



Food and Agriculture  
Organization of the  
United Nations

SUSTAINABLE  
DEVELOPMENT  
GOALS

working for Zero Hunger

# ENDING EXTREME POVERTY IN RURAL AREAS

Sustaining livelihoods  
to leave no one behind



# ENDING EXTREME POVERTY IN RURAL AREAS

**Sustaining livelihoods  
to leave no one behind**

Prepared by

Ana Paula de la O Campos, Chiara Villani,  
Benjamin Davis and Maya Takagi

Required citation:

De La O Campos, A.P., Villani, C., Davis, B., Takagi, M. 2018. *Ending extreme poverty in rural areas – Sustaining livelihoods to leave no one behind*. Rome, FAO. 84 pp. Licence: CC BY-NC-SA 3.0 IGO.

The designations employed and the presentation of material in this information product do not imply the expression of any opinion whatsoever on the part of the Food and Agriculture Organization of the United Nations (FAO) concerning the legal or development status of any country, territory, city or area or of its authorities, or concerning the delimitation of its frontiers or boundaries. The mention of specific companies or products of manufacturers, whether or not these have been patented, does not imply that these have been endorsed or recommended by FAO in preference to others of a similar nature that are not mentioned.

The views expressed in this information product are those of the author(s) and do not necessarily reflect the views or policies of FAO.

ISBN 978-92-5-131027-4

© FAO, 2018



Some rights reserved. This work is made available under the Creative Commons Attribution-NonCommercial-ShareAlike 3.0 IGO licence (CC BY-NC-SA 3.0 IGO; <https://creativecommons.org/licenses/by-nc-sa/3.0/igo/legalcode>).

Under the terms of this licence, this work may be copied, redistributed and adapted for non-commercial purposes, provided that the work is appropriately cited. In any use of this work, there should be no suggestion that FAO endorses any specific organization, products or services. The use of the FAO logo is not permitted. If the work is adapted, then it must be licensed under the same or equivalent Creative Commons license. If a translation of this work is created, it must include the following disclaimer along with the required citation: "This translation was not created by the Food and Agriculture Organization of the United Nations (FAO). FAO is not responsible for the content or accuracy of this translation. The original [Language] edition shall be the authoritative edition.

Disputes arising under the licence that cannot be settled amicably will be resolved by mediation and arbitration as described in Article 8 of the licence except as otherwise provided herein. The applicable mediation rules will be the mediation rules of the World Intellectual Property Organization <http://www.wipo.int/amc/en/mediation/rules> and any arbitration will be in accordance with the Arbitration Rules of the United Nations Commission on International Trade Law (UNCITRAL).

**Third-party materials.** Users wishing to reuse material from this work that is attributed to a third party, such as tables, figures or images, are responsible for determining whether permission is needed for that reuse and for obtaining permission from the copyright holder. The risk of claims resulting from infringement of any third-party-owned component in the work rests solely with the user.

**Sales, rights and licensing.** FAO information products are available on the FAO website ([www.fao.org/publications](http://www.fao.org/publications)) and can be purchased through [publications-sales@fao.org](mailto:publications-sales@fao.org). Requests for commercial use should be submitted via: [www.fao.org/contact-us/licence-request](http://www.fao.org/contact-us/licence-request). Queries regarding rights and licensing should be submitted to: [copyright@fao.org](mailto:copyright@fao.org).

# Contents

<b>Acknowledgements</b>	<b>v</b>
<b>Executive summary</b>	<b>vii</b>
<b>1. Introduction</b>	<b>1</b>
<b>2. Understanding the extent of the challenge in rural areas</b>	<b>3</b>
<b>3. Characterizing the rural extreme poor: what challenges do they face?</b>	<b>12</b>
<b>4. Ending extreme poverty in rural areas: some important considerations</b>	<b>30</b>
<b>5. Key elements in countries' strategies for ending extreme poverty</b>	<b>38</b>
<b>6. Sustaining livelihoods: how can agriculture, food systems and sustainable management of natural resources accelerate the achievement of Target 1.1 in rural areas?</b>	<b>51</b>
<b>References</b>	<b>60</b>

## Figures

Figure 1. Comparison of the headcount ratios of MPI poor, MPI destitute, and income extreme poverty measure of USD 1.90/day	6
Figure 2. Share of the population by welfare and residential sector	8
Figure 3. Share of extreme poor, moderate poor and non-poor in urban and rural areas	8
Figure 4. Changes in proportions of rural and urban extreme poor, moderate poor, and non-poor, in total population of selected countries, by region, 1990s–2010s	9
Figure 5. What happens to people who escape extreme poverty	11
Figure 6. Mean consumption for the developing world	11
Figure 7. Undernourishment and extreme poverty rates generally correlate at the country level	13
Figure 8. Prevalence of stunting in children under five, by household income	15
Figure 9. Types of agroecological systems and levels of urbanization	16
Figure 10. Share of rural workers by employment sector and welfare	17
Figure 11. Share of total income from main income generating activities (Africa) by expenditure quintile	18
Figure 12. Share of total income from main income generating activities (Non-Africa) by expenditure quintile	19
Figure 13. Income from fisheries in Bangladesh by income group	22

Figure 14. Coverage of social protection and labour in total population (%)	25
Figure 15. Poverty reduction for Indigenous vs non-indigenous	27
Figure 16. Top country concentration of extreme poverty in LICs and LMICs	32

## Boxes

Box 1. What do China and Brazil have in common?	39
Box 2. Investing in food systems and promoting skills development for better employment opportunities in rural areas	42
Box 3. Cash transfers: myths vs. reality	44
Box 4. Linking social assistance to development interventions	46
Box 5. India: the National Rural Livelihoods Mission	48
Box 6. PROEZA: an integrated approach to fight extreme poverty and climate change	57

## Tables

Table 1. Proportion of smallholders (rural areas only) that are poor	21
Table 2. Distribution of rural people living on less than USD 1.25 per day and residing in or around tropical forests and savannahs	21

# Acknowledgements

This report was prepared by the FAO Strategic Programme to Reduce Rural Poverty (SP3). Under the overall guidance of Kostas Stamoulis (ADG-ES), the direction of the publication was carried out by Ana Paula de la O Campos, Chiara Villani, Benjamin Davis and Maya Takagi. This report has been possible thanks to the contributions of the several technical areas and regional and country offices of FAO, as well as the valuable contribution of external peer reviewers.

## FAO contributors

Verdiana Biagioni Gazzoli, Nigussie Tefera, Natalia Winder Rossi, Jim Hancock, Julius Jackson, Ahmad Sadiddin, Raffaele Bertini, and Sara Vas.

## External contributors

Subramanyam Vidalur Divvakar (independent consultant), and Julian May, Anthea Dallimore and Darryn Durno from SADC Research Centre, South Africa.

## Panel of internal reviewers

Ould Ahmed Abdessalam (FAORNE), Jacqueline Alder (FIAM), Alejandro Acosta (AGAL), Melisa Aytekin (FAORAF), Manuel Barange (FIA), Pierre Marie Bosc (CBL), Diop Bouna (AGAH), Clayton Campanhola (SP2), Marco Sanchez Cantillo (ESA), Francisco Carranza (DPSL), Rene Castro (CBD), Vito Cistulli (ESP), Michael Clark (ESD), Piero Conforti (ESS), David Conte (SP3), Ileana Grandelis (ESP), Maja Gravilovic (ESP), Driss Haboudane (AGE, FAO-IAEA), May Hani (ESP), Guenter Hemrich (ESN), Msahiro Igarashi (OED), Justin Jannolo (ESP), Akiko Kamata (AGAH), Elizabeth Koechlein (ESP), Maria Hernandez Lagana (CBL), Erdgin Mane (ESP), Alberta Mascaretti (TCIA), Norman Messer (TCI), Jaimie Morrison (SP4), Eva Muller (FOA), Clara Park (FAORAP), Francesco Pierri (DPSA), Pamela Pozarny (FAORAF), Ahmed Raza (ESN), Beate Scherf (SP2), Libor Stloukal (ESP), Andrew Taber (FOA), Carlos Tarazona (OED),

Florence Tartanac (ESN), Lisa Van Dijk (ESP), Samuel Varas (CIO), Verena Wilke (AGP).

### Panel of external reviewers

Aude de Montesquiou, Alessandra Marini, Ruth Hill and Ambar Narayan from the World Bank Group (WBG). Andrew Shepherd and Vidya Diwakar, from the Chronic Poverty Advisory Network (CPAN), Overseas Development Institute (ODI). Amson Sibanda from United Nations Department of Economic and Social Affairs (UNDESA). Stephen Devereux, from the Institute for Development Studies (IDS). Jose Cuesta from the United Nations Children's Fund (UNICEF) Innocenti Research Center. Leopoldo Tornarolli from Centro de Estudios Distributivos, Laborales y Sociales (CEDLAS). Subramanyam Vidalur Divvakar (independent consultant). Fabio Veras Soares from International Policy Center for Inclusive Growth (IPC-IG).

### Administrative support

Rosa Capuzzolo, Isabella Clemente.

Support for report production was provided by Chiara Villani, Denise Martinez, Jennifer Gacich (editing), and Studio Bartoleschi (layout).



# Executive summary

**S**ustainable Development Goal 1, *ending poverty in all its forms, everywhere*, is the most ambitious goal set by the 2030 Agenda. This Goal includes eradicating extreme poverty in the next 12 years. The question is: How can we achieve target 1.1 and overcome the many challenges that lie ahead? By gaining a deeper understanding of poverty, and the characteristics of the *extreme rural poor* in particular, the right policies can be put in place to reach those most in need. Agriculture, food systems and the sustainable use of natural resources are key to securing the livelihoods of the millions of poor people who struggle in our world.

## Understanding the challenge of ending extreme poverty

**In 2015, about 736 million people – about 10 percent of the global population – were living in extreme poverty.** Though considerable progress has been made over the last three decades in reducing extreme poverty and overall poverty, the welfare level of those who have remained at the bottom of the income or consumption distribution has stayed the same. Those who have been “left behind” face greater vulnerabilities and structural constraints, which prevent them from benefiting from overall economic growth and development.

**The extreme poor are defined as those individuals earning less than USD 1.25 a day.** However, extreme poverty is complex. It is revealed through social marginalization and exclusion, different manifestations of malnutrition, poor living conditions, lack of access to basic services, resources and employment opportunities, and more. Often, the

rural extreme poor (like the urban poor) are “hidden” in non-poor families due to intra-household dynamics and inequality, which is the case for many rural women and children. Multidimensional poverty measures help provide insight into the varying degrees of deprivation and vulnerability of the extreme poor, thus complementing income and consumption-based poverty measures.

**Most of the extreme poor – about 80 percent – live in rural areas.**

The *rural* extreme poor are different from the urban extreme poor and the non-poor. Their incomes depend greatly on agricultural activities, either from work on their farms, or agricultural wage employment. It is this reliance on agriculture that makes the rural extreme poor highly vulnerable to climatic shocks and weather events. While agriculture plays a big role in their income and food security, the rural extreme poor also diversify their sources of income in other non-agricultural activities.

Numerous constraints however, impede their economic inclusion in various sectors, such as insufficient access to basic infrastructure (e.g. water, electricity, sanitation, and roads), and inadequate access to public services (e.g. health, education, connectivity, and markets).

**There are also great disparities among the extreme poor in rural areas.**

The rural extreme poor are often geographically concentrated in marginal rural areas – e.g. high mountain, pastoral, arid, rainforest jungle, small islands – with low population densities, poor agroecological endowments, limited access to markets and few sources of employment. Investments in infrastructure and basic services often do not reach these more isolated areas, which tend to be more disaster-prone. In contrast, extreme poverty is “individualized” in more favourable areas – with good agroecological conditions and connections to dynamic products and labour

markets. The extreme poor in these areas – including rural youth, the elderly, and people with disabilities – have lower asset endowments (land, education, social capital), and fewer opportunities to increase the returns on those endowments. Therefore, strategies to eradicate extreme poverty need to consider the specific contexts and needs of the different rural extreme poor.

**Extreme poverty, hunger and undernourishment often go hand in hand.** Extreme poverty influences hunger and nutritional status, affecting the ability of individuals and households to access food through purchase or production. Extreme poverty is also linked to low access to essential health services and basic infrastructure, which are fundamental for food security. At the same time, hunger and undernourishment affect the future of young generations, causing learning difficulties, poor health, and lower productivity and earnings over a lifetime.

## **Key elements in countries' strategies for ending extreme poverty**

**Going the extra mile to reach the rural extreme poor is not only a crucial factor in the success of SDG1, but it will also help to prevent crises, conflict and social tensions,** making populations more resilient to climatic shocks, providing economic alternatives in rural areas, and decreasing income and non-income inequality.

**A fundamental precondition for ending extreme poverty is countries' commitment.** A shared commitment throughout society is needed to address the root causes of extreme poverty, such as unequal access to resources, gender inequality, and social discrimination. Effective political leadership is a key factor in successful poverty reduction strategies. This entails: providing clear policy direction and adequate means of implementation; strengthening and creating effective and democratic institutions; creating

incentives for multi-sectoral coordination; as well as monitoring and evaluating progress to learn from experiences and improve strategies.

**The first step in ending extreme poverty is stimulating pro-poor economic growth and income generating opportunities.**

This means fostering a pattern of growth and structural change that generates employment where the majority of people living in poverty work. While agriculture is the main source of food and income for the rural extreme poor, diversification is also an important strategy to end extreme poverty. Diversification helps generate income for non-agricultural activities for those rural extreme poor who cannot move out of poverty by specializing in agriculture. Examples include promoting participation in off-farm activities, such as food transformation, processing and packaging, particularly in more favorable rural areas, and activities outside the food system, such as environmental services.

**Another key factor in extreme poverty eradication is investing in both social and productive capital at local, sub-national and national levels.** Most successful experiences of effective poverty reduction from the 1960s to the present have involved substantial investments in rural areas, such as in infrastructure, basic services, health, education, and more recently, in social assistance. Social protection in particular is now recognized as a critical strategy for reducing poverty, hunger and promoting economic inclusion, particularly among the poorest. Social assistance programmes and non-contributory programmes in cash or in-kind can provide regular and predictable support to extreme poor and vulnerable people.

**A third essential element for extreme poverty eradication is setting up dedicated interventions to reach the poorest of the poor.**

In recent years, poverty reduction has started to stagnate both in poor and middle-income countries due to the global economic slowdown

and conflict, with those still left behind becoming increasingly harder to reach. The extreme poor are highly vulnerable to shocks and risks related to conflict and climate change, yet the coverage of both contributory and non-contributory social protection and financial services is often limited in rural areas, leaving poor households without a minimum income or mechanisms to manage risks and shocks.

Recognizing the need to better articulate and coordinate the different policies and actions aimed at reducing poverty, countries such as China and Brazil have opted to implement more dedicated and integrated interventions which address the specific needs of the poorest and their challenges. These country examples demonstrate how policy coherence and the multisectoral coordination of social and economic sectors can enhance the impact of poverty eradication policies and programmes.

## **Sustaining livelihoods through agriculture, food systems and the sustainable use of natural resources**

**Agriculture, food systems and natural resources can contribute to reaching Target 1.1** through: (1) ensuring food security and nutrition; (2) promoting economic inclusion; (3) fostering environmentally sustainable livelihoods; and (4) strengthening resilience against shocks as well as restoring livelihoods after shocks occur.

**Supporting subsistence agricultural activities can help ensure food security and nutrition, generating income for the extreme rural poor, and providing them with access to basic staples and higher-value foods.** Policy tools to promote food security include asset transfers, such as small animals and livestock, building fish ponds, and home and school gardens. Social protection, particularly nutrition-sensitive social protection, which includes regular cash transfers, reinforces linkages to

nutrition education, health services, and school food programmes, particularly in marginal areas. Adopting the Right to Food can help guarantee the implementation of these fundamental policies.

**Agriculture not only plays a key role in the transformation of the economy, but it is also crucial in ending extreme poverty.**

In developing countries, growth in agriculture has been more poverty reducing than growth in other sectors, having bigger impacts on the rural extreme poor, in the poorest countries. However, agriculture is often not well-embedded in poverty eradication strategies or given the prominence that it deserves. The lead mandate to deal with poverty issues at country level is often given to the ministries of social affairs rather than the ministries of agriculture or the environment. As a result, agricultural policies tend to neglect the extreme poor, especially those who do not have access to productive

natural resources, such as landless workers and “livestock-less” herders. These gaps highlight the need to better articulate agricultural, food and environmental policies with poverty eradication, inequality reduction and decent work promotion strategies.

**Ending extreme poverty and hunger in rural areas will require generating decent employment,**

both in the agricultural and non-agricultural sectors, through sustainable agricultural and rural transformation. While agriculture is the main source of food and income for the rural extreme poor, promoting their participation in off-farm activities, such as food transformation, processing and packaging, particularly in more favourable rural areas, is crucial for diversifying their livelihoods. Activities outside the food system, such as environmental services in remote areas, can be particularly beneficial for those with fewer resources, including the landless, women and youth.

**Natural resources and ecosystem services are the basis for sustainable and productive food and agricultural systems.**

Many of the extreme poor in rural areas depend on access to water, forests, fisheries, and land to sustain their agricultural livelihoods. Climate change, land degradation, pollution, and the depletion of natural resources and biodiversity are amongst the major impediments to the sustainability of livelihoods of indigenous peoples, pastoralists, forest people, and fisher folks – who also tend to be the poorest and most marginalized communities in society. Targeted policy actions can support livelihoods by enhancing local knowledge, introducing new techniques for the sustainable management of resources, promoting climate-smart and organic agriculture, and sustaining vital ecosystem services.

**Integrating conflict-sensitive analysis and assessments of the rural extreme poor’s specific vulnerabilities** to disaster-related

conflicts, weather events, pests and diseases, particularly in ‘early warning and early action systems’ can lead to the formulation of early adequate responses, prevent risks from developing into crises, and reduce the cost of response. Social protection contributes to increasing the resilience of the extreme poor, helping them to effectively cope with the negative impacts of climate change and natural disasters. Finally, humanitarian programmes can also help restore the necessary conditions for agricultural livelihoods.

Reaching the extreme poor will require more focused actions in addition to broad-based interventions. The eradication of extreme poverty is possible with the right investments in the dedicated policies and programmes that reach the extreme rural poor directly, and with a deeper understanding of the challenges the rural poor face in comparison with the moderate poor and the rest of the population.





# 1 Introduction

**S**ustainable Development Goal (SDG) 1, *Ending poverty in all its forms, everywhere*, is one of the most ambitious goals set by the 2030 Agenda for Sustainable Development. Target 1.1 of SDG 1 focuses specifically on *Eradicating extreme poverty* in the next 12 years.

While considerable progress has been made over the last three decades in reducing extreme poverty and poverty overall, about 736 million people<sup>1</sup> – 10 percent of the global population – still live in extreme poverty (World Bank, 2018a), and most of them reside in rural areas. The pace of poverty reduction may slow as those who are “left behind” face greater vulnerabilities and structural constraints, which prevent them from benefiting from overall economic growth and

development. Progress towards ending extreme poverty is largely related to the way societies are structured and the way resources are distributed. While these structures will continue to play a determining indirect role, reaching the extreme poor will require more focused actions in addition to broad-based interventions.

This includes understanding the specific challenges that the extreme poor face compared to the moderate poor and the rest of the population, as well as investing in and expanding the dedicated policies and programmes that reach them directly. Actions aimed at ending extreme poverty will also need to recognize their social and economic endowment and potential.

The report focuses on the *rural* extreme poor, who constitute about 80 percent

---

<sup>1</sup> The report uses the World Bank measure for most figures. The measure is based on consumption data (in this case, from 2015) and a poverty line of USD 1.90 a day in 2011 PPP – purchasing power parity. Data is from Povcalnet (World Bank), a global database that covers about 89 percent of the total global population. In the other sections, the report uses other measures of poverty, including multidimensional poverty and chronic poverty. Consistency across the report is difficult given the different sources of data on poverty, particularly on rural poverty. The bottom line is focusing action on the poorest of the poor, given the best data available, and considering the multiple dimensions and cycles of poverty.

of the extreme poor globally (Castañeda *et al.*, 2018). This population is not homogeneous: the extreme poor experience very diverse situations of social and economic exclusion, including discrimination, isolation and political disempowerment. What they often have in common is their high dependence on natural resources and agriculture for their livelihoods. Most of the extreme poor also engage in multiple non-agricultural activities to diversify their sources of income. While the report focuses on the extreme poor living in rural areas, it also recognizes the linkages between rural areas and small towns and cities, and their importance for generating sustainable livelihoods and inclusion for the rural extreme poor.

