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Eradication of poverty and other development issues

Eradicating rural poverty to implement the 2030 Agenda for Sustainable Development

Report of the Secretary-General

Summary

The present report is submitted pursuant to General Assembly resolution [73/244](#) and contains an examination of the current state of rural poverty and the gaps and challenges to eradicating it, especially in developing countries, as well as recommendations for overcoming the numerous gaps and challenges.

* [A/74/150](#).



I. Introduction

1. Owing to global efforts to combat poverty, the proportion of people living in extreme poverty had declined to 10 per cent by 2015, from 11.2 per cent in 2013 (using the \$1.90 per day in purchasing power parity). Despite that progress, people living in rural areas have been left behind, with many continuing to face grinding poverty. With about 54 per cent of the world's population living in rural areas, the global poverty rate in rural areas stood at 17.2 per cent in 2015, compared with the rate in urban areas of 5.3 per cent for the same year. More worryingly, 79 per cent of the people living in extreme poverty in 2015 lived in rural areas.¹ In 2013, the number stood at about 80 per cent.²

2. Rural poverty extends beyond income poverty and includes hunger and malnutrition, low capabilities, inadequate asset holdings, limited agency, social exclusion and marginalization. Globally, an estimated 821 million people were undernourished in 2017, compared with 784 million in 2015. Africa remains the continent with the highest prevalence of undernourishment, affecting one fifth of its population, and rural areas disproportionately bear that burden.

3. By multidimensional measures, 83.5 per cent of poverty was rural in 2013.³ While much of that poverty is concentrated in Southern Asia and sub-Saharan Africa, rural poverty is also an important issue in other developing regions. In developed countries, rural populations also experience higher rates of poverty than those living in metropolitan areas. The achievement of Sustainable Development Goals 1 and 2 therefore critically depends on winning the battle against rural poverty.

4. The rural poor are a very diverse group, consisting of family farmers, subsistence producers, landless agricultural workers, fishers, pastoralists and forest-dependent peoples.⁴ About two thirds of the extreme rural poor are agricultural workers, while about 40 per cent live in forests and savannahs.⁵ About one third of all rural poor people are also indigenous peoples, even though they comprise about 10 per cent of the global poor and 5 per cent of the global population.⁶ Over 45 per cent of people living in extreme poverty are also children younger than 15 years of age, while 60 per cent of the extreme poor live in households with at least three children.⁷

5. Key gaps in eradicating rural poverty include the following: lack of adequate data, in particular data disaggregated by relevant factors, to inform policy; inadequate investment in agricultural and rural development; lower and inadequate human capital formation relevant for rural livelihoods; scarce non-farm income-generating opportunities; lack of productive capacity and agricultural transformation and sustainable rural transformation more broadly; persistent gender inequalities; lack of social protection; insufficient basic infrastructure and services; lack of or poor adaptive capacity and resilience to cope with the adverse effects of climate change

¹ World Bank, *Poverty and Shared Prosperity 2018: Piecing Together the Poverty Puzzle* (Washington, D.C., World Bank, 2018).

² Andrés Castañeda and others, "A new profile of the global poor", *World Development*, vol. 101 (January 2018).

³ World Bank, *Poverty and Shared Prosperity 2018*.

⁴ Food and Agriculture Organization of the United Nations (FAO), *Ending extreme poverty in rural areas: sustaining livelihoods to leave no one behind* (Rome, FAO, 2018). Available from www.fao.org/3/CA1908EN/ca1908en.pdf.

⁵ FAO, *The State of the World's Forests 2018: forest pathways to sustainable development* (FAO, Rome, 2018). Available from www.fao.org/3/a-i9535en.pdf.

⁶ Gillette Hall and Harry Anthony Patrinos, eds., reprint edition, *Indigenous Peoples, Poverty and Development* (Cambridge University Press, 2014).

⁷ Castañeda and others, "A new profile of the global poor".

and disasters; and lack of effective rural institutions and of sufficient resources. Furthermore, economic growth continues to leave rural dwellers behind, with many poor people remaining stuck at the bottom of the consumption floor. The rural poor have also not been able to accumulate the productive assets necessary to exit poverty in a sustained way.

6. Living in rural areas also increases an individual's probability of suffering from poverty and deprivation. Rural areas can function as spatial poverty traps, with people living in such traps experiencing compound disadvantages that include low returns on investment, partial integration into fragmented markets, inadequate access to public services and social and political exclusion. Rurality intersects with other forms of marginalization and inequality, such as gender, disability status and ethnicity, that are often revealed through social marginalization and exclusion. Furthermore, land grabbing and growing insecurity over access to and control of natural resources and land and water rights undermines rural livelihoods, in particular those of indigenous groups, who are also sometimes further marginalized by dominant approaches to development. Similarly, the degradation of natural resources upon which rural people depend further intensifies poverty. A significant proportion of people living in rural poverty also live in fragile and conflict-affected settings, with little or no social protection coverage. Deep-seated discriminatory social norms and gender stereotypes constrain the ability of rural women to have a voice or to participate in local organizations and to own productive assets, in particular land. Challenges to eradicating rural poverty also emanate from beyond the asset endowments of people living in rural areas or the local resource endowments of rural areas themselves. Rural households often deal with constraints imposed by market and State failures and exposure to high risks in a context where the poor have low capacity to cope with various shocks.⁸

II. State of rural poverty

A. Rural poverty in developing countries

7. In developing countries, poverty is still overwhelmingly concentrated in rural areas, in particular in least developed countries, sub-Saharan Africa and Southern Asia. Figure I illustrates rural poverty headcount ratios at national poverty lines for selected least developed countries for the period from 2010 to 2015. Figures II and III show the same ratios for landlocked developing countries and small island developing States. Rural poverty headcount ratios exceed 70 per cent in Burundi, the Gambia, Guinea, Guinea-Bissau, Haiti, Lesotho, Sierra Leone and Togo. In small island developing States, rural poverty exceeded 50 per cent in Guinea-Bissau, Haiti and the Dominican Republic.

8. In sub-Saharan Africa, 41 per cent of its population lived on less than \$1.90 per day in 2015, and over 70 per cent of the poor lived in rural areas. Sub-Saharan Africa is the only major region where the number of the extreme poor has increased, from 276 million in 1990 to 413 million in 2015, and poverty is projected to continue to be heavily concentrated in rural areas. Rural poverty also increased in countries, such as Yemen and Uganda, because of conflicts and natural disasters. In Uganda, rural poverty has increased since 2016, owing to droughts and the loss of crops due to pests. In Mali, extreme poverty is concentrated in rural areas because of conflicts, resource scarcity, high fertility rates and dependency ratios and vulnerability to droughts. In Southern Asia, the total number of poor people living in rural areas is still large,

⁸ World Bank, *World Development Report 2008: agriculture for development* (World Bank, Washington, D.C., 2007).

despite significant declines in extreme poverty. India's national poverty estimates for the period 2011–2012 reveal that about 80 per cent of the country's poor lived in rural areas.⁹ Similarly, 80 per cent of the poor in Pakistan lived in rural areas in 2014.¹⁰

9. In the Middle East and North Africa, levels of poverty are generally low, but substantial poverty exists within rural areas. In East Asia and the Pacific, the rapid decline in poverty has included progress in rural areas. In China, 12.89 million rural people were lifted out of poverty in 2017, bringing the rural poverty rate to 3.1 per cent. Despite recording that remarkable progress, demographic changes that are contributing to a rise in dependency ratios and a shrinking labour force represent significant challenges to eradicating the remaining pockets of rural poverty. Countries going through such changes will likely experience declining household savings. Aging rural populations also pose challenges to rural poverty eradication, because they further strain public transfers on social protection coverage and health care.

