

Development, Agriculture and Poverty Reduction:

Achievements and challenges

François Bourguignon

Senior Vice President and Chief Economist

The World Bank

**Annual General Meeting of the Consultative Group
for International Agricultural Research (CGIAR)**

Mexico City, October 27, 2004





Outline

- Recent advances in development thinking and development practice
 - Development achievements and the challenges ahead
 - The key role of agriculture
 - Some implications for agricultural research
- 




1. The evolution of development thinking and development practice

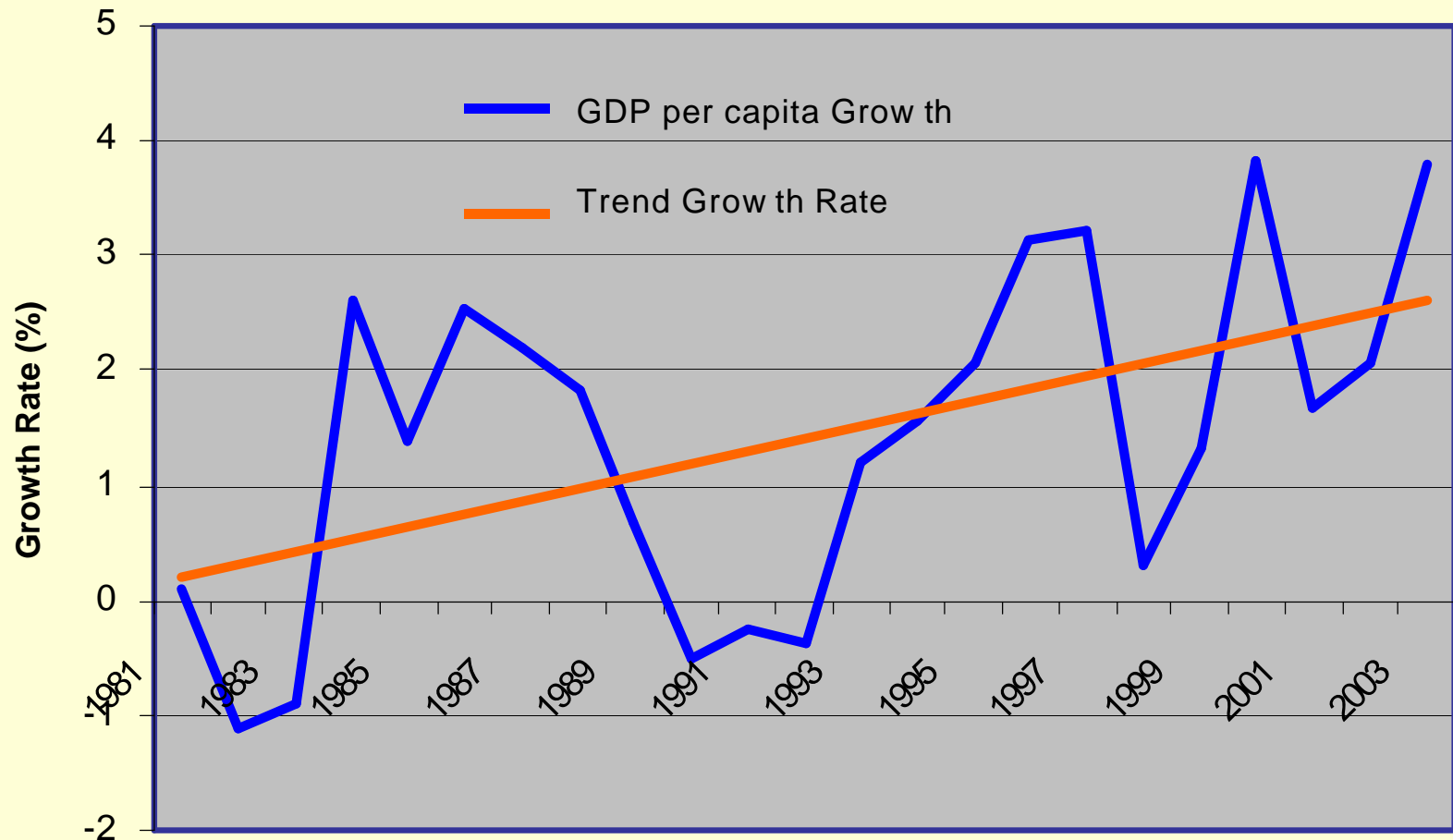
Development thinking : from "doctrines" to pragmatism

