



Short Article

Overseas Migrant Workers – Modern Hero of Foreign Exchange

When you arrive at Soekarno-Hatta international airport in Jakarta, behind the passport control counters, you will see a big board on which it is written: “*Pahlawan Devisa* (hero of foreign exchange)”, to welcome the homecoming of Indonesian overseas migrant workers. According to the National Commission for Placement and Protection of Indonesian Migrant Workers, in 2006, Indonesian migrant workers sent home Rp 60 trillion (5 billion US dollars) in foreign exchange, equivalent to three times the country's foreign direct investment (Khalik, 2008). Such praises to migrant workers can be observed in many countries in acknowledgement of their great contribution to the economy.

Industrialized and emerging countries face a serious problem of labour shortage, especially in the blue collar jobs, which are indispensable in every society but not very attractive for their own nationals because of the heavy work-load, lower wage and poor working conditions. Though some countries take strict regulations for the inflow of simple labours from other countries, increase of migrant workers seems to be an attractive solution which can realize a win-win situation for both sides.

While the senders of the migrant workers can mitigate the pressure of unemployment and increase the foreign income, the destination countries can use relatively cheap labours. On the other hand, we should remember that labour immigration has a shadow side, too. A significant amount of migrant workers enter the informal sectors, such as housemaids. Due to their weaker bargaining position, it is very common to observe the delay or default of payment, torture and other inhumane treatments. Successful migrant workers can bring home a significant amount of money. It is easy to identify the ex-immigrant labours' house in rural area in Java, because they usually built very fancy houses by their income from overseas (Shimada, 2007). Building new houses seems to be one of the favourite expenditures of ex-migrant workers. It is not clear how much of their income was expended for more productive purposes such as a capital of small business or investment into agriculture. In some cases, their precious earnings cause dispute in their families when the money is remitted to their home and some family members disagree on its allocation.

Some countries have already taken actions to mitigate the negative impacts of labour immigrations. The Philippines, which send more than 900 thousands immigrant labours every year, requests the destination countries to intervene in the contracts between immigrant labours and their employers in order to state their working conditions clearly and fairly in writing forms. The Technical Education and Skills Development Authority (TESDA), in

the Philippines, which offers 185 courses including software development, bartending and underwater welding in its 125 schools with around US\$ 50 million governments' budget annually to train overseas job seekers (Yap, 2008). The qualified labours can enlarge their chances to be hired in formal sectors, thus enable them to get more stable jobs and better wages. Indonesia was once infamous for its poor policies to protect the basic rights of its migrant workers while the country successfully increased the number of migrant workers over a short term. However, since 2003, Indonesia also has concluded memorandums with several destination countries, which require proper treatments of Indonesian immigrant labours (Shimada, 2007).

Not only the senders but also their destination countries take measurements to protect migrant workers. The regulation by the Hong Kong Government specifies that employers should have standard contracts with their foreign domestic helpers. In addition to a minimum allowable wage, the domestic helpers are given the status of workers, hence entitled to holidays and free medical treatment. Any disputes between the domestic helpers and their employers can be settled through the Labour Department and the relevant public organizations (Anggraeni, 2006).

Global economic turmoil may cast a cloud on these efforts to improve the working conditions of migrant workers. The job opportunities will be shrinking due to the downsizing of their destinations economies. We should not move back the recent progress due to the weakening bargaining power of the migrant workers. One of the possible solutions is the human resource development. If governments could provide proper training opportunities to the candidates of the immigrant labours, their improved qualification would be a strong sales point even in a tightened global labour market. The TESDA in the Philippines will be a possible model for such policies. Also, the migrant labour issues should be considered in the context of structural transformation. Enlarged job opportunities in rural area could ease the driving forces of migrant works and reduce the gap of rural-urban economy. ■

Written by Tomohide Sugino, Senior Researcher, Japan International Research Center for Agricultural Sciences.

(Reference available upon request).

Flash **BREAKING****'Digital Farming' Appears in Rural Areas of Shanghai**

A new farming technique, which sounds like science fiction, has become a reality in Shanghai. Farmers can now turn on their computers, log onto a digital remote monitoring platform, and operate their farms remotely through remote sensing, thanks to a geographic information system and a satellite positioning system. By typing the vegetable names into a computer system and click on a specific plot, the professional soil testing equipment figures out soil properties and then transfers the data to a computer for analysis. Through comparison of actual fertility against standard fertility, farmers are able to carry out tailored fertilization on specific plots. This remote control procedure can also be completed through the telephone.

