

Consultation on **DFID-ESRC Growth Research Programme (DEGRP)**

Policy Dialogue on **Bangladesh's Agriculture and Structural Transformation**

Thursday 20 February 2014
Ball Room, Ruposhi Bangla Hotel, Dhaka, Bangladesh

Agriculture & Structural Transformation

Stephen Wiggins

Organised by

Programme

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Agriculture & Structural Transformation

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February 2014



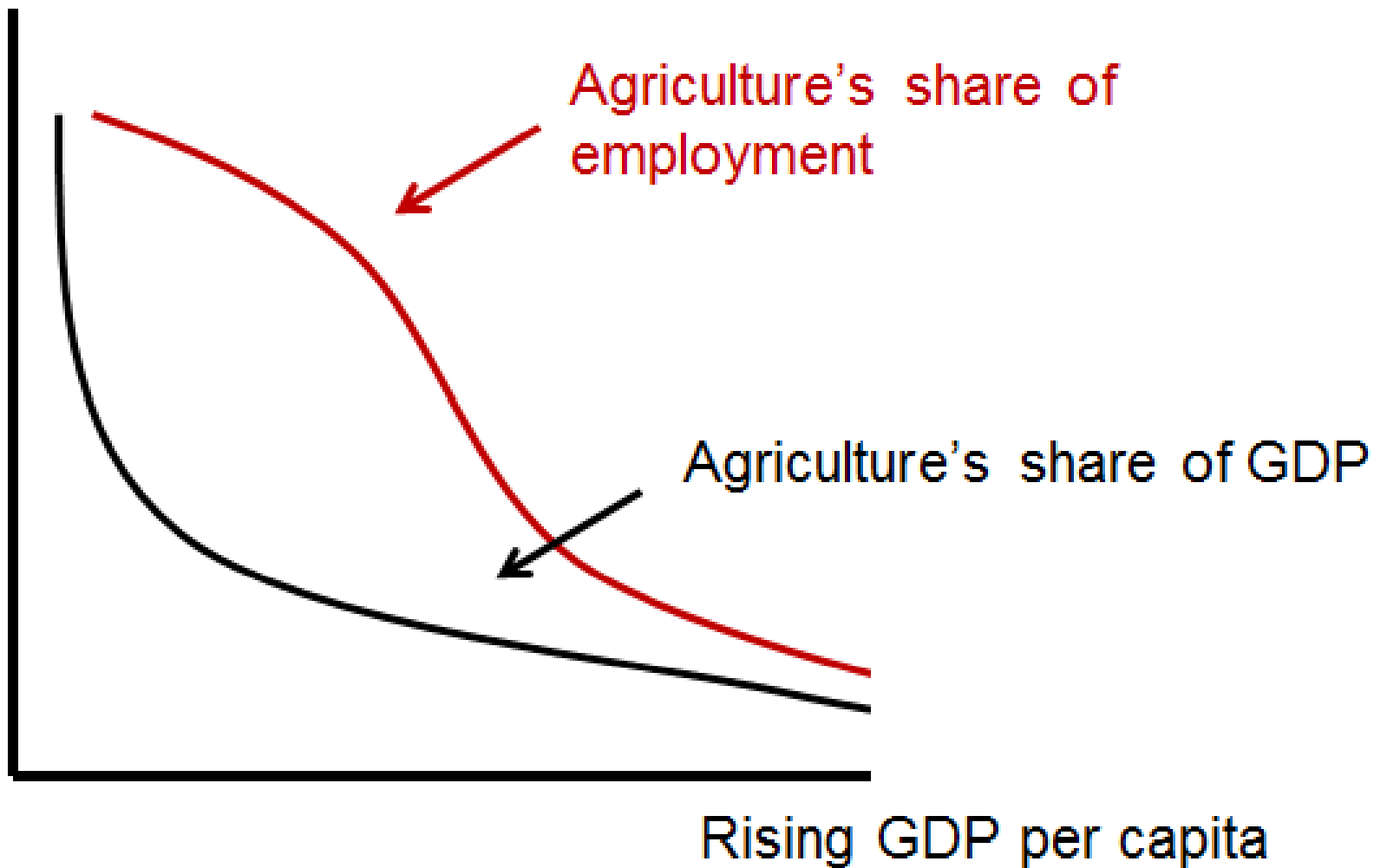
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Stylised facts – & common *misperceptions*

