

Agriculture and Rural Development for Inclusive Growth and Food Security

Hafez Ghanem

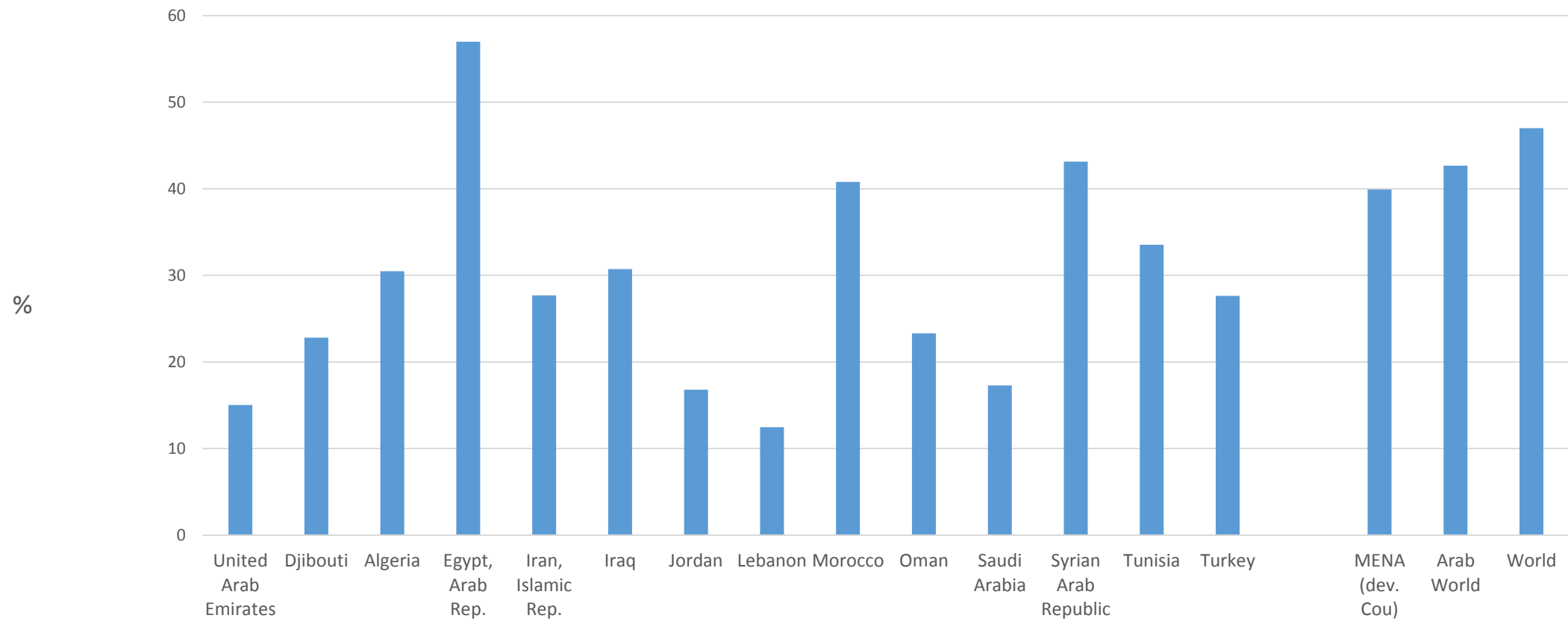
Vice President for the Middle East and North Africa Region

