

Challenges in Agriculture Development in a Changing Global Context

December 16, 2009



Outline

1. The challenges from the World Development Report 2008
2. The changing global context
3. Implications for agricultural development



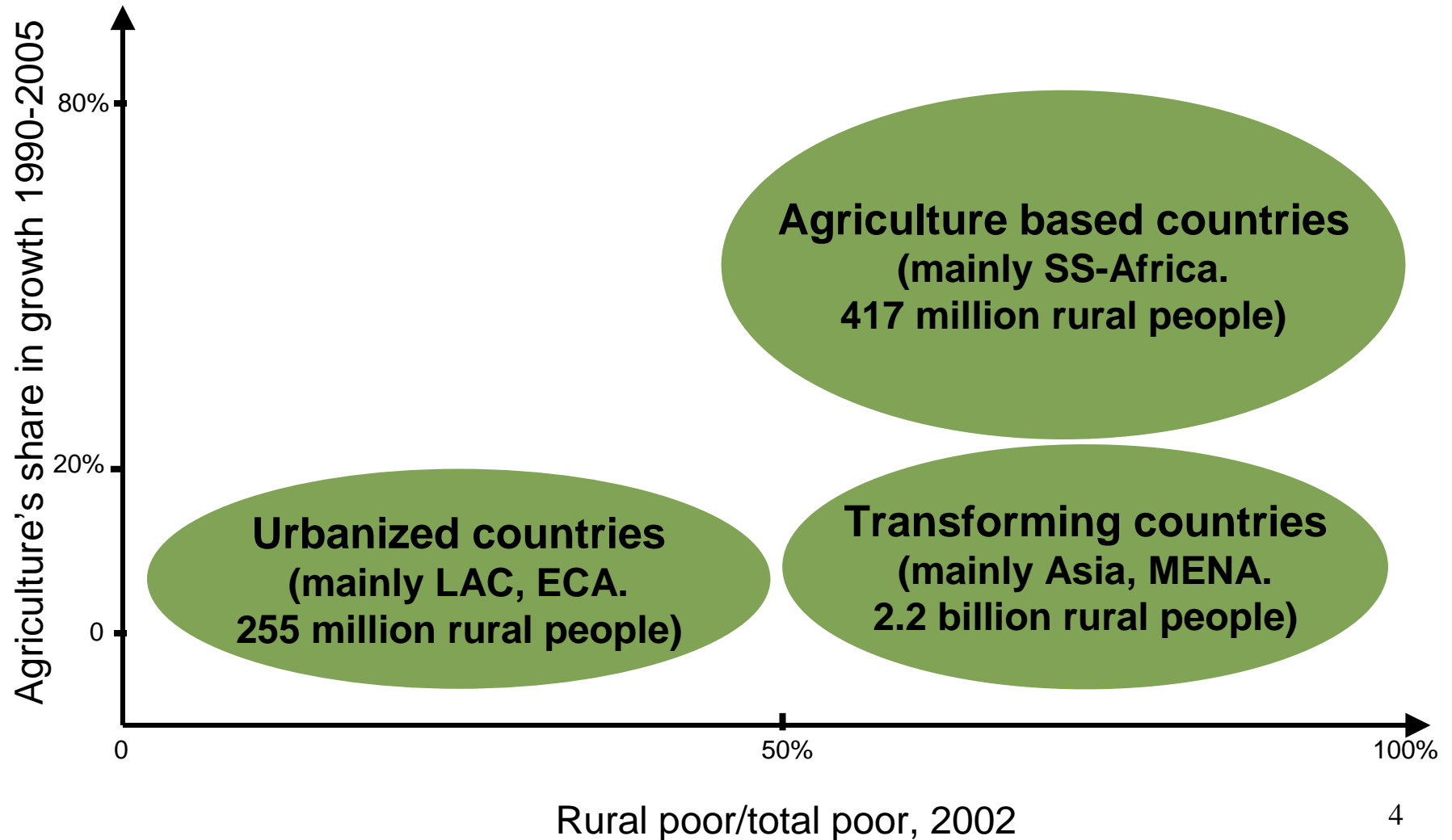
World Development Report 2008

Re-focus on agriculture

- ❑ Three of every four poor people in developing countries live in rural areas, most depend on agriculture
- ❑ 80% of the recent decline in rural poverty is from better conditions in rural areas rather than out-migration
- ❑ 2-4 times more effective at **raising the incomes of the poor** than GDP from non-agriculture
- ❑ Can act as a **trigger for overall growth** in some of the poorest countries where agriculture accounts for 30% of overall GDP, 65% of labor force
- ❑ Provider of **environmental services** – sequestering carbon, managing watersheds, preserving biodiversity



