

# **IRDC/RPE SCOPING STUDY: Productive Strategies for Poor Rural Households to Participate Successfully in Global Economic Processes**

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## **REGIONAL SCAN: Mekong Delta and the Philippines**

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Most of the countries in this region have, to varying degrees, adopted market economies with outward oriented policies for economic development. Poverty reduction rates in all three countries under consideration (Vietnam, Cambodia and the Philippines) have been impressive but have tended to bypass remote areas and those living in them especially ethnic minorities and indigenous people. Malnutrition and illiteracy are still widespread. Rural livelihoods are closely linked to agricultural and natural resources; paddy, forestry and coastal fisheries are core sectors. But the pressure on resources is intense due to population increases and unsustainable use patterns. Diversification into non-farm activities is important but very limited in the countryside. Accessing non-farm opportunities in urban areas and other high-productivity zones through circular migration has become an important form of livelihood diversification. As in many Asian societies (and indeed the rest of the world), women face a number of barriers to effective participation in economic and political activities. Although export oriented industries have provided many women with remunerative jobs compared to village based work, their overall control over resources is still less than men.

This Regional scan first provides a brief overview of the structure of poverty and socio-economic development issues in the Mekong and Philippines "region". Although there are significant differences among these countries efforts have been made to identify key sectors and generic issues that affect the participation of the poor in global processes through agriculture and commodity value chains; forests and non-timber forest products; coastal fisheries and wetland ecosystems; diversification and migration. Section 2 provides a regional perspective on the two main questions addresses by this study viz. How the rural poor can adapt their livelihood strategies to the new global context and how the enabling environment can be enhanced. It then goes on to identify gaps in the research agendas of IDRC and others in the region. This leads to the final section which contains a long list of potential research themes for IDRC/RPE.

### **Section 1: Brief overview of socio-economic development issues;**

All three countries have shown impressive rates of poverty reduction in the recent past. In Vietnam, over a a third of the total population escaped poverty in less than 10 years (ADB et al., 2004). While 58% of the population was poor in 1993, this proportion decreased to 37%, 29% and 24.1% in 1998, 2002 and 2004 respectively (Socialist Republic of Vietnam, 2005). However, Vietnam is still one of the poorest countries in the world. A majority of the poor (about 90% of total poor) are living in rural areas. The Vietnam Living Standards Survey and Survey on Wealth and Poverty also showed the same number and percentage of the rural poor (United Nations, 1996).

In Cambodia, poverty fell by around one percentage point each year over the last decade (UNDP). According to the 1997 poverty estimates of the UNDP, an estimated 36% of the

population was below the basic needs poverty line. Poverty rates are much higher in rural areas (40%), compared to Phnom Penh (10%).

The Philippines has also made significant progress in reducing poverty during the 1990s. According to the *Family Income and Expenditure Survey* of 1997, poverty incidence fell from 49.3% of total population in 1985 to 40.6% in 1994 and 36.8% in 1997 (ref with pix).

There appear to be two broad areas through which the poor can participate in global processes: agriculture and natural resources because people living in rural areas are heavily dependent on them for a living and second, livelihood diversification into non-activities both in situ and through migration to access markets elsewhere. We discuss both broad areas below.

## **Section 2: Regional Perspective:**

2.1 Research Question 1: How can poor rural households adapt their livelihood strategies to benefit from participation with global economic processes

### 2.1.1 Understanding the context

The poor are predominantly dependent on subsistence agriculture for their livelihoods. In Vietnam, 80% of the population is rural deriving its subsistence directly from agriculture, fisheries and forestry. Agricultural productivity is low (rice yields, for instance, are less than half those of China) and increases in yields are occurring by the expansion of cultivation into more and more environmentally fragile areas. The population density is high at over 220 hab./km<sup>2</sup> and, as crop land covers only 20% of its territory, the density per hectare of crop land reaches 11 persons, the highest in southeast Asia (UNDP, 1995, Marcoux). Similarly in Cambodia agriculture is the main source of income for the rural poor. Agriculture is mainly subsistence paddy farming with low levels of land and labour productivity. Landlessness is increasing at an alarming rate (almost 2% per year) due to population pressure and unregulated land grabbing after poorly implemented reforms. Upland agriculture is of critical importance to the poor in the Philippines where roughly a third of the total population lives but where almost half the area is actually not suited to cultivation without major conservation measures (Marcoux). Upland ag important ex Cambodia. What are the specific researchable issues? Is it about women farmers and the global economy, level and use of remittances ...? (this could be a x-region theme). These issues would also apply in Philippines, where there is a long history of research which could be learnt from. Agricultural yields in lowland areas are stagnating, and population pressures are stimulating cultivation of fragile upland areas, causing serious soil erosion.

