



# 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)
- Attributing credit [Growth? Policies?  
Programs? China and the MDGs?]



# 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



# Poverty line sensitive

<b>POVERTY LINE US\$ per person/day</b>	<b>POVERTY LINE Equivalent US\$ per person/month</b>	<b>POVERTY LINE Equivalent Rupiah per person/month</b>	<b>POVERTY HEADCOUNT (% population below poverty line)</b>	<b>MILLIONS OF PEOPLE BELOW POVERTY LINE</b>
<b>0.27</b>	<b>8.38</b>	<b>62,870</b>	<b>9.75</b>	<b>22.0</b>
<b>0.29</b>	<b>8.80</b>	<b>66,021</b>	<b>12.10</b>	<b>26.1</b>
<b>0.30</b>	<b>9.22</b>	<b>69,165</b>	<b>14.55</b>	<b>31.4</b>
<b>0.32</b>	<b>9.64</b>	<b>72,309</b>	<b>17.40</b>	<b>37.6</b>
<b>0.33</b>	<b>10.06</b>	<b>75,452</b>	<b>20.18</b>	<b>43.6</b>
<b>0.34</b>	<b>10.47</b>	<b>78,596</b>	<b>23.03</b>	<b>49.7</b>



## 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



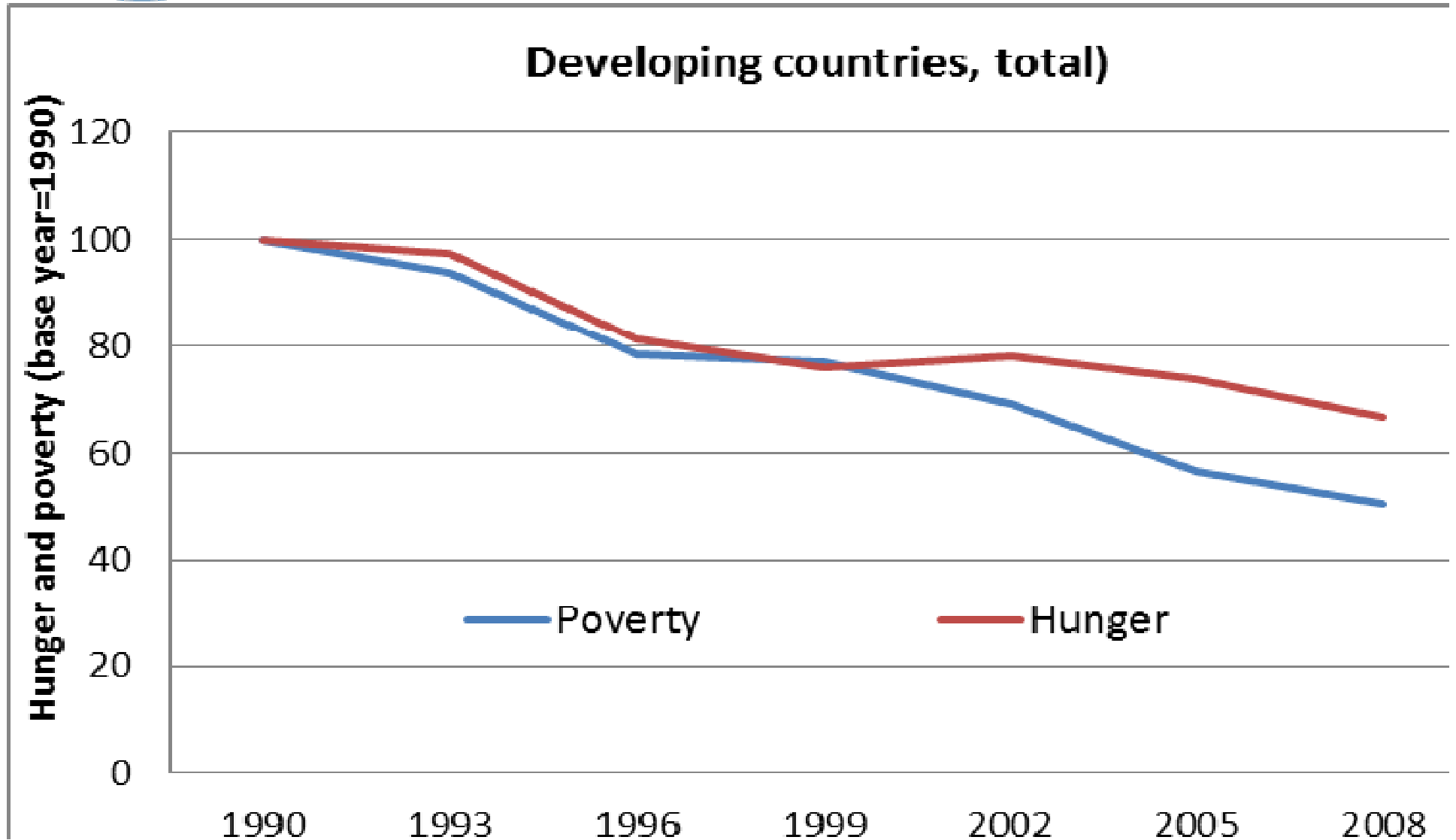


# Poverty and Hunger

- 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



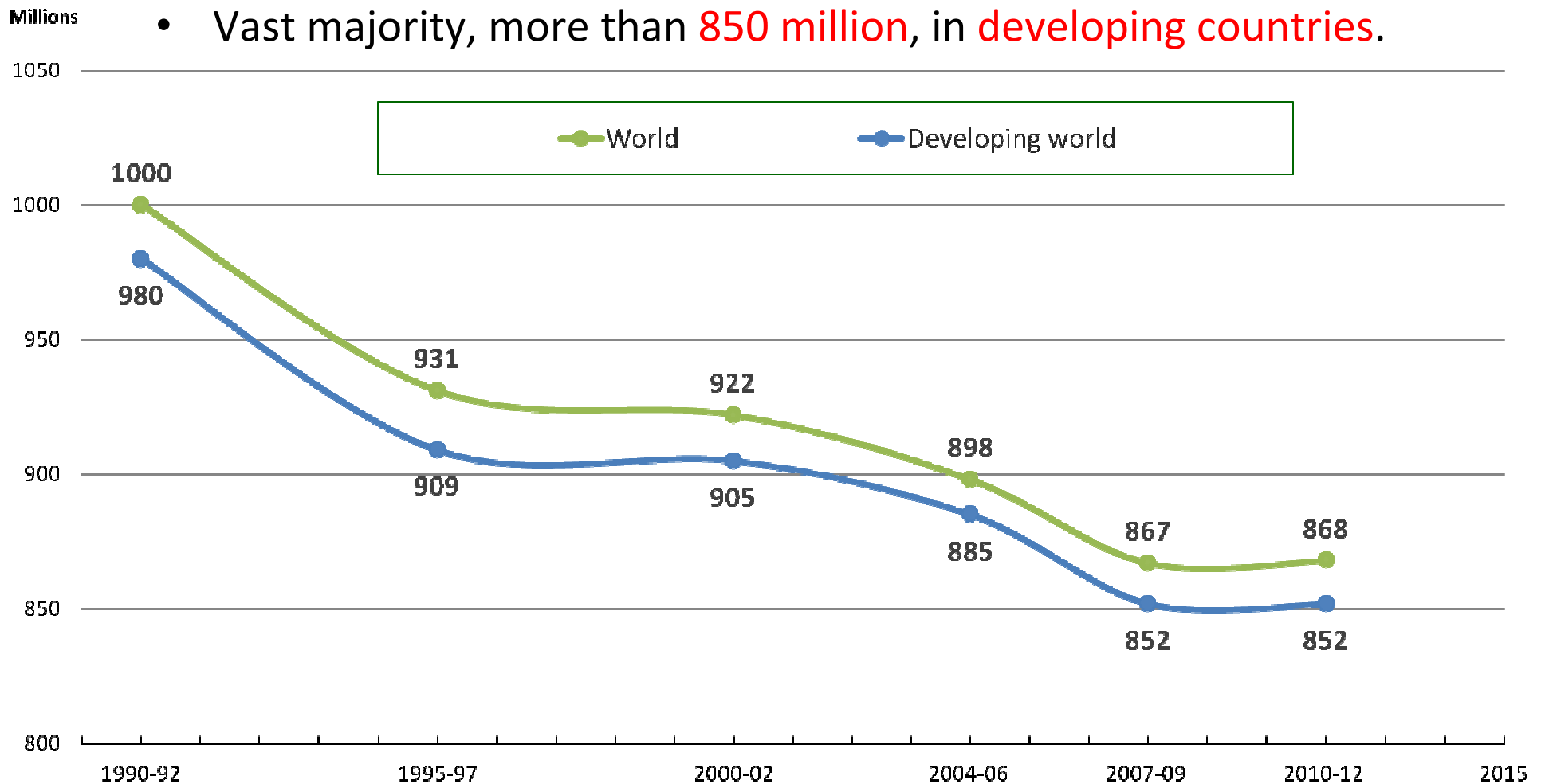