The focus needs to differ across the three worlds of agriculture



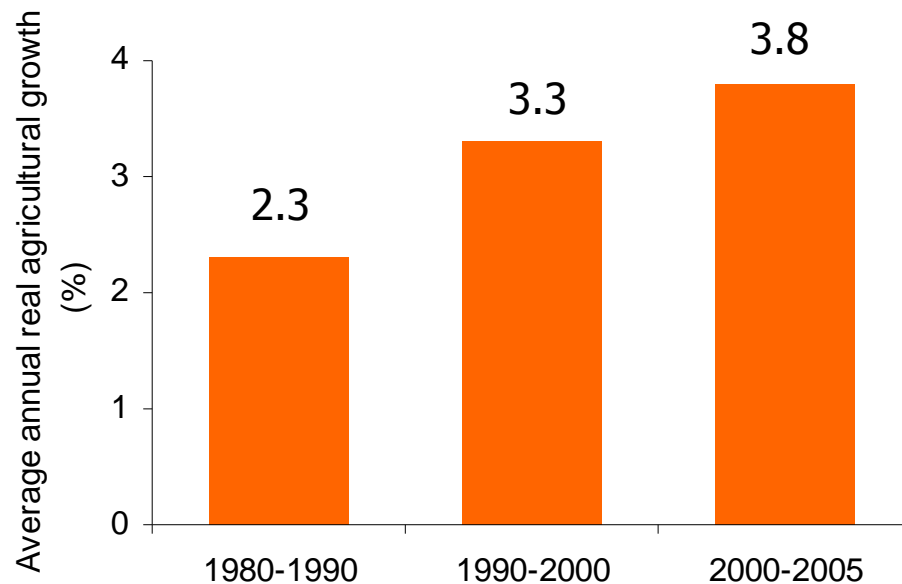


World Development Report 2008

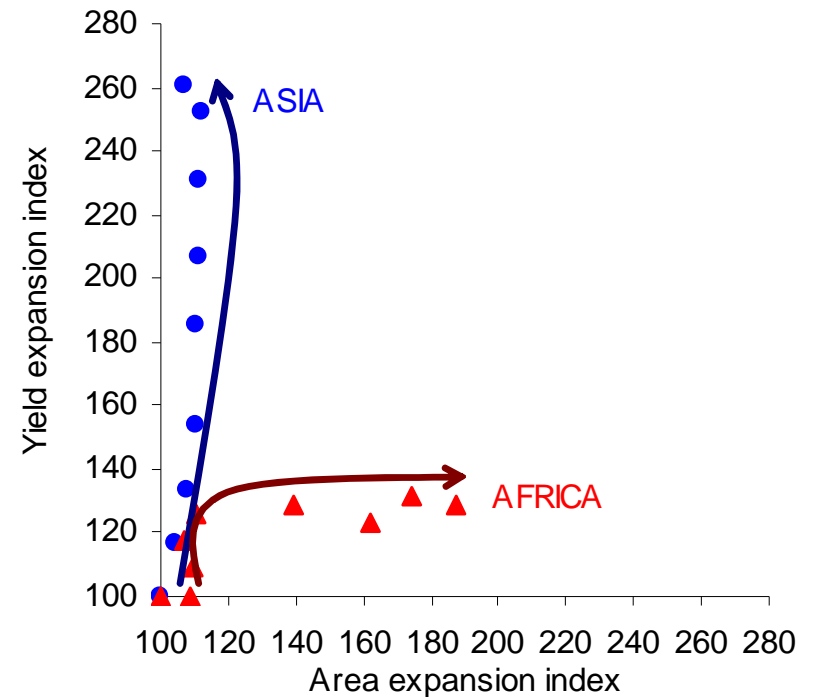
An agenda for Sub-Saharan Africa

Raise agricultural productivity

Accelerating agricultural GDP growth..



