**EXECUTIVE BRIEF**

**Sustained Poverty Reduction via Inclusive Agricultural and Rural Development: Laying the Foundation for a Call to Action[[1]](#footnote-1)**

**Purpose**: In our increasingly complex and inter-connected world, assist senior-level, development-focused stakeholders, administration officials, and Congressional leaders to advance a 21st century framework to sustainably reduce rising poverty levels in the predominantly agrarian-based, low- and medium-income countries, while also, impacting more fruitfully the core issues driving our growing domestic political and national security agendas.

**An increasingly poorly positioned agricultural sector and underappreciated realities of globalization’s dynamics, converge to constrain sustainable poverty reduction**. Commencing 30 years ago under the economic paradigm that globalization forged, most of the world’s 137 smaller, agrarian-based, low-and-middle income economies (LMIEs) have struggled mightily. Historically, agriculture’s growth in most countries served as the cost-effective catalyst for stimulating inter-sectoral and broad-based economic growth. As globalization advanced, LMIE governments and their donor partners have for too long neglected these foundational precepts and the new era’s primary needs their agricultural and rural sectors require to advance sustainable economic growth and poverty reduction. Increasingly, in the face of globalization’s harsh competitiveness-related demands, this sector has become their most poorly positioned sector stimulating ever dire economic, social, and political problems.

In the world’s 137 LMIE countries, over 500 million small and medium farmers form the largest economic sector: in terms of **1)** **gross domestic product (GDP)** (comprised mainly of lower value food crops with limited levels of value-added activities); **2)** **trade** (comprised generally of bulk products with limited value-added handling and processing activities and, therefore, generating limited employment multipliers); and **3)** **labor work force**. For example, in the 19 LMIE countries served by the U.S. Government’s (USG) Feed the Future (FTF) initiative, the Agriculture sector comprises 65 percent of the work force yet generates the lowest incomes and wages. Due to Agriculture’s immense economic importance for the LMIE’s, the sector’s bountiful land and labor comparative advantages; and its historic roles for facilitating dynamic economic multipliers, Globalization provided numerous opportunities and challenges. However, given the worsening situations of small and medium farmers, related small and medium enterprises (SMEs), and landless labor work force, it should become understandable why 80 percent of the world’s extreme poverty are rural sector residents. Agriculture must become much more productive, competitive, and dynamic within an IARD rubric.

**Ironically, sectoral support has been withdrawn by USAID and donor community**. As globalization began in the late 1980s under the General Agreement on Tariffs and Trade, the International Monetary Fund and World Bank launched their Structural Adjustment (SAL) Program. SAL’s strategic premise was that, if the developing countries made market-based policy reforms, “all boats would rise.” Global economic gains would occur without “sector-specific” support from governments and donors. Hence, under the “Washington Consensus,” donors (such as USAID, for decades the largest Agriculture sector donor) abruptly reduced funding for agricultural and rural development. From the mid-1980s to 2006, total donor sector support to Agriculture declined from $10 billion to $6 billion. USAID’s budget for Agriculture was disproportionately cut from 26 percent of total budget to 2 percent. On the staffing front, by 2005, USAID’s highly regarded sector technical and program management staff, once the Agency’s largest technical cadre, comprised less than 2 percent of the total staff. Also, from this sizeable reduction, the rich reservoir of teaching, training, and research services the LMIEs required that was provided by land grant universities, was slashed. Further alarmingly, under globalization, as scores of LMIE nations negotiated Regional Trade Agreements, they also adhered to the specific SAL budgetary policies, resulting in a major reduction of critical public good sector services and investments required for sustainably competing and advancing in ways that facilitate broad- based growth.

**From numerous consultancies, over time Agriculture lost ground in essential productivity and competitiveness terms and reduced vital inter-economic sectoral linkages with their industrial and service sectors, creating a structural conundrum limiting wage and job growth**. Over my 25-year, post USAID career conducting economic growth strategies in 20 countries, strong commonalities were observed. Most of these studies revealed the accumulation of worrisome inter-economic sectoral, intra-agricultural sector, trade, labor, and poverty trends. Most disturbing was the reversal of Economic Structural Transformation (EST), the standard measure of economic development. Specifically, over an extended period, the proportion of gross domestic product (GDP) for Agriculture[[2]](#footnote-2) increased, while the more remunerative industrial and service sectors stagnated or grew sluggishly. These increasingly underattended, sector-based structural problems thwarted job growth and ensnared the national wage structure within a prolonged poverty trap.[[3]](#footnote-3)

