
Rural Transformation for Food Security and Poverty Reduction

Racha Ramadan

Applying Quantitative Analysis to Development Issues
Conference

Bibliotheca Alexandrina- 2018

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Motivation

- “*Structural transformation is defined as the shift of an economy’s structure from low-productivity, labour-intensive activities to higher productivity, capital and skill intensive activities*” (Structural Transformation in Developing countries –UN Habitat).
- As a result of successful structural change; employment move from lower to higher productivity sectors and output in lower productivity sectors increases.
- Under structural transformation, the relative importance of agriculture sector to the overall economy decreases!!

Take Home Messages

- Rural transformation matters for poverty reduction and food security.
- At advanced stages of structural and rural transformation, agribusiness and agro-industry play an important role.
- Micro data is needed to better understand rural transformation and its impact on households' welfare.

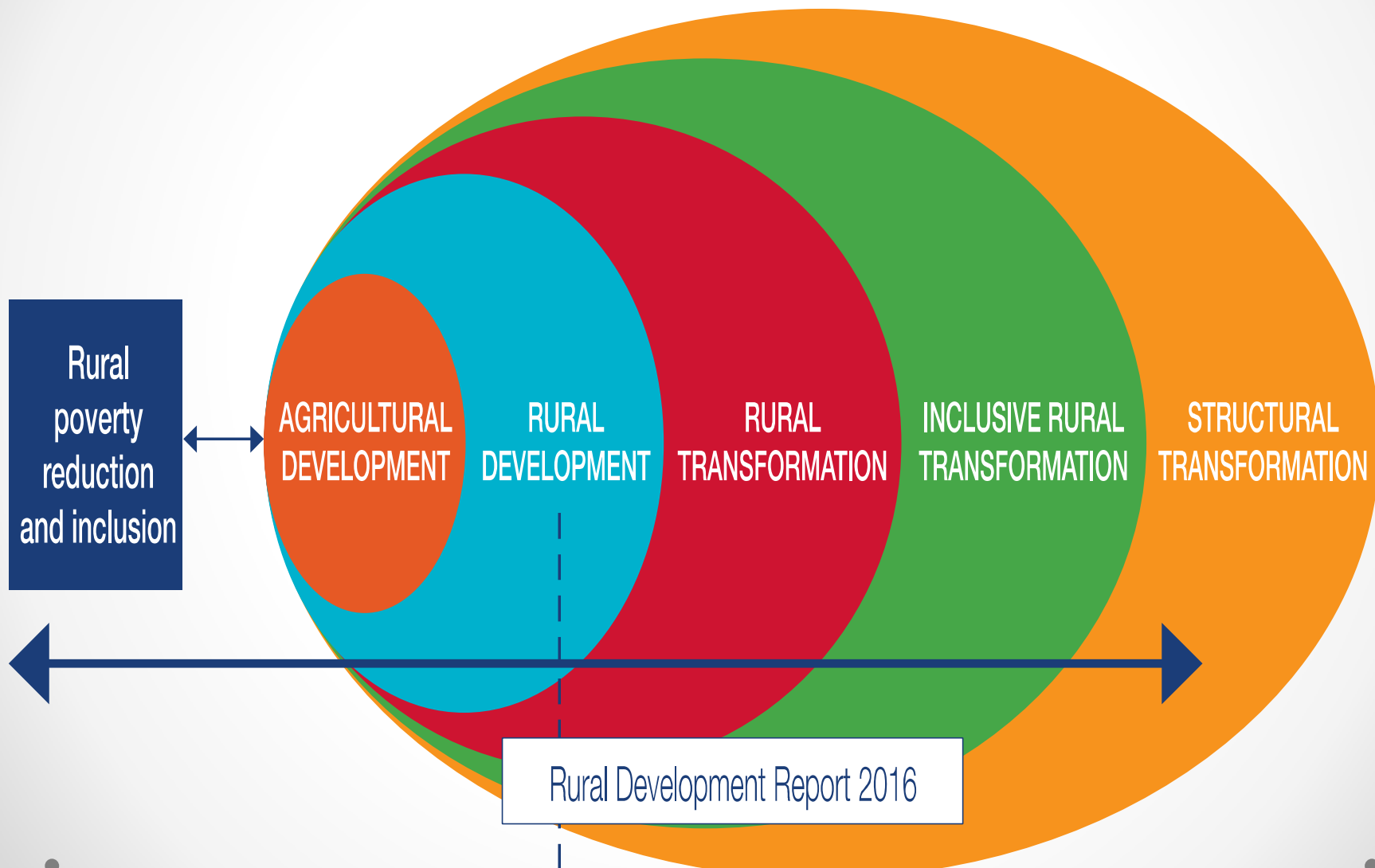
Structural Transformation Drawbacks

- Widening the gap between urban and rural labor productivity.
- Women are trapped in low productivity sectors (Marotta et al, 2015).
- Low agricultural per capita output and productivity lead to dreadful effects on food security and social stability. Especially in a context of food crisis.
- The difficulties in feeding rapidly growing cities.

Rural Transformation

- Under structural transformation, the relative importance of agriculture sector to the overall economy decreases, but productivity of agriculture sector should increase.
- **Rural Transformation!**
- *“Rural transformation involves rising agricultural productivity, increasing commercialization and marketable surpluses, and diversification of production patterns and livelihoods. It also involves expanded decent off-farm employment and entrepreneurial opportunities, better rural coverage and access to services and infrastructure, and greater access to, and capacity to influence, relevant policy processes”.* (IFAD, 2016).
- Advantages of rural transformation include transition out of poverty, women empowerment and ensuring food security.