Stylised fact #1

Relative decline of agriculture with economic growth



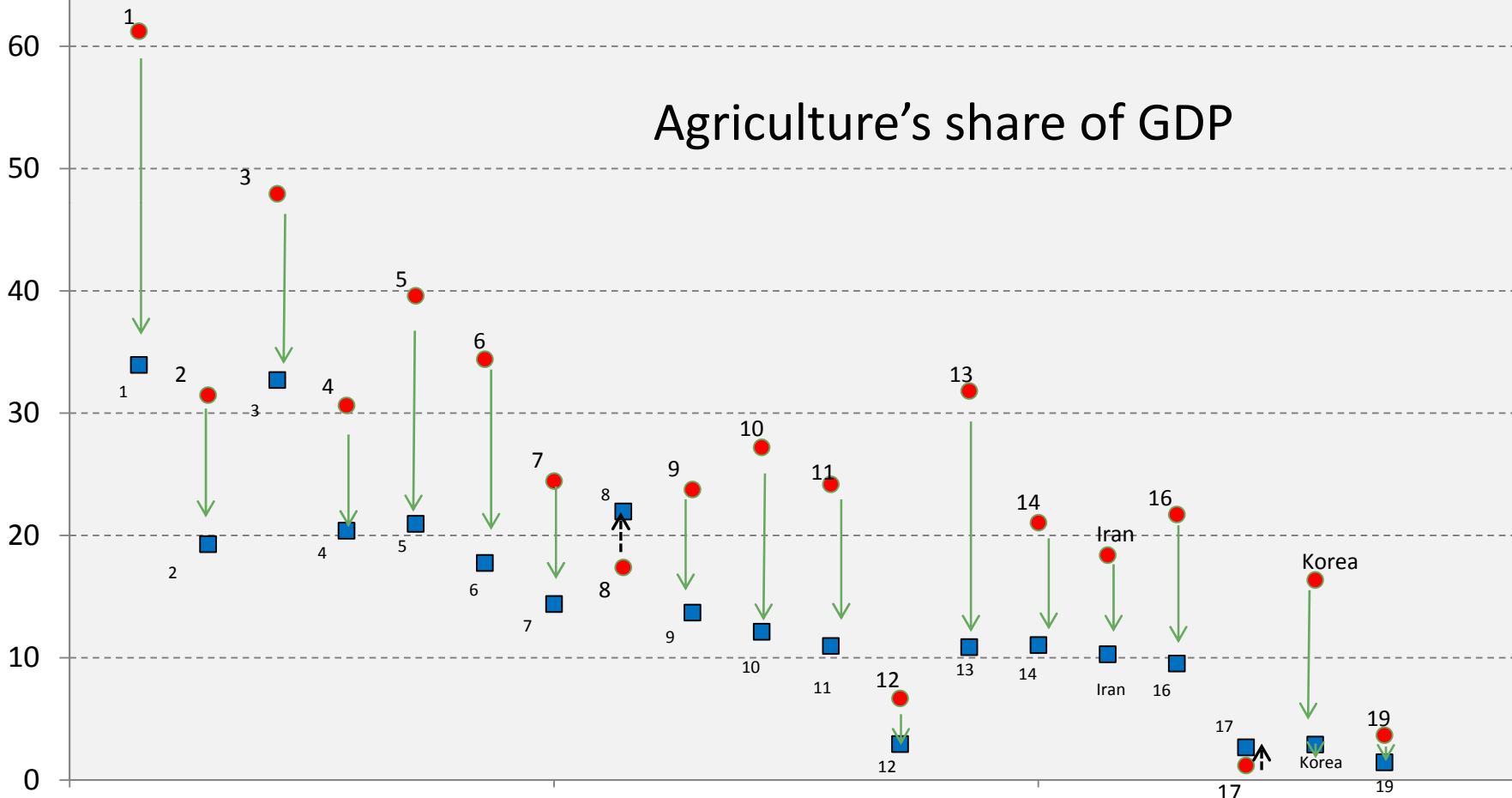
Growth
Research

%
Pro

● 1980-82

■ 2006-08

Agriculture's share of GDP



6 USD 1 106

Countries ordered by GDP per capita, current USD

USD 33 799

Misperception:

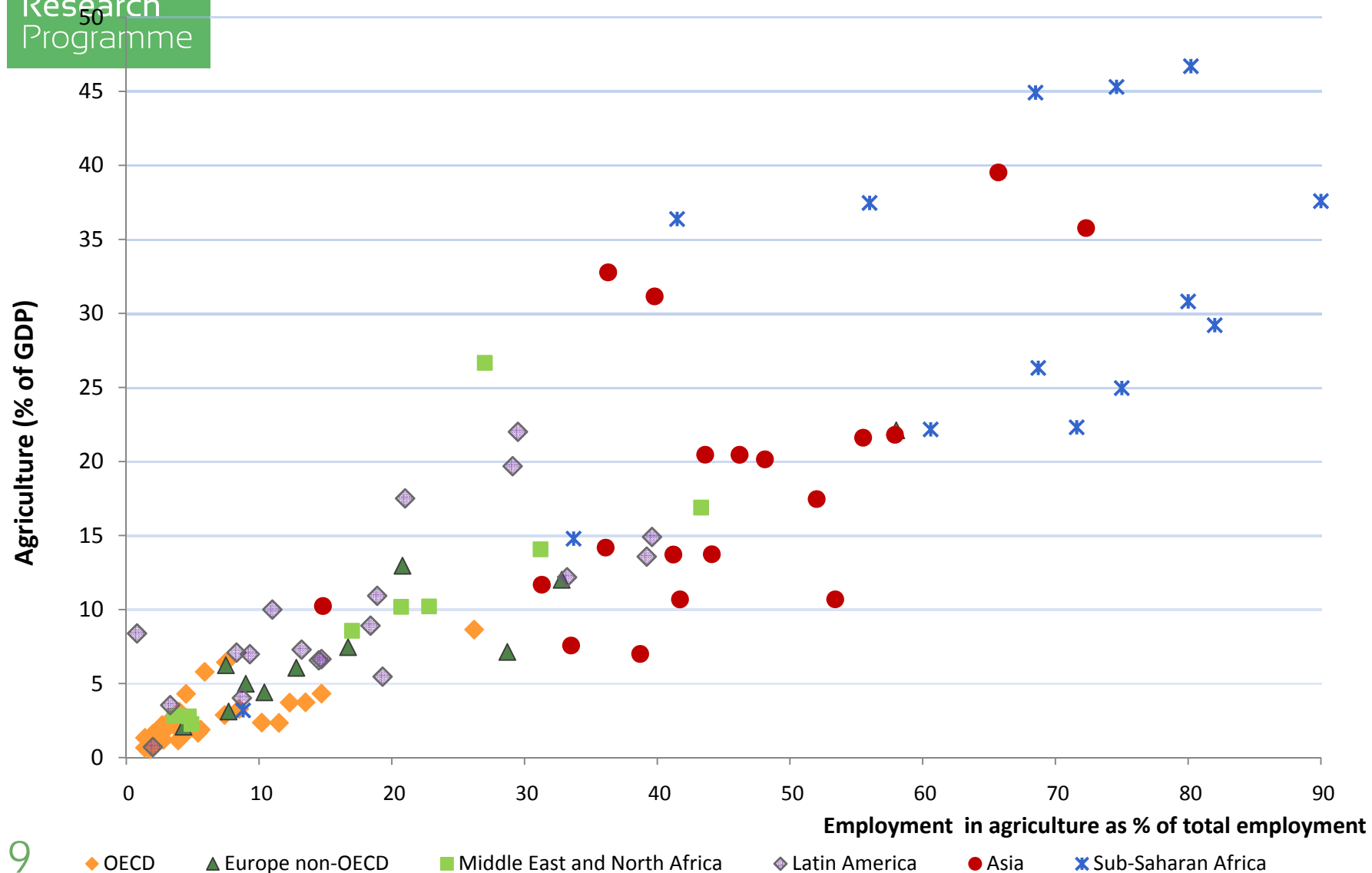
Agricultural growth *unimportant* in LIC???

