

## **The role of agriculture and rural development in achieving SDG 1.1**

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Sustainable Development Goal 1, *ending poverty in all its forms, everywhere*, is the most ambitious goal set by the 2030 Agenda. This Goal includes eradicating extreme poverty in the next 12 years. The question is: How can we achieve target 1.1 and overcome the many challenges that lie ahead? By gaining a deeper understanding of poverty, and the characteristics of the *extreme rural poor* in particular, the right policies can be put in place to reach those most in need. Agriculture, food systems and the sustainable use of natural resources are key to securing the livelihoods of the millions of poor people who struggle in our world.

### **Understanding the challenge of ending extreme poverty**

Over the last 35 years, the standard of living of the majority of the population in the developing world has improved alongside high levels of economic growth and the improved wealth of nations. The global headcount of extreme poverty has declined from about 42 percent in 1980 to 10 percent in 2016. The numbers of extreme poor globally have also declined within the same period, from 1.9 billion to 736 million (World Bank, 2018a). However, a slowdown in global growth is underway and expected to continue, which will slow down and even reverse progress, particularly for rural areas in the poorest countries (Laborde and Martin, 2018). Moreover, as poverty rates have decreased over time, reducing inequality will have a greater impact on poverty reduction than economic growth (Olindo, et al, 2014). Given these trends, the ambitious goal of eradicating extreme poverty for all people everywhere will not be fulfilled if explicit actions to reach the extreme poor are not taken on board.

In terms of SDG Target 1.1, the extreme poor are defined as those individuals earning less than USD 1.90 a day. However, extreme poverty is complex and is revealed through social marginalization and exclusion, different manifestations of malnutrition, poor living conditions and lack of access to basic services, resources and employment opportunities. Often, the rural extreme poor (like the urban poor) are “hidden” in non-poor families due to intra-household dynamics and inequality, which is the case for many rural women and children.

Multidimensional poverty measures help provide insight into the varying degrees of deprivation and vulnerability of the extreme poor, thus complementing income and consumption-based poverty measures. The Global Multidimensional Poverty Index (MPI) identifies approximately 1.45 billion people as poor, or 26.5 percent of the population in the 104 countries surveyed.

About half of them, 706 million, are considered destitute due to the severe deprivations they experience (OPHI, 2018).

Most of the extreme poor – about 80 percent – live in rural areas (Castaneda, et al., 2018). The *rural* extreme poor are different from the urban extreme poor and the non-poor. Their incomes depend greatly on agricultural activities, either from work on their own farms, or in agricultural wage employment. This reliance on agriculture makes the rural extreme poor highly vulnerable to climatic shocks and weather events. While agriculture plays a big role in their income and food security, the rural extreme poor also diversify their sources of income in other non-agricultural activities.

Numerous constraints however, impede their economic inclusion in various sectors, such as insufficient access to basic infrastructure (e.g. water, electricity, sanitation, and roads), and inadequate access to public services (e.g. health, education, connectivity, and markets).

The majority of the extreme poor in 2015, numbering about 400 million, lived in low-middle income countries (LMIC), of which about three quarters were concentrated in five countries: India, Nigeria, Bangladesh, Indonesia and Pakistan. With the exception of Indonesia, these countries are still predominately rural. Recent forecasts by the World Bank (2018b) suggest that Nigeria will soon become (if it has not already) the country with the greatest number of extreme poor.

Another 300 million of extreme poor lived in low income countries (LIC) in 2015, where economies are more agricultural based and the prospects of economic growth have been low. LICs are mostly concentrated in sub-Saharan Africa, where the highest numbers of extreme poor are found in the Democratic Republic of Congo, Ethiopia, Madagascar, the United Republic of Tanzania and Uganda (World Bank, 2018a). In sub-Saharan Africa the number of the extreme poor has increased from 276 million in 1990 to 413 million in 2015. Over 41 percent of the population in this region lives in extreme poverty (World Bank, 2018a). By 2050, the youth population in Sub Saharan Africa will grow by 216 million, and there will be more youth in Sub Saharan Africa than any other continent.