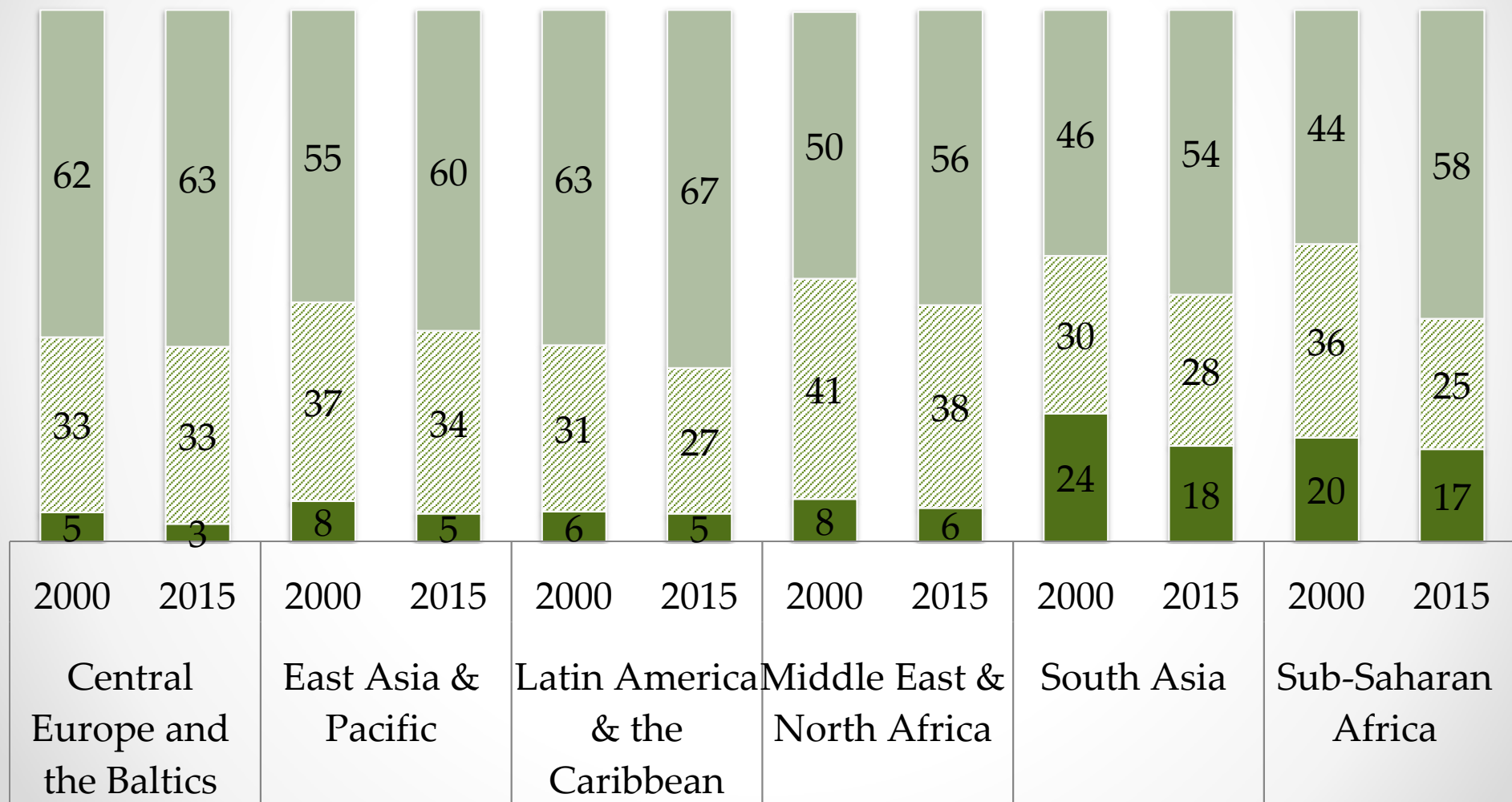
Agricultural Development, Rural development and Rural Transformation are intertwined with other larger processes



Stylized Facts

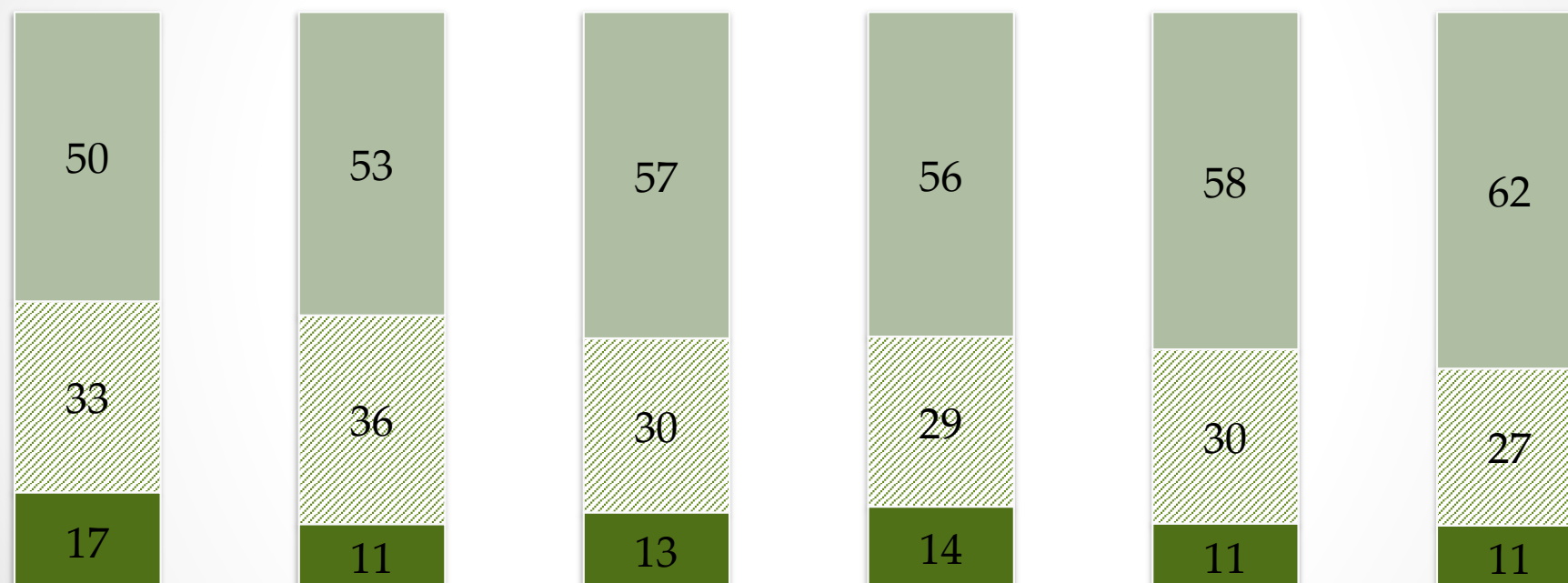
Distribution of VA by sectors (% of GDP) in different regions

