

Structural transformation, poverty and food insecurity

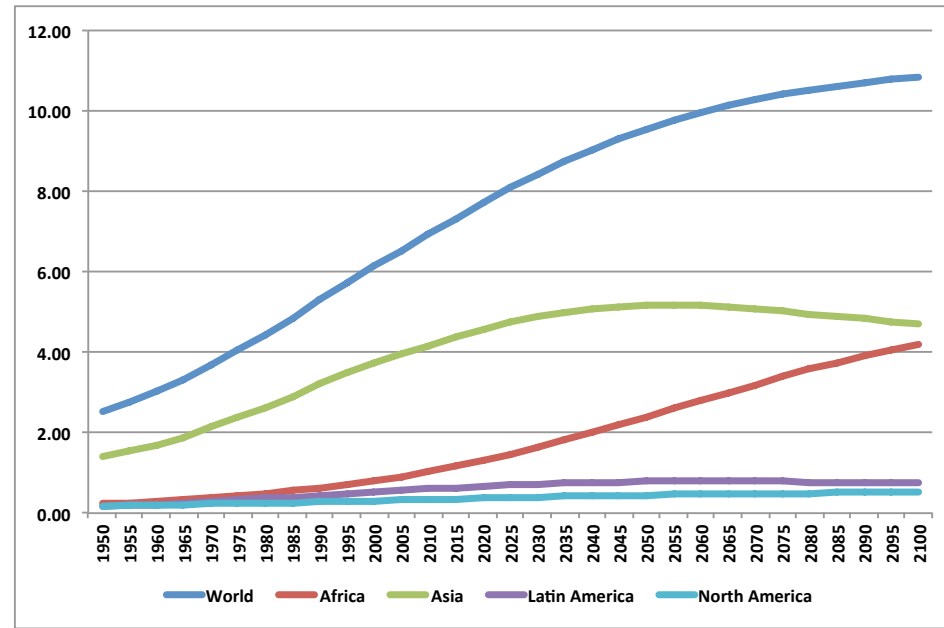
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Historical changes

- Population:
 - Last 40 years, grew by 3.2 billion
 - Next 40 years, will grow by 2.3 billion (by 2050, 9.2 billion)
- Parallel changes:
 - Natural resources: depleting
 - Consequences of climate change
 - Asymmetric development in world regions
 - Urbanising fast, but by 2050, 2.8 billion will still live in rural areas (of this South Asia will account slightly less than 2/3)
- Agriculture will remain the core economic activity of the poor → its evolution will determine poverty outcomes



Poverty alleviation and food security discourses and projects seem to lack a long-term vision

