



# Integrating Developing Nations into Global Markets

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- ⇒ Pervasive poverty causes malnutrition and limits size of developing country markets.
- ⇒ Developing country agriculture is under-performing relative to its potential, in part due to the urban bias in their own governments' policies.
- ⇒ Developing countries are weakly linked into global food and agricultural markets, not least due to high income countries' protectionism.
- ⇒ The percent of world agricultural production that moves through international trade is expected to grow. What role developing countries will play is an open question.



# Population

<u>Region</u>	<u>2000</u>	<u>2050</u>
World	6,055	8,909
High Income	1,188	1,155
Low Income	4,867	7,754
Africa	784	1,766
Asia	3,683	5,268
Latin America	519	809

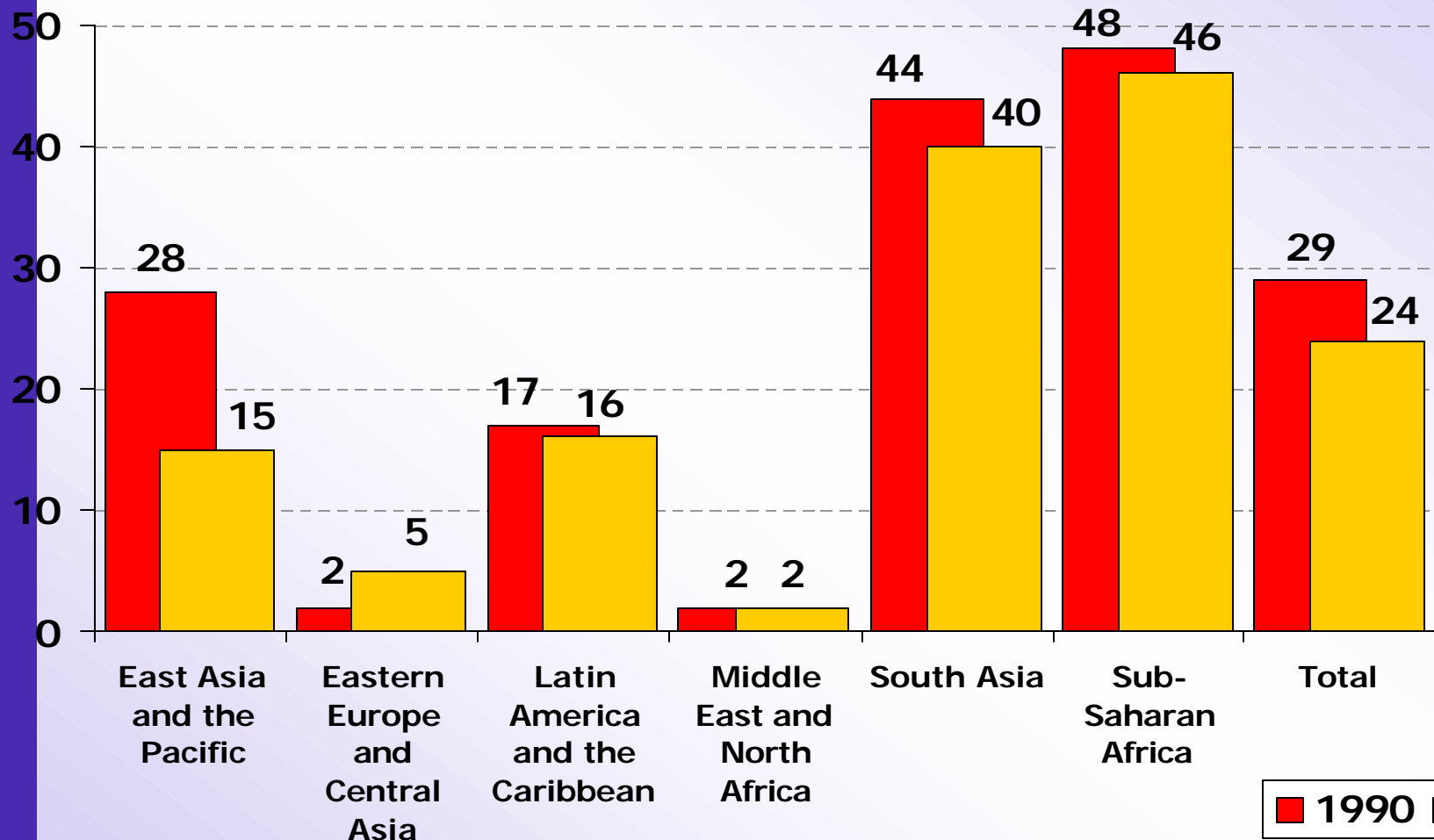


# The Challenge of Persistent Poverty

## Trends in Poverty

- ⇒ Over 1.2 billion people in the world live on less than one U.S. dollar a day.
- ⇒ Over 70 percent of the world's poor live in rural areas, and most are farmers. At current trends, the rural share will not fall below 50 percent before 2035.
- ⇒ The rural poor suffer limited opportunity, empowerment and security.
- ⇒ Rural people suffer a lower quality of life than urban residents in every quality of life indicator.

Share of people living on less than US\$1 a day [%]