**Case country example – Staggering trends from Guatemalan case study**: The Guatemala study referenced in the white paper replicates the fundamental LMIE-level, economic structural problem. There are too many people working in an ever-debilitated agricultural sector that is not producing enough diverse, market-based fresh and processed product lines. This trend severely limits more profitable job growth from the multiplicity of support services these products require. Most revealing, from the 1990s and resulting from the other sectors’ inabilities to grow jobs, the agricultural sector experienced the highest job growth rates: the antithesis of what should occur under EST. In Guatemala and beyond, these alarming anomalies stimulated increased levels of inter-generational poverty, more hunger and food insecurity, and perilous and mounting societal hopelessness and related problems for the poorly equipped LMIE and their increasingly fragile democracies.

**The vexing consequences of ever deeper, sector-driven, structural problems stimulate more horrific and problematic issues in the LMIEs, and domestically within the U.S.** Apart from the prolonged fractionalization of our domestic political agenda on inter-connected immigration issues, mounting LMIE-level desperations are noted by record levels of: 1) illegal immigration on our borders from Central America and beyond, to include our European allies receiving unprecedented levels from Africa and the Middle East; 2) national border security and international terrorism be it mounting illegal crossings, *Mara Salvatrucha* (MS-13) in Northern Virginia, or mounting Jihadist recruitment in many countries; and 3) growing illegal drug production and trafficking, gang extortion, human trafficking, homicides, police and judicial corruption, and rising levels of governmental or inter-regional dysfunctionality. Most revealing, the notably detailed field survey work done in the Northern Tier countries by Creative Associates International, reported *“Economic factors are the most salient in influencing migration and are cited far more often as the primary motivator for migration…”*[[4]](#footnote-4) Globally, as revealed in a recent comprehensive study, 15 million people fled their countries in 2015, more than at any other time. Almost every migrant is motivated by the desire of work and economic security.[[5]](#footnote-5)

**Inclusive Agricultural and Rural Development (IARD), the new era requirement for stimulating sustainable, broad-based growth**:Globalization’s unprecedented opportunities for a dynamic Agriculture sector’s proven, cost-effective capacity to stimulate diverse fresh and processed product transformation activities has for too long been inappropriately addressed. This potentially robust product and service development platform responding to growing national and distant markets foments major value-added opportunities for more lucrative farm enterprises and SMEs.

The IARD process focuses assistance to help achieve two things. It first stimulates a much larger number of small and medium-scale agricultural producers, diversifying their farm enterprises from low value food crops to more profitable product lines (fruits, vegetables, beverage crops, livestock and dairy, and forest and marine products). Second, it facilitates the growth of a much higher level of complementary SMEs and larger enterprise engaged in fresh and processed product handling and processing, agro-industrial services as well as financing, marketing, transport, *etc*. for their growing agro-services, sub-sector. These forces will surpass the current pervasive “anchor-like magnet” on wage growth caused by the dominance of the lower value production system, too long focused on basic foods. They will bring broader income gains for the excruciatingly large “extreme poverty” rural resident grouping and also, many new opportunities for woman.[[6]](#footnote-6)

**Country-level reforms and the proposed IARD support framework**: To generalize, current strategic approaches and the usually narrow project interventions employed by increasingly fragile democracies and some donor partners, do little to substantively advance IARD. The magnitude and severity of the accumulated structural issues, implicit risk factors, and related governance and political/economy realities, require a high-level, nationally supported 10–15-year commitment transcending constitutionally defined office periods. IARD requires a substantive and sustained new era public policy agenda, public and private institutional reforms, and focused public good financial support activities. A much higher degree of donor-level strategizing and coordination roles and services are required.

The emerging consensus from national leaders is that future wellbeing is contingent upon a well-conceived, and appropriately supported, IARD sector transformation support structure focused on: 1) policy reform and economic and sector analysis; 2) technology development and transfer (including extension, outreach, and Information Communication Technology); 3) multi-faceted human and institutional capacity development (HICD) across numerous fronts; 4) rural productive infrastructure; 5) finance and marketing support; 6) plant and animal health and food safety systems; and 7) appropriate safety net interventions.