...but lagging productivity growth

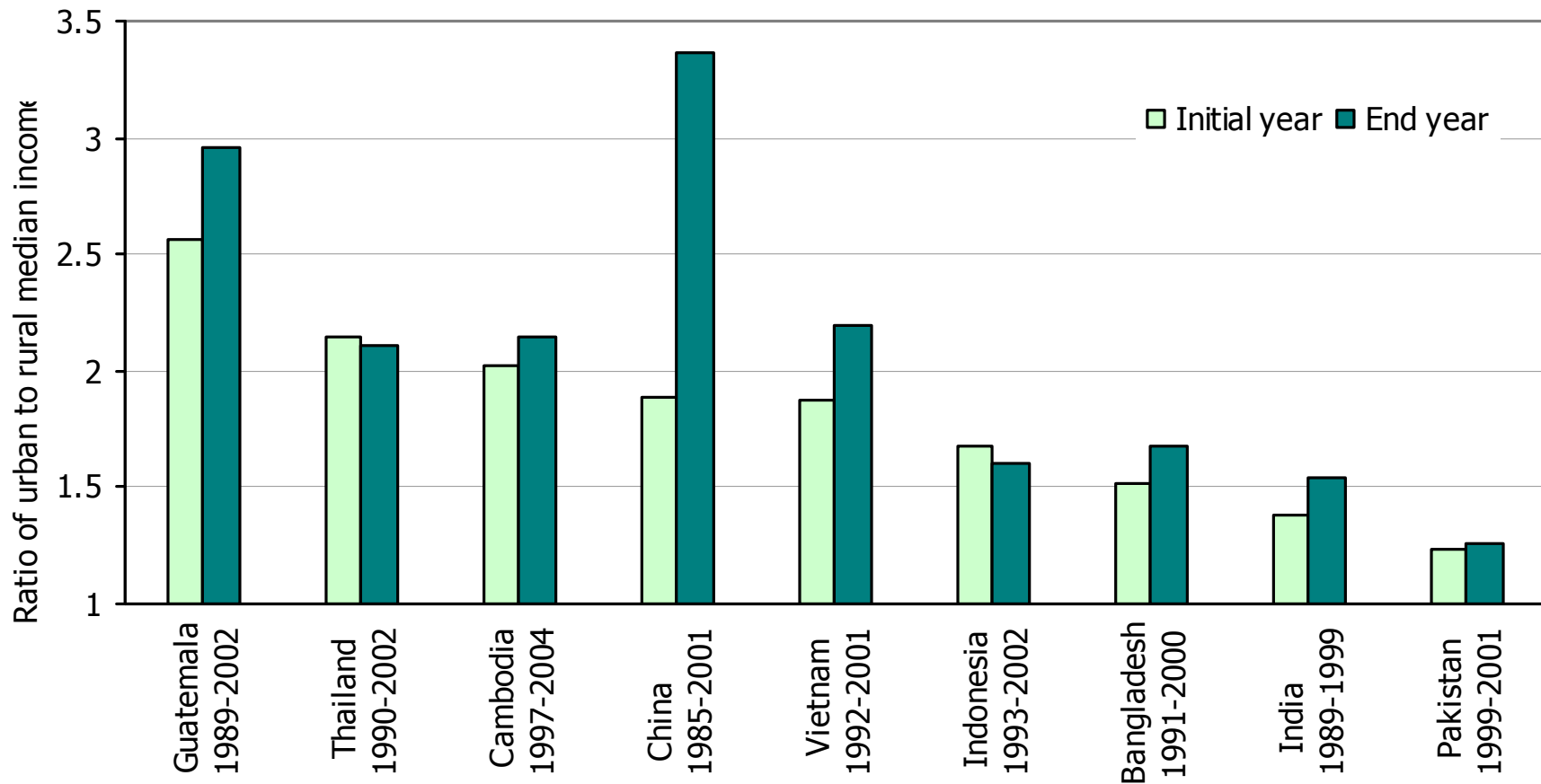




World Development Report 2008

An agenda for transforming countries

Reduce the rural-urban income disparities in Asia

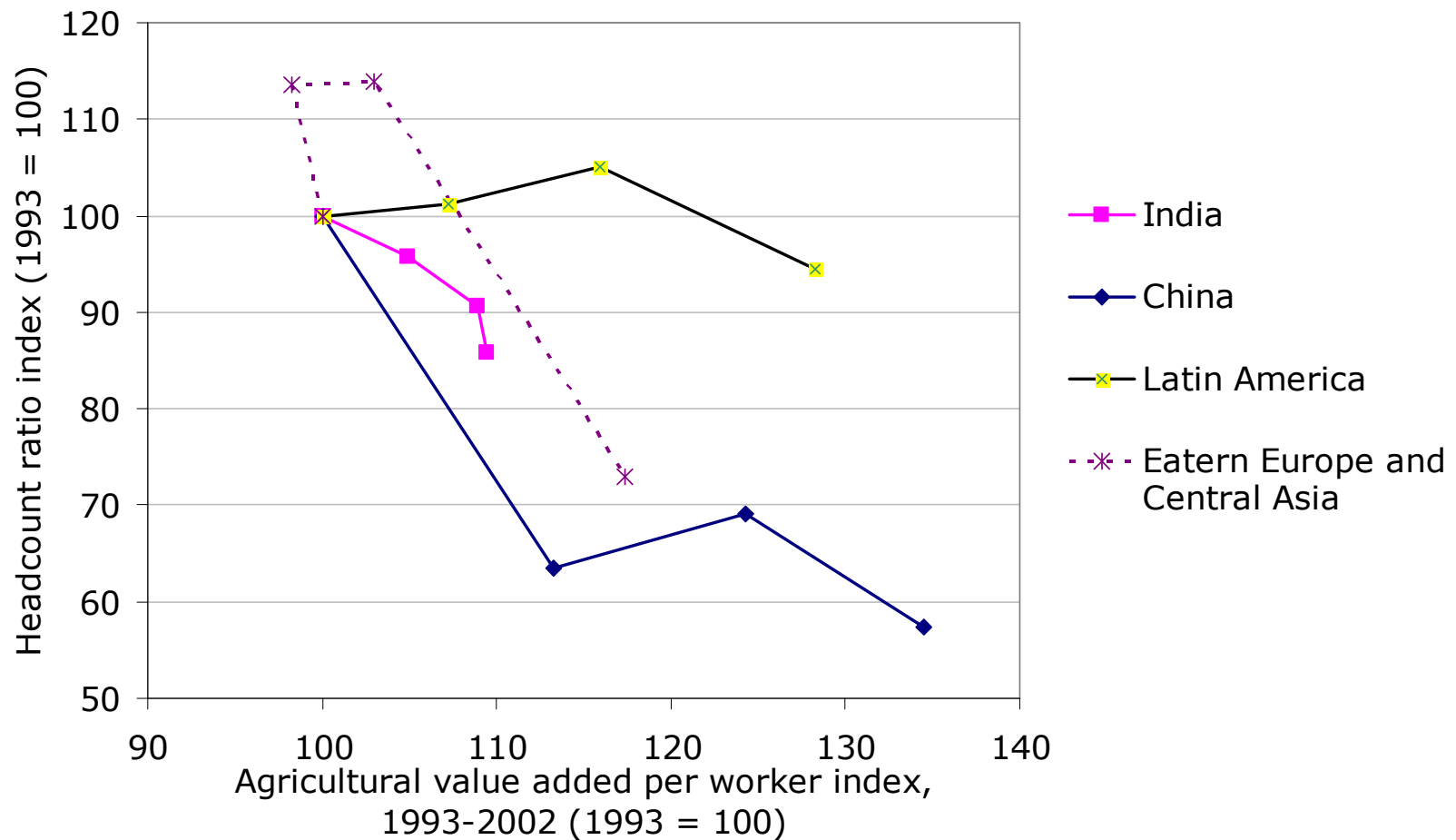




World Development Report 2008

An agenda for urbanized countries

Increase the poverty effect of agricultural growth





World Development Report 2008

An agenda for the global community

- ❑ **Improve Global Policies**
 - Reduce global trade barriers

- ❑ **Investment in Global Public Goods**
 - Undertake global R&D for the poor in an era of privatization
 - Conserve genetic resources (diversity) for food security
 - Reduce transboundary animal and plant diseases
 - Mitigate climate change