Going the extra mile to reach the rural extreme poor and addressing their needs is not only a crucial factor in the success of SDG1, but it will also generate positive outcomes on many fronts, including helping to prevent crises and conflict, making populations more resilient to climatic shocks, providing economic alternatives in

rural areas, and decreasing income and non-income inequality. Together with Target 2.1 of the SDGs, on ending hunger, the extent to which these goals are reached will determine the success of the whole 2030 agenda.

This document presents an analysis of the challenges that countries face in their efforts to eradicate extreme poverty by 2030. There are six sections in the document, which focus on rural areas: section 1 introduces SDG1, Target 1.1, and the need to eradicate poverty; section 2 presents the extent of the challenge; section 3 profiles the characteristics of the rural extreme poor; section 4 analyses the prospects of reaching Target 1.1 in rural areas, considering obstacles to progress; section 5 highlights some country experiences and lessons in eradicating extreme poverty; and section 6 explores the role of agriculture, food systems and natural resources in sustaining livelihoods, eradicating extreme poverty and reducing rural poverty, highlighting the policies needed to better reach the extreme poor in rural areas.

# 2 Understanding the extent of the challenge in rural areas

**T**he extent of the challenge of eradicating extreme poverty is set by Target 1.1 of the SDGs. Target 1.1

is currently measured by indicator 1.1.1: *Proportion of population below the international poverty line, by sex, age, employment status and geographical location (urban/rural)*. Indicator 1.1.1 defines the extreme poor as those individuals earning less than USD 1.25 a day – the international extreme poverty line set at the time the indicator was approved by UNSD (2018), which is monitored by the World Bank.<sup>2</sup> Using this measure, there are about

736 million people, representing 10 percent of the global population, still living in extreme poverty.

While income is a good measure to understand who the extreme poor are, it only captures the income dimension of extreme poverty. In addition to income, extreme poverty is also manifested by social marginalization and exclusion, different manifestations of malnutrition, poor living conditions, lack of access to basic services, resources and employment opportunities, among others. To gain a better understanding poverty, several measures are used, to the extent these are available<sup>3</sup>,

---

<sup>2</sup> The official indicator is likely to be updated to USD 1.90 a day. Povcalnet was last updated in September 2018 and the World Bank numbers currently cover 164 countries, covering 65 percent of the world's population. The USD 1.9 a day line corresponds to the average poverty line set by the average of official poverty lines for a group of least developed countries. The multidimensional poverty index has also been proposed and has been included by several countries in their SDGs Voluntary National Reviews.

<sup>3</sup> The two measures of poverty described in this section should be seen as complementary, as they are measuring different aspects of poverty. Together, they help to better understand the phenomenon of poverty, while at the same time, point to specific policy actions.

respecting countries contexts and their options of measurement. Multidimensional poverty measures are good complements of income and consumption-based poverty measures, as they provide deeper insight into the degrees of deprivation and vulnerability of the extreme poor.<sup>4</sup>

One of the most widely used multidimensional measures is the global multidimensional poverty index<sup>5</sup> (MPI), developed by the Oxford Poverty and Human Development Initiative (OPHI), which is an international measure of *acute* poverty covering over 100 developing countries. The MPI

assesses poverty at the individual level: it complements traditional income-based poverty measures by capturing the severe deprivations faced by individuals in terms of health, education, and living standards (OPHI, 2018)<sup>6</sup>. Based on this index, if someone is deprived in a third or more of ten (weighted) indicators, the global index identifies them as “MPI poor”, and the extent – or intensity – of their poverty is measured by the number of deprivations they are experiencing.

Using the MPI, OPHI identifies approximately 1.45 billion people as poor<sup>7</sup>, or 26.5 percent of the

<sup>4</sup> Poverty is often defined by one-dimensional measures, such as income. But no one indicator alone can capture the multiple aspects that constitute poverty. Multidimensional poverty is made up of several factors that constitute poor people’s experience of deprivation, such as poor health, lack of education, inadequate living standards, lack of income (as one of several factors considered), disempowerment, poor quality of work and threat from violence. A multidimensional measure can incorporate a range of indicators to capture the complexity of poverty and better inform policies to relieve it. Different indicators can be chosen which are appropriate to the society and situation. Income alone can miss a lot. Poor people themselves describe their experience of poverty as multidimensional. This reveals that poor people describe ill-being to include poor health, nutrition, lack of adequate sanitation and clean water, social exclusion, low education, bad housing conditions, violence, shame, disempowerment and much more.

<sup>5</sup> A multidimensional approach identifies people who are being left behind in multiple SDGs, targets, and indicators at the same time. The poorest of the poor are subject to overlapping inequalities and overlapping dimensions of poverty. Measures such as the global MPI identify such dimensions, and a reduction of MPI is a good bellwether indicator of ‘Leaving No One Behind’ for key poverty indicators.

<sup>6</sup> The MPI has ten indicators: nutrition, child mortality, years of schooling, school attendance, cooking fuel, improved sanitation, safe drinking water, electricity, flooring and assets (OPHI, 2018).

<sup>7</sup> The MPI was updated in January 2018, using data from 104 countries, home to 76 percent of the world’s population, or 5.5 billion people. With an international poverty line of USD 3.2 a day, the World Bank estimates that 1.9 billion people are considered poor (extreme and moderate poor).

population in the 104 countries surveyed. About half of them – some 706 million people – are considered *destitute* due to the severe deprivations they experience (OPHI, 2017).

This measure of destitution identifies a subset of the MPI poor who are the poorest of the poor. OPHI finds that destitution rates tend to be lower than USD 1.90/day extreme poverty rates (Figure 1). However, destitution is markedly higher than income poverty in several countries, including Chad, Ethiopia, Gambia, Mauritania, Niger, Pakistan, Sudan, and South Sudan. These differences in poverty measurement underscores the importance of measuring and fighting poverty in all its forms and dimensions (OPHI, 2017).

Conceptualizing and measuring “rural” is also challenging. Ravallion *et al.* (2007) note several complications. One is related to the definition of what constitutes “rural”, usually based on population density and

which varies greatly by country. Another complication is related to the process of urbanization and the fact that the distinction between urban and rural is becoming increasingly blurred, as there are more urban-rural linkages in the economy and society. Also, the cost of living in urban areas is generally higher, yet the purchasing power parity exchange rates used to normalize household consumption per capita (PPP) in the monetary poverty measure are the same for urban and rural areas.<sup>8</sup>

**Most of the extreme poor live in rural areas.** Despite increasing urbanization, about 45 percent of the global population still lives in areas defined as rural (UN, 2014). Using the World Bank’s Povcalnet data for 89 developing countries<sup>9</sup>, Castaneda *et al.* (2018) find that approximately 80 percent of the extreme poor live in rural areas (Figure 2)<sup>10</sup>. Over 18 percent of rural inhabitants in developing countries live in extreme poverty, compared to almost 6 percent of urban

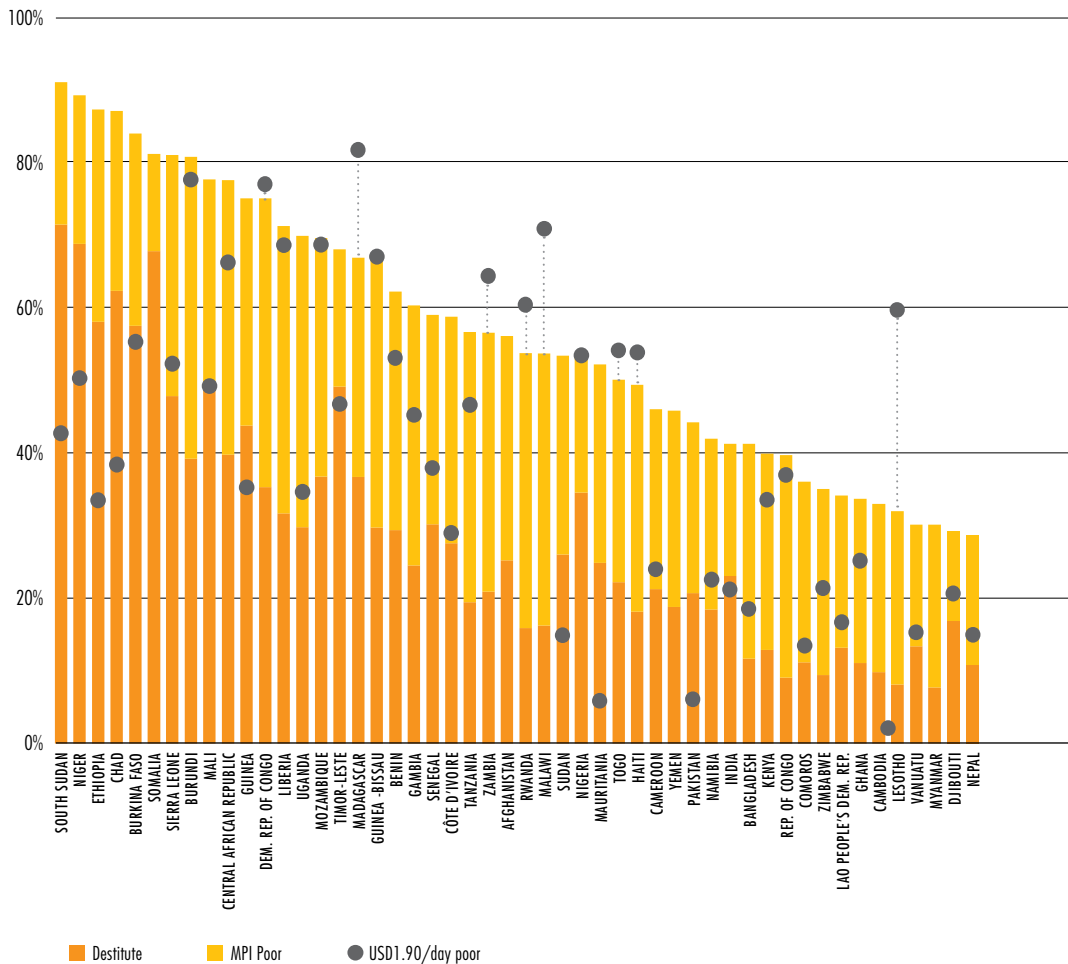
---

<sup>8</sup> As we continue using the definition of rural that countries provide, additional studies on poverty could also use cut-offs based on agroecological zones and/or alternative levels of rurality based on population density, or electricity.

<sup>9</sup> The data represents 84 percent of the developing world’s population in 2013, in all geographical regions.

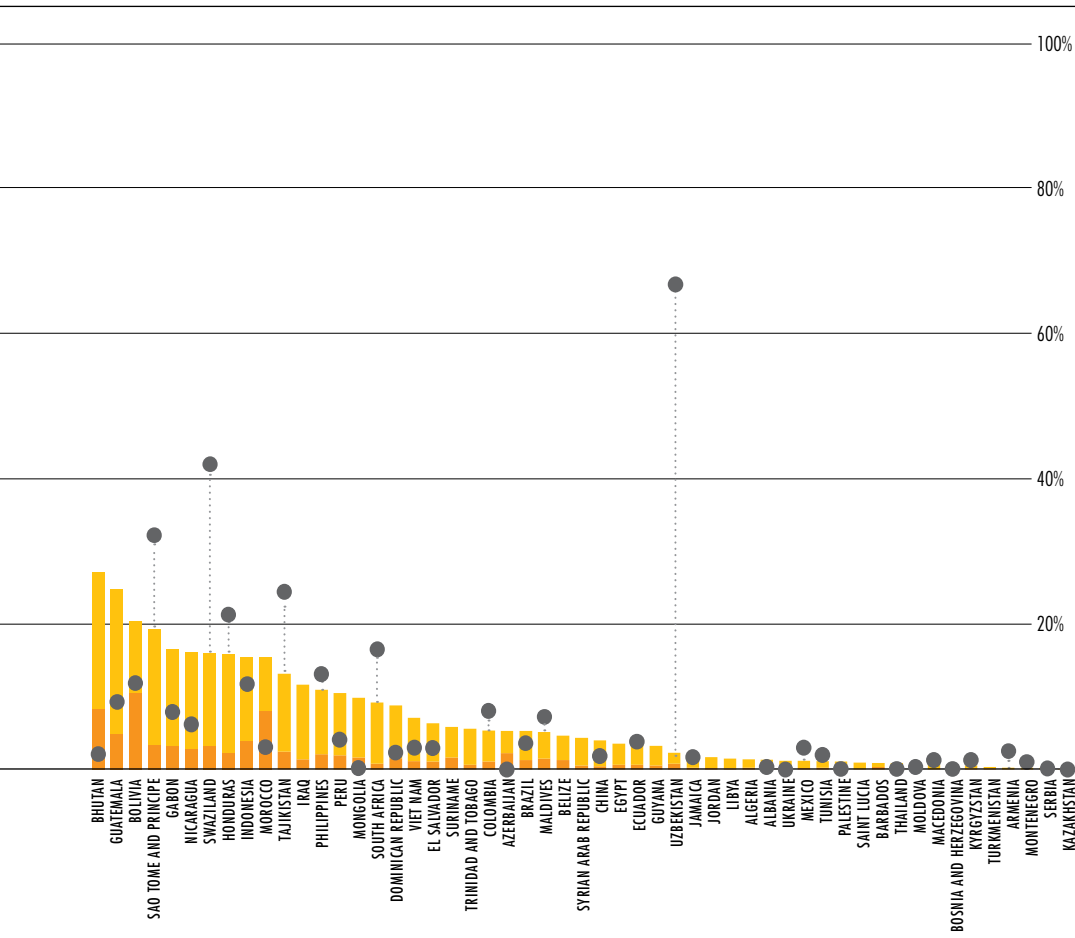
<sup>10</sup> Note that the share of urban and rural population in figure 3 refers to the total sample of 89 countries of Castañeda *et al.*’s study, and not the total global population.

Figure 1. Comparison of the headcount ratios of MPI poor, MPI destitute, and income extreme poverty measure of USD 1.90/day



residents (Figure 3). When considering moderate poverty, over 46 percent of the rural population globally is poor, compared to approximately 16 percent of the urban population.

Since 1990, the challenge of ending extreme poverty has shifted from East Asia to sub-Saharan Africa and South Asia. In 1990, most of the extreme poor – around 987 million –

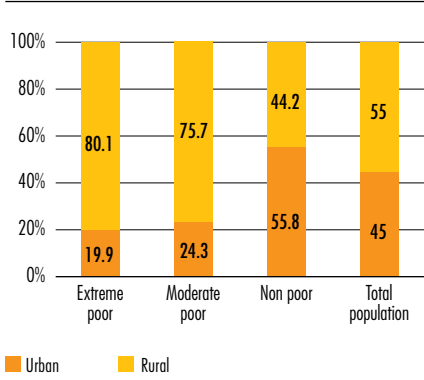


Source: OPHI, 2017.

were concentrated in East Asia and the Pacific, and almost 756 million were living in China alone. By 2015, the number of the extreme poor in that region had decreased to

47 million. This was mainly thanks to progress achieved in China, where the number of extreme poor people dropped to 10 million in 2015 (World Bank, 2018a). Progress in extreme

Figure 2. Share of the population by welfare and residential sector

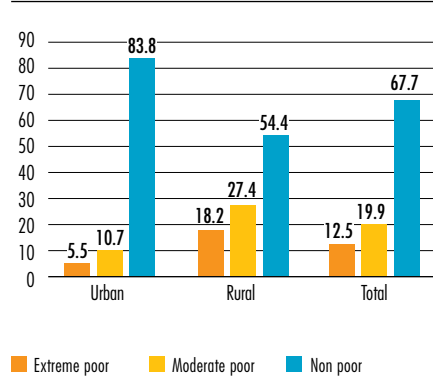


Source: Castañeda et al., 2018.

poverty reduction in this region has taken place in urban and rural areas, as both the share of urban and rural non-poor have increased, while the shares of moderate and extreme poor in both urban and rural areas have shrunk since the 1990s (Figure 4a).<sup>11</sup>

While the number of the extreme poor in South Asia dropped by approximately half between 1993 and 2015, about 16 percent of the population – 274.5 million people – still live in extreme poverty (World Bank, 2018a). Much of this progress was driven by India, where the number of people living in extreme poverty was reduced

Figure 3. Share of extreme poor, moderate poor and non poor in urban and rural areas



Source: Castañeda et al., 2018.

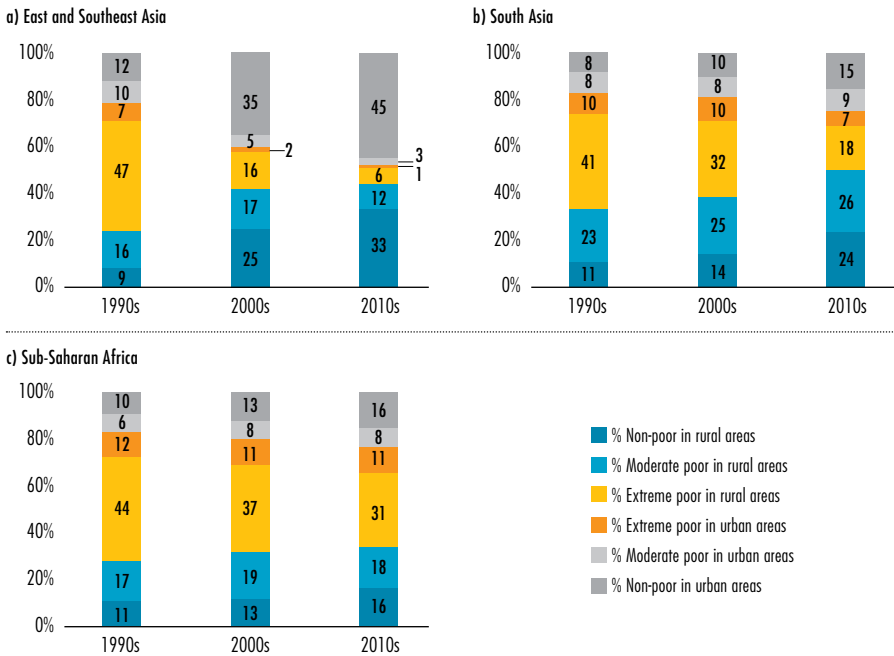
from 432 million people in 1993 to 268 million people in 2011. Much of the progress in poverty reduction in South Asia has been driven by a reduction in *rural* extreme poverty, but at a slower pace than in East Asia (Figure 4b).

In sub-Saharan Africa, however, the number of the extreme poor has increased, from 276 million in 1990 to 413 million in 2015. Over 41 percent of the population in this region lives in extreme poverty (World Bank, 2018a). Despite the increase in numbers, the incidence of extreme poverty in rural areas seems to have decreased since the 1990s (Figure 4c). Sub-Saharan Africa

<sup>11</sup> Note that the graphs in figure 4 are not representative of all countries in the respective regions. The figures are based on World Bank data for 31 countries with a total population of 4.2 billion.



**Figure 4. Changes in proportions of rural and urban extreme poor, moderate poor, and non-poor, in total population of selected countries, by region, 1990s–2010s**



Note: Poverty level used is “extreme”, defined as living on less than USD1.90 a day (2011 PPP USD) and “moderate”, defined as living on less than USD3.10 a day (2011 PPP USD) but above USD1.90 a day. The charts refer to the following countries, selected for data availability: East and Southeast Asia – Cambodia, China, Indonesia, Philippines, Thailand, Viet Nam; South Asia – Bangladesh, Nepal, India; Sub-Saharan Africa – Burkina Faso, Côte d’Ivoire, Ethiopia, Mali, Malawi, Mozambique, Nigeria, Rwanda, South Africa, Uganda, United Republic of Tanzania, Zambia.

Source: FAO calculations from World Bank and IFAD (2016).

also has the highest poverty gap (a measure to assess the depth of poverty), which in 2015 was 15.8 compared to 2.8 in South Asia (World Bank, 2018a).