While some countries in the region have done well in the large-scale production and export of some primary commodities, they have not diversified effectively into high-value products.

Natural resources access and use patterns are undergoing profound changes due to changes in markets, the policy and institutional environment as well as population pressure. There is a need to improve our understanding of these changes and how people can be helped to make the best use of them whether it is through improving the productivity and profitability of their assets, improve their bargaining position in the market,

improving governance of land, water and fisheries so that the poor are not marginalised in new resource management arrangements.

The Mekong Region has experienced a particularly high level of deforestation in recent decades and this has seriously impacted on rural livelihoods and the environment. The obvious link with global markets is the export of timber and NTFPs both of which we cover at a later point in the scan.

Coastal zones are very important in the context of Southeast Asia not just economically but also because protein from marine fisheries makes up a significant percentage total protein consumption. However coastal areas and livelihoods have been affected by rapid industrialisation and urbanization. Cambodia's coastal, marine and freshwater resources are being degraded by a combination of river and coastal sedimentation (often linked to logging), conversion of mangroves, poorly managed shrimp aquaculture, salt farming and dynamite fishing. Pressures on aquatic resources and on environmentally-significant wetlands are also increasing rapidly, from over-fishing, illegal fishing practices, increasing use of hazardous pesticides, and conversion of flooded forests, as well as swamp drainage for agriculture (world bank website<sup>1</sup>). Marine resources in the Philippines are also heavily stressed by over-exploitation and pollution.

#### 2.1.2 Distributional issues

##### ***Marginalised groups***

The growing marginalisation of rural populations despite the excellent economic performance of nations as a whole is an emerging social issue (e.g. Dayley 1997). The most vulnerable communities are invariably the poorest and most marginalized, for whom local alternatives are not available. *Location* is also a critical determinant of economic potential and therefore also the ability of the poor within certain areas to diversify and adapt to new market contexts. Remote rural areas (variously known as low potential areas, weakly integrated areas etc) tend to have poor infrastructure, low levels of human development as well as weak governance and institutions all of which interact to create "logjams of disadvantage"<sup>2</sup> and seriously limit the ability of the poor to engage with global processes.

With growing population pressure on available resources such as land and water, many such areas have become labour exporting areas with people migrating seasonally or on a longer term basis to other prosperous areas within the country or abroad. It is important to note that some so-called low potential areas may have untapped potential for the development of enterprises that could benefit the poor such as NTFP trade, tourism, some forms of livestock keeping and handicrafts.

In Vietnam the poorest of the poor locates in the Central Highlands, Northern Uplands and North Central Coast. Poverty is concentrated in remote rural mountainous areas and is

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<http://web.worldbank.org/WBSITE/EXTERNAL/COUNTRIES/EASTASIAPACIFICEXT/EXTEAPREGTOPENVIRONMEN T/0,,contentMDK:20266319~menuPK:537827~pagePK:34004173~piPK:34003707~theSitePK:502886,00.html>

<sup>2</sup> Lipton and de Haan

extremely high among ethnic minority groups (Socialist Republic of Vietnam, 2003). These groups have not been able to take advantage of new economic opportunities (MRDP et al. 1999). In the mountainous remote rural areas the poor receive fewer and poorer quality services than do people in the lowlands (Jamieson, et al. 1998; Swinkels and Turk, 2004: 7). Poverty is multidimensional: the poor have fewer assets e.g. land which severely constrains their ability to engage in the cash crop economy. They also lack access to capital for production. The poor lack access to basic services, such as medical care, education, information, and entertainment, and low level of education (Jamieson, et al. 1998; Swinkels and Turk, 2004; Bui, 2005). In Vietnam, the government estimates that, by 2010, 90% of the poverty in the country will be among ethnic minorities (DFID policy paper on social exclusion).

