

The Rural Economy: An Untapped Source of Jobs, Growth and Development

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Abstract

Decent work in the rural economy will be key to fulfilling the United Nations Sustainable Development Goals pledge to leave no one behind. In post-earthquake rural Nepal, the ILO is promoting investment and better infrastructure to increase opportunities for decent jobs so that young people will not be pushed to migrate to the cities and abroad. This job examines the untapped source of jobs, growth, and development in the rural economy.

Keywords:

Rural economy, Jobs,
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Background to the Study

Decent work is increasingly recognized as an indispensable driver of sustainable development with the potential to lift households and communities out of poverty. Poverty is predominantly a rural phenomenon as rural areas are home to the majority of the world's poor. ILO (2016) estimates that in developing and emerging countries, over 80 percent of the poor live in rural areas. In 2012, extreme poverty rates (defined as people living on less than \$1.90 in purchasing power parity terms per day) were four times higher in rural areas than in urban areas. The report added that a large share of the rural poor still depends on low-productivity subsistence farming for their livelihoods.

The poorest rural households lack access to productive assets and often rely on income from wage employment (Mueller and Chan, 2015). ILO (2013) disclosed that of the 300-500 million wage workers in agriculture, many depend on jobs in the plantation sector. Some 59 percent, or over 98 million child laborers (aged 5 to 17), are in rural areas, mostly in agriculture. Forced labor, too, is prevalent in agriculture (ILO, 2014).

Fig. 1

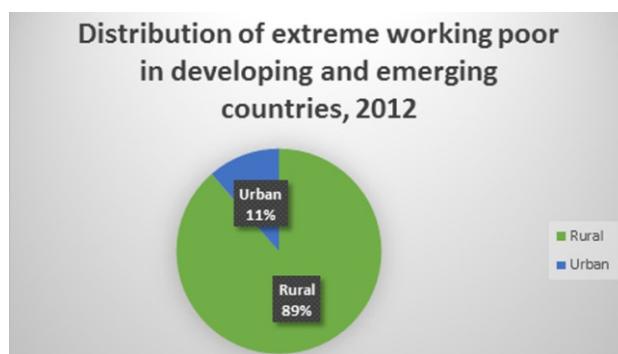
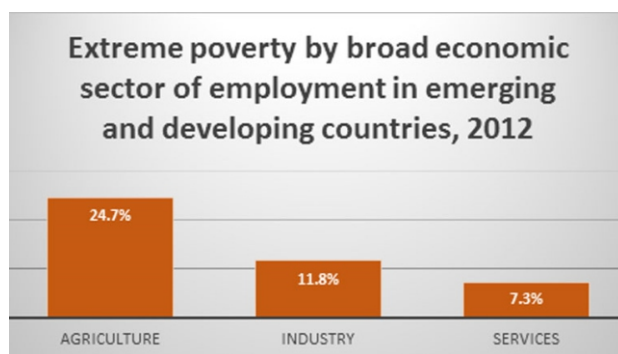


Fig. 2



Achieving the Sustainable Development Goals (SDGs) by 2030

Achieving the Sustainable Development Goals (SDGs) by 2030, and ending extreme poverty everywhere, will thus require increased policy focus on rural development. Placing decent work in the rural economy high on national and international policy agendas is crucial to finding sustainable, long-term solutions to the massive challenges affecting hundreds of millions of people worldwide.

Numerous factors contribute to rural poverty. These comprise informality; weak institutions, including ineffective law enforcement and compliance; the absence of an enabling environment for businesses; underdeveloped production systems; poor infrastructure, and limited access to services, including education, finance, and health care. Challenges facing rural economies are multifaceted and interwoven, and addressing them requires integrated, cross-sectoral, multi-stakeholder, and context-specific interventions. Close cooperation and coordination between all government departments are essential to ensuring interventions result in the hoped-for impact.

Rural economies remain largely associated with primary agricultural production. Rural development is therefore often considered outside the mandate of ministries of labour. And yet, the productive transformation of both agriculture and the rural non-farm economy cannot be fully effective without their active involvement. Improving the quality of agricultural jobs – generally among the least protected, poorly remunerated, most hazardous, and of low status – is essential to attract rural youth.

Effective solutions are also required to emerging challenges such as changing employment relationships arising from outsourcing, including on plantations. Decent jobs facilitate agricultural growth, which can, in turn, raise rural incomes, promote higher consumption, and lead to significant economy-wide multiplier effects. Given the rise in global demand for food, the agricultural sector offers untapped employment opportunities. To attract a new generation of farmers like Gurung, however, the sector needs greater modernization, to increase its lucrativeness and dynamism and to raise its status as a source of decent jobs. Investing in the education and skills of rural youth is key for triggering productive transformation and promoting economic diversification in rural areas.

There is more to rural economies than just farming. Rural areas are characterized by a great diversity of economic activities, including the processing and marketing of agricultural products, tourism, mining, and services. Ministries of labour should take the lead in ensuring that social and labour issues are effectively reflected in rural policies. They can also ensure the involvement of social partners in rural development, which is a prerequisite to the success of these policies.

There are many national and international actors involved in rural development; many focusing on improving the plight of smallholder farmers. Within this huge and crowded area of work, ILO interventions in this area should be based on comparative advantage: its normative approach to development, its unique convening power to bring together the main actors, and its mandate and expertise in the world of work. Its Decent Work Agenda offers many instruments, approaches, and tools to support governments, employers, and workers in their efforts to promote sustainable rural livelihoods. Efforts should focus particularly on filling knowledge gaps on rural wage employment, which is poorly understood and inadequately measured as a basis for providing countries with adequate policy advice in this area.

ILO's strategy for rural development comprises the following interrelated policy areas:



Conclusion

The ILO is already providing support to several countries on all these issues – in Zimbabwe on improving rural women's employability and economic empowerment; in Kenya on enhancing access to financial services in rural areas; in Nepal and India on improving rural infrastructure through employment-intensive investment programmes; in rural areas of Paraguay, Ecuador and Bolivia on value chain development; and in Indonesia on the promotion of decent work for food security and sustainable rural development. Harnessing the potential of the rural economy through decent work is key to sustainable development. It is critical in fulfilling the SDGs' pledge to leave no one behind.

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