The World Bank

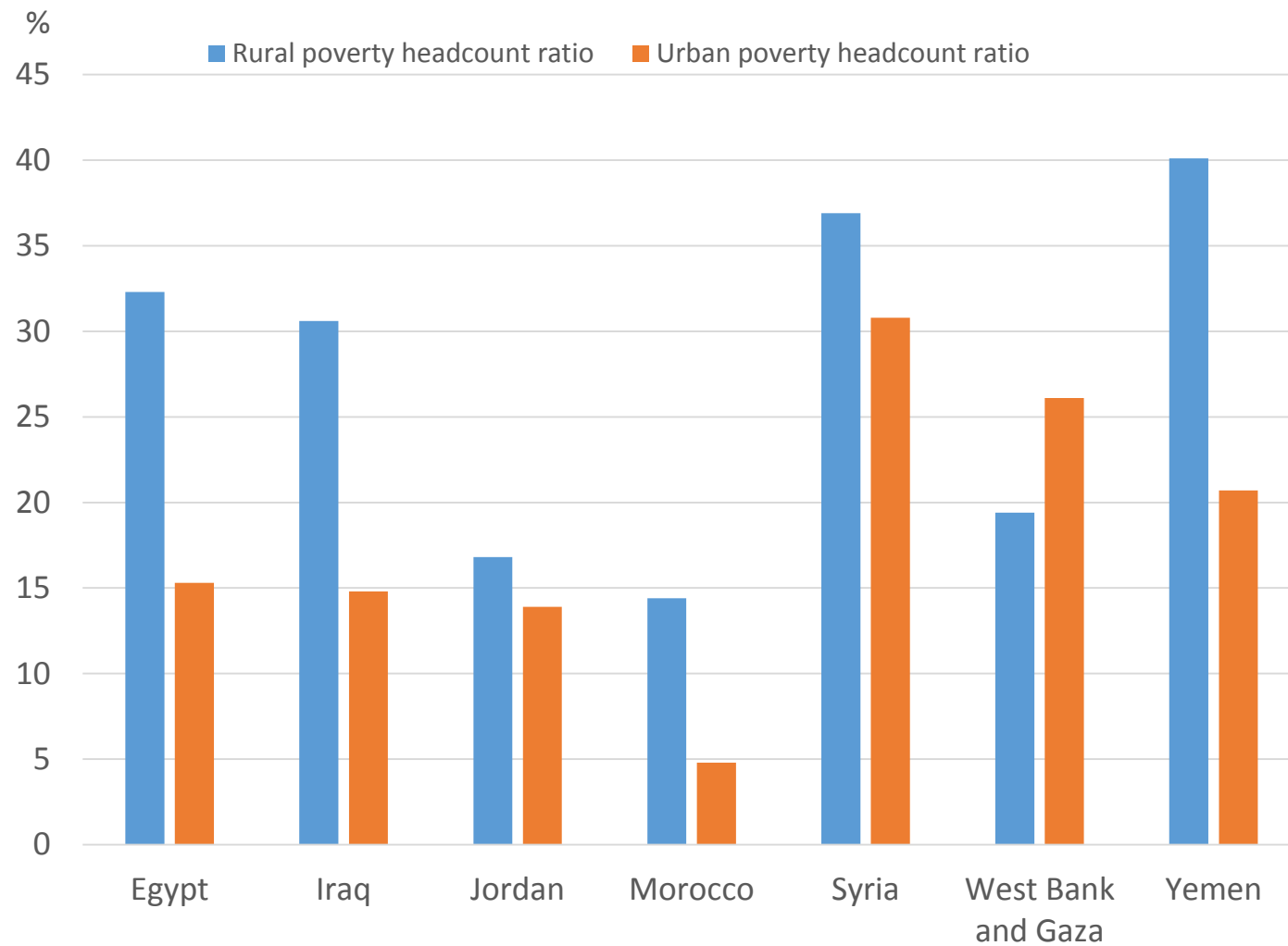
Key Message

- The Southern Mediterranean Region is in the midst of political upheavals and turmoil. Inclusive growth to achieve better living conditions and greater social justice is one of the prerequisites for peace and stability.
- Inclusiveness can only be achieved if small and landless farmers, living in lagging regions, share in the benefits of growth.
- This would require a comprehensive approach to rural development including a better partnership with the private sector to link smallholders to markets.

Rural populations remain an important share of population in MENA's low and middle income countries



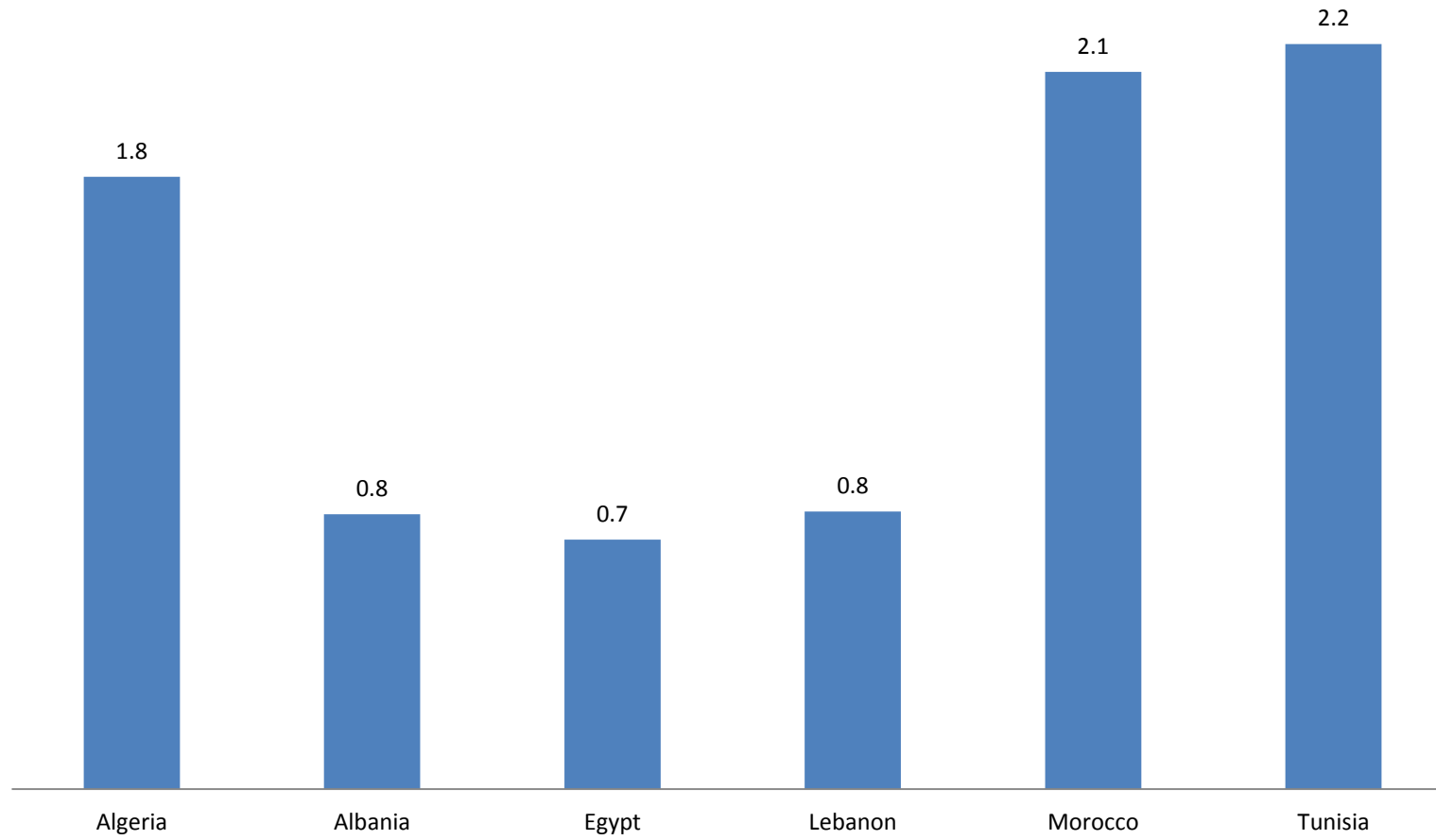
Rural poverty rates remain significantly higher than urban poverty rates in most MNA countries



