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# **Rural Development Policy in Perspective Lessons from Country Case Studies & Implications for Rural Development Strategies in Developing Countries**

**Bruno Losch, Thierry Giordano, Jacques Marzin and  
Agnalys Michaud**

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**UMR 5281 Art-Dev**

site Saint-Charles - rue Henri Serre - 34 090 Montpellier

tél. +33 411757107 - artdev@univ-montp3.fr - <http://art-dev.cnrs.fr>

**Titre : Evolution of Rural Development Strategies and Policies.** Lessons from Côte d'Ivoire  
By Bruno Losch and Agnaly Michaud CIRAD. UMR ART-Dev

### **Abstract**

This country case study has been financed by the OECD Development Centre, in partnership with Korean authorities, for the preparation of its Rural Development Policy in Perspective:

The review longitudinal review of 4 national development strategies (Ivory Coast, Tanzania, Thailand and Vietnam) pointed the importance of reconnecting issues and of avoiding the "rural island" syndrome which would systematically lead to policy failures because of inappropriate targets and priorities and missing issues. However, the rapid changes in the ways in which people live, as a consequence of gradual improvement in infrastructure (road networks, improved transportation, new information systems, the mobile phone revolution), have profoundly modified the countryside. Moreover, the local effects of globalisation on developing countries' rural areas have resulted in the weakening of historical ties between agriculture, industrialisation and urbanisation that have structured past economic transitions. As a consequence of these on-going dynamics, if there is a quest for a new rural development paradigm for developing countries, the answer would most probably be in a necessary shift towards local and regional development.

### **Keywords:**

Structural Change, Rural development, Ivory Coast, Tanzania, Thailand, Vietnam

### **Résumé**

Cette étude a été financée par le Centre de développement de l'OCDE, en partenariat avec les autorités coréennes, pour la préparation de ses recommandations concernant le développement rural. L'analyse historique de 4 stratégies nationales de développement (Côte d'Ivoire, Tanzanie, Thaïlande et Vietnam) a permis de souligner l'importance de l'articulation des enjeux afin d'éviter le syndrome de «l'îlot rural» qui systématiquement conduire à des échecs des politiques publiques en raison des ciblage et des priorités inadaptes. Cependant, les changements rapides de la façon dont les gens vivent, comme conséquence de l'amélioration progressive des infrastructures (réseaux routiers, amélioration des transports, nouveaux systèmes d'information, la révolution de la téléphonie mobile), ont profondément modifié la campagne. En outre, les effets locaux de la mondialisation sur les zones rurales des pays en développement ont abouti à l'affaiblissement des liens historiques entre l'agriculture, l'industrialisation et l'urbanisation qui ont structuré dans le passé les transitions économiques. En conséquence de ces dynamiques en cours, s'il y a une quête d'un nouveau paradigme de développement rural pour les pays en développement, la réponse serait très probablement dans un virage nécessaire vers le développement local et régional

### **Mots-clés : D**

Changement structurel, Développement rural, Côte d'Ivoire, Tanzanie, Thaïlande, Vietnam

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**Auteur correspondant :** [bruno.losch@cirad.fr](mailto:bruno.losch@cirad.fr)

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site Saint-Charles - rue Henri Serre - 34 090 Montpellier  
 tél. +33 411757107 - artdev@univ-montp3.fr - <http://art-dev.cnrs.fr>

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## **Introduction**

This final report compares the experiences in rural development encountered by Côte d'Ivoire, Tanzania, Thailand and Vietnam, and draws conclusions from the comparative analysis. It is based on the material provided by country case studies prepared on the four countries and on an additional literature review.

The conditions of implementation of this comparative study prevented any in-depth investigation of the strategies and policies of the four countries, and the lessons learned and conclusions are of necessity partial. The discussion about the country strategy outcomes only intends to provide insights into the different trajectories of change of the four countries and does not pretend to propose any analysis of rural development policy results, which was beyond the scope of this work.

Section 1 provides reminders about the role of rural development in the process of structural transformation, the importance of rural areas today, and addresses the issue of the definition of rural areas and rural development.

The second section analyses rural development strategies and policies in the four countries within the context of their development trajectories, which are put into perspective against the characteristics of the successive sequences of the world economy. It presents the very differentiated country situations and identifies several cross-cutting issues which highlight the importance of governance frameworks.

Section 3 draws lessons from the country reviews for rural development strategies in developing countries. It draws attention to the importance of the structural characteristics of every country, points out several building blocks, and discusses the relevance of the concept of rural development today.

## **Section 1. A perspective on rural development**

### **1.1. Agriculture, rural development and the process of structural transformation**

Rural development addresses rural areas, and rural areas comprise the natural landscape, the cultivated land, and people who live there. Their evolution is embedded with that of agriculture, as long as this activity dominates in the economy and society.

Over time and everywhere, agriculture has been the first and primary activity. The slow structural transformation of economies and societies over the centuries has been characterised by a progressive shift from agriculture to industry, and then to services. Productivity gains in agriculture, which released labour and capital for other economic activities, were accompanied by a progressive spatial restructuring from scattered activities (agriculture) to more concentrated ones (industry), and a migration of labour and people from rural areas to cities. This process benefited from the demographic transition<sup>1</sup> resulting from better living conditions, education and medical progress, and

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<sup>1</sup> The demographic transition is the progressive and successive reduction of mortality and birth rates. The difference in pace between the two trends (the mortality rate decreases faster) explains the population growth dynamics with rising demographic rates which gradually slow down when birth rates reduce. This transition results in a temporary improved ratio between the working and non-working population, named the demographic dividend or bonus, which can support economic growth.

contributed to the improvement of welfare, a rising demand and growing economic diversification.

Although this process of structural transformation occurs at different paces and can follow various paths, its basic pattern has been observed throughout the world (Johnston & Kilby, 1975; Timmer, 2009). This is the trajectory followed by today's richest and most technologically advanced countries (mostly the OECD countries), where agriculture moved from a predominant place in their economic aggregates to one that is now marginal. Such a dynamic occurred first in Western Europe, its major offshoots (e.g. the United States and Australia) and Japan, and then in other regions of the world. It was generally faster – a few decades instead of two centuries – owing to technological and organisational leaps facilitated by the adoption of innovations from the most economically developed countries. This is the case of many Latin American countries, where the contribution of agriculture to GDP is less than 10 %. The change is slower in Asian countries, where for most countries this figure ranges between 10 % and 20 % (Japan and South Korea being exceptions). But in Africa, agriculture is still prominent in national economies.<sup>2</sup>

The other dimension of structural change is the declining share of agriculture in the working population, which is much slower than changes in GDP. Although in most of the OECD countries the labour force has structurally “exited” agriculture, the sector remains the world's largest employer. According to FAO data, it still accounts for 40 % of the economically active population. On average, and with significant national differences (and disputed numbers), 15 % of the workforce in Latin America is employed in agriculture, about 45 % in Asia, and 60 % in sub-Saharan Africa.

These differences in agriculture's contribution to national GDPs and employment can be explained by productivity gaps between agriculture and other sectors. These gaps are mainly related to the low level of technology in agriculture. At the world level, agricultural work remains largely manual and mechanisation is limited.<sup>3</sup> Therefore, its productivity has been quickly decoupled from other types of activities,<sup>4</sup> resulting in lower agricultural incomes, which are also impacted on by changes in relative prices between agricultural and non-agricultural goods. The consequence is that the value addition of other sectors rises much faster than for agriculture, which, nevertheless, continues to employ a significant proportion of the working population (McMillan et al., 2014). Given the importance of agriculture in rural areas, these processes explain the income gap between towns and the countryside and the extent of rural poverty (see section 2 below).

## 1.2. The role of rural areas today: a reminder

This historical record about past and on-going transitions explains why rural development cannot be disconnected from the global picture in terms of structural transformation, or from the place of agriculture in the economy.

Nevertheless, the perception of the importance of rural development is fading in the international agenda. The world reached the “tipping point” (more than 50 % of people

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<sup>2</sup> In 17 out of 53 countries, agriculture's contribution to GDP exceeds 30 %; in 10 countries, the share is between 20 % and 30 %, with only Egypt, Morocco and Senegal being below 15 %. Lower shares are experienced in African countries with economies dominated by mining or oil exports.