Historical economic transition: statistical evidence

Sectorial transition

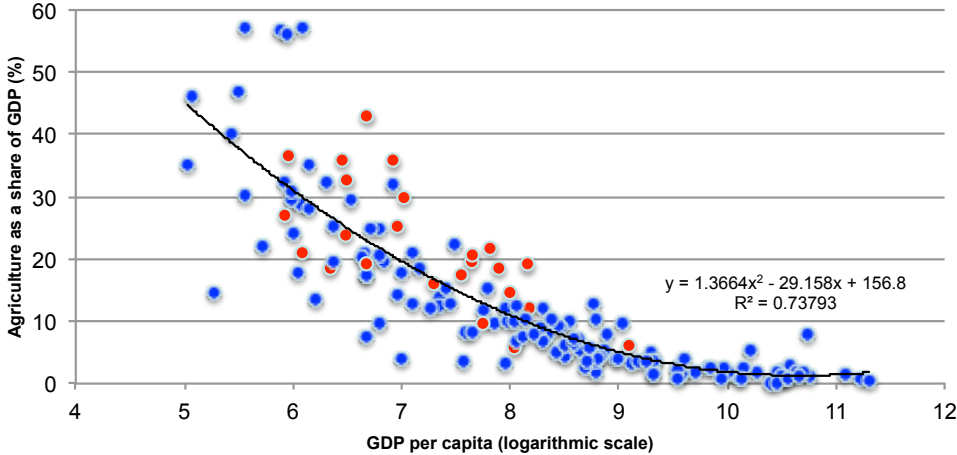
Urbanisation and spatial tendency

Demographic transition

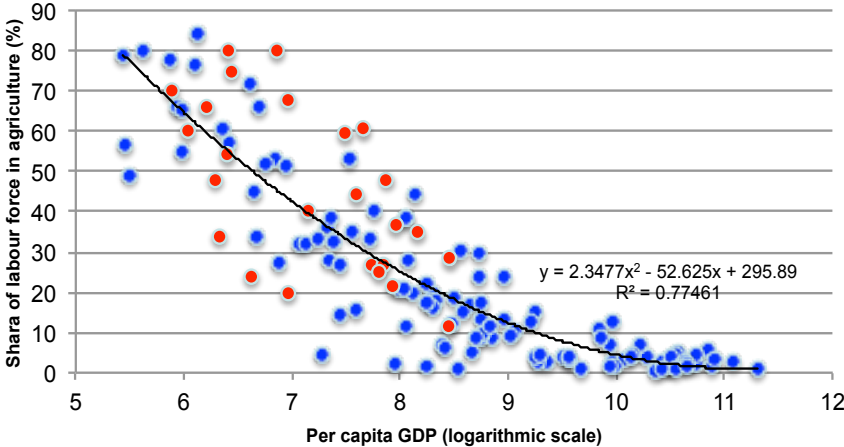
Institutional transformation

Declining relative share of agriculture in GDP and in employment

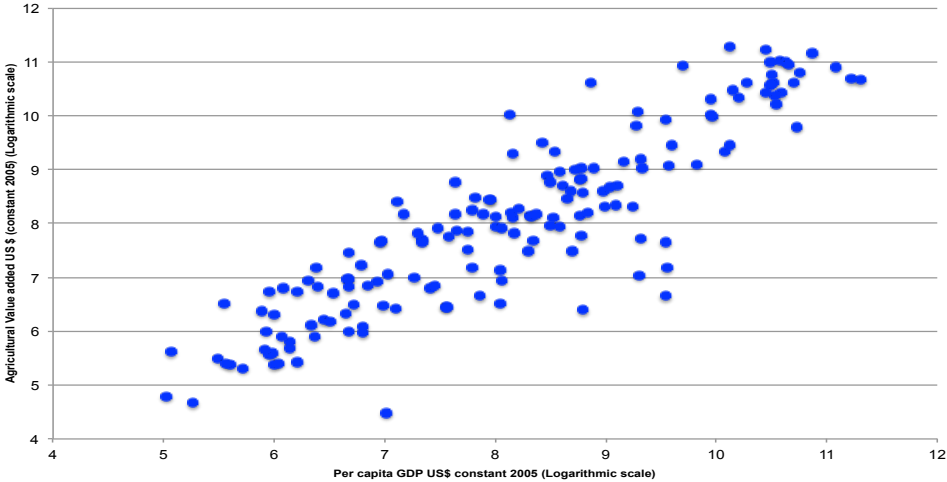
Share of agriculture in GDP and per capita GDP