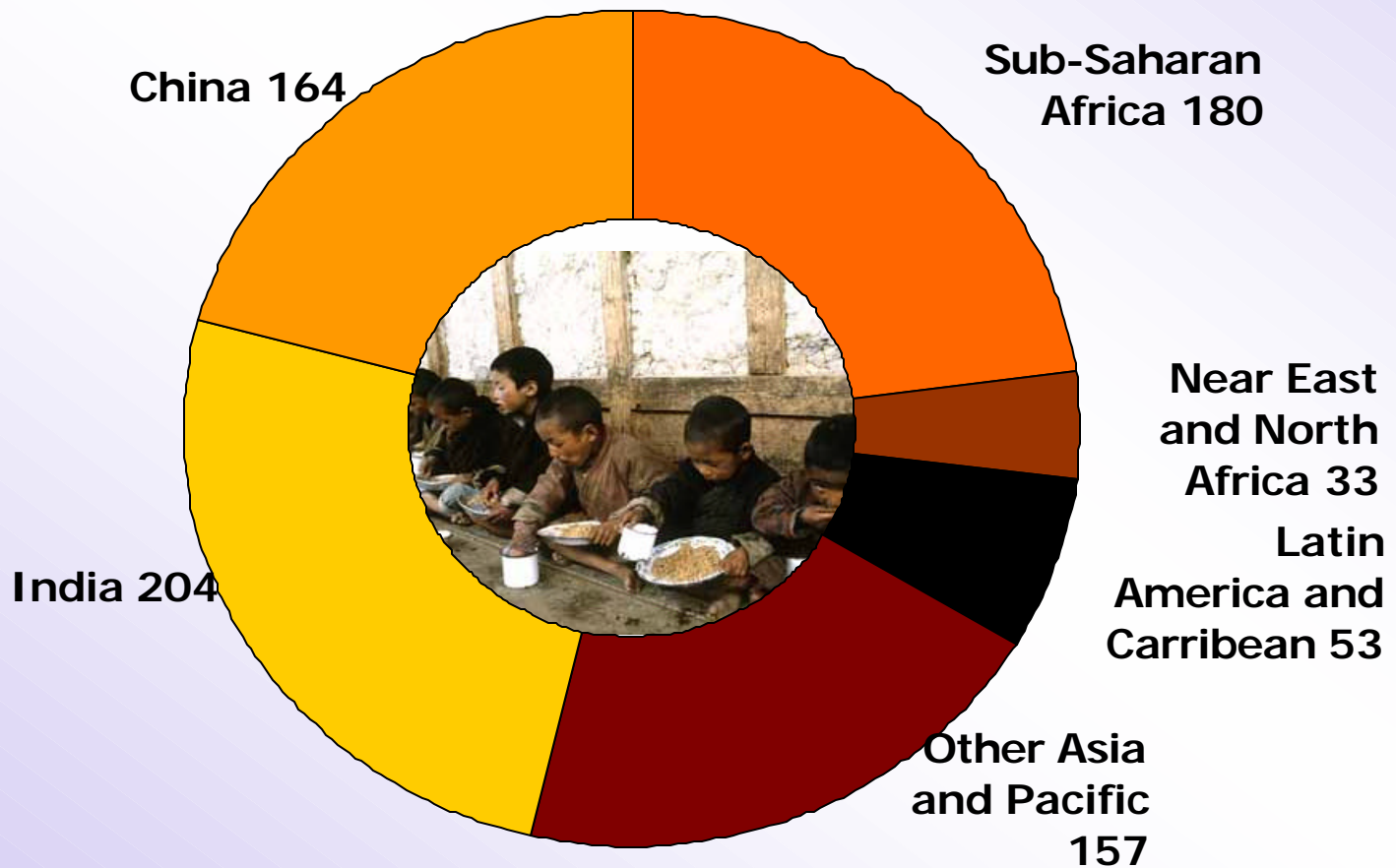
# The Challenge of Undernourishment

## Despite Low Food Prices

- ⇒ Improvements in undernourishment have been slow despite the lowest real commodity prices in a century.
- ⇒ Persistent household food insecurity in the developing world is largely the result of poverty.
- ⇒ Agriculture is being neglected by the majority of the developing countries and, in those countries, is underperforming relative to its potential.
- ⇒ Food aid, while useful in emergency situations, tends to impede agricultural development in the recipient countries.

# The Challenge of Undernourishment Despite Low Food Prices

Number of Undernourished, by region, 1995/97 [millions]





## Urbanization and Changing Diets

- ⇒ The rate of urbanization is accelerating--faster than jobs can be created, with accompanying problems of urban crime, pollution and the like.
- ⇒ As urbanization occurs and personal incomes rise, people eat more animal protein, fruits, vegetables, and edible oils.
- ⇒ As the opportunity cost of women's time rises, diets shift towards foods whose preparation is less time-intensive.
- ⇒ The effects of urbanization and rising incomes are likely to add at least as much to global demand for food as population growth.
- ⇒ Growth of cities creates challenges to supplying food to urban residents.



## The Challenge of Globalization

- ⇒ The poor, and especially the rural poor, are benefiting less from globalization than the rest of society.
- ⇒ While world trade is becoming more open,
  - ↳ developing countries find access to high income country agricultural markets limited, and
  - ↳ world agricultural prices are depressed and more volatile due to export subsidies and tariff rate quotas of high income countries.
- ⇒ Multinational companies, growing through mergers and acquisitions, increasingly source inputs and food products globally.
- ⇒ New information technologies facilitate all aspects of globalization.
- ⇒ Can developing country agriculture compete in an increasingly global world food system?



# The Challenge of Continued Natural Resource Degradation

- ⇒ Every year, some 5.5 million people in less developed countries die from water borne diseases and air pollution.
- ⇒ Two-thirds of the world's population will face water scarcity by 2025.
- ⇒ Forest cover the size of Switzerland is lost annually.
- ⇒ Sixty percent of the world's fisheries are over-exploited.
- ⇒ During the past four decades about 0.5% of the agricultural land base was lost each year due to severe degradation and another 0.1% per year was lost to expansion of cities and infrastructure.
- ⇒ Seventy percent of all water use is for agriculture, most of which is used inefficiently. Competition from urbanization will necessitate that this percentage declines.
- ⇒ Loss of biodiversity is accelerating.