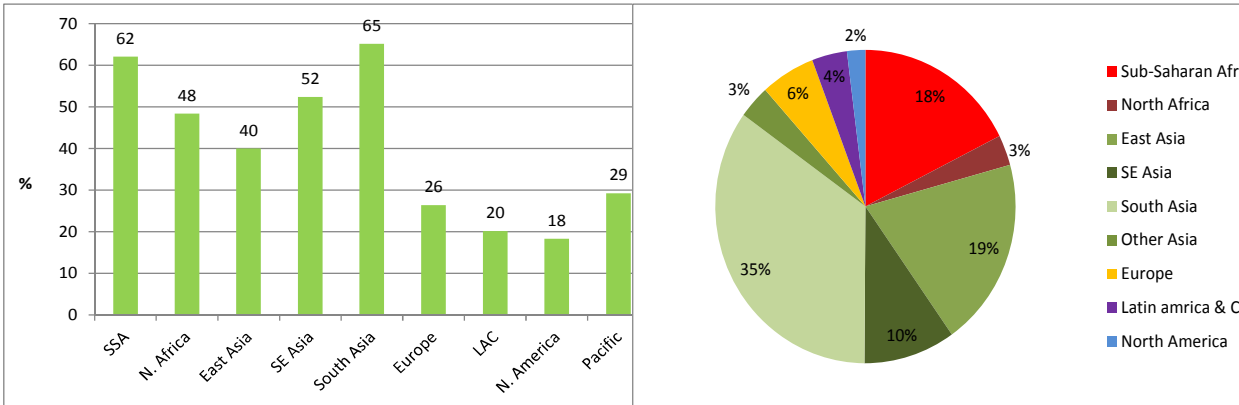
<sup>3</sup> As a broad average, 2/3 of farms in the world use manual tools; 1/3 use animal traction; and a very tiny part (3 %) use motorised tractions (Mazoyer, 2001). There are only 30 million tractors in the world for a labour force of around 1.3 billion in agriculture.

<sup>4</sup> The highly mechanised agriculture of OECD countries is of course an exception.



living in cities) at around 2008–2010: a symbolic step which changes how challenges are looked at and discussed. When referring to headlines or advertised forward-thinking exercises, everything would now appear to be at play in cities. They host the majority of people; their share will continue to increase (possibly 65 % in 2050); and agglomeration creates connectivity, innovation and growth. As a result, the countryside is no longer considered the place where something important might occur. Although new information technologies potentially modifies the picture, rural areas are disadvantaged places where the number of people will continue to sink, but these areas should specialise in the rationalised production of food and management of natural resources. However, the world is diverse, and the rural–urban divide is completely heterogeneous. Although the world is mainly urban today, in many world regions, rural dwellers remain the majority of the population and their future matters (Figure 1). They are still 3.4 billion rural dwellers today, but their distribution is highly contrasted: nearly 70 % are in Asia, 20 % in Africa, while Latin America, North America and Europe share the remaining 10 % (Figure 2). Rural populations will slightly decrease over the next 35 years (–150 million) but it will still number 3.2 billion people. Some 65 % of them will be in South Asia and SSA, the latter being the only region where the rural population should continue to grow well after 2050.

**Figure 1: Importance of rural population in 2015**      **Figure 2: Distribution of rural population in 2015**



Sources: WUP 2014

In addition to their continuing massive role in the future due to existing demographic prospects, the possible evolution of rural areas might differ from what has been the observed historical trend. Indeed, the new challenges related to climate change, natural resource depletion and growing economic asymmetries at the world level could possibly modify the role of rural areas in the invention of a new sustainable development model, avoiding the additional costs of metropolisation and growing concentration of supply chains (energy, food).

**1.3. The elusive definition of rural development**

This future distribution of population is obviously an estimate, based on existing trends in terms of rural and urban growth rates and of rural to urban migrations (UN-DESA, 2014).

It faces, however, the critical issue of the definition of “rural”. Although rural areas were historically the matrix of economic and social development, they do not have any positive definition. Their shape rather results from the cities, and what is rural is what is not urban. According to the FAO, the rural population is a residual number after

subtracting urban population from the total population (FAOStat) and this view is adopted by most of the countries.

The major difficulty for forward thinking is that cities do not have any standardised definition and the “urban” description varies broadly between countries. The main component is the population size, with a limit in size above which an agglomeration becomes urban. However, the size limit is sometimes mixed with more qualitative items, such as the percentage of households engaged in agriculture, and it also (and often) includes administrative decisions. As a consequence, the vision of what is urban and what is rural is blurred by definition. The four countries under review in this study are illustrative of this situation (see box below).

**Box 1: The very erratic definition of what is urban and the resulting difference in what is rural**

In the four studied countries, urban areas are defined as follows:

**Côte d’Ivoire:** Areas considered urban are agglomerations with 10 000 inhabitants or more; agglomerations with populations ranging from 4 000 to 10 000 inhabitants with more than 50 per cent of the households engaged in non-agricultural activities; and the administrative centres of Grand Lahou and Dabakala.

**Tanzania:** Since the 1978 census, urban areas are defined using several criteria and include all regional and district headquarters, as well as all wards with urban characteristics (i.e., exceeding certain minimal level of size-density criteria and/or with many of their inhabitants in non-agricultural occupations). No specific numerical values of size and density are identified, and wards are defined as urban based on the decision of the District/Regional Census Committees.

**Thailand:** Every municipality (*thesaban*) is defined as urban. There are three levels of municipalities, with 32 cities (*thesaban nakhon*), 148 towns (*thesaban mueang*), and 2234 townships (*thesaban tambon*).

**Vietnam:** Places with 4 000 inhabitants or more are considered urban.

Source: UN-DESA, 2014

In addition to these very imprecise and shifting criteria, the definition of rural development is also elusive. There is a convergence among scholars, governments, and practitioners concerning the objective of improving the quality of life and economic well-being of people living in rural areas (Moseley, 2003). The Global Donor Platform for Rural Development (GDPRD), a dedicated body implemented by donors to harmonise their support and practices, does not define rural development but agrees on “*the overall objective of agricultural and rural development (which) is to improve the living conditions of people in rural areas in a way that is sustainable in the long term. In this way, agricultural and rural development will contribute to efforts to achieve the MDGs*” (GDPRD, 2006, p.8).

The perspective and outcomes remain general and it is important to note that agriculture and rural development are combined in their objectives.

## Section 2. Lessons from four experiences in rural development

### 2.1. An analytical approach for comparing rural development experiences

While rural development cannot be disconnected from the evolution of agriculture and the overall process of structural transformation, comparing rural development experiences requires an understanding of development trajectories and their historical sequences. Economic and demographic transitions occur at different times and paces, and the characteristics in wealth and diversification of a country deeply influence its policy objectives and its existing room for manoeuvre in terms of policy choices and policy design.



The diversity of national pathways leads to the assumption that dynamics of change in a country result from a combination of internal and external conditions which evolve over time. Therefore, the “moment in time” matters, and taking stock of specific settings at a specific moment provides keys to analyse policy choices.

Internal conditions refer to the stock of natural resources, population, physical and human capital, and also to the length and outcomes of the development process: welfare (level of incomes and provision of public goods such as health, education, or justice and rule of law), quality of infrastructure and services, sectorial shares in GDP and employment, etc. External conditions refer to the international environment (access, openness, cooperation or the opposite) which shapes the relationship with the outside world. Opportunities, constraints, and the balance of power are always changing and the historical context plays an important role: the specific sequence of the world economy, when changes occur, impacts on the process of change itself (Gore, 2003). For instance, a country’s industrialisation is easier when competition from imports or for its own exports on international markets is limited.

Due to the narrow timeframe and means allocated to this comparative study, it was impossible to engage in an exhaustive review of past and present rural development strategies and policies, nor to even evaluate their performance through their outcomes. As a result of the complex set of interdependences between interventions, impacts and external events, policy evaluation is a highly demanding exercise which requires fine-tuned data collection on objectives, means and instruments (e.g. public expenditure reviews), and an assessment of ex-ante situations, as well as an understanding of the overall context. In addition, a long-term perspective – which was adopted for this work – faces a major challenge of accessing old data and of investigating the rationale of past decisions, which calls for an effective historic approach.

Based on literature and documentation reviews, and on the interviews carried out during five-day missions in the four studied countries, the selected analytical option was to base the analysis on the identification of broad policy orientations and their related strategies and dedicated policies. With reference to the path dependency framework (North, 1990), attention was paid to the identification of the critical junctures or major key choice points when particular options were selected by governments, coalitions, and social forces, and which led to the creation of recurring institutional patterns.<sup>5</sup> It facilitated the attempt in understanding the prevailing rationale for implementing a new strategy or policy. The study constraints obviously prevented a close examination of these policy choices<sup>6</sup> and misinterpretations may exist. However, the “cross-fertilisation” between national development trajectories, the overall political economy of development, and the specifics of rural development policies helps to better understand the reasons for countries’ overall successes or failures beyond rural development per se.

## **2.2. Rural development and national development trajectories**

The objective of this sub-section is not to provide a detailed review of the trajectories followed by the four countries, which is presented in the case studies, but rather to highlight similarities and major differences which impacted on the policy outcomes.

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<sup>5</sup> See Collier & Collier (1991), Pierson (2000), Mahoney (2001) and Hogan & Doyle (2007).

<sup>6</sup> An example of in-depth analysis of critical junctures is given by Donnelly and Hogan (2012).