The numbers and shares of extreme poverty are comparatively lower in the Near East and North Africa, and Latin America and the Caribbean,

both of which are regions with larger urban populations. In the Near East and North Africa, however, extreme poverty has increased from 2.6 percent in 2013, to 5 percent in 2015, and the number of people living in extreme poverty has doubled, from 9.5 million to 18.7 million, mainly driven by conflict in Syria and Yemen

(World Bank, 2018a and 2018c). Latin America and the Caribbean saw rapid reductions in extreme poverty from 1999 to 2015, from 69.7 million to 25.9 million people, and the headcount index fell from 13.8 percent to 4 percent. The pace of reduction, however, has slowed in the past few years.

**Poverty has a strong temporal dimension.** Poverty can be transitory (e.g. seasonal) or structural (e.g. chronic). Individuals and households may move in and out of poverty, or be pulled deeper into poverty and extreme poverty, depending on their ability to manage shocks and sustain income generation over time. The difference is important, as it often implies different drivers of poverty and therefore different potential solutions. In rural areas, poverty tends to increase during the lean season of agriculture, or for fisher folk, during fishing bans, if people cannot access other income generating opportunities. Engaging in non-agricultural activities off-season can complement agricultural income and prevent falling into poverty. Similarly, a sudden drop in income

or loss of assets due to a shock, such as job loss, illness or a climatic event, may cause a temporary or permanent fall into poverty if the loss of assets creates a poverty trap<sup>12</sup>.

According to the Chronic Poverty Advisory Network, up to half a billion people are trapped in *chronic* poverty, which is extreme poverty that persists over years or a lifetime, and is often transmitted across generations (ODI, 2014). A significant portion of those who get out of poverty may fall back into it over time (Figure 5). The long duration of poverty illustrates the persistent structural constraints faced by the poorest people, and the need for structural changes and dedicated support, particularly in terms of providing adequate social protection.

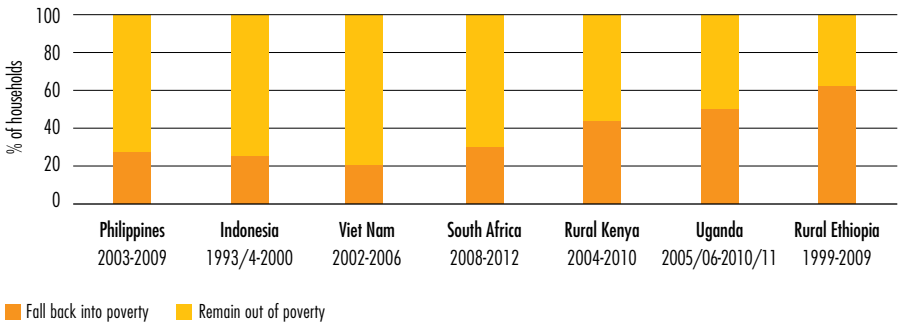
Another way to assess progress on extreme poverty eradication is by looking at the consumption floor: the consumption level of the poorest of the poor. Over the past thirty years, the consumption level of the extreme poor has not improved (Ravallion, 2016). While the welfare level of the

<sup>12</sup> The term poverty trap refers to a scenario where current poverty status has an effect on people's future well-being. Both biological mechanisms and intergenerational poverty can result in a poverty trap. Biological mechanisms, such as reduced health from low food consumption due to low income, affect the capacity of a person to generate income in the future. Intergenerational poverty results in reduced prospects of more productive employment as a consequence of not having access to school today, leading to a poverty trap.

overall population in the developing world has indeed increased at a pace of two percent per year from 1980 to 2012, and four percent since 2000, the welfare level of those that remained at the bottom of the income or consumption distribution has been

practically unchanged (Figure 6). One of the causes is the lack of social protection coverage, particularly in poor countries, where the performance of social assistance programmes tend to be weak (Ravallion, 2016).

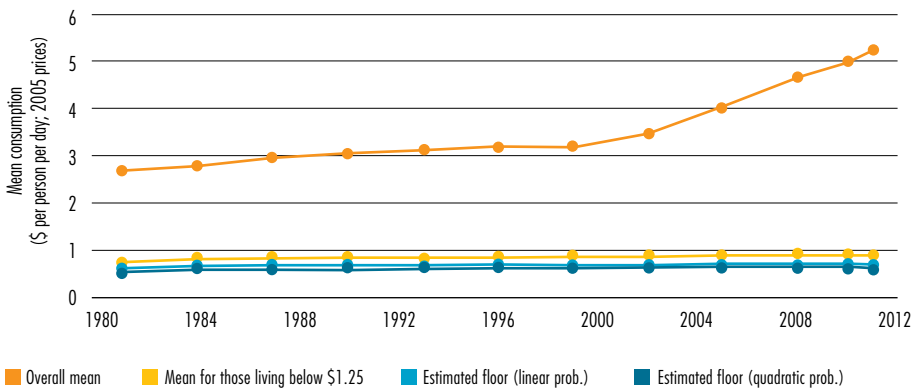
Figure 5. What happens to people who escape extreme poverty



Note: Calculations of poverty based on a poverty line of USD 1.25 a day PPP.

Source: ODI, 2014.

Figure 6. Mean consumption for the developing world



Note: Calculations of poverty based on a poverty line of USD 1.25 a day PPP.

Source: Ravallion, 2016.

# 3 Characterizing the rural extreme poor: what challenges do they face?

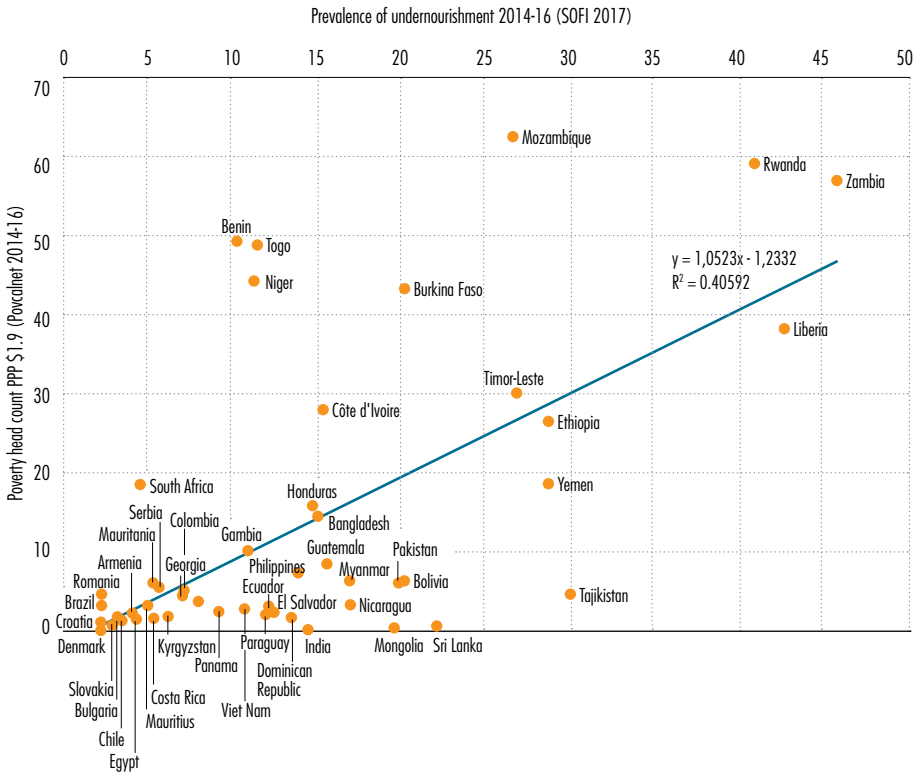
Poverty trends help to orient policies and programmes by quantifying and geographically identifying extreme poverty in rural areas. However, reaching the extreme poor can be difficult. In rural areas in particular, identifying those who experience the highest levels of deprivation – due to lower access to basic public services, infrastructure, housing and assets – can be challenging because of remoteness and cultural differences. Oftentimes, the rural extreme poor (like the urban poor) are “hidden” in non-poor families due to intra-household dynamics and inequality, which is often the case for many rural women and children.

Few studies compare the characteristics of the extreme and moderate poor. However, the knowledge available points to some distinctive features of the rural extreme poor, who are more dependent on agricultural income

and on natural resources for their livelihoods, and are more likely to live in forests and savannahs. While they are not always smallholders, the extreme poor often have very few assets and engage in low-quality and low-paid labour. Hunger and malnutrition are often critical, as the rural extreme poor are usually the most affected by food price shocks. They are also more likely to suffer from social exclusion based on ethnicity, gender and religion. Extreme rural poverty is specific, however, to the context in which people live, and it is influenced by different levels of urban linkages, population density and agroecological conditions, as well as by social and political exclusion dynamics at local level.

**Extreme poverty and hunger often go hand in hand, reinforcing the intergenerational transmission of poverty.** Extreme poverty and hunger are closely related (Figure 7). Extreme poverty is a key determinant of hunger and nutritional status,

Figure 7. Undernourishment and extreme poverty rates generally correlate at the country level



Source: FAO, IFAD, UNICEF, WFP and WHO, 2017.

affecting the ability of individuals and households to access food through purchase or production. One of the few studies available, covering 20 countries from different regions of the world (Ahmed *et al.*, 2002), finds a high correlation between living in *ultra poverty* (defined in the study as those living on less than 50 cents a day), and living in *ultra hunger* (those consuming

fewer than 1 600 kcal a day). This study, as well as almost all studies looking at food consumption by wealth status, finds that poorer *rural* households spend a relatively higher proportion of their income on food compared to others. Women are often more food insecure than men. Almost one-third of women of reproductive age suffer from anaemia worldwide, which puts the

nutrition and health of many children at risk. *Poor rural* women in particular suffer from anaemia, especially indigenous and tribal women (FAO, IFAD, UNICEF, WFP and WHO, 2018).

Extreme poverty is also linked to minimal or inadequate access to essential health services and basic infrastructure, which are fundamental for adequate food utilization<sup>13</sup>. Similarly, hunger and undernourishment perpetuate extreme poverty, reducing labour productivity in the short and long term, and forcing families to focus on immediate survival rather than longer-term strategies for income generation. Hunger and undernourishment also affect children's future through learning difficulties, poor health, and lower productivity and earnings over a lifetime. In fact, evidence shows that higher mobility is associated with lower rates of stunting (World Bank, 2018b), and children in the poorest households are more affected by stunting (Figure 7).

Poverty and hunger, however, are very distinct and multifaceted phenomena: the correlation is not always evident. In fact, some countries present higher

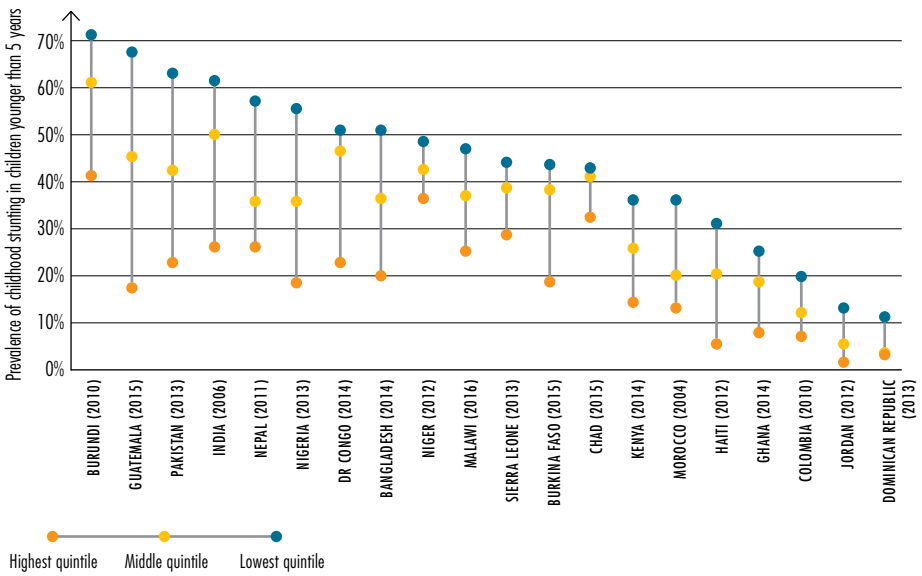
levels of undernourishment and lower levels of extreme poverty and vice versa (Figure 8). In a recent study from sub-Saharan Africa, Brown *et al.* (2017) found that about three-quarters of underweight women and children were not in the poorest 20 percent of households, and around half were not in the poorest 40 percent of households.

**Extreme poor people are often located in remote or isolated rural areas, which are poorly connected with the surrounding rural areas.**

In recent years, there has been more recognition of the role of small cities and towns for the development of rural areas. FAO (2017a) estimates that half of the world's population resides within or in proximity to small cities and towns, compared with 35 percent living in or near larger cities. The remaining 15 percent reside in the *rural hinterland*, located more than three hours of travel time from any urban centre of 50 000 inhabitants or more. The linkages between urban areas, small cities, rural towns and the hinterland are complex, including geographical and agroecological characteristics and dynamic economic and social systems (Figure 9).

<sup>13</sup> Utilization of food through adequate diet, clean water, sanitation and health care to reach a state of nutritional well-being where all physiological needs are met.

Figure 8. Prevalence of stunting in children under five, by household income



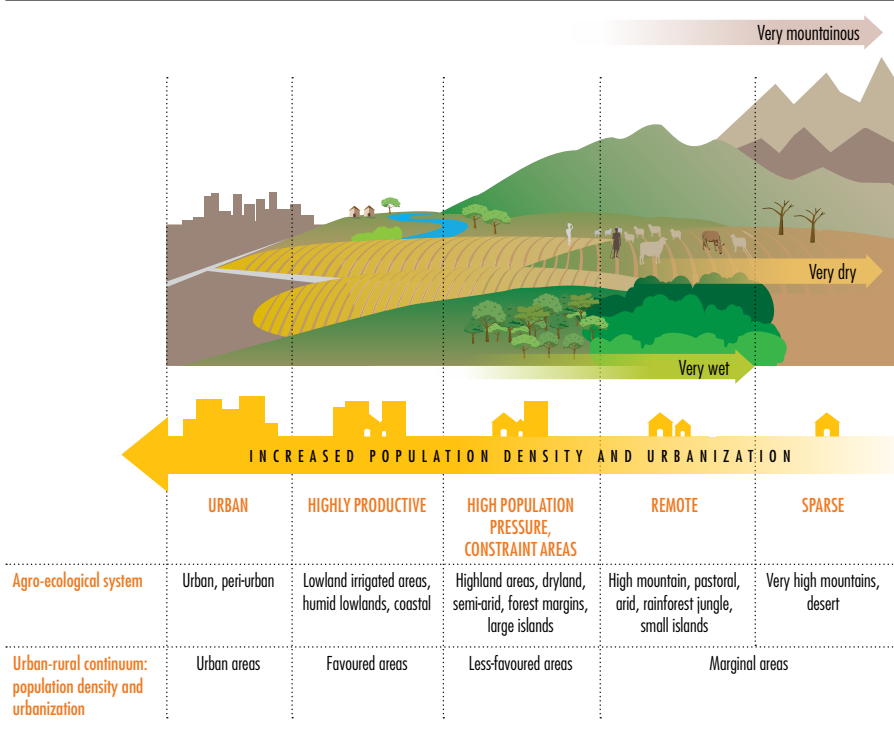
Source: Demographic and Health Surveys (DHS) Programme.

The hinterland tends to be connected across a range of dimensions – including services, roads, internet access or the availability of cell phones – with sparse populations. However, investments in infrastructure and basic services often do not reach the more isolated areas, which tend to be more disaster-prone, thus lowering the poverty-reducing effect of income growth for more marginal areas (Barbier and Hochard, 2014).

De Janvry and Sadoulet (2007) differentiate between two types of geographical areas for rural extreme

poverty: marginal rural areas and favourable rural areas. Marginal rural areas are those areas where the rural extreme poor are geographically concentrated in low population densities. These areas have poor agroecological endowments or isolated access to markets and sources of employment. Mountain people in developing countries are an example of people living in marginal rural areas, which are often depopulated. Using a global mapping model, FAO and the Mountain Partnership Secretariat (2015b), found that by 2012, 45 percent of rural populations

Figure 9. Types of agro-ecological systems and levels of urbanization



Source: Hancock (2006) based on work of Dixon, Gulliver and Gibbon (2001).

living in mountains were vulnerable to food insecurity. This represented a 31 percent increase in the number of vulnerable mountain people since 2000, while the rural mountain population itself had increased by only 10 percent.

Others, who are part of the rural extreme poor, live in more favourable areas, with good agroecological conditions and good connections

to dynamic products and labour markets. Extreme poverty in these contexts is more “individualized”. The extreme poor are those with low asset endowments (land, education, social capital), or lacking opportunities to increase the returns to those endowments (poor regional dynamics, discrimination). Oftentimes, they include rural youth or the elderly, as well as people with disabilities. Surveys to measure poverty often

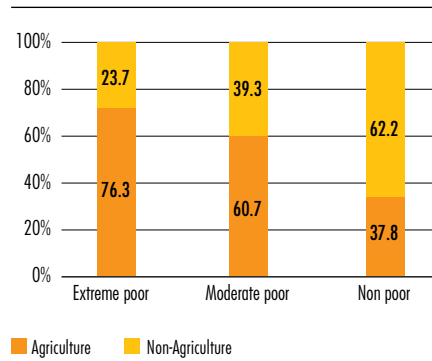


overlook more remote places, as they are hard to get to. As a result, poverty levels in remote areas are not fully represented in national statistics, thus underrepresenting rural poverty. The World Bank (2010) calculated that in Argentina, four million rural residents and another twelve million in small urban areas were beyond the reach of their Permanent Household Survey. The study also found great variation of welfare within rural residents.

**While the rural extreme poor rely heavily on agriculture and natural resource management for their livelihoods, they also diversify their income by engaging in other sectors.** In fact, about 76 percent of the *rural extreme poor workers* aged 15 and above work in the agricultural sector as a primary activity (Figure 10), which is a much higher percentage compared to non-poor people (Castaneda *et al.*, 2018).

Agricultural activities of the extreme poor tend to be primarily subsistence oriented. The numerous structural constraints they face limit their agricultural productivity and productive potential. While many of the extreme poor have some degree of access to input and output markets, a large share of their production is consumed by the household.

Figure 10. Share of rural workers by employment sector and welfare



Source: Castañeda *et al.*, 2018.

High-return activities in agriculture have higher “barriers to entry” that require land and natural resources, human capital and access to finance, among others; however, average land size is generally small, and land tends to be concentrated among the wealthiest (Zezza *et al.*, 2011). Being heavily reliant on agriculture, rural extreme poor households are also more vulnerable to extreme weather events and climate change (World Bank, 2016b).

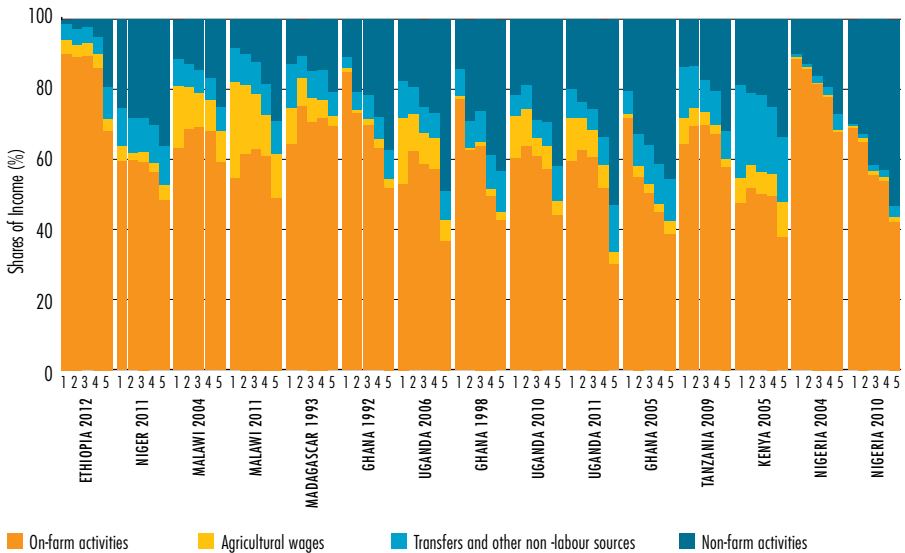
By diversifying their income and engaging in wage labour and non-agricultural self-employment activities, the rural extreme poor can better manage risk and overcome market failures, particularly in terms of access to liquidity (Davis *et al.*, 2017; De Janvry and Sadoulet, 2001).

