

Growing a better future for all

Targeted rural development can transform lives more dramatically than any other intervention

By Kanayo Nwanze, president, International Fund for Agricultural Development

It is, perhaps, ironic that at a time of growing global urbanisation, investment in agriculture and rural development is needed more than ever. Simply stated, populations that once fed themselves with what they grew have now migrated to cities but still depend on rural areas for their food and clean drinking water. It is blindingly obvious to say that humans need clean water and a steady supply of healthy, nutritious food to thrive. And yet, at a time when global populations are growing, available agricultural land is shrinking and climate change is putting pressure on yields and water systems in many parts of the world, investment in agriculture is too often an afterthought in national and international budgets.

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For those working in development, the continuing neglect of agriculture and rural development is incomprehensible. The best way to achieve food and nutrition security and to maximise the impact of development spending is to invest in rural areas and the billions of people who remain there, even as today's cities grow.

Poverty continues to be deepest and most intransigent in the rural portions of developing countries, which lag behind towns and cities in rates of childhood nutrition, education, health, job opportunities and a host of other development indicators. Last year, the World Bank reported that 76 per cent of the world's poorest people still lived in the rural areas of developing countries, not the cities. However, experience repeatedly shows that inclusive agricultural development

creates vibrant rural communities that in turn ensure a dynamic flow of economic benefits between rural and urban spaces. In this way, countries can have balanced and sustained development.

Indeed, addressing the imbalance between rural and urban communities must be a prerogative of all development efforts. As the World Economic Forum's *Global Risks 2014* report so clearly indicated in January, inequality is the risk most likely to cause damage globally in the coming decade. Nowhere is inequality greater than between urban and rural areas. Ignoring problems does not make them go away. Neglect of the rural space has led to a steady exodus of people – particularly youth – from rural areas to cities in search of better opportunities. Unfortunately, too many of these rural people do not have the skills, training or education they would need to find steady and well-paid employment. As a result, too often the problems of rural areas merely shift to urban areas along with the migrating population, with no discernible reduction in inequality.

Need for investment

The starting point for narrowing the gap between rural and urban communities must be investment in agriculture. Many studies have shown that growth in gross domestic product generated by agriculture is at least twice as effective in reducing poverty as growth in other sectors. By some estimates, it is as much as 11 times more effective for sub-Saharan Africa.

There is no shortage of demand for food today, and no prospect of a shortage of demand to come. Agriculture has a bright future, but if it is also to help reduce poverty and improve food and nutrition security, investment and growth will need to focus on involving small-scale family farmers. Most of the world's farms are small, particularly in developing countries, where there are an estimated 500 million small-scale family farms. These farmers typically rely on their own production for a significant proportion of the foodstuff consumed by their families.



Agriculture has a bright future but if it is to contribute to poverty reduction and food security, future investment will need to include small-scale farmers



MARTIN HARVEY/GETTY IMAGES



Investment in rural people contributes to stability by addressing food and nutrition insecurity, which is often a contributing factor to civil conflict

JAKEL VELL/ALAMY

At the International Fund for Agricultural Development (IFAD), over the past 35 years, we have seen that agriculture for development can transform lives, build communities and improve food security when results are measured not just by higher yields but by improvements in income, job opportunities, reduced malnutrition, gender equality and better health. Indeed, undernutrition and poverty are complex problems that demand systematic solutions ranging from investment in infrastructure – such as roads, electricity and safe storage facilities – to developing non-exploitative business opportunities for small-scale farmers to access new markets.

Development in practice

Targeted, inclusive rural development can transform lives more dramatically than any other form of intervention. Investing in rural people results in better livelihoods, improved food security and nutrition, and healthier communities. It also contributes to stability by addressing food and nutrition insecurity, which is so often a contributing factor to civil conflict. This has been borne out in

many IFAD-supported projects, including one in Yemen that has worked to protect and promote rural livelihoods despite the country's critical security situation. About 5,000 women and men have participated in community-led advisory services that

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have introduced new crop varieties and drip irrigation in one of Yemen's poorest and most insecure governorates. Evaluations have found a considerable improvement in household food security and reduced rates of child malnutrition. The project has proved to be popular with beneficiaries, who have invested their own money in a domestic water scheme,

which is saving women up to 300 hours a year in time spent collecting water. Project participants report a significant reduction in violent conflict in project areas.

Highly industrialised countries have long recognised the importance of agriculture to their own economies and food security. But to truly create a world without hunger, an even greater commitment to agriculture and rural development is needed. This includes a commitment to participate in shared, normative frameworks for investment, such as the Voluntary Guidelines on Land Tenure and responsible agriculture investment principles, so that the people who most need to benefit from new opportunities in agriculture – rural people – are not marginalised. Investing in inclusive, sustainable agricultural development is, of course, good for the 2.9 billion women, men and children who live in the rural areas of developing countries. But it is also an essential investment for the future health of the billions of people who make their homes in cities by providing a source of clean air and water, protection for biodiversity, and a foundation for stable societies. ■

Sustainable Growth

For Olam, unlocking mutual value is not just the right way to do business, it is the only way



Olam's cotton operations in Mozambique are part of the Better Cotton Initiative programme, which aims to improve the social, environmental and economic aspects of sustainable cotton production

A key theme of this year's summit is Sustainable Growth, which resonates whether your world view is from a developed country or from within an emerging economy. At Olam, we are privileged to see both sides. Feeding, clothing and sheltering a growing world population is a shared global challenge, the answer to which lies in collaboration towards Sustainable Growth.

Tackling the issues around global food security is one way in which we are partnering with countries, such as Nigeria, to reduce net imports of staples

including rice. Growing more food for local consumption in the countries where we operate helps supplement imports and improves the environmental footprint while creating long-term viable employment opportunities in agriculture.

In Gabon, we are working with the government in a Private Public Partnership to ensure that palm oil is produced responsibly (to RSPO certification) so that social and environmental needs are taken into account. By also using our expertise to support the smallholders growing palm around our plantations, we will help to meet Africa's growing demands for this essential and nutritious cooking oil.

At a global level transparency and traceability are becoming ever more critical as consumers everywhere want to understand how their food is sourced when supply chains are so complex. They are seeking greater assurances from brands that ingredients like cocoa, and crops such as cotton, are fairly and sustainably produced. This means collaborating with our global stakeholders including NGOs, certification bodies, customers and peers. In Mozambique, our cotton operations are part of the Better Cotton Initiative (BCI) programme, which aims to improve the social, environmental and economic aspects of sustainable cotton production, while in India we are

collaborating with IFC, Solidaridad and Hindustan Unilever Foundation to boost sustainable sugarcane productivity.

In developed economies Olam is driving a different kind of sustainable innovation. Working with major brands in the US for example, we have developed elite hybrid onions which have higher yields and lower water and land requirements, minimising our environmental impact.

So for governments, for brands and the 3.9 million farmers we work with alike, Sustainable Growth is fundamentally dependent on the transfer of agri knowledge from the big players to the small so that across the continents cultivated land reaches its potential and agriculture is a livelihood to be pursued. That is good for Olam, for our customers, for farmer livelihoods and, ultimately, for our world.

Company overview

Olam International is a leading agri-business operating from seed to shelf, supplying food and industrial raw materials to over 13,600 customers worldwide.

With a direct presence in 65 countries, Olam has built a leadership position in many of its businesses such as Edible Nuts, Spices & Vegetable Ingredients, Cocoa, Coffee, Cotton and Rice.

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