■ Agriculture ▨ Industrial ■ Services



Distribution of VA by sectors (% of GDP) in three MENA countries

■ Agriculture ▨ Industry ■ Service



2000

2015

2000

2015

2000

2015

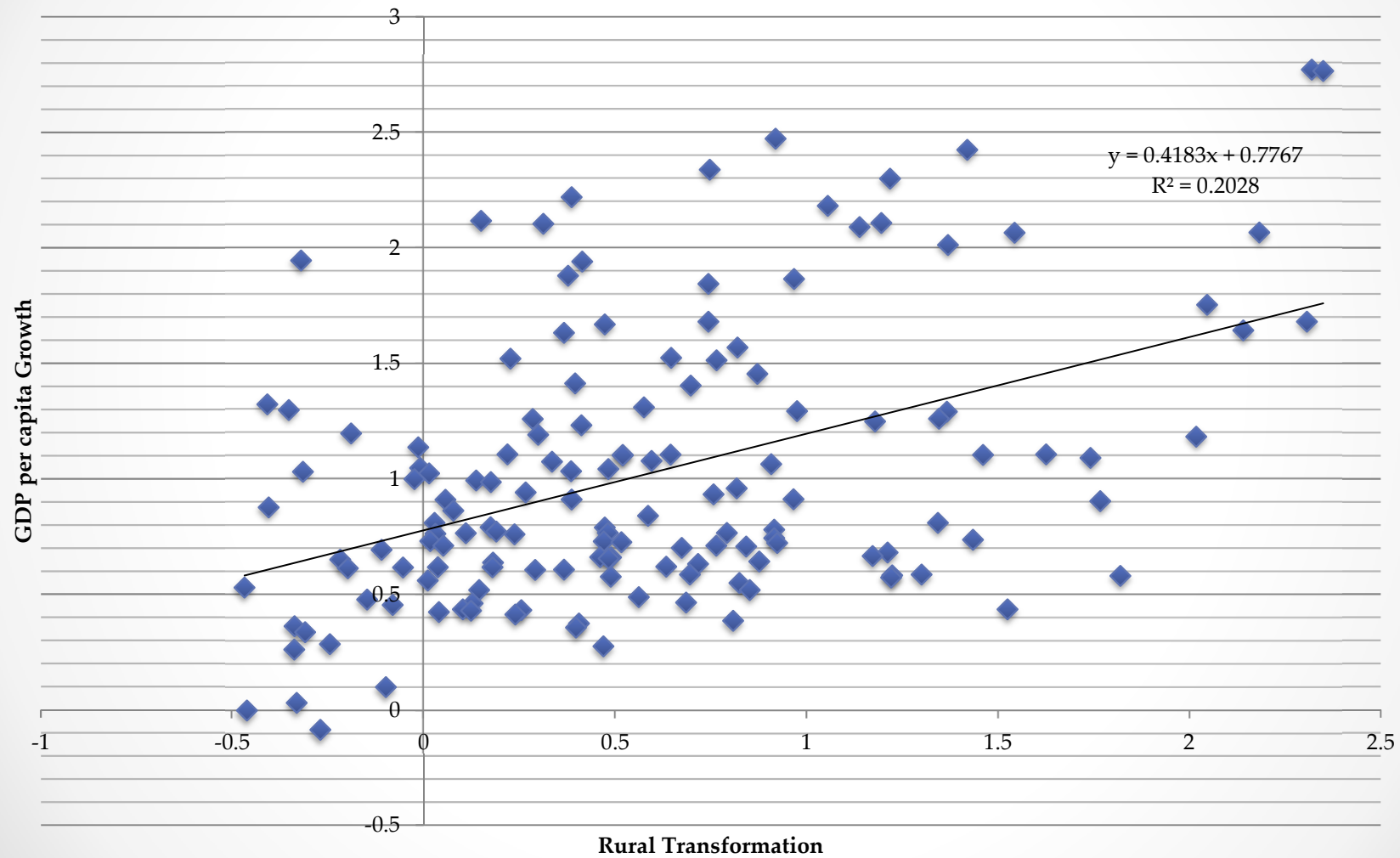
Egypt

Morocco

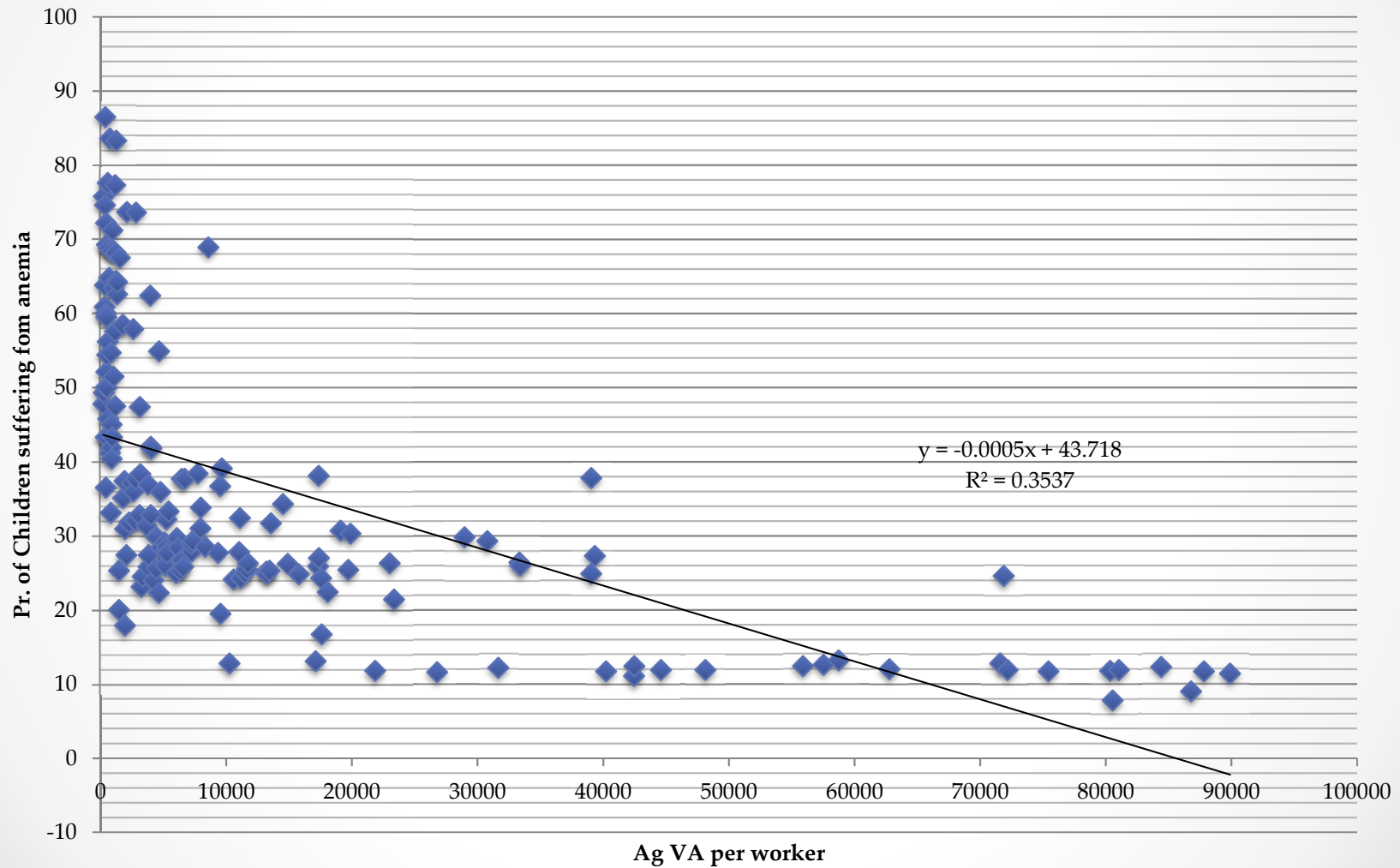
Tunisia

Rural Transformation - Poverty Food Security

Agricultural VA per Worker and GDP per capita (2000-2015)