Wealthier rural households tend to diversify to higher-return activities, particularly non-agricultural wage labour and self-employment. Conversely, poorer rural households tend to diversify to low-return activities, due to their lower levels of education and skills. Overall, there is a decrease in the share of *on-farm* income with increasing levels of welfare, including in regions such as sub-Saharan Africa, where the agricultural sector constitutes a larger share of household income (Figures 11 and 12). In many cases, diversification among the poorest is in

agricultural wage labour, which is often a last-resort activity with poor labour conditions and low remuneration. In sub-Saharan African countries for example, agricultural wage labour is unambiguously associated with the lowest levels of rural household welfare (Davis *et al.*, 2017).

Labour migration is also an important part of rural households' diversification strategies and coping mechanisms. Mercandalli and Losch (2017) report that in sub-Saharan Africa, between 50 and 80 percent of rural households

Figure 11. Share of total income from main income generating activities (Africa) by expenditure quintile



Note: Expenditure quintiles move from poorer to richer, countries are sorted by increasing GDP. Years next to country names refer to the year in which the survey was carried out. Countries are ordered by GDP in a specific year.

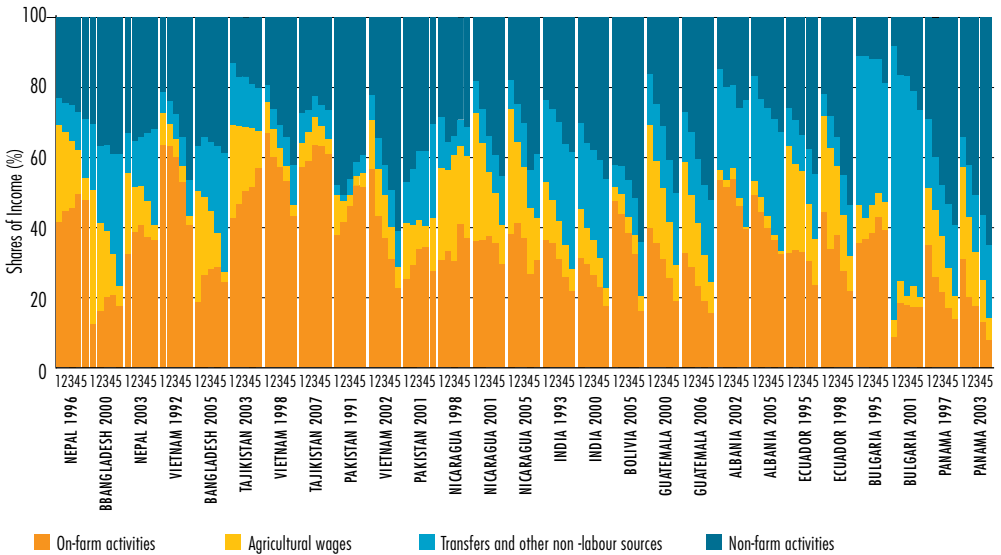
Source: Davis *et al.*, 2017.

have at least one migrant member of capital and social networks to finance and facilitate such migration.

**Not all rural extreme poor are smallholders.** Being a smallholder farmer is not necessarily associated with extreme poverty. The extent to which these two categories overlap varies according to the definition of smallholder and the poverty measure that is used. Measuring poverty is quite complex, as is measuring smallholders. Evidence shows that within small-scale agricultural

producers, there are important differences in terms of income, which have implications for shaping policy support. The Smallholder Families Data Hub (CGAP, 2017) uses a threshold of 5 hectares to define smallholder, and the extreme poverty line of USD 1.25 to define extreme poor. This initiative has data for six countries, all showing different shares of extreme poor smallholders: 24 percent in Nigeria, 26 percent in Uganda, 27 percent in Bangladesh, 37 percent in Côte d’Ivoire, and 55 percent in both Mozambique and Tanzania.

Figure 12. Share of total income from main income generating activities (Non -Africa) by expenditure quintile



Note: Expenditure quintiles move from poorer to richer, countries are sorted by increasing GDP. Years next to country names refer to the year in which the survey was carried out. Countries are ordered by GDP in a specific year.

Source: Davis et al., 2017.

The FAO Smallholders Data Portrait (2018a) defines smallholders as those households with less than the median-size landholding from national household survey data. The study defines extreme poverty and moderate poverty as the bottom 20 percent and 20 to 40 percent of the income distribution. The results also find that smallholders are not necessarily extreme or moderate poor (Table 1). Some of the rural extreme poor have access to land and work on their own farms; others, who are landless, can engage in crop agriculture as wage labourers, pastoralists, fishers and forests dwellers, living in remote, less favoured areas for agriculture, and often belonging to minority ethnic groups.

**Forestry and fishing are important livelihoods for the rural extreme poor.** The incomes from forest and fishery activities of the rural poor are often underreported, particularly when they are of subsistence and safety-net nature. As demonstrated by Vedeld *et al.* (2004), a lack of data can lead to flawed poverty policies and interventions, rendering environmental policies devoid of important sources of income, nutrition and health for the extreme poor – for example when fishing is banned, or forested areas are protected.

Some 40 percent of the rural extreme poor – around 250 million people – live in forest and savannah areas (Table 2, FAO 2018b). In absolute numbers, Africa represents the greatest amount, with 159 million people living in those areas. In relative terms, most of the rural extreme poor in Latin America live in forested areas.

A survey covering about 8 000 households in tropical or sub-tropical regions of 24 developing countries finds that about 28 percent of forest-dependent rural household incomes are derived from forests, 77 percent of which come from natural forests (Angelsen, *et al.*, 2014). In absolute terms, environmental income is about five times higher in the wealthiest households (the highest quintile) compared to the two lowest quintiles. In general, evidence shows that poorer households rely more heavily on subsistence products, including wood fuels and wild foods, and on products harvested from natural areas other than forests, such as fodder for animals.

Fisheries is also an important source of livelihood for the rural extreme poor. FAO (2002) estimated that the 5.8 million fishers living under USD 1 a day represented 20 percent of the world's fishers at the time (using

**Table 1. Proportion of smallholders (rural areas only) that are poor**

COUNTRY	EXTREME POOR (%)	MODERATE POOR (%)	NON-POOR (%)
<b>Sub-Saharan Africa</b>			
Ghana, 2013	16.1	20.6	63.4
Kenya, 2005	15.1	18.7	66.2
Ethiopia, 2012	23.6	22.4	54.0
Malawi, 2011	22.7	21.1	56.2
Niger, 2011	19.8	20.6	59.6
Nigeria, 2013	20.4	22.2	57.4
United Republic of Tanzania, 2013	22.5	22.2	55.3
Uganda, 2012	20.5	25.7	53.8
<b>Asia</b>			
Bangladesh, 2005	18.1	22.1	59.9
Nepal, 2003	21.6	20.3	58.1
Viet Nam, 2008	18.9	21.5	59.6
Cambodia, 2004	22.2	22.0	55.8
Indonesia, 2000	22.0	24.2	53.8
<b>Latin America</b>			
Bolivia (Plurinational State of), 2005	30.5	23.8	45.7
Guatemala, 2006	28.2	24.4	47.4
Nicaragua, 2005	23.3	21.7	55.1
Panama, 2003	27.4	22.4	50.2
<b>Eastern Europe and Central Asia</b>			
Albania, 2005	21.2	19.1	59.6
Tajikistan, 2007	20.9	21.7	57.5

Source: FAO, 2018a.

**Table 2. Distribution of rural people living on less than USD 1.25 per day and residing in or around tropical forests and savannahs**

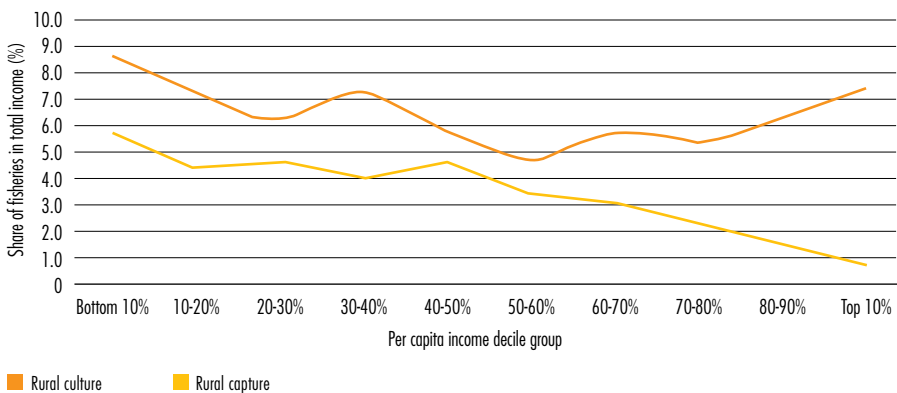
	AFRICA	LATIN AMERICA	ASIA	TOTAL TROPICS
Forest population (millions)	284	85	451	820
Forest population living on under USD1.25/day (millions)	159	8	84	251
Forest population living on under USD1.25/day as percentage of total rural population living on under USD1.25/day	50%	82%	27%	40%

Source: IFAD, 2016.

2001 poverty data, and 1990 fishers' data). After adding the 17.3 million extreme poor people working in related upstream and downstream fishing activities (e.g. boat building, marketing and processing), the number of extreme poor fishers totalled 23 million, excluding their family dependants. The fishery sector is particularly important in rural and remote areas where alternative employment is lacking (FAO, 2017e). Like forest-related activities, fisheries help to strengthen resilience by acting as a safety net during periods of low employment, agricultural lean times, and when disasters strike. Studies quantifying the share of household income

from fisheries are scarce, but some statistics suggest their relevance for rural households in specific countries and territories. For example, inland fishing households in Cambodia get more than 50 percent of their income from fishing; in the mainstream Mekong River, households derive 20 percent of their income from fishing. In parts of the Zambezi Basin, fish provides more household income than cattle, and in the Brazilian Amazon, households obtain 30 percent of their income from fishing (FAO, 2010). As demonstrated in a World Bank (2012) case study of Bangladesh, the share of income from fishery capture is highest in the rural poorest households (Figure 13).

Figure 13. Income from fisheries in Bangladesh by income group



Source: World Bank 2012

**For many extreme poor rural households, livestock is also a fundamental source of nutrition and risk management.**

Livestock helps increase the financial capital of families: it works as a savings mechanism, a liquid asset, and a credit collateral, supporting households' strategies for consumption smoothing when shocks occur (FAO, 2018d). Ownership of livestock is usually relatively evenly distributed across rural households, and even the poorest households may have small livestock – such as goats, sheep, and poultry – though total livestock holdings tend to be concentrated among the wealthy (Zezza *et al.*, 2011).

Extreme poverty is also spread among pastoralists. Pastoralism is defined as a production system that derives a number of products and services from cattle – including milk, meat, fibre, hides, employment, and transport – and provides inputs to agriculture, rural tourism and nature conservation (FAO, 2018f). Pastoralism is highly heterogeneous. Some pastoralists are nomadic, having livestock as their only source of income, but the majority, namely agro-pastoralists, also produce crops. Pastoralist production strategies vary depending on their engagement with markets, and demand differs for local

and export markets. Herd composition (livestock species) depends on wealth status, market access and the availability of natural resources.

There are also great wealth inequalities amongst pastoralists. About 85 percent of pastoralists and 75 percent of agro-pastoralists live below the poverty line of USD 1.25 per capita per day (De Haan, 2016). Even when pastoralists are relatively rich in assets, they are often deprived of basic services due to the context in which this system of pastoralism develops: Households often split to migrate to other areas where these services are available, such as schools for their children. Some pastoralist populations are among the most vulnerable in the world, suffering from food insecurity and loss of livelihoods, as their capacity to adapt to and recover from crises declines with repeated and often overlapping shocks.

Pastoral livelihoods have been severely undermined by decades of marginalization from policy and investment decision-making processes, violence and displacement, as well as insecure tenure rights and access. Their adaptability and mobility in relation to resource variability have been undermined by

numerous factors: climate change, environmental degradation, the growing risk of animal and zoonotic diseases, instability and conflicts in drylands, and pressures to expand agricultural production to feed a rapidly increasing population. These adverse effects combine to push pastoralists deeper into poverty, and can exacerbate existing drivers of migration, particularly rural-urban movements. Adding to the complexity of this situation, disruptive climate related events can also be conflict stressors, exacerbating tensions regarding tenure rights and access to natural resources, such as grazing and water (Catley *et al.*, 2012).

**Extreme poor people are often landless or have insecure tenure rights over land and other natural resources.**

While in South Asia, the extreme poor tend to be the landless in rural areas, in sub-Saharan Africa, the relationship between extreme poverty and landlessness is less clear. Here, the extreme poor often own some land, but of small size, and lack access to other key productive assets and markets (IFPRI, 2002). Given that “land dependency” affects the types of livelihoods and economic opportunities that rural people have, being landless, or having limited access to forested areas

and pastures, can be a determining factor of poverty and inequality.

Access to land and natural resources depends on the existing types of tenure, including customary and community-based tenure, the outcomes of land reforms and the degree of implementation of land administration mechanisms. Land tenure and access to natural resources is often insecure, particularly for the extreme poor. Policies that secure tenure rights for the poor and vulnerable – including indigenous people, landless farmers, pastoralists, rural women and youth – could contribute to eradicating extreme poverty (FAO, 2018a). However, in some contexts, imposing individual property rights of land can make tenure inflexible, and harm people’s food security and livelihoods. For example, in pastoralist systems, arid conditions require more flexible tenure to allow mobility of people and animals (Holden and Ghebru, 2016).

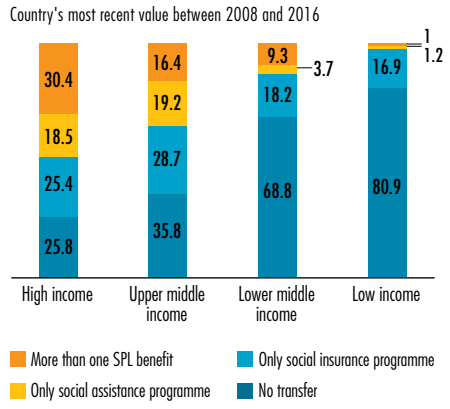
While land tenure security is necessary, it is an insufficient condition for land investment and income growth (Holden and Ghebru, 2016). There is little evidence that more tenure security, such as land titling, has led to an increase in credit and investment (see Boucher *et al.*, 2002,



for Nicaragua and Honduras; Field and Torero, 2004, for Peru; and Do and Iyer, 2008, for Viet Nam). Also, several agrarian reforms have failed to be comprehensive, only addressing the (re)distribution land, but not putting the necessary investments in place, such as in infrastructure and input distribution, as well as the transfer of technology and better access to markets (Holden and Ghebru, 2016). South East Asia has been the exception: in East and South Asia, large land reforms contributed to building more equitable rural societies, which led to overall poverty reduction and low inequality levels (Sharma and Jha, 2018). These reforms were accompanied by infrastructure, extension, inputs and improved access to markets.

**The rural extreme poor lack supporting mechanisms, such as social protection and access to finance, to cope with and manage risks.** Extreme poor people are more vulnerable to climate shocks and weather events (World Bank, 2016b), while they are the most unprotected and have the least access to coping mechanisms. In low-income and lower middle-income countries, where most of the extreme poor live, people tend to have limited access to social protection, insurance and other

Figure 14. Coverage of social protection and labour in total population (%)



Source: ASPIRE, 2018.

instruments – like labour programmes – which can help mitigate risks and build adaptive capacity (Figure 14). An analysis of 96 countries shows that only 44 percent of the global population, and 56 percent of the poorest (the bottom 20 percent of the welfare distribution), have access to social protection and labour programmes, and the coverage across different country categories varies (World Bank, 2018d). Most people in low-income and lower middle-income countries are not covered by these programmes. In low-income countries, coverage is much lower, accounting for only 18 percent of the population, while only 19 percent of the bottom quintile has access to social protection and labour programmes

(World Bank, 2018d). The lack of these mechanisms increases the probability that shocks will push households into extreme poverty, keep them in extreme poverty or contribute to the transmission of poverty across generations. The rural extreme poor are most in need of supporting mechanisms, yet they have the least access to them (Zezza *et al.*, 2011; FAO, 2015a).

Lack of access to finance also hinders the capacity of extreme poor people to manage risks. Formal financial systems enable people to store money, send and receive payments and manage their finances (World Bank, 2017b). Being able to save and access credit allows people and businesses to plan and have long-term goals as well as to deal with shocks. With no safe and secure alternatives to save, people have to rely on riskier and more expensive methods of managing their assets (CGAP, 2016). Globally, 1.7 billion adults do not have access to a bank account and many of them are poor, especially women. Account ownership in rural areas also tends to be lower than in urban areas (World Bank, 2017b).

Compared with other sectors of the population, becoming “bankable” or fully benefiting from banking services

poses an additional challenge for the rural extreme poor. They have little money to use an account and may face long distances and travel costs when going to a bank branch or automated teller machine (ATM). They are also often illiterate and lack basic financial education, personal documentation, and self-confidence when interacting with the formal financial system (World Bank, 2017b; CGAP, 2016).

### **The extreme poor often experience social marginalization.**

The extreme poor are highly affected by social exclusion. The *symptoms of social exclusion* can be manifested mainly through unequal access to resources, unequal participation, and denial of opportunities (UNDESA, 2016). Differences along educational attainment, health care, nutrition, infrastructure and employment opportunities are symptomatic of many rural groups – indigenous people, rural women, youth, people with disabilities, and so on. These differences are often accompanied by a lack of voice in political participation and civic life (UNDESA, 2016). Social structures and weak public institutions are often linked to social characteristics, defined by gender roles, ethnicity, age, religion, status and social class. These factors are fundamental to

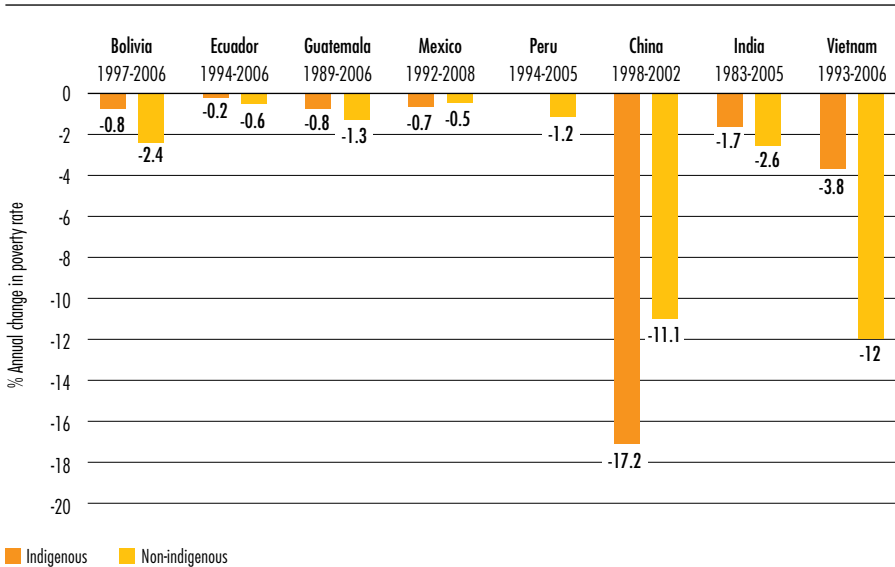
people’s livelihoods, and often determine the capacity of the extreme poor to move out of poverty.

About one-third of the rural poor is made up of indigenous, tribal and caste groups (Hall and Patrinos, 2014). These segments of the population represent about 15 percent of the world’s extreme poor, while making up only 5 percent of the global population (Hall and Patrinos, 2014). Evidence shows that indigenous peoples tend to be poorer than the rest of the population (Hall and Patrinos, 2014), and they are often

highly disadvantaged due to great inequalities, starting from early childhood development: social discrimination, violence, assimilation policies in the education and health systems, and the dispossession of land and denial of land rights (UNDESA, 2016, 2017). Their condition is exacerbated by gender inequality and discrimination, with indigenous women often being the most affected and one of the poorest groups (UNDESA, 2010, 2016).

