

## Policy dialogue summary - agriculture

Co-hosted by the DFID-ESRC Growth Research Programme (DEGRP) and the Centre for Policy Dialogue (CPD)

The meeting was chaired by Dr Debapriya Bhattacharya (Member of the Advisory Committee, DEGRP) Professor Mustafizur Rahman (Executive Director CPD) who in his opening remarks highlighted that agriculture is a critical sector in Bangladesh. He focused on the present need to move from agriculture to manufacturing by developing the rural non-farm sector and other areas of agriculture.

Dr Steve Wiggins (Research Fellow, ODI) provided the key note presentation on the structural transformation of agriculture. Dr Wiggins began with an introduction to the work of DEGRP. He described a view that many hold of agriculture being unimportant in LICs, encouraged by the Lewis model. Dr Wiggins, however, suggested that there has been no case of successful development that has not been accompanied by, and usually preceded by, an agricultural revolution. The fastest way to make agriculture a minor part of the economy is to raise its productivity. Dr Wiggins concluded that the growth of agriculture is key for structural transformation. The rapid growth of agricultural productivity is possible (and can be faster than manufacturing) and there is a bonus to the growth of agriculture: no other sector is as effective in reducing poverty and hunger. However, there is a need to learn more about how agricultural productivity changes and not just concentrate on yields. In order for structural transformation to take place, we need to know more about supply chains and to understand rural non-farm enterprises.

Dr Dirk Willem te Velde (Head of Programme IEDG, ODI) followed this up by suggesting that there are two views on how to raise productivity, also relevant for the garment sector. First, should it be left to the market? As long as the incentives are there, they will be forced to raise productivity. Or is there a need to think more proactively and not just "sit back", which is related to industrial policy and human resource development.

Chief guest Mr A H M Mustafa Kamal, MP (Minister for Planning) suggested that Bangladesh has done very well compared to the economic vulnerabilities seen in other parts of the world. There are encouraging signs of growth for the future due to potential that has not yet been harnessed. Urban development and population increases provide challenges so there is a need to progress and transform. Dr Quazi Shahabuddin (Professorial Fellow, Bangladesh Institute of Development Studies) expanded on these problems by drawing on information from recent Bangladeshi agricultural censuses, which show that base (land available) for agricultural has been shrinking, the size of farm holding has decreased and the level of engagement in agriculture has been decreasing. Dr Shahabuddin suggested that the key

## Challenges of economic growth and transformation

issue was incentives. Dr Sajjad Zohir (Research Director, ERG) agreed with the need for incentives but questioned what is meant by transformation and its link to globalisation.

The floor was then opened up for discussion. Dr Hossain Rahman made the point that agriculture should not be seen only in the window of food security, but also as a growth driver. Agricultural marketing has not been prioritised and there is no investment in this infrastructure and, therefore, transformation is a large undertaking. The south west is untapped and that is where the production jump will come from – so a focus on this area is needed.

Tim Russell (IRI in Bangladesh) works on developing rice varieties and believes that in 5 – 10 years we will see another revolution in mechanisation. Farmers will also have to change the ways in which they work together, as currently labour costs and scarcity are high (in Bangladeshi terms). Dr Wiggins responded that to hear about a rural labour shortage and rising rural wages is a millennium dream. This means Bangladeshi agriculture needs to discuss whether it will concentrate on the production of high value agriculture crops for middle market, which will demand higher quality, or on rice to live on and keeping these unit costs low. Dr Wiggins responded to the idea of mechanisation by suggesting that raising productivity means heading for middle range technologies, not necessarily increasing intensity.

Others agreed and stated that the Green revolution has already reached a frontier in Bangladesh and the key now is another revolution from new agricultural research. But these findings need to be adopted by farmers: extension, knowledge and incentives structures all need to be discussed. Professor Mustafizur Rahman (Executive Director, CPD) took this idea of a second transformation further, by providing suggestions on how this could happen with the introduction of GMO crops and linking local with global market prices and reducing risks in marketing practices like commodity exchanges.

Dr M Osman Farruk (Former Education Minister) provided some closing comments and suggested that what was needed was an upward jump to move beyond the same production function. Questions should be asked within Bangladesh rather than just relying on others, by looking to agricultural universities and think tanks. Dr Farruk concluded that the knowledge based economy will solve the future issues of technology, but that we should be looking to the bigger picture – to transform the entire economic structure, not just agriculture.