Agricultural VA per Worker and Food Security



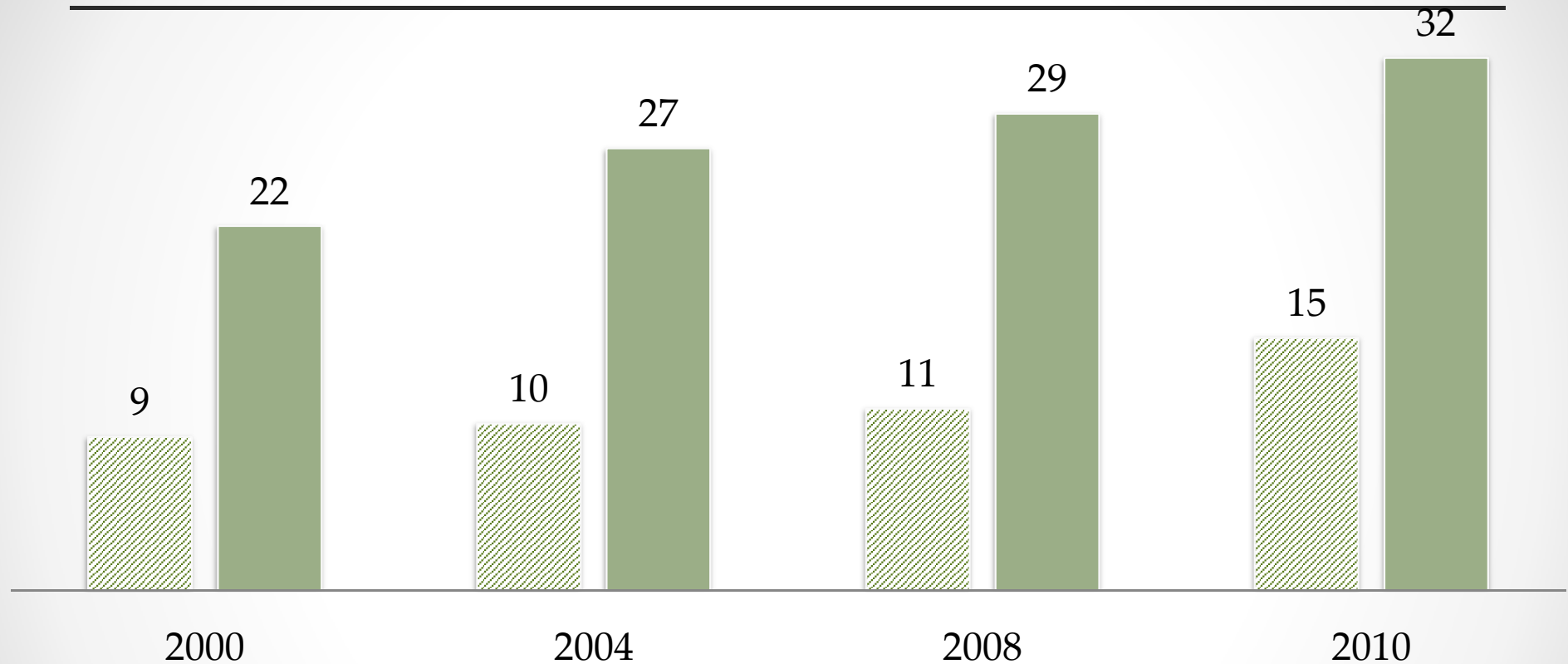
Egypt

Poverty and Food Security in Egypt

Poverty and Food security is an important challenge facing the Egyptian government:

- 27.8 percent of the population considered as poor in 2014/2015.
- A prevalence of undernourishment of 5 percent 2014/2015.

