



Food and Agriculture
Organization of the
United Nations

2017

IN BRIEF

THE STATE OF FOOD AND AGRICULTURE

**LEVERAGING FOOD
SYSTEMS FOR INCLUSIVE
RURAL TRANSFORMATION**



BANGLADESH

FAO promotes safe street-foodvending and enhances food-safety monitoring in cities.

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CONTENTS

This booklet contains the key messages and content from the publication *The State of Food and Agriculture 2017*. The numbering of the tables and figures corresponds to that publication.

Foreword	4
EXECUTIVE SUMMARY	9
▶ FIGURE 2 Changes in proportions of rural and urban poor, and non-poor, in total population of selected countries, by region, 1990s–2010s	10
Overarching challenges of ongoing transformations	12
Leveraging food systems for rural transformation	13
▶ FIGURE 18 Changes in share of non-agricultural employment and increases in agricultural productivity, 1990s–2010s	14
▶ FIGURE 20 Changes in food and beverages subsector value added in Indonesia, 1990–2013	15
▶ FIGURE 10 Correlation between consumption of staple foods and GDP per capita in selected countries in developing regions, 2010	16
▶ FIGURE 11 Correlation between consumption of animal products and GDP per capita in selected countries in developing regions, 2010	16
▶ FIGURE 12 Food system value chains linking rural areas and small cities	17
▶ FIGURE 6 Distribution of population along the rural–urban spectrum, globally and by region, 2000	18
▶ FIGURE 22 Geographic range of agroterritorial investments and type of governance responsibility	19
Farming systems need to adjust	21
▶ FIGURE 16 Changes in agricultural land area per capita of rural population, by region, 1970–2050	21
Keeping an eye on the bigger picture	23
▶ FIGURE 21 Female share in agricultural employment, globally and by subregion	24

COVER PHOTOGRAPH

HOI AN, VIET NAM. Preparing food at a stall in the market.


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FOREWORD

In adopting the 2030 Agenda for Sustainable Development two years ago, the international community committed itself to eradicating hunger and poverty and to achieving other important goals, including making agriculture sustainable, securing healthy lives and decent work for all, reducing inequality, and making economic growth inclusive. With just 13 years remaining before the 2030 deadline, concerted action is needed now if the Sustainable Development Goals are to be reached.

There could be no clearer wake-up call than FAO's new estimate that the number of chronically undernourished people in the world stands at 815 million. Most of the hungry live in low-income and lower-middle-income countries, many of which have yet to make the necessary headway towards the structural transformation of their economies. Successful transformations in other developing countries were driven by agricultural productivity growth, leading to a shift of people and resources from agriculture towards manufacturing, industry and services, massive increases in per capita income, and steep reductions in poverty and hunger. Countries lagging behind in this transformation process are mainly concentrated in sub-Saharan Africa and South Asia. Most have in common economies with large shares of employment in agriculture, widespread hunger and malnutrition, and high levels of poverty. According to the latest estimates, some 1.75 billion people in low-income and lower-middle-income countries survive on less than US\$3.10 a day, and more than 580 million are chronically undernourished.

The prospects for eradicating hunger and poverty in these countries are overshadowed by the low productivity of subsistence agriculture, limited scope for industrialization and – above all – by rapid rates of population growth and explosive urbanization. Between 2015 and 2030, their total population is expected to grow by 25 percent, from 3.5 billion to almost 4.5 billion. Their urban populations will grow at double that pace, from 1.3 billion to 2 billion. In sub-Saharan Africa, the number of people aged



15–24 years is expected to increase by more than 90 million by 2030, and most will be in rural areas. Young rural people faced with the prospect of a life of grinding poverty may see few other alternatives than to migrate, at the risk of becoming only marginally better off as they may outnumber available jobs in urban settings.

The overarching conclusion of this report is that fulfilling the 2030 Agenda depends crucially on progress in rural areas, which is where most of the poor and hungry live. It presents evidence to show that, since the 1990s, rural transformations in many countries have led to an increase of more than 750 million in the number of rural people living above the poverty line. To achieve the same results in the countries that have been left behind, the report outlines a strategy that would leverage the enormous untapped potential of food systems to drive agro-industrial development, boost small-scale farmers' productivity and incomes, and create off-farm employment in expanding segments of food supply and value chains. This inclusive rural transformation would contribute to the eradication of rural poverty, while at the same time helping end poverty and malnutrition in urban areas.

A major force behind inclusive rural transformation will be the growing demand coming from urban food markets, which consume up to 70 percent of the food supply even in countries with large rural populations. Thanks to higher incomes, urban consumers are making significant changes in their diets, away from staples and towards higher-value fish, meat, eggs, dairy products, fruit and vegetables, and more processed foods in general. The value of urban food markets in sub-Saharan Africa is projected to grow from US\$150 billion to US\$500 billion between 2010 and 2030.

Urbanization thus provides a golden opportunity for agriculture. However, it also presents challenges for millions of small-scale family farmers. More profitable markets can lead to the concentration of food production in large commercial farms, to value chains dominated by large processors and retailers, and to the exclusion of

smallholders. To ensure that small-scale producers participate fully in meeting urban food demand, policy measures are needed that: reduce the barriers limiting their access to inputs; foster the adoption of environmentally sustainable approaches and technologies; increase access to credit and markets; facilitate farm mechanization; revitalize agricultural extension systems; strengthen land tenure rights; ensure equity in supply contracts; and strengthen small-scale producer organizations. No amount of urban demand alone will improve production and market conditions for small-scale farming. Supportive public policies and investment are a key pillar of inclusive rural transformation.

The second pillar is the development of agro-industry and the infrastructure needed to connect rural areas and urban markets. In the coming years, many small-scale farmers are likely to leave agriculture, and most will be unable to find decent employment in largely low-productivity rural economies. A dynamic agro-industrial sector and growth of services in rural areas would create jobs in local economies, especially for women and youth, improving incomes and supporting overall gains in nutrition, health and food security.

Agro-industry is already an important sector in many agriculture-based economies. In sub-Saharan Africa, food and beverage processing represents between 30 percent and 50 percent of total manufacturing value added in most countries, and in some more than 80 percent. However, the growth of agro-industry is often held back by the lack of essential infrastructure – from rural roads and electrical power grids to storage and refrigerated transportation. In many low-income countries, such constraints are exacerbated by a lack of public- and private-sector investment.

The third pillar of inclusive rural transformation is a territorial focus in rural development planning, designed to strengthen the physical, economic, social and political connections between small urban centres and their surrounding rural areas. In the developing world, about half of the total urban population, or almost 1.5 billion people, live in cities and towns of 500 000 inhabitants or fewer. Too often ignored by policy-makers and planners, territorial networks of small cities and towns are important reference points for rural people – the places where they buy their seed, send their children to school and access medical care and other services.