- Complementary of the State and the markets
- Development as poverty reduction
- Increasingly central role of equity
- Institutions matter
- Integrating economic and social aspects of development
- Global interdependence

Reforming development assistance

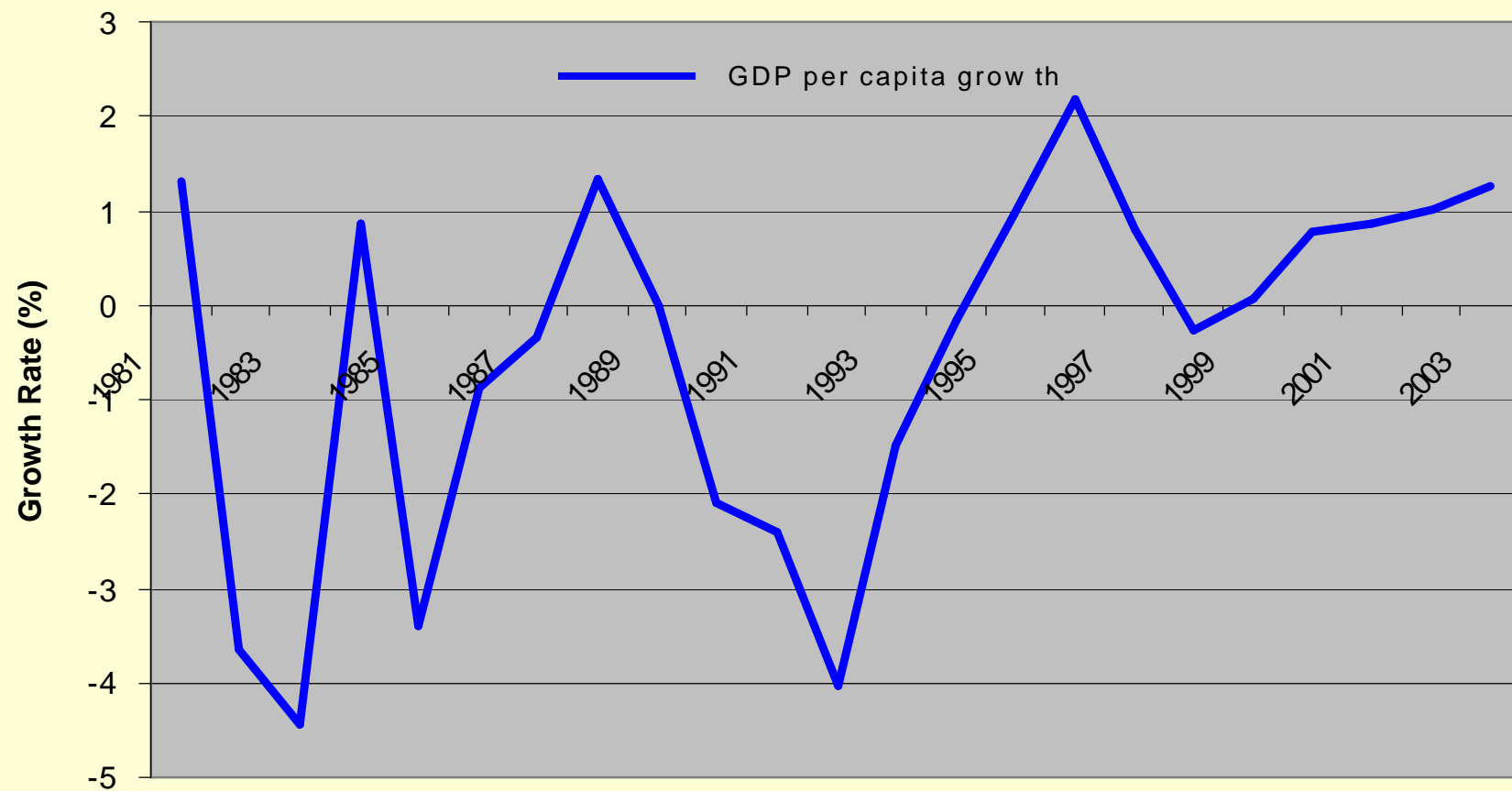
- Improving aid delivery : ownership and harmonization
 - Centrality of governance
 - Selectivity
 - The global agenda
- 