Urban and Rural Poverty

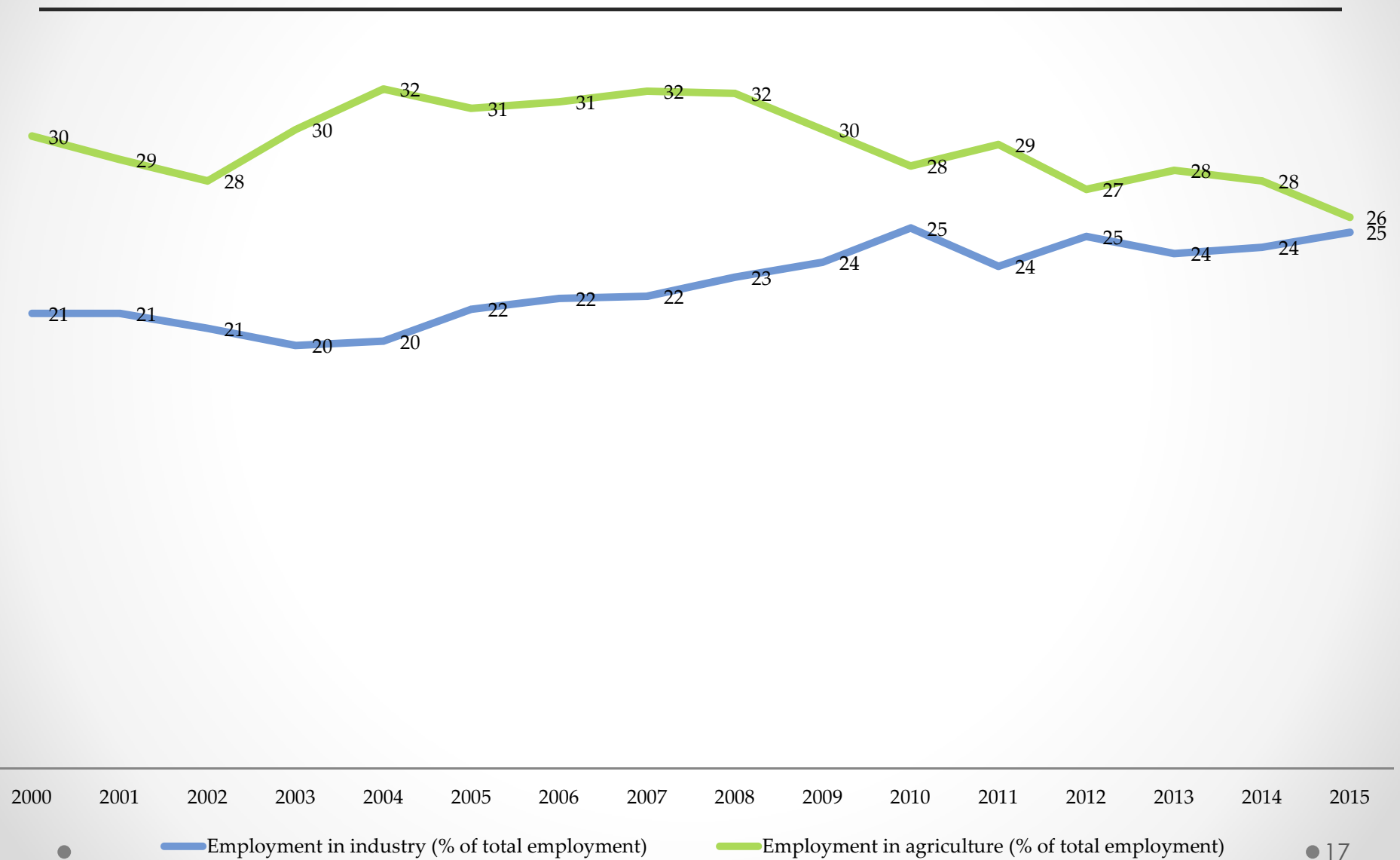


▨ Urban poverty headcount ratio at national poverty lines (% of urban population)

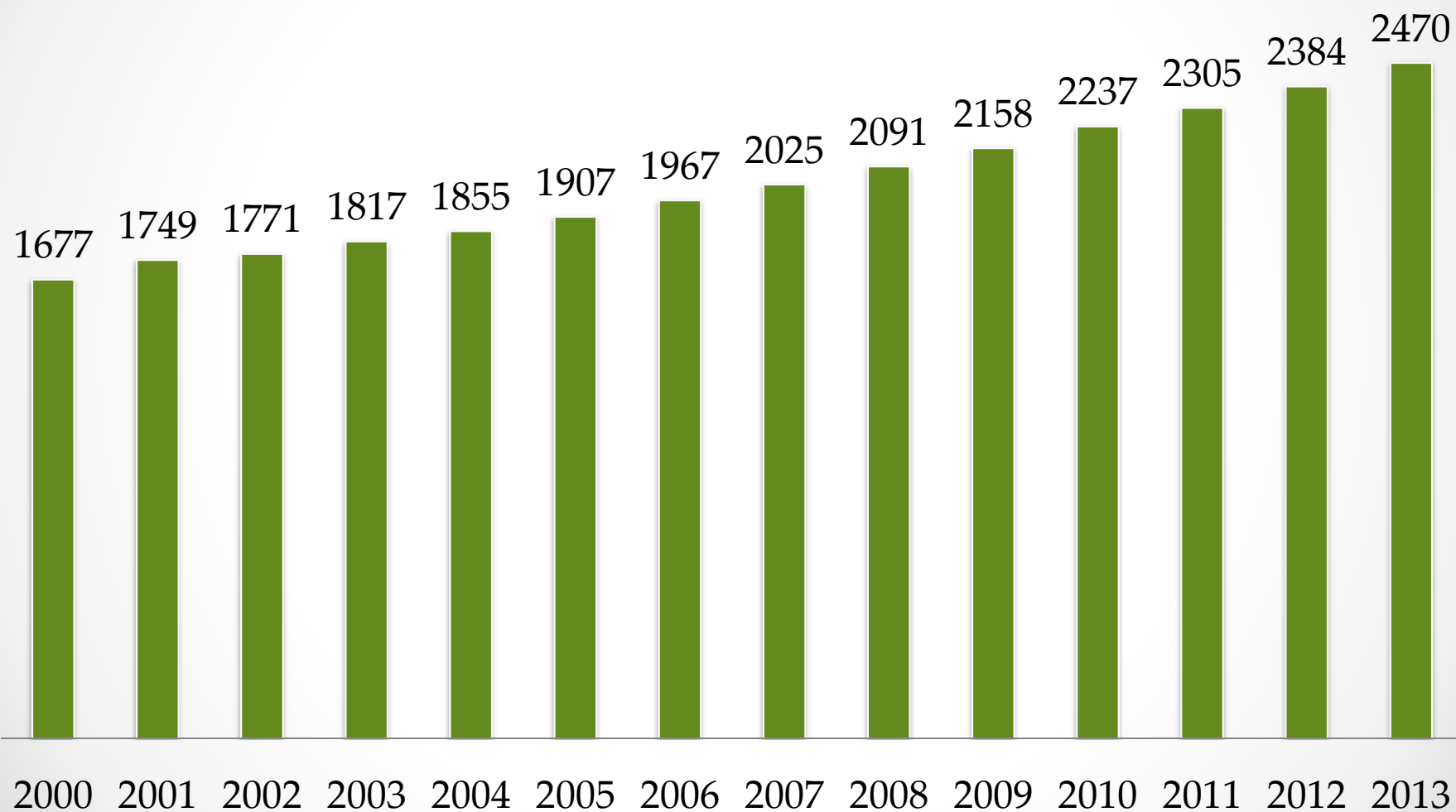
■ Rural poverty headcount ratio at national poverty lines (% of rural population)