People's Daily Online, 2008. "Digital Farming" Appears in Rural Areas of Shanghai, <http://english.people.com.cn/> (15 December 2008).

New Plant Varieties to Thrive Despite Climate Change

A report released by the IAEA at the end of December 2008 states that nuclear technology is helping plant breeders to develop new crop varieties that can withstand external stress such as drought, often brought about by climate change. Through nuclear techniques and related biotechnologies, a Joint FAO/IAEA Programme has been contributing to the development of new plant varieties. The overall aim is to enhance food security through sustainable crop production using strategic fundamental and applied crop science research, technology transfer, capacity building, policy advice and information management. The Programme has already developed barley varieties in the Peruvian Andes that grow at altitudes and salinity-resistant rice varieties in Viet Nam.

IAEA, 2008. New Plant Varieties Developed to Thrive Despite Climate Change, <http://www.iaea.org/> (10 December 2008).

First Land Co-operative Society Set Up in Beijing

The first business license for a land co-operative society in Beijing was recently issued. Named "Beijing Baihe Xingsheng Specialized Land Co-operative Society", it is composed of over 140 farmers from Zhushui Village, Jinhaihu Town and Pinggu District of Beijing. This land co-operative society has contracted a land area of 120 mu. According to regulations, the land co-operative will not alter the land ownership and farmers will earn dividends and income depending on the profits from the land. The farmers' specialized co-operative society has gradually become an effective way for farmers to participate in market competition, expand their business scale and increase their income.

People's Daily Online, 2008. First Land Cooperative Society Set Up in Beijing, <http://english.people.com.cn/> (21 December 2008).

Weather Insurance to Rural Poor People

WFP and IFAD have launched a joint initiative with the Bill & Melinda Gates Foundation which aims to help poor rural farmers with financial protection following natural hazard events. The IFAD-WFP team will develop an overall strategy for a joint Weather Risk Management Facility (WRMF) that would build the capacity of public and private entities in weather insurance. It will develop and test delivery models for index insurance relevant to rural smallholders. This collaboration will help bridge the gap between emergency relief and rural development. Affordable insurance can help improve the livelihoods of poor rural smallholders by enabling them to protect themselves and their financial security, in the event of a crisis.

IFAD, 2008. UN Agencies Join Forces to Bring Weather Insurance to Rural Poor People, <http://www.ifad.org/> (17 November 2008).

In Times of Need, You Can't Eat Money!

Many villages in Madhya Pradesh (India), like Pipaldhana, have set up grain banks that improve people's food security and help promote a sense of involvement in village governance. The advantage of the grain bank is that it provides villagers with immediate access to food in times of emergency – no running to borrow money, which they cannot eat anyway! It also frees them from the clutches of the moneylender and gives them access to the grain market in case of a surplus. The interest rates are low. For six months, they will give back 10 kg of wheat for 8 kg they borrowed, and also pay 2 Rupees for every 100 Rupees borrowed. The moneylender would have demanded 16 kg of wheat for the 8 kg they borrowed, and 20 Rupees for every 100 Rupees. This saves them from the murderous rates of the local moneylenders. They also get the wheat when they need it. The accounts are maintained in the village and there is collective knowledge about who has taken how much, as grain is shared only after village meetings. Thus, everybody knows who has taken how much, and who is defaulting. This common knowledge in itself goes a long way in checking default and misappropriation. Several villages in Madhya Pradesh are gradually developing a surplus, which can be lent to other villages in need, converted into cash, or stored as seed. ■

Based on Malaviya, A., 2008. In Times of Need, You Can't Eat Money! <http://infochangeindia.org/> (December 2008).

Are the MDGs Priority in Development Strategies and Aid Programmes?

