



Transforming Agriculture in the Lower Mekong Basin: Challenges and Opportunities

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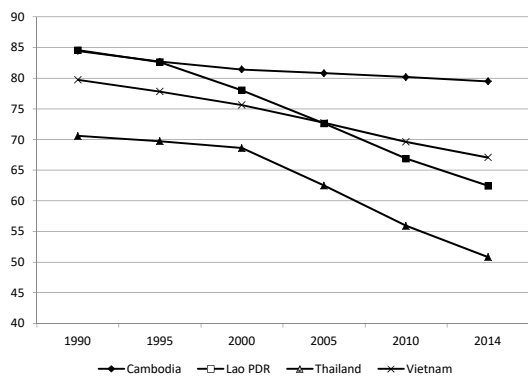
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Overview

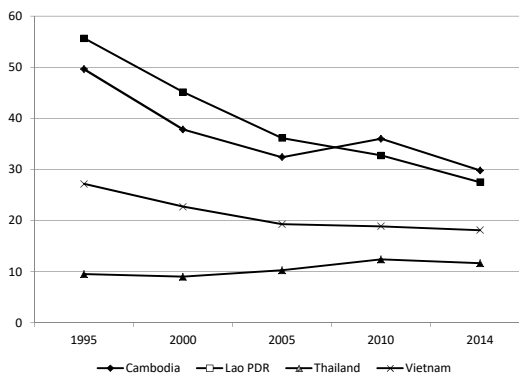
- Main features of agriculture in the Lower Mekong Basin
- LMB agricultural strategies
- Transforming agriculture – challenges (environmental stress, labor force dynamics, institutional impediments)
- Transforming agriculture – opportunities (increasing domestic demand, deepening value chains, expanding global markets)
- Constructive public policy responses.

Rural Population & Agriculture's Share of GDP

Trends in Rural Population/Labor Force

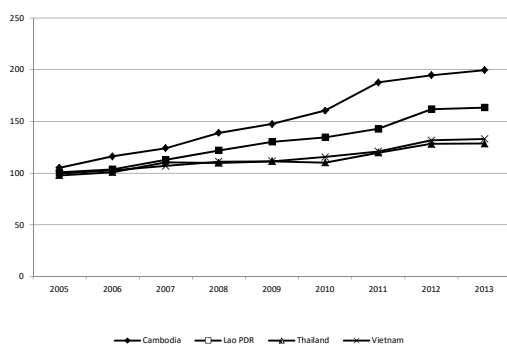


Agriculture's Share in GDP

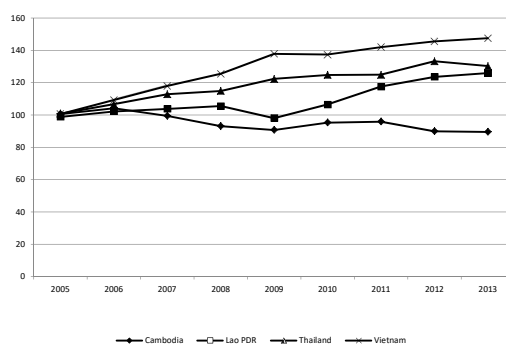


Crop and Livestock Production Index

Crop Production Index

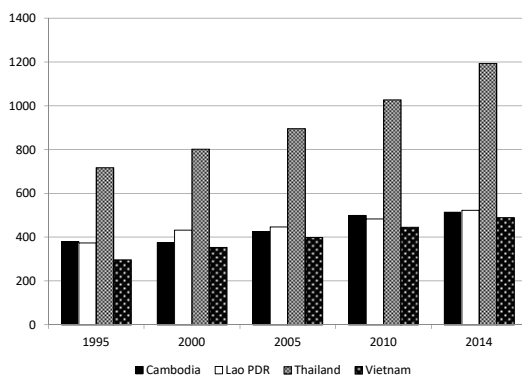


Livestock Production Index

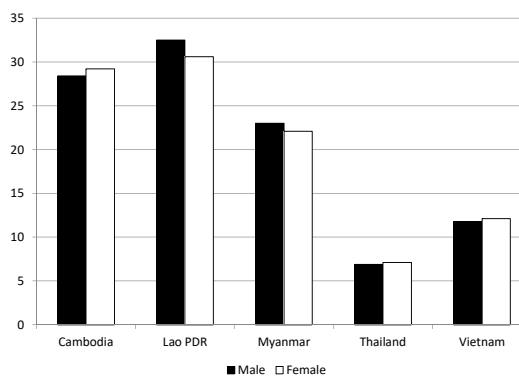


Earnings and Nutrition

Value-Added per Worker (\$2005 PPP)



