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# viewpoint

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The human face of development:  
Investing in people



Investing in rural people

# The human face of development: Investing in people

When we look at the world today, we see impressive gains as well as daunting challenges. The Millennium Development Goal target of halving extreme poverty rates was met at the global level five years ahead of the 2015 deadline. There are now more than 100 middle-income countries, as diverse as Brazil, Lesotho and Vanuatu. It is estimated that developing countries' share of the global middle-class population will rise from 55 per cent today to 78 per cent by 2025.

However, amid rising affluence in some countries and regions, there is also growing inequality. In 2015, there will still be 970 million people living in poverty – the vast majority of them in South Asia and sub-Saharan Africa. And there remain 842 million chronically undernourished people in the world. Volatile commodity prices bring hunger to the poorest, and instability to markets and societies. Climate change and environmental degradation throw long shadows over all of humanity's gains. Against this background, we must confront the question of how humankind is going to continue to feed and sustain itself in the future.

As the world changes, so does the development landscape – so much so that a 2012 report by the Overseas Development Institute predicted “creative destruction” in the aid industry, in which institutions would either adapt or become irrelevant. The same report gave IFAD a positive rating compared with other institutions, reflecting the continued relevance of IFAD's mission and business model, despite ongoing shifts in this changing world.

It is now almost ten years since the Paris Declaration on Aid Effectiveness called for greater country ownership, harmonization and accountability. Those years have seen progress but also considerable change, including uncertainty about the direction of official development assistance (ODA). In addition, the growing role of private foundations,

increasing public-private sector partnerships, South-South and triangular cooperation, and the potential to leverage billions of dollars in remittances for developing countries are all changing the way we think about development. And everywhere there is an intensifying focus on demonstrating impact and results, and showing value for money in development spending.

Amid the uncertainties, this much is clear: rural people must receive increased investment if we are to eradicate hunger and poverty and create a better and more sustainable world. This is the message that IFAD is contributing to the discussions of a post-2015 development agenda. Three-quarters of the world's poorest people live in rural areas; the gap between rich and poor is mainly a gap between urban and rural populations. Increased investment in rural areas is essential to closing that gap. A recent study by the International Monetary Fund underscores this point: it found that income inequality can lead to slower or less sustainable economic growth. Clearly, neglecting rural areas not only hurts rural people but also holds back countries and national economies.

To eradicate poverty and hunger, inclusive growth will have to reach the remotest and most marginalized areas – exactly the places where IFAD has a comparative advantage because of its special mandate and 35 years of experience. But the IFAD of today is not the IFAD of yesterday; we continually adapt and innovate in order to deliver on our mission despite the changing environment. We have redesigned our business model, expanding our presence in the countries where we work, which has been linked to better results; and we are exploring additional sources of financing, among which partnerships with the private sector have a prominent place. But it is also important to remember that some of the new thinking today – most obviously the move away from traditional

aid towards investment – is actually in line with what IFAD has always been: an international financial institution with a human face that puts people first.

### **Making development work for people**

IFAD invests in rural people. And people, and the communities they form, are complex. That is why IFAD works on solutions that are context-specific and often engage with multiple aspects of challenging rural situations, leading to multiple benefits. Higher yields do not reduce a farmer's poverty if there is no access to a market where produce can be sold. Development will not be inclusive unless all people, including women and youth, have access to knowledge, resources and opportunities.

Participants in IFAD-supported projects have proved over and over again that with the right support, they can change not only their lives, but their world. Manju Tiwari's education came to an end at age 15, when she was still a child, following an arranged marriage. Twelve years and two children later, Manju is not only back in school, she is also now in business. Through an IFAD-funded project, she was able to join the Nari Ekta ("Women's Unity") cooperative in Surket, Nepal. She learned how to grow and sell vegetables and has been able to earn enough to meet 40 per cent of her household expenses as well as educational costs. Farming is not only feeding the family but also opening up a new world of possibilities: Manju is proud that her entire family – she, her husband and both sons – are all students now.

IFAD's investments do more than increase income and GDP. They also foster social development, which in Manju's case has meant greater equality and autonomy, in the family as well as the community. She has seen her environment transformed: "Before, we had to ask [our husbands] for everything," she says. Today, women are more independent, and the "bad habits" of men in the community have started to change since women started to earn more. "My husband now helps me farm, but he also helps with the housework," Manju says. "Before they used to play cards, drink and gamble, but now all the men help outside and inside the home."

IFAD's particular expertise – for example, in expanding women's rights and opportunities, building and strengthening farmer organizations, and empowering indigenous peoples – stems from a commitment to investing in people and putting them in charge of their own development. Not only because it is right, but because it works.

### **An honest broker**

When poor rural people profit from development, everyone benefits, in terms of greater food and nutrition security, better natural resource management, greater equality and improved social stability. This fact is now widely recognized, and demand for IFAD support far outstrips supply. IFAD has gained a reputation as an honest broker that can bring together rural people, government, the private sector, development partners and other players to support development that is to everyone's advantage.

Being an honest broker means looking at each partner's perspective and forming unions that are both fair and profitable. And it means treating people as partners in, and not objects of, development.

In Sierra Leone, there are about 700,000 hectares of swamps with the potential to be reclaimed for farmland, but only 1 per cent has actually been developed so far. After a ten-year civil war, during which farming systems and infrastructure collapsed, the task is daunting. But an IFAD-supported project has shown how much potential there is when you start with the people. The project recruited retired engineers and technicians who used to work for the Land and Water Development Division of Sierra Leone's Ministry of Agriculture, Forestry and Food Security. These retirees trained a new cadre of young contractors to construct irrigation systems. The project has led to employment for young people and massive increases in yields and incomes for farmers. And it is the farmers who pay for the contractors' services, thereby investing in their businesses, their land and the young people of their communities.

On a deeper level, helping a country recover from conflict means promoting hope and helping people – especially the young – envision a different kind of future. One technique being applied in Sierra Leone is the Gender Action Learning System (GALS), in which women, men and their family members discuss how they want to develop as a family and a community. Participants learn how to map out a path to change and plan for a different future. Through GALS, rural people with little or no schooling are working collectively to create a better world for themselves.

### **Showing leadership, delivering results**

IFAD dares to be innovative because it was founded on a radical idea. What if family farmers working small plots had access to the services and support that they need to earn a decent living? What if they could be connected to larger markets, so they could become businesses? What if they received technology and knowledge so that they could boost their output and productivity? What if they could be organized so those small plots, taken together, represented massive capacity that large marketers could tap into and depend on? What if their burgeoning activity stimulated local economies and created other jobs in the agricultural supply chain and beyond?

Many ifs. But in more than three decades of operation, we have seen countless successes that show that this vision is realistic and achievable. Small-scale farmers may make up a large proportion of the poor and hungry. But they are not abject; they are agents, actors, a powerful force. With the right tools, they can end hunger and poverty.

Smallholders can feed themselves and their communities. With the right support, smallholder family farms can drive economic growth that benefits nations, fuelling demand in other sectors and creating off-farm jobs. This in turn opens opportunities that appeal to young women and men, creating prosperous and vibrant rural communities.

Are small family farms part of the past? Yes. Are they part of the future? Absolutely. Throughout history, small family farms have been essential to human survival. Miracle seeds and mechanization have not changed that. There is a hand that spreads the seed; there is a mind behind the machine; there is a personal commitment to growing good things – a life, a family, a future, a nation. IFAD has a strong track record of success in rural areas because it understands these areas and their people. We welcome a future in which new as well as traditional partners join us in making rural transformation a reality.

by **Kanayo F. Nwanze**

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