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## **Concept Note for the Rural Futures Strategic Briefing Meeting: UNECA, Addis Ababa, Ethiopia, 25-26 May 2011.**

### **Introduction**

It is estimated that 70 percent of the rural population in Africa derive their livelihoods from subsistence agriculture and that a total of 330 million people now live in extreme poverty. The population of Africa is expected to double by 2050 thus placing enormous pressure on the increasingly degraded agrarian environments and on the need to create employment and increase food production to feed that growing population. Despite rapid rural-to-urban migration which has its own problems, rural populations will continue to grow together with the economically active group. Given the current weak structure of African economies and slow growth in the quality and quantity of both on-farms, off-farm, industrial and urban employment, a great majority of these new entrants will face challenges in terms of gainful employment and socio-political stability of the countries affected. Adverse and unpredictable climate events such as droughts and floods further threaten the livelihoods of the rural poor more than any other social group. Extreme Weather conditions do not only add to stresses on water resources, food security and human health but are largely responsible for constraining economic growth and hampering poverty reduction efforts.

There is therefore an urgent need to raise awareness on the different options for addressing the plight of the rural poor through conducting a series of briefing forums involving community-level stakeholders including farmers, rural women, rural development practitioners, rural traders, policy makers and global experts. It will be necessary to come up with strategies that pave the way for concrete areas of intervention along the business chain and enhance the market value of current activities. The major objective is to promote analytical thinking and consultations on enhancing the capacity of the rural sector in the transformation of African economies. Whereas the focus of policies and commitments has largely been on agriculture, rural development has not been addressed at the same level in defining/ focusing strategies and allocating sufficient resources to fight against hunger and poverty. Previous efforts have largely been sectoral with loosely connected interventions and limited synergy. They have not adequately addressed the conflicts and tensions between different sectors and stakeholders, for example the potential conflicts between livestock grazing and forestry and natural resource management including water rights which can both be viable sources of rural livelihoods if properly managed. Investments related to rural development in Africa are needed mainly in infrastructure, land, electricity, communication, non-farming activities, public services, social protection, and rural finances. Emphasis has to be put on identifying which rural development strategies are most effective to address food insecurity and poverty reduction.

### **Statement of the Problem**

Africa is extremely vulnerable to climate change risks principally because of over-dependency by millions of households on climate-sensitive rain-fed agriculture. Each year millions of agricultural producers face the prospects of tragic crop failure or livestock mortality as droughts become more frequent. Risk management strategies commonly used by smallholder farmers include crop diversification, intercropping, low fertilizer application, poor quality seeds and land-share cropping. Ex-post measures on the other hand include, selling/liquidation of assets (especially livestock), family mutual/reciprocal aid networks, self-insuring behavior (savings and credit reserves), off-farm employment, migratory labor, and others. Despite a seemingly wide array of risk management



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options at the disposal of smallholder farmers, all these strategies fail in the face extreme weather events and weak economies.

It is a well known fact that poverty makes people vulnerable and limits their choices for survival. When crops fail and livestock die subsistence farmers have few or no alternative means to provide food for their families. Undeveloped rural financial markets imply that rural communities have limited options. Banks and other microfinance institutions have been reluctant to lend to smallholder farmers on the grounds that these are perceived as too risky. Financial institutions are typically afraid to extend credits to smallholder farmers because fear that they may default on loan payments in large numbers and thus incur losses. In most developing countries smallholder agriculture is characterized by millions of small scale farmers who hold small farming units. In addition, a majority of these farmers are scattered in remote rural areas where they face limited access to markets. The costs to administer such a large number of widely scattered farmers have discouraged participation of the private sector and traders in agricultural markets or when they do costs are passed on to rural consumers. Even governments (unlike in developed countries) cannot not always afford to offer subsidized services to cover millions of smallholder farmers as this will prove too expensive and administratively cumbersome

### **Suggested strategy to address the problem**

Addressing the needs of the rural poor requires an integrated approach that incorporates multi-disciplinary development planning and more diversified income generating projects, involving all primary stakeholders to ensure that their particular needs are met. Participatory and consultative processes are needed that enhance decision-making by providing relevant information on the best strategies to adopt. For example by improving agricultural productivity and diversifying off-farm activities and providing better access to markets and market information and rural infrastructure, the vulnerability of the rural poor to climate variability and related economic challenges can be reduced significantly. Risk avoidance behavior by smallholder farmers often comes at high cost. For instance, farmers fail to exploit most profitable land uses and technologies because of the perceived higher risk. Hence because of risk aversion, smallholder farmers undertake livelihood strategies that guarantee low risk but lower return and these generally limit potential income opportunities. As a result weather risks lock smallholder farmers in poverty trap as resources are not directed to their highest and best use. Incorporating climate information into development efforts has the potential to reduce uncertainty and improve livelihoods as farmers become more confident to adopt new high-yielding technologies and are better able to diversify their sources of income.