### **The political economy of development trajectories**

In order to position the development pathways followed by Côte d'Ivoire, Tanzania, Thailand and Vietnam, it is important to briefly recall the major historical sequences which shaped today's world and for which a large body of literature exists.<sup>7</sup>

The early economic transformation of Western Europe in the late 18<sup>th</sup> and 19<sup>th</sup> centuries, based on the energy and industrial revolutions, was facilitated by its political and military hegemony which reduced or eliminated competition, provided very attractive situations of supply and demand with captive markets, and enabled European migrations. On the other hand, European colonisation – which affected directly or indirectly the four studied countries – created temporary limitations and constraints for dependent countries. Depending on the duration of colonisation and the type of colonial government, impacts were variable but sometimes shaped their institutions (Acemoglu et al., 2000).

The increasing integration of the world economy following the early European expansion also followed successive stages. After a “first globalisation” and economic openness from the mid-19<sup>th</sup> century to World War I,<sup>8</sup> international relations were then characterised by national self-centred development, with strong state intervention and public policies, including protection. This “developmental regime”<sup>9</sup> expanded between the 1929 economic crisis and the end of the 1970s, which corresponds with the start of the current globalisation period. It was adopted by all countries, including in Latin America and Asia, while late decolonisation in sub-Saharan Africa limited the expansion of these autonomous development policies. Nevertheless, this period of self-centred development was impacted upon by the consequences of the Cold War (1945–1980s), which directly affected Southern and Eastern Asia (and SSA to a lesser extent) and translated in huge international supports.

The globalisation process that began at the end of the 1970s is unique. It reflects the growing integration of the world economy and also a convergence in thinking related to policies and governance. The former results from continuous technological progress in the circulation of goods, capital, and information, strengthened by the liberalisation policies that begun in the early 1980s; it leads to a greater concentration of assets being held by global firms and institutional investors, the development of global value chains and intra-firm trade. The latter is characterised by the increasing role of donors and the importance of the international agenda, which focused first on liberalisation and the reduction of the role of the state (the “Washington consensus”), then on poverty (the MDGs), and today on sustainability and the impact of climate change (the post-2015 agenda).

The evolution towards deregulation, market-based reforms and a growing role of the private sector has led to the reduction of the capacity of the state to design strategies and effective public policies (Painter & Pierre, 2004). Major differences exist, however, between countries, depending on their economic and bargaining power, which shapes their autonomy for action.

### **Similarities and differences of the development pathways**

Over the last fifty years, the four countries under study have been facing a similar international environment from the developmental regime to globalisation. They were,

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<sup>7</sup> Can be cited among others: Braudel (1979), Wallerstein (1989), Pomeranz (2000), Grataloup (2007).

<sup>8</sup> It was mainly a process of convergence in the North Atlantic economy between Europe and the United States (Berger, 2002).

<sup>9</sup> See Evans (1995); Giraud (1996); McMichael (1996); Amsden (2001).

however, significant regional differences: firstly, the Cold War, which resulted in a civil war in Vietnam and deeply affected Southeast Asia; secondly, the economic growth sequence in East Asia, initially led by Japan, and then Korea and Taiwan, which provided opportunities related to the proximity of Vietnam and Thailand.

Nevertheless, initial conditions are critically important. Out of the four countries, only Thailand was not formally colonised by European powers, although European influence was strong in the country. Vietnam became independent in 1954 (with two countries, North and South), Côte d'Ivoire in 1960, and Tanzania was created in 1964 from the merger of two former colonial territories (Tanganyika, independent in 1961, and Zanzibar, independent in 1963). In these three cases, European colonisation was relatively brief at the historical scale (between 70 and 90 years, maximum), but the major difference is in the depth of the state: in the two African cases, the independent countries were formed, keeping the borders inherited from the European partition of the continent (the famous "scramble for Africa"), without any formal state anteriority or continuity, while in Vietnam there was a long tradition of national government. The situation was the same in Thailand, which in addition has an ancient reigning dynasty. As a consequence, there was a pre-existing administrative capacity in the two Asian countries which did not exist (except a colonial administration, mostly controlled by the colonists) in Côte d'Ivoire and Tanzania.

Figure 3 below provides an overview of what have been the successive policy orientations in the four countries since the early 1960s. They were shaped by early political choices made by each country which deeply affected their development strategies. In Thailand and Côte d'Ivoire, the options were clearly towards a liberal approach; in Vietnam and Tanzania, the communist party and the "African way to socialism" led to deep state control and collectivisation.

**Figure 3: Sequencing of major policy orientations (1960-2015)**

	60	61	62	63	64	65	66	67	68	69	70	71	72	73	74	75	76	77	78	79	80	81	82	83	84	85	86	87	88	89	90	91	92	93	94	95	96	97	98	99	00	01	02	03	04	05	06	07	08	09	10	11	12	13	14	15
Vietnam	Republic of Vietnam (South) Ngô Đình Diệm, Du, Ngô, Nguyen Van Thieu															Socialist Republic of Vietnam																																								
	Democratic Republic of Vietnam (North) Ho Chi Minh, Ton Duc Than																																																							
																Ng, Trung Chinh, Vo Chi Cong, Lê Duc Anh, Tran Duc Luong, Nguyen Minh Triet, Truong Tan Sa																																								
	Two countries and economy of war															Reunification - Collectivisation, egalitarianism and planned economy										Doi Moi (Renovation) : family based and progressive market economy; integration to the world economy										Towards a more inclusive society																				
Thailand	Military Sarit Thanara, Thanom Kittikachorn															Military Sa, Ku, Ta, Kriangsak Ch, Prem Tinsulanonda																																								
																Chatchai, An, Chuan Le, Ba, Ch, Chuan Le, Thaksin Shinawatra, Su, Sa, Abhisit, Ch, Shin, Chai																																								
	State led liberalization and Import Substitution Industrialization (ISI)															Export Oriented Industrialization (EOI)					Economic crisis, State led adjustment, strengthening of EOI					Financial liberalization					Asian crisis and structural adjustment					Redistribution strategy and welfare program					Sufficient					Return to integrated policy with social welfare programs					Sufficient economy					
Tanzania	Independence & creation of Tanzania J. Nyerere & A. Karume															J. Nyerere																																								
	Socialist period: self reliance and planned economy															First reforms towards liberalization					Structural adjustment and liberalization										Sectoral and poverty reduction strategies - "Mkukuta"																									
Côte d'Ivoire	F. Houphouët-Boigny															H.K Bedie																																								
	State Capitalism															First Adjustment period					"Cocoa war" and liberalization					Privatization and "12 Works of Africa's Elephant"					Coups and political crisis (northern secession)					reconstruction and FDI																				
																L. Gbagbo, A.D. Ouattara																																								

Source: authors, country case studies

Nevertheless, the political choices did not necessarily determine the outcomes. Both Vietnam and Tanzania faced early economic failures. However, in the former case, the end of the collectivist experience was decided by a strong unique party system, while in the latter, it resulted from reforms commanded by international donors.

More broadly, it is possible to highlight the point that the institutional thickness of state development resulted in very different outputs when the world economy engaged in globalisation. Despite major differences in political orientations, the youth of the Tanzanian and Ivoirian nation states, and the initial stage of their structural transformation, strongly limited their ability to frame sustainable, autonomous public

policies in order to deal with their increasing macroeconomic imbalances and the new challenges of international competition. They mostly adopted the recommendations of international donors and followed the sequencing of the evolving international agenda: structural adjustment (reduction of public expenditures), structural reforms (state withdrawal, decentralisation, liberalisation and privatisation), first mitigation measures related to the social consequences of adjustment (poverty reduction programmes), and adoption of the MDGs.

In the two Asian countries, different historical and political settings and a more dynamic regional context (roles of Japan, the Chinese diaspora, and new emerging economies) led to very different policy outcomes with large policy autonomy. In Vietnam, strong state control led to the full management of the policy agenda and its sequencing. The implementation of the “one country – two systems” policy allowed a progressive but limited economic liberalisation, fully managed by the state. In Thailand, cooperation with, and support from, the Western bloc during the Cold War, the historical thickness of the state and the legitimacy of the King, as well as a strong technocracy mitigating the impacts of political instability (many successive military coups) allowed the autonomous management of the economic crisis of the early 1980s. They also permitted a capture of growth and diversification opportunities provided by the first waves of industrial relocation from Japan, initiated in the second part of the 1970s.

#### **Strong agricultural policies and elusive rural development strategies**

Subject to reservations due to possible missing information when developing the case studies, a result of the comparative review of the four countries’ experiences is that formal specific rural development strategies are the exception. Only two of them were identified: the *National Rural Development Strategy* of Tanzania (2001) and the *National Targeted Programme – New Rural Development* (NTP-NRD) of Vietnam (2007). This result does not mean that rural development was out of the policy agenda of the governments. It rather illustrates the fact that rural issues have mainly been dealt with by the implementation of agricultural policies.