10. In Latin America and the Caribbean, the rate of chronic poverty is higher in rural than urban areas, even though the number of chronically poor people is greater in some urban areas.¹¹ Although the rate of extreme poverty is still relatively low in the region, rural poverty has risen for the first time in a decade, reversing earlier gains. Prior to that recent up-tick, rural poverty had declined to 46 per cent in 2014, from 65 per cent in 1990. However, between 2014 and 2016, two million people fell into poverty, taking the total to 59 million people, or 48.6 per cent of the rural population. Many of them are members of indigenous groups, women, subsistence farmers and landless labourers.¹² The last time the region experienced a setback of that magnitude was because of the impacts of the recession of 2008–2009.

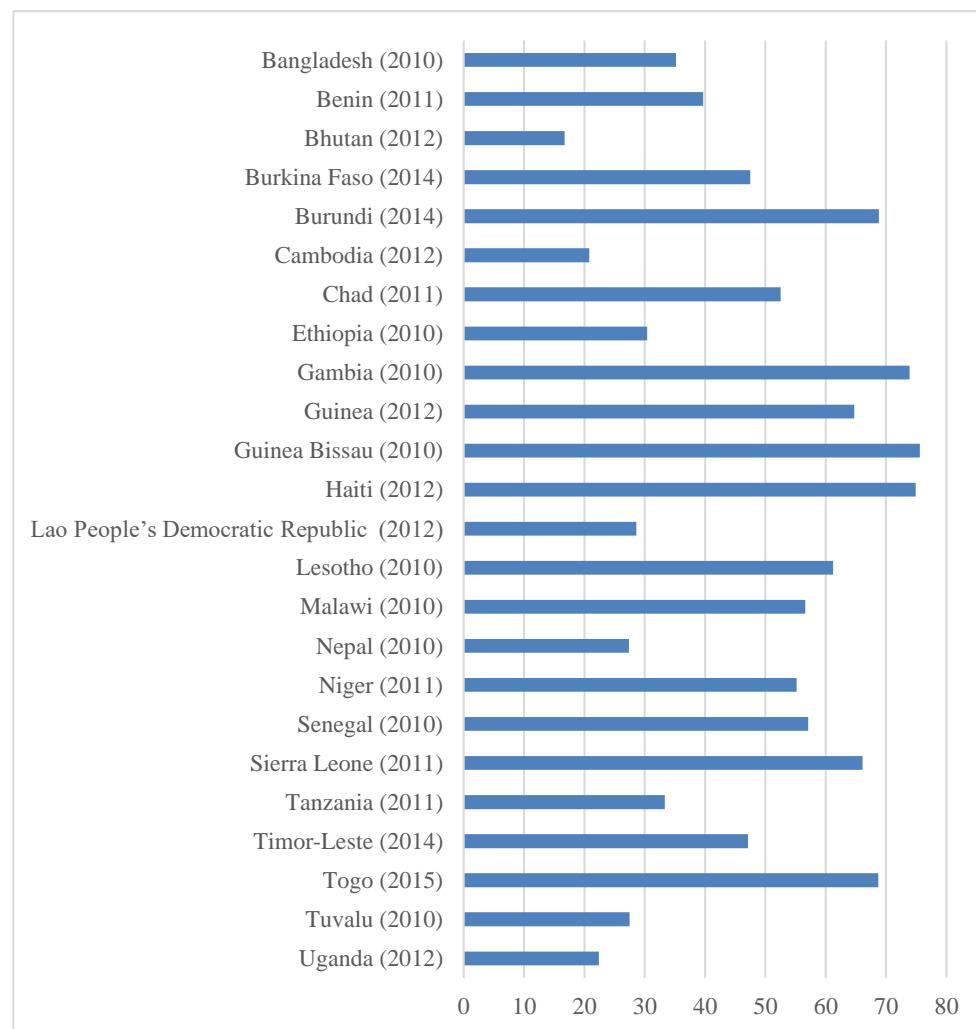
⁹ India, "Eliminating poverty: creating jobs and strengthening social programs", Occasional Paper No. 2, 21 March 2016.

¹⁰ World Bank, *When Water Becomes a Hazard: a Diagnostic Report on the State of Water Supply, Sanitation and Poverty in Pakistan and its Impact on Child Stunting* (World Bank, Washington, D.C., 2018). Available from <http://documents.worldbank.org/curated/en/649341541535842288/pdf/131860-WP-P150794-PakistanWASHPovertyDiagnostic.pdf>.

¹¹ Renos Vakis and others, *Left Behind: Chronic Poverty in Latin America and the Caribbean* (Washington, D.C., World Bank, 2015).

¹² FAO, *Panorama de la pobreza rural en América Latina y el Caribe 2018* (FAO, Santiago, 2018) (Spanish only).

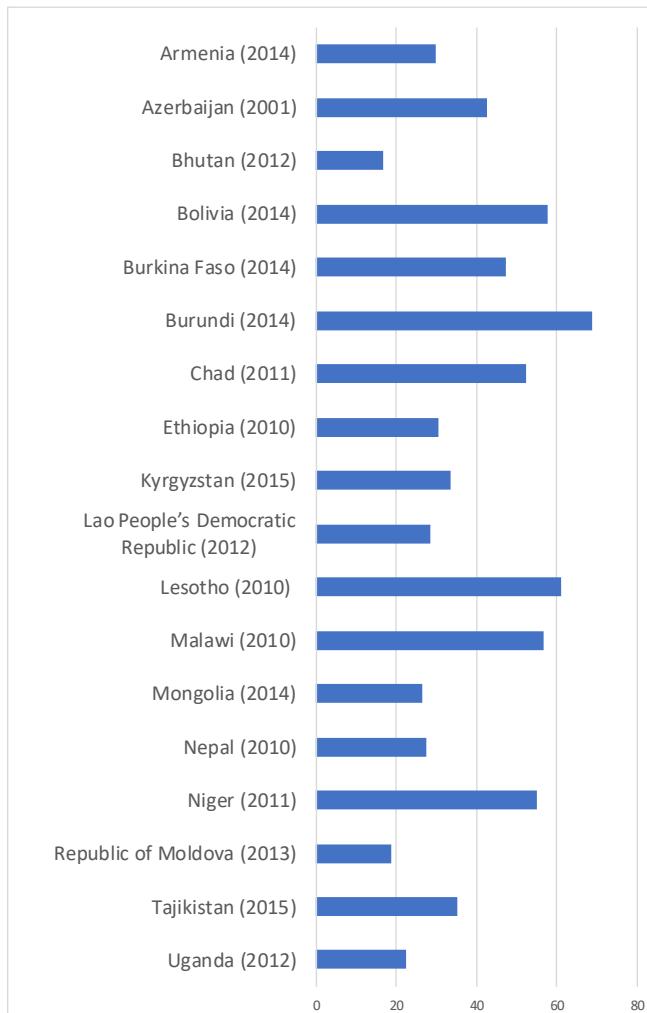
Figure I
Rural poverty headcount ratio at national poverty lines, least developed countries