- [Encouraged by Lewis model?]
- But: critical functions of agriculture in early development:
 - Supply food & raw materials
 - Earn forex
 - Constitute domestic market
 - Transfer labour, capital to other sectors

- [Almost] all development preceded by agricultural revolution
- Fastest way to way for agriculture to decline lies in raising agricultural productivity [Timmer]

Stylised fact #2

Agricultural labour productivity below average

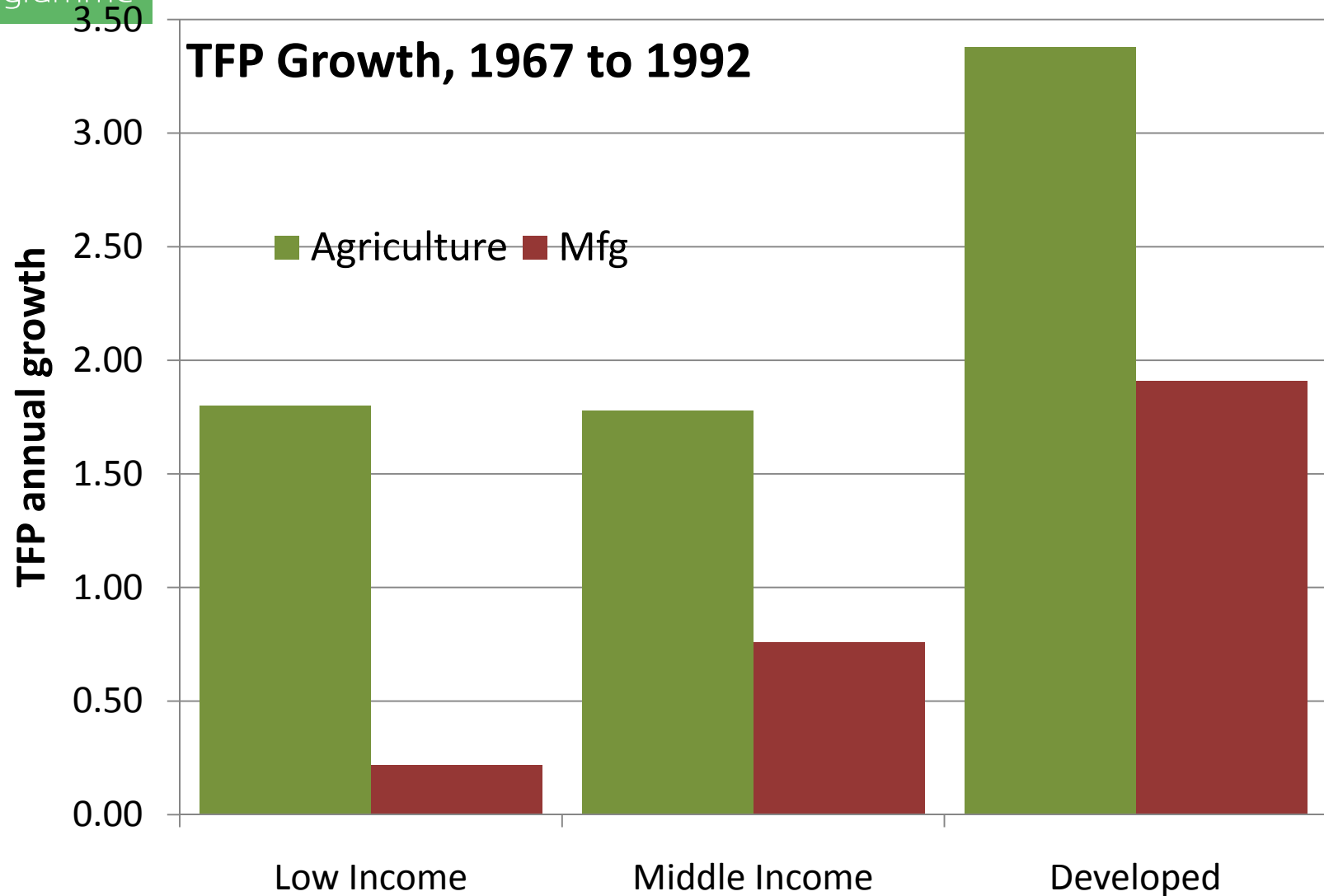


Misperception:

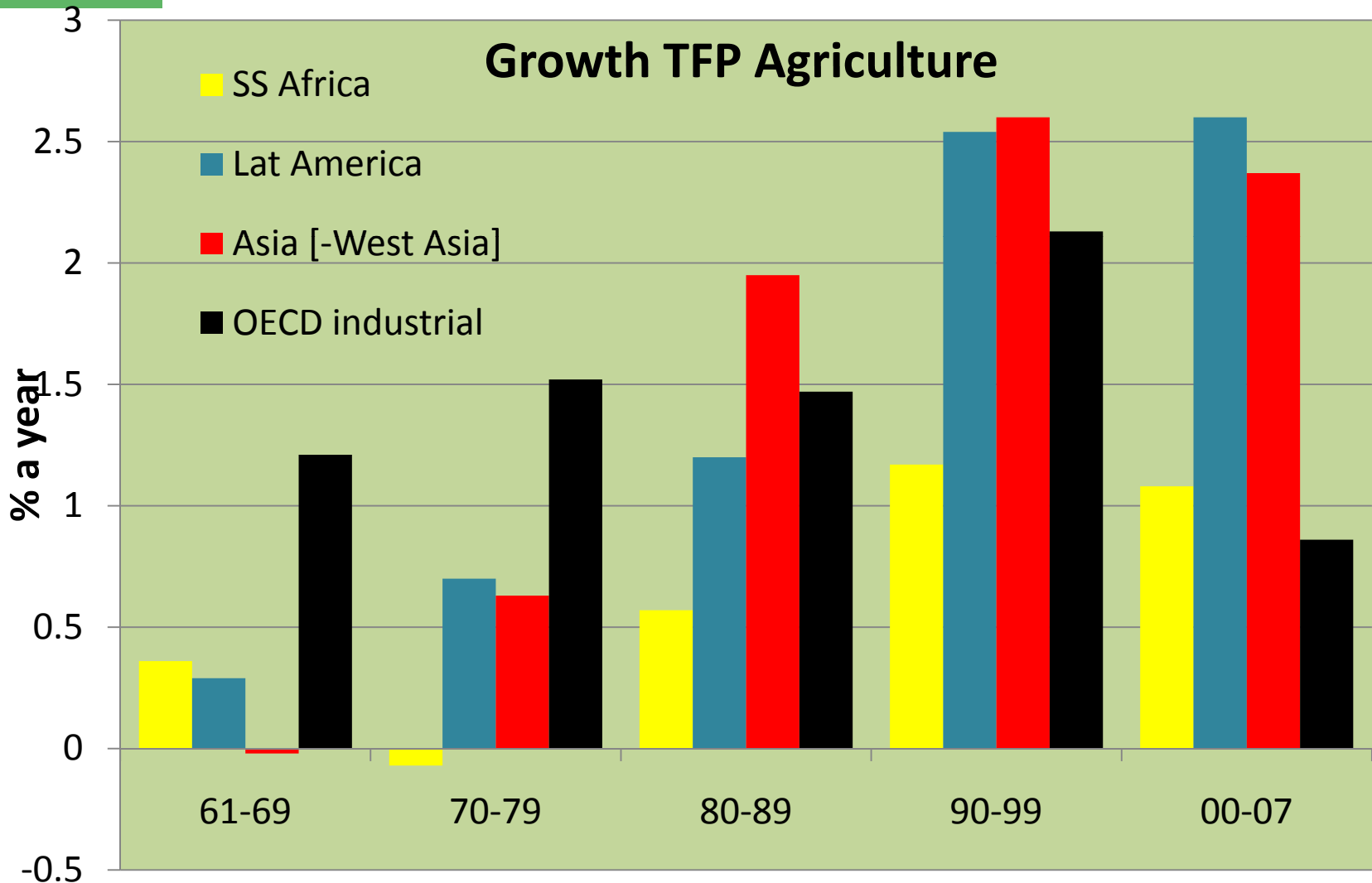
Agricultural productivity stagnant, difficult to raise???

- Obs: low agricultural productivity, plus:
 - Agriculture grows slowly --- rarely $>5\%$ pa
 - Massive **yield gaps** in some LIC

Correction:
Agri productivity can grow faster than manufacturing



Correction:
Agri TFP growth rising over time



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Conclusions & Implications

- Growth agriculture & agricultural productivity necessary for structural transformation
- [Rapid] growth agricultural productivity possible
- *Massive Bonus:*
 - Agricultural growth in LIC most effective for reduction in poverty & hunger [WDR 2008, Christiaensen et al. 2011]

Research implications

- Learn more: how agricultural productivity changes
 - Longstanding
 - Crop science dominates: incomplete perspective
- Consider also options for rural households as economies grow, so understand productivity change in:
 - Agricultural supply chains
 - Rural non-farm enterprises.

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The DFID-ESRC Growth Research Programme (DEGRP) aims to fund world class scientific research on issues relating to inclusive economic growth in Low Income Countries (LICs), with high potential for impact on policy and practice.

The views presented here are those of the speaker, and do not necessarily represent the views of DEGRP or our partners.

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