Due to the structural role of agriculture discussed above (section 1), the sector has historically been a political and policy priority. Because of the strategic nature of food, agricultural policies were among the first interventions of modern States, along with tax policies aimed at sustaining national budgets. Over time they answered three major goals: feed the people, then accumulate for growth and development (with transfers of labour and capital), and finally increase farmers’ incomes. Agricultural objectives are the dominant feature of the public policies in the four countries (Figure 4 below).

Therefore, the modernisation of farm structures and farmers’ practices was the policy targeted in order to increase the available food supply through higher yields and productivity gains, the latter contributing also to improving producers’ economic returns. Two main approaches for agricultural change were implemented over time. The most common was to promote change through market integration and specific technical and financial support. This was the way adopted by Côte d’Ivoire and Thailand. Another one, less frequent at the global level, was to break with the existing economic order by changing the distribution and ownership of the means of production through agrarian reforms or collectivisation: the way adopted by Tanzania and Vietnam. These transformational policies were an attempt to change the balance of power and to manage economic and social transitions. It was short-lived in Tanzania but lasted longer in Vietnam, until the governmental decision was made to reintroduce the market economy as result of poor performance.

**Figure 4: Sequencing of agricultural and rural development strategies (1960–2015)**

	60	61	62	63	64	65	66	67	68	69	70	71	72	73	74	75	76	77	78	79	80	81	82	83	84	85	86	87	88	89	90	91	92	93	94	95	96	97	98	99	00	01	02	03	04	05	06	07	08	09	10	11	12	13	14	15
<b>Vietnam</b>	Priority to food for civilians and soldiers										Agriculture as a priority for the country. Collectivization and investments in irrigation.										Shift from cooperatives to a family based economy; restore national self sufficiency on food; develop exports of raw products										New rural development strategy: multisectorial policies + sustainability																									
<b>Thailand</b>	Support to agricultural production to facilitate industrialization										Vertical integration and agricultural exports First rural development actions										Neglect of agriculture and rural development. Increasing rural poverty										Social policies, rural development and rice support																									
<b>Tanzania</b>	Ujamaa doctrine: Forced villagization with resettlement, provision of services, communal production, collectivization of land										New Agricultural Policy (NAP) Progressive shift to market liberalization, land reform and cooperatives										New strategies for Rural and Agricultural development Agricultural Growth Corridor (SAGCOT) Cash transfer programs (TASAF)																																			
<b>Côte d'Ivoire</b>	The "filière" approach to agricultural development										Tentative "regional" approach to agricultural development and uncertain rural development perspective										Privatization and standardization of agricultural development and new governance of the cocoa sector										Back to the "filière"																									

Source: authors, country case studies

By changing techniques, results and incomes, agricultural policies impacted on farmers' incomes to different extents, depending on the effectiveness of change and fiscal pressure. But they have not necessarily resulted in rural development and an improvement of rural welfare because the latter requires an adequate provision of public goods. The four countries engaged in a voluntarist policy of social development, at very different paces and with different means, but they were not specifically targeted on rural areas. It was only with the emergence of poverty reduction strategies (from the mid-1990s, which highlighted the importance of rural poverty) that social policy started to become oriented towards the countryside. This move was strengthened by the adoption of MDGs and resulted in the progressive but very limited implementation of social transfers, as in Tanzania with *Tanzania Social Action Fund* (TASAF), although this is not limited to rural areas.

As a conclusion, rural development strategies were barely a backbone of public action in the four studied countries. Even when formal rural strategies were designed, they remained as an overall framework (e.g. Tanzania) and relied in practice on the coordination of public action, rather than on a specific strategy design. This was the case in the 1980s in Côte d'Ivoire when the agricultural extension systems were "regionalised" in order to promote a more effective rural development. Coordination is also the major issue today in Tanzania where the *President Delivery Bureau* focuses on thematic key results areas.

Recently, Thailand and Côte d'Ivoire have decided to improve rural income more directly through the increase of farm prices: with a specific and costly price support for rice in Thailand (which could possibly be removed), and with targeting 60 % of the FOB price to the farmer for export products in Côte d'Ivoire. The Vietnamese *New Rural Development* (NTP-NRD) is probably the most successfully achieved attempt in the countries under review to engage in an effective rural development strategy, which results in a political commitment to address growing spatial disparities. Therefore, although the implementation remains under the Ministry of Agriculture's supervision, the strategy directly involves local communities and endeavours to answer the rural development challenges through a regional-based approach.

### 2.3. Differentiated strategies and contrasted outcomes

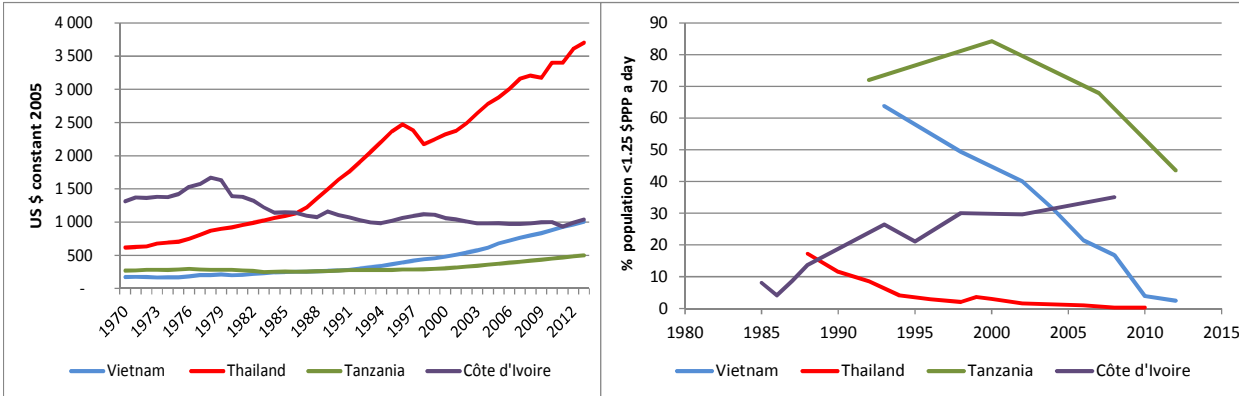
As previously mentioned, the conditions under which this work was conducted prevent any evaluation of the strategies' outcomes. The countries' economic and policy pathways followed over the last fifty years have resulted, however, in different overall consequences for their economies and societies. Economic growth and poverty rates, as well as the evolution of the GDP and employment structures, are global indicators which allow a rough estimate of the processes of change undergone.



The Thai and Ivorian trajectories are the most contrasted (Figure 5 below). In the early 1970s, Thailand had a GDP per capita which was half that of the Ivorian. Forty years later, Thailand's GDP per capita has increased 5 times, while the Ivorian one has dropped by 30 %. Meanwhile, Vietnam managed to catch up with Côte d'Ivoire, while Tanzania, the poorest country of the four, grew its GDP per capita twofold after the end of the collectivisation experience (the *Ujamaa*). As a consequence of a dramatic recession and a civil war, Côte d'Ivoire is the only country to have a lower GDP per capita in 2011 than in 1970. Absolute poverty rates followed the same trends as the GDP per capita (Figure 6 below).

**Figure 5: GDP per capita (1970-2012)**

**Figure 6: Absolute poverty rates (1985-2012)**

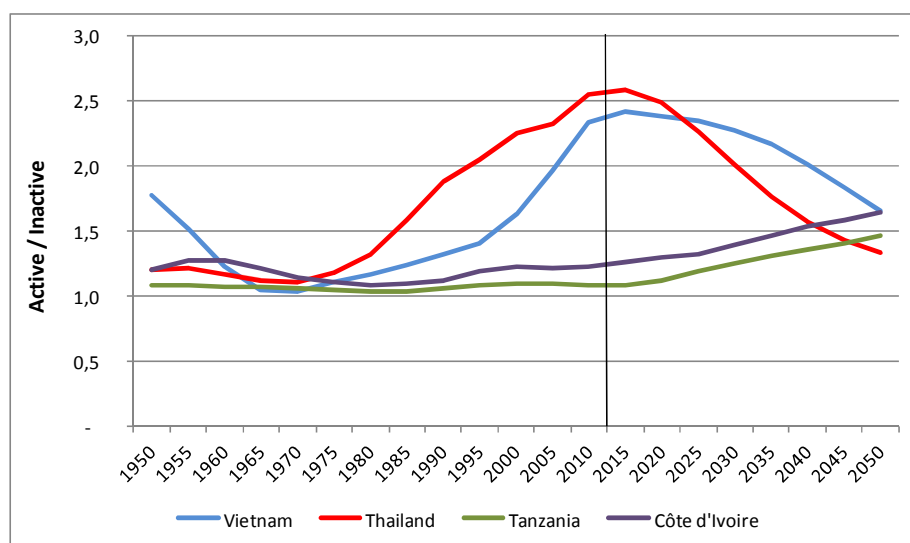


Sources: WDI, UNCTAD

A major caveat must, however, be put forward: these much-contrasted overall economic outcomes cannot be disconnected from the demographic structure of each country and, in particular, the relation between the active and inactive population (the activity ratio). Figure 7 displays dramatic differences between the four countries. Vietnam and Thailand are fully benefiting from their demographic dividend, with around 2.5 active persons for 1 inactive, while in Côte d'Ivoire and Tanzania, every active person has (indirectly) to sustain almost 1 inactive person. This gap in the demographic structure reflects the sharp decrease in the fertility rates (number of births per women) in Asia: they were similar in the four countries in 1965 (> than 6) and are now under 2 in the two Asian countries, while they remain around 5 in the two African ones. This evolution in Vietnam and Thailand results from consistent family planning, as well as education policies, and it has provided the two countries with a powerful engine for growth which started in the 1980s and 1990s. At that time, the two SSA countries were facing a deep economic recession while they had to deal with an adverse demographic structure reflecting their incipient demographic transition. Although they received international support through ODA, the challenge of inclusive growth was out of reach.