Source: <https://data.worldbank.org/indicator/SI.POV.RUHC?view=map>.

Note: Most recent values for the period 2010–2015; percentage of the rural population.

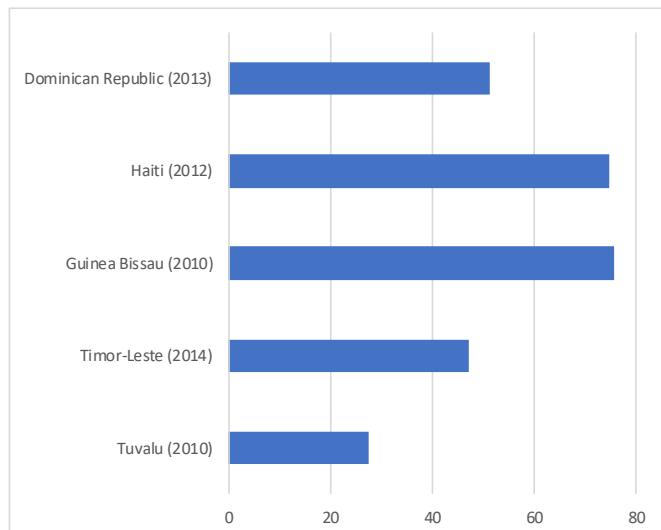
Figure II
Rural poverty headcount ratio at national poverty lines, landlocked developing countries



Source: <https://data.worldbank.org/indicator/SI.POV.RUHC?view=map>.

Note: Most recent values for the period 2010–2015; percentage of the rural population.

Figure III
Rural poverty headcount ratio at national poverty lines, small island developing States



B. Rural poverty in developed countries

11. The rural poor comprise a declining share of all poor people in developed countries. However, there are still people living in rural areas and rural places who have been left behind. That includes indigenous rural populations, which rank at the bottom or near the bottom of various dimensions of poverty, such as income, employment, health, housing and education. Rural poverty in developed countries is associated with deindustrialization and demographic changes, of which the disappearance of decent jobs and declining and ageing rural communities are factors. Social exclusion, remoteness, lower levels of educational attainment, weak social protection coverage and institutional capacity, lack of adequate housing and health care, lower levels of access to information and communications technologies and the declining quality of infrastructure have shaped the contours of rural poverty in developed countries. Limited data and analysis of the livelihoods of rural populations

and their weak political voices contribute to their invisibility and neglect in policy processes compared with the attention given to urban poverty.¹³

12. In the United States of America, the official rural poverty rate in 2016 was 16.9 per cent, compared with 13.6 per cent in urban areas. When the United States launched the “war on poverty” in the mid-1960s, the rural poverty rate stood at 25 per cent. However, challenges to reducing rural poverty remain. For instance, nearly a quarter of rural hospitals are on the brink of closure. In addition to worsening access to health services for rural residents, closures will likely result in per capita rural incomes falling and rural unemployment rising, given that health care is a key economic sector and major source of employment in rural areas.¹⁴ In the European Union, the number of people living in rural areas at risk of poverty or social exclusion declined to 25.5 per cent in 2016, from 27.2 per cent in 2014.¹⁵ In the Russian Federation, levels of poverty and unemployment are two times higher in rural areas compared with urban areas. People living in rural areas constitute 40.4 per cent of the population of the Russian Federation living below the poverty line.¹⁶ Another important aspect of rural poverty in Europe is the substantial heterogeneity across countries. Bulgaria, Malta and Romania have the highest poverty rates in rural areas compared with urban areas. In Eastern Europe, rural dwellers form the bulk of the nation’s poor in Kyrgyzstan, Republic of Moldova and Tajikistan.

III. Gaps and challenges faced in eradicating rural poverty

13. The present section examines the gaps and challenges that countries must overcome to eradicate rural poverty, in particular developing countries.

A. Global growth slowdown

14. Economic growth has been instrumental in reducing poverty. However, about 38 million fewer people will escape extreme poverty by 2030, because of the slowdown in the global economy. In the poorest countries, poverty is projected to rise sharply among farming households, with over 4 per cent of the farm population trapped in absolute poverty in 2030. The global growth slowdown also puts farm households in middle-income countries at greater risk, with over 1.5 per cent more of the farming population remaining trapped in poverty than previously estimated.¹⁷ Moreover, growth has not been inclusive. Although the developing world has seen a high growth rate in mean consumption, accompanied by a decline in the number of people living in extreme poverty, there has been little progress in lifting the consumption floor among the poorest households over the past three decades.¹⁸

¹³ European Commission, “Report of the Conference on combating poverty and social exclusion in rural areas, held in Budapest on 11 and 12 June 2009” issued by the Directorate-General for Employment, Social Affairs and Equal Opportunities.

¹⁴ David Mosley and Daniel DeBehnke, “Rural hospital sustainability: new analysis shows worsening situation for rural hospitals, residents”, paper prepared by Navigant Consulting, February 2019.

¹⁵ European Union, “Poverty and social exclusion in rural areas: final study report” (Office for Official Publications of the European Communities, Luxembourg, 2008).

¹⁶ Olga Lisova and others, “Challenges to sustainable rural development in Russia: social issues and regional divergences”, *Applied Studies in Agribusiness and Commerce*, vol. 10, No. 1.

¹⁷ David Laborde Debucquet and Will Martin, “Implications of the global growth slowdown for rural poverty”, *Agricultural Economics*, vol. 48, No. 3.

¹⁸ Martin Ravallion, “Are the world’s poorest being left behind?”, *Journal of Economic Growth*, vol. 21, No. 2.