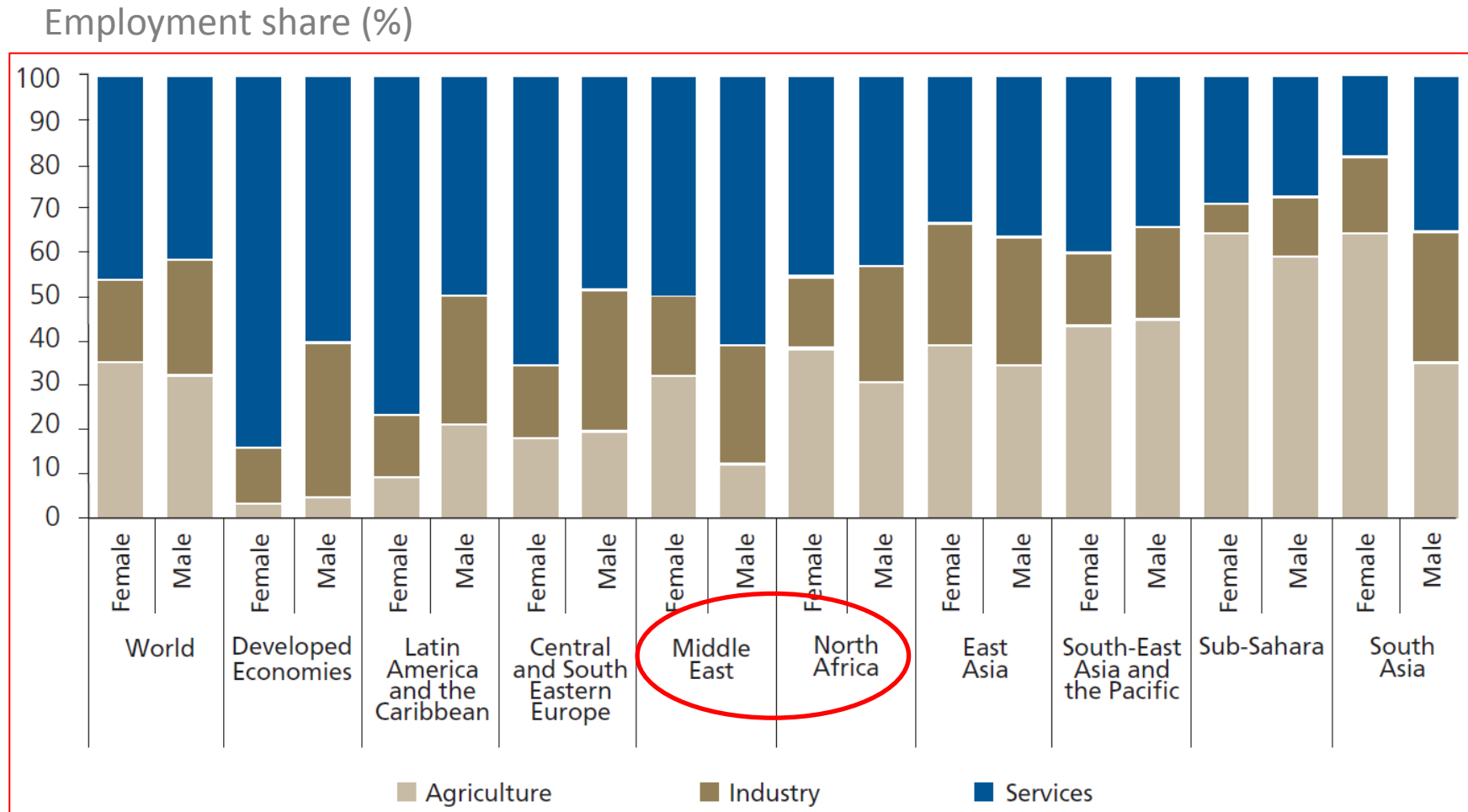
A Dual Agriculture: Share of Holdings of Less than 5 hectares (%)