**Figure 7: Evolution of the activity ratio (1950–2050)**



Source: WPP 2012

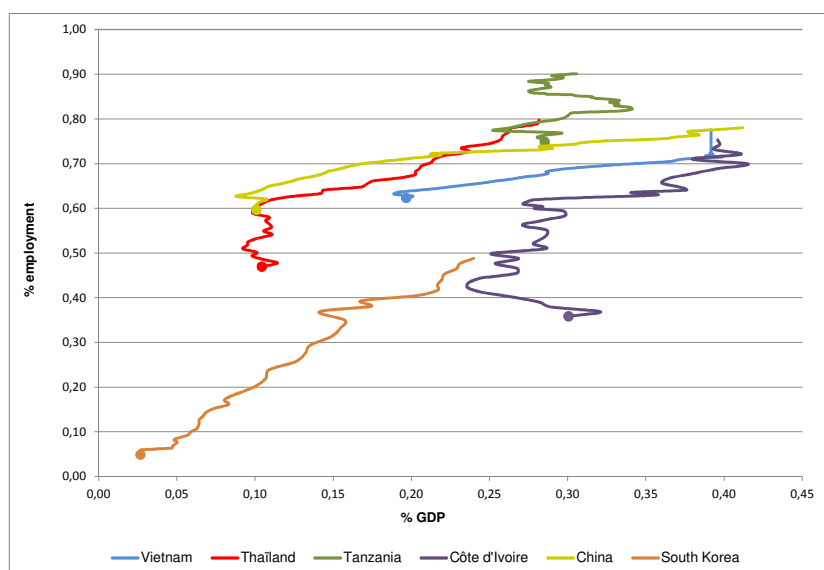
These evolutions of the GDP per capita represent the translation of the way in which each country has engaged in the structural transformation of its economy. Figure 8 below shows two dimensions of this structural change described in section 1: the share of agriculture in GDP and the share of total employment in agriculture.<sup>10</sup> It thereby illustrates the importance of agriculture over time, and the progressive diversification of the economy. The role of agriculture has been very different in the four countries since 1980:<sup>11</sup> The share of employment in agriculture decreased in the two African countries, very rapidly in Côte d'Ivoire due to a stronger process of urbanisation, and much slower in Tanzania, while the share of the agricultural GDP oscillated but remained high. Such a pattern, which differs from the historical transformation pathway (exemplified by South Korea), illustrates a specific feature of sub-Saharan African economies: due to little competitive advantage in infrastructure, human capital, and business environment, urbanisation occurred without industrialisation and resulted in employment in urban informal service with low contribution to the GDP. Conversely, in the two Asian countries, the role of agriculture in the economy diminished strongly, and the share of employment in agriculture declined too, but in a more pronounced way in Thailand which industrialised more quickly.<sup>12</sup> This diversity of situations shows the importance of the context, be it local or international, in the process of change.

<sup>10</sup> The time period is 1970 to 2012 for every country, moving from right to left.

<sup>11</sup> A necessary caveat is related to the quality of data, particularly with regard to agricultural employment.

<sup>12</sup> China displays a dramatic evolution in the GDP structure but a slower pace in employment change.

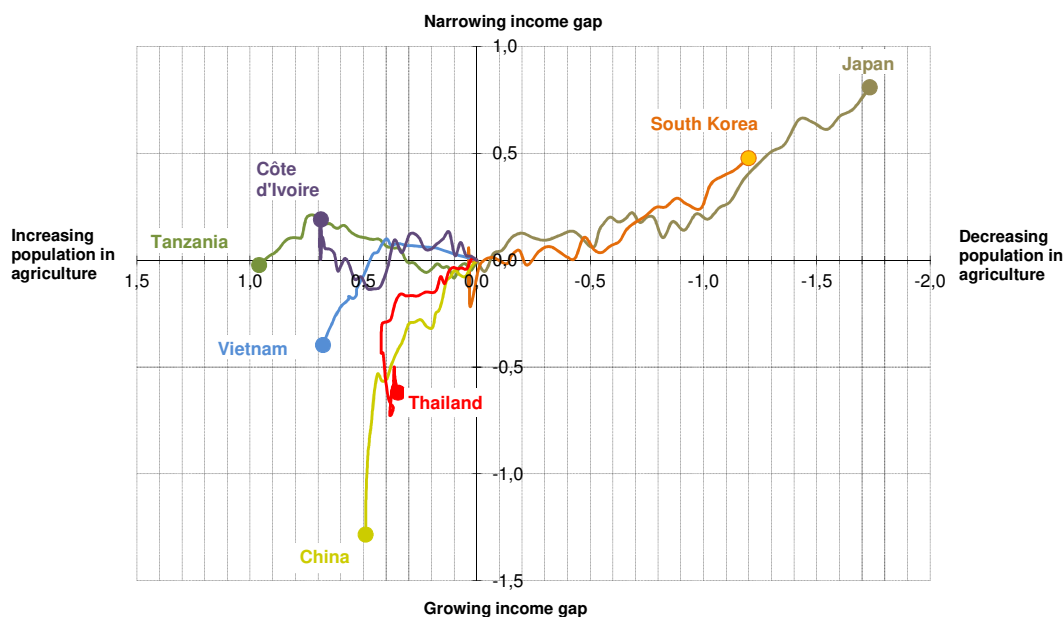
**Figure 8: Shares of agriculture in GDP and employment (1970–2012)**



Source: WDI and FAO, authors' calculations

Figure 9 below, based on Dorin et al. (2013), illustrates another dimension of the different transition paths followed by the four countries. A classical structural transformation pattern would lead to the decline of employment in agriculture, together with a reduction of the rural-urban income gap which corresponds with the global increase of welfare and the catching-up of incomes in rural areas. This is the path hereby illustrated by Japan and South Korea. In the two African countries, agricultural population and employment continued to grow in absolute terms, and although they decreased in shares of the total active population (Figure 8 above), the income gap nevertheless did not change much because of the long-standing poverty. It even decreased as a consequence of a growing urban poverty during the years of crisis.

**Figure 9: Employment in agriculture and the rural-urban income gap (1970–2007)**



Source: Adapted from Dorin et al. (2013)

Note: This chart plots together the annual growth rate of the rural-urban income gap, approximated by the income differential between agricultural and non-agricultural workers (calculated as the ratio of agricultural shares in GDP and total employment), and the annual growth rate of the active population in agriculture. Starting from the centre, any trajectory moving towards the upper part of the chart shows a convergence of agricultural/rural and non-agricultural/urban incomes. Any trajectory moving towards the right of the chart implies a reduction of the agricultural workforce.

In the two Asian countries, the income gap did not narrow but increased dramatically, while agricultural employment continued to grow in absolute terms, although at a slower pace than in SSA. This illustrates the increase of urban incomes, the lower productivity and returns of farm activities, and the very slow diversification of the rural economy. It results in difficult spatial cohesion and growing social and political tensions (exacerbated in the example of China) and calls for targeted rural and regional policies. In these much-differentiated structural situations, the two Asian countries have, however, superior assets with which to deal with their transformation challenges. Firstly, basic rural infrastructure is much more developed in Asian than in African countries. The more striking figures relate to electricity access (Table 1: Rural population access to equipment below): Vietnam and Thailand record access rates for electricity (and also water) close to 95 % in 2010, while Tanzania and Côte d'Ivoire face much poorer access, between 40 and 70 %, and even far below for electricity in Tanzania (less than 10 %).