Recent research has shown how the development of rural economies is often more rapid, and usually more inclusive, when integrated with that of these smaller urban areas. In the agroterritorial development approach described in this report, links between small cities and towns and their rural “catchment areas” are strengthened through infrastructure works and policies that connect producers, agro-industrial processors and ancillary services, and other downstream segments of food value chains, including local circuits of food production and consumption. Examples of the approach include agro-corridors, in which lines of transportation, sometimes stretching for hundreds of kilometres, connect production areas to small urban hubs, and agroclusters, which link food producers, processors and institutions in networks to address common challenges.

Policy-makers are urged to recognize the catalytic role of small cities and towns in mediating the rural–urban nexus and providing smallholder farmers with greater opportunities to market their produce and share in the benefits of economic growth. Small cities and towns can also serve as hubs for a thriving services sector, which would drive broad-based economic growth in rural areas and structural transformation of the economy as a whole.

FAO has published *The State of Food and Agriculture* reports annually since 1947. Advances in agriculture since then have achieved a quantum leap in food production, bolstered world food security and supported the structural transformations that have brought prosperity to a large part of the world population. However, with an estimated 815 million people worldwide still suffering from chronic hunger, and millions more living in poverty, much more remains to be done. Unless economic growth is made more inclusive, the global goals of ending poverty and achieving zero hunger by 2030 will not be reached. The international community must work together now to ensure that those “left behind” take their rightful place in a world serving people, planet, prosperity, partnerships and peace.



José Graziano da Silva
FAO Director-General



HAVANA, CUBA
Cultivating crops at a
peri-urban agriculture
cooperative.
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EXECUTIVE SUMMARY

Economic progress in developing countries since the 1990s has led to an increase of more than 1.6 billion in the number of people living above the moderate poverty line. They include 750 million rural people who continue to live in rural areas – demonstrating that rural development has been, and will continue to be, essential to eradicating hunger and poverty. This report analyses the structural and rural transformations now under way in low-income countries, their impact on food systems, and the opportunities and challenges they present to millions of small-scale food producers. It shows how an “agroterritorial” planning approach, focused on connecting cities and towns and their surrounding rural areas, along with agro-industrial development, can leverage food systems to drive sustainable and inclusive rural development. It underscores the fact that rural transformation does not

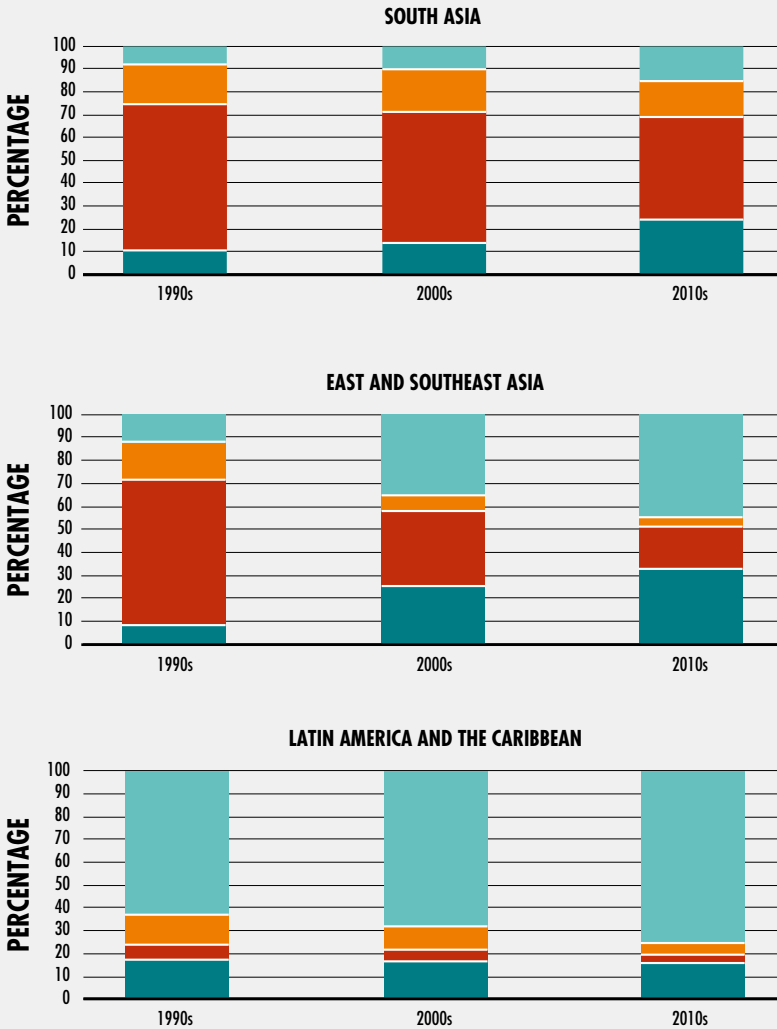
automatically lead to poverty reduction or improve food security. The choices of policy-makers are critical.

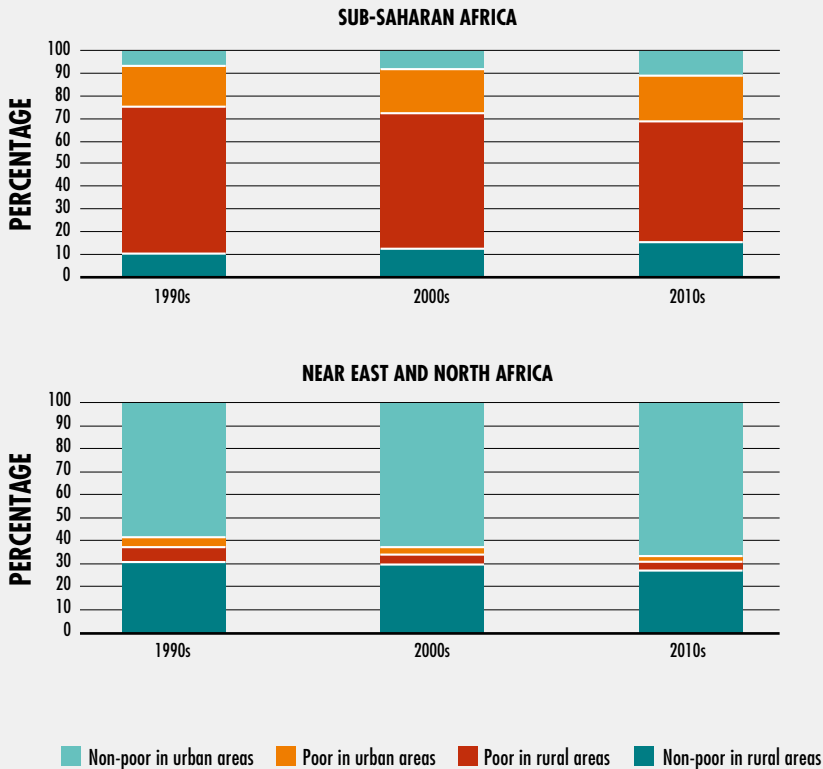
In the past, transformations from agriculture-based to industry- and service-based economies led to large-scale rural–urban migration. In East and Southeast Asia, despite considerable improvements in agricultural productivity, rural out-migration has caused the rural share of the total population to fall since the 1960s from 70 percent to about 50 percent. The main drivers of this out-migration have been faster growth and higher incomes in manufacturing and associated services. Productivity increases »

ECONOMIC GROWTH IN RURAL AREAS HAS HELPED MILLIONS ESCAPE POVERTY

and, when supported by policies for social protection, infrastructure development and the promotion of local economies, will be critical for ending hunger by 2030.