Despite the rapid reduction in poverty in Cambodia it remains widespread and multidimensional, The poor face a number of interlocking and mutually reinforcing problems, including lack of secure land tenure, remoteness from markets and services, lack of productive assets, low levels of education, and vulnerability to illnesses which impose high medical costs that can push families below the poverty line. The poor of Cambodia include many people who are at risk of being left behind as the economic grows. This includes the disabled, aged, orphans, widows, the landless and the unemployed, subsistence farmers, indigenous and ethnic minorities and particular groups of the urban poor.

Growth has been concentrated in urban areas (where only 15% of the population lives) and has been in sectors that are very vulnerable to international market and regulatory fluctuations. For example, the end of the Multifiber Agreement in early 2005 would have threatened the livelihoods of more than 230,000 garment workers.

According to an ADB study (Ernie Pernia and Arsenio Balisacan), despite the more-or-less sustained economic growth in the Philippines from 1985 to 1997, the poorest 20% of the population only improved their income 0.5% for every 1% growth in average income. According to the Common Country Assessment undertaken by the UNDP, the poorest and the most vulnerable people in the Philippines are indigenous peoples, landless farmers-workers, small landholders, artisan fisher folk and those who work in the informal sector. In 2000, there were a total of 4.3 million poor families, 74% of which come from rural areas (UNDP). 2 million Filipino families live below the food subsistence threshold.

Metro Manila, or the National Capital Region (NCR) continues to dominate all other regions in the Philippines, with a GRDP per capita in 2000 more than twice that of the national average, almost double that of the next highest in the Cordillera Autonomous Region (CAR), and more than five times that in the poorest region, Bicol (Table 1). CAR's relative development has picked up recently owing to special attention from the government. More importantly, this region includes Baguio, a popular tourist destination and site of a major export processing zone. By contrast, Bicol has traditionally been the most backward region, partly because destructive typhoons pass through it several times a year (Pernia and Quising )

### ***The status of women***

Women's access to resources and lucrative jobs is limited by traditional patriarchal systems that limit their lives to the domestic sphere and constrain their participation in public decision making processes. For example, the "red books", which give rural families access to forest land in Vietnam, are normally signed by the head of the household who is usually male. Women do not have individual rights to land and there is a lack of strictly

legalized policies regarding the ownership of resources, such as land. There has been some research on this subject at the CRE. In Cambodia women represent 53% of the active labour force and head 25% of Cambodian households. Yet they face constraints in all areas of life including substantial discrimination on the labour market, earning 30% to 40% less than men. Any planned work on labour markets should address such dimensions of gender discrimination.

### 2.1.3 Constraints to participation

Although the poor in Southeast Asia have probably been able to engage more directly with GEP compared to South Asia, the terms of engagement are still such that the benefits of globalization to the poor may not have been maximized. By and large the poor tend to be adversely incorporated into markets i.e. the terms of trade are against them and usually in favour of those who control factor markets. The constraints faced by the poor are illustrated through the discussion on specific sectors below. In very broad terms, the poor engage with global markets as producers of commodities or labourers. We therefore cover some important value chains and labour migration examining the constraints and opportunities under each. Following this is a discussion on tourism which we consider an important area that offers potential for the poor to engage with GEP.

## Value Chains

### Rice

An overwhelming majority of the poor in the region earn a living by growing Rice. Rice accounts for 64 percent of the cultivated area in Vietnam and 84 percent in Cambodia. It contributes 35 percent of the agricultural GDP in Vietnam and 22 percent in Cambodia. Poor households contribute 15-25 percent of total rice production, cultivating very small holdings. The average poor household has a rice landholding of less than a hectare in Cambodia and less than half a hectare in Vietnam: most grow traditional rice varieties

In both countries, liberalization policies have pushed up rice supply and this has allowed both countries to achieve self-sufficiency and to export rice. Vietnam has become a major player in international markets; with 3.5 to 4.5 million tons of exports, it is now the world's second largest exporter after Thailand. Cambodia and Vietnam have a comparative and competitive advantage in rice relative to other regional and international rice producers, Exports are likely to be the main driver of further production expansion in rice in the medium term, given that domestic demand for rice is unlikely to grow much faster than the population (at 2 percent a year).