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- Egypt suffers from the double burden of malnutrition; under nutrition and over nutrition.
 - In 2014, the proportion of children under-five-year-olds who suffer from wasting has increased to 9.5%, those suffering from stunting reached 22.3% and the proportion of underweight reached 7%.
 - Anemia among children under-five-year-olds increased from 42% in 1990 to 45.4% in 2011.
 - In the same period, the proportion of women (pregnant and non-pregnant) suffering from anemia declined to 30% and 35% compared with 38% and 45% in 1990.

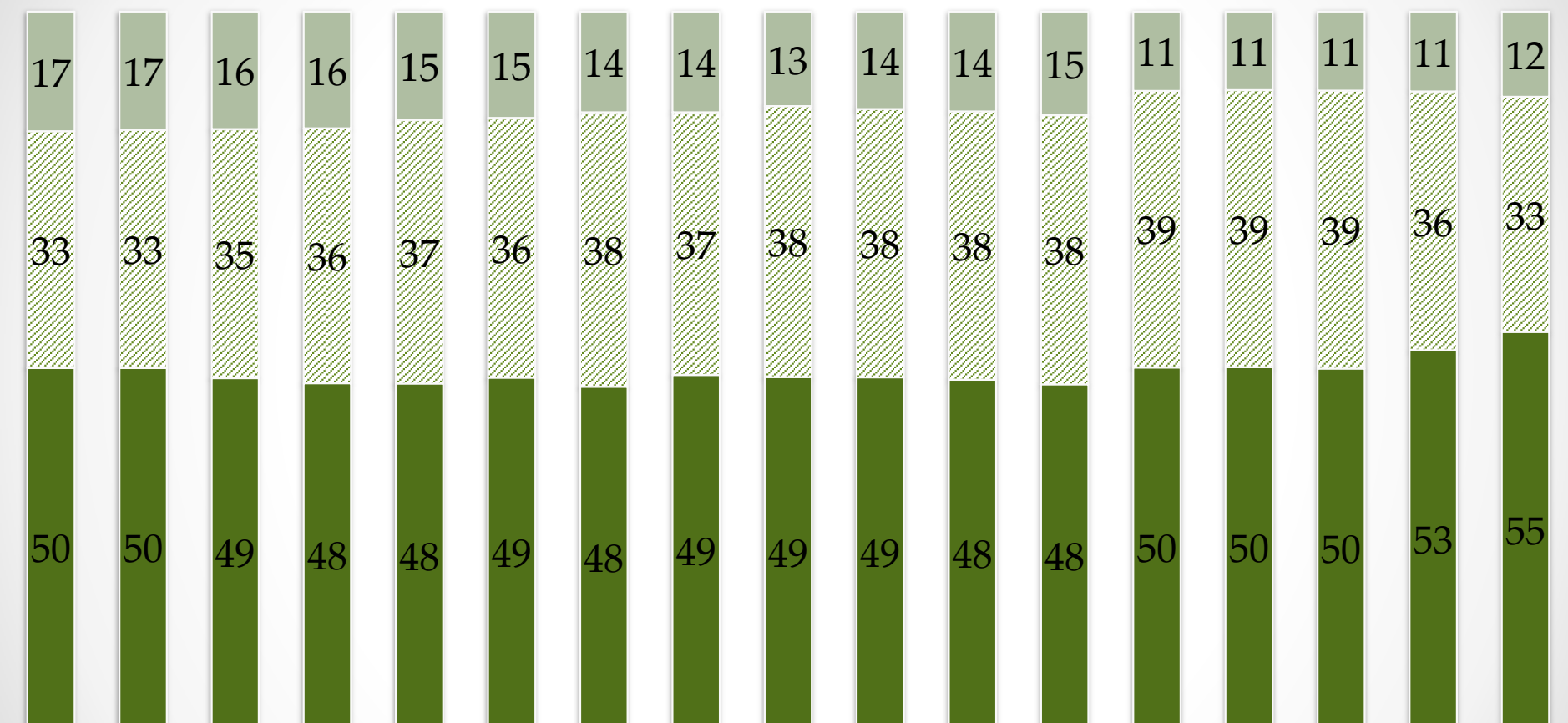
Employment in Industry and in Agriculture (% of total Employment)



Agriculture Value Added per Worker (Constant 2005 US\$)



Distribution of VA by sectors (% of GDP)