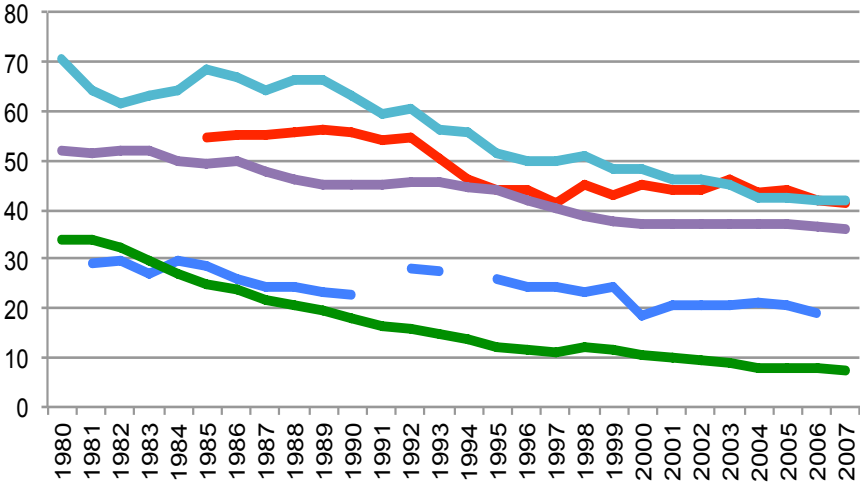
Employment share in agriculture



Agriculture value added per capita and per capita GDP



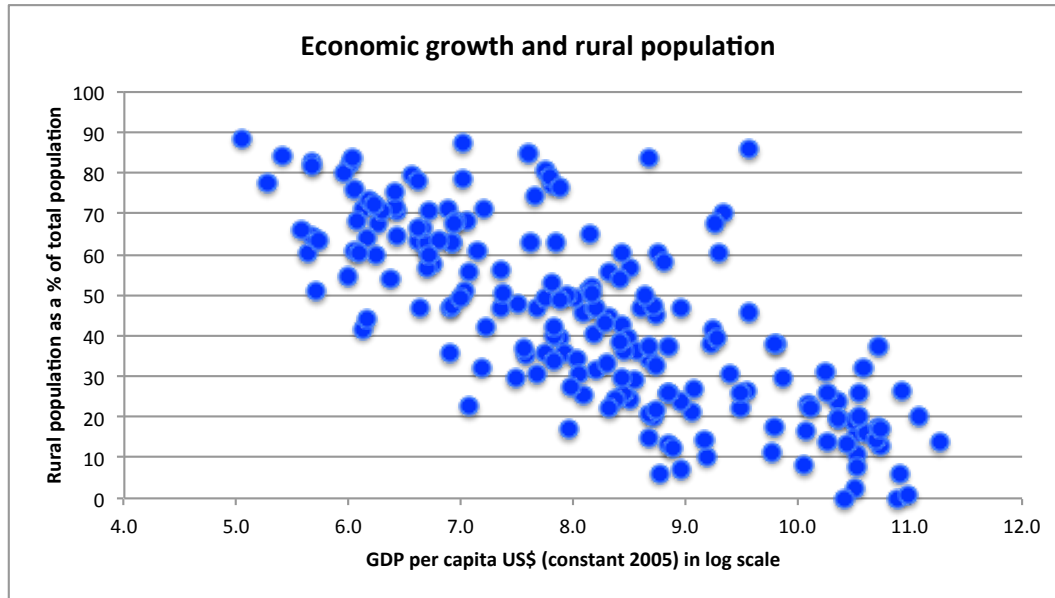
Employment in agriculture (% of total employment)



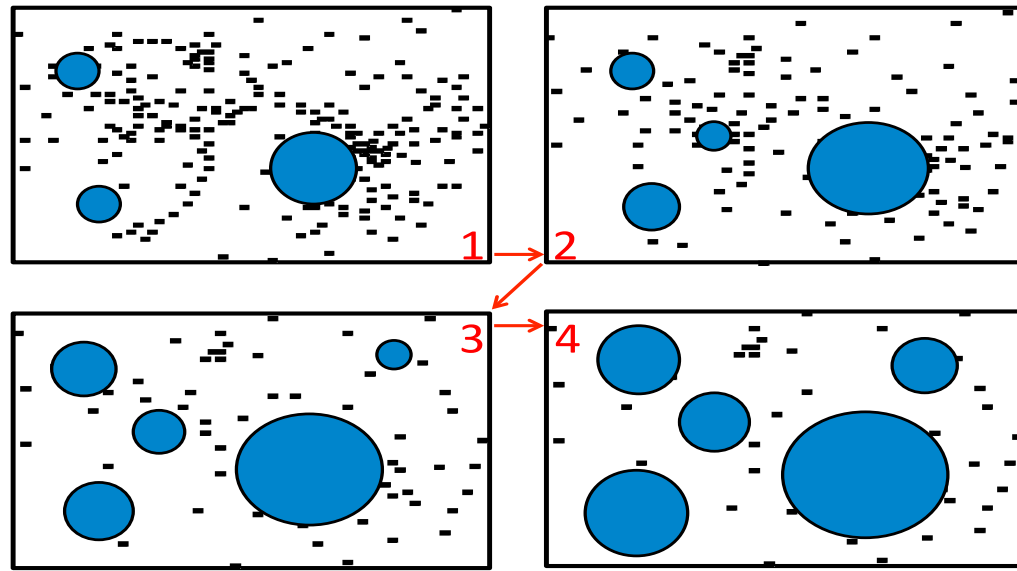
- Brazil
- Indonesia
- Korea, Rep.
- Philippines
- Thailand