There is limited scope for increasing rice yields in the Mekong and Red River Deltas, but there is considerable scope in more remote and mountainous areas of Vietnam, and in all provinces of Cambodia. But the challenge for both countries is to ensure that such market expansion benefits the poor. The

Even if rice exports expand successfully, both Vietnam and Cambodia will face challenges in ensuring that the expansion benefits the poor. Numerous actors take part in the value chain that links rice producers to final consumers: farmers, collectors, millers, wholesalers, retailers, state-owned enterprises, and exporters. Other participants include transporters, seed companies, agrochemical companies, agricultural equipment companies, irrigation companies, shipping companies, port authorities, banks, inspection agencies, commerce and tax departments, agricultural departments, farm organizations, miller organizations,

research organizations, extension organization, policymakers, and consumer organizations

A World Bank study by Arulpagasam et al (undated) lists the major constraints faced by farmers to increasing productivity. In Cambodia these are: the lack of breeding-seed stock, many farmers' lack of title to the land they farm (which discourages them from investing in improvements), and a lack of access to commercial credit. Water-use systems, where irrigation is available, are highly politicized, with pervasive free riding, and many farmers struggle to subsist on rice production from plots that are not suited to rice production. In Vietnam farmers are constrained by complicated borrowing procedures and unsuitable repayment schedules. They have difficulty obtaining high-quality seed, in the absence of standardized seed specifications. And they are charged the same irrigation fees regardless of how much water they use and despite the poor quality of service.

There is a need for more research on the kinds of institutional arrangements and partnerships that can improve poor people's access to water, credit and seed. Efforts need to be made to develop farmer organizations: The development of institutions and markets that increase information about prices and permit the agents in a value chain to form strategic alliances can play an important role in increasing returns to players such as poor smallholder farmers. Research is also needed on alternative land-use options and possibilities for diversification, especially for farmers who do not have appropriate land or other endowments for productive rice farming. The poor are likely to benefit most from improvements in productivity and technology associated with traditional varieties.

#### *High Value Agricultural Commodities*

But the poor face several barriers to participation. Formal institutions for credit, technical advice and marketing remain inaccessible to the poor especially in remote rural areas. Informal providers and market intermediaries fill the gap but push already vulnerable groups to borrow heavily and enter into unsustainable arrangements creating an unmanageable debt syndrome. Credit provision can help but must be accompanied by efforts to improve the accessibility of formal institutions to the poor.

Davis (2006) lists the following generic barriers faced by the poor in entering high value chains

- Poorly developed entrepreneurial skills
- Limited technical and marketing expertise and knowledge;
- Lack of extension service organisations aimed at small-scale farm enterprises.
- Sectoral leadership dominated by a few large businesses;
- Low levels of formal education and social capital;
- Weak and/or non-existent farmer organisations (e.g. Cooperatives etc.)
- Low productivity (e.g. Access to land, poor agronomic practices, access to planting materials, lack of trained labour);
- Lack of vertical co-ordination within dynamic market structures including exporters and agribusiness;
- Inadequate infrastructure including irrigation, cold storage, poor post-harvest handling practices and lack of up-to-date handling and grading equipment;
- Limited and unsuitable transport infrastructure (including air freight)

Although traditional markets with their shorter supply chains still exist the market structure for agricultural products is changing. For example, the supply chain of vegetables in the Philippines generally follows a traditional supply chain where the wet markets continue to play a major role as the primary retailer for both the consumer and the institutional markets Digal and *Concepcion 2004*. But the importance of supermarkets is growing especially fast in the South East Asia region. The increasing presence of large scale conglomerates both foreign and local (from the traditional simple processing local enterprises) are said to be the force behind much of the agricultural sector's restructuring in the region. Even in Vietnam, where modernization of food retailing is only about six years old, and wet markets are still the major source of food shopping, supermarkets' share of food products is expected to increase from around 0.5% in 2000 to around 40% in 2006.

The trade in fruit and vegetables, in the Asia and Pacific region has increased to nearly US\$ 10 billion in 2002, up from less than US\$ 1 billion in 1972. China, Thailand and the Philippines were largest net exporters of fruit and vegetables in most years,

New marketing systems where food products are sourced directly from producers by supermarkets and large distributors has resulted in the domination of the market by a few mostly large producers. Small producers with limited resources are increasingly unable to compete even in their own domestic market (Manalili and Tumlos. Capital and risk constraints are key factors that limit the adoption of high-value crops by small farmers because these crops generally are much more costly to produce per hectare than traditional crops. Horticultural crops often require an intensive input regime with large labor inputs which cannot be met by family labour alone. For small farmers living in remote rural areas, transport and poor infrastructure, lack of information and access to credit are major limiting factors.