Undernourished Children U-5 (%) 2014



Agriculture – Main Features

- **Positive:** Output and (some) earnings have risen; volume & variety of products have increased; increased mechanization; expanding exports; many key social indicators including absolute poverty and food deprivation have improved.
- **Negative:** Farmers generally lack productive resources – physical capital, skills, knowledge, finance, and natural resources, including land; limited access to social services and amenities; weak support from public institutions (except irrigation); infrastructure services poor; public capital (roads, bridges, dykes) is under-maintained; governance institutions offer minimal assistance, especially to isolated/marginalized groups; security of property (especially near urban areas) is problematic
- **Overall:** substantial progress, but much more needs to be done

Agricultural Strategies

- Lao PDR – *Strategy for Agricultural Development 2011 to 2020*: Vision is “Ensuring food security, producing comparative and competitive agricultural commodities, developing clean, safe and sustainable agriculture and shift gradually to the modernization of a resilient and productive agriculture economy linking with rural development contributing to the national economic basis”
- Cambodia – *Agricultural Sector Strategic Development Plan 2014-2018*: Vision is “to contribute to poverty reduction, ensure enough and safe food availability for all people, through modernization of agricultural sector based on a new approach and with changed scope and pace for accelerating agricultural economic growth, and sustainable natural resource management and conservation”

Agricultural Strategies II

- Thailand – *Agriculture and Rural Development Plan (2012-2016)*: Vision involves ensuring a good quality of life for the farmers; food security for the population; and that agriculture contributes to economic growth. Three dimensions are being emphasized: raising farmer income and welfare; expanding productive capacity (crops, livestock, fishery); and sustainably managing agricultural resources
- Vietnam – *Agricultural Restructuring Towards Raising Added Values and Sustainable Development* [PM’s Decision 899, 2013]: Goal is to “**Make Vietnam an agriculture superpower**” by promoting comparative advantage and competitive capabilities; applying science and technology and improving management; supporting the expansion of markets; encouraging large-scale production and commercialization; improving product quality and food hygiene; and ensuring sustainable development

Challenges

- Environmental stress – over-application of fertilizer, herbicide, pesticide; excessive groundwater extraction; poor soil management (banana plantations, triple-cropped rice, plantation crops); habitat destruction; over-logging and erosion
- Adverse demographic trends – farmers are ageing rapidly and agricultural workforce is being feminized.
- Institutional impediments – limited budget for ARD; lack of maintenance of rural infrastructure; over-emphasis on irrigation and flood control (drainage often ignored); limited cooperation on water governance and natural resource management

Opportunities

- Rising domestic demand – increasing urban incomes, structural shift in demand for agricultural products → increased variety and quality [combination of Engels Law and Bennet's Law]
- Deepening value chains – improved processing, storage, and marketing; reduction in transport costs through improved “connectivity”; increased competition especially in areas once dominated by State-Owned Enterprises
- Expansion of global markets – rice, aquaculture, horticulture; requires attention to quality, delivery schedules, and bio-safety standards

Constructive Policy Responses

- Moderate the anti-agriculture bias – increase resources for ARD, stimulate relevant R&D, upgrade and extend infrastructure, improve social services, integrate rural and urban development
- Enforce existing environmental laws to slow/prevent further degradation; appropriately value natural resources to encourage conservation and reduce waste
- Collaborate to manage GMB as an integrated bio-physical and economic unit [trade, negotiate upstream/downstream effects, expand infrastructure]; could use water governance, or cooperative environmental monitoring, or collective response to CC as “wedges”
- But, transformation within agriculture is unlikely to be an adequate response → need direct support (e.g., cash transfers) to raise rural welfare (especially to eliminate poverty and food insecurity); assist households to develop alternative rural livelihoods and/or transition away from agriculture

Thank You