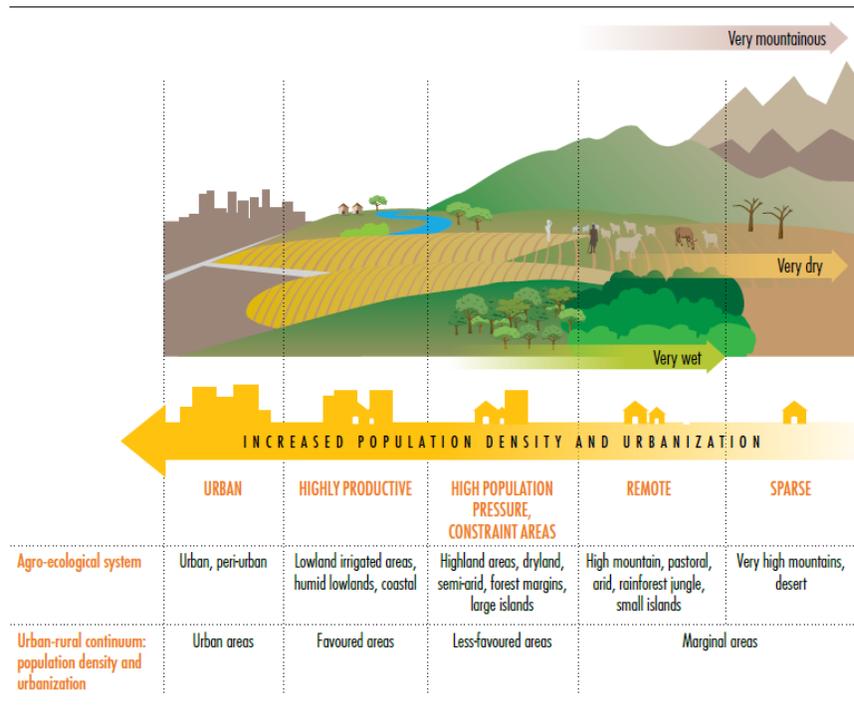
The rural extreme poor live across diverse landscapes. Their livelihoods, the challenges they face and the potential pathways out of poverty are conditioned by the territories in which they live, including the agro-ecological systems, productivity of natural resources, linkages to urban areas and population density. While remote areas may lack access to markets and services, they tend to be rich in natural resources and biodiversity (Figure 1). Rough estimates indicate that about 40 percent of the rural extreme poor - around 250 million people- live in forests and savannahs (FAO, 2018a), where agricultural potential is less but natural resources can provide alternative sources of income. The greatest number, 159 million, live in Sub-Saharan Africa. In relative terms, most of the rural extreme poor in Latin America live in forested areas.

Two thirds of the land used for agriculture globally is grassland. In most of these grasslands, highly variable precipitation rates result in pasture being available in ephemeral and

unpredictable concentrations. Extensive and usually mobile pastoral systems have co-evolved within this particular agricultural environment. Estimates of the number of pastoralists worldwide range from 200 million to 500 million, the large majority of whom live in Sub Saharan Africa. About 85 percent of pastoralists and 75 percent of agro-pastoralists live below the poverty line of USD 1.25 per capita per day (De Haan, 2016).

**Figure 1**

Figure 9. Types of agro-ecological systems and levels of urbanization



Source: Hancock (2006) based on work of Dixon, Gulliver and Gibbon (2001).

Conflict and climate change constitute key challenges to the eradication of rural poverty, threatening to reverse the progress made over the past few decades. About 59 percent of the extreme poor live in vulnerable and fragile contexts due to climate change and conflicts, or both (Development Initiatives, 2018). As global extreme poverty rates decline, the extreme poor will be increasingly concentrated in contexts of institutional fragility and conflict, mostly in Sub-Saharan Africa (World Bank, 2018b). Extreme poverty is also concentrated in countries in need of humanitarian assistance, particularly in Syria and Yemen, where war is ongoing, as well as countries with a large number of refugees, such as Turkey (Development Initiatives, 2018).

Climate change related events, such as drought, flooding, and severe storms, disproportionately affect rural communities living in extreme poverty who lack resources and have low adaptive capacity to cope with the impacts of climate stresses and shocks. These events could push an additional 100 million into poverty if no adequate action is taken (FAO, IFAD, WFP, WHO & UNICEF, 2018).

Extreme poverty, hunger and undernourishment often go hand in hand. Extreme poverty influences hunger and nutritional status, affecting the ability of individuals and households to access food through purchase or production, while hunger and malnutrition reduce current productivity and in the future, and keep people focused on survival. Ahmed et al. (2002), in a study covering 20 countries, find a high correlation between living in ultra-poverty (defined in the study as those living on less than 50 cents a day) and living in ultra-hunger (those consuming less than 1 600 kcal a day). This study, as well as almost all studies looking at food consumption by wealth status, finds that poorer rural households spend a relatively higher proportion of their income on food compared to others.

### **Who are the rural extreme poor?**

Almost half of the extreme poor, about 45 percent, are children younger than 15 years old (Castaneda et al., 2018). In addition to the lack of access to education and basic health services, hunger and undernourishment greatly affect children's present and future through learning difficulties, poor health, and lower productivity and earnings over their lifetime. Not less important is the interaction between extreme poverty and child labor, which also affects children's health as well as their future economic prospects. Globally, over 70 percent of child labor is found in agriculture, affecting 108 million boys and girls between the ages of 5 and 17 years old, often working long hours and facing occupational hazards (ILO, 2017).