Contract farming is a relatively new development and more research is needed on understanding which arrangements would suit the poor with respect to credit, technology, extension services, marketing channels, farmers' cooperatives etc. whether or not such initiatives can work in remote rural areas within current national priorities for investment also needs to be understood.

Other than rice and high value agricultural products, commodities with major export potential are coffee, tea, horticulture and fisheries products. Many of these sectors are currently performing below their potential: yields and productivity are low, transactions costs in distribution are high, and product quality is poor. It is important to assess how and whether the poor can gain from improvements in the sector. We review some of the key sectors through which this is being attempted and some of the barriers that the poor face within them

### *Tea in Vietnam*

The ADB project on Making Markets work for the Poor, revealed two main channels of exchange for tea. The first channel includes farmers linked through contracts and other formal and informal arrangements to state and private companies engaged in processing and export. The second channel includes "unlinked" farmers that are not vertically integrated with processing and exporting companies. Around 70% of the farmers are unlinked and are worse off than linked ones in terms of gaining access to technology and good prices. The unlinked farmers are usually poorer farmers. The study suggests two strategic orientations for the tea value chain that will promote higher quality in the sector

and improve the benefits of participation by the poor: (i) Strengthened partnerships for improved quality and (ii) Increased diversification of markets and products. Other suggestions are for more private sector involvement and FDI, cooperatives and associations, diversification into new markets, and diversification into new products both for domestic and international markets. The main conclusion is that by strengthening value chain linkages, the tea sector could make a higher contribution to overall income. Current tea sector income (\$100 m) is far below potential. It is not entirely clear whether the study examined the socio-political aspects of why poor farmers have found it difficult to link to the value chain and this is a potentially important area for research.

### *NTFPs in Cambodia*

The forests of the Lower Mekong ecoregion are home to hundreds of thousands of upland and lowland communities. The majority of ethnic groups are traditionally lowland wet rice cultivators, although migration into the less densely populated uplands has occurred in the central highlands of Vietnam. Until recently, Cambodia had the largest proportion of its territory under forest in the Mekong region. But it has experienced the most dramatic pace of deforestation over the past decade, mainly due to uncontrolled logging Thailand has been the main market. Large logging concessions have been granted by the government to Indonesian logging and plantation interests, threatening the forest and the minorities of Ratanakiri and Mondolkiri provinces. In addition there has been extensive clearance of land by private interests.

Despite high levels of deforestation in the Mekong, the forest sector still has considerable potential to contribute sustainably to rural development and rural livelihoods that are linked with global processes. In particular income derived from non-timber forest products (NTFPs) and increasing employment and incomes from value added processing of forest products offer much potential given the increases in demand from pharmaceutical, food and cosmetic industries. Women play a central role in rural agriculture and trade, especially with specialty products. In South Vietnam, women are the commodity traders and oversee local commerce in coffee, cacao, and pepper. They are also farmers and craftspeople, growing cocoa and making products out of a wide variety of non-timber forest products (NTFPs) including bamboo, medicinal and dye plants, silk and other botanical resources. In Kampong Cham Province of Cambodia, the pepper trade is dominated by women traders and farmers of Muslim heritage.

However current policy, regulatory and management arrangements are weak, with local communities not being able to transport process and sell NTFPs to their own advantage and value chains being controlled by intermediaries and retailers.

The Illegal trade in NTFPs is increasing because of market demand, widening income disparities between rural and urban areas, and inefficient law enforcement. All of these negative processes have been exacerbated by uncoordinated policies and regulations, and more recently, an economic downturn that has drained government coffers and decreased family livelihood options.

### *Shrimp farming: coastal wetlands in Vietnam*

The global demand for aquatic products increases on average 3.8 % per year (97.4 million tons in 1991, 115 million tons in 1996, it is forecasted to reach to 120 million tons in 2010). In 1999, the yield of aquaculture in the Camau province reached to 41,564 tons in which there are 26,100 tons of shrimp.). The rapid expansion of shrimp farming and the removal



of mangroves for their timber have led to the destruction of more than half the mangrove forests along the coast of Minh Hai Province. Ca Mau has also seen high levels of destruction. , Vietnam. Provincial managers have encouraged the establishment of enterprises to produce both shrimps and mangrove wood, but poorly established procedures have seen declines in yields of both products. A study by Le (2004) shows how shrimp farming for export has adversely impacted on local livelihoods and degraded the environment. Rapid changes in the allocation of private leaseholds and the legalization of private businesses for commercial shrimp farming have deprived many poor households of livelihoods dependent on access to mangrove resources. Female heads of household, women and girls have been the most adversely affected. There is a need for more research in this area to find ways of making it more sustainable and propoor.