# Hunger decline slower





# 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**.

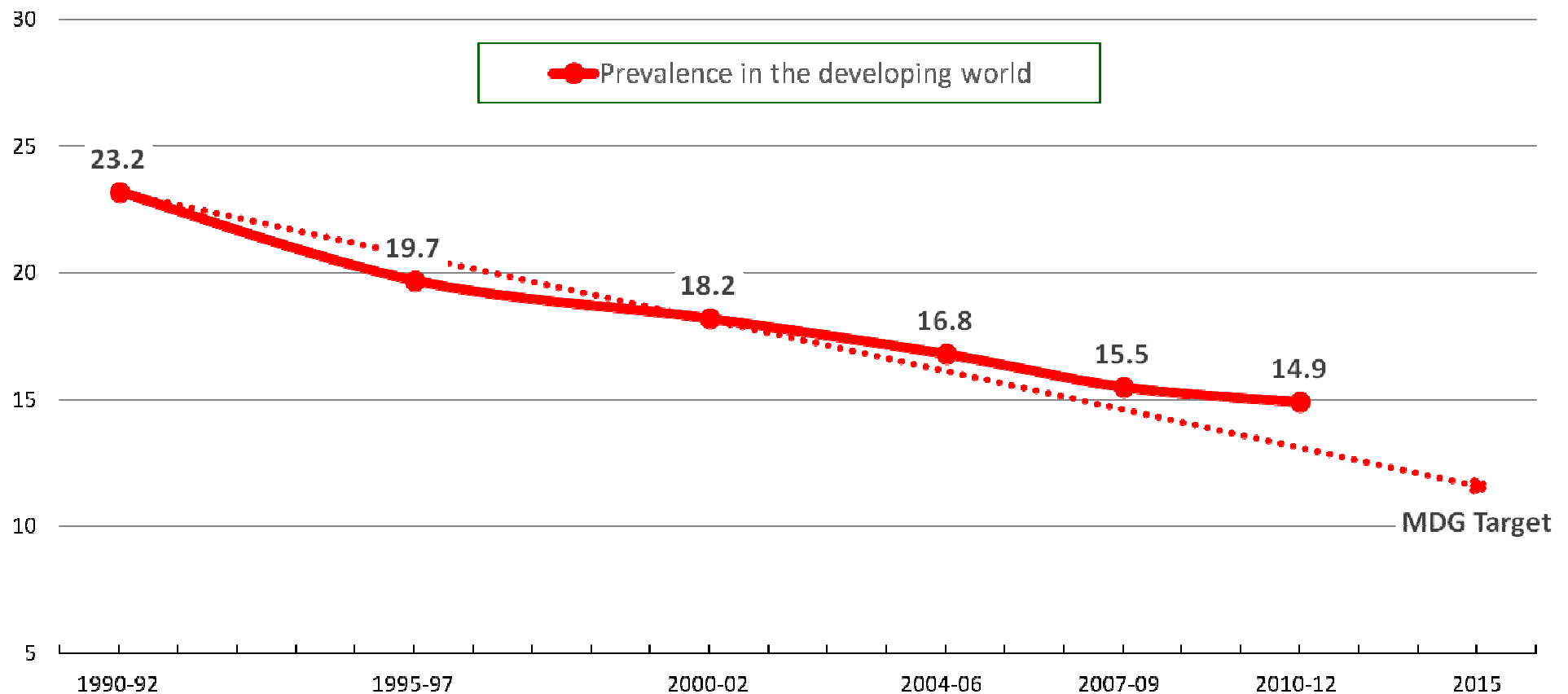




# MDG1c hunger target elusive

- **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.**

Percentage undernourished





# Uneven trends

## Over time

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

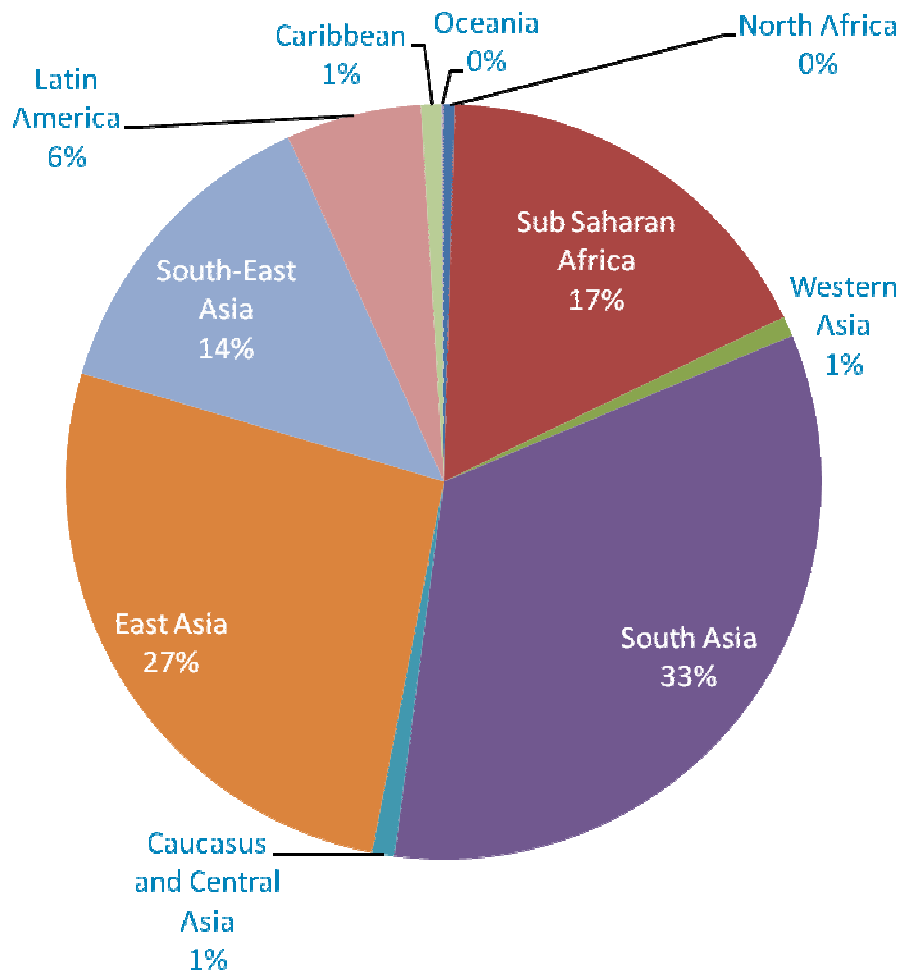