Social marginalization often prevents extreme poor people from accessing

Figure 15. Poverty reduction for Indigenous vs non-indigenous



Source: Hall and Patrinos, 2014

decent rural employment. In fact, workers of specific social groups often experience difficult labour conditions and hazards, informality, seasonality, and remoteness. For example, in India, fishing is considered a low-income activity and tends to be overrepresented by the marginalized poor or tribal peoples (Kumar *et al.*, 2017).

**Extreme poverty is sometimes “hidden” in non-poor families in rural areas as a result of power imbalances in the household.**

The current way in which monetary poverty is measured does not allow for a more accurate understanding of individual poverty, as it assumes equal distribution of resources within household members. Taken as such, women do not appear to be significantly poorer than men, and female-headed households do not appear to be poorer than households headed by men (Castañeda *et al.*, 2018). This counter-intuitive result is due to three factors: (1) some female-headed households may be *de facto* responsible for the household, while having a husband working in another location from which she receives income; (2) households may identify a woman as the head when she is the breadwinner and therefore, on average wealthier; and (3) single or

divorced women may also be better off (Castañeda *et al.*, 2018). Indicators of inequality within households can help understand the extent to which poverty is hidden from current statistics. Using undernourishment indicators as proxies of individual poverty, from a sample of 30 countries in sub-Saharan Africa, Brown *et al.* (2017) find that roughly three-quarters of underweight women and undernourished children do not belong to the poorest 20 percent of households.

Deere and Doss (2006) demonstrate that gender inequalities, particularly between rural men and women, are widespread in terms of asset ownership and land rights. The gender gap between men and women is in fact found for many assets, inputs and services, including land, livestock, labour, education, extension and financial services, and technology (FAO, 2011). Women also face additional constraints in terms of food security and agricultural livelihoods due to persistent discrimination, marginalization and social exclusion. For example, customary laws related to inheritance rights (including land, property and housing), and access to common natural resources (such as pastures, water, and forests), can curtail or even strip women of their basic rights to these entitlements.

Rural women who become widowed or separated may suffer social marginalization and loss of property rights and productive assets, thus pushing them and their children into poverty and destitution (ODI, 2014). Similarly, households headed by widowed women are more likely to live in extreme poverty, and face low labour capacity, high work burdens, time poverty, and limited mobility.

In some societies, divorced and widowed women are subject to higher social discrimination and stigma, which prevent them from having economic opportunities or joining social networks. Discriminatory gender norms and customs, compounded by women's limited voice and agency, and factors such as gender-based violence and forced marriage, can also be important drivers of extreme poverty.

# 4 Ending extreme poverty in rural areas: some important considerations

Reducing extreme poverty in rural areas by 2030 will not be an easy task. While effective instruments exist to address extreme poor people's needs, countries will also have to deal with structural constraints, socio-political events and natural phenomena that are outside their control and that may hinder poverty reduction. Numerous factors make up these constraints: a vicious cycle of poverty and government inefficiency, economic cycles, ineffective investments, conflicts and climate change. Structural transformation plays an important role in overcoming these hurdles and ultimately, ending poverty.

## 4.1 The double bottom paradox

Today, most of the poor do not live in the poorest countries. In 2015, most of the extreme poor – about 400 million people – lived in lower middle-income

countries (LMICs), partly because several low-income countries (LICs) have become lower middle-income countries (LMICs) over the past few decades. Of these, only five countries (Bangladesh, India, Indonesia, Nigeria, and Pakistan) host the bulk of the extreme poor in LMICs (Figure 16). However, about 303 million of the extreme poor continue to live in LICs, where the depth of poverty (the poverty gap) is much higher. The highest numbers of extreme poor people amongst the LICs are found in the Democratic Republic of the Congo, Ethiopia, Madagascar, the United Republic of Tanzania, and Uganda (World Bank, 2018a). In LICs, the prevalence of extreme poverty tends to be high. Countries with shares of extreme poverty that range from 50 to 70 percent include Burundi, the Central African Republic, the Democratic Republic of the Congo, Guinea-Bissau, Madagascar, Malawi, Mozambique, Rwanda, Sierra Leone and Togo (World Bank, 2018a).

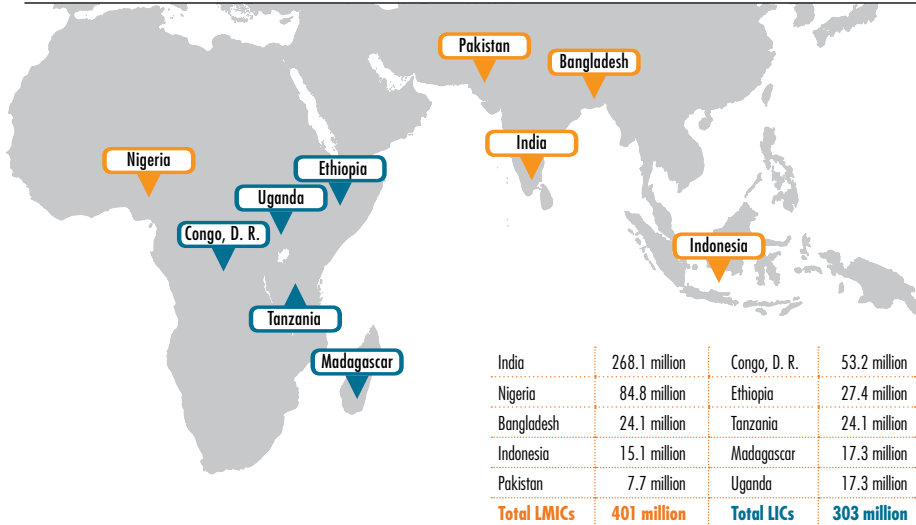
The implication of the “double bottom” in LICs and LMICs is that different approaches for the eradication of extreme poverty will be needed, depending on where extreme poverty is located (Sumner, 2012). In LMICs, inequality is still pervasive. While inequality between people in the world has been going down since 1990 (World Bank, 2016a), within country inequality is higher than 25 years ago. Addressing income inequality will have to come hand in hand with eradicating extreme poverty (World Bank, 2016a). A more efficient redistribution of income lays the foundations of long-term economic growth, which in turn contributes to poverty reduction. Eradicating extreme poverty will depend on the capacity of government institutions to design and effectively implement social protection measures and improve access to education, health and labour opportunities, thus ensuring the social and economic inclusion of the poorest.

In LICs, international aid will continue to play an important role in ensuring food security by building resilience and supporting income generating activities for the poorest. More indirect approaches, for example growth in the agricultural sector, will have a higher impact on poverty

reduction in LICs. However, LICs will encounter complications when it comes to implementing more direct interventions. In fact, governments of poorer countries are generally less effective when it comes to reaching the poorest through direct interventions (Ravallion, 2016). As economies become more developed, the tax base for redistributive policies expands, and the task of reaching the extreme poor becomes easier with urbanization and higher institutional capacities.

LICs are concentrated in sub-Saharan Africa. Most of them have experienced no economic growth in the last decade and economic stagnation will likely persist (World Bank, 2016a; Chandy *et al.*, 2015). While estimates suggest that extreme poverty will decrease to 24 percent by 2030 (Chandy *et al.*, 2015), the region’s share of the global extreme poor will likely increase. The combination of large numbers of the extreme poor in the region, with slow economic growth and a high poverty gap, illustrates the complexity of ending poverty in African countries (Chandy *et al.*, 2015). Therefore, humanitarian aid approaches – and aid in general – in LICs will need to foster institutional capacity and sectoral growth, whenever possible.

Figure 16. Top country concentration of extreme poverty in LICs and LMICs



Source: World Bank, 2018a.

## 4.2 The role of labour income growth

Labour income growth was the highest driver of poverty reduction during the 2000s (Inchauste *et al.*, 2014). Labour income growth occurs through increasing returns to labour (increased productivity), and through higher participation in wage or self-employment (Gil *et al.*, 2016). During the last decade, the increase of labour income per worker – more than an increase of employment – has contributed the most to poverty reduction (Inchauste *et al.*, 2014). In rural areas, particularly in South East Asia, labour income growth was

achieved through the redistribution of assets (particularly through land reforms), or by increasing the return to the land held by the rural poor.

The equalization of human capital assets (education, health) has also been a key element in poverty reduction, thus increasing returns to both land and labour for the poorest (Gil *et al.*, 2016).

Higher labour income is intrinsically linked to higher growth in developing countries. In the past 25 years, economic growth has helped accelerate poverty reduction. However, since the global financial crisis of 2007–2008, the world economy has suffered from



a sustained slowdown, with growth levels falling below previous forecasts (Debusquet and Martin, 2018). As a result, reductions in extreme poverty in rural areas will likely be lower than expected, and family farmers in the poorest countries may fall deeper into poverty (Debusquet and Martin, 2018). Therefore, reducing or eradicating extreme poverty in rural areas – particularly in LICs – via labour income growth will be quite challenging, at least in the initial stages, and humanitarian aid will have to use more developmental type approaches and promote local growth.

Trade also influences employment generation and wages. Globalization has accelerated international trade and the movement of capital across borders, driving processes of structural transformation and increasing the availability of goods and services. However, there is a straightforward relationship between trade liberalization and poverty reduction (Winters *et al.*, 2014). While the strong presumption is that international trade leads to poverty reduction in the long run, there is no guarantee that its effects will always be beneficial to the poor, particularly to the poorest. Trade liberalization creates winners and losers: while the rural poor may benefit from lower prices for some goods and services, the extreme

poor in rural areas may lose out due to structural changes in employment and increased instability in international trade cycles. The rural extreme poor are also more vulnerable to reforms in agricultural trade and to shocks – such as food price spikes – because their consumption is more weighted towards food than the consumption of the non-poor (Winters *et al.*, 2014).

Adding to that is the high uncertainty about the future impact of technology on job status and job creation, particularly in agricultural work. Technology can both destroy or create employment, but it is likely the skilled who will benefit the most from the introduction of new technologies. Better working conditions, facilitated by technologies in the agricultural sector, can attract more rural youth to agricultural work, poor and non-poor alike. However, the poorest will be disadvantaged in accessing these new job opportunities due to lower education and skills, as well as poorer health and nutrition.

### 4.3 Inclusive and pro-poor investment

Agriculture is central to structural transformation. However, in many developing countries the agricultural sector has lost traction as an engine of

growth, particularly where the extreme poor live. Although investments in agriculture have been increasing in developing countries, they continue to be insufficient, particularly in those countries where most of the population work in the sector (FAO, 2017c). While the share of investment in agriculture in high-income countries continues to be higher than the share of the sector in GDP, the share of investment in agriculture is decreasing in the Middle East, North Africa, sub-Saharan Africa and, to some extent, in Latin America and the Caribbean (FAO, 2017c).

Rural areas lag behind urban areas in terms of access to basic infrastructure (water, electricity, sanitation, roads), and public services (health, education, connectivity). Rural women and girls often disproportionately shoulder the domestic and economic burdens associated with the scarcity of basic services on account of their traditional responsibilities for fuel and water collection, and food preparation. Insufficient access to quality health care and education is a fundamental constraint to developing sustainable income generating activities. Moreover, the coverage of both contributory and non-contributory social protection and financial services is often limited in rural areas,

leaving poor households without a minimum income or mechanisms to effectively manage risks and shocks. Poor infrastructure also weakens rural-urban linkages, limiting the development of small towns and cities, which play a fundamental role in the diversification of rural incomes in the off-farm sector, labour mobility and the growth and nature of local food market systems (FAO, 2017a). Security concerns in rural areas also create disincentives to investment.

FAO, IFAD & WFP (2015) estimated that to end hunger, additional investments in agriculture, rural development and social protection would have to amount to USD 265 billion a year during the period of 2016–2030 at the global level. Of this amount, USD 67 billion will be needed for social protection programmes to reach the poorest in rural areas; and USD 198 billion will be needed for investment in inclusive production and livelihoods schemes, providing the poor with opportunities to earn, save, invest and improve their standard of living.

Reaching the rural poor depends on public policy decisions that must recognize the high transaction costs and long-term returns of supporting the poorest. As Hancock (2006) points

out, dedicated technologies and approaches that adapt to different agroecological zones and local cultures generate high transaction costs. Extending inclusive investments to reach the rural extreme poor, particularly those living in remote areas, requires adaptive strategies which can overcome obstacles (inaccessibility, low skills, basic assets and services in the communities, mistrust from the local people, long negotiations, time-intensive organizational and technical trainings, and so on). As investments are never neutral, they must be carefully designed to bring about social benefits and avoid threatening rural people's livelihoods. In addition to a basic income through social protection schemes, and basic health, education and nutrition, pro-poor investments should build on people's own assets and skills, strengthening their livelihoods and survival strategies, while creating new opportunities for income diversification (Hancock, 2006).

#### **4.4 Conflict, climate change and extreme poverty**

Conflict and climate change are making poverty reduction more challenging and threaten to reverse progress made so far. Each additional year of violence is associated with

a slowing in poverty reduction by almost one percentage point (FAO, IFAD, UNICEF, WFP and WHO, 2017). Today, around 59 percent of the extreme poor live in vulnerable and fragile contexts due to climate change and conflicts, or both (Development Initiatives, 2018) and about 56 percent of the population of fragile states live in rural areas (FAO, IFAD, UNICEF, WFP and WHO, 2017). In addition, some 201 million people in 134 countries are in need of humanitarian assistance for their survival, with a fifth of them being located in only three countries: Syria, Turkey, and Yemen (Development Initiatives, 2018). According to UNHCR (2018), there are also 68.5 million displaced people globally, who have become part of the extreme poor as a result of losing their assets and source of livelihood (FAO, IFAD, UNICEF, WFP and WHO, 2017).

As global extreme poverty rates decline, those left behind will be increasingly concentrated in contexts of institutional fragility and conflict, mostly in sub-Saharan Africa (World Bank, 2018c), and in areas affected by climate change (Diwakar *et al.*, 2017). Conflict is both a cause and an outcome of poverty (Diwakar *et al.*, 2017). Poverty rates in countries affected by repeated cycles of violence in the last three decades

are on average 20 percentage points higher than in non-conflict countries (FAO, IFAD, UNICEF, WFP and WHO, 2017). On one hand, poverty can induce conflict – struggles over land, water and other resources; on the other hand, conflict can increase country poverty levels, often reversing progress in poverty reduction (FAO, 2018e).

Climate change related events, such as drought, flooding, and severe storms, also disproportionately affect rural communities living in extreme poverty, because they rely to a greater extent on agricultural incomes and natural resources for their livelihoods. For example, climate variability and extreme weather events are key drivers of the recent rise in global hunger, and leading causes of severe food crises (FAO, IFAD, UNICEF, WFP and WHO, 2017). The World Bank (2016b) cautions that, if no action is taken, climate change could push an additional 100 million people into extreme poverty by 2030.

#### 4.5 The role of structural transformation in ending extreme poverty

Historically, poverty decreases as countries go through the process of structural transformation. This entails:

a declining share of agriculture in GDP and agricultural employment; the development of modern industrial and service sectors; and a demographic transition from high to low birth and death rates (Mellor, 2017). Structural transformation also strengthens rural-urban linkages in terms of production and markets, as well as rural-urban labour mobility, while fostering the growth of secondary and peri-urban cities (FAO, 2017a).

Virtually no country has gone through structural transformation without a process of agricultural and rural transformation (FAO, 2017a). Agricultural transformation is both a cause and effect of structural transformation, involving the shift from primarily subsistence farming to market-oriented and diversified production systems. FAO (2017a) finds that rural transformation includes agricultural transformation, as well as the emergence of the rural non-farm sector. Although agriculture's relative share in the economy and in employment generation declines with transformation, it remains an important source of economic growth, employment and income generation, as well as a safety net for food security for many rural households during the process.

Moreover, the structures of economies, the state of transformation countries are in, and the growth of different sectors can influence extreme poverty eradication. LICs are usually at the early stages of structural transformation: their economies remain mostly agricultural with low levels of productivity, which hampers the development of other sectors. In LMICs, where structural transformation is ongoing, the main problem lies in the level and quality of economic inclusion of those left behind in the process of transformation and growth. For example, structural transformation has been more inclusive in South East Asia than in Latin America, as a result of more equitable resource distribution through

land reforms, investments in education, increased productivity of small-scale producers, and the development of a dynamic industry sector.

While fostering structural transformation can accelerate poverty reduction, it is not the sole solution. The political economy, along with monetary and trade policies, often determines investment and growth in certain sectors or areas, which in turn affect employment generation in rural areas, the quality of jobs, and the level of inclusiveness in the growth process of poor and vulnerable people. To reach a sustained structural transformation, agricultural and rural development and rural transformation must be integrated into the process (IFAD, 2016).

# 5 Key elements in countries' strategies for ending extreme poverty

National development approaches for ending poverty in all its forms, including extreme poverty, are very different. They are shaped by national priorities and circumstances, human and natural resource endowments, economic structures, ideas about social and economic development, political thinking, as well as countries' political economies. Development approaches are also shaped by the existence, or lack of, national ownership, an enabling international environment, and demands of civil society organizations and social movements. Despite the different contexts and approaches, some common lessons emerge from countries' experiences, as they adapt to changes in the economy, population, environment and political context (May *et al.*, forthcoming).

**A fundamental precondition for ending extreme poverty is countries' commitment.** This entails a strong political commitment, including dedicated resources, strong institutions and empowered citizens. Successful countries, like China, Viet Nam and Brazil, tend to recognize and prioritize ending extreme poverty at the highest level of government (Box 1). A shared commitment – from political leadership to all different sectors of society – is needed to address the root causes of extreme poverty, which are often structural in nature, such as unequal access to or ownership of resources, gender inequality, and the social discrimination of certain populations. Effective political leadership is a key factor in successful poverty reduction strategies: providing clear policy direction and adequate means of implementation; strengthening and creating effective and democratic institutions; creating incentives for multi-sectoral coordination; as well as monitoring and evaluating progress to

## BOX 1 WHAT DO CHINA AND BRAZIL HAVE IN COMMON?

China and Brazil are two successful examples of how countries can reduce rural poverty, and in particular extreme poverty. While these countries are very different in many aspects, their experiences in poverty reduction share some common features. First, in both cases national economic growth played a determining role in reducing poverty, though it was not the only driver. The success of China and Brazil is also due to the fact that both countries made the eradication of hunger and poverty a political priority. This helped to focus public policies, foster public and private investments, and facilitate the implementation of complementary and mutually reinforcing policies and interventions across different sectors towards poverty reduction. Second, both countries focused on the role of agriculture in poverty reduction, looking especially at the role of small-scale producers and family farming in food security. China focused on giving incentives to farmers to produce through the Household Responsibility System, linking small-scale agricultural producers to the non-farm economy through agri-business and cooperatives and other non-agricultural enterprises at the town level. For Brazil, on the other hand, family farming was conceived as a major force to drive growth in the rural economy and to ensure food security and nutrition for all. Finally, both countries emphasized the role of coordination among different sectors and relied on the development of institutional mechanisms to improve the outreach of policies on poverty reduction (China) and hunger eradication, including food security and nutrition (Brazil).

Source: Takagi, M., and De La O Campos, A.P. 2017.

learn from experiences and improve strategies. Effective political leadership also helps to ensure the participation of all (or most) sectors of society in decision-making processes, such as women, youth, persons with disabilities, older persons, and indigenous peoples.

The State cannot, however, combat extreme poverty alone. Strategies for ending poverty must be directed and enabled by governments through policies and programmes. Incentives for all sectors of society should be created to contribute to

a common, sustainable strategy which will ensure the end of poverty. The private sector in particular has an important role to play in ending extreme poverty, through leveraging investments and social responsibility.

Apart from political commitment, the experience of countries points to three key elements for eradicating poverty, including extreme poverty (Gill *et al.*, 2016).

