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viewpoint

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The price of development and the cost of inaction

IFAD

Investing in rural people

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Not a day passes without another news headline about clashes and unrest in some part of the world. In April 2015 alone, more than one thousand migrants from the Middle East or Africa died trying to escape to Europe by sea. The political unrest is entwined with extreme poverty and the cycle of conflict, discontent and desperation.

Yet Africa has 11 of the 20 fastest growing economies in the world. Africa has enormous resources, and almost half of the world's uncultivated land that is suitable for growing food crops. There is also the so-called "demographic dividend" of a burgeoning working-age population. So why are so many people risking their lives to flee a land of such opportunity?

The answer can perhaps be found in the three "i's" of inaction, inequality and insecurity, which plague so much of the developing world and which are deeply intertwined. Rural areas are especially affected – and, not coincidentally, are also where three quarters of the world's poor and hungry people live.

The rural poor, who overwhelmingly depend on agriculture for their livelihoods, lack access to markets, finance, technology, services and infrastructure that would allow them to thrive. They inhabit a forgotten and neglected world.

The problem is not limited to Africa, where nearly a third of the rural population lives more than five hours away from a market town of 5,000 people. In Nepal, road density in 2008 was about 14 kilometres per 100 square kilometres of land area – compared with 72 kilometres in South Asia – and on average, it takes more than 11 hours for smallholder families to reach a paved road. In Nicaragua, the average small farm is located about 48 kilometres away from a road. By contrast, in France, road density is 187 kilometres per 100 square kilometres of land, and in the United Kingdom, 172 kilometres.

How can you ask people to stay in rural areas and grow the food that the world needs if you don't invest in the key ingredients of their success? Today, the gap between rich and poor largely follows urban-rural lines. We can measure the distance between rich and poor not only through money, but in roads and schools not built, services not extended, policies not enacted, and people ignored.

The trajectory of the Ebola epidemic illustrates the cost of inaction. A disease that received scant attention over a period of decades when it affected only Africans in remote rural areas killed over 11,000 people in 16 months, almost all in Guinea, Liberia and Sierra Leone. There was little investment in early detection, medical facilities, infrastructure and community education that would have limited the spread of the disease. Ebola cost billions in emergency response and lost revenues for the affected countries. The social cost is incalculable.

The objective of development is not to create wealth for its own sake, or the benefit of a few, but rather to build better societies to achieve broad inclusiveness. Preparing the ground for people to succeed – and to survive, if disaster strikes – requires foresight and investment, both public and private.

In many countries this work has been neglected, particularly when the easy profits of oil and mining promised national wealth without the hard work of building and maintaining the social structures that stability, commerce and the rule of law depend on. Rural areas and agriculture suffered particularly. While millions of dollars found their way into private bank accounts, opportunities for millions of rural people vanished at the same time.

Even today, after major gains have been made in poverty reduction, about 60 per cent of the African middle class (nearly 200 million people) remain barely out of the poor category. They have been called a "floating" class, earning between US$2 and US$4 a day. The growth rate of the upper-middle class – those earning from US$10 to US$20 per day – has been less than 2 per cent over the past 10 years.

When we speak of "marginalization", we need to remember that we are talking about vast numbers of people barred from the benefits of economic growth, and that inaction, inequality and insecurity form a vicious cycle. Throwing money at the problem will not solve it. We need to think not only about investment, but the kind and quality of investment, and the equity of the results.

Putting the costs in perspective

We need to be clear about the magnitude of the challenge ahead of us. The Intergovernmental Committee of Experts on Sustainable Development Financing estimated that around US$50 billion would be required annually to eliminate hunger by 2025. The United Nations System Task Team Working Group on Financing for Sustainable Development projected that an additional annual investment of US$50 billion to US$300 billion would be needed for sustainable development related to land and agriculture.

Those sound like staggering figures, especially at a time when everyone, from CEOs of companies to presidents of countries, is looking for ways to cut costs, not increase them. But let's put the figures in perspective. In 2014, the global defence trade rose for the sixth year in a row, to an estimated US$64.4 billion. Illicit financial outflows from Africa amount to US$50 billion a year. The global illegal lumber trade has been estimated at US$100 billion annually. These are huge sums, and a testament to the damage inflicted by poor governance, misplaced priorities and simple greed.

So, while it's important to ask where we will get the resources we need for development, we also should spend some time thinking about what we are doing with the resources we already have. What kind of future are we investing in?

The recently published State of Food Insecurity in the World 2015, found that in many countries that have failed to reach the international hunger targets, natural and human-induced disasters or political instability have resulted in protracted crises causing increased vulnerability and food insecurity for large parts of the population. The World Bank estimates that over 2 billion people in the developing world are confronted by some form of extreme violence, and that the share of global poor living in fragile and conflict-affected situations today will at least double by 2030.

Obviously we cannot afford inaction.

One thing is certain: poverty has no positive side. It is the source of many social ills. It is not ennobling; it is crushing. It is not a state of nature; it is a social and political failure.

The post-2015 agenda

This is recognized by the post-2015 agenda, which is setting its sights on the elimination of poverty, and thus far has rightly devoted its attention to rural areas, where most poor people live, and to agriculture, which is what most poor rural people do. It has underscored the need to address inequality.

As we look ahead to implementing the post-2015 agenda, it is imperative that activity is not mistaken for action. Once the post-2015 agenda is affirmed and the financial models are put in place, there must be a shared understanding that it is not just a new initiative but collective action that is needed to eliminate the hunger and poverty that today blight so many lives.

People at the heart of development

Between the funding on one side and the goals on the other, lie billions of people. They are the true mechanism of development. This is why IFAD invests in people, involving beneficiaries as partners in designing and implementing projects.

We can also learn from the people we are trying to help. There are no easy profits in farming. Plants and livestock are living things, and they require nurturing. So do families and communities. Planting a seed is an act of faith and hope in the future. The farmer who calculates when to plant, what and how much, to provide for herself or himself and the family, is a forward thinker, someone that others must depend on.

We will need more of that kind of thinking as we go forward in trying to build a better and more sustainable world, free of hunger and poverty. It will require not only investment on a massive scale, but that we plan for and tend to those investments both with patience and with care.

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