B. Data gaps and challenges

15. Lack of data disaggregated by relevant factors to inform policy is a major challenge to eradicating rural poverty, with many developing countries lacking harmonized information on rural poverty and data required for undertaking multidimensional measurements of rural poverty. Those challenges are of great concern in sub-Saharan Africa, the least developed countries, small island States and countries emerging from conflict. While the availability, comparability and quality of data to track non-income poverty has improved, in 2012, only 27 of 48 African countries had conducted at least two consumption surveys between 1990 and 2012 that allowed policymakers to track poverty trends. However, many of those surveys are not comparable over time.¹⁹ Disadvantaged and marginalized groups also remain largely invisible in official statistics. Weak civil registration and vital statistics systems lead to the systematic exclusion of rural and poor children from the benefits tied to a birth certificate.²⁰ Information disaggregated by gender is available for less than a quarter of the indicators required to monitor the gender-specific elements of the 2030 Agenda for Sustainable Development (see [E/CN.6/2018/3](#)). The challenges associated with data availability in developing countries are further amplified by limited statistical capacity and financing challenges for developing statistical systems.

C. Inclusive social policies to empower people living in rural areas

16. Policies and strategies to eradicate rural poverty should be aimed at investing in education and health, skills and social protection programmes, as well as making broader investment targeting the areas in which the rural poor live. The present section examines some of the gaps and challenges associated with improving the capabilities and empowerment of people living in rural areas.

1. Education

17. In developing countries, more people live in rural areas than in urban areas, therefore most children receive their education in rural schools. However, despite considerable progress in improving primary school enrolment rates, children in rural areas are still less likely to go to school, in particular rural girls. It is therefore crucial to address gaps and challenges facing rural education if rural poverty is to be eradicated. Those challenges include the large gaps between rural and urban areas in education access, participation and outcomes. Rural schools also lack adequately trained teachers, basic infrastructure and facilities to provide effective learning environments. Those challenges are often interrelated and multifaceted, compounded by non-inclusive processes of growth and issues of poverty, inequality, rural neglect, discrimination on the basis of gender and other bases and conflict.

18. Consequently, the vast majority of the 262 million out-of-school population in 2017 lived in rural areas,²¹ and progress in reducing that number has stagnated since 2007. The out-of-school population on average is twice as large in rural areas (16 per cent) as it is in urban areas (8 per cent). In many low-income and middle-income countries, rural students have half the chance of completing upper secondary school,

¹⁹ Kathleen Beegle and others, *Poverty in a Rising Africa* (World Bank, Washington, D.C., 2016).

²⁰ Amiya Bhattacharya and others, "Who and where are the uncounted children? Inequalities in birth certificate coverage among children under five years in 94 countries using nationally representative household surveys", *International Journal for Equity in Health*, vol. 16 (2017).

²¹ United Nations Educational, Scientific and Cultural Organization (UNESCO), *Global Education Monitoring Report, 2019: migration, displacement and education: building bridges, not walls*, (UNESCO, Paris, 2018).

compared with their urban peers. Levels of educational attainment are particularly dire among indigenous groups, agricultural laborers, fishers and pastoralists. For example, only 16 per cent of nomadic and pastoralist children over 6 years of age in Somalia were enrolled in school in 2015. That was less than half the national average.²²

19. To improve enrolment and learning outcomes in rural settings, efforts should be made to enhance the capacities of teachers and expand access to basic education to allow opportunities for children from all backgrounds to have equal chances to succeed. Tailored interventions are needed to ensure that children from poor households not only enroll but continue their education, given that primary education alone is rarely enough to ensure access to employment.

2. Health

20. Despite substantial gains, health disparities continue to exist between rural and urban areas. Tackling those disparities is a means of eradicating poverty and of achieving other Sustainable Development Goals. In addition, improving the health outcomes of rural dwellers is an end in itself and is fundamental to leaving no one behind. In most countries, rural health inequities manifest in differential exposure and vulnerability to risk factors, differential access to high-quality health services across the continuum of care and differential health outcomes and consequences, such as impoverishment, resulting from using services. While there are differences across health indicators in many countries, existing evidence points to large health inequities experienced by rural and poor populations. Those health inequities are the result of the typically weaker health systems in rural areas and the adverse social and environmental determinants of health experienced by the rural poor.

21. In many countries, maternal mortality is higher among women living in rural areas and in poorer communities.²³ Children under five years of age in rural areas are 1.5 times more likely to die than those in urban areas.²⁴ In low-income and middle-income countries, children living in urban areas are less likely to be stunted and underweight than children living in rural areas. Wasting rates are typically higher among children in rural settings, compared with urban setting, and among households in the poorest wealth quintile, compared with the richest quintile.²⁵ Non-communicable diseases are increasing at an alarming rate in rural areas, and neglected tropical diseases also disproportionately impact the rural poor. Those challenges are compounded by the fact that rural areas have a shortfall of 7 million skilled health workers to deliver high-quality health care, compared with a shortfall of 3 million health workers in urban areas, and deficits in per capita health spending are twice as high in rural areas as in urban areas.

22. A critical impediment to access to health care and other social services by the rural poor can be the lack of a birth certificate. Rural older adults also suffer poorer health than those living in urban areas, owing to adverse social determinants, weaker health systems, greater geographical distances to obtain access to services and less developed transport services in rural areas. Additional challenges to acquiring access to health and social care for those who may require those services occur more frequently if they also suffer from a loss in mobility or cognitive function.

²² Ibid.

²³ World Health Organization (WHO), “Fact sheet: maternal mortality”, 2018, Available from www.who.int/news-room/fact-sheets/detail/maternal-mortality.

²⁴ United Nations Children’s Fund, *Levels and Trends in Child Mortality Report, 2018*. (United Nations Inter-agency Group for Child Mortality Estimation, 2018).

²⁵ FAO, *The State of Food Security and Nutrition in the World, 2018: building climate resilience for food security and nutrition* (FAO, Rome, 2018).

23. The rural poor often face challenges regarding occupational safety and health and employment-related limitations to entitlements to services. Workers in agriculture face twice the risk of dying on the job compared with workers in other sectors,²⁶ which calls for the urgent improvement of access for rural and agricultural workers to essential interventions and basic occupational health services.

24. Strengthening rural health systems and taking intersectoral action on health in the context of integrated transformative rural development plans can therefore contribute to rural poverty reduction. In particular, universal health care coverage should be promoted to address the needs of the rural poor.

3. Empowerment of women and gender equality

25. The challenges faced by rural women and girls represent significant impediments to the goal of ending rural poverty and hunger and the commitment to leaving no one behind. The constraints facing rural women are exacerbated by gender-based power imbalances and discriminatory policy and legal frameworks, leading to persistent gender inequalities related to outcomes such as employment opportunities, land ownership, productivity and rural wages. Rural women and girls also experience multiple forms of discrimination and inequalities in terms of access to schooling, health care and social protection programmes and marginalization from decision-making within households and in local community governance. The challenges they face are further compounded by intersecting forms of discrimination, such as on the basis of being indigenous or having a disability.