2. Development Achievements : Growth in Developing Countries, 1981-2003



Source: World Bank SIMA and GEP 2004

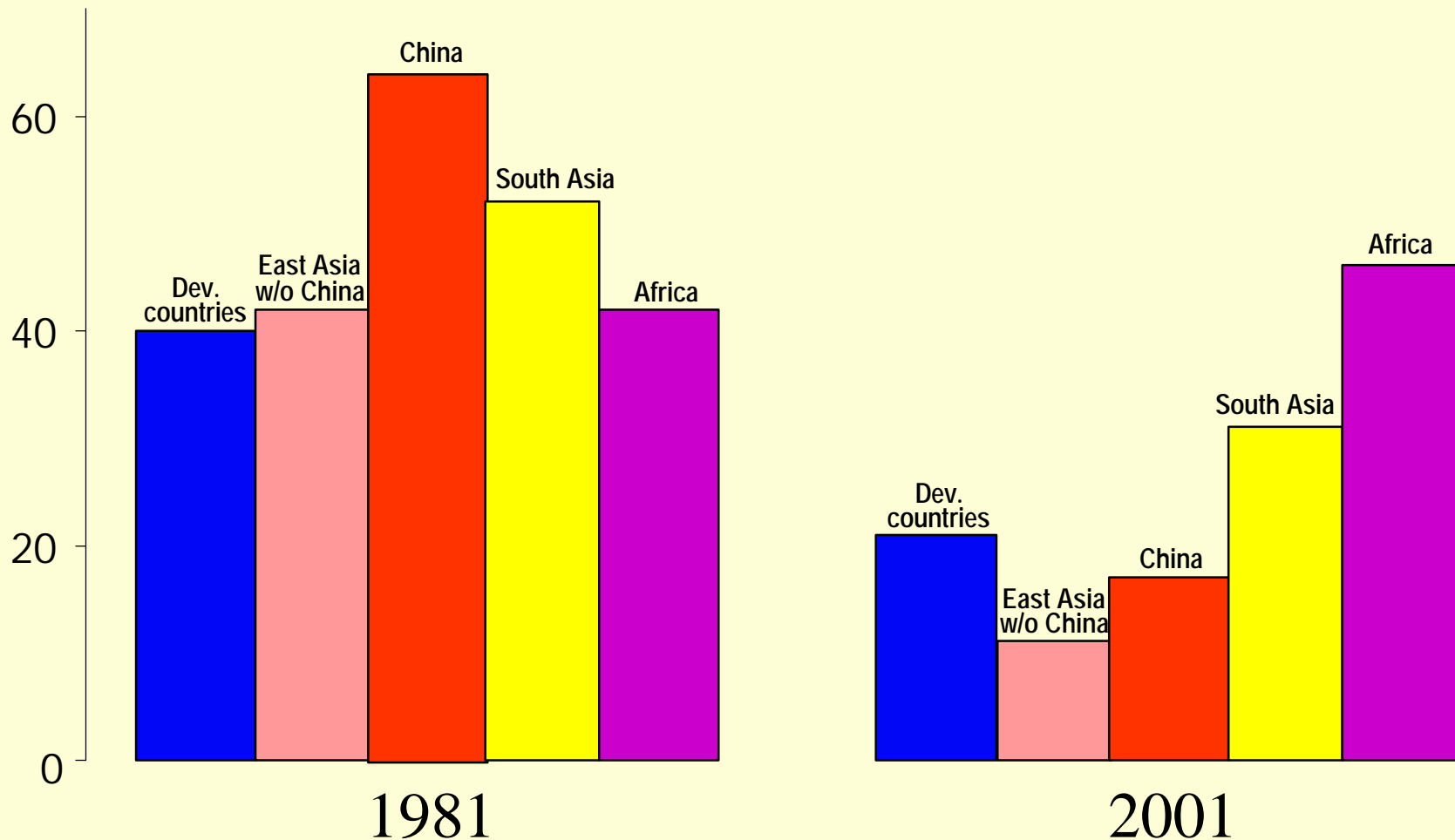