**Table 1: Rural population access to equipment**

		1990	2000	2010
Côte d'Ivoire	Electricity	14	23	37
	Sanitation	7	8	10
	Water	67	67	68
Tanzania	Electricity	1	2	4
	Sanitation	6	7	7
	Water	46	45	44
Thailand	Electricity	80	87	97
	Sanitation	80	93	96
	Water	82	90	95
Vietnam	Electricity	84	87	95
	Sanitation	31	47	63
	Water	54	72	90

Source: WDI

While these indicators express the current level of enabling infrastructure on which the economy might rely on to grow, more worrying are the social indicators which will shape the human capital of the country for the years to come (Table 2). The proportions of young people in the two Asian countries having completed lower secondary school are estimated to amount to 70–80 % in urban areas and a little less (still more than 65 %) in rural areas. The situation in the African countries is really worrisome, as this proportion amounts to 18 and 35 %, respectively, for urban areas in Tanzania and Côte d'Ivoire, and only 4 and 8 % in rural areas. The capacity to answer tomorrow's challenges resides most probably in a strong and rapid investment in rural areas where the population continues to grow.

**Table 2: Completion of lower secondary school by people aged 15–24 years**

		1991	1994	1996	1997	1998	1999	2000	2002	2004	2005	2006	2010	2011
Côte d'Ivoire	Rural		5%			4%		5%				7%		8%
	Urban		15%			25%		21%				24%		35%
Thailand	Rural										66%			
	Urban										81%			
Tanzania	Rural	1%		2%			1%			1%			4%	
	Urban	7%		10%			6%			10%			18%	
Vietnam	Rural				41%			41%	50%			62%	67%	
	Urban				70%			67%	69%			77%	73%	

Source: World Inequality Database on Education

## 2.4. From country specifics to cross-cutting issues: the importance of governance frameworks

The four countries under survey display highly different trajectories due to their historical and political settings, the opportunities and constraints of their domestic assets and international environment, and their policy choices and orientations. As a result, the outcomes of their development strategies, including their agricultural and rural policies, have been highly varied. And it is extremely difficult – and impossible within the context of this study – to determine which policy choice, in terms of objective, instrument, means and timing, led to which outcome owing to the high degree of interdependence between multiple factors. Therefore, identifying what could be deemed “good strategies and policies” for an efficient rural development is out of reach.

A close comparison of the four case studies allows for stressing many institutional and policy features which are highly country specific. However, it also gives the opportunity for the identification of several cross-cutting issues related to the institutional framework or the characteristics of strategies and policies which were implemented. Some seem to have contributed in a positive manner to the process of economic and social development in general and to rural development in particular; others have operated in a negative way. Based on Table 3 below, it is possible to highlight four major cross-cutting issues.

Firstly, leadership, strategic planning and capacity of adaptation seem to play a key role. The four countries adopted development strategies, the definition and implementation of which was facilitated by a vision of the future and a strong leadership. This leadership had multiple aspects – a Founding Father, a single party, a monarch-backed technocracy – but its longevity or its succession, as well as the continuity in choices and the ability to anticipate, react, adapt and change policies, were determinant. Such capacities were quite impressive in Vietnam and Thailand where the governments managed to go through the economic crises of the 1980s with different strategies: the experimental and progressive approach developed by Vietnam, and the capacity of Thailand to attract foreign direct investment in export-oriented industries and in the petro-chemical complex. On the contrary, Côte d'Ivoire and Tanzania were unable to adapt to the new context of globalisation and were forced to engage in imposed structural adjustment programmes.

Secondly, designing strategies and plans is not sufficient, in itself, if the strategies and plans are not properly implemented. This requires different levels of administrative capacity, with skilled civil servants and a good knowledge base in order to monitor interventions. In many developing countries, especially those that underwent imposed structural adjustment programmes (the case of Côte d'Ivoire and Tanzania), the systematic downsizing of the public sector, including statistical offices, and the loss of already scarce capacities were a critical impediment to further initiatives and capacity to

bounce back. Conversely, the strong administrative capacities in Vietnam – in line with the socialist tradition of planning and coordination – helped to engage in the necessary reforms. The Thai and Ivoirian trajectories are particularly illustrative of the importance of this administrative capacity. While both countries underwent periods of high political instability, most of the resilience of the Thai economy and society can be attributed to the historical depth, strength and quality of its administration (with a proximity between high level technocrats and the universities), which managed to keep the country going; unlike Côte d’Ivoire where institutional weakness and political paralysis were both the breeding ground of political instability, and a worsening factor in the collapse of the economy in the 1980s.

Thirdly, the capacity to develop and enforce a conducive environment for business development plays a key role. This requires a high level of consistency and continuity in policy implementation, together with adequate incentives for private entrepreneurship and industries to boost production. In Côte d’Ivoire, the secured environment provided to farmers (land access, prices and stability) was the cornerstone of the take-off and agricultural success. This success was amplified by a state-led capitalism oriented towards diversification, based on a prolonged commodity chain (*filière*) approach anchored in public-private partnerships. The post-2011-crisis government based its recovery strategy on a revisited *filière* strategy. In Thailand, price support was the mainstay to the growth of rice production, together with access to inputs and credit (which strongly developed in the 1960s), and the provision of extension services. In Vietnam, the *Doi Moi*, which marked the shift from collectivisation to a socialist market economy, was only possible because of the clear signals sent by the government: the promotion of private entrepreneurship (*Law on Private Enterprises* of 1990); changes in land status and access through a new land tenure law in 1993; and the development of contract farming with cooperatives. In Tanzania, after years of crisis and adjustments in the agricultural sector, the government endeavoured to provide stability through shared objectives and commitment to develop contract farming with private enterprises, as in the dairy sector.

**Table 3: Major institutional and policy features in the four countries**

	Tanzania	Côte d'Ivoire	Vietnam	Thailand
+		Adequate incentives for agricultural growth (1960s-1980s): land and labour access, and secured price environment	Adequate incentives for agricultural growth (>1988): land access, contract farming	Adequate incentives for agricultural growth: price support, input and credit access, extension services
	Reengagement in strategy planning (>2000)	Capacity to design and implement an agriculture diversification strategy and agro-industries (1960s-1980s)	Capacity to adapt, reform and innovate through experimental approaches	Capacity to adapt and ability of seize opportunities: FDI and international markets
		Long standing public-private partnership		Public support to private champions
		Strong political leadership (1960s-1980s)	Strong political leadership	Strong political legitimacy (monarchy)
	Government's effort for coordination and effectiveness (>2013)		Strong administrative capacity (planning and coordination)	High-skilled professionals and civil servants
		Use of natural resource to support agricultural growth		Support to rural diversification
	Commitment to invest in public good provision (>2000)		Sustained investment in public goods (infrastructure, education)	Sustained investment in public goods (infrastructure, education, access to credit)
			Support to local communities and local governments (>2007)	
-	Insufficient prioritization and need to avoid multiple layered strategies	Lack of long-term vision: unsustainability of the agricultural growth based on the extensive use of natural resources	Lack of incentives, planned economy (<1988)	
		Lack of anticipation of the risks related to commodity export specialization		
		Difficulty to reform (1980s-1990s)		
				Costly price policy (rice)
	Weak local institutions (local governments and cooperatives) inherited from the past	Weak decentralisation process	Excessive centralization of the state, and top-down approach	
	Abrupt changes in the rule of the game and coercion (1960s-1970s)			Political instability leading to frequent policy shifts (lack of consistency)
	Deficit in public goods	Deficit in public goods		
Interferences of donors				

Source: Authors, based on country case studies

Finally, a last feature seems to be important: decentralisation and the role of local governments. The difficulty in dealing with local levels has had a negative impact on the rural development of the four countries. The very nature of this local/national relationship has evolved over time and has thus taken very different forms. In the four countries, this relationship is acknowledged as crucial but very difficult to grasp, as in Vietnam where decentralisation is an important objective of the *New Rural Development Program*, but its implementation remains very challenging owing to a long history of centralisation. In Côte d'Ivoire, support for public-private multi-stakeholder platforms deepens a sectorial approach, instead of fostering local dynamics. In Tanzania, decentralisation started in 1990 and has been reinforced since 2000. However, changes remain limited in practice because of the long-standing centralisation of the Tanzanian administration, rooted in the *Ujamaa* times. Moving beyond this drawback is very challenging owing to the severe weaknesses of local governments: their limited human capacities and their poor fiscal autonomy.

All these cross-cutting issues highlight the importance of the governing capacity. Following Painter and John (2004), the governing capacity includes three interdependent components: policy capacity, administrative capacity, and state capacity:

- The policy capacity is the ability to marshal the necessary resource to make intelligent choices related to the idiosyncratic situation of every country and to define strategic orientations for the allocation of scarce resources in order to reach objectives
- The administrative capacity refers to the implementation capacity and the operational efficiency in the management of human and physical resources in order to deliver the expected outputs of the government



- The state capacity corresponds to the state's ability to share a vision and to mobilise social and economic support from stakeholders for the achievement of the objectives.