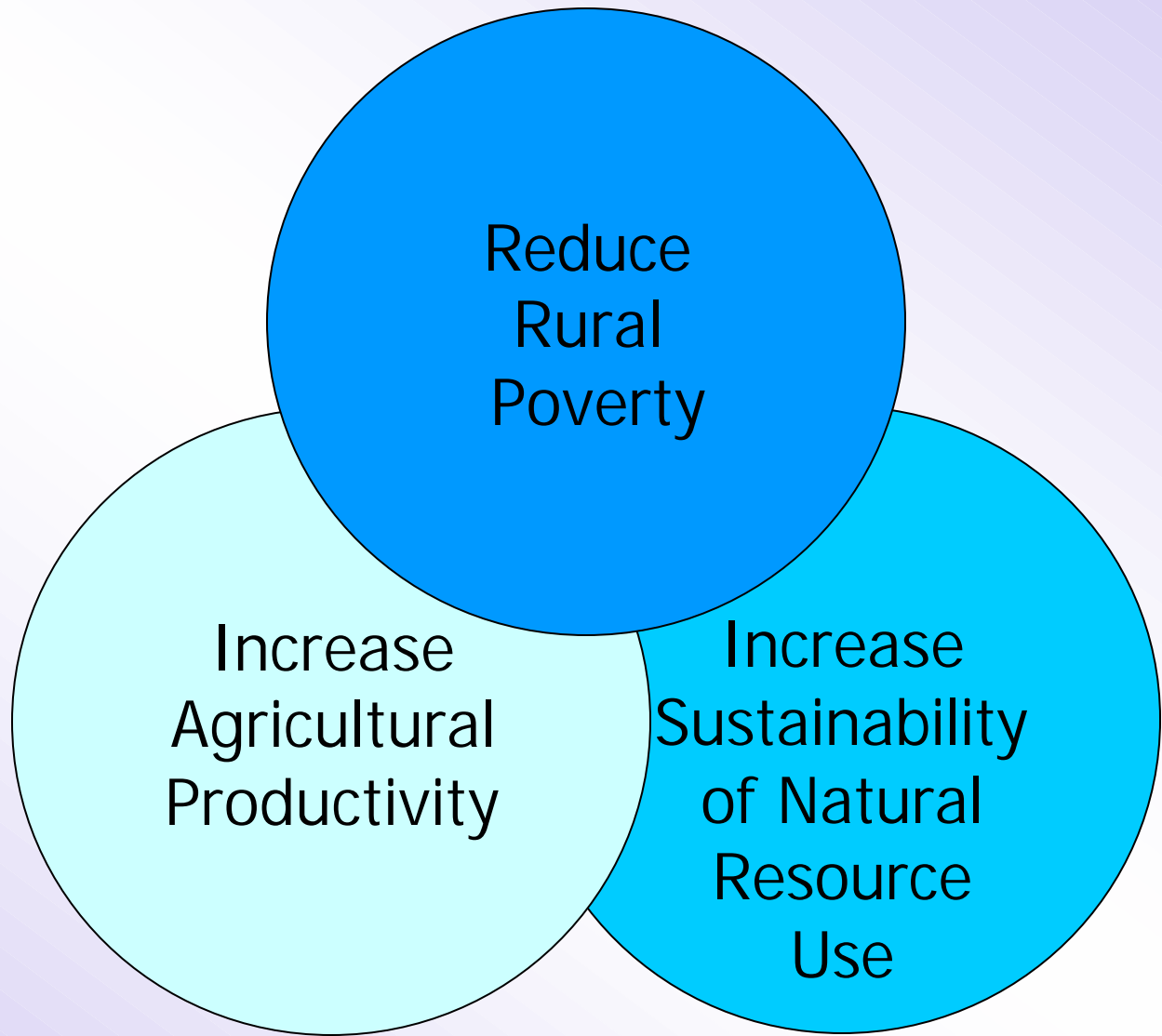
## New Challenges for Science and Technology

- ⇒ Available technology cannot satisfy the forecast doubling of world food demand by 2050 with present resources.
- ⇒ Public investment in agricultural research is declining in most of the OECD and developing countries.
- ⇒ Private sector agricultural research has grown rapidly, but most research results are geared to the needs of farmers in high income countries and protected by patents.
- ⇒ Rapid advances in biological and information sciences are creating a widening divide between high and low income countries' competitiveness on global agricultural markets.
- ⇒ Civil society is questioning the safety of some of the new biotechnology developments in food and agriculture.



# Three Pillars of Rural Development

## Rural Development Strategy





## Strategic Objectives of World Bank in Rural Development

1. Strengthen Rural Policies and Rural Institutions
2. Improve Access to Social and Economic Infrastructure
3. Facilitate Agricultural Growth and Competitiveness
4. Enhance Rural Non-Agricultural and Private Sector Economic Activity
5. Improve Natural Resource and Environmental Management
6. Enhance developing country participation in international negotiations, including WTO agricultural trade round



Please see also our website at

<http://www.worldbank.org/ruralstrategy>



On this website, you will find:

- more updated information and a calendar of events related to the Update of the Rural Development Strategy;
- downloads of background studies and regional strategies;
- relevant email-addresses;
- forms to submit your comments;
- a sign-up form for our email-newsletter.