

The future of rural areas from the German Development Cooperation perspective

Few aspects of development policy are better furnished with empirical evidence than the interplay between support for agriculture in the context of rural development and the reduction of poverty and hunger. It is therefore surprising that German Development Cooperation has today largely disengaged from activities in this area: Despite the evidence that practically nothing is more effective and sustainable than combating poverty where it is most often found, namely in the rural areas of poor countries, we fail to take that route.

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International donors currently spend more on food aid than they do on investing in the rural economy. There is a high price to be paid for this neglect of rural areas: the number of people suffering from hunger and malnutrition worldwide is barely falling. Indeed, in Africa it is increasing; in Asia and Africa the first Millennium Development Goal (MDG 1: Halve extreme poverty and hunger by 2015) will not be reached.

What are the reasons behind donors' scant interest in rural areas?

First reason: Incoherent protectionist policies in the OECD states and poor (agricultural) policy frameworks in developing countries mean that in most cases it is no longer worth investing in agriculture in developing countries. The consequences of this political neglect of rural economic potential trigger impact chains which force smallholder agriculture and entire rural areas in developing countries into ever greater marginalization. To tell small farmers that their so-called subsistence economy is the reason for the withdrawal of investments amounts to a systematic humiliation, especially given that, in reality, continued subsistence farming is a result of policies that have gone wrong.

Second reason: During the 1970s and 1980s a great deal of money was available for rural development. However, widespread positive results were not obtained because, while the projects were technically good and based on highly refined systems theory, the political and institutional context had disappeared entirely from sight. High levels of perfectionism and professional project management also proved to be a catalyst for the political dis-empowerment of individuals in positions of responsibility. In order to implement projects more effectively, new institutions were created that ran parallel to weak state structures. High transaction costs combined with a lack of political responsibility led to interest in the agricultural sector waning and eventually being diverted to other areas of concern. In the wake of structural adjustment



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processes, even successful sustainable innovations and participatory structures came under threat, because the structural adjustment agenda remained uncompleted once the state apparatus had been slimmed down. As before, little effort was spent on institution-building for public administrations or on setting up civil society and private sector institutions.

Third reason: Instead of addressing the increasing complexity and great array of individual actors in rural development and agriculture, donors and partners alike began to re-focus on sector-based approaches, giving preference to promotion areas with a high proportion of central state intervention, such as education and health. Using simple indicators and with relatively little effort in terms of management, good success rates can be achieved for most of the Millennium Development Goals. However, the situation regarding MDG 1 – poverty and hunger – remains static because impacts often fail to reach the poorest rural people.

Fourth reason: An «urban bias» no doubt exists. This is frequently caused by the fact that the rural population is seldom

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able to catch the attention of the political decision-makers in the city, whereas rural poverty exists before their very eyes. Much more important, however, is the still prevalent perception that urban and rural areas are competing arenas of poverty reduction. Such a perception repeatedly blocks creative thinking and all too often prevents any dynamic development of the many different interactions between urban and rural areas in favour of broad-based, effective poverty reduction.

Fifth reason: The «rural developers club» began early on to address these developments self-critically and put to paper several key insights regarding the operational failings of development cooperation. These are reflected in the essential principles and recommendations contained in the 2005 Paris Declaration. But precisely this public debate may have contributed to further discrediting the contribution of rural development, since this self-criticism helped to reveal the negative consequences arising from lack of ownership, inadequate donor coordination (harmonization) and insufficient alignment with the development strategies of partner countries.

Paris Declaration: Opportunities for rural areas

The Paris Declaration sets new standards for development cooperation at the highest political level. It considerably improves the framework conditions for modern rural development. The «development architecture» will change in a number of crucial ways in the medium term. Perhaps the most noticeable of these will address traditional bilateral cooperation, whose relative importance will give way to jointly funded projects, programme-based approaches and multilateral interventions.

Individual donors can maintain their visibility in this process only if they consolidate their portfolio by concentrating firmly on fewer areas of expertise and making the most of the comparative advantages of the services they offer. There is plenty of opportunity here for German Development Cooperation to contribute its know-how profile in participatory approaches, agricultural development and the management of natural resources. A great deal of expertise is also available at the level of (agricultural) policy advice – such as land and agricultural reform policy – and this can be deployed to great effect in both bilateral and multilateral development cooperation.

At the same time, however, the know-how profile on processes of policy change and the central themes of «global structural policy» needs to be sharpened. The core issues here are: How do we want to fulfill our mandate for coherent development policies? What key issues and processes at national, international and global level will lead to the changed framework conditions needed for bilateral and multilateral cooperation with our partner countries to achieve sustainable results?

The objectives of the Doha Round and the WTO agricultural negotiations are a good example. Here, too, German Development Cooperation must position itself as a leading opinion maker on issues in which it possesses policy expertise and to which it is able to make a visible and sustainable contribution.

Challenges for the future

First challenge: Current development-policy debates are still conducted far too often along artificial lines of defense. A wider understanding of the «multi-level approach» demands that German Development Cooperation sharpen its profile of expertise in policy and technical issues in the context of traditional bilateral cooperation, while simultaneously developing a

stronger profile as a leading opinion maker in important international and global issues and change processes. Similarly, more intensive debate will have to steer development policy thinking away from the counterproductive polarization between urban and rural areas.

Second challenge: The third-generation poverty reduction strategies (PRSP) require more precise analyses of why which people in which rural environments are poor. Only then can poverty reduction strategies be formulated and implemented in a targeted way to include rural areas as well. Decision makers in partner countries and country directors in the head

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offices of donor organizations need to be convinced that the complex and differentiated nature of economic development and poverty reduction in rural areas does not allow for a uniform approach in promoting agriculture. Our colleagues have to become highly sensitive to the difference between a target group consisting of market-dependent agricultural companies working with qualified farmers on a contractual basis and one made up of a rural population which is not, in any foreseeable circumstances, in a position to liberate itself from its social and economic marginality.

Third challenge: If rural development is to be given a new chance, it has only a short amount of time to make the most of it. The «rural developers» will be required to provide evidence of success sooner rather than later, yet the process must not lose sight of achieving sustainable outcomes.

Fourth challenge: The «rural developer» mandate is not to drive forward the necessary reforms of our donor systems. Nevertheless this task remains a fundamental necessity. The success of rural development depends directly on improved harmonization and donor coordination and the more productive synergies generated in this way. Our job is to continue to monitor the «engine room» of the donor systems, to point to functional failings and to demand changes from the administrators of the development cooperation apparatus.