



IFPRI

Transformation of Bangladesh Agriculture

Workshop on Agrifood Value Chains and Farm
Mechanization in Bangladesh

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Role of agriculture in poverty reduction in Bangladesh

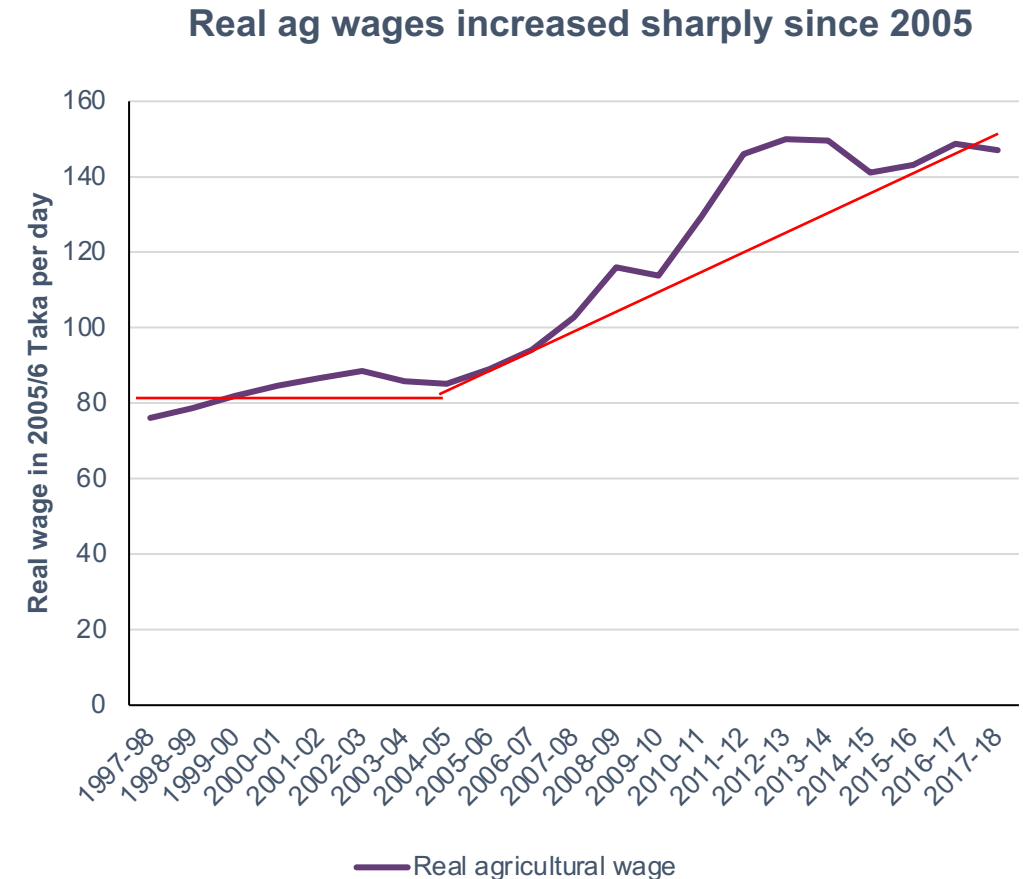
- IFPRI study shows agricultural growth is **3.1 times** more effective in alleviating poverty than other sectors in the economy in Bangladesh.
- Agriculture has direct (*production*) and indirect (*value chains*) linkage effects on the entire economy.
- Improving the efficiency of agrifood value chains has significant potential for boosting employment and income, thereby reducing poverty.



Photo Credit: G.M.B. Akash/PANOS

Mechanization is key for improving farmers' profitability

- Since mid-2000s, real agricultural wages increased sharply:
 - ↑ Rural landless laborers' incomes
 - ↓ Farmers' profitability due to higher cost of labor
- Mechanization can reduce hired labor costs and increase profitability.
- Currently, mechanization is mostly limited to land preparation.
- Mechanization also provides income-generating opportunities for rural youth.



Source: Zhang, Z., S. Rashid, K. Ahmad, and A. Ahmed. 2014. Escalation of real wages in Bangladesh: Is it the beginning of structural transformation? *World Development* 64: 273-285. (Data updated)

Agriculture remains important

- The share of agriculture in GDP growth is declining...
- ...Yet agriculture still generates 45% of rural employment.
- Improving the efficiency of agrifood value chains and promoting farm mechanization are key opportunities.



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