A NEW RURAL DEVELOPMENT PARADIGM FOR DEVELOPING COUNTRIES IN THE 21ST CENTURY

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Why a new rural development paradigm?

- More than 3.3 billion people live in rural areas and this number will remain around 3.2 billion past 2050
- 92% of the population in developing countries live in rural areas and this share will continue to rise
- More than 60% of the rural population in developing countries is below USD $2.00 PPP/day
- Developing countries need better strategies to deal with large and growing rural populations
- Effective rural development strategies are going to be necessary to achieve the Sustainable Development Goals
Total rural population will continue to increase until 2028.
Population growth rates in the developing world (1950-2050)
Poverty rates between rural and urban areas in developing countries (1990-2008)
Challenges and opportunities for developing countries today

Challenges

• Demographic pressure, 370 million additional youth will join the labour market in Sub-Saharan Africa within 15 years
• More competitive global context limits many previous opportunities
• Climate change, higher vulnerability to droughts and water stress
• Rural-to-urban migration with limited productive jobs

Opportunities

• New links and lower costs to international trade and access to global supply-chains.
• New technologies: Green Revolution, ICT-enabled services, better access to and exchange of information for rural populations (must be leveraged on other policy actions)
• Rural industry, education and health services, tourism
Different trajectories: OECD, Korea, developing countries

Employment in agriculture vs rural population

Developing World

Korea

OECD Countries

Legend:
- % rural population
- % employment in agriculture
Korea’s rural development strategy: Saemaul Undong

- **Context:** Fast industrialisation and demographic transition, high rural-to-urban migration flow, and egalitarian rural society.
- **Saemaul Undong:** Buffer during the transition from an agrarian to a modernised rural society during fast structural transformation.
- **Agents:** All levels of government; private sector; and village leaders
- **Country assets:** pre-existence of high social capital in rural communities; resources from government-led industrialisation process, and strong leadership and commitment from central govt.
- **Main strategy:**
  - Top-down actions to mobilise communities, along with bottom-up actions to identify local priorities and carry out projects to build or improve infrastructure.
  - Inter-ministerial coordination for improving agriculture productivity and promoting non-farm employment in rural areas.
Lessons from the Korean rural development experience

Rural development strategies should have:

- **A broad multi-sectoral approach** that includes agricultural modernisation, investments in rural infrastructure, education and health, and income support, with strong coordination mechanisms
- **Incentives for mobilising the rural community** to improve basic infrastructure and living conditions
- **Mechanisms for building local capabilities and monitoring and evaluating** local projects
- **Grounded institutions** that allow effective implementation and promote coordination across stakeholders
- **Sharing of best practices** to contribute to learning and to adapting new actions to improve program implementation
Key lessons from the study including 5 developing country experiences

1. Successful rural development strategies have to be tailored to the specific conditions of each country.
2. The biggest challenge in developing and implementing successful rural development strategies is governance, particularly the capacity to integrate, coordinate, implement, monitor and adjust strategies to constantly changing circumstances.
3. Demographic structure and demographic trends need to be taken into account because they have big implications for the economic opportunities and welfare of the population (see next slide).
4. Need to switch from static definition of “rural” and “urban” toward multidimensional policies that incorporate rural areas into regional development and build on positive dynamics of rural-urban linkages.
5. Country strategies need to carefully consider the appropriate balance between the roles of agriculture, industry and services in rural development.
Income per capita, urbanisation and total fertility per women (1960-2012)
The New Rural Development Paradigm

- Stresses distinct policies for the agricultural, industrial, and services sectors, and incorporates social policies that go beyond economic ones
- Considers the inter-dependencies between rural and urban areas to give policies a cross-regional dimension
- Aims to reduce both spatial- and gender-based inequalities
- Builds around the unique characteristics, challenges, and advantages of particular countries
- Takes into account the capacity of government to design and implement policies and the need for building in appropriate incentives for different actors and buy-in for implementation
- Takes into account the need to constantly adapt strategies to changing local and global context, and to build local capability
Toolkit for rural development

- Set of policies that can help achieve rural development objectives
- Assessment of country specifics in order to develop a strategy
- Considerations for developing strategies
- Basic classification matrix
- Key points to keep in mind
## Illustrative policies for rural development

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<tr>
<th><strong>Agriculture</strong></th>
<th><strong>Industry</strong></th>
<th><strong>Services</strong></th>
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<tr>
<td>1. Modernizing agriculture</td>
<td>1. Promoting industrial zones</td>
<td>1. Promoting private-sector service industries</td>
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<td>2. Inserting agriculture into global value chains</td>
<td>2. Promoting rural industry</td>
<td>2. Improving transport logistics</td>
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<td>3. Developing agricultural pricing policies</td>
<td>3. Promoting handicrafts and cottage industry</td>
<td>3. Promoting access and use of information and communications technology</td>
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<td>4. Improving productivity and resilience of subsistence agriculture</td>
<td>4. Promoting basic physical infrastructure investments</td>
<td>4. Promoting access to credit, inputs and markets</td>
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<td>5. Improving food security</td>
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<td>5. Promoting tourism and eco-tourism</td>
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<td>6. Developing land policies</td>
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### Human and Social Capital

