



DEVELOPMENT COMMITTEE
(Joint Ministerial Committee
of the
Boards of Governors of the Bank and the Fund
on the
Transfer of Real Resources to Developing Countries)



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Statement by

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The agricultural sector in developing countries has a high and largely untapped potential for generating employment, both on and off the farm. With the world population projected to grow to 9.3 billion people by 2050, there will be no shortage of demand for food in the coming years. Employment-centered agriculture uniquely responds to some of today's most pressing development challenges: food security, poverty reduction and environmental sustainability. Agricultural markets are rapidly changing and growing, bringing more opportunities for everyone involved in agriculture. But it is critical that the right policies are established now if those opportunities are to be seized. Employment-centered approaches to agriculture and rural development are essential so that the sector can meet its promise of improving food security and lifting millions of people out of poverty.

Approximately 70 per cent of the world's poorest people still live in the rural areas of developing countries. New investments in agriculture and job creation efforts in these areas must be sensitive to the requirements of smallholder farmers and poor rural people if they are to improve global food security and reduce poverty and inequality.

Today, most of the employment options for poor rural people are menial and low paid. In fact, many women and young people do unpaid work. Earnings are typically so low that many rural households depend on at least two sources of income to survive. Many are net buyers of food. The challenge is to create a range of rural employment options with reasonable income potential so that poor rural people can build good lives and invest in the communities where they live, rather than having to resort to migration as a survival strategy. This is particularly true for young people (aged 15 to 24), who today make up, on average, 20 percent of the developing world's population.

It is estimated that food availability will need to rise by 60 per cent to meet demand from a growing and more affluent population. The current generation of young people will be needed to produce, process and market the food to meet this demand. These young people must also have an opportunity to play their part – as entrepreneurs, service providers and wage earners – in the development and economic growth of their communities.

Farming is a business

Farming, at any scale, is an economic activity. To be successful, small farms need clear links from production to processing, marketing and consumption. Successful small farms can transform rural landscapes. Thriving rural economies create local demand for locally produced goods and services, which in turn raises non-farm employment in related services, agro-processing and small-scale manufacturing. The benefits spread beyond the local setting, building a dynamic flow of economic benefits between rural and urban areas—which means nations have more balanced and sustained growth.

There is a proven link between the development of local agribusiness sectors and the reduction of rural poverty. Agribusinesses provide employment for poor rural people. For small-scale producers, they offer inputs, services, and links to markets. And by paying local taxes, agribusinesses contribute to community development and rural economic growth.

But most agribusiness companies in developing countries are small or medium-sized. All too often, they lack access to the finance, technology and business development services that would allow them to connect with small rural producers. And smallholder farmers themselves are frequently ill-prepared for the demands of modern markets.

IFAD works in a number of ways to improve the linkages between small farmers and agribusinesses, such as processors or commodity buyers. For example, the projects we support provide technical assistance for small farmers to increase their productivity and improve the quality of their produce so that they meet agribusiness market standards.

We also help farmers organize themselves into groups or associations to strengthen their bargaining power and improve their interaction with the agribusiness sector. And we work with small farmers and private agribusiness companies to develop contract farming agreements.

For small farms to become successful businesses, they need to be well connected to markets. Today, more than one third of the rural population of sub-Saharan Africa lives five or more hours from the nearest market town of 5,000 people, making transport and marketing costs too high. More roads and infrastructure could change that.

Smallholders not only need to improve the quality and quantity of their produce, they need processing and storage facilities. An estimated 20 to 40 per cent of crop production is lost in sub-Saharan Africa because of deterioration after harvest. By making the links from the farm to the consumer more efficient and by reducing losses, we can improve food security for everybody, particularly small farmers and poor urban consumers.

Focusing on opportunities for rural women

Efforts to create jobs in the rural areas of developing countries must take the needs of women into account. Women make up 43 per cent of the agricultural labour force in developing countries, on average. In East and Southeast Asia, and in sub-Saharan Africa, this rises to almost 50 per cent. Women in rural societies often work under great constraints. They lack access to credit and equipment, and have fewer market opportunities than men. They lack rights to the land that they cultivate and they lack the power to hold onto the profits of their labour. All too frequently, when women's activities become profitable, the males in the household take them over.

Giving women the same access as men to agricultural resources could increase production on women's farms by 20-30 per cent. This would reduce the number of hungry people in the world by 100 to 150 million.

IFAD's experience in rural employment generation

In recent years, we have worked with our partners to scale up our more successful programmes--strengthening value chains, extending rural financial services, and creating new market opportunities for smallholders and other poor rural people. More and more IFAD-supported-projects promote the development of value chains, a precondition for less volatile markets. These projects help producers by fostering well-functioning markets for the inputs and services they need. They also work to help

producers capture greater value through post-production handling and processing; store their produce safely and affordably; and obtain fairer terms with other actors, from local traders to agribusinesses.

IFAD has been encouraged by the results of rural employment generation programmes. In Madagascar, for example, as many as 50,000 new and quality jobs were created through a programme that increased the incomes of poor rural people by consolidating microenterprises at local and regional levels. The programme offered extensive skills training and apprenticeship programmes, as well as facilitating increased access to technology and financial services.

In Sri Lanka, women were able to take advantage of agribusiness opportunities after receiving vocational training, technological access and microcredit. The women were able to transform their small subsistence farms into agribusinesses, increasing their production and reducing their risk by diversifying their income streams.

The way forward

The role of employment in promoting development and reducing poverty has long been recognized in the international agenda. Target 1B of the Millennium Development Goals calls for achieving full and productive employment and decent work for all, including women and young people.

But more work is needed to ensure that all aspects of the Decent Employment agenda, including labour rights, social security and social dialogue are included in rural employment policy frameworks. Rural employment strategies must be pro-poor and gender sensitive, so that the people who have the greatest need of decent employment are reached.

There must be investment in skills development and training for both farm and non-farm activities. While education and skills training should be accessible and universal, they should also respond to the specific needs of poor rural people. Training and employment programmes should be developed in consultation with rural women and men. IFAD strongly believes that poor rural people are not beneficiaries; they are our most important partners.

Farmers' organizations and cooperatives should be supported to promote smallholder farmers integration and participation in agricultural value chains. Promoting public-private collaboration to increase smallholder farmers' access to markets could give a huge impetus to rural employment promotion, both in farm and non-farm activities.

The challenge ahead is a sizeable one and there is a strong need for coherence, coordination and collaboration among the national and international, public and private actors. The idea of such coordination is appealing to all; achieving it means that we have to hammer out a common understanding of the promotion of decent work as an indispensable component of rural and agricultural programmes and policies, and the ground rules for pro-poor investment. Decent work is one of the most sustainable means of creating resilient rural economies, and enabling millions of poor people to lift themselves out of poverty.