Adults living in extreme poverty tend to be poorly educated: about 40 percent of the adult extreme poor have no education (compared to only 9 percent of the non-poor) (Castaneda et al., 2018), affecting their productivity. While there has been great global progress in increasing by two thirds the number of children enrolled in primary school since 1999, children in rural areas are still less likely to go to school, particularly those living in extreme poverty, and dropping out remains a recurrent issue, particularly in Sub-Saharan Africa (UNESCO, 2012).

Over three quarters of the economically active extreme rural poor engage in agriculture as a primary activity (Castaneda, et al., 2018), although they do not necessarily work on their own unit of production, whether farms, forest or fisheries. Extreme poverty is particularly prevalent among agricultural wage workers (Castaneda, et al., 2018; Davis, et al, 2017) and pastoralists (De Haan, 2016), while a much smaller share of small-scale producers are extremely poor (FAO 2018b, De la O Campos et al., 2018).

Poor small-scale producers face multiple structural constraints, market failures and higher exposure to risks that prevent their agricultural livelihoods being more productive, including lack of rights (or rights not recognized) over natural resources (e.g. land, fishing and/or grazing rights), inputs, technical assistance, access to credit and insurance, as well as social protection. The rural extreme poor tend to lack access to better quality land, often operating in small plots, or they are landless. In South Asia, the extreme poor tend to be the landless, while in sub-Saharan Africa, the extreme poor often own some land, but of small size, and lacking access to other key productive assets and markets (IFPRI, 2002).

For many extreme poor rural households, livestock is a fundamental source of nutrition and risk management. Livestock serves as a savings mechanism, a liquid asset, and collateral for credit, facilitating consumption smoothing when shocks occur (FAO, 2018c). Even the poorest households may have small livestock – such as goats, sheep, and poultry – though total livestock holdings tend to be concentrated among the wealthy (Zezza et al., 2011). Pastoral livelihoods have been severely undermined by decades of marginalization from policy and investment decision-making processes, violence and displacement, as well as insecure tenure rights and access. Their adaptability and mobility in relation to resource variability have been undermined by climate change, environmental degradation, the growing risk of animal and zoonotic diseases, instability and conflicts in drylands, and pressures to expand agricultural production to feed a rapidly increasing population. These adverse effects combine to push pastoralists deeper into poverty.

The seasonality of agricultural livelihoods affects household consumption and increases risks, particularly prior to harvest. This period is marked by food shortages, high food prices, greater indebtedness and higher requirements of physical strength for agriculture leading to more hunger and sickness, which increases the vulnerability of the poor and extreme poor (Chambers et al., 1981, in Devereux et al., 2012).

The rural extreme poor lack supporting mechanisms, such as social protection and access to finance, to cope with and manage risks. Extreme poor people are more vulnerable to climate shocks and weather events (World Bank, 2016b), while they are the most unprotected and have the least access to coping mechanisms. In low-income and lower middle-income countries, where most of the extreme poor live, people tend to have limited access to social protection, insurance and other instruments which can help mitigate risks and build adaptive capacity. Only 19 percent of the extreme poor in low-income countries have access to any type of social protection (World Bank, 2018e). The lack of social protection leaves the rural extreme poor at higher risk to stay in and fall deeper into extreme poverty, particularly during lean periods.

Due to the seasonal nature of agriculture and frequent liquidity constraints, the rural extreme poor often engage in activities outside agriculture, which may require seasonal migration. Almost a quarter of the extremely poor rural workers engage in non-agricultural activities as a primary activity (Castaneda, et al., 2018) such as petty trade, basic food transformation, construction or other services. However, these types of work tend to be of low quality and the incomes that they generate too low for the extreme poor to specialize in these activities.

Extreme poverty is also characterized by social marginalization and exclusion. The symptoms of social exclusion are manifested primarily through unequal access to resources and participation – lack of voice and political participation- and denial of opportunities (UNDESA, 2010). Social, cultural and psychological structures, including weak institutions, discrimination based on gender and ethnicity, and lack of self-esteem are often significant barriers preventing the extreme poor from moving out of poverty. For example, about one-third of the rural extreme poor is made up of indigenous, tribal and caste groups (Hall and Patrinos, 2014), who are often

highly disadvantaged due to significant inequalities, ranging from early childhood development, social discrimination, violence, assimilation policies in the education and health systems, and the dispossession of land and denial of land rights (UNDESA, 2017). Persons with disabilities, the vast majority of whom in rural areas live in poverty, also suffer from social exclusion and economic discrimination, as well as a lack of access to programmes that would facilitate their economic inclusion.

