is supporting around 25,000 rural households in Tajikistan to increase the productivity of pastures and enhance women farmers’ capacity to process and market livestock products.

By strengthening institutions and community organizations, including Pasture Users Unions, promoting private sector services and improving pasture management through veterinary trainings and study tours, the Livestock and Pasture Development Project aims to reduce poverty and enhance the nutrition of rural households. This US$ 15.8 million initiative also aims to increase income generating opportunities of rural women, including youth, by proving them with job skills, productive inputs and organizational capacities.

After only two years of implementation, about 92,000 men and 88,600 women have already benefitted from better management of natural resources and improved animal health. The project has also contributed to improving pasture lands through the distribution of mineral fertilizers, fodder crop seeds and innovative technologies. Combined with enhanced infrastructure, pasture rotation techniques and a supply of agricultural machinery and equipment, pasture lands have greatly improved.

So far, livestock productivity has increased by 15-20%, creating more than 300 jobs in the region. The initiative has also contributed to establishing around 200 Pasture Users Unions across the Khatlon region, and developing 200 Community Livestock and Pasture Management Plans, while fostering increased investments in infrastructure (with around 24 new veterinary clinics built), agricultural technologies and machinery.

In the Muminobod district, thanks to the provision of agricultural machinery and organizational strengthening, rural women received training on milk processing, poultry keeping, small ruminants breeding, and bee-keeping activities. They are now able to access better income generating opportunities and make a living from their labor.
In the Vietnamese province of Ha Giang, more than 23 percent of people live under the poverty line, with an additional 15 percent considered “near poor” and vulnerable to falling back into poverty. In this province, lack of access to agricultural land, climate change impacts, limited rural infrastructure and low literacy levels exacerbates poverty.

In 2014, FAO and IFAD designed the IFAD-funded Commodity-Oriented Poverty Reduction Programme to sustainably improve incomes and reduce the vulnerability to climate change of poor rural households in the Ha Giang province. The programme focuses on 30 of the poorest communes with poverty rates (around 53 percent poor and near poor) being considerably higher than the provincial average. The aim is to halve poverty in this area, benefitting some 40 000 poor rural people (around 10 000 households), including small-scale family farmers.

This US$ 33.8 million initiative aims to sustainably raise agricultural productivity by strengthening collaboration among agricultural enterprises, cooperative groups and farm households, in the context of a climate-informed and market-oriented rural economy. To foster those synergies, the programme works to strengthen the capacity of both public and private sectors for managing market-led development, and to expand participatory, climate-adapted market-oriented socio-economic development planning processes at provincial, district and commune levels. The programme also aims to build community and institutional capacity to elaborate gender-sensitive, community-based adaptation and mitigation planning.

To reduce vulnerability to climate change, this programme also channels investments towards improving existing farming systems and developing new farming systems that incorporate innovative climate-smart technologies. This includes enhancing the capacity of poor farmers to adopt climate-smart agricultural techniques, integrating teaching on conservation-based farming into primary schools’ curricula and providing starter kits and gardening tools to establish forage nurseries at schools.
REFERENCES


THE STRATEGIC WORK OF FAO

The five key priorities or Strategic Objectives of FAO represent the main areas of our work to support member states in sustainably achieving a world without hunger, malnutrition and poverty.

- Help eliminate hunger, food insecurity and malnutrition
- Make agriculture, forestry and fisheries more productive and sustainable
- Reduce rural poverty
- Enable inclusive and efficient agricultural and food systems
- Increase the resilience of livelihoods to threats and crises

To accomplish these objectives, FAO works through five Strategic Programmes, leveraging our technical leadership, while fully integrating gender, governance, nutrition and climate change impacts in all aspects of our work.

We are committed to supporting countries in implementing the 2030 Agenda.

SUSTAINABLE DEVELOPMENT GOALS

FOOD and AGRICULTURE in the 2030 AGENDA

The 17 Sustainable Development Goals (SDGs) of the 2030 Agenda for Sustainable Development are a set of global priorities adopted by countries in September 2015 to end poverty and hunger, sustain the planet’s natural resources and ensure prosperity for all.

Food and agriculture cut across all the SDGs and lie at the very heart of the 2030 Agenda.

With an integrated approach aimed at tackling the root causes of poverty and hunger, sustainable management of natural resources and leaving no one behind, the strategic work of FAO is broadly aligned with the SDGs.

Our wide-range of technical expertise, length of experience working with development partners and unique skills in the three dimensions of sustainable development (social, economic and environmental) qualify FAO as a valuable ally for countries in implementing and monitoring the SDGs.

To learn more, consult our webpage on the work of FAO in the SDGs. This page is continuously updated with all the latest developments in relation to food and agriculture in the 2030 Agenda.

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