Urbanisation and spatial transition

Share of rural population declines with income growth



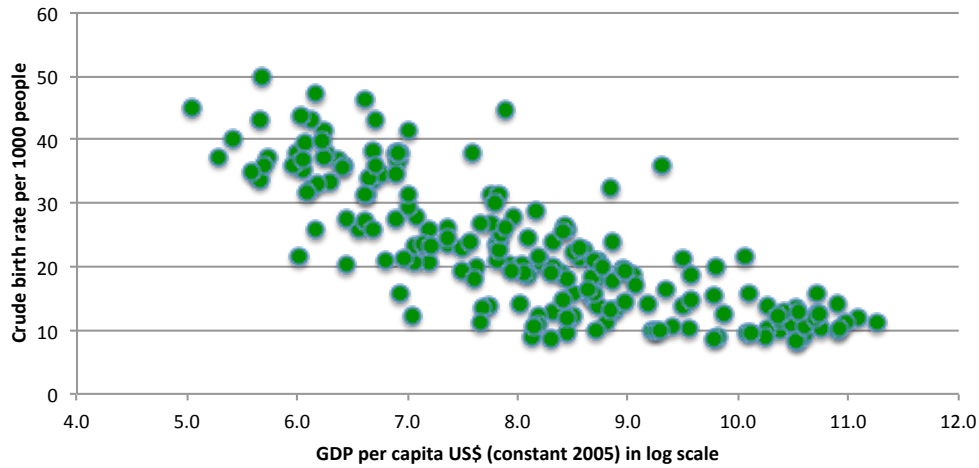
Agriculture too agglomerates



Demographic transition

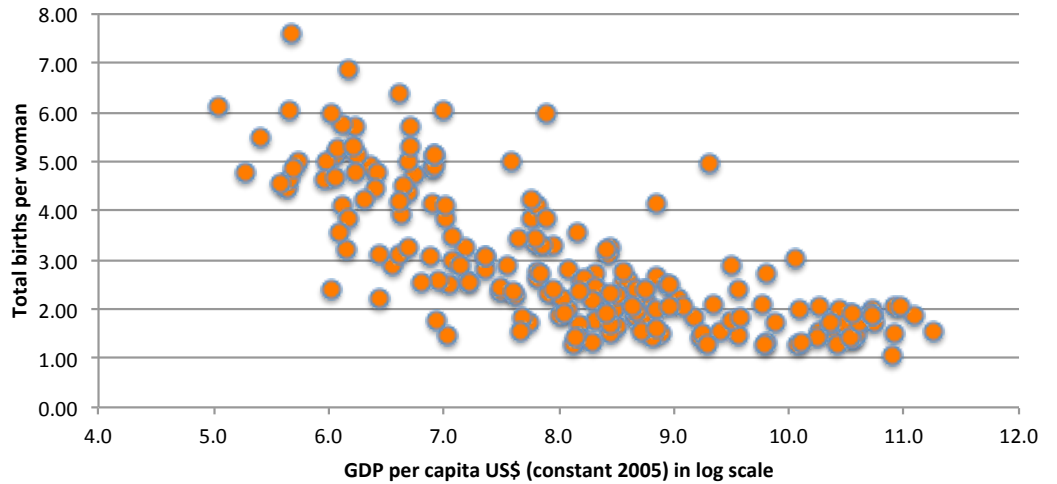
Birth rates decline with economic growth