FIGURE 2 CHANGES IN PROPORTIONS OF RURAL AND URBAN POOR, AND NON-POOR, IN TOTAL POPULATION OF SELECTED COUNTRIES, BY REGION, 1990s–2010s





NOTES: Poverty level used is “moderate”, defined as living on less than US\$3.10 a day (2011 PPP US\$). The charts refer to the following countries, selected for data availability: East and Southeast Asia – Cambodia, China, Indonesia, Philippines, Thailand, Viet Nam; South Asia – Bangladesh, Nepal, India; Latin America and the Caribbean – Brazil, Colombia, Dominican Republic, Guatemala, Nicaragua, Peru; Sub-Saharan Africa – Burkina Faso, Côte d’Ivoire, Ethiopia, Mali, Malawi, Mozambique, Nigeria, Rwanda, South Africa, Uganda, United Republic of Tanzania, Zambia; Near East and North Africa – Iran (Islamic Republic of), Tajikistan, Tunisia, Turkey.

SOURCE: FAO calculations from World Bank and IFAD (2016).

» across all sectors have generated a positive dynamic for rural and structural transformation, which, while leading to rural–urban migration, has also resulted in major reductions in overall poverty. The challenges of the twenty-first century suggest that today’s rural transformations will be different from those of the past. ■

OVERARCHING CHALLENGES OF ONGOING TRANSFORMATIONS

Industrialization, the main driver of past transformations, is not occurring in most countries of sub-Saharan Africa and is lagging in South Asia.

Rapid urbanization in sub-Saharan Africa has not been matched by comparable growth in manufacturing and modern service sectors. People exiting low-productivity agriculture are moving mostly into low-productivity informal services, usually in urban areas. The benefits of this transformation have been very modest. Since the 1990s, poverty rates in sub-Saharan Africa have changed very little, and the absolute number of poor has increased. Instead of finding a pathway out of poverty, poor rural Africans who migrate to cities are more likely to join the already large numbers of urban poor. A similar dynamic is seen in South Asia, where the rural poor are more likely to escape poverty by remaining in rural areas than by moving to cities.

In the decades ahead, sub-Saharan Africa, in particular, will face large increases in its youth population and the challenge of finding them jobs.

Between 2015 and 2030, the combined population of Africa and Asia is projected

to increase from 5.6 billion to more than 6.6 billion. In the same period, the number of people aged 15–24 years is expected to grow by about 100 million to 1.3 billion worldwide. Almost all of that increase will take place in sub-Saharan Africa, and particularly in rural areas. With unprecedented growth in their youth populations, many low-income countries face the challenge of providing decent employment to millions of new entrants to their labour markets. Workers exiting agriculture and unable to find jobs in the local non-farm economy must seek employment elsewhere, leading to seasonal or permanent migration. Although educational opportunities and improved access to services are also important drivers, migration is driven mainly by the search for better jobs and income opportunities.

The world’s 500 million smallholder farmers risk being left behind in structural and rural transformations. The agribusinesses that dominate global input markets have little incentive to develop technologies for resource-poor smallholder farmers in developing countries. However, small-scale and family farmers produce 80 percent of the food supply in sub-Saharan Africa and Asia, and investments to improve their productivity are urgently needed. Many small-scale producers will have to adjust to ongoing changes in “downstream” food value chains, where large-scale processors and retailers, who are taking centre stage, use contracts to coordinate supply and set strict standards to guarantee food quality and safety. Those requirements

can marginalize smallholder farmers who are unable to adjust. While increased international trade could stimulate higher productivity and competitiveness, it may also limit local producers' access to the domestic market if urban consumers opt for cheaper imported food. The challenges facing domestic producers are exacerbated by the fact that import restraint measures, which helped East Asia and Latin America to develop their domestic markets, are now more restricted.

Urbanization, population increases and income growth are driving strong demand for food at a time when agriculture faces unprecedented natural-resource constraints and climate change.

The global population is projected to grow from some 7.3 billion today to almost 9.8 billion by 2050, with most of that increase coming in the developing regions. In low-income countries, the population may double to 1.4 billion. Feeding humanity will require a 50 percent increase in the production of food and other agricultural products between 2012 and mid-century. Meanwhile, urbanization and rising affluence are driving a “nutrition transition” in developing countries towards higher consumption of animal protein, which will require large increases in livestock production and its intensive use of resources. These increases have implications for agriculture and food systems – they need to adapt significantly to become more productive and diversified, while coping with unprecedented climate change and natural-resource constraints. Producing

more with less, while preserving and enhancing the livelihoods of farmers, is a global challenge.