	Share in Total Holdings	Share in Land Area
Algeria	55.4	11.3
Egypt	98.2	70.7
Lebanon	96.7	60.1
Morocco	69.8	23.9
Tunisia	53.5	10.9

Average Size of Family Farms in Hectares



Women represent the majority of the agricultural labor force in MENA



Example 1: Sidi Bouzid (Tunisia)

- 70% of the population is rural and 41% of the labor force is employed in agriculture compared to 34 and 16% for all Tunisia.
- In 2010, 40% of university graduates were unemployed compared to 22% for all Tunisia.
- In 2010 poverty in the Center-West Region was 32.3% compared to 15.5% for Tunisia and 9.1% for Tunis.

Sidi Bouzid: Distribution of Land

Size of holding	%of total holdings	% of total land	% of irrigated land
5 hectares or less	35.1	4.4	11.8
5 to 20 hectares	39.2	18.3	45.1
more than 20 hectares	25.7	76.3	43.1

Sidi Bouzid was growing, but.....

- Government invested heavily in agriculture (mainly irrigation) in Sidi Bouzid and by 2005 the region had become a major producer of olive oil, melons and tomatoes.
- Attracted by government investment, private investors (mainly from Sfax) developed middle sized and large modern farms. Local small-holders were marginalized.
- Very few jobs were available, outside agriculture, for young graduates.

Example 2: Regional Distribution of Poverty in Egypt (%)

	Extreme poverty	Poor	Near poor	Share of population
Metropolitan	2.8	4.6	9.1	17.0
Lower Egypt	13.7	27.6	44.7	31.1
Upper Egypt	83.1	67.1	45.0	50.3
Borders	0.4	0.7	1.3	1.5
Total	100.0	100.0	100.0	100.0

Human Opportunity Index in Egypt 2009 (WB 2012)

	Metropolitan	Lower Egypt	Upper Egypt	Borders
Education	76	78	70	77
Housing	89	77	68	75
Early childhood	77	69	65	55
Nutrition	77	77	75	65

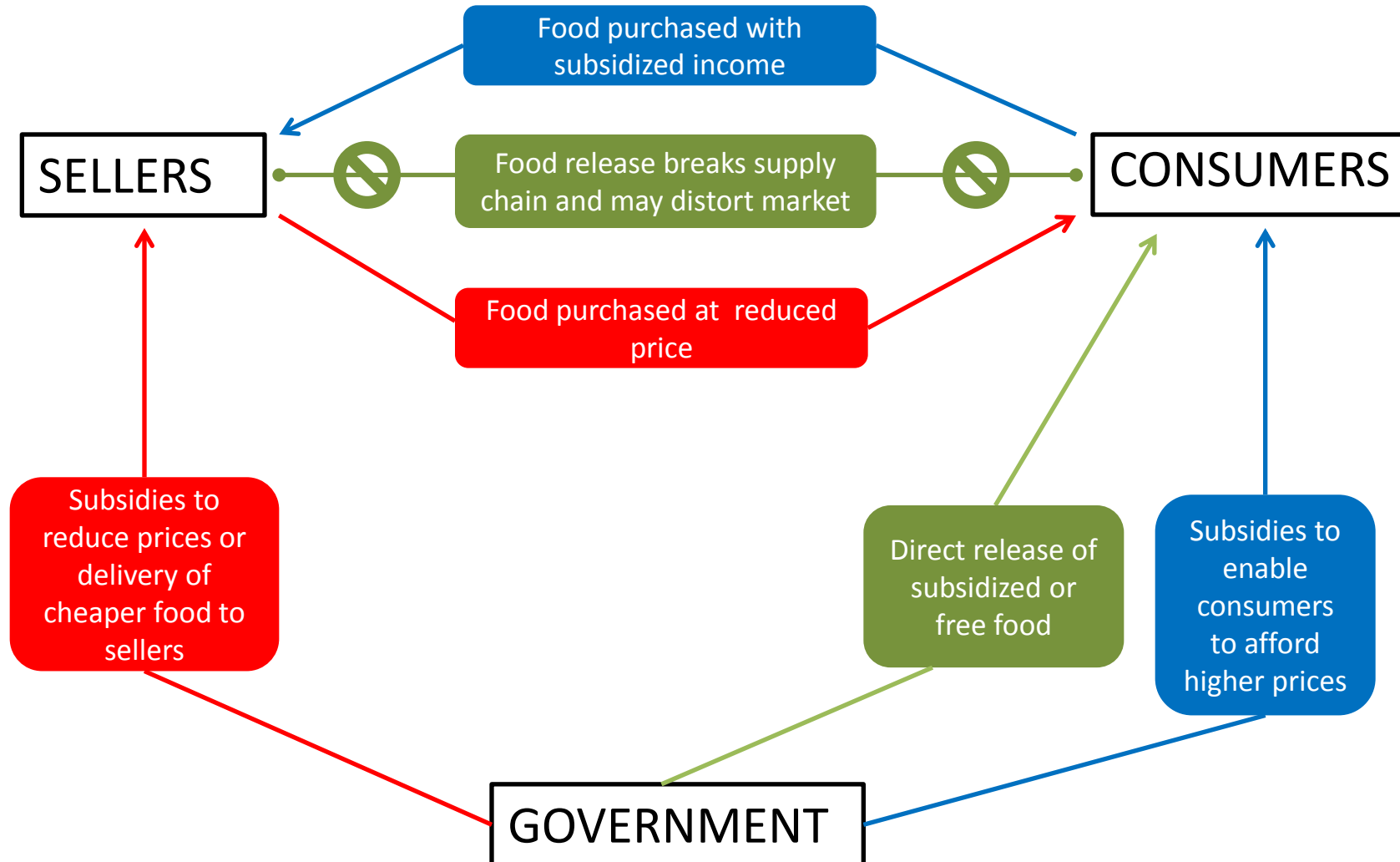
Distribution of Public Investment in Egypt, 2009 (WB 2012)