**The first element is stimulating pro-poor economic growth and income generation opportunities.**

This means fostering a pattern of growth and structural change that generates employment – and in particular more productive, decent and labour-intensive employment on a large scale – in sectors where the majority of poor and extreme poor people work. In several South East Asian countries, pro-poor growth has been achieved through agricultural reforms, openness to trade and fiscal prudence. Gill *et al.* (2016) highlight that much of China’s impressive poverty reduction since the early 1980s can be attributed to productivity growth in agriculture. More recently, Ghana used agricultural growth to reduce rural poverty through a resurgence of its cocoa sector, using a comprehensive approach that included:

achieving macroeconomic stability and removing distortions derived from the overvaluation of its currency; eliminating monopsony of its cocoa marketing board; and adding targeted programmes for cocoa farmers, such as the replacement of cocoa trees with new varieties, and a free, mass spraying programme (Gill *et al.*, 2016).

While growth in agriculture has a greater impact on poverty reduction compared to other sectors, its effect can be stronger or weaker depending on the structure of the country’s economy (including inequalities in the distribution of resources), and the institutional arrangements (Christiaensen *et al.*, 2010). Therefore, agricultural growth does not automatically benefit the extreme poor, particularly in countries with greater inequalities when it comes to access to resources – e.g. land, inputs, and irrigation. Off-farm employment is also a crucial element for ending extreme poverty. Employment, particularly decent work, is the main channel through which income derived from growth can be widely shared within society. Such income enables people to lift themselves out of poverty, benefit from social insurance schemes, and improve their educational and health status (UNRISD, 2010).



Ending extreme poverty and hunger in rural areas requires generating employment, both in the agricultural and non-agricultural sectors, through sustainable agricultural and rural transformation. While agriculture is the main source of food and income for the rural extreme poor, promoting their participation in off-farm activities, such as food transformation, processing and packaging, particularly in more favourable rural areas, is crucial for diversifying their livelihoods.

Activities outside the food system, such as environmental services in remote areas, can be particularly beneficial for those with fewer resources, including the landless, women and youth.

Income diversification is crucial for the rural poor who do not specialize in agriculture. However, the rural extreme poor often lack the skills and the capacities to engage in non-agricultural activities, as they have limited access to education and training (Box 2).

Therefore, dedicated programmes are needed to give the rural extreme poor the skills that can take them out of poverty, either through the public education system or vocational training.

Employment opportunities also increase when rural areas are better connected to secondary towns. The demand of those towns can strengthen connections between

different segments of agricultural value chains, such as production, storage, processing and packaging, transport, and marketing. Locating some of these segments in secondary towns can stimulate local, private-sector activities and provide significant employment, including for the rural extreme poor (World Bank, 2017a; FAO 2017a).

**A second element for effective extreme poverty eradication is the existence of a minimum set of investments at local, sub-national and national levels in both social and productive capital.**

Most successful experiences of poverty reduction from the 1960s to the present have involved substantial investments in rural areas, particularly in infrastructure, basic services, health, education, and more recently, in social protection (Gill *et al.*, 2016).

This strategy was successful in several countries in South East Asia – such as Indonesia, Korea, Malaysia, Taiwan, and Thailand – where during the 1990s, large public investments in education, health, and family planning were combined with market-led economic growth (Gill *et al.*, 2016).

In addition to growth in agriculture and investments in education and health, Viet Nam's strategy also included some social assistance programmes (Gill *et al.*, 2016).

## BOX 2 INVESTING IN FOOD SYSTEMS AND PROMOTING SKILLS DEVELOPMENT FOR BETTER EMPLOYMENT OPPORTUNITIES IN RURAL AREAS



© FAO/Dante DiGirolamo

Off-farm income represents an important source of livelihood for many poor farmers. In places where there is a growing non-farm economy, members of poor households increase their incomes by engaging in part-time or full-time off-farm activities. Where few opportunities exist for agriculture, farm households may even abandon their land, and move to other agricultural activities (including fisheries or forestry), or into non-farming occupations in rural or urban locations.

Educational and training programmes in rural areas have generally failed to recognize that many rural people, especially the youth, will derive part or all of their future incomes from off-farm or urban employment. There is a need for more vocational training for off-farm employment, which helps the rural poor, and particularly the rural extreme poor, better access skilled and semi-skilled jobs, while driving public and private investments towards the employment intensive activities that generate more jobs in the food system.

Staple crop production will continue to be important for agricultural livelihoods, but as incomes increase, diets will shift to higher value and processed products. Newer employment opportunities in the food system can be created through production diversification (from cereals to vegetables, horticulture, livestock, and fisheries and aquaculture), along with a deepening of value chains (with more food distribution, processing, value addition, and food preparation and services).

Source: FAO & World Bank, 2001; World Bank, 2017a.

Social protection<sup>14</sup> is now recognized as a critical strategy for reducing poverty and hunger and promoting economic inclusion, particularly among the poorest. Although formalized by the definition of a specific Target under SDG1, reaching this commitment was the result of a long evolution of the approach and scope. Social protection evolved from being a set of policies aimed at improving the conditions of workers and addressing transient poverty in the context of Europe's nineteenth century industrialization, to a system that can provide a minimum set of guarantees to people through various stages in their lives.

Among the instruments of social protection aiming at reaching the extreme poor and vulnerable are social assistance programmes, and non-contributory programmes in cash or in-kind, which provide regular and predictable support to poor and vulnerable people. A few examples of successful social assistance programmes include: the conditional cash transfer programme *Progresa* in Mexico (now called *Prospera*), and *Bolsa Familia* in Brazil, as well

as the unconditional cash transfer programme, *Dibao*, in China; cash and public work programmes under the Productive Safety Net Programme in Ethiopia; and the National Rural Employment Guarantee Scheme in India – an employment insurance for rural workers (Gill *et al.*, 2016).

Cash transfers in particular are increasingly being adopted by countries as an effective tool to fight poverty. Regular money payments to poor households and socially marginalized groups provide a minimum income to meet their basic needs, relieving financial constraints and helping them access social services. With cash transfers, poor households can progressively engage and invest in more productive and profitable agricultural activities. Regular cash transfers allow the poorest to get out of the poverty trap, generating higher incomes in the future through improved food security, and therefore higher labour productivity, as well as through small savings and investments. Risks and crises are also better managed when beneficiaries have access to a steady source of income.

---

<sup>14</sup> As defined by the Social Protection Inter-Agency Board (SPIAC-B), social protection refers to a “set of policies and programmes aimed at preventing or protecting all people against poverty, vulnerability, and social exclusion throughout their lifecycles, with a particular emphasis on vulnerable groups.

In addition to social protection, several countries, starting in South Asia, have focused on increasing access to finance for the poorest, helping to break the cycle of poverty by investing in their livelihoods and improving

their risk management capacities. Microfinance schemes are important components of many poverty reduction programmes around the world, as they allow even the poorest individuals to access more formal

### BOX 3 CASH TRANSFERS: MYTHS vs. REALITY



© FAO/Ivan Grifi

Over the past ten years, a growing number of sub-Saharan African governments have launched cash transfer programmes as part of their social protection strategies. Most of them are unconditional programmes, aimed at improving the food security, health, and nutritional and educational status of extreme poor households and children. The livelihoods of most beneficiaries are based on subsistence agriculture and rural labour, with most recipients living in places where markets, including financial services, are limited or inadequate.

However, there are still many myths around cash transfers, including: the cash received is wasted on alcohol and tobacco; transfers are just a “hand-out” and do not contribute to development; they cause dependency and laziness; and they lead to price inflation and disrupt the local economy. **Yet, evidence to the contrary is proving these perceptions wrong.** FAO and UNICEF have evaluated the impact of cash transfers on poverty reduction in seven sub-Saharan African countries, and results show that these programmes generate a broad range of social and economic impacts, including enhancing the economic and productive capacity of poor rural households.

**First, cash transfers contribute to human capital development**, reducing the economic barriers to access education, nutrition and health services, contributing to food security and dietary diversity, preventing child labour and helping address the economic and social drivers of HIV risks. In this sense, these programmes also contribute to the future productivity and employability of today's children and adolescents, once they reach working age. Most of the programmes also show significant increases in secondary school enrolment and children's well-being.

**Second, cash transfers stimulate the economic potential of the poor.** Access to predictable and regular income enhances the economic and productive capacity of even the poorest people, helping them accumulate assets, invest in more productive activities and better manage risks. In Zambia, cash transfers increased operated farmland by 36 percent from the baseline, improving the use of seeds, fertilizer, and hired labour. As more agricultural inputs were used, overall production also increased, improving food and income security, and access to markets, while having a positive impact on the local economy.

**Finally, cash transfers lead to positive multiplier effects in local economies and significantly boost growth in rural areas.** Benefits expand beyond direct beneficiaries, reaching the wider community. In Ethiopia, for every dollar transferred by the programme, about USD 1.50 was generated for the local economy and no inflation was detected. Across all countries, there was no evidence of increased expenditure on alcohol and tobacco, and in Lesotho, alcohol expenditure actually decreased.

FAO's work has strengthened the case for scaling up such programmes by addressing public misconceptions linked with cash transfers and setting up collaboration with national governments for programme design and implementation. Social protection is now seen not only as a social policy tool, but also as a strategic investment which can enhance the economic and productive potential of the poor. The evidence produced has influenced the design of national programmes, contributing to the expansion of social protection coverage in different countries and the shift from donor-funded pilots to domestically-funded national strategies.

Source: FAO & UNICEF, 2017.

## BOX 4 LINKING SOCIAL ASSISTANCE TO DEVELOPMENT INTERVENTIONS



© FAO

Governments and NGOs have been exploring ways to link social assistance, mainly regular cash transfers, to other types of support, such as livelihood interventions, skills building, nutrition interventions, and more (Roelen *et al.*, 2017). For example, FAO's approach to coherence between social protection and agriculture, including the concept of "Cash Plus" (FAO, 2016b), combines social assistance interventions, such

as cash transfers, with productive assets, inputs or technical training and extension services to enhance the livelihoods and productive capacities of poor and vulnerable households. In the long term, the approach aims to progressively enhance capacities, while facilitating entry to sustainable markets and broader opportunities. Cash Plus programming ensures that families have what they need to restore or improve their livelihoods, while enabling them to meet their immediate needs. Other approaches have been developed under the concept of "graduation", based on the model pioneered by BRAC in Bangladesh. The package in "graduation" type programmes generally includes regular cash transfers, access to savings, productive assets, livelihoods training and behaviour change communication (Roelen *et al.*, 2017).

At programme level, different models of complementary interventions have been implemented, which can be classified in three main categories (Veras Soares *et al.*, 2017):

- **Sustainable livelihoods, economic inclusion or productive inclusion programmes** – single programmes with multiple components, including microcredit and/or cash transfers, and other productive inclusion or self-employment promotion interventions.
- **Complementary programmes** – different programmes/interventions involving two or more sectors, which are implemented in a coordinated manner (such as social protection programmes with productive inclusion programmes).
- **Overlapping programs** – unplanned overlap of different sectoral programmes at the individual/household or geographical/community level.

credit. In Bangladesh, the *Grameen* Microfinance approach helps build up household credit and cultivates savings habits. While the impacts of microfinance on poverty reduction are still inconclusive (Banerjee and Jackson, 2016; and Bel Hadj and Rejeb, 2015), these programmes are shown to empower women and smooth consumption, particularly after a shock occurs. For example, in Bangladesh, consumption is twice as stable for Grameen Bank borrowers compared with non-borrowers (Gill *et al.*, 2016).

**A third essential element for ending extreme poverty is setting up dedicated interventions to reach the poorest of the poor.**

In recent years, poverty reduction has stagnated both in low- and middle-income countries due to the global economic slowdown and increasing conflict, with those still left behind becoming harder to reach. Among these people are indigenous and ethnic minorities, those living in remote areas, and disadvantaged groups who have not benefitted from economic growth or human capital investments. Recognizing the need to better articulate and coordinate the different policies and actions aimed at reducing poverty, some countries have opted to implement more dedicated and integrated interventions

which address the specific needs of the poorest and their challenges. Though social assistance is no doubt instrumental for the extreme poor, and has shown significant impacts across social and economic sectors, it is not sufficient to eradicate extreme poverty (Veras Soares *et al.*, 2017; Roelen *et al.*, 2017). Sustaining these impacts in the long term requires more dedicated support and more holistic interventions to enable access to services, provide support and cultivate behavioural change. Social assistance – such as cash transfers and school feeding – combined with other interventions, can support inclusion in economic opportunities while addressing the social barriers that prevent the poor from actively participating in society (FAO, 2016b; May, *et al.*, forthcoming).

Today, concerns over political fragility, climate-related shocks and their effects on poverty are also influencing the design of poverty eradication interventions. To build poor people’s resilience to climate-related shocks and crises, these interventions tend to incorporate risk-informed and shock-responsive mechanisms, different livelihood enhancement, and risk-management strategies (Box 5). For instance, countries have started reinforcing the capacity of existing social assistance

## BOX 5 INDIA: THE NATIONAL RURAL LIVELIHOODS MISSION

About a third of the world's poor and hungry live in India and most of them depend on agriculture and the rural economy for their livelihoods. Recognizing the rural poor as active participants of development, the Government of India has set up the National Rural Livelihoods Mission, one of the world's largest rural development programmes, covering all States in the country. Launched in 2011, NRLM aims to reach out to 70 million poor rural households in 600 000 villages in India, representing about 25 percent of the world's poor. Beneficiaries include poor and extreme poor people, with a focus on single women and women-headed households, victims of human trafficking, particularly vulnerable tribal groups, persons with disabilities, as well as landless and bonded labourers.

NRLM aims to reduce poverty in rural areas by building strong and effective institutions for the poor to increase their access to markets, services, job opportunities and decision-making. Self Help Groups (SHGs) are the primary building block of NRLM and are composed of 10-20 poor people who gather on a voluntary basis. Through the programme, SHG members receive the knowledge, skills and tools needed to improve and diversify their livelihoods. This includes financial literacy and counselling on financial services to increase their creditworthiness. NRLM also provides people's institutions with revolving funds and community investment funds until they accumulate their own funds. These resources aim to strengthen poor people's institutional and financial management capacities, and build their track record, so they can access bank credit, meet the credit needs of the members and fund collective activities.

NRLM also supports the creation of community savings groups, which help the poorest to meet their financial needs and reduce the exploitative influence of money lenders over asset-less and landless people. Savings groups are essential to foster financial inclusion, providing a form of collective collateral for members to acquire credits from formal financial institutions. To facilitate universal access to financial services, NRLM also coordinates with the financial sector to increase the portfolio of saving, credit and insurance products available for the poor.

The programme also works to improve rural livelihoods in both farm and off-farm sectors. To do so, NRLM supports the development of activity and trade clusters of farm and non-farm enterprises, to improve productivity, quality and cost





© FAO/Dakshina Murthy

competitiveness, and create pro-poor markets through aggregation of rural producers and market players. The project supports the creation of producer groups and their federations, which receive training on enterprise management, productivity and quality enhancement, and value addition. NRLM also looks at the sustainability of rural livelihoods. To protect the natural resource base, farmers receive training on sustainable agriculture practices through the Farmer Field School, including the use of organic fertilizers, poly-crop farming, and botanical pesticides. SHG members become trainers themselves, helping to spread the knowledge in their own village.

Since, 2017 FAO and the Government of India have worked together to scale up the impact of NRLM on poverty reduction. FAO has provided training to State Rural Livelihoods Missions to design and manage the livelihood activities under their programmes, and it supports the Government's community-based mobilization efforts to reduce rural poverty, empower women, and improve sustainable food agriculture systems. One of the beneficiaries of this collaboration is India's Self Employed Women's Association (SEWA), which is an organization of 1.9 million poor self-employed women workers assisting marginalized women farmers and informal sector workers through social mobilization campaigns and capacity development. Thanks to FAO, members are learning about business planning, and asset development, as well as agroecology and low-input organic farming techniques for improved resilience.

Source: FAO, 2018g.

programmes to anticipate risks and boost responsiveness (FAO, 2017f). Moreover, agriculture and weather-indexed Insurance stands to protect people from destitution and from falling deeper into poverty when shocks occur. Micro-insurance services include compensation schemes covering the loss of assets – crop failures, livestock mortality or theft, health, death, loan protection, and shelter provision. Agricultural insurance is particularly relevant for poor fishers and farmers, as climate change and crop and animal diseases can have disastrous effects on their livelihoods.

While policy coherence<sup>15</sup> and multisectoral coordination of social and economic sectors can enhance the impact of poverty eradication policies and programmes, achieving coordination from the national to the territorial level can be challenging (Gravilovic *et al.*, 2016; Veras Soares *et al.*, 2016; OECD, FAO and UNCDF, 2016; Leyton, 2018). Experience from Africa and Latina America points to some lessons learned in working across

sectors to achieve poverty reduction (Veras Soares *et al.*, 2016; Cirillo *et al.*, 2017; Leyton, 2018). First, multisectoral coordination mechanisms need to have clear objectives, responsibilities, and decision-making power to be effective, and have the necessary budgets and incentives to operate (CONEVAL, 2018). As Leyton (2018) notes, budgetary incentives can lead to better coordination between ministries and their programmes. Second, common (or coordinated) information systems and registries of the poor and the poorest, when available, allow the design and implementation of appropriate policies and programmes to address poverty and direct investments (Cirillo *et al.*, 2017). At territorial level, the existence of committees on poverty reduction, formed by different entities from both public and non-governmental sectors – NGOs, civil society, producer organizations – also helps to share information, enhance coordination and oversee the implementation of programmes and private initiatives (CONEVAL, 2018, Cistulli *et al.*, 2016).

<sup>15</sup> Coherence is understood as “a systematic promotion of complementary and consistent policies and programmes across sectors, thereby creating synergies to combat rural poverty and food insecurity more effectively” (Gavrilovic *et al.*, 2016).

# 6 Sustaining livelihoods: how can agriculture, food systems and sustainable management of natural resources accelerate the achievement of Target 1.1 in rural areas?

Agriculture not only plays a key role in the transformation of the economy – particularly in rural areas – but it is also crucial in ending extreme poverty. In developing countries, growth in agriculture has proven to be more poverty reducing than growth in other sectors, having bigger impacts on the rural extreme poor, in the poorest countries (Ligon and Sadoulet, 2007).<sup>16</sup>

There are four main areas through which agriculture, food systems

and natural resources can contribute to reaching Target 1.1 and ending *rural extreme poverty*: (1) ensuring food security and nutrition for extreme poor people in rural areas; (2) promoting the economic inclusion of the rural extreme poor in agriculture and food systems using territorial and landscape approaches; (3) fostering environmentally sustainable livelihoods; and (4) strengthening resilience against shocks and restoring livelihoods.

---

<sup>16</sup> A global study of 82 countries shows that aggregate growth originating from agriculture is four times more powerful (in terms of reducing extreme poverty) than growth in industry and service sectors (Christiaensen *et al.*, 2010).

## 6.1 Ensuring food security and nutrition of extreme poor people in rural areas

The right to adequate food is a long-standing human right guaranteed through various international instruments, foremost the International Covenant on Economic, Social and Cultural Rights to which 168 countries are States parties. Moreover, around 30 countries currently have explicit protections of the right to adequate food in their national constitutions, while several dozens more have implicit recognitions. The right to adequate food refers to the right of every individual to have assured access to adequate, nutritious, and culturally appropriate food necessary for an active and healthy life. To enjoy the right to feed oneself in dignity, individuals can either grow the food themselves, acquire it or receive it (FAO, 2015b). Access to sufficient food in a regular way is necessary to allow adults to engage in productive activities, and for children to acquire the necessary education and skills they will need to overcome poverty.

**Incomes and the right to food can be assured by supporting subsistence agricultural activities of the poor, which provide them with minimum access to basic staples (grains, tubers**

**and legumes), and higher-value foods (such as fish, milk, meat, eggs, fruits and vegetables).**

These activities can also enhance the resilience of extreme poor households in humanitarian settings. Policy tools to grant food security include asset transfers, such as small animals and livestock, building fish ponds, and home and school gardens. Another important tool is social protection, particularly nutrition-sensitive social protection, which includes regular cash transfers with reinforced linkages to nutrition education, health services, and school food programmes, particularly in marginal areas.