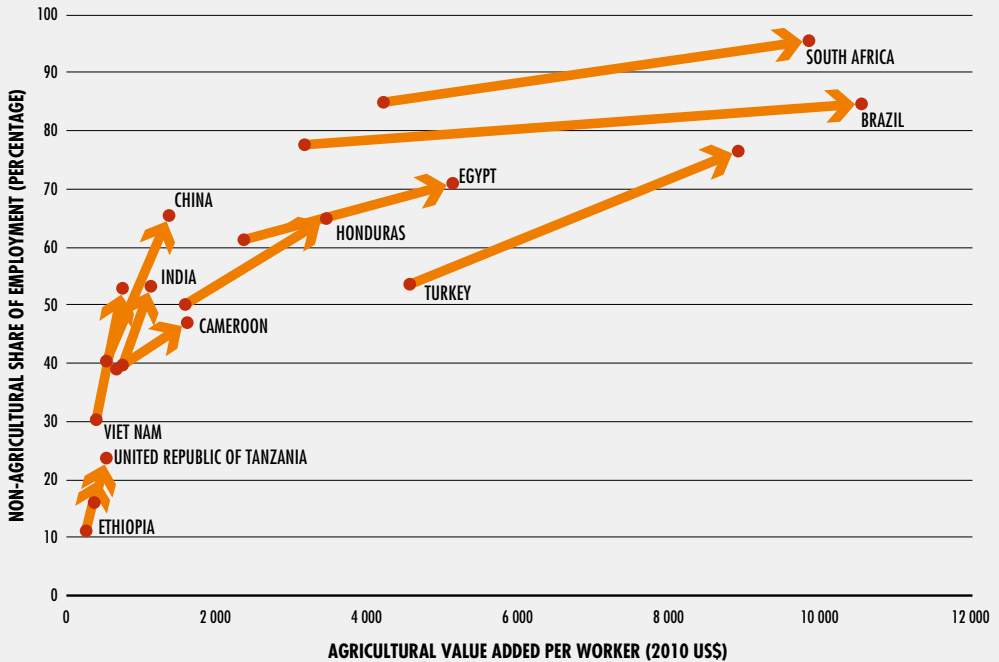
Addressing those four overarching challenges requires an understanding of food systems and how they are changing both rural and urban economies, of rural–urban linkages, and of how farmers and farming systems that feed the world will need to adjust to complex evolving demands. Improved understanding may provide insights into how to leverage food systems for an inclusive rural transformation that leads to prosperity and the eradication of hunger and poverty. ■

LEVERAGING FOOD SYSTEMS FOR RURAL TRANSFORMATION

In late-transforming countries with limited prospects for industrialization, agro-industry may be an important source of employment for those exiting agriculture. By one estimate, if nothing is done to change present trends, the integration of agricultural markets could lead 1.7 billion male and female farmers to leave agriculture over the next few decades. As labour exits agriculture, and pressure for rural out-migration increases, transforming countries will

IN COUNTRIES WITH RAPID POPULATION GROWTH AND LIMITED PROSPECTS FOR INDUSTRIALIZATION, creating jobs for youth will require dynamic growth of decent employment in on-farm and off-farm activities, such as food processing, services and agritourism.

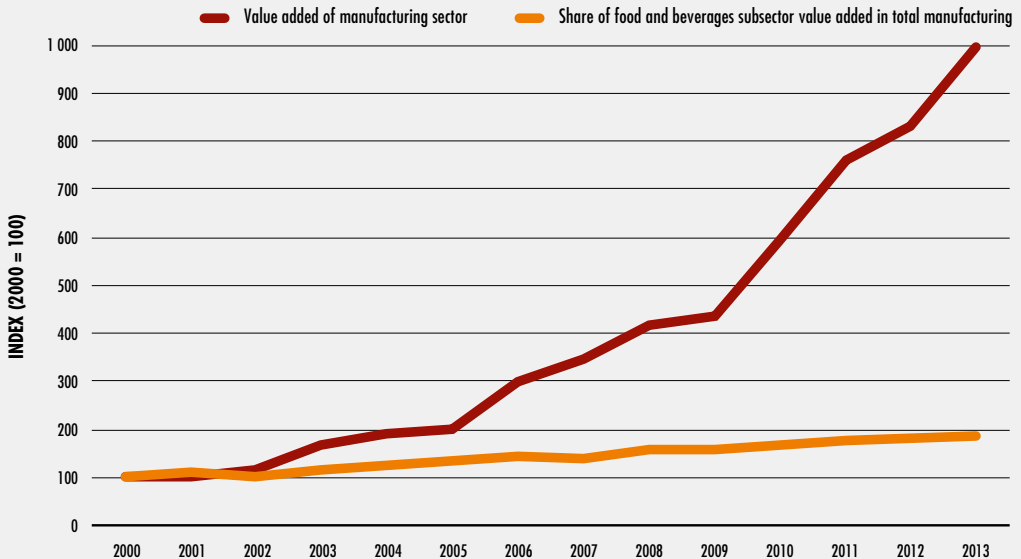
FIGURE 18 CHANGES IN SHARE OF NON-AGRICULTURAL EMPLOYMENT AND INCREASES IN AGRICULTURAL PRODUCTIVITY, 1990s–2010s



SOURCE: FAO calculations from World Bank and IFAD (2016).

need to create jobs in off-farm agriculture-related activities, such as food processing and trading. The development of midstream and downstream segments of the food system expands off-farm employment, providing opportunities for inclusive transformation of rural territories linked to the smaller urban areas servicing them. Food industries have grown rapidly in the developing world in the past three

decades. Agro-industry accounts for more than 50 percent of total manufacturing value added in low-income countries, and 30 percent in middle-income countries. Because food processing tends to be more labour-intensive, and labour productivity is above the average in manufacturing, the food and beverages subsector has high potential for creating non-farm employment. Female employment in high-value agroprocessing

FIGURE 20 CHANGES IN FOOD AND BEVERAGES SUBSECTOR VALUE ADDED IN INDONESIA, 1990–2013

SOURCE: UNIDO, 2017.

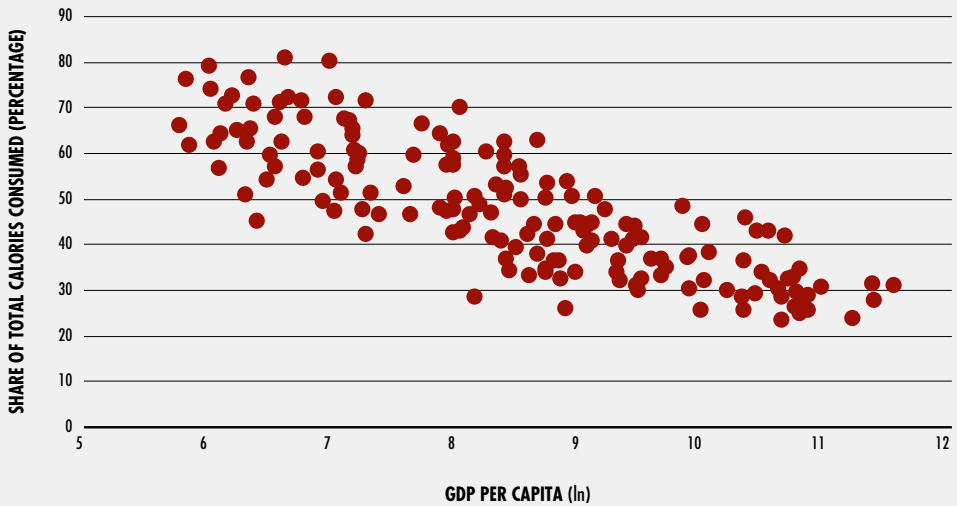
has expanded considerably in many countries. However, in Africa, growth in food processing seems to have stagnated, possibly as a result of a market structure based on a multitude of small-scale family-based enterprises, which lack economies of scale and provide only seasonal jobs for non-family labour.