Extreme poverty may be often hidden in non-poor families in rural areas as a result of power imbalances within the household. Inequalities between women and men, including from the same household, are well documented, particularly in terms of asset ownership and land rights (Deere and Doss, 2006), impeding extremely poor women to move out of poverty. Women also face additional constraints in terms of food security and agricultural livelihoods due to persistent discrimination, marginalization and social exclusion. Discriminatory gender norms and customs, compounded by women's limited voice and agency, and factors such as gender-based violence and forced marriage, can also be important drivers of extreme poverty.

### **Key elements in countries' strategies for ending extreme poverty**

Going the extra mile to reach the rural extreme poor is not only a crucial factor in the success of SDG1, but it will also help to prevent crises, conflict and social tensions, making populations more resilient to climatic shocks, providing economic alternatives in rural areas, and decreasing income and non-income inequality. A fundamental precondition for ending extreme poverty is countries' commitment. A shared commitment throughout society is needed to address the root causes of extreme poverty, such as unequal access to resources, gender inequality, and social discrimination. Effective political leadership is a key factor in successful poverty reduction strategies. This entails: providing clear policy direction and adequate means of implementation; strengthening and creating effective and democratic institutions; creating incentives for multi-sectoral coordination; as well as monitoring and evaluating progress to learn from experiences and improve strategies.

Stimulating sustained and inclusive economic growth, starting in agriculture, with direct effects in employment and labor income for the rural extreme poor, has been the most prominent driver of extreme poverty reduction over the last few decades (Inchauste et al., 2014). Fostering a pattern of growth and structural change that generates more productive, decent and labor-intensive employment on a large scale has been achieved through the redistribution of assets (particularly land reforms), and by increasing the returns to land and other assets held by the rural poor, including the equalization of human capital assets, particularly of education and health (Gil et al, 2016).

While growth in agriculture has a greater impact on poverty reduction compared to other sectors, the magnitude depends on the structure of the country's economy and institutional arrangements (Christiaensen et al., 2010). Agricultural growth does not automatically benefit the extreme poor, particularly in countries with greater inequalities in access to resources – e.g.

land, inputs, and irrigation. Ultimately, off-farm employment is a crucial element for ending extreme poverty. Employment, particularly decent work and including through migration, is the main channel through which income derived from growth can be widely shared within society.

A minimum set of investments in both social and productive capital is required to create an enabling environment for inclusive and sustained growth, particularly in rural areas where most of the extreme poor live. This includes universal access to education, health, social protection, connectivity and skills development and targeted infrastructure to enhance labour productivity of the poorest. Basic public investments - roads, electricity, connectivity, water and sanitation – also play a key role in rural transformation and stimulate growth in both agricultural and non-agricultural sectors (e.g. service provision, rural tourism). These activities can be particularly important to the landless, and in particular women and youth, who tend to have less access to productive resources. Improving infrastructure can strengthen rural-urban linkages, facilitating the development of small towns and cities, which play a fundamental role in the diversification of rural incomes in the off-farm sector, labour mobility and the growth and nature of local food market systems (FAO, 2017a).

Investments in restoring natural capital such as soils, water supplies (including aquifers), and ecosystems (including forests and arid lands) are important for agricultural growth (including forestry and fisheries) as well as for the conservation and sustainable management of natural resources, further enhancing and protecting the existing livelihoods of the rural extreme poor.

Investing in the expansion of rural social protection systems is another fundamental strategy for reducing poverty and hunger and promoting economic inclusion of the extreme poor, as well as supporting their ability to manage risks and avoid falling deeper into poverty. Among the instruments of social protection are social assistance programmes (or non-contributory programmes) which aim to provide regular and predictable support (monetary or in-kind) to poor and vulnerable people. Cash transfer programmes are increasingly being adopted by countries as an effective tool to fight poverty and hunger, providing a minimum income to extremely poor households which allows them to meet their basic needs and improve access to public social services. Cash transfers also help households manage risks and crises, manage the seasonality of agriculture and invest in livelihoods and diversification of income generating strategies (Davis et al., 2016; FAO and UNICEF, 2017).

A third essential element for extreme poverty eradication is setting up dedicated interventions to reach the poorest of the poor. In recent years, poverty reduction has started to stagnate both in poor and middle-income countries due to the global economic slowdown and conflict, with those still left behind becoming increasingly harder to reach. The extreme poor are highly vulnerable to shocks and risks related to conflict and climate change, yet the coverage of both contributory and non-contributory social protection and financial services is often limited in rural areas, leaving poor households without a minimum income or mechanisms to manage risks and shocks. Dedicated and integrated interventions can take several forms but they often include social assistance (e.g. cash transfers) in combination with other types of incentives for

productive support: livelihood interventions, skills building, access to markets, value chain development, and others in the context of economic inclusions strategies (Roelen et al., 2017). Interventions dedicated to the extreme poor should also include approaches that help break social, cultural and psychological barriers to economic inclusion, and have a long-term view.

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