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<tr>
<th><strong>Government</strong></th>
<th><strong>Environment</strong></th>
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<td>1. Investing in education and training</td>
<td>1. Mainstreaming environmental sustainability</td>
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<td>2. Investing in basic health</td>
<td>2. Building resilience</td>
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<td>3. Mainstreaming gender issues in development</td>
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<td>4. Encouraging family planning</td>
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<td>5. Promoting social capital</td>
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<td>6. Promoting community-driven development projects</td>
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<th><strong>Government</strong></th>
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<tr>
<td>1. Building government capacity at different levels</td>
<td>1. Mainstreaming environmental sustainability</td>
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<td>2. Increasing the role of rural-urban linkages in broader development strategies</td>
<td>2. Building resilience</td>
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<td>3. Supporting government transfers</td>
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<td>4. Developing intermediary cities</td>
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<td>5. Managing internal and external migration</td>
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Considerations for developing strategies

- Institutional and structural issues such as the level of government capacity, population dynamics, environmental vulnerability (see benchmarking slides)
- Prioritising and sequencing what is to be done, taking into account the priorities of different stakeholders
- Sources of financing, including the roles played by domestic resource mobilisation, the effective tapping of natural-resource rents, foreign direct investment, foreign borrowing and foreign assistance, and remittances from international migrants.
- The incentives for different agents to participate in the strategy
- The role for new technological opportunities and how to tap them effectively
- Monitoring, accountability and capacity for adjustment
Countries have been classified according to the following criteria:

- **Rural Population Share**: rural population higher than 67%, between 34% and 67% and less than 34%
- **Natural Resources**: natural resources rents (excluding forestry) accounting for more or less than 10% of GDP
- **Demography**: Total Fertility Rates (TFR) divided into five categories from higher than 5 to lower than 2 births per woman.
- **State Fragility**: countries are color-coded according to their level of fragility and classified as: Very High Alert, High Alert, Alert, Very High Warning, High Warning, Warning, Less Stable, Stable and Very Stable.

Our Index is adapted from the existing Fragile States Index but includes only the following relevant six dimensions:

1. Group Grievance
2. Legitimacy of the State
3. Human Rights
4. Security Apparatus
5. Factionalised Elites
6. External Intervention

- **Climate Change Vulnerability**: the underlined countries are the ones with a high score in the vulnerability to climate change index (higher than 0.50), as derived from the Notre Dame Global Adaptation Index. Vulnerability is measured by considering six life-supporting sectors and three components within each of them.

Six life-supporting sectors
1. Food
2. Water
3. Health
4. Ecosystem Services
5. Human Habitat
6. Infrastructure

Three components within each sector
a. Exposure of the sector to climate-related or climate-exacerbated hazards
b. Sensitivity of that sector to the impacts of the hazard
c. Adaptive capacity of the sector to cope with or adapt to these impacts

- **Landlocked countries**: the asterisk indicates when a country is landlocked.
## Classification Matrix

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<tr>
<th>Rural population &gt; 67%</th>
<th>34% &lt; Rural population &lt; 66%</th>
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<td>Natural resource rents &lt; 10% of GDP</td>
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Note: here we focus only on countries with **more than 34% of population living in rural areas.**
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Key points to keep in mind

• Strategies have to be tailored to the specifics of each country’s situation
• This requires detailed assessment and knowledge of the local context. It is not a process that can be done from abroad.
• It requires deep local knowledge and consultations and negotiations with relevant local agents
• Development and implementation of effective strategies requires improving the capability of government at all levels and of other key actors, as even the best strategies need to be adjusted over time as circumstances change
Moving forward

- The New Rural Development Paradigm for the 21st century can be used as a tool for identifying some of the challenges and proposing some of the solutions to achieving the Sustainable Development Goals (SDGs).
- In the process of developing it we have identified some major challenges beyond climate change which will require concerted national and international action:
  - Addressing very high population growth in many countries, particularly in Sub-Saharan Africa.
  - Need to create massive productive employment.
  - Need to improve governance, and government capability.
  - Need to improve donor coordination.
  - Need to develop greater resilience in developing country.
- Addressing some of these challenges will require:
  - New innovative approaches including new technologies, organization and ways of implementing strategies.
  - More efforts to build local capability in governments at all levels, but also in the private and NGO sector.
  - Greater international coordination and more effective ways of engagement.