



## Short Article

### You Harvest What You Sow

Food security is back as a public issue. Worldwide, the issues are alarming for consumers, but they also hold the promise of higher rewards for producers. Prices of foodstuffs have risen 80 per cent over the last two years; rice is at a 19-year high, wheat is at a 28-year high, and global food stocks are low. One would expect farmers to have benefited from these high prices already, but paradoxically, poverty continues to prevail in rural areas in Asia, where some 70 per cent of the poor derive their living from agriculture.

The World Bank has recently warned that 33 countries run the risk of social unrest. China, Viet Nam and India have cut exports, while Indonesia has lowered its tariffs on imports. Kazakhstan, a major wheat exporting country, has increased its export tariffs. In many other countries, high food prices are the main contributing factor to current high inflation, spreading its effect in the wider economy. The wider global economy, though fed by high growth in China and India, is not free from shocks. The US is in recession, while many banks worldwide are still counting their losses from the US mortgage bubble.

We witness a truly unique event in the global economy. The long decline of prices for agriculture seems to have come to an end. Apparently the global food economy is now supply constrained, and World Bank president Zoellick has rightly made a plea for concerted action, indicating that a sustainable solution is outside the scope of individual countries. He points to a host of factors that have led to the current crisis: the use of maize for biofuel, peaking energy prices leading to higher costs of production, and population growth. Erratic weather patterns also have a profound influence. But there is one factor that should be mentioned as the main structural reason for global food shortages: the lack of assertive and rational agricultural and rural development policies, and the lack of investment in agriculture and its surrounding services. This was the carrying message of the World Development Report of 2008.

What can countries do? Very simple – in theory. Invest in agriculture, rural infrastructure including irrigation, education and health, and harmonize trade policies and tariffs applying to foodstuffs. And design and conduct research and development programmes, and use the results. But the effects of these interventions will only be felt after a while, and in the meantime policymakers have to deal with the here and now of food scarcity. By necessity short-term supply adjustment policies are needed. It is in the interest of rice-producing and rice-consuming countries to

get together and set short-term policy agendas. Regional and sub-regional consultations are necessary – bilateral negotiations alone will not provide the answers. It is very important that the starting points for these talks are well defined. For example, it is worthwhile to know how most countries in the region solved food security questions in previous years because future policies will by necessity be based on proven interventions.

One thing is very important to factor into policy-making and this is changing land use and the competition for land by the many different crops. Irrigated land is being converted to land for housing and manufacturing, while farmers take more cash from using irrigated land for horticulture crops. In the rainfed areas, where virtually all secondary crops are cultivated, the expansion of land under palm oil and rubber competes with the cultivation of maize and cassava, the main sources of fallback food security.

In virtually all countries of the region, there have been strong pressures to liberalize trading in foodstuffs, including rice, so as to induce an efficient private enterprise-driven market system.

As in all developed and developing countries, governments face pressure from producers to keep prices high while also facing pressure from consumers who benefit from lower prices. In view of the millions of smallholder rice producers in the region, producer support would seem to make good sense; but with the prospect of an increase of poor urban consumers, the horns of the dilemma will become more pointed in the near future. Steady policy-making and implementation is the main requirement and such policy should not only cover rice but also secondary crops as sources of food security. The current high prices offer a golden opportunity to use market-driven price development to stabilize prices with the long-term goal of reducing poverty in rural areas, and short-term goals of stabilizing rice prices for producers and maintaining rice prices for consumers at acceptable levels. ■

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*(References available upon request)*

Flash **BREAKING****Rising Food Prices Threaten Poverty Reduction: World Bank**

Globally rising food prices could push 100 million people into deep poverty and hit poorest countries hard. Increasing global wheat prices reached 181 per cent over the 36 months up to February 2008. Increased biofuel production and use, higher energy and fertilizer prices, a weak dollar and export bans have contributed to food price hikes. Many governments are already taking action such as expanding targeted safety nets, for example, cash transfer programmes to vulnerable groups, food-for-work programmes or emergency food aid distribution, lowered tariffs and other taxes on key staples to provide some relief to consumers. Others have put in place export bans, which are detrimental to food importers and reduce incentives for production.