	Total	Electricity	Water	Education	Health
Metropolitan	33.6	6.4	16.9	30.4	32.1
Lower Egypt	30.3	20.0	53.9	35.6	32.4
Upper Egypt	25.6	29.7	20.9	30.2	30.9
Borders	10.4	43.9	8.4	3.9	4.6
Total	100.0	100.0	100.0	100.0	100.0

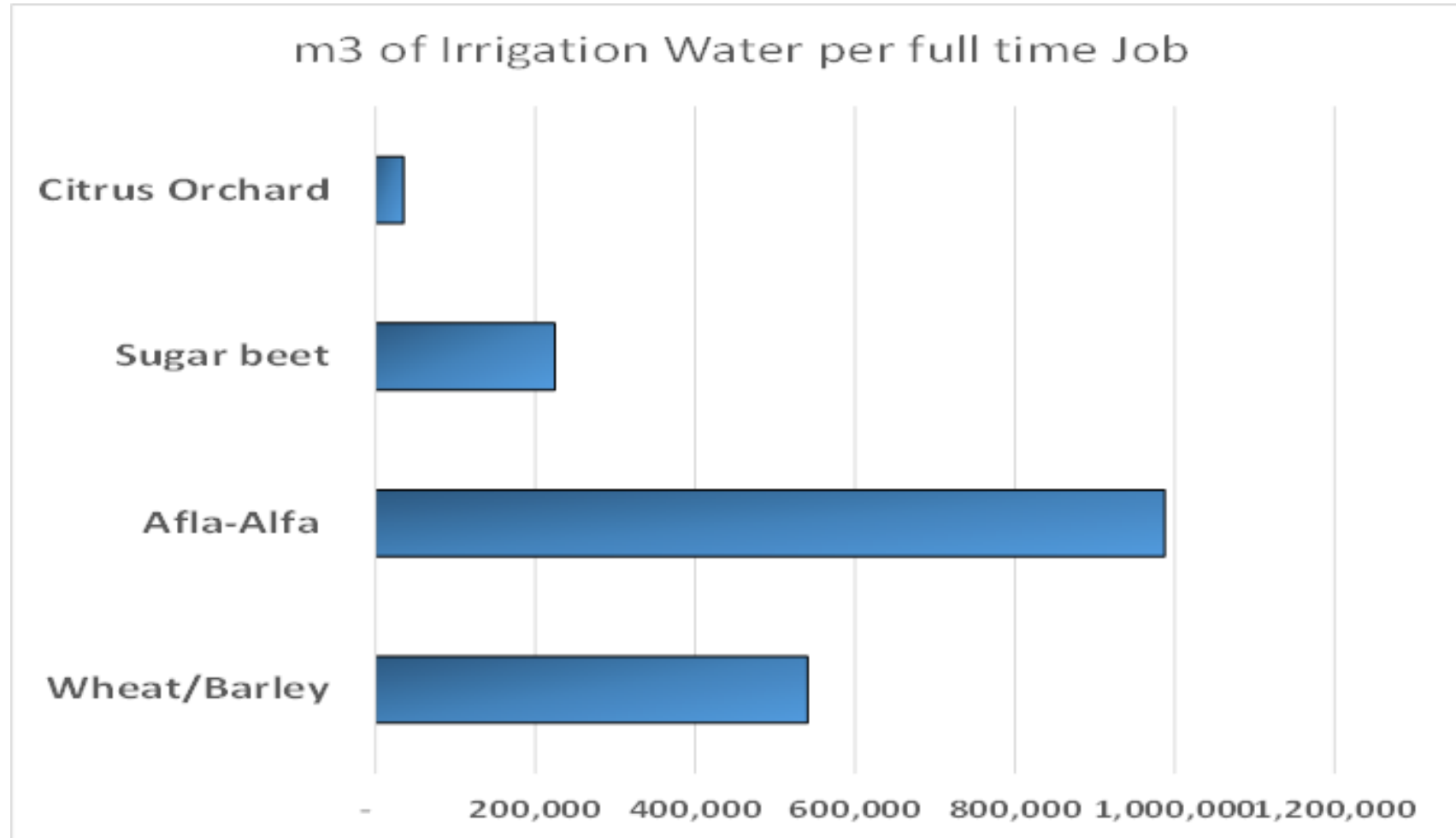
How can MENA's agriculture contribute to greater social and economic inclusion?