Economic growth and birth rates

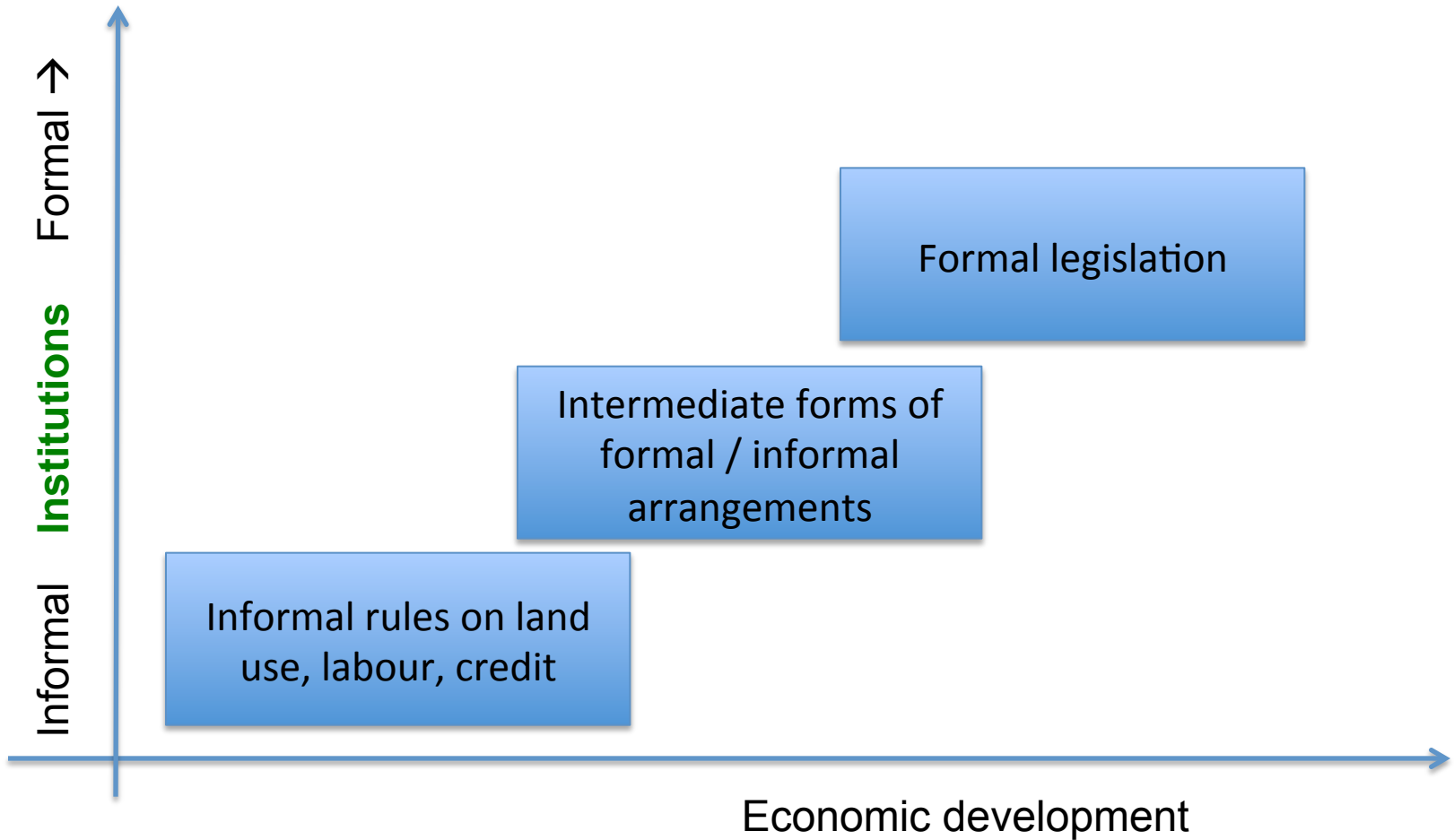


Total births per woman declines

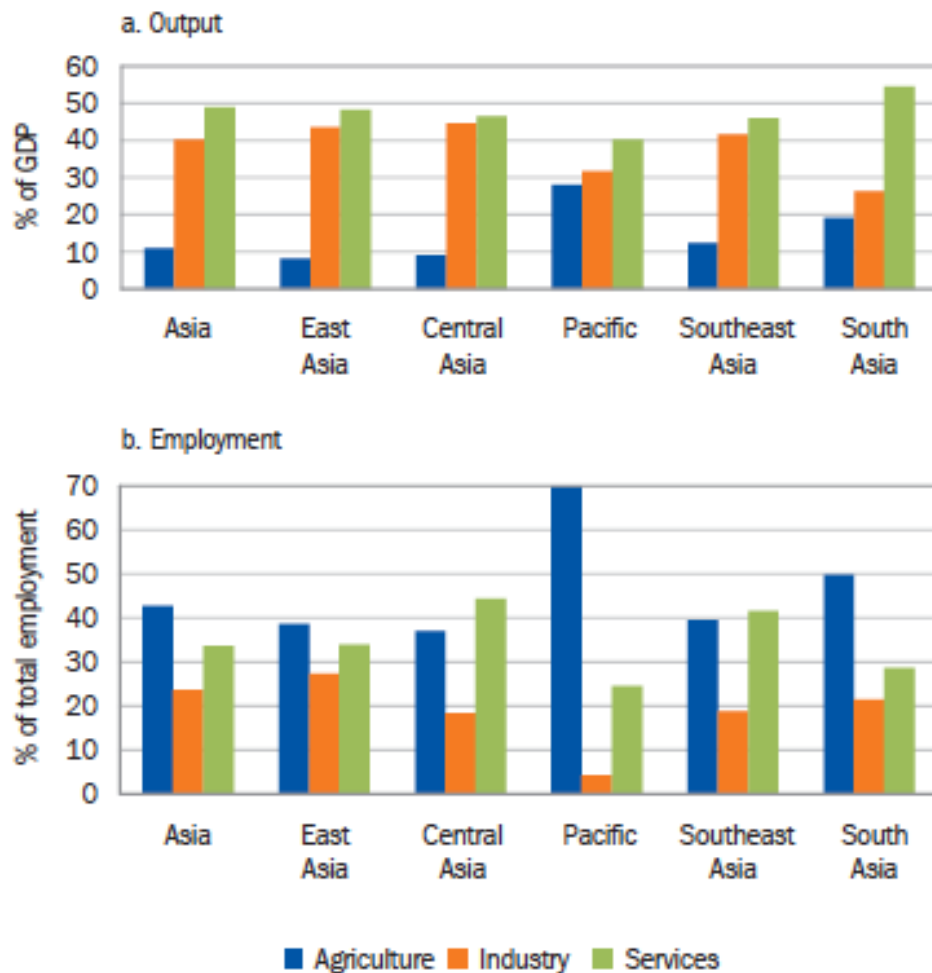
Economic growth and fertility



Institutional evolution



Asia-Pacific transformation – output and employment



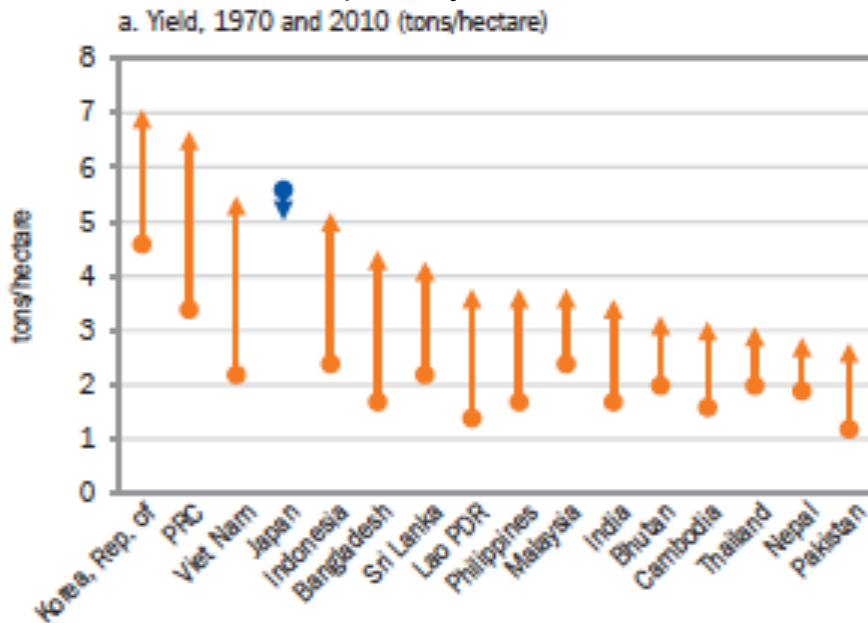
- Agriculture's share of both GDP and employment declined, but agriculture remains the largest employer in developing Asian countries
- Services sector accounts for the largest share of GDP in all five regions