Infochange, 2008. Rising Food Prices Threaten Poverty Reduction: World Bank, <http://www.infochangeindia.org/> (16 April 2008).

**Biofuels Boom Hurting Asia's Poorest**

A United Nations report suggests that poor rural farmers have not seen the benefits of biofuel production. Poor farmers lack the wherewithal to extend their land and adapt to new crops. The impetus for large-scale farming can push the poor off their land and exclude them from biofuel production. Although the sector has the potential to lower oil prices as well as provide higher demand for farmers' produce, the report urged governments to "carefully consider the impact on the poor" and called for a "revolution" in the agriculture sector. If labour productivity was to raise by just 1 per cent, some 2.37 million people would be lifted from poverty.

Daily Times, 2008. Environment: Biofuels Boom Hurting Asia's Poorest, <http://www.dailytimes.com.pk/> (31 March 2008).

**Farmer Co-operatives Buy Shares with Land**

Joint stock co-operatives and company models, comprising farmers who buy shares with land instead of money, have become popular across Viet Nam. To build farmers' confidence in participating, a detailed contract is made. The 10-year contract clearly defines the profit share and states that the land, considered to be capital instead of money, still belongs to the farmers. The farmers are also informed about the short and long-term benefits. One hectare of land is equivalent to five stocks in the co-operative. In the first five years, one stock was worth VND5 million (US\$ 312). In the last five years, it was worth VND10 million (US\$ 624). The production costs and the rest of the process are the co-operative's responsibility.

VietnamNet Bridge, 2008. Farmer Co-operatives Buy Shares with Land, <http://english.vietnamnet.vn/> (14 April 2008).

**Rethinking Agriculture Research to Meet People's Needs**

People in Africa, Latin America and South and West Asia will have their say about the future of food and farming under a major project that aims to make agricultural research better at serving people's needs. The International Institute for Environment and Development (IIED) initiative comes as a landmark intergovernmental report finds that agriculture must be more ecological and locally relevant to protect soils, biodiversity and livelihoods worldwide. IIED's project will enable food providers, food workers and consumers to have their say about the kind of food and agricultural research they want, with individual countries acting as hosts. The project will enable farmers and other citizens to participate in the design of new approaches to agricultural research.

iiied, 2008. Rethinking Agriculture Research to Meet People's Needs, <http://www.iiied.org/> (14 April 2008).

**Precious Grains**

There is a popular perception that, since most poverty in the developing world is concentrated in rural areas, higher food prices are good for the poor. But this varies considerably from country to country, depending on how many smallholders sell more staple food than they buy. Even if the prices they receive for their produce rose, higher production costs – particularly of fertilizers and diesel – often prevents farmers in the poor countries of sub-Saharan Africa and South-east Asia from profiting. The situation is different in the rich countries of Europe and the USA, where farm-gate prices are closer to those on the international market and, moreover, farmers enjoy generous government subsidies. This combination of factors is pushing farmers to plant more in an effort to benefit as much as possible from surging demand. This is a world away from the export bans and price controls that governments in developing countries regard as their main tools to ensure their own populations are fed. Such mechanisms discourage higher production, not only in the poorest countries but also in bigger developing economies that are keys to farming – such as Argentina, Ukraine or Viet Nam. Joachim von Braun, Director General, International Food Policy Research Institute (IFPRI) says, "Price controls reduce the price that farmers receive for their agricultural products and thus reduce farmer incentives to produce more food."

Based on Beattie, A. and Blas, J., 2008. Precious Grains. The Financial Times, <http://www.ft.com/> (14 April 2008).

**Agriculture in Asia: Challenges and Opportunities**

The challenges and opportunities in changes inherent in world food prices, resource availability, climatic stress, demand for high-value foods and bioenergy – which impact on food security – are the subject of this policy brief from the International Food Policy Research Institute (IFPRI). Challenges include large projected increases in the real world prices of cereals and meats, and that increased population growth and regional economic growth will fuel the demand for food. The demand for biofuel will introduce new, and growing, competition for land and water resources. At the same time natural resources are increasingly being degraded and becoming scarce. Water scarcity, drought stress, and declining irrigation availability will lower expected yields and increase production risk. Climate change will only exacerbate these stresses, adversely affecting wheat productivity in the Indo-Gangetic Plains, reducing rice yields due to increased night-time temperatures, and increasing evapotranspiration. The brief also outlines opportunities. Strong potential remains to increase crop productivity through effective management of water resources, such as through water-targeted rural investments to improve access to markets, credit, and inputs. Innovative agricultural research and development will also be crucial for decreasing pressure on food security. Production processes for biofuels have the potential to bring about benefits for the poor, but care must be taken in the design of production systems to fully include rural households in the value chain. Creating and expanding markets for natural resources is another key factor in accelerating agricultural growth. The brief looks at the policy implications of investment choices for Asian development. ■