26. Gender inequalities negatively influence the health of poor rural women and contribute to entrenched poverty, which is a social determinant of health. Rural women and girls also face a disproportionate burden of unpaid domestic and care work, which has a direct impact on their well-being and ability to engage in other activities, such as obtaining an education or paid employment. Gender norms, roles and relations can also result in inequities for both women and men in terms of exposure to risk factors for ill-health, vulnerability to those risk factors, access to services, such as in cases in which women must seek men's permission to go to a health facility or use the family's financial resources to obtain treatment.

27. Women form about half of the agricultural workforce and are agents of change and resilience-builders, yet the gender gap in food and agriculture remains extensive. Rural women are more likely to be food insecure than rural men. As producers, they face even greater constraints than their male counterparts in acquiring access to productive assets, inputs, extension services, technology and markets. Inequitable access to those services is one reason why the agriculture sector is underperforming in many developing countries, imposing high costs on the sector, the broader economy and society, as well as on women. The number of hungry people can be reduced by 100–150 million if women in rural areas were afforded the same access to agricultural assets, education and markets as men.²⁷

28. Empowering rural women and girls requires action on many fronts, including increasing their access to education and training, scholarships and school feeding and transportation programmes. Addressing challenges related to acquiring access to sustainable energy, water and sanitation, transportation, information and communications technology and other basic services will also contribute to accelerating progress on poverty eradication.

²⁶ International Labour Organization (ILO), "Promoting rural development through occupational safety and health" Rural Policy Brief, 2013.

²⁷ FAO, *State of Food and Agriculture 2010–2011: women in agriculture: closing the gender gap for development* (FAO, Rome, 2011).

29. The equal provision of services and infrastructure in rural areas facilitates access for women to education and productive resources, allowing them to expand their knowledge, skills and abilities. More efforts are needed to increase the representation of women in local institutions and governance mechanisms and to include them in decision-making within their households and communities. Increased attention is also required to efforts aimed at overcoming their unequal care work burden, recognizing their important contributions and ensuring equal pay, working conditions and benefits. That requires overcoming the marginalization of poor rural women that stems from gender-biased sociocultural norms and practices and integrating a gender perspective into policies, programmes and investment in agriculture and food systems.

4. Expanding social protection coverage

30. In 2016, 55 per cent of the world's population was fully excluded from social protection coverage, leaving poor households without a minimum income or mechanisms to effectively manage risks and shocks. In terms of health insurance, 56 per cent of the population in rural areas lack health coverage, compared with 22 per cent in urban areas. The large majority of people not covered by any social protection live in rural areas in Africa and Asia. Rural dwellers usually have no or insufficient social protection coverage, owing to barriers related to the availability, affordability, accessibility and quality of social and health-care services in rural areas.²⁸ Developing countries also face challenges to financing non-contributory social assistance programmes, such as public minimum pensions, child grant programmes, cash or food for work programmes, asset transfers and skills training programmes that cover smallholder farmers, agricultural laborers, workers in casual employment, fishers, foresters and pastoralists.

31. The extension of contributory social protection coverage is slow in rural areas, where workers and their families often live in precarious and vulnerable situations and cannot afford making regular social security contributions. Even when social protection coverage does reach rural areas, those systems rarely effectively respond to the added and specific vulnerabilities of rural areas. The needs of rural women and other disadvantaged groups have also been systematically absent in the design of many social protection policies and programmes. Adapting social insurance is needed and may be achieved by offering benefit packages that respond to participants' needs and organizing enrolment and contribution collection mechanisms that are compatible with their contributory capacity and income patterns. Designing and implementing effective social protection floors should also be a core strategy for eradicating rural poverty.

32. There are specific barriers hindering access for rural populations to social protection services and benefits that must be addressed in order to achieve universal coverage. They include the following: design of the specific programmes; legal barriers that exclude rural populations, in particular agricultural workers, from acquiring access or participating in social protection programmes; financial barriers owing to limited fiscal space and the low contributory capacity of participants; administrative and institutional barriers, such as cumbersome administrative processes for enrolling in programmes, beginning with requirements for identity documentation; and lack of accessibility of services in rural settings, in terms of physical location, information gaps and lack of trust in social security systems. The structure of social security systems may also be incompatible with the instability and/or seasonality of agricultural employment. Another challenge facing the

²⁸ Andre Allieu and others, "Removing barriers to access social protection in rural areas: a core priority to achieve Sustainable Development Goal 1.3", *Policy in Focus*, vol. 16, No. 1.

achievement of universal social protection coverage in rural areas is the lower priority accorded to social protection within government expenditures, a situation that has been amplified by fiscal consolidation measures targeting social protection measures. Those measures undermine the adequacy of benefits and their ability to prevent people from sliding into poverty.

33. To expand universal social protection coverage to rural areas, it is important to consider rural living and working conditions, expand and adapt legal frameworks of social protection to include rural populations, adapt administrative and operational processes to ensure effective outreach, take the contributory capacities of rural populations into account and enhance countries' capacities to deliver social protection programmes in rural areas. Expanding the current fiscal space allocated to social protection coverage is also critical.

D. Rural employment and decent work

34. Eradicating rural poverty through employment creation depends on sustained, equitable and inclusive economic growth driven by the productive transformation of agriculture and the structural transformation of the rural non-farm economy.²⁹ Employment in agriculture accounts for 55 per cent of employment in sub-Saharan Africa, 44 per cent in Southern Asia, 26 per cent in East Asia and the Pacific, 14 per cent in Latin America and the Caribbean, 17 per cent in the Middle East and North Africa, and 9 per cent in Europe and Central Asia.³⁰ Most rural people rely on activities within food systems, most prominently primary production, for their livelihoods. Smallholder agricultural systems are often the bedrock of rural economies in developing countries, along with the non-farm activities within agrifood systems that support them. As such, much of the focus of policies and investment to eradicate rural poverty must be closely tied to supporting employment opportunities within food systems and related economic activities. When combined with rural infrastructure, those efforts will increase opportunities for decent jobs in the rural economy, with a view to eradicating rural poverty. Furthermore, the knock-on effects of growth that benefits local smallholders creates wider benefits for the rural economy, creating new commercial opportunities. Diversified agriculture or nutrition-sensitive agriculture can also lead to improved nutrition, which can improve everyone's health and productivity. In addition, productivity-enhancing skills and knowledge learned through smallholder development may be transferred to activities in other local rural sectors.

35. Rural women represent an important share of the agriculture labour force. They comprise 41 per cent of the world's agricultural labour force and 49 per cent in low-income countries. Rural women are far less likely than men to participate in rural wage employment, are more active in the informal rural economy and are concentrated in low-skilled, low-productivity and unpaid jobs with long working hours, hazardous working conditions and limited social protection coverage. They also shoulder a disproportionate share of unpaid care and household work, which is neither recognized nor remunerated. When they do work for wages, rural women are

²⁹ International Fund for Agricultural Development, *Rural Development Report, 2016: fostering inclusive rural transformation* (Quintily, Rome, 2016).

