Poverty Eradication: Why Hunger Link?

19 April 2013
MDG1 poverty goal modest

- Cairo Population & Development Summit, ‘94
- Copenhagen Social Summit, 1995
- Millennium Declaration, 2000
- MDGs, 2001-2002
- From [total] eradication to halving [no./%?]
- Extending the time period (backwards)
Poverty: money measures

- Poverty mostly measured in money terms: per capita/household income/spending
- Extreme poverty – those living on less than US$1/day (in 1993 prices)
- Using this measure, global extreme poverty incidence has been more than halved over last 2 decades, but with significant regional variation
Poverty line lowered?

• Poverty line catchy, convenient, but misleading
• New WB $1.25/day line (2005 PPP) earlier: $1.08/day (1993 PPP) original: $1/day
• If US inflation considered, line would be $1.45 in 2005, NOT $1.25

Bhalla ("WB exaggerates poverty to keep itself in business") unfair
<table>
<thead>
<tr>
<th>POVERTY LINE US$ per person/day</th>
<th>POVERTY LINE Equivalent US$ per person/month</th>
<th>POVERTY LINE Equivalent Rupiah per person/month</th>
<th>POVERTY HEADCOUNT (% population below poverty line)</th>
<th>MILLIONS OF PEOPLE BELOW POVERTY LINE</th>
</tr>
</thead>
<tbody>
<tr>
<td>0.27</td>
<td>8.38</td>
<td>62,870</td>
<td>9.75</td>
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<tr>
<td>0.29</td>
<td>8.80</td>
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<td>12.10</td>
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<td>0.30</td>
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<td>69,165</td>
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<td>72,309</td>
<td>17.40</td>
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<td>0.33</td>
<td>10.06</td>
<td>75,452</td>
<td>20.18</td>
<td>43.6</td>
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<td>0.34</td>
<td>10.47</td>
<td>78,596</td>
<td>23.03</td>
<td>49.7</td>
</tr>
</tbody>
</table>
WB: Poverty MDG done

• No. of poor fell from 1.9bn in 1981 to 1,399m. in 2005: > 40% increase over earlier 986m. ("bottom billion") for 2004!

• From 52.0% to 25.7% of world population

• If China left out, global extreme poverty number higher; up from 1.1bn in 1981 to 1.2bn in 2005
Poverty magic bullets

No evidence of IFI/donor favoured special poverty programs significantly reducing poverty without sustained growth, job creation, e.g.

-- good governance
-- micro-credit
-- property rights (e.g. land titling)
-- ‘bottom of the pyramid’ marketing
Poor development economics

• Novel, experimental, innovative, BUT:
  • Presumes same causal mechanisms everywhere

• Most important development challenges involve many simultaneous changes

• Focus on individual success factors

• Ignores larger context of development
Poverty and Hunger

• WB: poverty MDG1 achieved by 2010
• FAO: achieving hunger MDG1 unlikely
• Poverty line supposed to be defined by income level to avoid being hungry
• Poverty rate has declined much faster than hunger rate since 1990
• Different definitions, data, methods
Hunger decline slower

Developing countries, total

Hunger and poverty (base year=1990)

Poverty

Hunger
Hunger as undernourishment

- With almost **870 million** people chronically undernourished in 2010-12, number of hungry people in the world unacceptably high.
- Vast majority, more than **850 million**, in developing countries.
MDG1c hunger target elusive

- More progress in reducing hunger in developing world than previously thought.
- MDG target within reach, only if adequate, appropriate actions reverse slowdown after 2006 to successfully accelerate progress.
Uneven trends

Over time

• Progress in 1990s with lower food prices
• Progress since due to higher incomes

By region

• Progress mainly in East and SE Asia
• Also Latin America & Caribbean
• Number of hungry increased in SS Africa
• Poor progress in Arab region, South Asia
Hunger estimates conservative