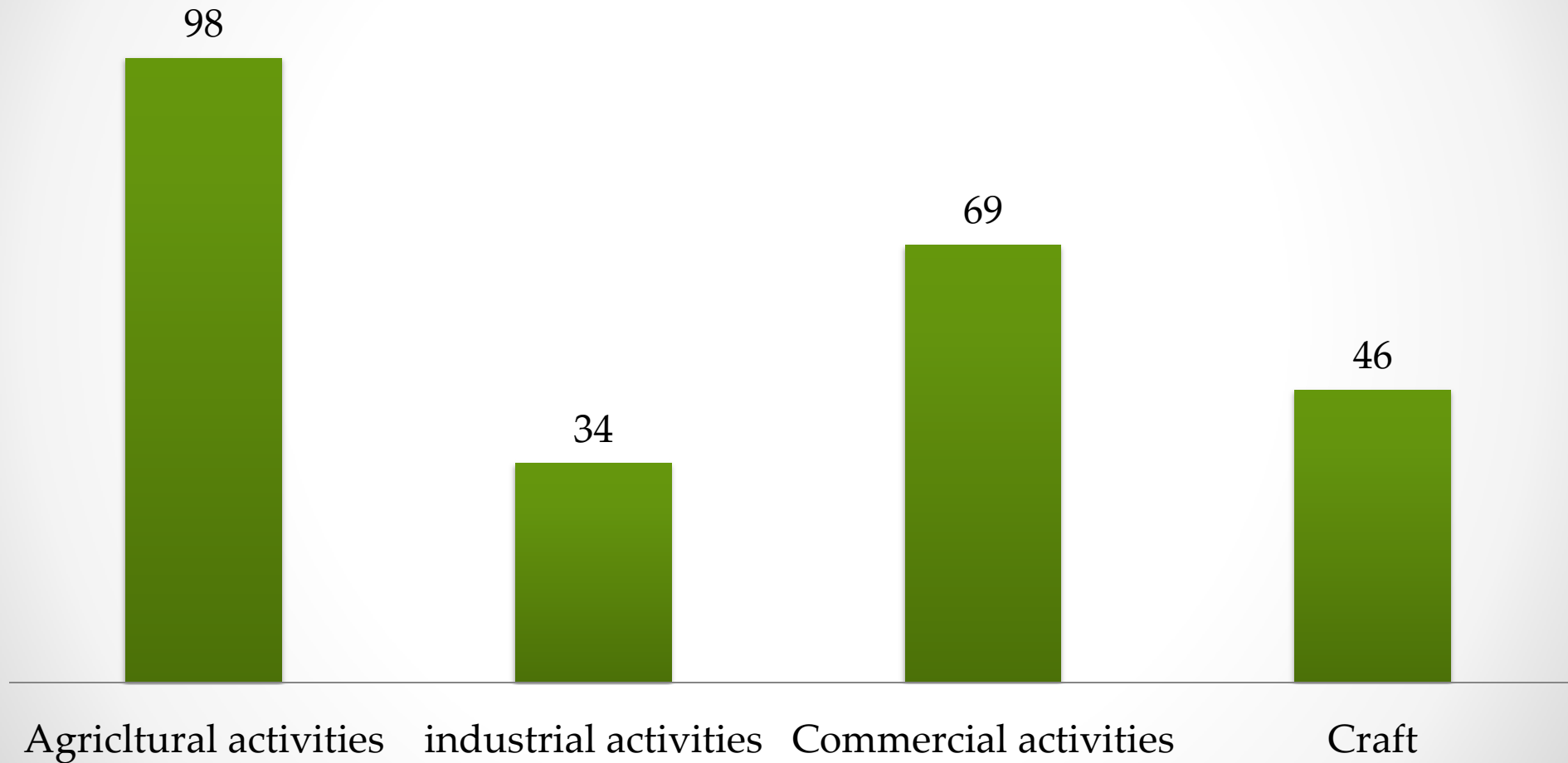


2000 2001 2002 2003 2004 2005 2006 2007 2008 2009 2010 2011 2012 2013 2014 2015 2016

■ Services, etc., value added (% of GDP) ▨ Industry, value added (% of GDP)

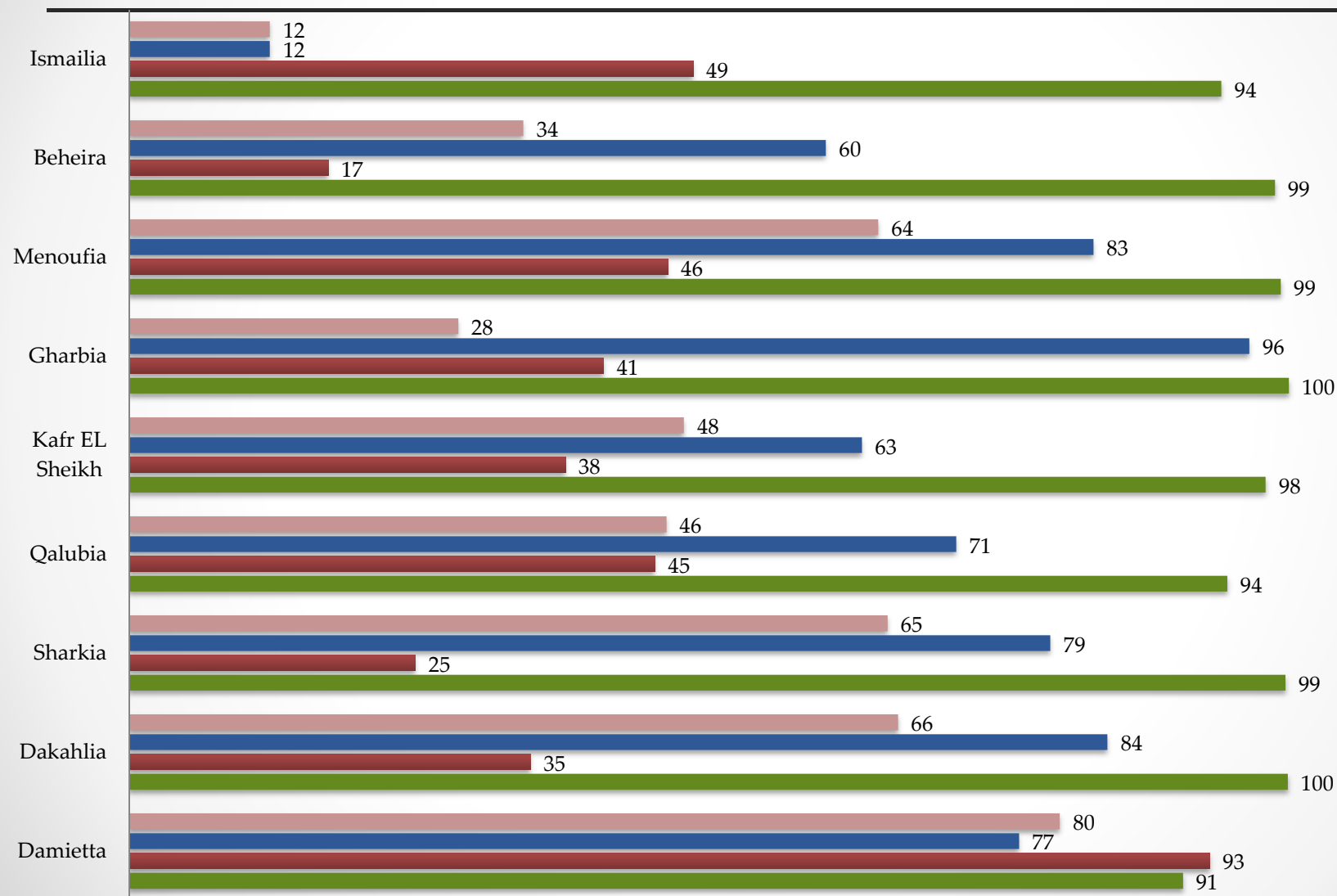
■ Agriculture, value added (% of GDP)