The Millennium Development Goals (MDGs) have received unprecedented political commitment and have given rise to a strong consensus that poverty eradication should be the main aim of international development efforts. However, at the current rate of progress, only one of the eight targets will be met at the global level by 2015. Analysing the substance of 22 developing countries' Poverty Reduction Strategy Papers (PRSPs) and the policy frameworks of 21 bilateral programmes, this study attributes these failures to weak commitment and ownership, especially on the part of developing country policymakers. The study reveals that economic growth for income poverty reduction and social sector investments (education, health and water) are important priorities in the PRSPs of developing countries. Yet, the broader agenda of equity, pro-poor growth, employment, hunger and nutrition, social integration, environmental protection, democratic governance and human rights, science and technology, and partnership tends to be neglected. PRSPs also emphasize governance as an important means of achieving the MDGs, but they focus mostly on economic governance rather than on democratic (participatory and equitable) processes. This is related to the lack of ownership. Most donor policy statements and PRSPs use MDGs as planning targets, without adapting them to local conditions and priorities. Beyond this, there is little evidence that donors use the MDGs as a planning framework for resource allocation and for programming. The donor community and the UN support systems should establish a more coherent position and the links between global goals and national policy-making as well as the neglected priorities should be strengthened. ■

Based on Fukuda-Par, S. Are the MDGs Priority in Development Strategies and Aid Programmes? Working Paper No. 48. UNDP International Poverty Centre, <http://www.undp-povertycentre.org/> (October 2008).

Food and Financial Crises: Implications for Agriculture and the Poor

High food prices from 2007 through mid-2008 have had serious implications for food and nutrition security. At their peaks in the second quarter of 2008, world prices of wheat and maize were three times higher than at the beginning of 2003, whereas the price of rice was five times higher. The unfolding global financial crisis and economic slow-down have pushed food prices to lower levels, and decreased the availability of capital to invest in agriculture. This short-term price relief is insufficient to ensure the poor have access to adequate amounts of nutritious food. Compared with previous crises, the current ones are likely to have strong and long-lasting effects on emerging economies and the people most in need. Agricultural growth is a crucial element in resolving food price crises, enhancing food security, and accelerating pro-poor growth. At the same time, farmers in developing countries, now find themselves unable to pay off their debts because of falling output prices. In addition, the food price crisis has increased competition for land and water resources for agriculture, and declining capital for long-term investment. A synchronized response is needed to ease the burden on the poor and allow agriculture to face new challenges and respond to new opportunities. Three sets of complementary policy actions should be taken: (1) promote pro-poor agricultural growth; (2) reduce market volatility; and (3) expand social protection and child nutrition action. Agriculture requires strategic investment action, and the food-insecure poor need a bail out. ■

Based on Von Braun, J., 2008. Food and Financial Crises: Implications for Agriculture and the Poor. IFPRI, <http://www.ifpri.org/> (December 2008).

Organic Crops or Energy Crops? Options for Rural Development in Cambodia and the Lao People's Democratic Republic

The agricultural sectors of developing Asian countries are experiencing two important new developments: the growth of organic agriculture (OA) and the increasing use of land to grow energy crops (biofuels). The extent of the benefits of OA and biofuel crops will depend on market access and the costs of certification. Poverty alleviation appears to be greater for OA than for biofuels, but if the growing areas for OA and biofuel crops do not overlap, both could be promoted. In developing countries, where input intensive systems are not as widespread, introduction of OA will lead to more sustainable yield improvement without dependency on chemical inputs from faraway places. A study showed that leguminous cover crops could fix enough nitrogen to replace the synthetic fertilizer currently in use. Biofuels' competitiveness depends critically on the world price of oil and on the taxation regimes for oil products relative to biofuels. It is necessary to be much more careful about how future energy demands are to be met from this energy source, and at what pace and to what extent such fuels can meet our energy demands. Meeting biofuel targets by producing one crop inside a major fuel consuming area is undesirable and other, more efficient sources must be exploited as international trade in fuels expands. Governments must allow for and expect increases in efficiency in crop production as well as in the technologies that will allow a wider range of crops for biofuel production, especially second-generation cellulosic ethanol. ■

Based on Markandya, A. and Setboonsarng, S., 2008. Organic Crops or Energy Crops? Options for Rural Development in Cambodia and the Lao People's Democratic Republic. ADB Institute Research Policy Brief 29. ADBI, <http://www.adbi.org/> (November 2008).