Growing demand for food, and the dietary transition away from staple foods, can present an important opportunity for industrialization in late-transforming countries. The urban food market has grown very rapidly in recent

decades and, along with it, so have rural–urban food supply chains. Urbanization stimulates demand for food, but also a dietary transition away from staples such as cereals, roots and tubers towards fish, meat, eggs, dairy products, fruit and vegetables, and towards more processed foods in general. This transition is also evident in

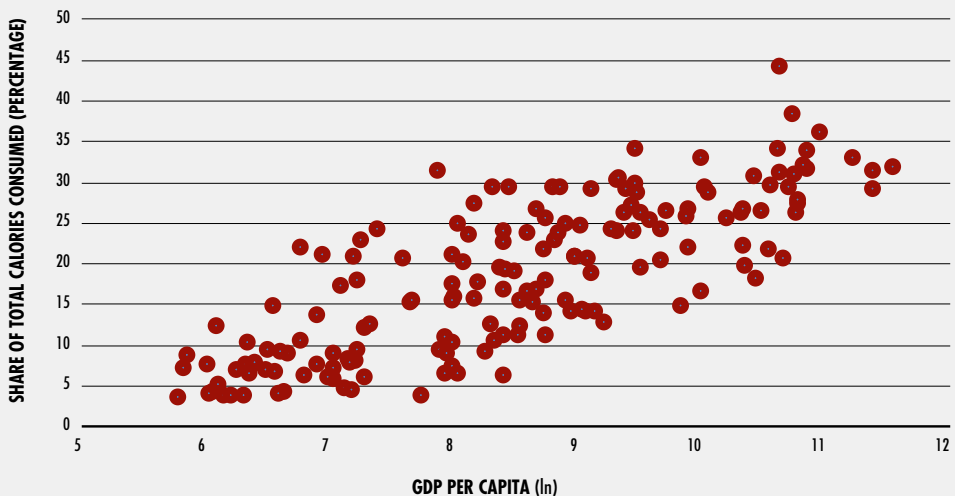
URBANIZATION AND DIETARY CHANGES in both rural and urban areas are driving the transformation of food systems and strengthening rural–urban linkages.

FIGURE 10 CORRELATION BETWEEN CONSUMPTION OF STAPLE FOODS AND GDP PER CAPITA IN SELECTED COUNTRIES IN DEVELOPING REGIONS, 2010



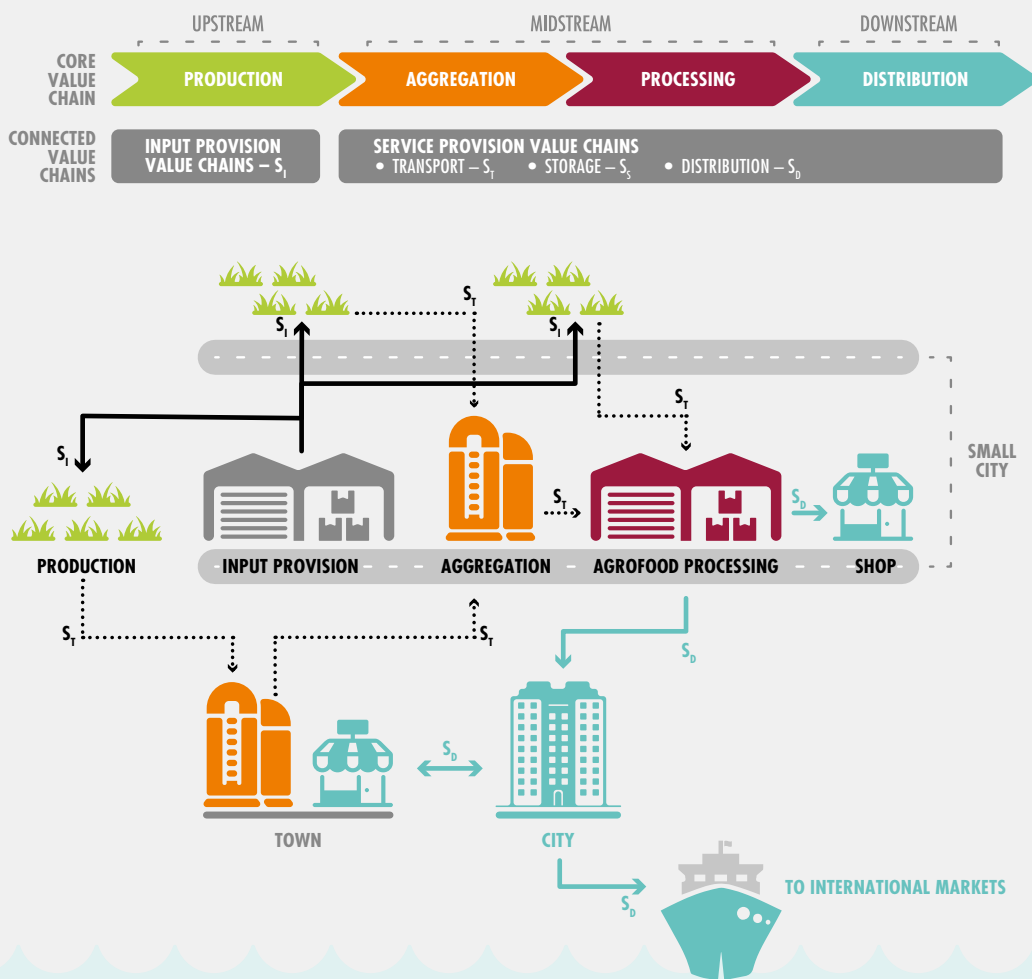
NOTE: Staple foods include cereals, roots and tubers.
SOURCES: FAO (2017c) and World Bank (2016a).

FIGURE 11 CORRELATION BETWEEN CONSUMPTION OF ANIMAL PRODUCTS AND GDP PER CAPITA IN SELECTED COUNTRIES IN DEVELOPING REGIONS, 2010



SOURCES: FAO (2017c) and World Bank (2016a).