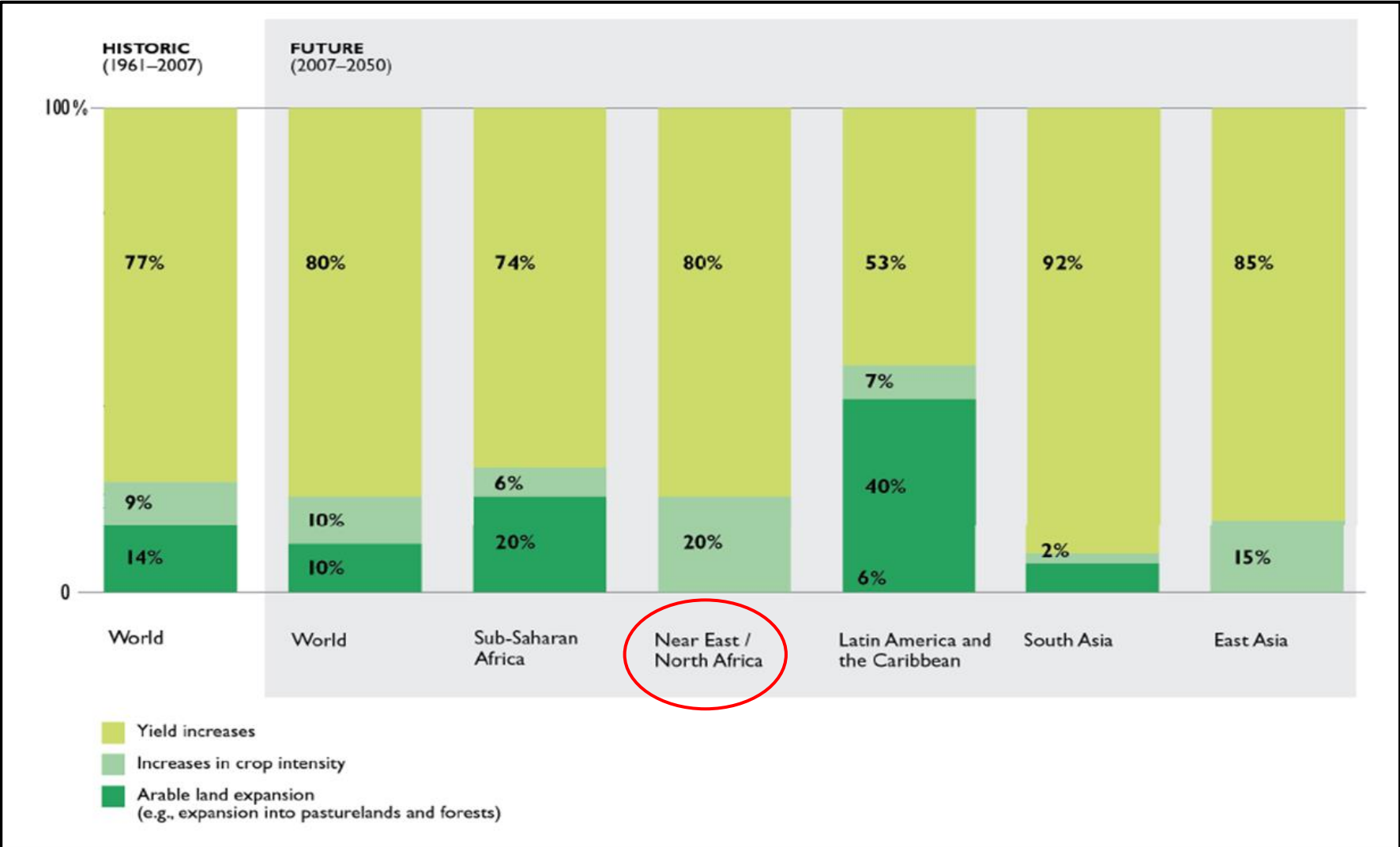
Food security policies need to modernize with focus on global supply chain efficiencies and safety nets rather than domestic production