³⁰ World Bank Data, "Employment in agriculture (% of total employment) (modeled ILO estimate)". Available from <https://data.worldbank.org/indicator/SL.AGR.EMPL.ZS>.

more likely to be employed in part-time, seasonal, and time- and labour-intensive activities. The gender pay gap is also as high as 40 per cent in rural areas.³¹

36. In most developing countries, the limited progress in transforming agriculture and diversifying rural economies has resulted in less inclusive and job-poor growth. Few employment opportunities have been created to absorb the rural surplus labour. Many countries, in particular the least developed countries, continue to lack the necessary productive capacity to transform their national economies, including rural economies. Those countries lack productive resources, entrepreneurial and institutional capabilities and production linkages. The starting point for such a transformation must be what that particular area can produce efficiently and competitively. That process occurs by expanding investment in physical, human, social and environmental capital, acquiring appropriate technology and developing innovation. In the long run, progress in those areas results in substantial poverty reduction, as employment opportunities increase in the rural non-farm sector.

E. Agricultural and inclusive rural development

37. In developing countries, 75 per cent of the population lives in rural areas, most of whom are smallholders and family farmers who depend on agriculture and related activities for their livelihoods. Because most of the rural poor participate in the agricultural sector, and to a greater extent than those in urban areas, improving the productivity of smallholder agriculture can have a much larger impact on poverty and nutrition. In low-income countries, growth originating from agriculture is two to four times more effective at reducing poverty than growth generated in non-agricultural sectors.³² They are also often critical communities in maintaining complex and sustainable natural resources systems and environmental services, albeit under a range of increasing pressures.

38. Despite its potential, smallholder agriculture faces multifaceted and interwoven challenges that diminish its potential contribution to lifting households out of poverty. They include the continued reliance on low yielding varieties and traditional farming practices, small landholdings, lack of security of tenure, shortage of irrigation infrastructure, disease and pest prevalence, low fertilizer use, volatile commodity prices and inadequate public and private investment in agriculture. They are also often dependent on more fragile natural resources and more marginal land areas, such as forests and mountains, arid lands and remote coastal resources, which makes them more vulnerable to climate variability, climate change and other hazards. Furthermore, smallholder farmers, and in particular female farmers, face limited access to agricultural inputs, extension services, credit and insurance and social protection coverage, often owing to greater physical remoteness. Lack of rights and/or unrecognized rights over natural resources, such as land, water, fishing and grazing rights, adds to the woes of smallholder farmers.

39. Lack of or poor progress with regard to reforms in agriculture and the lack of an enabling policy environment for private investment are also major challenges, while the increased frequency and intensity of extreme weather events is undermining the productivity of agriculture. Another challenge facing developing countries is that agriculture is often not well-embedded into poverty eradication strategies or given the prominence that it deserves in terms of both policy prioritization and public resource commitments or investment. Policies for increasing intensification and

³¹ ILO, “Rural women at work: bridging the gaps”, fact sheet, 6 March 2018. Available from www.ilo.org/global/topics/equality-and-discrimination/publications/WCMS_619691/lang--en/index.htm.

³² World Bank, *World Development Report 2008*.

commercialization may not also recognize the complex, integrated and often more sustainable agricultural systems practiced by small-scale and marginal producers. Although under Sustainable Development Goal 2 Governments are called upon to increase investment in food and nutrition security, the agricultural orientation index – a measure of the extent to which government budgets prioritize spending on agriculture – has been falling in all developing countries in recent years.³³

40. Tackling rural poverty therefore requires integrated, cross-sectoral, multi-stakeholder and context-specific interventions, with a strong emphasis on sustainable food and agricultural systems. That includes land reform policies and programmes with a pro-poor focus, in particular providing gender-equitable security of tenure to subsistence farmers, in addition to agricultural support services, access to markets, water, credit, extension services and knowledge and innovation for sustainable production systems. Land reforms should incentivize farmers to invest in their land and should be linked to improving access to agricultural services and markets. To adapt to climate change, emphasis should be placed on improving the resilience of rural livelihoods and agricultural systems through the adoption of climate-smart and environmentally sustainable agricultural practices. Conservation, the restoration and revitalization of natural resources and biodiversity should directly benefit the rural poor, in particular those living in remote marginal areas, which may require incentives and support in order for small-scale farmers to preserve and further adopt such practices. Efforts are also required to link farmers to markets and strengthen agricultural value chains. Market-oriented support systems should consider women's and men's diverse and changing roles in agricultural value chains.

F. Financial inclusion

41. In 2017, an estimated 1.7 billion adults globally lacked a bank account, many of whom lived in rural and remote areas in developing countries and approximately 56 per cent of whom were women. In the Caucasus and Central Asia, just 45 per cent of adults have a banking account. That is 20 per cent lower than the average in other emerging markets. In sub-Saharan Africa, although mobile money accounts doubled between 2014 and 2017, reaching 21 per cent of adults, the highest of any region in the world, access to banking and financial services remain low in rural areas. Efforts are therefore required to emulate the success of mobile money platforms in Kenya, through which almost 97 per cent of the population have gained access to financial services. In China, although the use of technology platforms to make payments has increased, 200 million rural adults remain outside the formal financial system.³⁴ One major challenge limiting large-scale financial inclusion in rural areas is the cost of infrastructure.

42. Limited access to financial services undermines investment in agriculture and micro-, small and medium-sized enterprises that can contribute to poverty eradication and employment creation in rural areas. Several factors continue to thwart the development of vibrant financial markets in rural areas, including the high transaction costs associated with dispersed populations and inadequate infrastructure. In Africa, two thirds of potential microfinance clients also have literacy challenges and many may not speak the majority language of the country. Most of the rural poor in developing countries are also smallholder farmers, who face a high level of risk; consequently, they place a high value on support that offers them flexibility,

³³ Geoffrey Gertz and others, "When will things change? Looking for signs of progress on ending rural hunger", Brookings Policy Brief, October 2017.

³⁴ Asli Demirguc-Kunt and others, *The Global Findex Database 2017: Measuring Financial Inclusion and the Fintech Revolution* (World Bank, Washington, D.C., 2018).

familiarity and tangibility to ensure that they can use their own preferred strategies to increase their resilience. Designing appropriate financial services for clients who have those types of priorities, but also a low ability to pay, can make sustainable business models inclusive. Furthermore, distance from a bank is a commonly cited barrier to basic financial inclusion. When it comes to inclusion in more complex credit markets, the financing gap is most acute among women, who benefit from only 10 per cent of credit extended to smallholder farmers and less than 1 per cent of total credit extended to the agriculture sector.

