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Agro-industry as the 'Mahayana' of International Cooperation: A World Waiting to be Born

A highly positive sum game awaits the community of nations if a cooperative international programme for rural industrialization in the developing world generally, through a boost to the agro-industry (supplier) sector world-wide, could be brought into play.

The twin crises of galloping food grain and commodity prices, on the one hand, and the slowdown in the developed economies (with a spill-over adverse impact world-wide), on the other, have together wrecked whatever little chance there was of achieving the UN Millennium Development Goals, the first of which is to reduce hunger and poverty by half by 2015. (The doyen of the Indian Green Revolution, Dr.M.S.Swaminathan, has suggested that this goal should be regarded as a kind of 'Global Common Minimum Programme for Sustainable Human Security and Peace' – in the sense of a foil against mass social unrest and turmoil that might perhaps weigh heavy on our minds in this day and age of widespread violence and extremism of various hues.)

Strengthening this key cluster (of agro-industries), with its strong backward and forward linkages with the agrarian and modern industrial sectors respectively, could still offer a way out of an increasingly hopeless situation, as argued below.

The rural economy, which is the mainstay of the bulk of the population in most developing countries, is marked by a lack of industrial (value addition and off-farm employment) opportunities. That is the key feature underlying stagnation in the village economy – what may once have been a thriving, self-sufficient community able to meet all its needs through exchange based on harmonious and cooperative division of labour (a la Mahatma Gandhi's vision of 'Swaraj', or selfrule, of village republics) has, with growth in population over the years (and compounded or caused, in some cases, by over-arching external factors such as adverse impact of self-seeking colonial policies), been reduced to a narrow production base totally inadequate for meeting the expanding needs of its members from within at any but a subsistence level.

Policy induced fostering of industry in modern times, in accordance with specific local characteristics and resource endowments, has changed the scene somewhat in most countries, in varying degrees. While some, like China, are known to have done much better than others, none can claim to have made a significant dent on the problem, let alone addressing it at root. Unlike the developed world, where rural living is in no way inferior (and in many ways even superior) to the quality of life enjoyed by the urbanite, the typical rural area in the developing world is backward and suffers from multiple inadequacies.

There are, of course, several reasons for this unfortunate state of affairs, including

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political, institutional and other non-economic factors (and these may vary from country to country), but the chief one common to all perhaps is economic – lack of adequate capital (and of incentives and conditions conducive for such capital as is available to flow into agro-industry located in the rural areas). At the same time, there is a lot of investable surplus capital available globally that is waiting to be deployed. This is what makes it sensible to think in terms of concerted international action capable of bringing these two mega-trends together, possibly in the form of an internationally supported programme for encouraging flow of FDI (and technology and other complementary resources) to where they are needed most: the villages of the world.

Apart from equity, enhancing employment and purchasing power of the (largely poor) rural population, and raising productivity in the agrarian economy as a whole, there would be another big benefit (to the world at large) from any such exercise striving to channel investments and public attention towards the agrarian economy – impetus to the 'sustainability' imperative. By its very nature, the agro-industry sector tends to be more environment friendly than many others utilizing, as it does, naturally produced products and by-products as its essential raw material, and rarely requiring energy intensive manufacturing processes. It has inherently low carbon intensity. This can be enhanced further through conscious creation of a norm to drive growth of agro-industry, as much as possible, through renewable energy, i.e. 'greener green growth'.

The demand for machinery and equipment generated by a programme of stepped up investment in the agro-industrial sector that is being suggested would trigger, could also be designed to be 'green' in nature, if that were to be adopted as a desideratum, consciously by common consent. Despite some talk of green industry being the basis of the recent stimuli in the major economies of the world, ground level action (by way of monetary and fiscal packages) was finally largely on conventional lines aimed at earliest possible reverting to 'business-as-usual'. The opportunity of utilizing the economic slowdown to consolidate (spontaneous) curbing of conspicuous consumption and a wasteful lifestyle was passed. (Mahatma Gandhi's prescient insight about the Earth's carrying capacity being "enough to provide for everyone's need but not greed" comes to mind.) Pragmatically speaking, this is understandable on the basis of the 'best not being allowed to become the enemy of the good' in the first round of fire-fighting but it would be a pity if no meaningful steps to that end are taken over the medium and long term either.

One way of doing so would be to (collectively) incentivize the 'mother' (supplier) industries for the agro-industry sector (which are mainly in the developed economies) – those who manufacture machines that make the machinery and equipment required by agro-industries, for example, through an assured demand for their output over the medium to long term under an internationally agreed programme. This would not fuel old style (profligate, personal) consumption (of automobiles, for instance), yet be a powerful stimulus for these economies – with spiraling downstream effects in the developing ones, who would 'consume' the machinery and equipment, with further beneficial effects further downstream at the grass roots level – setting in motion, hopefully, a virtuous cycle of economic activity on a global scale.

