

Rural employment: linkages between agricultural productivity and non-farm activities

For many developing countries, the agricultural sector is still the main employer, especially for women, and particularly in sub-Saharan Africa and South Asia. Worldwide, 75 per cent of the poor work in rural areas, and in spite of high rates of rural-urban migration in many countries, it is estimated that over 60 per cent will continue to do so in the coming decades. Low income rural groups are wage-earners, mostly casual and seasonal workers, small-holders engaging in subsistence or traditional cash crop cultivation, raising small livestock, undertaking a range of off-farm activities with low return, and often combining two or more of these activities.

Productivity Growth. Labour is often the only productive asset poor people own and productivity growth is the main determinant of income growth and poverty reduction, provided a relatively equal ownership distribution of land. The promotion of labour-intensive approaches, technologies and institutions is of particular importance in this regard, since other factors of production, such as land and equipment, are often scarce, expensive or not available. On the other hand, while labour-intensive approaches to productivity growth are essential, output growth is unlikely to be sustainable unless underpinned by technological change.

- 1. How to promote sustainable agricultural productivity and income growth that is employment friendly? How best to balance labour-intensive approaches, including infrastructure development, with capital-intensive approaches? How to minimise adverse employment effects of capital-intensive productivity growth in agriculture?**

Constraining factors. Among the prevailing obstacles to productive and sustainable agricultural production in many countries, particularly for women, are inadequate land tenure structures and lack of secure access to training, technology and resources, including credit, water and fertilisers. Lack of basic infrastructure also often impedes on market access, as well as farm and non-farm productivity growth in rural areas.

- 2. How best to overcome supply-side constraints to agricultural output growth, particularly for poor farmers and women. What approaches to land reform are suitable for different institutional, political and economic settings to improve agricultural productivity and to stimulate private investment in agriculture?**

Non-farm activities. While agriculture is still the main activity of the rural poor, non-farm activities such as agro-processing and input supply activities become increasingly important. However, for the majority of rural workers the rural non-farm sector provides only a low-level livelihood and a safety-net, and only some relatively privileged households with sufficient resources can engage in rural non-farm activities with high returns.

- 3. How to create a virtuous cycle of productivity and income growth combining agriculture and non-farm activities?**
- 4. How to ensure that rural non-farm activities are accessible to the poor. What role could group strategies, such as producer groups and self-help groups play in this regard? What kind of training and education is most conducive to non-farm employment creation and small-scale business development?**

Effects of trade liberalisation. Furthermore, trade liberalisation in developing countries and recent changes in market structures for food products have confronted small farmers and local companies with increased price risk exposure, as well as greater competition from imports at cheaper prices that may undermine local production. Yet, the increased contribution of small producers in the food and agro-processing and forestry sectors to the value-chain production of (mainly) multinational enterprises may provide potential opportunities for market entry, provided

developing countries' farmers are able to ensure regular supply of sufficient volumes and able to meet strict quality requirements.

5. **What strategies could assist developing countries' farmers to meet the requirements of value-chains in order to benefit from potential opportunities for market entry? How to upgrade technology, skills and conditions of work with a view to strengthening the position of workers and small producers in the value-chain production?**
6. **What alternatives to value-chain linkages could be feasible to allow farmers and rural producers from increased trade opportunities?**

Promoting participation. Agriculture and rural development policies have traditionally focused on agricultural growth with a focus on the production side, often without careful evaluation of the impact on the livelihoods and vulnerability of the largest group of the poor in rural areas: the workers, including the landless and wage-dependent small farmers.

7. **What strategies, institutions and organisational forms can help strengthening workers' and small farmers' participation in the process of policy formulation so that their needs and perspectives are reflected?**