Growth in Sub-Saharan Africa, 1981-2003



Source: World Bank, SIMA and GEP 2004

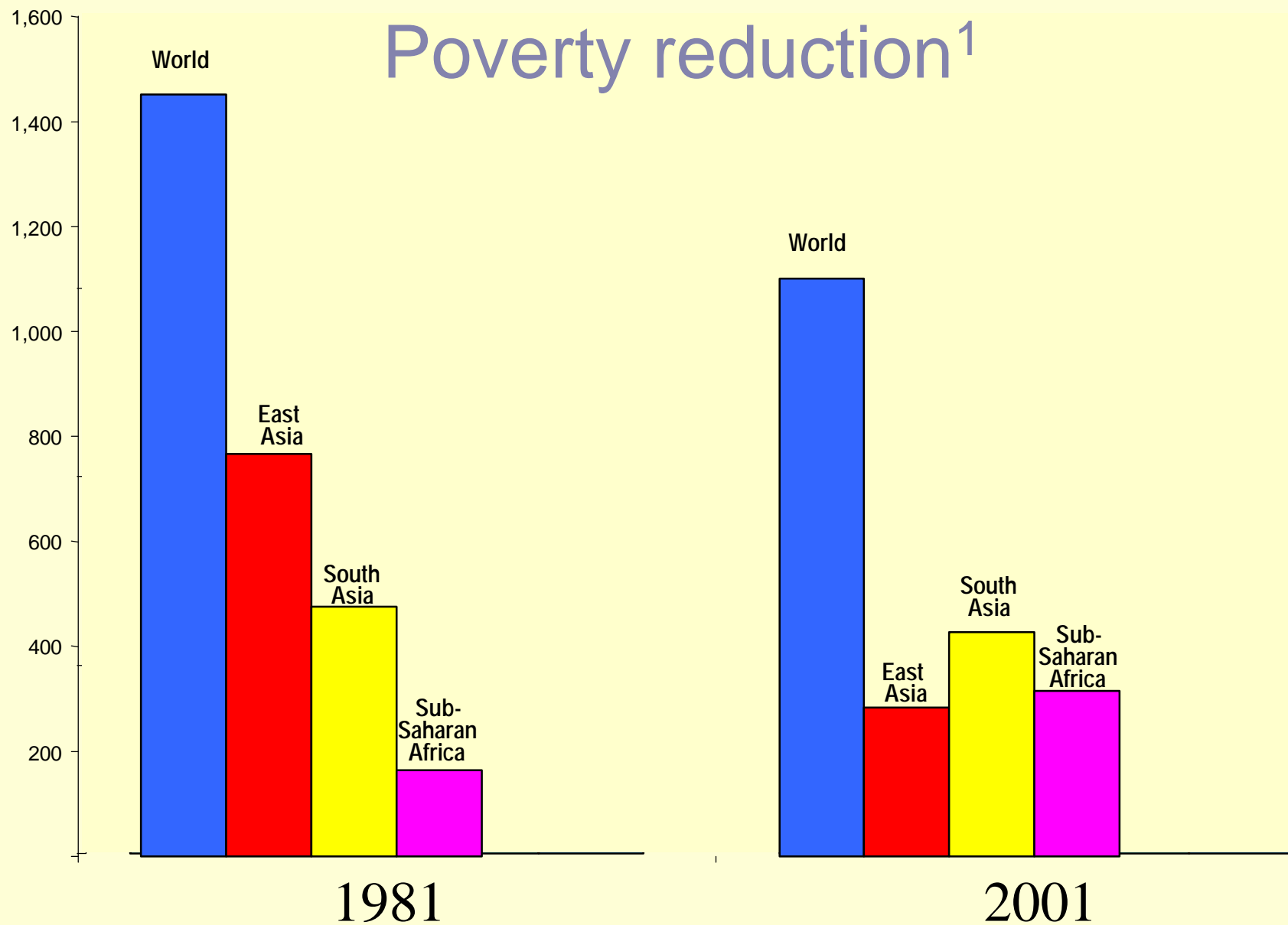
Incidence of poverty¹

Share (percent)