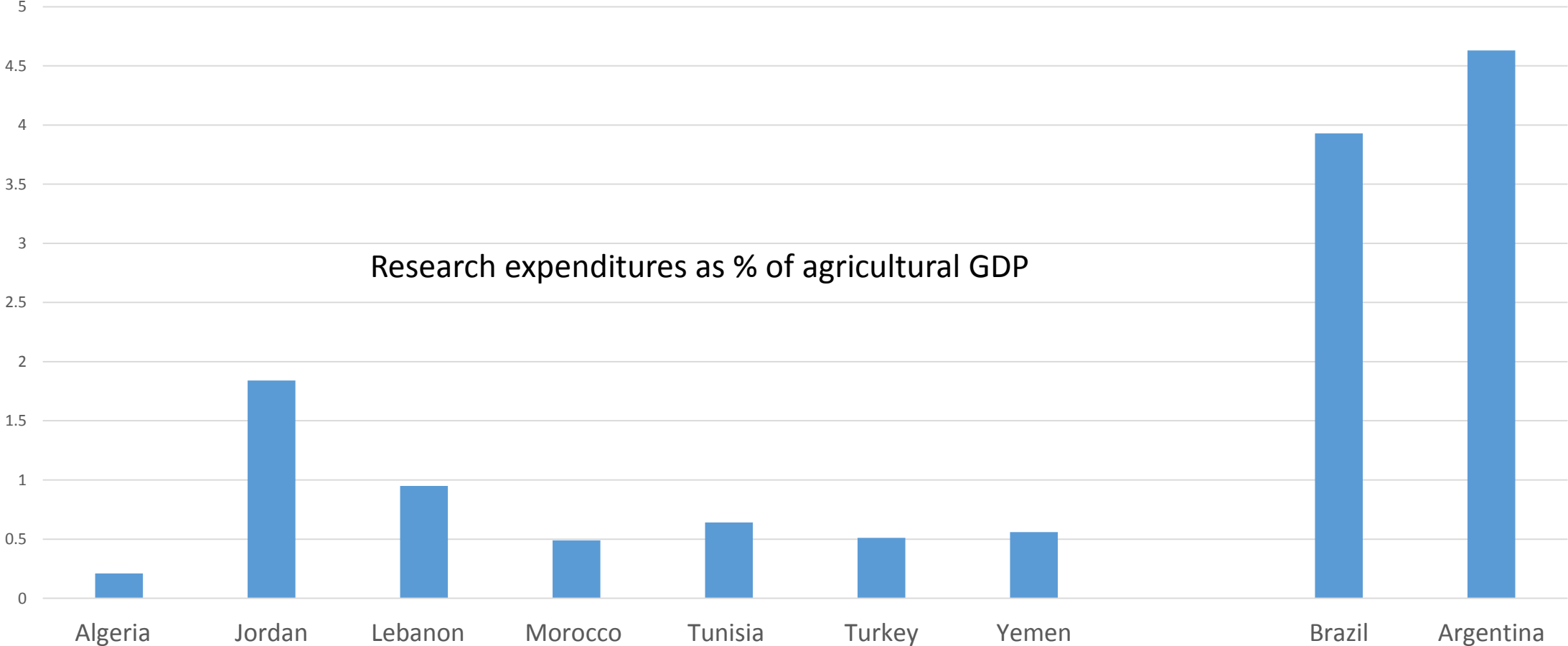
Allowing land and water to be used for higher value crops which generate more jobs in the agriculture supply chain



Scarce arable land and water will also require a focus on productivity improvements



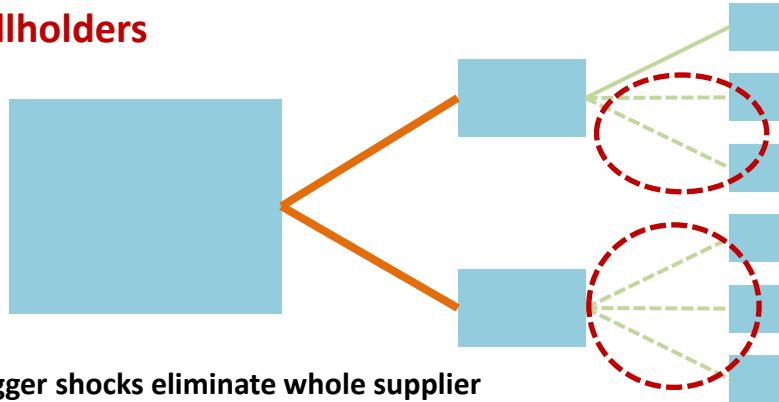
Greater emphasis is needed on agricultural research to improve yields and adapt to climate change



Source: Data from 2014-2015 Global Food Policy Report, IFPRI.

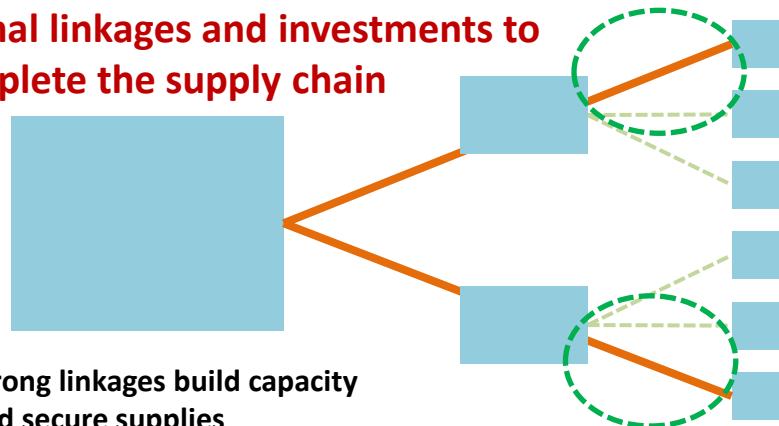
Challenge is to connect smallholders to higher value supply chains