FIGURE 12 FOOD SYSTEM VALUE CHAINS LINKING RURAL AREAS AND SMALL CITIES

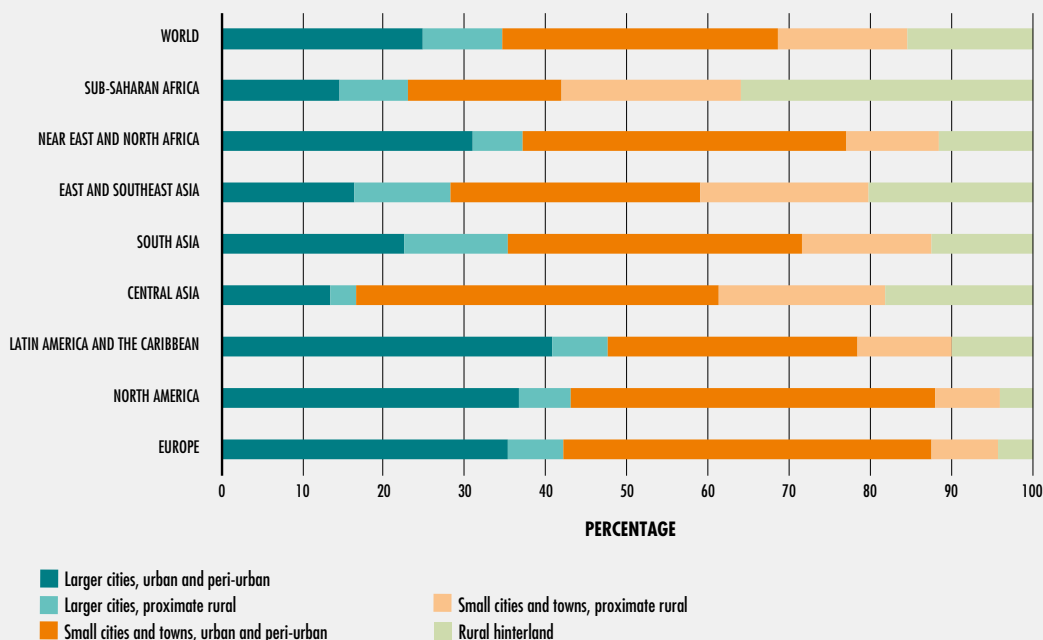


SOURCE: FAO.

rural areas, with the share of purchased (and processed) food increasing in rural diets in sub-Saharan Africa and Asia. The dietary transition is also driving

demand for feedgrains and for animal and horticultural products. Increasing urban demand for more food, and for higher-value processed food, provides

FIGURE 6 DISTRIBUTION OF POPULATION ALONG THE RURAL–URBAN SPECTRUM, GLOBALLY AND BY REGION, 2000



NOTES: For definitions, see Table 1 (p. 17). See also Annex Table A1 (p. 124).

The GRUMP and LandScan grid-based population density datasets for 2000 are the most-recent global estimates.

SOURCE: FAO calculations and elaboration.

opportunities for producers and for agribusiness, including suppliers of production inputs. By expanding the food system’s non-farm segments – trading, processing, packaging, distribution and storage – cities become the hubs of a growing non-farm rural economy. As transformation proceeds, rural areas may become incubators of

small-scale off-farm enterprises linked to rapidly expanding supply chains and a diversifying economy. Fragmented village-based processing and trading will give way to the agglomeration of processing, logistics, wholesaling and retailing in and near intermediate cities and towns, and a lengthening of value chains.

FIGURE 22 GEOGRAPHIC RANGE OF AGROTERRITORIAL INVESTMENTS AND TYPE OF GOVERNANCE RESPONSIBILITY

SOURCE: Gálvez Nogales and Webber, 2017, Figure 23.

Small cities and towns can play a catalytic role in rural transformation, as points of intermediation and agro-industrial development. Rural and urban areas are not separate domains but form a “rural–urban spectrum” ranging from megacities to large regional centres, market towns and the rural hinterland. In developing countries, most urban areas are relatively small – about 50 percent of the total urban population, or almost 1.5 billion people, lives in cities and towns of 500 000 inhabitants or fewer. In all developing regions except Latin America and the Caribbean, more people live in or around small cities and towns than larger cities. In addition, smaller urban areas account for about 60 percent of urban food demand. This indicates that smaller urban areas will play a role at least as important as that of larger cities in rural transformation. In East Africa, small cities are rapidly diversifying their economic base and generating strong linkages to rural areas; Latin America has seen explosive growth in towns economically linked to

both surrounding rural areas and to larger urban agglomerations. While urbanization, in general, helps to reduce poverty in rural areas through economic linkages, small cities and towns appear to do so in a more inclusive and lasting way. Being more evenly spread over a territory, multiple small towns give more rural households access to the means of improving their incomes, livelihoods and welfare.

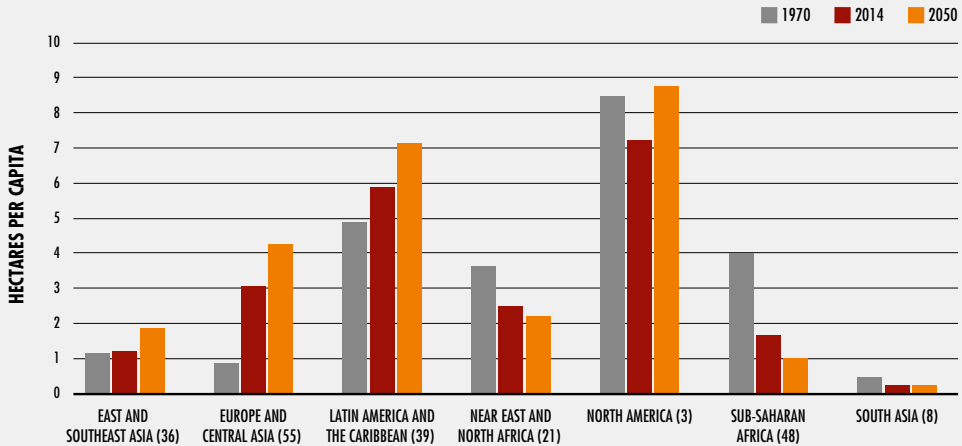
Agroterritorial development that links smaller cities and towns with their rural “catchment areas” can greatly improve urban access to food and opportunities for the rural poor. An agroterritorial development approach seeks to reconcile, through a multistakeholder planning process, the sectoral economic aspects of the food sector with its spatial, social and cultural dimensions, which are at the core of agriculture and food systems. Implementing an approach that addresses food-system dynamics and territorial realities requires, first, an understanding of how the population is

distributed across a territory and how its complex web of stakeholders interact. The next step is to strengthen rural links with small cities and rural towns in order to connect producers, agro-industrial processors and ancillary non-agricultural services, and other downstream segments of food value chains. Because there are significant differences across countries and regions in income-generating opportunities, food availability, food access and household resilience to shocks, agroterritorial planning recognizes that interventions must take into account specific demographic, geographical and socio-economic contexts.