¹Poverty defined as living on less than \$1 dollars (1993 PPP) a day. *Source: Chen and Ravallion (2004).*

Poverty reduction¹



¹Poverty defined as living on less than \$1 dollars (1993 PPP) a day. *Source: Chen and Ravallion (2004).*

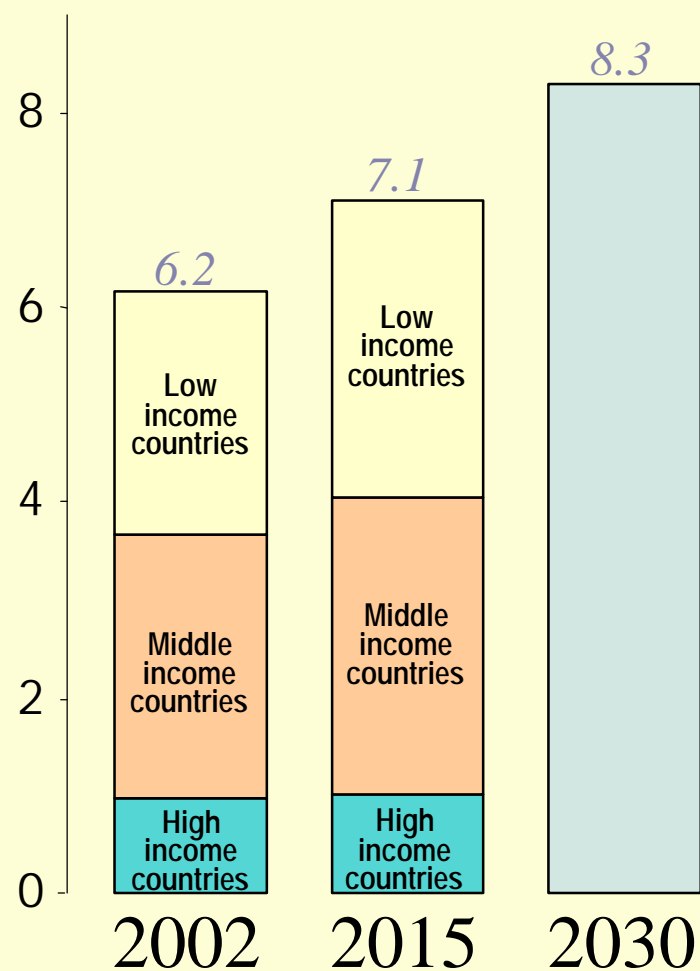
Non-income dimensions of poverty

Education	School enrollment, primary (%) (gross)			Illiteracy rate, adult females (% of females ages 15 and		
	1970	1980	2000	1970	1980	2000
East Asia and Pacific	89	111	106	57	42	21
Europe & Central Asia	..	99	95	8	7	4
Latin America & the Caribbean	107	105	132	30	23	12
Middle East & N. Africa	70	87	95	83	73	49
South Asia	71	77	98	82	75	58
Sub-Saharan Africa	51	80	79	82	72	48
Health	Fertility Rate (Total births per woman)			Under 5 mortality rates (per 1000 live births)		
	1970	1980	2000	1970	1980	2000
East Asia and Pacific	5.72	3.06	2.12	125	77	44
CEE/CIS & Baltic States	2.65	2.47	1.57	76	58	38
Latin America & the Caribbean	5.25	4.09	2.56	123	84	36
Middle East & N. Africa	6.74	6.17	3.41	196	132	62
South Asia	5.98	5.26	3.29	206	176	100
Sub-Saharan Africa	6.62	6.63	5.20	223	194	174

Source: Stern, Dethier, Rogers (2005)

Challenges ahead : population

Population (billions)





Challenges ahead


- Continuing convergence and divergence
- MDGs : MDG1 likely to be reached for the whole world, but barely in Latin America and not in SSA.






3. The Role of Agriculture

- Less controversial but also less debated
 - Yet, poverty is 75% rural
 - Equity, institutions, multi-disciplinarity issues have very much to do with rural sector.