- ❑ **Reverse the declining development partner support for agriculture**

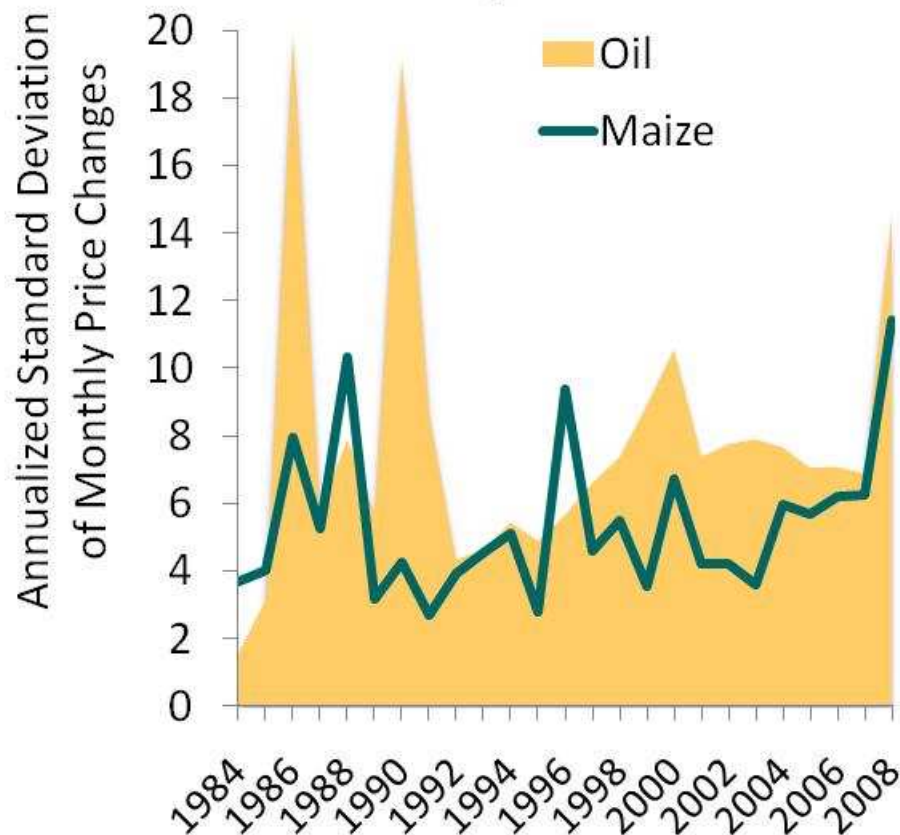
Challenges in the Changing Global Context