- Current measure presumes sedentary lifestyle
- Measure of chronic (> 1 year) hunger
- PoU undernutrition measure only for dietary energy (calories): ignores micronutrient (minerals, vitamins) deficiencies
- If dietary caloric threshold raised, number and prevalence of undernourishment will rise
- Poor and hungry expected to do arduous (intense) manual labour, but unsustainable without adequate nutrition
Figure 1. Undernourishment and Food Inadequacy in the Developing World
Developing country hunger prevalence by activity level %

Figure 2. Undernourishment and food inadequacy in the Developing World

- P0FI: sedentary
- P0FI 2: normal activity
- P0FI 3: intense activity

Higher prices ➔ more hunger

• Price levels declined from 1980s to mid-2000s, higher since 2006
• Food shortages rarely reason people go hungry, but supply affects prices
• More food price spikes recently: 2007-8, 2010-1, 2012-
• Greater price volatility (including spikes) not captured by chronic measures
Supply constraints

- Over-fishing
- Deforestation
- Farmland loss
- Environmental degradation
- Climate change: weather extremes

→ supply growth slower
Demand growth

Population increase
Income increase
Changing consumption
Excessive consumption
Food waste
Growing demand for meat
→ more food for animal feed
Biofuel mandates
Reduced government role

• Less government investment, involvement in agriculture
• Less support for food agriculture (not export-oriented cash crops)
• Less government agricultural research
• Economic deregulation
• Less food price controls
Slower progress since 2006

Food price decline ends

• Bio-fuel mandates, subsidies
• Economic growth in South $\rightarrow$ greater demand
• Easier credit $\rightarrow$ more financial speculation
• Food commodities as financial asset class
• Economic slowdown after 2008
• Climate change, weather hits food production
• Resource and environmental constraints
Poverty still mainly rural

- 75% of developing country poor rural
- Most poor still rural in years to come
- Poverty eradication depends on reducing rural poverty
- Decline in rural poverty slowed in recent decades
- Addressing rural poverty cuts urban poverty by reducing migration
- Reducing rural poverty depends on raising productivity of poor unlike urban poverty (welfare)
Agriculture key to poverty eradication

• Agricultural growth reduces poverty 5 times more than non-agricultural growth
• Role of agricultural growth in reducing poverty greater than in driving economic growth
• More productive agriculture limits food price increases, improves purchasing power of all
• Rural growth reduces both rural, urban poverty, while urban growth did little to reduce rural poverty
• No other sector shows such a strong correlation
Agricultural development → poverty reduction

Through:

• Higher rural incomes
• cheaper food
• non-farm economic opportunities
• sustaining economic transformation
Productivity $\rightarrow$ incomes

- Increasing agricultural productivity, incomes -- most important determinant of poverty reduction
- Every 1% growth in per capita agricultural output $\rightarrow$ 1.61% growth in incomes of poorest 20% – much greater than for manufacturing, services
- Every 1% increase in agricultural labour productivity reduced poor by 0.6~1.2%.
Rethinking MDG1

- Poverty line defined in terms of income to survive, i.e. meet basic food (dietary energy) needs
- Hence, crucial to retain poverty-hunger link
- Hunger estimates: low, narrow, conservative
- Besides employment (added in 2005), crucial to address inequality
- But not just nationally, also internationally
- Without full employment, freedom from want (right to food) impossible w/o social protection
Some post-2015/SDG relevant FAO competencies

* Climate Change
* Energy
* Ecosystems, Biodiversity, Genetics
* Fisheries, Aquaculture, Oceans
* Water
* Forestry, Mountains
* Land, Soils
* Tenure Rights
* Resilience
* Sustainable Agriculture
* Nutrition
* Social Protection
* Poverty Eradication
* Food Security and the Right to Food
Thank you

State of Food Insecurity in the World 2012 (SOFI)
Poor Poverty (2011)
Report on the World Social Situation 2010
United Nations Development Agenda
National Development Strategies Policy Notes
DFID Agriculture, growth and poverty reduction 2004

Please see: FAO website: fao.org/
UN-DESA website: esa.un.org/
IDEAs website: www.ideaswebsite.org