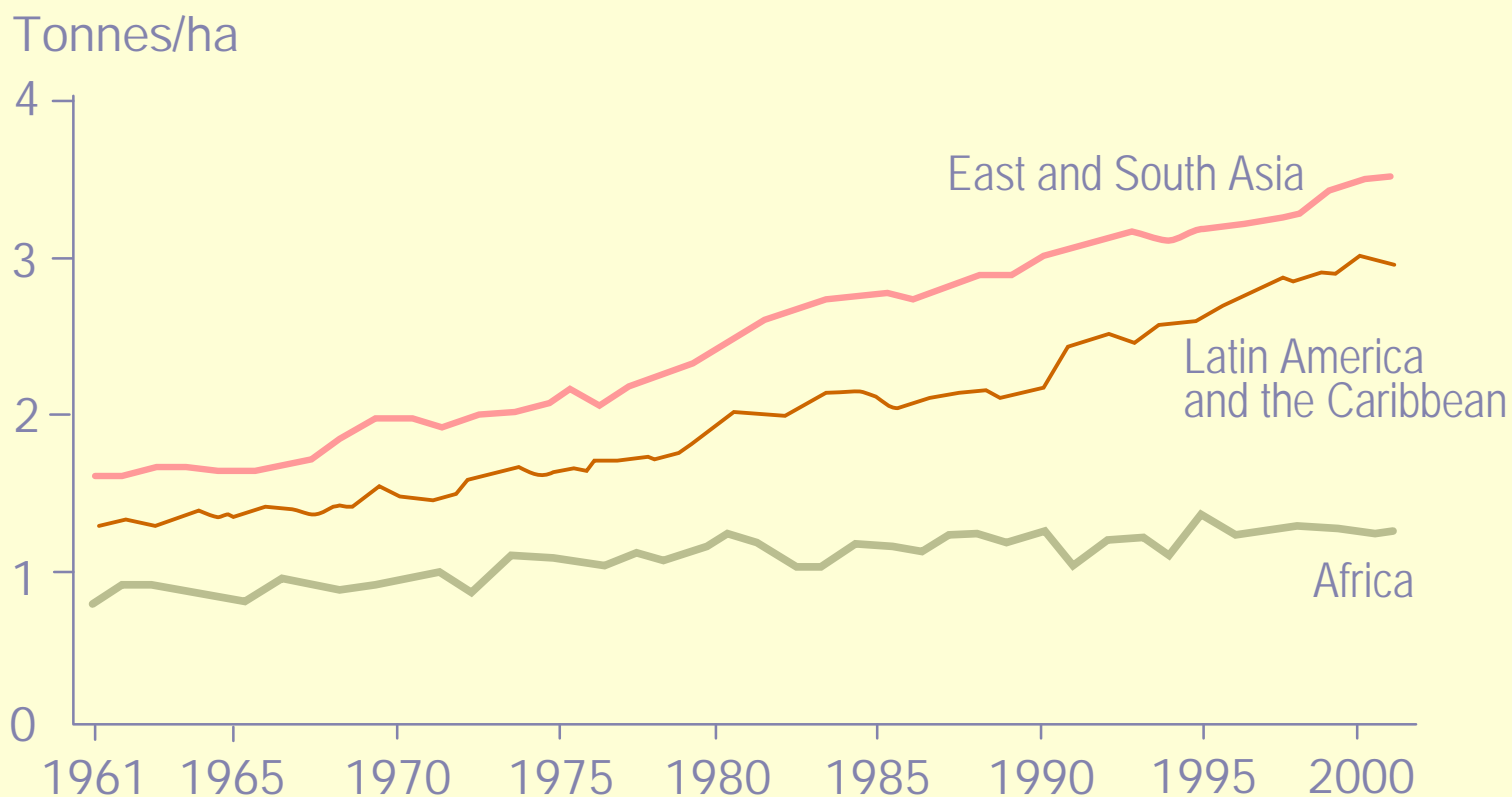
 - Multiple examples that successful development stories involved concomitant or previous gains in agricultural productivity.
 - The complementarity of rural farm and non-farm sectors
- 



Agricultural productivity constraint in unsuccessful Sub-Saharan African development experiences