Instead of a catchall panacea and very imprecise reference to the need for improved governance (Rhodes, 1997), addressing specifically these three components of the governing capacity would help to provide the adequate and necessary support for an effective rural development.

## **Section 3. Lessons for the definition of rural development strategies**

### **3.1. Development strategies must be based on the regional distribution of activities and people**

A significant result of the comparative approach reflects the importance of structural issues. The four countries have different past trajectories, and path dependency defines the available room for manoeuvre to address existing and upcoming challenges. Although ruptures can occur (related to natural or political events) and new international coalitions can arise, there is a structural inertia which somewhat shapes answers to new opportunities and constraints.

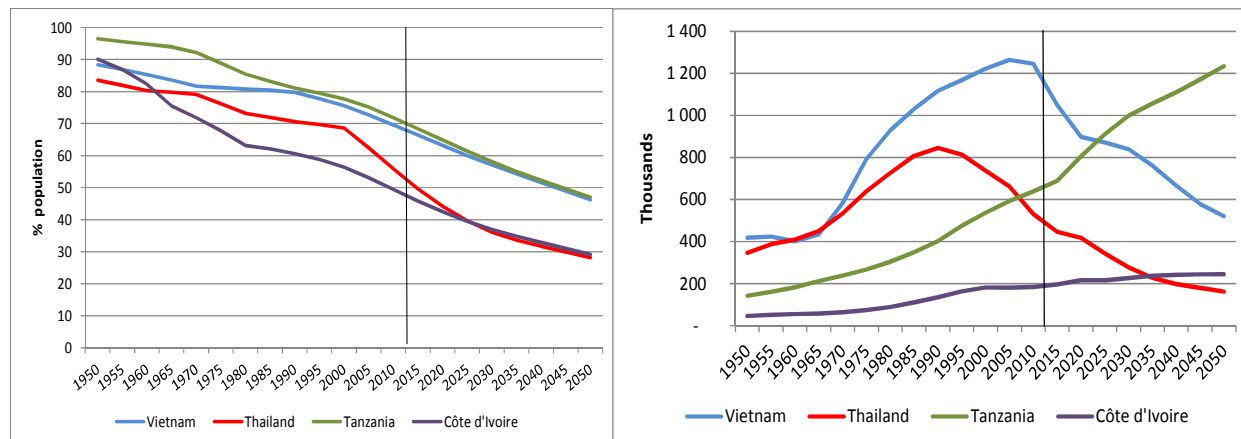
Consequently, a major lesson for the definition of rural development strategies is first to adopt an overarching approach to national development, using the regional distribution of people and activities as a guideline. Where is the population: mostly in rural or urban areas (absolute and relative numbers and densities)? And, what do people do: what are the major sectors of activity? These basic questions are critical because they help to set the baseline of the actual structural situation of the country. This baseline must be used to define a national strategy, targeting objectives suiting the reality of the country. This initial step also helps concretely to identify where rural issues stand with regard to the country's existing challenges. As previously mentioned, the reality of rural economies is far from being understood, and this lack of knowledge threatens the very consistency of any rural development strategies, as they might go against the existing rural dynamics.

The four countries under review face very different challenges which are related to their existing situation in terms of incomes, welfare, human capital, public goods, etc., and also to existing perspectives, with demographic prospects being one of the most tangible. Figures 10 and 11 below illustrate sharp differences along two dimensions. The first relates to the urban–rural population balance: Thailand and Côte d'Ivoire have already moved to the “urban side”, but Tanzania and Vietnam will continue to be mostly rural until the mid-2040s. The second deals with employment, arising from the existing age structure and the spatial distribution of the population (present and estimated in the future): the two SSA countries will see the number of new labour market entrants in rural areas continue to grow, although at very different paces – the yearly cohort<sup>13</sup> will be around 200 000 new workers in Côte d'Ivoire, while it will reach a million in Tanzania in the two coming decades. In the next 10 years only, the two countries will have to host around 2.5 and 8.5 million active youth in rural areas, respectively. In the two Asian countries, the needs for rural jobs will progressively decrease. They will, however, remain high in numbers in Vietnam: there are near to 1 million labour market entrants today.

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<sup>13</sup> 1/10 of the 15-24 age class.

**Figure 10: Evolution of rural population** **Figure 11: Yearly cohorts of new rural workers** (1950-2050)



Sources: WUP 2014

These demographic figures help to direct thinking about rural development options, starting from the possible evolution of the agricultural sector, and knowing that the number of farmers is fixed by demography and off-farm opportunities (in rural or urban areas) and by the available land area which is fixed by nature and infrastructure (giving access to land resources with, for instance, transport or irrigation). Therefore, in Asia, the slowdown in total population growth and continued urbanisation lead to negative rural population growth and rising land per farmer, on average: increased labour productivity will be necessary to deal with the upcoming labour shortage. In SSA, slower population growth rates and urbanisation lead to slower but continuing rural population growth: where land availability exists, infrastructure can support farm development; if not, land pressure will increase and require higher outputs with more workers per hectare (through increasing yields and product value) (Masters, 2013). Such features call for designing integrated policies which go beyond agriculture or rural development policies only. They bring to notice the point that agriculture and rural areas are not “islands”: they are fully embedded in their national context. Demography, economic diversification, and spatial planning, as well as macro-economic choices and international relations, shape the range of opportunities and limitations for rural development.

### 3.2. Recurring building blocks

Although the range of connected issues impacting on rural development is very large, lessons from past experiences, and particularly from the four case study countries, help identify some recurring building blocks which can usefully support a process of designing or supporting a rural development strategy.

With the objective of fostering donors’ coordination and improving ODA’s efficiency, the Global Donor Platform for Rural Development identifies seven drivers, six guiding principles and five approaches to foster and support rural development (Box 2). These recommendations are, of course, very generic. They are reminders of critical issues to be addressed, as well as of the necessary good practices.

## **Box 2: GDPRD's recommendations for an effective rural development**

Based on the experience of its contributing members, the Global Donor Platform for Rural Development has identified a set of recommendations for the definition and implementation of rural development strategies. They include the following:

Seven drivers:

- (i) people-centred development
- (ii) local governance
- (iii) economics
- (iv) natural resources
- (v) rural infrastructure
- (vi) rural service systems
- (vii) economic governance from the local to the global level

Six guiding principles:

- (i) people-centred and pro-poor change
- (ii) governance, institutional aspects and financial management
- (iii) demand-driven planning and implementation
- (iv) partnership
- (v) equity and equal opportunity
- (vi) sustainable use of natural resources

Five approaches to delivery:

- (i) harmonisation and alignment approach to development assistance
- (ii) multi-sectoral approach
- (iii) participatory approach
- (iv) long-term commitment
- (v) re-orienting rural development efforts to focus on results and processes

Source: GDPRD, 2006

As noted above, the most important step in defining a strategy is to identify the major challenges and to select priorities which are relevant to the context and are therefore country-specific. They must take into account the existing opportunities and binding constraints within the national context with regard to the overarching global environment (Hausman et al. 2005).

However, the analysis conducted in Section 2 indicates that there are three building blocks which seem to play a critical role in shaping the success of a development strategy and of its rural development component.

### **Reinvest in strategies and policy design**

The experiences of the four case study countries show that they were able to manage and to make their agricultural sectors thrive at different periods in their history. Sometimes the agricultural sector suffered major setbacks and struggled to recover (Tanzania), or managed to recover (Vietnam). The common feature of these successes is that they were driven by strategies and policies.

Today, there is a crucial need to reinvest in policy design capacity and processes, for agriculture and rural development, and beyond. The very nature of the global economy and global environment is more uncertain than ever: climate change, natural resource (stocks, availability and access), and next generation of technological shifts are all bringing to the fore additional uncertainties about the future of the world economy

(with new risks and opportunities). The possible development path of any country is undefined and it is progressively being understood that there will not be a reproduction of past economic transitions, which was a strong belief in the post-WWII development paradigm and the “Washington consensus”.

These growing instability and complexity in the policy environments are a dilemma for policy makers, which requires a move for upgrading the capacities to understand, map and analyse (Painter & John, 2004). Therefore, there is a need to invest in policy processes at all level of government, since this is seen as a critical way for improving the sustainability of development (Owens & Cowell, 2010).

However, a development strategy is more than the articulation of sectorial policies. It is first the result of a process among stakeholders and constituents that leads to a shared vision of challenges, constraints, opportunities and possible futures. As described and pointed out by Stiglitz (1998), a development strategy is a public good, and as such, it deserves strong public support in its design. Investing in knowledge creation is a necessary step for a better understanding of changing local and national economies and for engaging in consultation among stakeholders. That stage is critical and has to be carefully planned because its quality will determine ownership, which is a decisive factor of commitment. It also requires investment in capacity building, at all levels of government, to help people deal with changing contexts and to innovate.