## By region

- 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

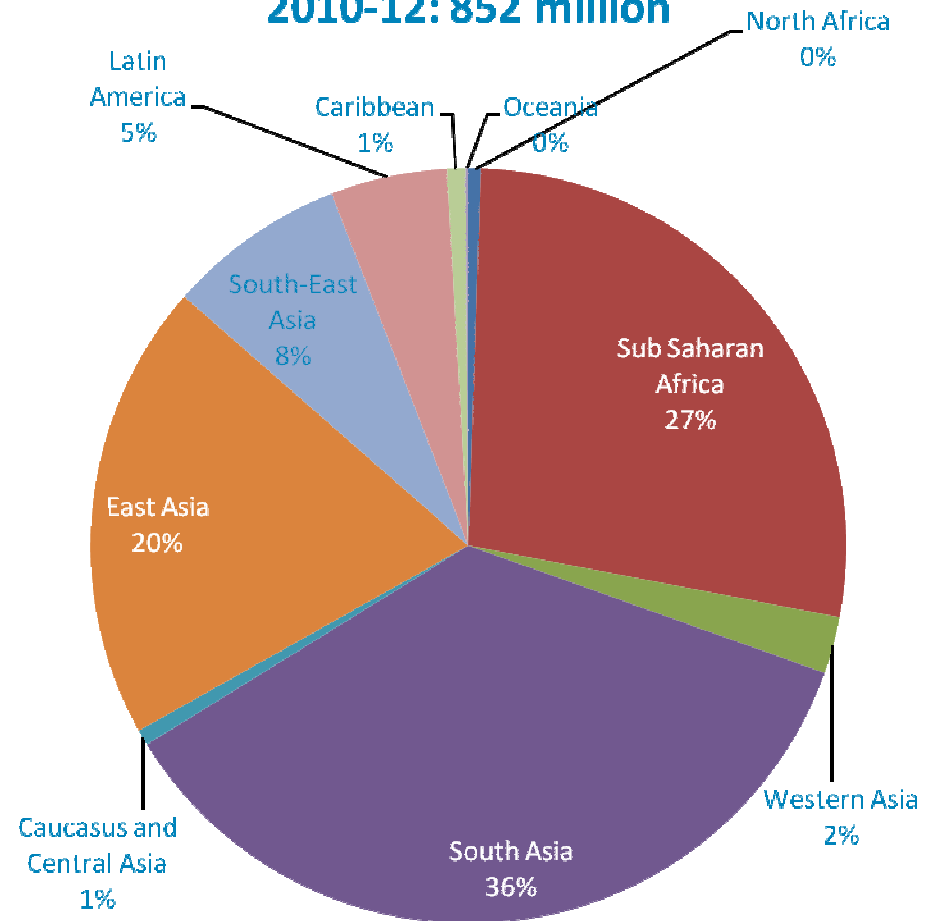


# Hunger by region, 1990-2012

1990-92: 980 million



2010-12: 852 million





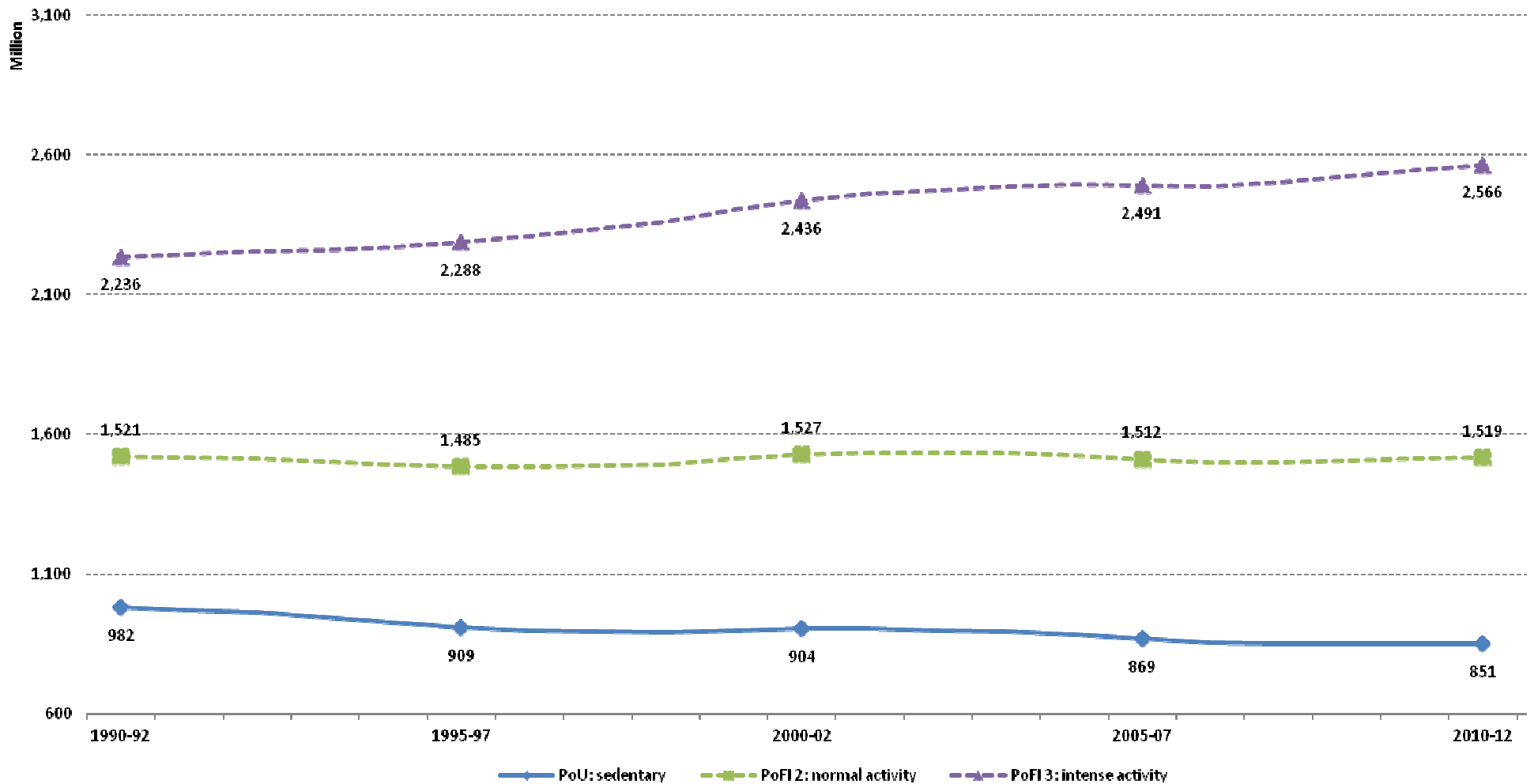
## Hunger estimates conservative

- 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



# Developing country hungry by activity level (millions)

Figure 