Discussion of session on:

How, Where and When Agriculture Can Be Used to Address Chronic Poverty

Thom Jayne

Michigan State University
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LOW AGRICULTURAL INCOMES ARE GENERALLY CORRELATED WITH HIGH POVERTY RATES
Lewis presentation

- Laudable and ambitious in its goals
- Identifies the crucial policies and programs
- Presented as if donor resolve, funding, and a good strategy will be successful in slashing poverty rates
- Even with significant rise in funding for donor programs, their effects will be overshadowed by government programs and policies.
- The most important determinant of poverty rates in the future will be public policies and programs (lessons from structural transformation in Asia)

Farm size distribution:
Small farm sector
Characteristics of smallholder farmers, Zambia 2003/04

<table>
<thead>
<tr>
<th></th>
<th>N=</th>
<th>Farm size (ha)</th>
<th>Asset values (US$)</th>
<th>Gr. Rev., maize sales (US$)</th>
<th>Gr. Rev., crop sales (US$)</th>
<th>Total hh income (US$)</th>
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</thead>
<tbody>
<tr>
<td>Top 50% of maize sales</td>
<td>23,680</td>
<td>6.0</td>
<td>1,558</td>
<td>690</td>
<td>823</td>
<td>2,282</td>
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<tr>
<td></td>
<td>(2%)</td>
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<td>Rest of maize sellers</td>
<td>234,988</td>
<td>3.9</td>
<td>541</td>
<td>74</td>
<td>135</td>
<td>514</td>
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<tr>
<td></td>
<td>(23%)</td>
<td></td>
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<tr>
<td>Households not selling maize</td>
<td>762,566</td>
<td>2.2</td>
<td>373</td>
<td>0</td>
<td>61</td>
<td>257</td>
</tr>
<tr>
<td></td>
<td>(75%)</td>
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</table>
More than 50% of Africa’s population will be urban by 2015.

Driven largely by

- land pressures
- lack of investments in rural areas to boost productivity

Majority of African populations are soon to be consumers of food, not producers

Demand for marketed food is rising rapidly

Future priorities to tackle: urban poverty, underemployment, rise of slums, poor sanitation, disease
Political economy of public resource allocation

Donor budget support

Government budget

- Long-term productive investments: R&D, extension, roads, rail, ports, electrification, policy stability, etc.
- Low immediate payoffs
- High medium/long-term payoffs

- Input subsidies,
- Crop price supports for larger farms (lion’s share of total sales)
- Land bills, food aid
- Immediate political payoffs;
- Visible support to constituencies
- Contribution to sustainable poverty reduction is unclear

Marginal expenditure to reduce poverty

Agricultural development investments and policies

100 80 60 40 20 0

Headcount poverty rates
Marginal expenditure to reduce poverty

Safety net programs

Agricultural development investments and policies

Headcount poverty rates

100       80       60       40       20         0