Based on Rosegrant, M. W., et al., 2008. Agriculture in Asia: Challenges and Opportunities. IFPRI, <http://www.ifpri.org/> (March 2008).

## Making Agriculture Work for Poor People

A paper from the Overseas Development Institute in the UK shows that agricultural growth does not ensure 'exits' from poverty. Of the countries studied, Nicaragua had the highest agricultural growth rate (5.1 per cent), but also the highest levels of chronic poverty and the lowest exit-to-entry ratio. Viet Nam and Uganda had the greatest success in reducing chronic poverty, and had the highest exit-to-entry ratios. Whilst both countries enjoyed good agricultural growth rates (3.8 per cent), this was not much higher than the agricultural growth rates in Ethiopia and India, who had less success in lowering poverty levels. The researchers identify three factors ('pillars') that make poverty exits possible: economic infrastructure, such as successful investments in irrigation and road infrastructure; education, which can contribute to increased on-farm productivity, diversification into non-farm activities, and successful migration to urban or other rural areas; and information on job opportunities, markets and farming techniques. These can be from state extension services, private organizations and non-governmental organizations. The researchers conclude that reforming land tenure to increase productivity does not necessarily require freehold land titling. While providing productive land to poor people may be necessary to reduce poverty in some cases, it should be supplemented by state and non-state investments in the three 'pillars'. ■

Based on id21, 2008. Making Agriculture Work for Poor People, <http://www.id21.org/> (9 March 2008).

## Reducing Poverty and Hunger in Asia: Past Performance and Priorities for the Future

In the last thirty years Asia has experienced dynamic growth and has achieved substantial poverty reduction. By 2015 Asia will still be home to half of the world's poor, thus solving rural poverty is essential to facilitating the participation of the poorest in the region's growth. Because poverty is concentrated in rural areas, agricultural growth has a substantial impact on poverty reduction through increasing farm incomes as well as stimulating the non-farm economic sector. In accelerating rural growth as a key way to reduce rural poverty, the following components of a pro-poor development strategy should be considered: (i) improved access to markets, land, and credit for the poor; (ii) land markets and land reforms to increase tenure security and access for smallholders; (iii) the effective use of new and increasingly sophisticated technology in agriculture and communications; (iv) innovations to bring small farmers into the orbit of micro-finance and insurance institutions; (v) public-sector investment in crop technologies and biotechnology that have high social benefits for the poor; and (vi) decentralization of extension services to encourage bottom-up flow of information, combined with adaptive, location-specific research. In developing inclusive growth for agricultural and rural development for Asia, policymakers can learn from the region's experiences of the past 30 years, but trends cannot be simply projected. The challenge is to determine where these lessons can and cannot serve as a guide, and this challenge is partly country and location specific. ■

Based on Islam, N. and von Braun, J., 2008. Agriculture and Rural Development for Reducing Poverty and Hunger in Asia: Past Performance and Priorities for the Future. IFPRI, <http://www.ifpri.org/> (March 2008).

## Flash EVENTS



### 16 th European Biomass Conference and Exhibition: from Research to Industry and Markets

2 – 6 June 2008

Feria Valencia, Spain

[Info:](#)

<http://www.conference-biomass.com>

### Joint UNESCAP/UNITAR e-Learning Course on Trade Finance Infrastructure Development

16 June – 25 July 2008

[Info:](#)

<http://www.unitar.org/dfm/tradefinance/>

### Improving the Performance of Supply Chains in the Transitional Economies: Responding to the Challenge of Linking Smallholder Producers to Dynamic Markets

9 – 12 July 2008

Waterfront Hotel, Davao City, Philippines

[Info:](#)

<http://2008davao.googlepages.com/>

### eAgriculture India 2008

29 – 31 July 2008

[Info:](#)

[http://www.e-agriculture.org/100.html?&no\\_cache=1&L=0](http://www.e-agriculture.org/100.html?&no_cache=1&L=0)

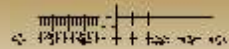
### The Asian Economic Renaissance: What is in It for Agriculture?