The key to the success of an agroterritorial approach is a balanced mix of infrastructure development and policy interventions across the rural–urban spectrum. The five most commonly used agroterritorial development tools – agro-corridors, agroclusters, agro-industrial parks, agro-based special economic zones and agribusiness incubators – provide a platform for growth of agro-industry and the rural non-farm economy. These agroterritorial development tools vary in terms of overall purpose, geographic range and defining features. All five address the goals of creating rural employment and improving rural–urban connectivity, but not in equal measure. For example, the main features of agro-corridors are large-scale integration of infrastructure development, policy and regulatory frameworks, institutional strengthening and food system initiatives. Such corridors can extend for thousands

of kilometres and use numerous cities and towns as hubs for agribusiness activity. Agroclusters also provide infrastructure, but the investment in backbone infrastructure is much less. Regardless of differences, all successful territorial approaches integrate policies, regulatory coordination and organizational strengthening with “hard” infrastructure investments that link producers to markets.

Public goods and services are needed to facilitate business in the food system and along the urban–rural spectrum. As well as improving infrastructure, governments have a key role to play in reducing the costs of doing business, providing incentives for investment, and creating conditions for the development of inclusive economic activities in the food system of a targeted territory. Legal, regulatory and policy frameworks can reduce excessive transaction costs that impede smooth market functioning and prevent farmers from adopting new technologies and joining markets. Moreover, they can ensure efficient and equitable contract farming arrangements. Government also has a role in promoting farmer organizations, financial vehicles that support farmers and agribusiness, “green growth” investment frameworks, university-led agribusiness incubators, and public programmes of technical assistance to build enterprise capacities. When applied to a specific territory, an agroterritorial approach can help inform the choice of interventions needed in terms of investments, institutions and policy frameworks. ■

FIGURE 16 CHANGES IN AGRICULTURAL LAND AREA PER CAPITA OF RURAL POPULATION, BY REGION, 1970–2050

NOTE: Assumes agricultural area in 2050 remains constant at 2014 levels.

SOURCE: Calculations based on World Bank (2017a).

FARMING SYSTEMS NEED TO ADJUST

To meet growing food demand, it is necessary to develop more productive and sustainable farming systems. Agricultural transformations in the late twentieth century relied on large-scale intensification using high levels of inputs. In many countries, that approach has resulted in severe environmental impacts, including massive deforestation, the depletion of soil and water, and high levels of greenhouse gas emissions. Future transformations face unprecedented environmental constraints, requiring action to both mitigate and adapt to climate change and

natural-resource scarcities. Farmers will need to reduce resource use in agriculture without compromising yields, and optimally manage livestock residues, a major source of greenhouse gases.

Hurdles posed by excessive fragmentation of landholdings need to be overcome. Some 85 percent of the world's farms are smaller than 2 hectares. In most low-income and lower-middle income countries, small farms are becoming smaller, to the point where many are no longer economically viable. At the same time, in many sub-Saharan African countries, the number of medium-sized farms is increasing in high-potential

areas. In the long term, the consolidation of farmland by investors may occur alongside the continuing fragmentation of land operated by traditional farming communities. Declining farm size may

MODERN INFORMATION AND COMMUNICATION TECHNOLOGIES are giving farmers multiple options for buying inputs, selling outputs and improving their access to information.

not necessarily hinder productivity, for although the labour productivity of small farms is low, they have the highest land productivity.

However, smallholders must have either the necessary scale to access markets and adopt new technologies (underscoring the importance of public rural services and farmers' collective action), or access to technologies that are specifically adapted to small-scale operations. Productivity can also be improved by strengthening property rights, essential for efficient land rental markets, which could help farmers achieve economies of scale. Recent evidence suggests that land rental markets are more common than previously thought.

Agriculture will need substantially increased investment in order to meet the growing demand for food, adjust to changing dietary patterns and make farming systems sustainable. In terms of their production costs, smallholder farms can be competitive with large-scale commercial farms. However, they are often disadvantaged by factors unrelated to their size, such as the institutional environment. Small-scale

producers need the support of policy frameworks in order to invest in productivity-enhancing technologies and sustainable farming practices. In many countries, smallholders still have limited access to the innovations, technology, knowledge and information needed to enhance productivity and incomes. It will be crucial to connect smallholder farmers to sources of knowledge, inputs and credit, and public investment in research and development tailored to their needs. In many countries, there is a clear need to bridge the gap created by the decline of public-sector extension services. Improved targeting of resources and greater coordination with private advisory services will help farmers adapt to changes in demand. Investments are also needed to strengthen producer organizations and build on the huge potential of information and communications technologies.

Mechanization and advanced inputs are essential for the transformation of farming systems. Land shortage is a major factor limiting increases in smallholder production. Therefore, achieving higher rates of productivity will need to rely on more-efficient resource use and advanced physical inputs, such as high-yielding crop varieties and improved formulations of fertilizer with fewer negative externalities, and in some cases on approaches such as agroecology, which takes into consideration both traditional and scientific knowledge. Agricultural mechanization is crucial because it

enhances the performance of other inputs. Mechanization has increased worldwide, especially in those countries that have undergone rapid transformation, and has proved profitable for small-scale farmers. With demand for machinery increasing, even on small farms, rental markets and shared use through farmer cooperatives have become key to successful mechanization. In parts of East Asia, the use of farm machinery has increased sevenfold since 1985, facilitated by the development of rental markets. Smallholder uptake of more-efficient farming practices would also be enhanced through the adaptation of farming equipment to their needs. ■

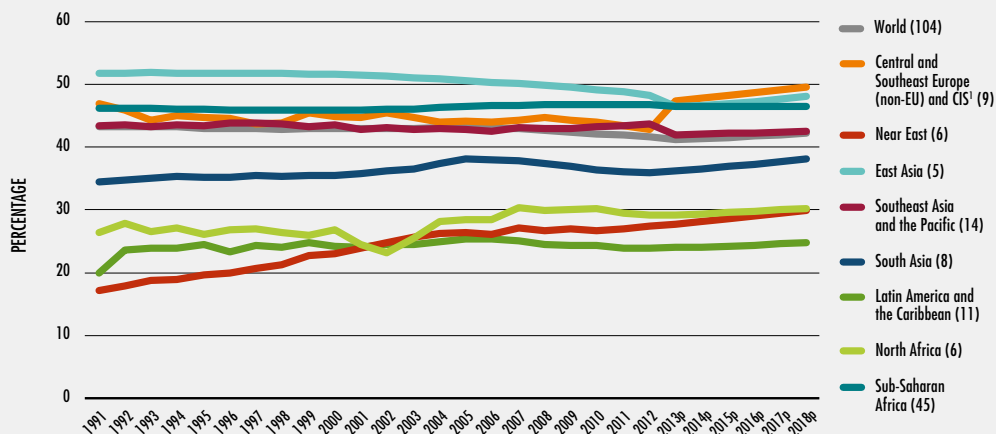
KEEPING AN EYE ON THE BIGGER PICTURE

Amid great plenty, billions of people still face pervasive hunger, poverty, joblessness, environmental degradation, disease and deprivation. One of the greatest challenges facing humanity is to achieve the Sustainable Development Goals (SDGs) of ending hunger and poverty while making agriculture and food systems sustainable. The challenge is made more daunting by huge, but uneven, demographic pressures, profound changes in food demand, and the threat of mass migration of youth in search of a better life. Achieving the SDGs will require food system transformations and strategies that leverage the food system to boost economic growth in countries where industrialization is lagging. This entails resetting priorities on a broader front.

