

Thursday June 11, 2015

### Agricultural Productivity in Eastern Europe

Transition from communism to capitalism in Eastern Europe still has a deep impact on agriculture.

The increase in labor demand in cities triggers migration flows, following the Lewis dual sector model (1954). Subsidies prove unable in keeping labor in agriculture, and the share of agriculture in GDP decreases. The discussion covered the controversy on the positive relationship between scale and efficiency, with particular insights on Ukraine.

Furthermore, policymakers face a trade-off between equity and efficiency, as removing barriers to entrance likely increases productivity, but also weakens small producers. Indeed, evidence shows that community engagement is crucial for the success of international investments.

### Question of the Day

**"If you were a public decision-maker seeking to reduce poverty and had one dollar to invest, would you put it in urban or rural areas?"**

**Ravi Kanbur** during the session: *Rural Development in the Middle East and North Africa*



### GR 2.0: What New Prospects for Agricultural Development?

The theme of the first plenary session focused on the nature of characteristics of "Green Revolution 2.0," as it is increasingly being called. The panel consisted of four of the leading food and agricultural researchers in the world, Prabhu Pingali and Ravi Kanbur (Cornell University), Michael George Hage (FAO), and Shanta Devarajan (WB). The speakers provided very different perspectives on the topic. R. Kanbur presented a succinct theoretical framework, connecting the Kuznets' curve to emerging questions, viz. the ambiguity involving intra-household inequality and whether the agricultural commodities are tradeable.

M. Hage's presentation, drawing upon the FAO World Report Card 2015, in effect complemented Kanbur's theoretical approach with empirical evidence about the state of food insecurity in the world, including the fact that there are still 780 million "food insecure" people in Asia and Sub-Saharan Africa. He also pointed out some of the key drivers of success, including social protection and sustained political commitment. P. Pingali highlighted that GR 2.0 must involve a new paradigm, and new lenses – women's empowerment, biofortification, marginal farming, etc. – are needed to study the newer challenges. S. Devarajan's talk went beyond agriculture, and challenged the MENA region to form a new social contract not only in agriculture, but in social services in general. The panel concluded with an intense and involved audience interaction.



**In Session:** *Interaction between Social Protection Programs and Rural Development Projects (LACEA)*

## Introducing Good Practices of 'BOP' Business

People at the base of the pyramid harbour a potential for consumption, production, innovation, and entrepreneurial activity but it is currently largely untapped. The challenge of “Inclusive Business Models” is dual: to include the poor both on the demand side and on the supply side. Besides, such good practices potentially create co-benefits for both business and BOP. The panellists of session 2 presented various case studies of “inclusive business” in agriculture and nutrition. On the demand side, Yakult Danone’s example is particularly relevant: a probiotic drink effective to address infectious disease and malnutrition, especially for children. 3 million bottles a day are sold in Indonesia. On the supply side, the “one village, one product” (OVOP) movement in Malawi allows to create and commercialize competitive products based on local resources, self-reliance and creativity, and strengthen capacity development of local people. To integrate the BOP within the value chain is not a target but a key to success.

## Facts and Figures

### MENA Region has

- 3.3% of world's GDP
- 5.5% of its population
- 48% of its energy subsidies

*Shanta Devarajan in Plenary 1*

## Photo-Gallery: A View from the First Day of GDN's 16th Annual Global Development Conference

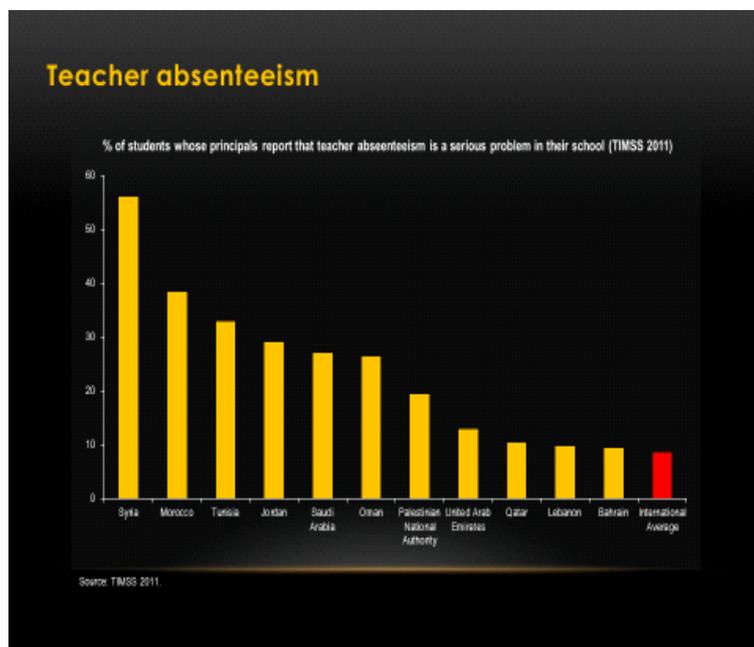


## From Production to Consumption and Nutrition

The session 4 with representatives of AFD, CIRAD, IFAR and AFRISTAT proposed a paradigm shift in the way we approach food security in West and Central Africa. Based on the data from different household surveys, Tchamda and Bricas' study firstly shows that there is actually a huge proportion of net food buyers in rural areas, secondly that export markets are not the main drivers of agricultural development and thirdly that cereals are not anymore the overwhelming food intake in the rural region.

To complement these facts, Landon and Wade emphasized the role of the informal intermediate sector as a strategic actor between agricultural production and domestic markets. The mainstream belief postulates that agricultural development should be based on production and integration of the domestic agro food industries in the global markets through exports. Beyond that idea, it seems now important to recognize the role of the domestic market and the food processing industry as the critical actors when we consider food safety. The lively discussions revolved around the need to focus more on consumption and nutrition rather than production.

## Graph of the Day



*\*Shanta Devarajan in Plenary 1*