Formal linkages have generally not reached smallholders



Bigger shocks eliminate whole supplier clusters/regions

Challenge is to encourage more formal linkages and investments to complete the supply chain



Strong linkages build capacity and secure supplies

To ensure stable, inclusive supply chains and sustained production growth, will need:

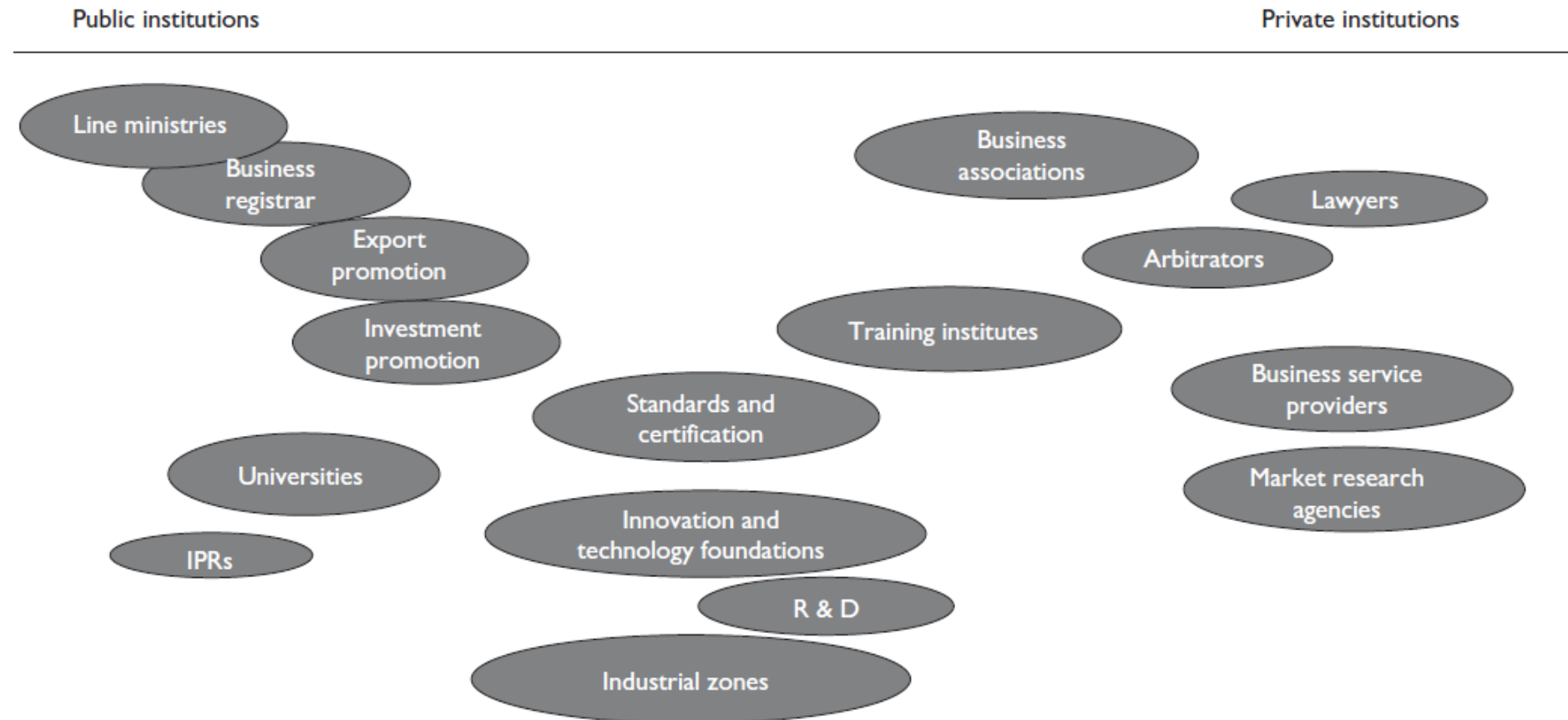
- **Improved incentives for agribusiness to invest in producing regions**
- **Strengthened, independent farmer organizations**
- **Modernized public and private support services which allow smallholders to respond more effectively to markets**

Strengthen farmer organizations to move up the supply chain as agribusiness moves down the supply chain



Modernize and expand the approach to strengthening institutions supporting agricultural supply chains

Figure 5.2 Institutions with Crucial Roles in Agricultural Clusters



Source: World Bank 2009.

Conclusion

- Agriculture could play an important role in fighting poverty and contributing to social stability in MENA.
- The focus needs to be on: (1) supporting smallholder and family farmers to link them to markets; (2) strengthening farmer organizations; (3) dealing with the problem of water scarcity; and (4) enhancing research and extension to increase productivity.