28 – 30 August 2008

Manila, Philippines

[Info:](#)

<http://www.6thasae.searca.org>



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## Book Review

### Ending Poverty in South Asia – Ideas that Work

Deepa Narayan and Elena Glinskaya (eds.), The World Bank, Washington DC, USA, 2007. ISBN 0-8213-6876-1.

How does one go about implementing a successful broad-scale poverty reduction programme? Obviously, there is not a single, easy answer to this question. However, one sound approach is to learn from programmes that have already demonstrated success. This is the approach taken by “Ending Poverty in South Asia – Ideas that Work”. This book, edited by Deepa Narayan and Elena Glinskaya, is a compendium of case studies of poverty reduction programmes that have successfully scaled-up, together with a review of the key lessons that emerge from these case studies.

The book examines 12 poverty reduction success stories from India, Afghanistan, Pakistan and Bangladesh. It looks at what they achieved, how they did it and the potential for applying lessons in other settings. The first chapter discusses key lessons learned from these programmes, and presents a broad strategic framework for developing and implementing new programmes. The middle chapters are devoted to the case studies, and the final chapter is a 'framework for analysis' that considers how to achieve poverty reduction by expanding interventions that are known to work well on a small scale.

While they acknowledge there is no simple blueprint for successfully up-scaling programmes, the authors provide valuable and insightful guidance in the form of the strategic framework and the key lessons learned from the case studies. The strategic framework is underpinned by two main pillars. The first is improving the investment climate, which involves securing property rights, giving people access to markets, and improving the quality of local institutions. The second pillar is empowerment of poor people, which involves expanding their freedom of choice and action, giving them control and influence over resources and decisions that shape their own lives.

The four key lessons for poverty reduction programmes build upon this strategic framework. The first involves investing in the collective agency of people. In order for people to take advantage of economic opportunities they need to be educated, organized and have social and political connections. Producer collectives, self-help groups, savings groups and so on, are examples of collective agency in various case studies. The second lesson is that the 'opportunity structure' needs to be changed. This means changing the institutional climate of the state, the private sector and civil society actors to enable the large-scale participation of poor people in markets. The third key lesson is that civil society, government and the private sector must be involved. Synergies between these

sectors facilitate successful implementation of innovative programmes. The final lesson is 'follow principles, not models'. There are no models or blueprints that suit all situations and circumstances, but there are common principles to successful initiatives, and these serve as a useful guide. The book goes into detail on these principles, which include among others: know your clientele; have inspired and tenacious leaders; develop an organizational culture of participation or innovation; and harness the energies of the middle class and private sector.

The final chapter sets out a framework for scaling up, then illustrates these concepts with reference to the case studies. The framework is built on three components, market failure, government failure and civil society failure. These concepts help to identify gaps that scaling up must fill. The chapter finishes with a discussion on policy recommendations for governments and donors.

Some readers will already be too keenly aware of the key lessons presented in this book, indeed some, having taken these ideas to heart and action may be suffering frustration caused by local systemic hurdles. But, the social, cultural, economic and political context of every programme is different, and it would be unreasonable to expect this book to provide solutions for every local context. It does however, most usefully present the key principles and ideas that cut across a range of successfully scaled-up programmes.

An important strength of this book is that it emphasizes that development can't be imposed from the outside. It stresses that development starts within, that the poor need to be actively involved in their own destiny. The case studies relate experiences from a range of different projects in a variety of contexts. They are written by the people involved in the programmes, all of which seek to empower poor people to gain access to the economic opportunities and basic services so necessary to human dignity. This book is encouraging and inspirational, pressing the point that committed and passionate individuals can make a big difference. It is a valuable resource for development practitioners, policymakers, social scientists and project managers working towards broadening the impact of innovative poverty reduction programmes. ■

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