Flash EVENTS



International Conference on Grain Legumes: Quality Improvement, Value Addition and Trade

14-16 February 2009

Kanpur, India

Info:

<http://www.iipr.res.in/internconfleg.pdf>

National Seminar on Emerging Issues in Contract Farming in India

20-21 February 2009

Mysore, Karnataka, India

Info:

<http://www.uni-mysore.ac.in/unity/news/view?id=133>

International Scientific Congress on Climate Change: Global Risk, Challenges and Decisions

10-12 March 2009

Copenhagen, Denmark

Info:

<http://climatecongress.ku.dk/>

2nd International Conference on Water and Flood Management (ICWFM 2009)

15-17 March 2009

Dhaka, Bangladesh

Info:

<http://teacher.buet.ac.bd/icwfm2009/>

7th World Potato Congress

22-25 March 2009

Christchurch, New Zealand

Info:

<http://www.wpcnz.org.nz/>

*Paper Review***Food Prices and Inflation in Developing Asia: Is Poverty Reduction Coming to an End?**

Special Report of Asian Development Bank (ADB), Economic and Research Department, April 2008. ISSN 1655-5252.

The recent spike in global food prices threatens to push large numbers of people back below the poverty line - including millions in developing Asia. This paper explores the dimensions of the so-called 'food crisis' including the relationship between rising international prices of staple foods and domestic food prices; the impact of dramatically higher prices on inflation, fiscal balances and economic growth, as well as poverty and inequality. It also analyses the policy choices and responses to elicit a supply response to the crisis and to realize sustainable productivity gains in agriculture.

International prices of the two key staple cereals produced and consumed by Asians, rice and wheat, have spiked in recent months. In the first quarter of 2008, the augmentation rate of international rice prices sharply accelerated, fuelling inflation in the region. Wheat has also had a spike in international prices albeit not as pronounced as in the case of rice. The explosion in food prices across the region is a threat to macroeconomic stability because of inflation, the rising fiscal cost of food subsidies, and the possible exchange depreciation in food importing countries.

In addition to rice and wheat, close substitutes for rice including maize and soybeans are all at record highs. Three sets of factors to be taken into account in order to explain what is happening to food prices in developing Asia are: (i) cyclical factors have been unkind in influencing price trends such as the drought-related harvest failure, flooding, outbreaks of planthopper infestation, and recent financial market turmoil; (ii) pricing policies may have played a role by discouraging farmers from increasing marketed supplies; and (iii) government short-term responses have made matters worse by attempting to paper over relative price changes and shield consumers through beggar-my-neighbour policies of restricting exports and using administrative measures in an attempt to control prices.

Macroeconomic effects of high and rising food prices indicated that keeping interest and exchange rates steady amid inflationary pressures imposes the danger of inflation becoming ingrained in the economy. In addition, artificially setting prices for procurement is distortionary. Procurement at market prices would give the right signals to farmers. Making credit available to farmers can increase agricultural productivity and incomes. But these reforms would not diminish the need for continuing and strengthening safety nets for the poor. The increase in food prices has been driven up to a large

extent by the increasing price of rice. Increasing food prices tends to intensify income inequality. In consequence, inequality has been sharpening with rising food prices.

Medium-term supply response and poverty impacts of rise in international grain prices in the People's Republic of China (PRC), as a net food exporter, are: (i) the country's terms of trade slightly improve that leads to gains in real income; (ii) rising grain prices improve the incentive of farmers to increase inputs in food production; (iii) the aggregate welfare gains from improved terms of trade are not distributed evenly across household; and (iv) the Gini coefficient within rural areas slightly declines. For the case of Indonesia, the doubling of international food prices expands the food crops sub-sector by 3.10 per cent, while other agriculture sub-sectors contract from 1.98 per cent (livestock) to 3.57 per cent (fisheries). It seems that the winners being concentrated among farmers with marketed surpluses in food crops. Total poverty measures show opposite movements, with the national head count ratio (HCR) increasing by 0.03 percentage point.

Rising food price could bring an end to poverty reduction in Asia – the greatest reduction in poverty in mankind's history. Faced with the challenge of rising food prices and the need to improve production of major commodities, governments will need to have an action plan that addresses the range of issues from the immediate to the long term. In the immediate term, governments will need to focus on protecting the poor from high and rising food prices. In medium to long term, governments will need to further build on the gains in supply by addressing the inadequacies in infrastructure and ineffectiveness of institutions, by promoting research and development of new technologies. Improvement in these areas will contribute to a more inclusive growth path where the poor's minimum economic well-being will be ensured and protected. In short, this paper has provided a road map for Asia continued progress in poverty reduction in the face of rising prices of food.

Reviewed by I Wayan Rusastra, Senior Agricultural Economist, Indonesian Center for Agricultural Social Economic and Policy Studies (ICASEPS), Indonesian Agency for Agricultural Research and Development, Ministry of Agriculture of Indonesia.