1. Volatility
2. Climate change
3. Feeding the world
4. New markets
5. Economic transformation
6. Political economy

Volatility

Better manage volatility... which may be increasing

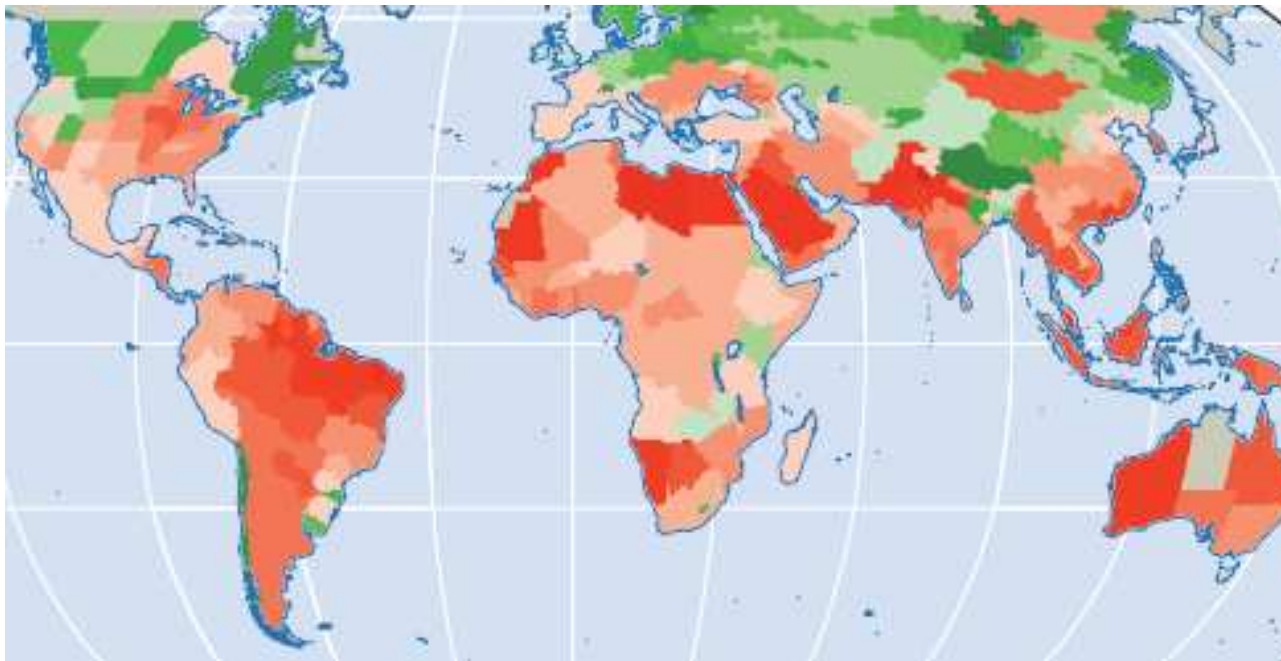
e.g. Grain price volatility may rise as oil and food markets become more integrated



- Greater linkages of oil and grain markets through ethanol based biofuels
- Greater linkages of grain markets with financial markets
- Variable trade policy responses
- More variable temperatures and rainfall
- All impact producer incentives, and food consumption

Climate Change

Do more on adaptation and mitigation



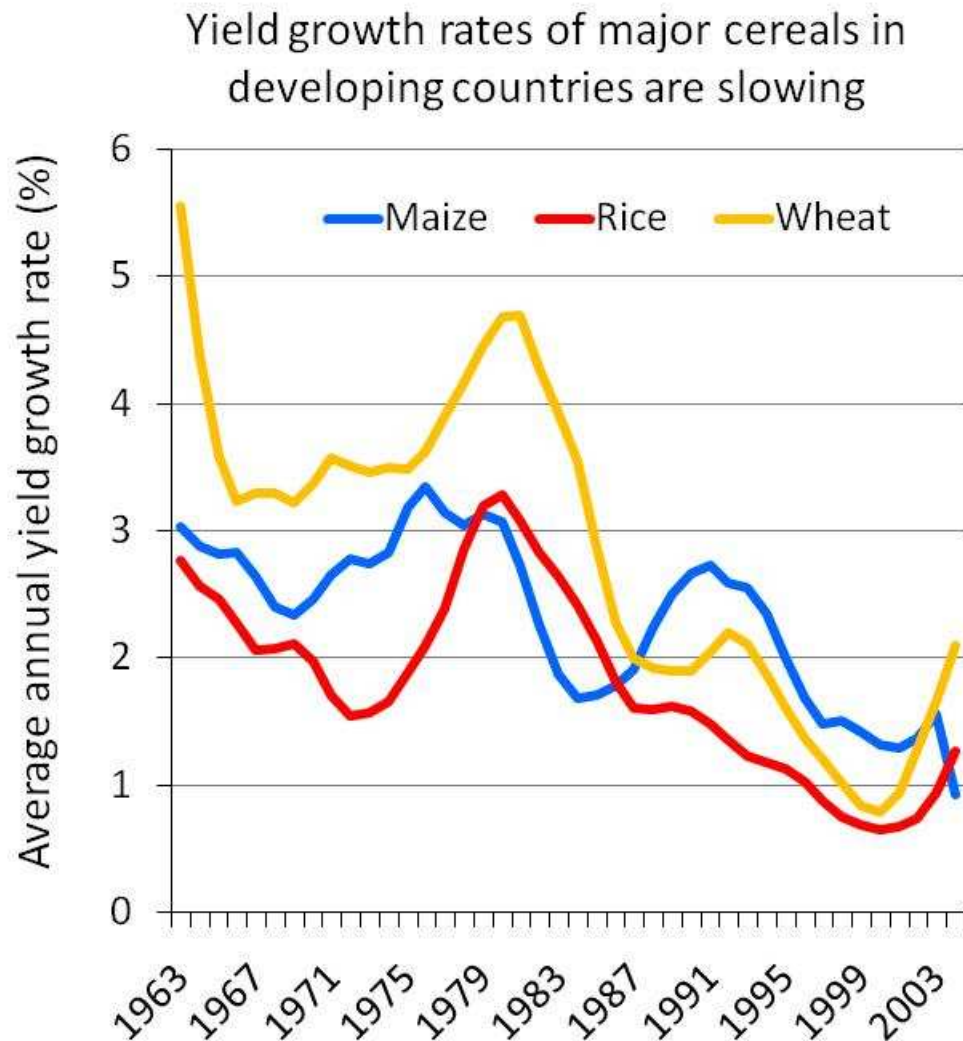
Percentage change in yields between present and 2050