Economic development of rural areas is as important as that of urban areas in reducing overall levels of poverty. This holds an important message for policy-makers. Resources need to go to rural areas not only because that is where most of the poor and hungry live, but also because broad-based rural economic development is a powerful force for change. Prosperous rural economies provide alternatives to rural people who see out-migration as their only chance of escaping poverty and hunger. Given the challenges arising from the ongoing transformations, the agroterritorial approach addresses: the risk that small-scale producers and other vulnerable groups will be excluded from participating in and benefiting from rural transformation; the expected increase in rural unemployment in the years ahead; and the need to close the infrastructure deficit in rural areas and increase rural–urban connectivity. Addressing these three challenges will be central to poverty reduction.

Understanding the drivers of rural–urban migration, and its cost and benefits, should be high on policy agendas. The structural transformations of the past led, in some cases, to massive migration out of rural areas, with associated benefits and costs. Future transformations are likely to be different in terms of the economic potential of urban areas, which may be characterized in sub-Saharan Africa and South Asia by relatively low levels of industrialization combined with growing populations. This does not mean that rural–urban migration will be reduced. On the contrary, where rural employment

FIGURE 21 FEMALE SHARE IN AGRICULTURAL EMPLOYMENT, GLOBALLY AND BY SUBREGION



¹ Commonwealth of Independent States.

NOTES: From 2013 onwards, data are projected values calculated by ILO.

SOURCE: ILO, 2014.

creation does not keep pace with rural population growth, the pressure to migrate will increase. However, there may be fewer options for migrants to exit poverty in urban areas as well. A territorial development approach can help resolve this dilemma. As it goes hand in hand with the territorial planning of metropolitan areas, small cities and towns, and of improved regional infrastructure networks, it addresses the drivers of rural out-migration. For example, where local jobs are lacking, investments in connective infrastructure specific to the food

system – such as warehousing, cold storage and wholesale markets – can generate employment in both agriculture and the non-farm economy. This is a way of meeting the needs of potential migrants before they leave. Where rural people are attracted by more prosperous conditions in urban centres, investments in “agglomeration” services, such as education, health, communication and leisure facilities, in small cities and towns distributed over a territory and in proximity to rural areas can dampen rates of out-migration to overburdened larger cities.

It is time to reassess the role of agriculture and rural development in national development strategies. As a result of state withdrawal and excessive segmentation in sectoral policy-making, overall strategy design has been neglected in recent decades. This has weakened public information and statistical systems, and reduced the capacity to analyse and understand the dynamics at work in agriculture and rural economies. This is a major handicap for policy-makers, and reinvesting in knowledge creation is an urgent priority. In particular, regional diagnoses will be indispensable for prioritizing objectives, targeting interventions and sequencing actions. Re-engaging in development strategies at both the national and subnational levels implies reinvesting in processes. Consultation with stakeholders is essential for securing ownership, the foundation of shared vision and commitment. It takes time, adequate planning and a significant effort in capacity building to manage information systems, analyse results and monitor processes.

Territorial approaches should be considered in order to help ensure policy coherence and address local needs. Rural transformations are often the result of a confluence of location-specific changes in the food system. A policy and planning focus on the food system alone risks overlooking territorial dimensions that are essential to observed outcomes. Leveraging the food system for rural transformation will require engaging in territorial location-specific approaches in order to break the urban bias in public policies and reconcile the sectoral aspects

of the food system with its spatial, social and cultural dimensions. This might entail, for example, assessing urban and rural demands on the food system and how to meet that demand by investing in measures that overcome bottlenecks. Barriers to be addressed may be in infrastructure, such as the lack of rural roads or cold storage. They may also be institutional, requiring improved coordination with producer groups so as to better understand their needs for information, financing and rural services. Such constraints tend to be context-specific. A territorial approach can overcome those hurdles by leveraging the potential and addressing the needs of each area.

Fostering rural entrepreneurship and employment diversification, especially for women and youth, requires the development of skills. A more skilled labour force in low-income countries would increase the productivity of agriculture and stimulate the growth of high-productivity services and industrial sectors. Skills are complementary to technology and necessary for accessing better-paid jobs. Policies supporting education at all levels are important to inclusive rural transformation, although their impacts will be felt in the long

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natural resources.**

term. Measures that facilitate the employability of rural youth include the strengthening of vocational training and education, establishing mechanisms for the recognition of labour experience in the informal sector, and creating greater awareness of job opportunities and labour rights.

Social protection is crucial to risk management during transformation and for building resilient rural livelihoods. In rural areas, social protection allows poor households to invest in riskier but more-remunerative livelihood activities, mainly by reducing liquidity constraints and supporting labour mobility. A recent positive trend is the design of social protection programmes that link social benefits to direct promotion of rural employment and agricultural production – for example, by linking public food purchase schemes and school feeding programmes to smallholder family farmers as

suppliers. Experience in many middle-income countries shows that social protection can also help contain income inequality and promote a more equitable and sustainable pathway of structural transformation and growth. Social protection programmes foster a healthier, better-educated population and a more skilled workforce capable of responding to changing demand and joining the transition to higher levels of productivity.

In a rapidly transforming world, the food system rooted in specific territories is a valuable asset that can be leveraged for a more-inclusive rural transformation. Fostering rural–urban linkages through appropriate territorial strategies can create both a favourable business environment for farmers – small and large – and the non-farm income opportunities vital for building prosperous and sustainable rural economies. ■

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THE STATE OF FOOD AND AGRICULTURE

LEVERAGING FOOD SYSTEMS FOR INCLUSIVE RURAL TRANSFORMATION

One of the greatest challenges today is to end hunger and poverty while making agriculture and food systems sustainable. The challenge is daunting because of continued population growth, profound changes in food demand, and the threat of mass migration of rural youth in search of a better life. This report presents strategies that can leverage the potential of food systems to become the engine of inclusive economic development and rural prosperity in low-income countries. It analyses the structural and rural transformations now under way, and examines the opportunities and challenges they present to millions of small-scale food producers. It shows how an “agroterritorial” planning approach, focused on connecting cities and towns and their surrounding rural areas, combined with agro-industrial and infrastructure development can generate income opportunities throughout the food sector and underpin sustainable and inclusive rural transformation.



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(full text)