**Decent employment measures are also needed to empower poor rural populations, helping them become central actors in ensuring the realization of their right to adequate food.** The recognition of the poor as agents of change, as well as policies to foster decent employment and the expansion of social protection is essential for eradicating extreme poverty. This entails the existence of participatory policy dialogue platforms and initiatives to develop the capacities of women and men towards building collective action and interacting in policy dialogue. Emphasis should be placed on ensuring the legal protection of the right to food and freedom from

hunger, with all vulnerable populations being covered through social protection as well as other mechanisms.

## 6.2 Promoting the economic inclusion of the rural extreme poor in agriculture and food systems using territorial and landscape approaches

Agriculture is often not well-embedded in poverty eradication strategies or given the prominence that it deserves in terms of both policy prioritization and public resource commitments or investments. In addition, the lead mandate to deal with poverty issues at country level is often given to the ministries of social affairs rather than the ministries of agriculture or the environment. As a result, agricultural policies – including trade related policies – tend to neglect the extreme poor, especially those who do not have access to productive natural resources, such as landless workers and “livestock-less” herders. Often considered unproductive, the rural extreme poor tend to be excluded from economic growth interventions; instead, they are considered potential participants of social assistance programmes, when present. A lack of policy coherence and coordination among ministries perpetuates the

disconnect between agricultural, nutritional, environmental and social assistance interventions and broad economic development strategies.

In many cases, existing poverty eradication strategies implemented by ministries with social and rural development mandates are limited, institutionally, particularly when linking the extreme poor to markets. Though these ministries are often weak in terms of providing new and sustainable economic opportunities for the poor, they are stronger in terms of identifying the poor and the extreme poor: providing them with access to food and a minimum income to sustain their basic needs; and ensuring minimum infrastructure and microcredit to invest in their future.

**These gaps highlight the need to better articulate agricultural, food and environmental policies with poverty eradication, inequality reduction and decent work promotion strategies.** In particular, better coordination is needed among the various line ministries implementing poverty eradication strategies to ensure that their interventions complement and capitalize on each other. This will help place the focus of economic interventions on the poorest and most marginalized people. Social protection

programmes can be linked to actions aimed at boosting agriculture and off-farm employment, such as forestry, fisheries and environmental services, and rural infrastructure development. These programmes are strengthened through coordinated or compatible targeting mechanisms and complementing interventions, including cash+ programmes or homegrown school feeding. Moreover, by articulating agricultural, food and environmental policies with poverty eradication, inequality reduction and decent work promotion strategies, the poorest of the poor can be included in the development process. Engaging the poorest of the poor in income generating activities – which fit their aspirations, capacities, knowledge and assets – either in the on- or off-farm sector, helps them find their own pathways out of poverty.

**Market access is key to improving the incomes of extremely poor small-scale producers.** The process of urbanization increases the demand for quality food and non-food products, creating new opportunities for income generation. However, extremely poor producers often face several constraints in taking up these opportunities, including meeting the demand of consumers in terms of production levels and quality. This is

linked to liquidity contrasts, limited access to financial services, and other economic barriers in adopting new technologies or meeting the demands of new markets. One way to make markets more beneficial to small-scale producers is through developing local or territorial markets. This helps small agricultural producers, including the poorest, sell their produce at low transaction costs, while promoting the supply of quality products for small cities and towns in the surrounding areas. Local market development also fosters collective action, helping poor producers gather into associations (FAO and INRA, 2016), which can provide a series of socially relevant services, such as credit and insurance. Programmes for poor agricultural producers will require: dedicated market-oriented services (including financial, business and market support); rural advisory and extension services; and the provision of adequate inputs and appropriate technologies. Furthermore, market-oriented support systems need to consider women's and men's diverse and changing roles in agricultural value chains.

**Economic inclusion can be also achieved through public procurement schemes, short-circuits and branding.** Several governments are implementing public procurement

initiatives that facilitate the purchase of food – for public schools and hospitals, for example – directly from small-scale producers to strengthen rural livelihoods and promote food security and nutrition. These preferential markets allow small-scale producers to gain experience and raise the quality of their products, including by complying with safety regulations and meeting the scale of new markets and demand. However, to succeed as a mechanism for economic inclusion, instruments and regulations need to be adapted to give poor producers advantages over larger suppliers (FAO, 2018b). For these opportunities to reach the poorest, dedicated programmes for extreme poor producers need to be implemented along the value chain, improving access to resources and services, strengthening organizations, and offering training to the poorest so that they are not left behind (see Ghana case in the previous section). In more favourable areas, economic inclusion can also be achieved through successful branding: fair trade, organic, agroecology, and geographical indications (Vandecandelaere *et al.*, 2018).

**Finally, empowering people is fundamental for economic inclusion.** This entails addressing inequalities between women and

men in decision-making, and improving access to productive resources, services and economic opportunities. Territorial rural development approaches are key to including the poor in the development process. These approaches focus on empowering local communities, including those traditionally excluded, by involving them in the design of development plans and strategies, enabling them to participate in multi-sectoral and multi-stakeholder coordination mechanisms, and addressing their constraints in accessing markets. Similarly, participatory landscape approaches enable the development of more sustainable solutions to localized natural resource challenges.

### 6.3 Fostering environmentally sustainable livelihoods

Interventions that enhance the governance of tenure and preserve or revitalize natural resources can directly benefit the extreme poor, particularly those living in marginal areas, by securing their livelihoods and helping them adapt to the effects of climate change. Actions to improve the governance of tenure systems deal with recognizing the legitimate tenure rights of people to use, manage and control land, fisheries, and forests.

The application and implementation of the *Voluntary guidelines on the responsible governance of tenure of land, fisheries and forests in the context of national food security* contribute to the improvement and development of legal and organizational frameworks regulating tenure systems, enhancing transparency as well as the capacity of all persons concerned with tenure governance (CFS and FAO, 2012). These actions are particularly important in the current context of escalating killings of human and environmental rights defenders. Reports of these killings worldwide in 2017 – based on 312 killings in 27 countries – document that 67 percent of the persons killed were engaged in the defence of land, environmental and indigenous peoples’ rights. Nearly all killings took place in the context of megaprojects, extractive industry and big deals.<sup>17</sup> Such projects are frequently undertaken without consulting the local population, or seeking the right of free, prior, informed consent (Human Rights Council, 2018).

**Natural resources and ecosystem services are the basis for sustainable and productive food and agricultural systems.** Many of the extreme poor

in rural areas depend on access to water, forests, fisheries, and land to sustain their agricultural livelihoods. Climate change, land degradation, pollution, and the depletion of natural resources and biodiversity are amongst the major impediments to the sustainability of livelihoods of indigenous peoples, pastoralists, forest people, and fisher folks – who also tend to be the poorest and most marginalized communities in society. Some policy actions include: enhancing local knowledge or introducing new techniques for the sustainable management of resources; promoting climate-smart and organic agriculture; and preserving and promoting ecosystem services. Climate adaptation and mitigation efforts also require better coordination and integration with poverty reduction interventions (see box 5). Innovative and holistic responses can help counteract the potential negative impacts of climate change and natural resource depletion on the livelihoods of rural populations and the extreme poor. Likewise, initiatives aimed at eradicating extreme poverty would benefit from the integration of responses which sustain environmentally fragile livelihoods.

<sup>17</sup> About 80 percent of the killings took place in only four countries: Brazil, Colombia, Mexico and the Philippines (Human Rights Council, 2018).



## BOX 6 PROEZA: AN INTEGRATED APPROACH TO FIGHT EXTREME POVERTY AND CLIMATE CHANGE



© FAO

In Paraguay, more than two-thirds of the extreme poor are self-employed in agriculture and climate-sensitive activities. Many of them are indigenous people, who live in remote areas, lack resources and ownership rights, and depend on natural resources – such as wood and charcoal – to meet their basic needs. This makes them extremely vulnerable to climate change and other shocks.

Firewood and charcoal are used to dry grains for export, produce ceramics, and as the primary energy source in the bottling industry. However, agricultural expansion and fuelwood harvesting are contributing to one of the highest deforestation rates in the world. In fact, land use change has led to increased greenhouse gas emissions in the country, and major biodiversity loss from the Atlantic Forest – considered the region’s most important biome for biodiversity.

Despite increased public efforts to decrease deforestation in recent years, progress has been slow due to the weak enforcement of environmental legislation and regulation, and limited institutional capacity, resulting in overlapping and at times conflicting institutional responsibilities and weak governance. FAO and the Government of Paraguay have formulated the *Poverty, Reforestation, Energy and Climate Change* (PROEZA) project to improve the resilience of poor and extreme poor households to climate change, through risk-informed social protection, while combating deforestation, and mitigating greenhouse gas emissions. This USD 90 million project, approved by the Green Climate Fund, will support the transition to sustainable forest management to reduce forest loss and improve the lives of around 17 000 extreme poor families (nearly 87 300 people) in eight *departamentos* of Eastern Paraguay.

PROEZA consists of three mutually reinforcing components. The first one specifically targets extreme poor households, as they are highly dependent on natural resources

for their daily domestic needs and food security. Adaptation to climate change is only possible if efforts to reduce poverty are combined with climate knowledge and improved productive practices, which is why PROEZA tops up the national conditional cash transfer programme *Tekoporã*, and supports the establishment of climate-smart agroforestry production systems, combining income generation with environmental protection. These systems will enhance the resilience of vulnerable households by providing firewood and income in the short run, and by accumulating capital – in the growing tree stock – in the long run.

In addition, conditional cash transfers for environmental services will be set up – serving as environmental services incentive payments – until new farming models are sustainable. With one-third of the beneficiaries lacking secure land rights, PROEZA will also support households throughout the land titling process. Secure rights will stimulate long-term stewardship of forest resources and investment in their sustainable use. A recent analysis of policies and institutions in the agricultural and rural sectors of Paraguay shows the limited ability of government entities to achieve effective interagency coordination, especially when it comes to agricultural, environmental, social protection and bioenergy programmes. One of the main instruments set up by PROEZA to improve coordination and governance is the inter-institutional Executive Committee, which gathers representatives from institutions with a direct national mandate to implement the Climate Change National Policy, the National Reforestation Plan, the Poverty Reduction Programme and the National Development Plan. Chaired by the Technical Secretariat of Planning, it will coordinate and oversee the execution of the project.

Source: FAO, 2017b.

## 6.4 Strengthening resilience prior to shocks and restoring livelihoods after these occur

Today, about 59 percent of the extreme poor live in vulnerable and fragile contexts due to climate change and conflicts. The moderate and

non-poor living in these contexts are also at risk of falling into extreme poverty because of serious shocks, particularly violent conflicts.

Many actions are needed to enhance preparedness, build resilience, as well as restore the livelihoods of people

who have been affected by conflict or climate-related shocks, such as famine, earthquakes and extreme weather events. One is **integrating assessments of the rural extreme poor's specific** vulnerabilities to disaster-related conflicts, weather events (cyclones, floods, droughts, severe winters), pests and diseases in the early warning and early action systems. These actions can lead to the formulation of early adequate responses, which can prevent risks from developing into crises, thus reducing the cost of response. Conflict-sensitive analysis is a second tool that helps to address the root causes of social conflict, including chronic low-level conflicts over access to resources or claims to services, which tend to increase extreme poverty.

**Social protection systems and measures contribute to increasing the resilience of the extreme poor**, helping them to effectively cope with the negative impacts of climate change and natural disasters. The key components of a risk-informed and shock-responsive social protection

system include: timely, effective and efficient responses to extreme weather events; flexible implementation to scale-up support in case of threats or crises; inclusion of early action plans and contingency funds triggered by early warning systems; and support for public work programmes to increase household income through the diversification of livelihoods.

**Finally, agricultural interventions can also play a key role in restoring livelihoods after shocks occur.**

For example, humanitarian programmes can help restore the necessary conditions for agricultural livelihoods, including rebuilding basic water infrastructure – water systems and post-harvest facilities, such as fish landing sites and markets. Other important interventions include: reclamation and restoration processes; the rehabilitation of households' productive capacities (e.g. replacement of lost fishing boats and equipment); distributing agricultural inputs, seeds and tools; and safeguarding the rights of the poorest and most vulnerable in humanitarian situations.

# References

- Ahmed, A. U., Vargas Hill, R., Smith, L. C., & Frankenberger, T.** 2002. The poorest and hungry: characteristics and causes. In: J. Von Braun, R. Vargas Hill, & R. Pandya-Lorch. *The Poorest and the Hungry. Assessments, analyses, and actions*, pp 107–115. Washington DC, IFPRI.
- Alkire, S., & Robles, G.** 2017. Global Multidimensional Poverty Index 2017. Brief No. 47. Oxford, UK, OPHI. (also available at [https://www.ophi.org.uk/wp-content/uploads/B47\\_Global\\_MPI\\_2017.pdf](https://www.ophi.org.uk/wp-content/uploads/B47_Global_MPI_2017.pdf)).
- Angelsen, A., Jagger, P., Babigumira, R., Belcher, B., Hogarth, N.J., Bauch, S., Börner, J., Smith-Hall, C. & Wunder, S.** 2014. Environmental income and rural livelihoods: a global-comparative analysis. *World Development*, 64 (1): S12–S28. (also available at <https://doi.org/10.1016/j.worlddev.2014.03.006>).
- ASPIRE.** 2018. The atlas of social protection indicators of resilience and equity. In: *The World Bank* [online]. Washington, DC. <http://datatopics.worldbank.org/aspire/>
- Baez, J.E., Fuchs, A. & Rodriguez-Castelan, C.** 2017. *Shacking up economic progress*. Washington, DC, World Bank Group. (also available at <https://openknowledge.worldbank.org/bitstream/handle/10986/28892/121664-WP-Final-Report-Aggregate-Shocks-and-Economic-Progress-English-web.pdf>).
- Banerjee, S.B., & Jackson, L.** 2017. Microfinance and the business of poverty reduction: Critical perspectives from rural Bangladesh. *Human Relations*, 70(1): 63–91.
- Barbier, E. B., & Hochard, J.P.** 2014. *Poverty and the spatial distribution of rural population*. World Bank Policy Research Working Paper, in press. No. WPS 7101. Washington, DC, World Bank Group. (also available at <http://documents.worldbank.org/curated/en/849881468158378488/Poverty-and-the-spatial-distribution-of-rural-population>).
- Bel Hadj Miled, K., & Ben Rejeba, J. E.** 2015. Microfinance and poverty reduction: a review and synthesis of empirical evidence. *Procedia Social and Behavioral Sciences*, 195: 705–712. (also available at <http://www.sciencedirect.com/science/article/pii/S1877042815038185>).
- Birdsall, N., Lustig, N. & Meyer, C.J.** 2014. The strugglers: the new poor in Latin America? *World Development*, 60: 132–146. (also available at <https://www.sciencedirect.com/science/article/pii/S0305750X14000850>).
- Boltvinik, J. and Mann, S., eds.** 2016. *Peasant Poverty and Persistence*. London, Zed Books.
- Boucher, S., Barham, B. Carter, M., Chamorro, J.S.** 2002. Market-friendly reforms and the operation of credit and land markets in Central America. Agriculture and Resource Economics Department, University of California, Davis.

**Brown, C., Ravallion, M., & Van de Walle, D.** 2017. *Are poor individuals mainly found in poor households? Evidence using nutrition data for Africa.* (also available at <https://pdfs.semanticscholar.org/5d13/2892fbf5eb8bd565b510fd08d30430895e24.pdf>).

**Castaneda, R.A., Doan, D.D.T., Newhouse, D.L., Nguyen, M.C., Uematsu, H., & Azevedo, J.P. W.D.** 2016. *Who are the poor in the developing world?* World Bank Policy Research working paper, in press. No. WPS 7844. Washington, DC, World Bank Group. (also available at <http://documents.worldbank.org/curated/en/187011475416542282/Who-are-the-poor-in-the-developing-world>).

**Castaneda, R.A., Doan, D.D.T., Newhouse, D.L., Nguyen, M.C., Uematsu, H., & Azevedo, J.P. W.D.** 2018. A new profile of the global poor. *World Development*, 101: 250-267. (also available at <https://www.sciencedirect.com/science/article/pii/S0305750X17302735>).

**Catley, A., Lind, J. & Scoones, I.** 2012. *Pastoralism and Development in Africa: Dynamic Change at the Margins.* London, Routledge.

**CFS & FAO.** 2012. *Voluntary guidelines on the responsible governance of tenure of land, fisheries and forests in the context of national food security.* Rome, FAO. (also available at <http://www.fao.org/docrep/016/i2801e/i2801e.pdf>).

**CGAP.** 2016. *Financial inclusion for the rural poor using agent networks in Peru. Measuring the impact of correspondent banking agents and trust workshops for conditional cash transfer beneficiaries.* Innovation for poverty action. CGAP Working Paper, April 2016. Washington, DC. (also available at: <http://documents.worldbank.org/curated/en/140701470654291955/Financial-inclusion-for-the-rural-poor-using-agent-networks-in-Peru-measuring-the-impact-of-correspondent-banking-agents-and-trust-workshops-for-conditional-cash-transfer-beneficiaries>).

**CGAP.** 2017. Smallholder Families Data Hub. In: CGAP [online]. Washington, DC. [http://www.cgap.org/sites/default/files/smallholders\\_data\\_portal/](http://www.cgap.org/sites/default/files/smallholders_data_portal/)

**Chandy, L., Penciakova, V., & Ledlie, N., (eds).** 2013. *The last mile in ending poverty.* Brookings Institution Press

**Christiaensen, L. Demery, L., Kuhl, J.** 2010. *The (evolving) role of agriculture in poverty reduction. An empirical perspective.* UNU-WIDER Working Paper No. 2010/36. Helsinki, Finland. (also available at <http://www.oecd.org/agriculture/agricultural-policies/46412732.pdf>).

**Cirillo, C., Gyori, M., Veras Soares, F.** 2017. Targeting social protection and agricultural interventions: The potential for synergies. *Global Food Security*, 12: 67-72. (also available at <https://www.sciencedirect.com/science/article/pii/S2211912416300281>).

- Cistulli, V., S. Heikkilä, R. Vos.** 2016. Global dimensions of malnutrition: Territorial perspectives on food security and nutrition policies. In *OECD Regional Outlook 2016: Productive Regions for Inclusive Societies* [online]. OECD. [https://www.oecd-ilibrary.org/urban-rural-and-regional-development/oecd-regional-outlook-2016/global-dimensions-of-malnutrition-territorial-perspectives-on-food-security-and-nutrition-policies\\_9789264260245-13-en](https://www.oecd-ilibrary.org/urban-rural-and-regional-development/oecd-regional-outlook-2016/global-dimensions-of-malnutrition-territorial-perspectives-on-food-security-and-nutrition-policies_9789264260245-13-en)
- Compton, J. Wiggins, S. & Keats, S.** 2010. *Impact of the global food crisis on the poor: what is the evidence?* London, UK. (also available at <https://www.odi.org/publications/5187-impact-global-food-crisis-poor-evidence>).
- CONEVAL.** 2018. *40 años de estrategias de coordinación interinstitucional para la política de desarrollo en México.* Mexico City, Mexico. (also available at <https://www.coneval.org.mx/Evaluacion/IEPSM/Paginas/40-A-estrategias-de-coordinacion-interinstitucional.aspx>).
- Davis, B., Di Giuseppi, S., & Zezza, A.** 2017. Are African households (not) leaving agriculture? Patterns of households' income sources in rural sub-Saharan Africa. *Food Policy*, 67(2):153–174.
- Deere, C. D., & Doss, C.** 2006. The Gender Asset Gap: What do we know, and why does it matter? *Feminist Economics*, 12(1-2): 1–50.
- De Haan, C.** (editor). 2016. *Prospects for Livestock-Based Livelihoods in Africa's Drylands.* World Bank Studies. Washington, DC, The World Bank. (also available at <http://documents.worldbank.org/curated/en/485591478523698174/Prospects-for-livestock-based-livelihoods-in-Africa-s-drylands>).
- De Janvry, A. & Sadoulet, E.** 2001. Income strategies among rural households in Mexico: The role of off-farm activities. *World Development*, 29(3): 480.
- Development Initiatives.** 2017. *Global Humanitarian Assistance Report 2018.* Bristol, UK. (also available at <http://devinit.org/wp-content/uploads/2018/06/GHA-Report-2018.pdf>).
- Diwakar, V., Shepherd, A., Sturge, G.** 2017. *Conflict, pro-poor growth, and wellbeing: A subnational analysis.* CPAN challenge paper. ODI, London. (also available at <https://dl.orangedox.com/PaY63UfHqOQKiy369g>).
- Do Q. T., Iyer, L.** 2008. Land titling and rural transition in Vietnam. *Economic Development and Cultural Change*, 56 (3): 531–579. (also available at <https://doi.org/10.1086/533549>).
- FAO.** 2002. *The state of world fisheries and aquaculture 2002.* Rome, FAO. (also available at <http://www.fao.org/3/a-y7300e.pdf>).
- FAO.** 2010. *The state of world fisheries and aquaculture 2010.* Rome, FAO. (also available at <http://www.fao.org/3/a-i1820e.pdf>)

**FAO.** 2011. *The state of food and agriculture. Women in agriculture. Closing the gender gap for development.* Rome, FAO. 181 pp 23-26. (also available at <http://www.fao.org/docrep/013/i2050e/i2050e.pdf>).

