

FAO Main Message on Rural Development: Policy Options to Expedite Implementation

The Commission on Sustainable Development Seventeenth Session (CSD-17)

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1. FAO considers that it is essential to draw lessons from the crisis of soaring food prices in order to clarify and rebalance policies and strategies for supporting sustainable agriculture and rural development. One clear lesson of the crisis is that greater attention must be given to ensuring supplies of food products needed by poor consumers in domestic markets especially in urban areas. Urban dwellers, as well as people living in rural areas who are net food buyers, are the most vulnerable to extreme international price movements and export restrictions. Policies and programmes are needed to support increased productivity, improved stability and more efficient distribution of food supplies. FAO has identified four priority intervention areas to increase farm productivity and food supply response.

- i. Policy and action plans must be developed to re-build the institutions and support services needed to sustainably increase food production, including steps to increase farm and community level value addition, reduce post-harvest losses, and better link farmers to markets. One of the most urgent needs is support for the development of input supply systems.
- ii. Smallholder agriculture requires effective organization in order to overcome the diseconomies of scale that public and private agents face in supplying them with credit and inputs, and marketing their outputs. There is therefore an urgent need to support the strengthening or establishment of inter-professional organizations, farmer unions and youth groups.
- iii. The crisis has also made it clear that increasing farmer productivity is not sufficient. There is also a need to support the development of food industries and value chains to reduce food losses and improve efficiency of processing and distribution systems, thereby contributing to lower food prices. Providing support to small and medium-sized agro-industry enterprises in rural areas backed by local and traditional knowledge and combined with the most recent advances in science and technology, also contributes to rural employment and the diversification of rural economies. At the Global Agro-Industries Forum in India (April 2008), FAO, IFAD and UNIDO committed to assist member countries in the development of agribusinesses, agro-industries and value chains through the formulation and implementation of improved policies, regulatory frameworks, institutions and services – and through the incorporation of agro-industrial development strategies and actions into country level programme frameworks and strategic plans for agricultural and agro-industries development.
- iv. There is a need to create enabling environments to attract private sector investments for the agrifood sector. Public-private dialogue and partnerships have proven important in enhancing sustainable development, including through the promotion of multi-stakeholder involvement, the mobilization of resources and the facilitation of technology transfer and diffusion. Enabling business environments for the private

sector can and do play an important role in increasing agricultural production and promoting rural development.

2. A second clear lesson emerging from the food prices crisis is that actions to increase farm productivity and the efficiency of food supply systems cannot alone lead to food security and rural development. It also is important to address access to food and resources. FAO considers it important to specifically address non-farm enterprise development, gender equity in access to resources and employment opportunities, as well as programmes that provide direct food access for the most vulnerable groups.

3. In the context of the global food crisis, biofuel production was frequently cited at CSD-16. Many countries questioned the greenhouse gas benefits and expressed concern over impacts on food security. The increasing demands on land, forest and water resources called for the establishment of “guidelines” on biofuel production to address these concerns. However, biofuels also present opportunities for developing countries as they seek to diversify their agricultural production and promote renewable energies to modernize their energy systems and fill the rural energy gap. This can reduce national expenditures on oil imports and greenhouse gas emissions as well as decrease dependency on fossil fuels. Policies are needed that ensure pro-poor, sustainable development of “first generation” biofuels with a clear focus on the potential contributions of second generation biofuels. FAO is assisting countries to analyse the costs (environmental, economic and social) and benefits of biofuels given the wide variation among feedstocks and markets. FAO’s State of Food and Agriculture report in 2008 focused on these issues. Acknowledging that biofuels have opened new opportunities and challenges for African food production, the recent High-Level Ministerial Declaration on African Agriculture in the 21st Century (Windhoek, Namibia, 9-10 February 2009) emphasized that Africa develop its biofuel sectors in ways that are consistent with its food security objectives and with principles of environmental sustainability and social equity.

4. Rural livelihoods depend on diversified combinations of agricultural and non-agricultural opportunities, including employment policies and programmes that ensure decent work conditions for smallholder farmers and poor and unskilled workers in rural areas, while fostering economic growth. Therefore value addition (through technologies, skills, organizational innovations), enterprise development, and skills enhancement, are important in order to enable self-employed small producers, tenant farmers, and workers, especially women, to earn a living and move out of poverty.

5. The development approach must improve farm productivity and conditions for growth in sustainable, commercial agriculture and simultaneously support targeted programmes for enhancing direct access to food for the most needy. In many rural areas, gender roles influence vulnerability to food insecurity, lack of employment opportunities and access to productive resources. Policies are needed to address the disparities in gender, age, physical ability/health status, and social status through capacity-building, enabling legislation and incentives for good governance.

6. Yet another clear lesson from the food price crisis is that policies and actions in the agricultural sector must be accompanied by enabling investments and institutional strengthening in complementary sectors. Two of the most important complementary sectors are investments in rural infrastructure and strengthening of financial services.

7. Lack of rural infrastructure and lack of access to infrastructure severely limits the flow of goods and services to the rural poor. Increased attention is needed to improve rural infrastructure to permit physical access to input and output markets, as well as rural infrastructure development relating to energy, water and sanitation, and health care.

8. An inclusive and stable financial sector, with services and products tailored to poor rural people and capacity development in financial management and accountability from national to decentralized levels are important preconditions for sustainable agriculture and rural development.