**Proposed USG support structure**: The stagnating LMIE-level situation impacts the United States domestically in ways that are increasingly broad, severe, and sensitive. Sustained, country-level commitments and political will form an indispensable imperative. The topic’s essentialness, complexities, institutional weaknesses, and urgencies require a different, highly collaborative USG assistance role, program, and operational structure for committed governments and donor partners, to include: 1) helping establish a national sector ownership process and program; 2) introducing a program versus project support focus; 3) strengthening policy analysis and strategic planning; and 4) strengthening technology development and HICD.

**Under IARD, poverty reduction that establishes a secure means to develop sustained, broad-based growth benefits the United States in many powerful ways**. Over time, sustainable poverty reduction improves economic livelihoods and political stability impacting hundreds of millions, thus decreasing the increasingly perilous situations observed globally. It improves our national security while also reducing immigration pressures, drug and human trafficking, and related violence factors also impacting our domestic political agenda. Poverty reduction provides greater market opportunities for U.S. commodities and goods and services. Further, IARD arrives at a confluence to respond to President Biden’s clarion call, “America’s Back” with a promise to “Build Back Better.”

**IARD mobilizes a broader political constituency support base for expanded U.S. development assistance**. From the institutional outreach process undertaken to further vet and present IARD and gain support, and as referenced more fully in the white paper, the IARD Agenda has effectively been mobilizing interest from notable support groups across non-governmental organizations (NGOs), universities, the private sector, faith groups, and development organizations.

**Conclusion**: Globally, in our increasingly interconnected world, we are at a complex and poorly understood high stakes juncture, requiring a notably different, holistic vision and radically different responses across key national and donor level institutional bases. IARD will not be an easy undertaking. For too long we have not taken seriously the core underpinnings of Economic Development 101 while inadequately responding to globalization’s realities. We must seriously heed the leader most responsible for the Green Revolution, Dr. Norman Borlaug, prophetic pronouncement in 2010, *“Today we do not have a food problem. We confront a poverty problem!”* And for this generation to meaningfully confront and respond, a radically different response structure becomes essential.

The long festering incidents of poverty’s pervasiveness and grinding desperation only worsen. Building from the accumulated sector-driven, structural issues presented and COVID-19’s spread, the World Bank projects poverty increase surpassing those of any prior period. For too long, governments, donors, and the USG have not directed appropriate attention to the structural impacts of globalization’s new era opportunities and challenges and the unchartered waters LMIEs must confront. Few options prevail.

If additional subject-related information or clarifications are desired regarding IARD, please see the white paper and feel free to contact any of the SRSG members directly or me at davidbathrick@gmail.com or 703-619-6064.

1. This Executive Brief builds from the related white paper developed by David Bathrick, Retired Senior Foreign Service Officer (Agricultural Development Officer) and the “Sector Revitalization Support Group” (SRSG) comprised of: Dr. Kerry J. Byrnes, Retired USAID Agricultural Development Office; Dr. Cornelia Flora, Distinguished Professor Emerita of Rural Sociology, Iowa State University; Dr. Earl Kellogg, Professor Emeritus in Agricultural and Consumer Economics and former Associate Vice Chancellor, University of Illinois; Dr. Jaime Malaga, Professor of Agricultural Economics, Texas Tech University; and Dr. Douglas Southgate, Professor Emeritus of Agricultural Economics, Ohio State University. Editing services provided by Ms. Michelle Ghiselli, MPA, Harvard Kennedy School. [↑](#footnote-ref-1)
2. Agriculture is defined here exclusively as production-level contributions and not the value-added contributions when its products are combined with inputs from the industrial and service sectors. [↑](#footnote-ref-2)
3. Poverty trap: the evolving economic structure caused by the accumulation of multiple factors herein presented that perpetuate poverty. [↑](#footnote-ref-3)
4. Creative Associates International, *Why Immigrants Risk It All?* 2019,Washington, DC. [↑](#footnote-ref-4)
5. Sonia Shah, The Next Great Migration, Bloomsbury, 2011 [↑](#footnote-ref-5)
6. Lucas A. Garibaldi, and Nestor Perez Nunez, “Positive outcomes between crop diversification and agricultural employment worldwide, ”*Ecological Economics,* July 2019, Elsevier, Amsterdam, Holland. [↑](#footnote-ref-6)