- Industry accounts for a smaller share both in GDP and employment
- In Asia, labour has been reallocated from agriculture into services

Source: ADB (2013)

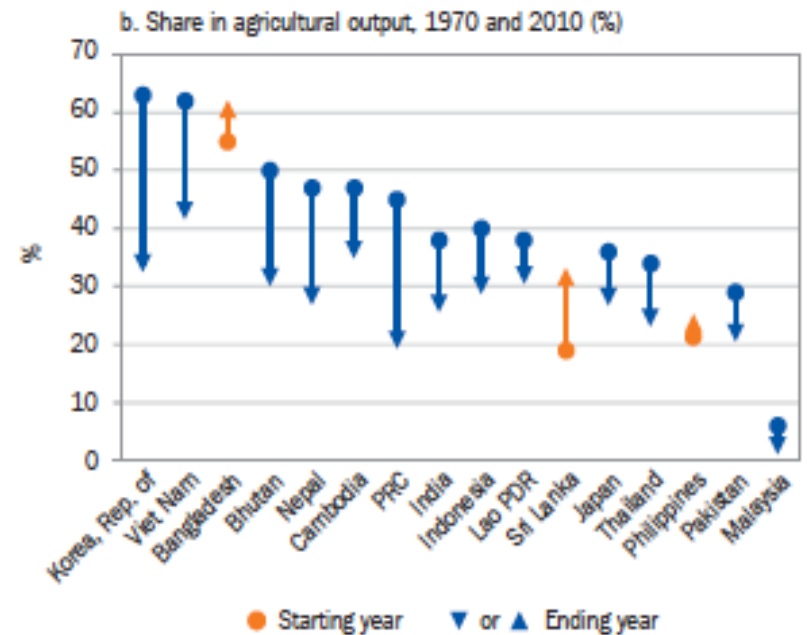
Asia-Pacific transformation...

- Agriculture's share of total output declining, but employment share declined slower → labour productivity in agriculture remains low (1 reason: agriculture is a sink for surplus labour - shift from labour surplus to labour shortage in agriculture is yet to be realised)
- Productivity of agricultural labour has risen rapidly in China, Japan, Korea, Malaysia
- Land productivity has increased in Asia on average by 2.24% per annum; agricultural land area has still expanded in Indonesia, Malaysia, Laos and Vietnam
- Technological change in agriculture improved yields recently (Bangladesh, Laos, Pakistan, Viet Nam); China, Korea, which had already high rates in 1970s, reached 6.5 tons per hectare