G. Reducing the gap in infrastructure and basic services

43. Access to infrastructure and basic services is critical for poverty eradication, reducing inequalities and promoting social inclusion. Reliable and high-quality rural infrastructure can contribute to raising the productivity of agriculture and rural enterprises, including micro-, small and medium-sized enterprises. It can also attract private investment in rural areas and facilitate domestic market integration. Basic services, such as education, health, water, electricity and sanitation, improve human capital and labour productivity. In South Africa, the mass roll-out of electricity to rural households significantly raised the rate of employment among women by releasing them from home production and enabling micro-enterprises.³⁵ In Bangladesh, the expansion of irrigation, paved roads, electricity and access to credit led to higher rural farm and non-farm incomes.³⁶

44. Despite those well-established contributions to poverty eradication, investment in rural infrastructure has lagged behind infrastructure investment in urban areas. People living in rural areas are more likely to have lower levels of access to clean water and sanitation, electricity and information and communications technologies. Only about 41 per cent of rural dwellers have access to piped drinking water, and 80 per cent have basic drinking water services, in comparison to 83 per cent and 95 per cent of urban dwellers, respectively.³⁷ In sub-Saharan Africa, only 19 per cent of the rural population had access to electricity, compared with 63 per cent of the urban population, in 2014. In the least developed countries, more than 60 per cent of the population lack access to electricity, compared with about 10 per cent of the population in other developing countries. Lower access rates are more pronounced among the rural poor, women, young people, older persons, persons with disabilities and indigenous groups. Lack of adequate infrastructure also hampers the ability of smallholder farmers to fully participate in local, regional and national markets, while remote rural communities face high costs and a general lack of transportation infrastructure. Those infrastructure deficits translate into lower productivity and higher costs for food, energy and other basic services. Eradicating rural poverty demands increased investment to reduce those deficits.

H. Bridging the digital divide

45. In today's highly globalized world, the divide in access to information and communications technologies between and within countries is a major impediment to

³⁵ Taryn Dinkelman, "The effects of rural electrification on employment: new evidence from South Africa", *American Economic Review*, vol. 101, No. 7.

³⁶ Shahidur R. Khandker and Gayatri B. Koolwal, "How infrastructure and financial institutions affect rural income and poverty: evidence from Bangladesh", *Journal of Development Studies*, vol. 46, No. 6.

³⁷ WHO, *Progress on Drinking Water, Sanitation and Hygiene: 2017 Update and SDG Baselines* (WHO, Geneva, 2017). Available from www.who.int/water_sanitation_health/publications/jmp-2017.

the development of developing countries and a contributor to the persistence of poverty and rising inequality. The digital divide between or within countries has been shrinking, in terms of numbers of fixed phone lines, mobile telephone subscribers and Internet users over the past decade. In 2018, more than half (3.9 billion people) of the world's population was online compared with 20 per cent of the population in the least developed countries, 45 per cent in developing countries and over 80 per cent in developed countries. Furthermore, about 90 per cent of the world's population now lives within range of a network of 3G or higher quality (see [E/2019/68](#)). Sub-Saharan Africa faces the biggest challenges, lagging in the availability, affordability and use of information and communications technologies. In 2017, Africa ranked lowest in the information and communications technology development index, with an average value of 2.64 points. In Asia and the Pacific, broadband Internet subscriptions increased in 45 of 47 reporting economies between 2000 and 2015, but 58 per cent of the region's population remained unconnected.³⁸ In Latin America, 57 per cent of the population is connected to the Internet.

46. Key challenges to expanding broadband access to rural areas include the high costs of service provision owing to remoteness, sparsely populated areas and in some cases topography. The digital divide also exists according to gender and socio-economic status, with poor rural women, schools, health facilities and businesses the least likely to have access to information and communications technologies. Those services are increasingly playing an important role in data-driven economies, in which mobile services and digital transactions are becoming more relevant. To close the digital divide, countries should address challenges related to physical infrastructure and poor service provision. The provision of affordable services should be scaled up, while enhancing the accessibility, use and quality of information and communications technologies in rural areas and establishing broadband connections in rural areas. Competition in domestic telecommunications markets should be encouraged to reduce access charges, expand information infrastructure, and promote digital content through multilingualism and local languages. Gains in those areas will reduce the economic, social and political marginalization of rural communities. However, most developing countries lack the capacity and financing required to address those gaps and therefore need international support to complement national efforts.

I. Climate change, disasters and conflicts

47. Climate change, natural disasters, droughts, fires and conflicts have disproportionately large effects on rural communities living in poverty, in particular those who lack resources and have low adaptive capacity to cope with the impacts of climate stresses and shocks. About 59 per cent of the extreme poor live in vulnerable and fragile contexts owing to climate change and conflicts or both. Vulnerability to climate change results in high levels of food insecurity and conflicts over natural resources. In the Horn of Africa, for example, drought is the single most destructive climate-related natural hazard and a major contributor to ongoing intercommunal conflicts over land, grazing areas and access to freshwater.

48. The impacts of climate variability also reduce the contribution of agriculture to economic growth, as exports of agricultural products decline and households experience significant economic losses. Climate change could add more than 100 million people to those living in poverty by 2030, if no action is taken now when over 200 million people could be displaced owing to more frequent and severe climatic disasters. An additional 250,000 deaths per year could also result from

³⁸ Asian Development Bank, *Key indicators for Asia and the Pacific 2016* (Asian Development Bank, Manila, 2018).

malaria, diarrhoea, heat stress and malnutrition.³⁹ In Latin America, climate change is driving up levels of rural poverty. It is also a major cause of declining agricultural yields and migration from the countryside. Ethiopia lost over 13 per cent of its agricultural output between 1991 and 2008 because of droughts.⁴⁰

49. The impact of climate change on rural poverty is at risk of being amplified, when the systematic assessment and identification of areas that are more vulnerable to extreme weather events that have been attributed to climate change-related disasters, especially droughts and floods, is not carried out. The lack of a common framework for vulnerability assessment and measuring mitigation and adaptive capacity has led to gaps in poverty eradication strategies. There is also a need for increased collaboration to integrate national early warning systems at the regional level to enhance their effectiveness in mitigating the potential effects of climate change.

50. Countries should therefore include mainstreaming poverty eradication in the climate agenda and carry out climate vulnerability assessments and impact assessments of mitigation and adaptation approaches, in order to improve understanding of the needs and priorities of poor and climate-vulnerable groups and how they may be affected by mitigation and adaptation policies and practices. They should also address barriers faced by the rural extreme poor in adapting or diversifying their livelihood practices to climate change. In terms of conflict, more emphasis is needed in understanding the relationship between access to resources, exclusion, poverty and conflict.

