

# “Realizing the Vision: Investing in Rural People for Inclusive and Sustainable Transformation”

*A side event at the Addis Ababa Third International Conference on Financing for Development (FfD)*

Co-hosted by  
the **International Fund for Agricultural Development (IFAD)**, the **Government of Ireland**, the  
**Government of the Netherlands**, and the **Government of Rwanda**

As the global community gathers in Addis Ababa to agree on the definition of a new international financing framework for sustainable development, this High-level side event will focus attention on a set of questions that need to be addressed to overcome obstacles to investment in inclusive and sustainable rural transformation. While the Addis Ababa conference is not a pledging conference, the event is an opportunity for governments, public institutions, the private sector and rural people themselves, to commit themselves to the necessary actions to transform rural areas and to meet the ambition of the Post-2015 Agenda.

The event will feature a two-hour, dynamically moderated panel with senior representatives from government, the private sector, and the International Fund for Agricultural Development (IFAD). Each will bring to the discussion their real-life experiences in contributing to the creation of an enabling environment to mobilize resources and investment in sustainable and inclusive rural transformation, with a focus on boosting the investment capacity of smallholders and rural MSMEs.

**Date and time:** 14 July 2015, 10 – 12:30, Radisson BLU Hotel, Sholla 2 Room; the event will be open to the media

## **Background**

We live in a world where 800 million people go to bed hungry every night. Nearly 1.2 billion people remain extremely poor, struggling to care for their families and blocked off from more productively contributing to the societies in which they live. The vast majority of these people – about 78% – live in rural areas in developing countries. Yet, it’s the 500 million small farms and 3 billion people that populate these areas that are producing the majority of the food in developing countries.

The emerging Post-2015 Agenda sets the world on a path to end this injustice, while also committing the global community to pursue this objective in an inclusive and sustainable manner. To realize this ambitious vision, the importance of investing in rural people becomes clear. Without investment in raising rural and agricultural productivity, improving rural incomes and quality of life, and reducing rural-urban gaps in access to services, decent employment, and infrastructure, we will not eradicate poverty, reduce inequalities, or achieve inclusive growth. Instead we will see an exclusionary rural transformation with ever greater numbers of, mostly young, people driven off the land by the lack of employment and opportunity and burgeoning urban populations whose poverty and economic exclusion will be even more intractable.

Inclusive and sustainable rural transformation runs as an important thread across the Post-2015 Agenda. Mobilizing investment in rural transformation will thus be essential for post-2015 implementation. The draft of the outcome document of the Third International Conference on Financing for Development, the ‘Addis Ababa Accord’, recognizes the inherent integration of the Post-2015 Agenda and emphasizes agriculture and rural development as areas where investment and improved policy frameworks can deliver cross-cutting benefits across the agenda.

The Addis Ababa Accord can provide the necessary framework to facilitate investment in a vision of the world that meets the ambition and urgency of the new agenda. The cost of doing otherwise would be enormous. Without investment in rural landscapes we will not reverse environmental degradation and increase resilience to climate change. And without investment in rural people, we will not achieve a world in which every human being can fulfil their aspirations to a good education, adequate nutrition, a decent job, and a voice in the public decisions that impact their lives.

Today, rural areas around the world are diverse and changing rapidly. While in some contexts embedded inequalities and market failures, such as unpredictable prices, poor information and high transaction costs, are holding producers back from more positive gains, we have also seen rural areas transforming where increased productivity of the smallholder agriculture sector has raised rural incomes and stimulated demand for non-farm activities and products. These developments have been supported by improved market linkages to urban food markets, and by enhanced rural access to services, finance, and technology.

Going forward, success in realizing the ambitious, but achievable vision of the Post-2015 Agenda demands that we build on this progress. The challenge is a multi-faceted one, spanning the realms of policy, capacity building, and finance. We need enabling policy and institutional environments for investment in the rural sector, with particular focus on galvanizing investments that are sustainable and inclusive. We need more focus of public resources on delivering key public goods and services in the rural sector, notably those goods and services that are critical to increase private investments and especially the investment capacity of smallholders and rural MSMEs – from local infrastructure to inclusive R&D and innovation systems, from inclusive financial institutions to effective and responsive governance institutions, and much more. The need to strengthen or reconfirm public commitments in this area is indeed recognized in the draft Addis Ababa Accord.

For this to happen, domestic resource mobilization and ODA will also need to be used to boost investment in the rural sector on the scale and in the ways needed for a transformative agenda to be realized. Much greater attention needs to go to how public resources can be best put to use to leverage private investment capacity – again, notably of smallholders and rural MSMEs, but also of larger companies and financial institutions. Public policy can provide incentives to those already involved in smallholder production and the linked value chains and help make the investment environment more conducive to effectively absorb and direct these investments while also ensuring that these investments are aligned with the broader elements of the Post-2015 Agenda.

***Discussion questions will include:***

- *What are the key elements of an enabling policy environment for inclusive investment in the rural sector? What can we learn from the experience of countries and regions that have made substantial progress on this agenda in the past decade?*
- *How can domestic resource mobilization and international development finance be used to leverage private investment including at the local level and the smallest scales in the rural sector? What are the most promising ways and tools to take this agenda forward?*
- *What are examples of successful partnerships that have built on the comparative advantages of different types of actors – government, farmers' organizations, private companies, financial institutions, etc – to deliver transformative results? How can we further build on these examples in the post-2015 period?*
- *How can the FFD process ensure the monitoring of financial flows for inclusive and sustainable rural transformation, adequate resource allocation and encourage accountability for commitments made?*