Distribution of Villages according to the Economic Activities of its residents in Alexandria



Distribution of Economic Activities in Villages of Lower Egypt

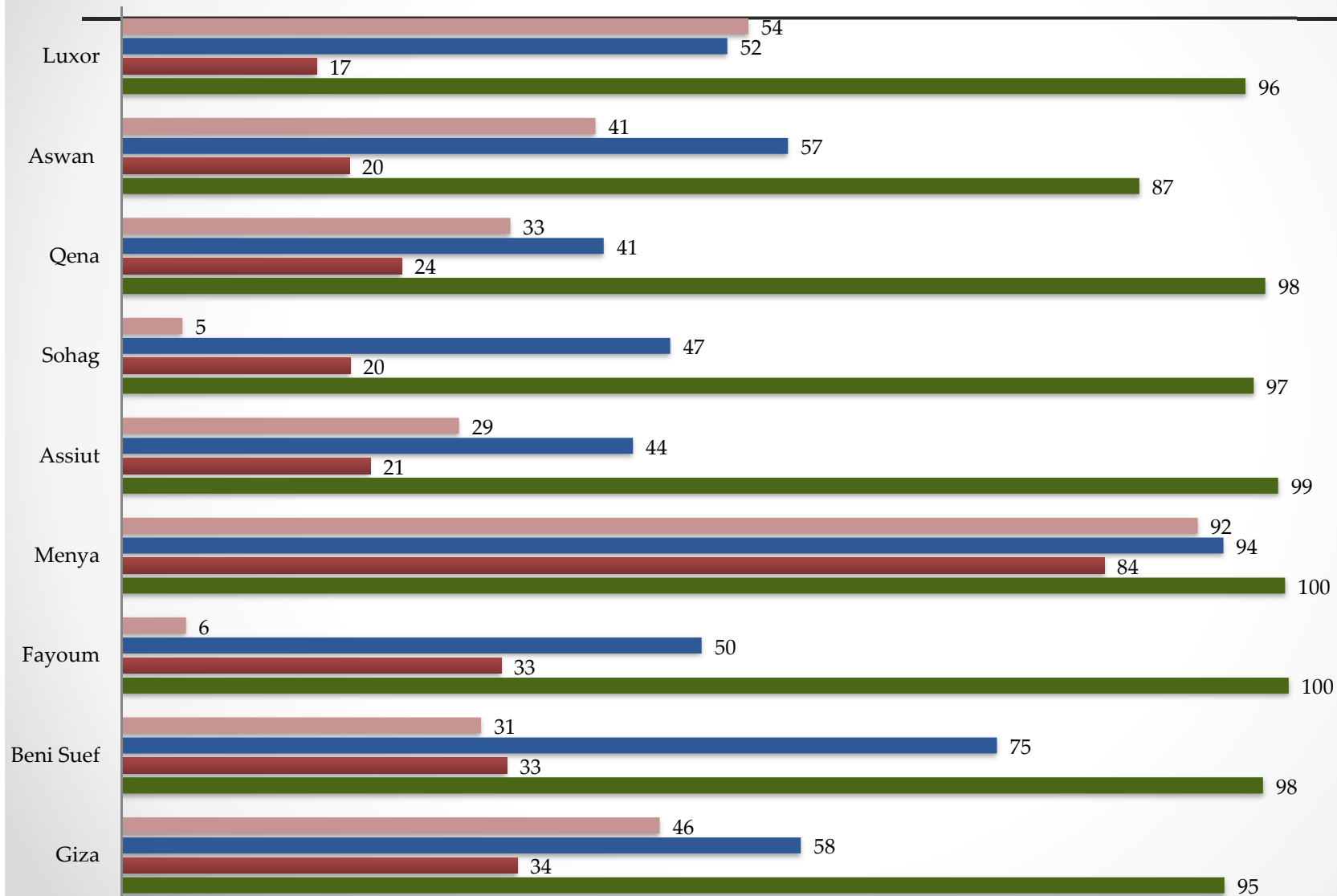
■ Craft ■ Commercial activities ■ industrial activities ■ Agricultural activities



Source: Egyptian Villages Survey- 2015 - CAPMAS

Distribution of Economic Activities in Villages of Upper Egypt

■ Craft
 ■ Commercial activities
 ■ industrial activities
 ■ Agriclctural activities



Source: Egyptian Villages Survey- 2015 - CAPMAS

Key Messages

- Rural transformation matters!
- Increasing Agricultural productivity is needed to provide enough food supply to the increasing demand resulted from urbanization.
- Micro data, in addition to Macro data, is needed to better understand rural transformation and its impact on households' welfare.

Thank You for your Attention

racha.ramadan@feps.edu.eg

www.racharamadan.com