Due to the diversity of national situations, there are, of course, no silver bullets and the drafting of genuine policies is a requirement (i.e. the famous “tailor made”, which is now a commonly shared view, even if not implemented). A careful approach to the diversity is even more necessary for rural areas because, in contrast with urban regions which have many similarities, rural areas are highly distinctive from one another (Van Assche & Hornidge, 2015).

### **Agriculture first, if, and more**

If agriculture is to hold the main shares in rural activity and national employment, the investment in agricultural policies is a prerequisite. It has been and remains a constant in national development strategies, as highlighted by the cases of Côte d’Ivoire, Tanzania, Thailand and Vietnam.

However, these experiences draw attention to the fact that the role of agriculture has evolved over time: feed the people, but also develop agro-industries, increase exports, accumulate for growth and raise farmers’ incomes. Today, new challenges arise and might modify the role of agriculture in rural and national development: provide jobs, manage domestic migrations and help congested cities, reduce rural–urban imbalances, cope with climate change and improve natural resources management, and keep on contributing to structural transformation through increasing agricultural incomes, raising rural demand and rural diversification.

The recurring question is what to do, how and when, and the major issue is to avoid the syndrome of the “long list”. Policy recommendations often provide a well-known shopping list of measures which include a right provision of public goods, the reduction of transaction costs, incentives for the development of missing markets, and mitigation mechanisms, with dozen of objectives for every item.

Three major issues need to be put forward. The first refers to risk management. Risk is a major issue for farmers in developing countries. High risk prevents innovation, investment and diversification (in products other than staple for food security and in other activities). The answers are many, but they include some basics: a stable environment with access to production factors (notably secured land access), secured marketing channels (through farmers’ organisations or contracts with the private

sector, which require capacity building and improved bargaining power), price information and management of price instability (Galtier, 2013). The second issue concerns the development model for agriculture, which refers to the small- versus large-scale debate. The choices (which should avoid radical positions) must depend on population/farm dynamics (see 3.1). In the case of SSA, the objective is to increase production while creating employment in agriculture, as well as in upstream and downstream activities, by both strengthening value chains and improving the incomes of farmers. It calls for a priority for family farms (Losch et al., 2012), although large farms can help in marketing and facilitate access to inputs, training and credit, notably through the development of contracts.

Last but not least, the third issue concerns commitment. Drafting detailed agriculture development plans or rural development strategies is useless if a positive status for agriculture and for rural life is not re-established in politics, in the media, in school and in the society as a whole. For rural youth, the realisation of their dream of a “good life” lies most of the time clearly away from the countryside, where opportunities and options are limited (Leavy & Smith, 2010). Such a change not only needs the promotion of agriculture and rural areas in the political arena, but also, and very tangibly, the effective investment in the provision of public goods necessary for the rural welfare. SSA is clearly lagging behind, and improved infrastructure and services will unlock the potential for rural diversification, which a major component of rural development.

#### **Agriculture, rural development, and beyond**

The design and implementation of agriculture and rural development strategies cannot stand alone and are part of the overall development strategy. Two specific areas need, however, to be pointed out. The first one refers to the macro-economic environment; the second one to human development, and most particularly education, which directly relates to a very sensitive demographic issue in sub-Saharan Africa.

Agricultural policies, as other sectorial policies, can only deliver on their objectives if the macro-economic context is properly addressed by government. Most of the time, economic growth is restrained by market imperfections and distortions, which can relate to government actions (prevailing political constraints, level of administration) or specific market conditions (Rodrick, 2007). Successful countries have managed to respond to some of these constraints by developing policies which serve their global vision, sometimes at the cost of balancing antagonist objectives. For instance, Thailand supports rice prices at a very high cost which has allowed for self-sufficiency and supporting farmers’ income (and getting their political support). At the same time, this policy comes at a cost, which casts doubt on whether it is actually the best use of public finance. Other policies have been implemented to promote foreign investment and private entrepreneurship through laws and regulations, to seize opportunities in international markets through trade, monetary and industrial policies. These policies go beyond agriculture and rural matters, but their design, implementation and enforcement greatly influence the effectiveness of agricultural and rural development policies. However, there is no universal recipe for what should be done. Successes stem from “*an unconventional mix of standard and nonstandard policies well attuned to the reality on the ground*” (Rodrik, 2007, p.35).

Education plays a critical role in the process of structural transformation. It first contributes to the reduction of fertility rates and thereby is a major channel to fast-track the demographic transition. There is historical evidence and clear correlation between better education and the reduction of the number of children born per woman. This fall in the fertility rate increases the number of workers per dependant persons and allows



for reaching the stage of a possible demographic dividend much sooner in the development trajectory. According to the *Africa Economic Outlook 2015* (AfDB et al., 2015), a strong investment in education could improve the expected African activity ratio in 2050 by increasing the average number of workers per inactive persons from 1.33 to 2: a major improvement, which would impact on the whole economy, as well as the rural areas.

The upgrading of the education level, by expanding efforts towards secondary and tertiary education, is also a powerful instrument for change. Well-designed education policies can anticipate the labour demand and help the labour force to match this demand. A better educated labour force can target higher value-added activities and foster the structural transformation of the economy, including productivity increases in agriculture and diversification of rural activities.

### **3.3. The way forward: from rural to regional development**

The previous discussion has developed arguments about the importance of reconnecting issues and of avoiding the “rural island” syndrome which would systematically lead to policy failures because of inappropriate targets and priorities and missing issues. However, there are two major additional arguments which justify the broadening of the scope of public policies.

The first one concerns a general characteristic of the existing territorial reshaping underway everywhere in the world. The rapid changes in the ways in which people live, as a consequence of gradual improvement in infrastructure (road networks, improved transportation, new information systems, the mobile phone revolution), have profoundly modified the countryside. With the exception of limited remote areas, new territories are emerging as a result of densification – population settlement, development of rural centres and small towns –and the practices of local people are quickly changing with local migration patterns which straddle the elusive boundaries between urban and rural areas. Although these processes have for long been happening in OECD countries, they are the new territorial reality, with regional variation within countries, in Côte d’Ivoire, Tanzania, Thailand and Vietnam. They are more broadly a common feature in Latin America, Asia, and also in Africa, which is often considered as lagging behind these processes of change, with booming cities on one side, and backward rural areas on the other (Losch et al., 2013).

As a consequence, the existing static categories of “rural” and “urban” no longer capture the hybridity of those shifting relations between cities and the countryside, and these new realities most often no longer correspond with those which the governments or donors think they know of. Public policies are generally blind to these developments and their segmentation results in a juxtaposition of sectorial approaches which misses many possible synergies at the regional level.

The second argument is rarely raised. It relates to the local effects of globalisation on developing countries’ rural areas. These result in the weakening of historical ties between agriculture, industrialisation and urbanisation that have structured past economic transitions (UNRISD, 2010). Indeed, new links to foreign markets related to liberalisation and opening-up of trade, restructuring of world markets and growth of new global supply-chains create major competition that could boost efforts to become more productive and competitive. However, they also hamper and weaken economic initiative at both national and local levels owing to growing and asymmetric competition from abroad. This concerns food supply to urban areas (which often opt for cheap



imports), and also small enterprises specialised in equipment or consumer goods that have to compete with cheap products from major emerging countries.

This new global framework narrows the base of local economies, reduces their chances of investment, and slows the general expansion of activities and the creation of income, and consequently the emergence of robust local demand, which drives growth and structural change. These features are particularly important in sub-Saharan Africa where the diversification of local economies remains incipient and where the urban structure is very asymmetric, with large capital cities on one side, and small and regional cities poorly provided in public goods on the other side.

As a consequence of these on-going dynamics, if there is a quest for a new rural development paradigm for developing countries, the answer would most probably be in a necessary shift towards local and regional development.

Engaging in territorial, regional or place-based approaches appears to be a necessary step for breaking the rural–urban divide and the segmentation of public policies. It is a way to answer the huge challenges of economic and social development faced by developing countries, particularly those in Africa which have to deal simultaneously with the challenges of their demographic and economic transitions. This debate has already been engaged, as illustrated by the last *Africa Economic Outlook* on “Regional development and spatial inclusion” (AfDB et al., 2015). Such an approach requires, in practice, a full mobilisation of local stakeholders with support of local and central governments, as well as donors, in designing regional strategies, based on accurate diagnoses and a renewed knowledge base. It needs the identification of local assets and specific resources (Campagne & Pecqueur, 2014) which are anchored in the embedded rural and urban dimensions of development. Therefore, an overarching lesson of developing countries’ experiences and challenges in a new globalised world, echoed by high income countries’ spatial evolution (Ward & Brown, 2009), is probably to support rural development, while simultaneously supporting small and regional towns and rural–urban linkages. In other words: a new regional development paradigm.

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