J. Institutions

51. Eradicating rural poverty also depends on strengthening institutions, in particular the capacity of public institutions and rural organizations to design and implement agricultural and rural development policies. Institutions should have adequate capacity to provide an enabling environment for smallholder farmers and private investors and to provide high-quality public services, including social protection, to all rural populations. However, in most developing countries, challenges related to lack of high-quality public sector institutions, weak capacities, ineffectiveness and insufficient inclusiveness hamper efforts to eradicate rural poverty. In some cases, rural institutions and policies have often been discriminatory against agriculture and the rural sector, including rural women, young people, persons with disabilities, older persons and members of indigenous groups. Institutions have also often failed to recognize every citizen as equal, resulting in the denial of basic rights, legal identity and equal opportunities to some social groups.

52. Institutions often fail to deliver public goods and services because of weak capacity to manage multisectoral coordination mechanisms and formulate and implement policies and strategies and because of insufficient budgets. Those challenges are often owing to lack of common or coordinated information systems and registries that include the rural poor. Consequently, a lack of policy coherence and coordination among ministries perpetuates the disconnect between agricultural, nutritional, environmental and social protection interventions and broad rural development strategies. Better coordination is needed among various line ministries to ensure that their interventions complement each other and create synergies.

³⁹ United Nations Development Programme, *Human Development Report 2016: human development for everyone* (Lowe-Martin Group, Ottawa, Canada, 2016).

⁴⁰ Emerta Asamine Aragie, “Climate change, growth and poverty in Ethiopia”, Climate Change and African Political Stability Working Paper No. 3, June 2013.

Adopting a whole-of-government approach that can facilitate greater linkages across institutions may be met with challenges related to the rural-urban digital divide.

53. Although national institutions are the major drivers of the transformation of rural areas, rural development is also a local process. Owing to the failure to fully engage local organizations, including women's groups, and rural communities in making decisions that have a direct impact on their lives, the basic needs of the poor are often not addressed with greater precision. In many developing countries, local institutions shape social, political and economic exchanges and the flow of resources from national Governments, civil society organizations and development partners. They also govern access to productive resources, such as land and water, and play a critical role in the delivery of public goods and services and in ensuring the participation and empowerment of rural communities, including building the resilience of rural communities to various shocks. Local institutions must be strengthened therefore and be given the necessary capacity, in terms of both financial and human resources, if they are to be effective.

K. Financing the eradication of rural poverty

54. The scale and urgency of the challenge of eradicating rural poverty to implement the 2030 Agenda requires the mobilization of domestic public resources, domestic and international private finance and international official development assistance. Although there has been progress in mobilizing resources, that progress has not been shared evenly within and among countries. Lack of adequate resources to build and expand productive capacity and to finance investment in rural areas to meet the needs of people living in rural areas undermines efforts to eradicate rural poverty, in particular in sub-Saharan Africa and the least developed countries. Debt and debt sustainability also continue to be a challenge, with about 30 least developed and other vulnerable countries either in, or at high risk of, debt distress, hindering their ability to invest in the achievement of the Sustainable Development Goals.⁴¹

55. To eradicate rural poverty, investment should be channelled towards sectors that have a bigger impact such as education and health, agriculture and infrastructure. However, the financing gaps in those sectors remain large. There is an annual financing gap for reaching universal pre-primary, primary and secondary education of good quality in low-income and lower middle-income countries faces of \$39 billion over the period 2015–2030.⁴² To meet the demand for food that is projected to increase by 70 per cent by 2050, at least \$80 billion in annual investment will be needed.⁴³ Investments that are needed for climate change mitigation and adaptation also remain underfunded.

56. Closing the rural financing gap requires domestic spending to be complemented by private investment, public-private partnerships and official development assistance. Countries should also leverage North-South, South-South and triangular cooperation to create opportunities that contribute to poverty eradication.

⁴¹ *Financing for Sustainable Development Report 2019* (United Nations publication, Sales No. E.19.I.7).

⁴² UNESCO, "Pricing the right to education: the cost of reaching new targets by 2030", Policy Paper No. 18, July 2015.

⁴³ World Bank, "Agriculture finance and agriculture insurance: key messages", policy brief, 2 February 2018. Available from www.worldbank.org/en/topic/financialsector/brief/agriculture-finance.

IV. Conclusions and recommendations

57. Winning the battle against rural poverty will determine whether eradicating poverty in all its forms and dimensions everywhere, the overarching goal of the 2030 Agenda, is met. Rural poverty is deeply rooted in structural biases and complex policy challenges that require political commitment, dedicated and integrated actions and multisectoral and coordinated policy frameworks to address the many gaps and challenges that hinder rural development and trap people in a cycle of low human capital, low productivity and poverty. Member States may wish to consider the following recommendations:

- (a) Countries should promote dedicated and coordinated social, economic, agricultural and rural development policies. Social policies should be aimed at improving human capital in rural areas and ensuring access to adequate social protection coverage. Macroeconomic policy should promote more inclusive growth with employment creation. Agricultural policies should be aimed at boosting agricultural productivity, while rural development policies should be aimed at improving access to and the quality of rural infrastructure and basic services and boosting non-farm employment opportunities;
- (b) Countries should focus on investment that bolsters productive capacities and the structural transformation of rural economies, expands economic opportunities in the rural non-farm economy and enhances the competitiveness of rural micro-, small and medium-sized enterprises. To improve education and health outcomes for enhancing rural human capital, efforts should be made to reduce the inequalities of opportunity in access to education and health care. Greater focus should be placed on improving not solely enrolment but also learning outcomes, while enhancing continuous lifelong skills development initiatives. Reduced rural disease burden and rural-urban health inequities should be the aim of strengthening rural health systems and intersectoral action on rural health;
- (c) Countries should increase investment in agriculture and design mutually supportive pro-poor development strategies and programmes that address the structural constraints faced by poor rural households, including acquiring secure land tenure improving access to, control over and sustainable management of natural resources, rural advisory and extension services, markets, innovative technologies and inclusive finance for rural people, in particular for women and young people;
- (d) Countries should address the digital divide by investing in infrastructure for greater access to affordable technological devices and services for rural populations, improving the skills and training necessary to make use of those devices, fostering a culture of innovation and overcoming gender and other biases. Such efforts should include leveraging technology-enabled financial services to promote financial inclusion. Actions can include strengthening financial literacy and capability and consumer protection and regulation, the provision of valid identification documents and promoting financial institutions that adapt financial products to suit the needs of the rural poor;
- (e) Countries should expand coverage of social protection, including social protection floors, strengthen the institutional capacity to design and deliver appropriate programmes and increase investment and remove barriers to access, including legislation that explicitly excludes the rural population;

(f) To bridge the gaps for rural women, countries should adopt integrated and holistic approaches that focus on fostering an enabling environment for women to prosper economically, including by providing equal access to and control over productive resources such as land and financial services, ensuring that greater input and increased participation and representation of women is incorporated into decision-making processes for rural women;

(g) To address spatial poverty traps, countries should consider adopting rural-focused poverty eradication strategies and measures, including attracting investment in the rural sector when combating concentrated poverty in distressed rural areas, in particular those with limited natural endowments or that are facing extreme ecological conditions.
