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**Intergovernmental
Preparatory Meeting of
Commission on Sustainable
Development - 17
4th meeting**

**Intervention by
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**At the Intergovernmental Preparatory Meeting of the
Commission for Sustainable Development -17
On Rural Development**

New York, 24 February 2009

Madame Chair,

Indonesia would like to associate itself fully with the statement made by Sudan on behalf of the G77 and China. I should also like to take this opportunity to thank the Secretary General for providing a useful report on rural development. The report tracks the progress being made in rural development and points the way forward.

Madame Chair,

Rural development is critical for ensuring overall economic development, including poverty eradication. From an economic perspective, development of the rural economy and the general level of income of the rural sector affect a country's ability to embark on the road to broad-based economic development.

Rural development does not only imply the development of the agriculture sector. We fully share the view that was highlighted by the Secretary General in his report that enhancing human and social capital, improving access to infrastructure, promoting non-farming employment, and managing natural resources in a sustainable manner are critical for rural development.

For the majority of developing countries, however, agriculture remains critical for the development of the rural sector. This has in fact been borne out by the experience of many developed countries where sustained national economic growth was enabled after the development potential of the agriculture sector was realized.

Madame Chair,

Despite that link, the marginalization and under-development of the agriculture sector over the years has limited the development of rural areas in many developing countries. There has been an ever-increasing wealth gap between the urban and rural sectors, often with consequent social and political ramifications.

The challenges we face in Indonesia on rural development are similar to those in other developing countries. Approximately 60% of our population lives in the rural areas and 83% of the rural economy is agriculture based. Agriculture therefore plays a central role not just for rural development but also for the overall economic development of Indonesia. Although 41.24% of our total population or about 95 million people work in the agriculture sector, the development of the sector has not been fully realized. Rural development has been slow, resulting in 64% of those living below the poverty line being found in rural areas.

Indonesia's approach to addressing rural development has been through a revitalization program that better mainstreams agriculture and rural development into our overall development strategy. The revitalization program we implemented empowers smallholding farmers by facilitating their access to financing and other input

resources. We have also implemented policies aimed at developing and rehabilitating rural infrastructure. This has increased rural income causing the growth rate of the agriculture sector to move from 2.7% in 2005 to 5.3% in 2008.

Madame Chair,

But now there is concern that the global financial and economic crisis will have a tremendous impact on the rural poor. Already we are seeing a decline in the price of agricultural commodities which will no doubt reduce income for the rural sector. Urgent action is therefore needed to prevent further deterioration of this sector.

In this context, I should like to highlight three areas which Indonesia feels need to be the focus of attention in order to limit the impact of the crisis on rural development. **First**, there is a need to enhance the social safety net for the rural population. International assistance for social safety nets in developing countries, particularly in least developed countries, to deal with the adverse impacts of the crisis is needed. Synergies between humanitarian and development assistance provided by donors should also be immediately improved.

Second, it is important to empower the rural population to enable them to fully realize their earning capacity and aid rural development. Providing better property and business rights to the rural population can facilitate their empowerment.

Third, rural development programs should be an integral part of the stimulus package provided by governments and international organizations in addressing the financial and economic crisis. As has been stated in the earlier discussion, investment in infrastructure is critical for agriculture and rural development. Investing in rural infrastructure as part of the stimulus package to deal with the crisis will have the desired multiplier effect, not just on the rural but also the national economy.

Thank you.