### **Rural Futures Program**

In response to the need to create employment and livelihood opportunities for the rural poor and accelerate economic growth with environmental sustainability, the NEPAD Agency launched the Rural Futures Program in October 2010. The purpose of the Rural Futures Program as a multi-sectoral approach for advancing rural transformation across Africa is to facilitate new thinking and broad agreement with respect to the visions, strategies and plans for rural development and poverty reduction. The program is based on the understanding that agriculture and the rural economy are vital components for structural change. It encompasses a broader understanding of the inter-



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relationships between economic, environmental and political factors for advancing rural transformation and takes into account the roles of different stakeholders working in a transparent and collaborative approach. The objectives of the Rural Futures Program are: a) building the knowledge base and broad consensus around a rural transformation agenda as an African-led strategy for economic growth and rural development; b) Creating enabling policy and institutional conditions and processes that are necessary for advancing rural transformation and integrated development; c) promoting innovative actions and launching strategic flagship interventions that serve as models for rural transformation; and d) building new partnerships and mechanisms for knowledge sharing on rural transformation and promoting collaboration at national, regional, continental and global levels.

**Rural Futures** is based on a solid understanding of the rural condition and its role in the development process, a shared vision for its future, and an integrated framework for action in support of rural transformation as a key factor for national and regional development. It is broadly organized around four major pillars of action namely: (i) **Strengthening the institutional and policy architecture** to advance rural transformation; (ii) **Investing in structural change** by launching flagship initiatives and encouraging broad scale multiplication of best practices; (iii) **Mobilizing actions, innovations and investments** to support rural transformation and (iv) Building **broad-based partnerships**.

## Overall Objectives and structure of the meeting

*The main objective of the meeting is to present a strategic briefing of the Rural Futures program to key development partners. This strategic briefing will be preceded by the RuralStruc meeting, which aims to disseminate the results of the RuralStruc program.*

More specifically, the **Rural Futures** strategic briefing aims to:

- Provide a strategic high level presentation of the Rural Futures program
- Build on the results of the RuralStruc program
- Define follow up actions that include a) development of specific rural flagship projects; b) preparation for the series of (4) consultative meetings; c) preparation of background papers, policy briefs and research studies for the Rural Futures program; and d) preparation of a full program document and project proposal including creation of a project facilitation grant.

## Expected Outcomes

At the end of the meeting, there will be clear understanding and awareness of the Rural Futures Program among the key partners. The program is intended to complement the current momentum associated with agriculture and food security, and add voice to a development context for the ever-growing and diverse set of projects and programs being promoted by governments and development agencies. There is need to create opportunities to share experiences on key issues (e.g. agro-ecological approaches, land policies, market and prices, rural women, etc) where rural development has achieved results in fighting against rural food insecurity and poverty. This should lead to the building of networks of rural development practitioners which facilitate development effectiveness. Another necessary activity is identifying a priority list of rural development principles and actions that effectively address the specific needs of women and the rural poor such as development of rural community projects that reduce poverty, and enhancing the capacity of rural



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communities to participate in development programs, including rural marketing and infrastructure development. To that end the **Rural Futures Program** is specifically designed for addressing rural livelihoods and promoting the participation of the rural poor in the development process.

## Next steps

Following this strategic briefing a series of other meetings for global thinkers will subsequently follow. There will also be a series of consultations for the African constituency, after which some policy/analytical papers will be prepared, based on the outcomes of the consultations. The program will then be presented to the donor/development partner constituency in June of this year.

## Participants

High level representatives of the following organizations will be invited to the meeting: the Regional Economic Communities (RECs), the Africa Union Commission, Rural Development Organizations, Bilateral and Multilateral Development partners, United Nations Institutions, African government representatives, Civil Society Organizations, Regional Farmer's bodies and the Academia.