1. Undernourishment and food inadequacy in the Developing World

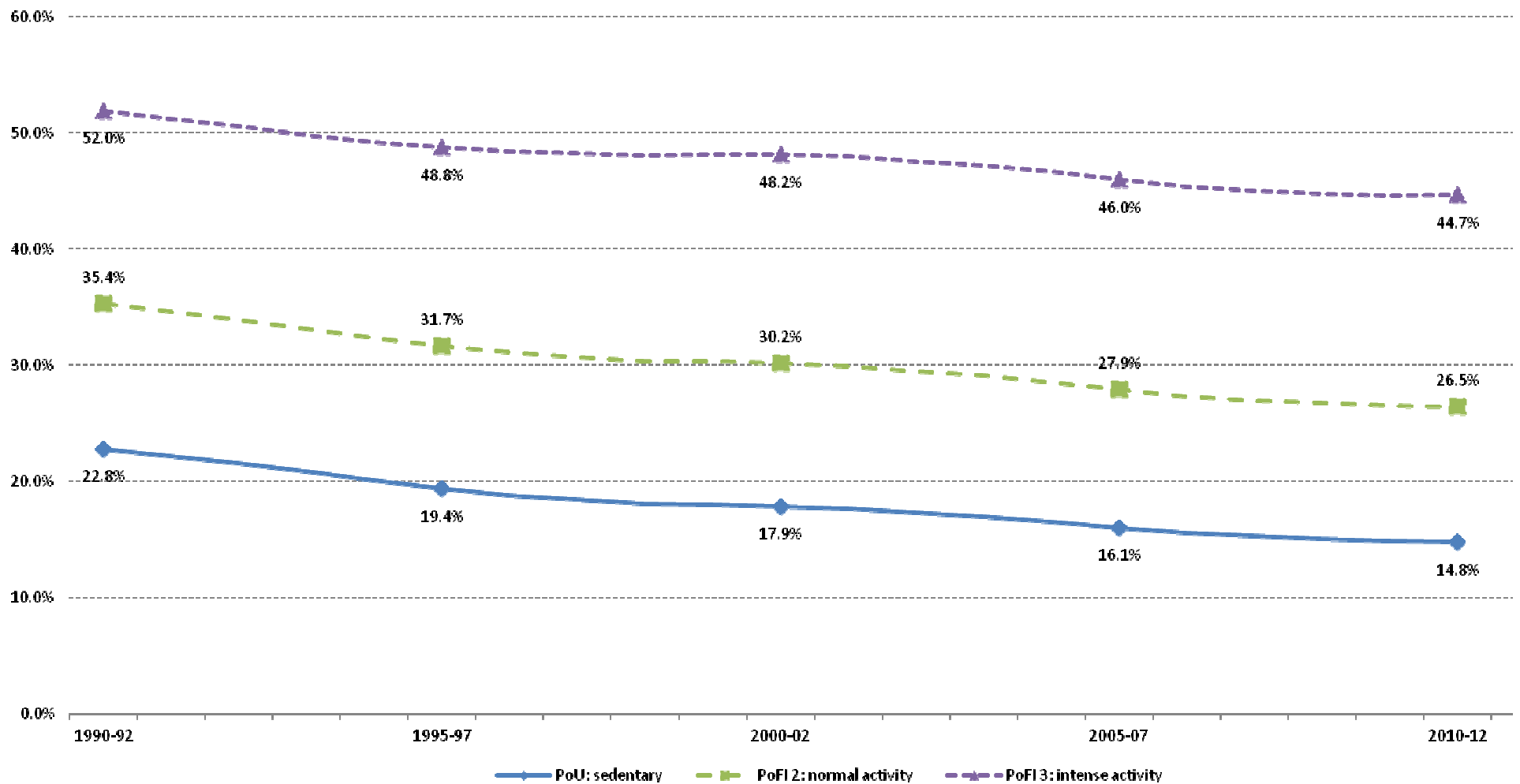






# Developing country hunger prevalence by activity level %

Figure 2. Undernourishment and food inadequacy in the Developing World





# 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 → greater demand
- Easier credit → 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 → incomes

- Increasing agricultural productivity, incomes  
-- most important determinant of poverty reduction
- Every 1% growth in per capita agricultural output → 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/](http://fao.org/)

UN-DESA website: [esa.un.org/](http://esa.un.org/)

IDEAs website: [www.ideaswebsite.org](http://www.ideaswebsite.org)