- The dualism of the agricultural sector (favorable vs. less favorable areas)
 - Migration might reduce poverty but it will take a long time
 - Slow (or negative) growth is not pro-poor (increasing inequality)
- 

Increasing gaps in agricultural productivity

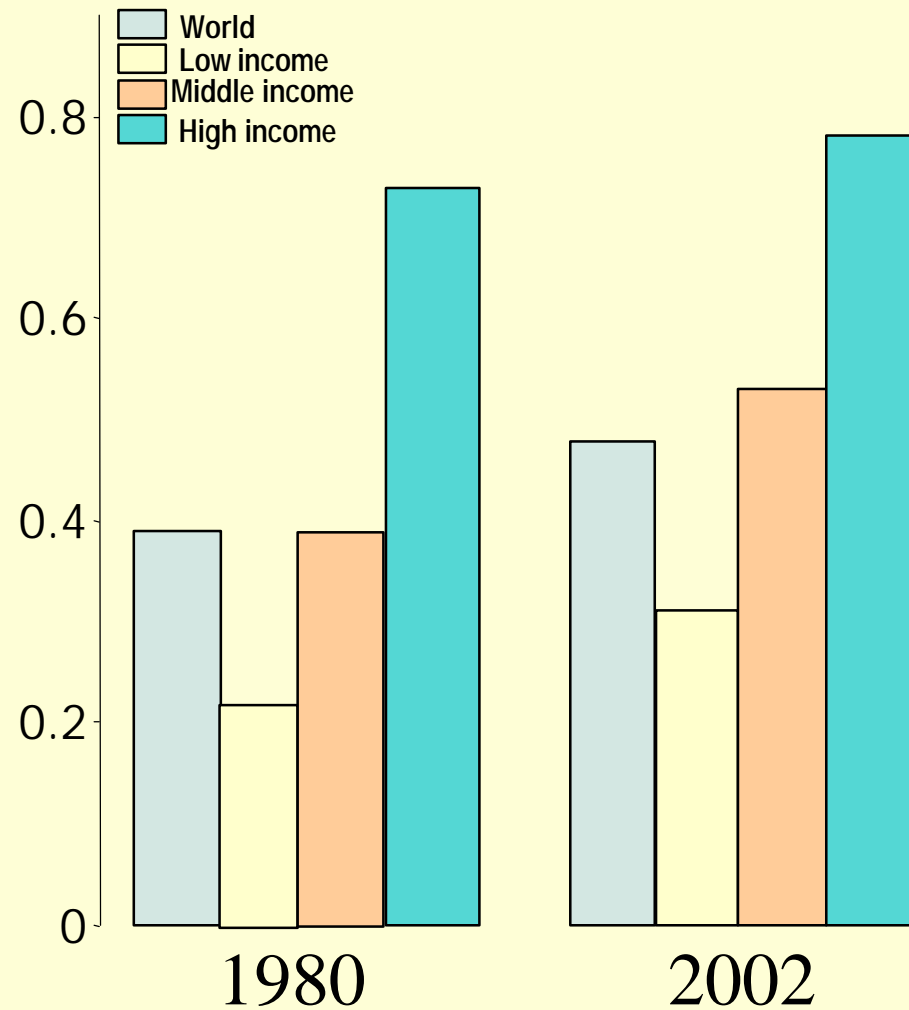


Source: IFPRI

Source: FAOSTAT

Urbanization

Percent urban






A stylized model of poverty reduction strategies in SSA

3 sectors : urban (U), rural with favorable land (Rf), rural with less favorable land (Ru)

Poverty concentrated in Ru

Poverty reduction strategies :

- a) Accelerate growth in U and Rf with migration out of Ru : faster overall growth with increasing inequality and slow poverty reduction
 - b) Increase standard of living in Ru : slower growth with decreasing inequality and faster poverty reduction
 - c) Both ??
- 



4. Some implications for research on rural development

Increasing productivity and standard of living:

- *Directly* through the development and adoption of new High Yield Varieties adapted to a variety of ecosystems.
- *Indirectly* through improved infrastructures allowing farmers to adopt existing HYVs for food crops and to switch to cash crops and other activities.

Facilitating migration towards favorable land areas, through productivity gains and non-farm development there.

