



# CENTRE ON INTEGRATED RURAL DEVELOPMENT FOR ASIA AND THE PACIFIC

## RURAL DEVELOPMENT AND POVERTY ALLEVIATION POLICY BRIEF

### IRAN

The percentage of the population with an income of under \$1(PPP) per day has fallen sharply to 0.62 per cent in 2002 from 2.24 in 1995. However, once the indicator is estimated on the basis of an income of \$2 (PPP) a day, which is closer to the practical minimum for the middle-income countries, more than 6 per cent of the population remained in a situation of extreme poverty in 2002, creating a challenge for poverty alleviation. Even so, a more important challenge concerning poverty in I. R. Iran is to reduce the food poverty line, known as the National Poverty Line in the Report. This index has fluctuations in recent years. According to the latest data, the food poverty line has significantly decreased from 12.75 per cent in 1995 to 8.99 in 2002 for that section of the population unable to take in the minimum threshold of dietary energy set by the nutrition standards.

The Centre on Integrated Rural Development for Asia and the Pacific (CIRDAP) was established in 1979 to assist national action and promote regional cooperation relating to integrated rural development in the region, and to act as a catalyst for related activities among its member countries.

In the Sixteenth Governing Council Meeting in Manila in 2007, there was a discussion on the changing context of rural development (RD) initiatives and the need to review past policies and to identify policy-level issues and concerns. Accordingly, the CIRDAP Governing Council decided to commission a series of country studies for reviewing past policies and identifying policy issues and concerns with which CIRDAP can engage itself further through strengthening several actors at national and regional level for information generation, policy development and regional cooperation. The country studies as suggested should examine the role of the CIRDAP link institutions and also the need and scope for other linkages. Subsequently, each of the member countries nominated a researcher to work on the country studies. The researchers decided that each country would examine the RD initiatives from the point of future opportunities for CIRDAP.

Twelve countries have submitted the reports out of 14 countries. The country reports vary substantially in nature. Southeast Asian countries, especially Malaysia, Thailand and Vietnam, adopted market based reform policies much earlier than the South Asian countries. The focus in Malaysia and Thailand and now across all the Southeast Asian countries, was on the development of infrastructure, encouragement to foreign capital investment in manufacturing, and providing employment in organised enterprises as well as services catering to the market economy, tourism, restaurants and the like. The focus of development in the first four decades after independence in South Asia was quite different. It focused on the preservation of the rural economy, and attempted to increase employment opportunities in rural areas through public expenditure programmes, and essentially tried to maintain the rural character of these economies. The approach to poverty alleviation has thus been very different in the two regions. While South Asia focused on gains in agriculture and rural employment, Southeast Asia turned to commercialisation of agriculture and more market-oriented growth.

CIRDAP has published all the findings in a separate volume for each country. In this brief note, some of the important findings and policy issues for Iran are highlighted.

### Major Findings

Iran's economy is mostly contributed by oil production and export; other economic sectors and sub-sectors including agriculture, services, mines and industries are gradually making greater contribution to the gross domestic production (GDP). Agriculture sector, with about 4250 thousand beneficiaries, contributes to around 20 per cent of GDP, about 25 per cent of employment, and approximately 25 per cent of non-oil export value of the country, and this sector plays a central and determining part in the national economy.

In 2006, total agricultural production in agronomy, horticulture, livestock and poultry, and fisheries sub-sectors was around 104 million tons, including 76.5 million tons of agricultural products, 16.5 million tons of garden products, 10.7 million tons of livestock and poultry products, and 620 thousand tons of fisheries.

At present about 4.8 per cent of the country's villages are in fully developed situation, 36.9 per cent developed, and 58.3 per cent underdeveloped. Only 40 per cent of the country's villages are appraised to have adequate income resources and possibilities.

The Iranian rural development more or less is based on a series of upstream documents such as the National Vision 2025, and the 4th and 5th state economic development plan documents. In these documents, not only the desirable rural spaces of the country for near future, but also political priorities and basic actions linked to realising the perspective goals have been stipulated.

*The components of the Vision 2025 are as follows:*

- Constant and sustainable growth
- Knowledge-based development
- Active solidarity with global economy
- Individual and social security
- National security
- Adequate quality of living standard
- Sustainable environment
- Administration development
- Judicial security and development
- Balanced development of the country's regions.

### **Policy Priorities**

Following are the major challenges requiring urgent attention:

- Capacity-building of the functionaries for linking rural communities to global markets (with respect to the potential capacities and comparative advantages in the rural areas of Iran, in agricultural and non-agricultural sectors, except for certain special sub-sectors in agriculture, still it is not possible for the beneficiaries to have access to global markets, and to familiarise with trading in international environment;
- Entrepreneurship development in rural communities based on utilising the potential capacities of the rural areas. Though in recent years, rural entrepreneurs in Iran have been able to take effective steps to develop business in rural environment, compared with the relatively high population of job-seeking youth, the actions look really marginal;
- Establishing relation with international organisations on developmental investments;
- Presenting approaches and models for empowerment of the farmers' and rural organisations in Iran through gaining other countries experiences and best practices;
- Training the experts on application of technological innovations;
- Training rural development experts on local planning;
- Application of spatial planning in integrated local development;
- Design and implementation of local development projects; and
- Training of the trainers.