There is, of course, the question of funding, which would need to be worked out multilaterally. It may possibly not be of a very high order compared to the order of funds pumped into the biggest economies in the first round of monetary and fiscal packages and hopefully not be forbidding. The long standing ODA target of the richer nations, of 0.7 per cent of their GDP (as against the actual figure of 0.4 per cent or so), could perhaps finally be fully realized through contributions to such a programme. Also, considering the potential environment protection and climate change gains to the world as a whole, it might qualify for funding under the Global Environment

Facility or the newly conceived "Environment Fund" in the Copenhagen Conference. And the contribution of the richer countries being largely 'in-kind', the real costs to them may be lesser than indicated by the financial figures.

All this may seem to be a tall order – who, when, where, how would be able to flesh out tangible ways of realizing such a vision, it might be asked? Ever since the demise of Communism, the "vision thing" has been at a discount, and there might be no takers for yet another Utopia, it might be argued! But no grand, centralized, mechanism is necessary or envisaged here – only conceptual clarity as to what international organizations, national Governments, aid agencies and development NGOs should collectively be striving for, given the harsh realities of the 'development problematique' that a 'business-as-usual' approach conveniently looks away from, wishing unconsciously that the problem would somehow go away, to help fix the direction which might be more efficacious and to common advantage. 'A hundred flowers could bloom and a hundred schools of thought contend' thereafter in accordance with deregulated and decentralized market mechanisms and other self-driven, spontaneous, initiatives.

UNIDO, UNDP and other agencies in the UN system would seem to be best placed to take up the challenge of fleshing out the possible specifics of such an approach. It would be in eminent fulfillment of UNIDO's mandate, for example, if it were to task itself to delineate different industrialization strategies for serving agriculture (and modernizing the rural economy generally) in a variety of climatic and soil conditions, without causing ecological harm – the kind of agriculture that the small farmer engages in (not commercial "agri-businesses", which are well provided for anyway – and often confused, and used interchangeably, with 'agro-industry' by a play on words, despite the fact they are worlds apart in their activity content, clients and impact). Agro-industries can naturally be expected to figure at the heart of every such strategy. Best practices and success stories over the years from all over the world (of agro-industrial projects and technologies on the shelf that can directly enhance productivity and profitability of small farming systems), compiled as a kind of reference manual and ready reckoner for Governments or development/aid agencies inclined to focus on industrialization of the agrarian economy, could be of immense use. Remarkably, there is no UNIDO or UN document that could serve as a primer for any potential user, amidst a plethora of glossies – not even after the first ever UN Global Forum on Agroindustries organized by UNIDO in New Delhi in April 2008. The meagre hard information that is available lies far too scattered, and appropriated by experts, to be of use to policy planners; the very opposite of the "coherent synergy" that could be brought to bear by gathering together the different strands of the agro-industry conundrum.

That, incidentally, might also be the key to tackling the problem of overcrowding of cities world-wide (and the attendant soiree of slums, squalor, social alienation and drugs, homogenization of cultures and consequent erosion of authenticity in human relationships, etc.), to which there appear to be no answers anywhere. The 'bottom billion' have been talked about but a 'bottom up' development strategy is yet to see the light of day – with relentless pursuit of a consumerism fed, top down, trickle down, approach ruling the roost as the dominant paradigm. Such a strategy will require "directing resources to the sector in which the poor work (such as agriculture and informal activities), areas in which they live (relatively backward regions), factors of production which they possess (unskilled labour) and output which they consume (such as food)" – as the UNDP Assistant Administrator for Asia & the Pacific put it at the "2nd South Asia Economic Summit" organized in New Delhi by the Research and Information System for the Developing Countries (RIS) in December 2009.

Moving beyond the past and the present, and looking to the future, UNIDO (in conjunction with FAO, IFAD, UNDP and others may be) would need to prepare similar 'sustainable industrialization blueprints' for servicing the 'second Green Revolution' (based, inter alia, on biotechnology and other emergent technologies), hopefully an evergreen one, that is on the anvil in many countries in a bid to make up for the neglect of investment in agriculture of the past decades. An ambitious global agro-industrialization programme incorporating these futuristic technologies would be a still higher contribution that the UN organizations could make, by virtue of their prestige and positioning within the overall global 'development enterprise', for inducing greater dynamism into the development process in the developing world to the common advantage of all nations.

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