**FAO.** 2014. *Territorial development and local knowledge systems: engaging local farming knowledge through a right-based approach to agricultural development.* Rome, FAO. (also available at <http://www.fao.org/3/a-mk953e.pdf>).

**FAO.** 2015a. *The state of food and agriculture. Social protection and agriculture: breaking the cycle of rural poverty.* Rome, FAO. (also available at <http://www.fao.org/3/a-i4910e.pdf>).

**FAO.** 2015b. *Mapping the vulnerability of mountain peoples to food security.* Rome, FAO. (also available at <http://www.fao.org/3/a-i5175e.pdf>).

**FAO.** 2016a. *Scoping study on decent work and employment in fisheries and aquaculture: Issues and actions for discussion and programming.* Rome, FAO. (also available at <http://www.fao.org/3/a-i5980e.pdf>).

**FAO.** 2016b. *FAO's approach to Cash+.* Rome, FAO. (also available at <http://www.fao.org/3/a-i7864e.pdf>).

**FAO.** 2017a. *The state of food and agriculture. Leveraging food systems for inclusive rural transformation.* Rome, FAO. 160 pp. (also available at <http://www.fao.org/3/a-i7658e.pdf>).

**FAO.** 2017b. Environmental and social management of the Proeza project. FAO document. Rome, FAO. (also available at [http://www.fao.org/fileadmin/templates/FCIT/documents/PROEZA\\_ESMF.pdf](http://www.fao.org/fileadmin/templates/FCIT/documents/PROEZA_ESMF.pdf)).

**FAO.** 2017c. *The future of food and agriculture – Trends and challenges.* Rome, FAO. (also available at <http://www.fao.org/3/a-i6583e.pdf>).

**FAO.** 2017d. *Ending child labour. The decisive role of agricultural stakeholders.* Rome, FAO. (also available at <http://www.fao.org/3/a-i8177e.pdf>).

**FAO.** 2017e. *The state of world fisheries and aquaculture in the world. Meeting the sustainable development goals.* Rome, FAO. (also available at <http://www.fao.org/3/I9540EN/i9540en.pdf>).

**FAO.** 2017f. *Social protection and resilience: supporting livelihoods in protracted crises and in fragile and humanitarian contexts.* Rome, FAO. (also available at <http://www.fao.org/emergencies/resources/documents/resources-detail/en/c/1070175/>).

**FAO.** 2018a. Smallholders Dataportrait. In: *Family Farming Knowledge Platform* [online]. Rome. <http://www.fao.org/family-farming/data-sources/dataportrait/farm-size/en/>

**FAO.** 2018b. *The State of the World's Forests 2018 - Forest pathways to sustainable development.* Rome, FAO. (also available at <http://www.fao.org/3/I9535EN/i9535en.pdf>).

- FAO.** 2018c. Agroecology Knowledge Hub. In: *FAO* [online]. Rome. <http://www.fao.org/agroecology/overview/en/>
- FAO.** 2018d. *Transforming the livestock sector through the Sustainable Development Goals*. Rome, FAO.
- FAO.** 2018e. Corporate framework to support sustainable peace in the context of Agenda 2030. Rome, FAO. (also available at <http://www.fao.org/3/I9311EN/i9311en.pdf>).
- FAO.** 2018f. Pastoralist Knowledge Hub. In: *FAO* [online]. Rome. <http://www.fao.org/pastoralist-knowledge-hub/it/>
- FAO.** 2018g. *Scaling up economic inclusion and empowerment of the rural poor women in India*. Unpublished. Rome.
- FAO & INRA.** 2016. *Innovative markets for sustainable agriculture. How innovations in market institutions encourage sustainable agriculture in developing countries*, by Loconto, A., Poisot, A.S & Santacoloma, P. (eds). Rome, FAO. (also available at <http://www.fao.org/3/a-i5907e.pdf>).
- FAO & UNICEF.** 2017. *The economic case for the expansion of social protection programmes*. Rome, FAO. (also available at <http://www.fao.org/3/a-i7311e.pdf>).
- FAO & World Bank.** 2001. *Farming systems and poverty. Improving farmers' livelihoods in a changing world*. Rome and Washington, DC. (also available at <http://www.fao.org/3/a-ac349e.pdf>).
- FAO, IFAD & WFP.** 2013. *The State of Food Insecurity in the World. The multiple dimensions of food security*. Rome, FAO. (also available at <http://www.fao.org/docrep/018/i3434e/i3434e.pdf>).
- FAO, IFAD & WFP.** 2015. *Achieving Zero Hunger. The critical role of investments in social protection and agriculture*. Rome, FAO. (also available at <http://www.fao.org/3/a-i4951e.pdf>).
- FAO, IFAD, UNICEF, WFP & WHO.** 2017. *The State of Food Security and Nutrition in the World 2017. Building resilience for peace and food security*. Rome, FAO. (also available at <http://www.fao.org/3/a-I7695e.pdf>).
- FAO, IFAD, WFP, WHO & UNICEF.** 2018. *The State of Food Insecurity in the World 2018. Building climate resilience for food security and nutrition*. Rome, FAO. (also available at <http://www.fao.org/docrep/018/i3434e/i3434e.pdf>).
- Field, E., Torero, M.** 2004. *Do property titles increase credit access among the urban poor? Evidence from Peru*. Department of Economics, Harvard University, Boston, USA.
- Gandhi, M.** 1958. *The Last Phase, Volume II*. Ahmedabad, Navajivan Publishing House.



**Gavrilovic, M., Knowles, M., Davis, B., Pozarny, P., Calcagnini, G., Sabates-Wheeler, R.,** 2016. Strengthening coherence between agriculture and social protection to combat poverty and hunger in Africa. Framework for analysis and action. FAO, Rome. (also available at <http://www.fao.org/3/a-i5386e.pdf>).

**Gill, I. S., Revenga, A., Zeballos, C.** 2016. *Grow Invest Insure. A game plan to end extreme poverty by 2030*. Washington, DC, World Bank Group. (also available at <https://openknowledge.worldbank.org/bitstream/handle/10986/25694/WPS7892.pdf?sequence=1&isAllowed=y>).

**Hall, G.H. & Patrinos, H. A.** 2014. *Indigenous people, poverty and development*. Cambridge, UK, Cambridge University Press.

**Hancock, J.** 2006. Enabling the rural poor to overcome their poverty (unpublished).

**Holden, S.T., & Ghebru, H.** 2016. Land tenure reforms, tenure security and food security in poor agrarian economies: causal linkages and research gaps, *Global Food Security*, 10: 21-28. (also available at: <https://www.sciencedirect.com/science/article/pii/S2211912416300153>).

**Human Rights Council.** 2018. *Report of the Special Rapporteur on the rights of indigenous people*. Thirty-ninth session. Agenda item 3. A/HRC/39/17, 10 of August 2018. Geneva, Switzerland.

**IFAD.** 2016. *Rural Development Report 2016: Fostering inclusive rural transformation*. Rome, Italy. (also available online at: <https://www.ifad.org/documents/38714170/39155702/Rural+development+report+2016.pdf/347402dd-a37f-41b7-9990-aa745dc113b9>).

**IFPRI.** 2002. The poorest and hungry. Assessments, analyses and actions. Edited by von Braun, J., Vargas Hill, R. & Pandya-Lorch, R. IFPRI, Washington DC. (also available at <http://www.ifpri.org/publication/poorest-and-hungry>).

**Inchauste, G., Azevedo, J. P., B. Essama-Nssah, Olivieri, S., Van Nguyen, T., Saavedra-Chanduvi, J., & Winkler, H.** 2014. Understanding Changes in Poverty. World Bank Group. Washington DC. (also available at <https://openknowledge.worldbank.org/bitstream/handle/10986/19445/802480PUB0978100Box385239B00PUBLIC0.pdf?sequence=1&isAllowed=y>).

**Kumar. D.K, Ramasubramanian, V., Krishnan, M., Ananthan, P.S.,** 2017. Socio-economic status of fishers of coastal India. *International Journal of Current Microbiology and Applied Sciences*, 6 (9): 2267-2280. (also available at <https://www.ijcmas.com/6-9-2017/Dhande%20Kranthi%20Kumar,%20et%20al.pdf>).

**Laborde Debucquet, D., & Martin, W.** 2018. Implications of the global growth slowdown for rural poverty. *Agricultural Economics*, 49(3): 325-338. (also available at <https://onlinelibrary.wiley.com/doi/pdf/10.1111/agec.12419>).

**Leyton Navarro, C.** 2018. *Políticas y mecanismos institucionales para la reducción de la pobreza rural*. Instituto de Estudios Peruanos and FAO.

**Ligon, E., & Sadoulet, E.** 2007. Estimating the effects of aggregate agricultural growth on the distribution of expenditures. Washington, DC, World Bank. (also available at [http://siteresources.worldbank.org/INTWDRS/Resources/477365-1327599046334/8394679-1327599874257/LigonE&SadouletE\\_EstimatingEffectsOfAggAgGr.pdf](http://siteresources.worldbank.org/INTWDRS/Resources/477365-1327599046334/8394679-1327599874257/LigonE&SadouletE_EstimatingEffectsOfAggAgGr.pdf)).

**May, J., Dallimore, A., & Durno, D.** Unpublished. *Synthesis report of selected country experiences in addressing extreme poverty in rural areas*. Report commissioned by FAO, submitted 12 January 2018.

**Mellor, J. W.** 2017. *Agricultural development and economic transformation. Promoting growth with poverty reduction*. Palgrave studies in agricultural economics and food policy. Ithaca, Palgrave MacMillan.

**Mercandalli, S., & Losch, B., eds.** 2017. *Rural Africa in motion: Dynamics and drivers of migration South of the Sahara*. Rome, FAO and CIRAD. 60 pp. (also available at <http://www.fao.org/3/I7951EN/I7951en.pdf>).

**ODI.** 2014. *Chronic Poverty Report 2014–2015*. London, UK. (also available at <https://www.odi.org/sites/odi.org.uk/files/odi-assets/publications-opinion-files/8834.pdf>).

**OECD, FAO, UNCDF.** 2016. *Adopting a territorial approach to food security and nutrition policy*. Paris, OECD Publishing. (also available at <http://www.fao.org/3/a-bl336e.pdf>).

**OPHI.** 2018. *Global Multidimensional Poverty Index 2018*. Oxford, UK. (also available at [https://ophi.org.uk/wp-content/uploads/Preliminary\\_global\\_MPI\\_Report-2018.pdf](https://ophi.org.uk/wp-content/uploads/Preliminary_global_MPI_Report-2018.pdf)).

**Our World in Data.** 2018. In: *Our world in data* [online]. Oxford, UK. <https://ourworldindata.org>

**Pastoralist Knowledge Hub.** 2018. In: *FAO* [online]. Rome. <http://www.fao.org/pastoralist-knowledge-hub/background/it/>

**Ravallion, M.** 2016. Are the world's poorest being left behind? *Journal of Economic Growth*, 21(139). (also available at <https://link.springer.com/content/pdf/10.1007%2Fs10887-016-9126-7.pdf>).

**Ravallion, M., Chen, S., Sangraula, P.** 2007. New evidence on the Urbanization of Global Poverty. *Population and Development Review*, 33(4) 667–701. (also available at <https://onlinelibrary.wiley.com/doi/epdf/10.1111/j.1728-4457.2007.00193.x>).

**Roelen, K., Devereux, S., Abdulai, A., Mortorano, B., Palermo, T. & Ragno, L. P.** 2017. How to make 'cash plus' work: linking cash transfers to services and sectors. UNICEF. Innocenti- Working Paper WP-2017-10. August 2010. Florence. (also available at

<https://www.unicef-irc.org/publications/pdf/IDS%20WP%20CORRECTED%20Sept%202017.pdf>).

**Sharma, R. & Jha, P. K.** 2018. *Land Reform Experiences: Some Lessons From Across South Asia*. 58 pp. Rome, FAO. (also available at [www.fao.org/3/i8296en/I8296EN.pdf](http://www.fao.org/3/i8296en/I8296EN.pdf)).

**Sumner, A.** (2012). *Where do the world's poor live? A new update*. IDS Working Paper 393, Brighton, UK, IDS. (also available at <https://onlinelibrary.wiley.com/doi/epdf/10.1111/j.2040-0209.2012.00393.x>).

**Sustainable Development Solutions Network.** 2012. Global Profile of Extreme Poverty. Background paper for the “High-Level Panel of Eminent Persons on the Post-2015 Development Agenda”, 15 October 2012, Sustainable Development Solutions Network. (also available at <http://unsdsn.org/wp-content/uploads/2014/02/121015-Profile-of-Extreme-Poverty.pdf>).

**Takagi, M., & De la O Campos, A. P.** 2017. *China's pathways towards poverty eradication: lessons from Brazil*. Global Poverty reduction and Inclusive Growth Portal. Beijing. (also available at <http://www.iprcc.org.cn/South/content/index/id/6640.html>).

**UNDESA.** 2010. *State of the world's indigenous peoples*. New York, NY. (also available at [https://www.un.org/esa/socdev/unpfii/documents/SOWIP/en/SOWIP\\_web.pdf](https://www.un.org/esa/socdev/unpfii/documents/SOWIP/en/SOWIP_web.pdf)).

**UNDESA.** 2016. *Leaving no one behind: the imperative of inclusive development*. Report on the World Social Situation 2016. New York, NY. (also available at: <https://www.un.org/esa/socdev/rwss/2016/full-report.pdf>).

**UNDESA.** 2018. *World Urbanization Prospects, Revision of 2018*. New York, NY. (also available at <https://population.un.org/wup/>).

**UNHCR.** 2018. *Global Trends. Forced Displacement in 2017*. Geneva, Switzerland. (also available at <http://www.unhcr.org/5b27be547.pdf>).

**UNRISD.** 2010. *Combating poverty and inequality: structural change, social policy and politics*. Geneva, Switzerland. (also available at [http://www.unrisd.org/unrisd/website/document.nsf/\(httpPublications\)/BBA20D83E347DBAFC125778200440AA7?OpenDocument](http://www.unrisd.org/unrisd/website/document.nsf/(httpPublications)/BBA20D83E347DBAFC125778200440AA7?OpenDocument)).

**UNSD.** 2018. Resolution adopted by the General Assembly on Work of the Statistical Commission pertaining to the 2030 Agenda for Sustainable Development, A/RES/71/313. New York, NY. (also available at [https://unstats.un.org/sdgs/indicators/Global%20Indicator%20Framework%20after%20refinement\\_Eng.pdf](https://unstats.un.org/sdgs/indicators/Global%20Indicator%20Framework%20after%20refinement_Eng.pdf)).

**UN Women.** 2018. *Turning promises into actions*. New York, NY. (also available at [https://www.unwomen.de/fileadmin/user\\_upload/schwerpunktthemen/Post-2015\\_Agenda/SDGreport-web-FINAL.PDF](https://www.unwomen.de/fileadmin/user_upload/schwerpunktthemen/Post-2015_Agenda/SDGreport-web-FINAL.PDF)).

**Vandecandelaere, E., Teyssier, C., Barjolle, D., Jeanneaux, P., Fournier, S., Beucherie, O.** 2018. *Strengthening sustainable food systems through Geographical Indications. An analysis of economic impacts*. Rome, FAO, and London, European Bank for Reconstruction and Development. (also available at <http://www.fao.org/3/I8737EN/i8737en.pdf>).

**Vedeld, P., Angelsen, A., Sjaastad, E. & Kobugabe Berg, G.** 2004. *Counting on the environment: forest incomes and the rural poor*. Environmental Economic Series. No. 98. The World Bank Environment Department, Washington, DC, The World Bank. (also available at <http://documents.worldbank.org/curated/en/825651468778804896/pdf/300260PAPER0Counting0on0ENV0EDP0198.pdf>).

**Veras Soares, F., Knowles, M., Daidone, M., Tirivayi, N.** 2017. *Combined effects and synergies between agricultural and social protection interventions: What is the evidence so far?* Rome, FAO. 163 pp. (also available at <http://www.fao.org/3/a-i6589e.pdf>).

**Winters, L. A., & Martuscelli, A.** 2014. Trade liberalization and poverty: what have we learned in a decade? *Annual Review of Resource Economics*, 6 (1): 493–512. (also available at <https://www.annualreviews.org/doi/pdf/10.1146/annurev-resource-110713-105054>).

**World Bank.** 2010. *The invisible poor. A portrait of rural poverty in Argentina*. Washington, DC. (also available at <http://documents.worldbank.org/curated/en/173461467992769020/The-invisible-poor-a-portrait-of-rural-poverty-in-Argentina>).

**World Bank.** 2012. *Hidden harvest: the global contribution of capture fisheries*. May 2012. Washington, DC. (also available at: <http://documents.worldbank.org/curated/en/515701468152718292/pdf/664690ESW0P1210120HiddenHarvest0web.pdf>).

**World Bank.** 2016a. *Poverty and shared prosperity 2017. Taking on inequality*. Washington, DC. (also available at <http://www.worldbank.org/en/publication/poverty-and-shared-prosperity>).

**World Bank.** 2016b. *Shock waves: Managing the impacts of climate change on poverty*. Washington, DC. (also available at <https://openknowledge.worldbank.org/bitstream/handle/10986/22787/9781464806735.pdf>).

**World Bank.** 2017a. *Future of food: shaping the food system to deliver jobs*. Washington, DC. (also available at <http://www.worldbank.org/en/topic/agriculture/publication/the-future-of-food-shaping-the-food-system-to-deliver-jobs>).

**World Bank.** 2017b. The Global Findex Database. 2017. In: *The World Bank* [online]. Washington, DC. <https://globalfindex.worldbank.org/>

**World Bank.** 2018a. Poverty and Equity Database. In: *The World Bank* [online]. Washington, DC. [Cited 28 September 2018. <http://povertydata.worldbank.org/poverty>.

**World Bank.** 2018b. *Fair progress? Economic mobility across generations around the world*. Washington, DC. (also available at <https://openknowledge.worldbank.org/handle/10986/28428>).

**World Bank.** 2018c. *Ending global poverty report 2018*. Summary of Chapter 1. Washington DC. (also available at: <http://pubdocs.worldbank.org/en/911401537279777945/PSPR2018-Ch1-Summary-EN.pdf>).

**World Bank.** 2018d. *The state of social safety nets*. Washington, DC. (also available at <https://www.worldbank.org/en/topic/socialprotectionandjobs/publication/the-state-of-social-safety-nets-2018>).





# ENDING EXTREME POVERTY IN RURAL AREAS

Sustaining livelihoods  
to leave no one behind

Sustainable Development Goal 1, *ending poverty in all its forms, everywhere*, is the most ambitious goal set by the 2030 Agenda. This Goal includes eradicating extreme poverty in the next 12 years, which will require more focused actions in addition to broad-based interventions. The question is: How can we achieve target 1.1 and overcome the many challenges that lie ahead? By gaining a deeper understanding of poverty, and the characteristics of the extreme rural poor in particular, the right policies can be put in place to reach those most in need. This report presents the contribution that agriculture, food systems and the sustainable use of natural resources can make to securing the livelihoods of the millions of poor people who struggle in our world.

ISBN 978-92-5-131027-4



9 789251 310274

CA1908EN/1/10.18