Yield – primary cereals



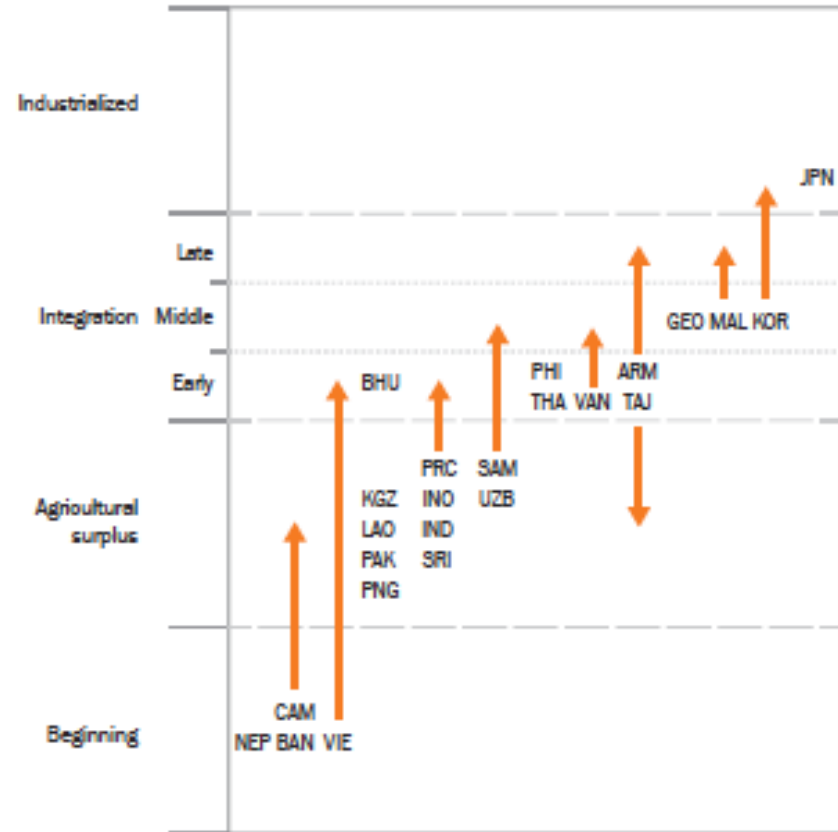
Share of primary cereals in agricultural output



Characterising Asia-Pacific transition: Timmer (1998) four-phases - beginning, agricultural surplus, integration, and industrialisation

1980 to 2010

- Beginning: productivity of agricultural labour begins to increase. Eventually, productivity rises sufficiently to enable a transition to a second phase
- Agricultural surplus phase: agricultural surplus allows industry and services to grow by mobilizing labour, savings, tax revenue from agriculture
- Integration phase: industry and services become significant through improved infrastructure and development of markets
- Industrialisation: complete integration where surplus labour in agriculture has been fully absorbed in the industrial sector



▲ ▼ Indicates movement from 1980 to 2010. No arrow indicates no movements.

ARM = Armenia, BAN = Bangladesh, BHU = Bhutan, CAM = Cambodia, GEO = Georgia, GDP = gross domestic product, IND = India, INO = Indonesia, JPN = Japan, KOR = Republic of Korea, KGZ = Kyrgyz Republic, LAO = Lao People's Democratic Republic, MAL = Malaysia, NEP = Nepal, PAK = Pakistan, PHI = Philippines, PNG = Papua New Guinea, PRC = People's Republic of China, SAM = Samoa, SRI = Sri Lanka, TAJ = Tajikistan, THA = Thailand, UZB = Uzbekistan, VAN = Vanuatu, VIE = Viet Nam.

Summary

- Asia-Pacific economies have undergone structural transformation during the last 40 years, but pace and extent have been very uneven
 - Five successful countries: Japan, Hong-Kong, China, Korea and Singapore
 - Significant ST: China but long way to go
 - ST in terms of diversification: Indonesia, Malaysia, the Philippines, Thailand
 - Lag behind: India, Bangladesh, Pakistan, all rest of small economies
- Share of agriculture in output declined, but agriculture remains the largest employer
- Shift from agriculture to services has occurred, but agribusiness transformation is also taking place