- Wide estimated geographic difference in impact
- Improving productivity, resilience, trade policy, and exploiting new (carbon) markets will matter for the poor

Feeding the World

Reverse the decline in crop yield growth rates

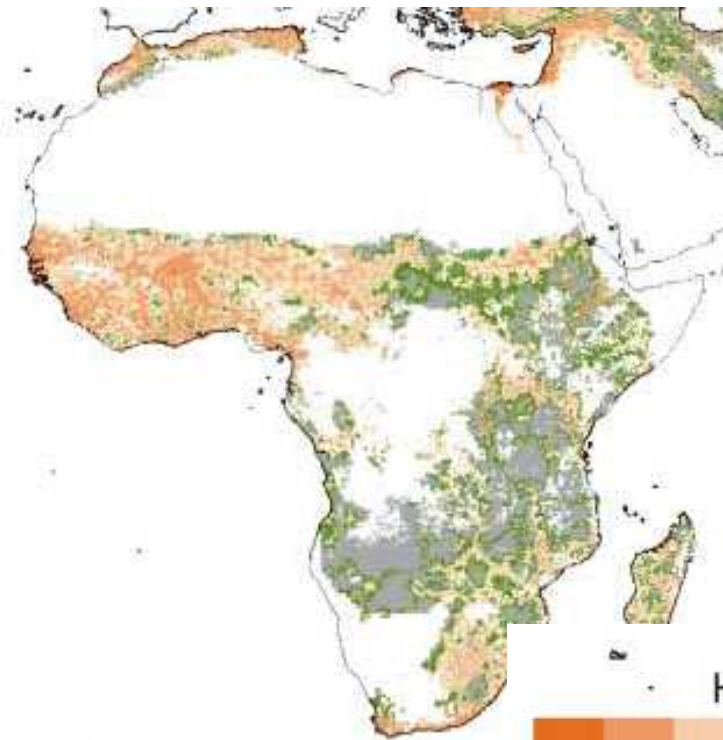


- ❑ Better use existing technology
- ❑ Improve water management
- ❑ Strengthen tenure security and land markets
- ❑ Invest in technology generation

New Markets

Maintaining and strengthening the poverty reduction impact of agricultural growth

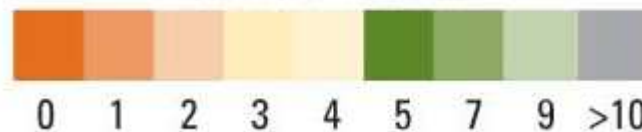
Improve infrastructure to open high potential areas to markets (Africa)



Strengthen organization to integrate smallholders into higher value markets (LCR)



Hours to Market



Implications

- ❑ Focus more on productivity growth
- ❑ Strengthen linkages of farmers to markets
- ❑ Reduce risk and vulnerability
- ❑ Facilitate entry and exit, and rural non-farm incomes
- ❑ Enhance environmental sustainability and services