### *Fisheries*<sup>3</sup>

Coastal fisheries are potentially an important source of income, nutrition to the poor and are linked to global markets in many locations. But they are beset with a number of problems in the region. Although once supporting at least a quarter of the population, coastal fisheries in the Philippines are now seriously depleted and the total catch level has dropped to around 2 million tons against a projected requirement by 2020 of 4 million tons (Myers, 1992).

In Cambodia coastal fisheries remain productive but suffer from governance-related issues such as: corruption; poor cooperation among different government agencies and local authorities; and no clear penalties or sanctions against illegal fishing. The recent distribution of fishing lots to local communities is not benefiting the poorest rural communities. The very fast pace in which the reforms were implemented has left a gap in terms of capacity to manage the new community fisheries. Local authorities, military and police elements continue to protect illegal fishing operations, bringing them in conflict with local communities. In recent years, official exports of fish from Cambodia have ranged between 30,000 to 100,000 tons (around 10-25% of the total catch), predominantly comprised of unprocessed freshwater fish exported to Vietnam, while unofficial exports have been growing. There are significant losses due to inadequate marketing and cooling facilities i.e. an improperly functioning cold chain. Most fishers operate on a small scale and are unable to catch fish in sufficient quantities to be able to play the market to their own advantage. They rely on a complex system of collection points, distributors and intermediaries where much of the profit passes to those who are higher up in the chain. The governance of coastal fisheries is an important area for future research.

Freshwater fisheries are also critical to the livelihoods of the poor and have export potential. The Mekong/Tonle Sap floodplain represents one of the largest freshwater fisheries in the World. It is estimated that the marine and freshwater fisheries can generate a maximum sustainable harvest of some 500,000 mt/year. Much of the product moves to Thailand and Vietnam and trading links have been established, amongst others, with the US, Japan and Australia. for many rural and urban people.

It is estimated that about 10.5 % full time and 34 % part time workers numbering around 2 million people are involved in the fisheries sector which accounts for 11.4% of the GDP. Many rice farmers and upland people in forest areas depend on fishing as an important subsistence activity. The Fisheries Sector in Cambodia provides: A livelihood for some of the poorest people in the country especially female household heads; any women, who

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<sup>3</sup> Fisheries Technical Working Group funded by Danida and the UK Department for International Development (DFID).

are heads of house-hold, are particularly poor and there is a high incidence of these women being in-volved in fisheries post-harvest activities such as fish processing and trade. Women are also involved in some small-scale fisheries, aquaculture, rice-field fisheries and are the key players in on-shore post-harvest activities, undertaking fish processing, storage and trade activities.

Apart from the governance problems mentioned before are problems related to population pressure and degradation of aquatic ecosystems.

Co-management processes, giving fishing communities a greater role in the management process, could lead to a more sustainable situation but there is a need for appropriate policies and institutions. Although aquaculture has a long history in Cambodia its development has been constrained by a lack of technical knowledge and investment.

## **Tourism**

The GMS countries have a strong comparative advantage in tourism, demonstrated by the high growth rates, but they need to exploit it more effectively to use it as an instrument of poverty reduction, and broad-based economic growth. Tourism is bringing in much-needed foreign exchange, creating jobs, and contributing to economic growth. The poor in rural areas could benefit from community-based ecotourism and village-based tourism projects. Isolated rural areas could be better integrated into the mainstream of regional economic and social development. Ecotourism development could reduce rural poverty by increasing rural employment and incomes; encouraging the conservation of nature and culture; expanding employment opportunities; and enabling the poor, especially women, and indigenous people to participate in and influence development projects that directly bear on their own futures.

The importance of tourism is likely to grow as China is forecast by the World Tourism Organization to be the largest exporter of tourists by 2020. Due to its proximity to China, the Mekong region will become one of the major destinations of Chinese tourists. The Governments of Cambodia and Thailand are working on joint development strategies in tourism.

## **Community Forest Management**

Although there are already several projects on community management (including RPE projects) across the region, there may still be some scope for additional work on this especially in relation to the changing international market for timber with the rapid rise of China as a major importer and the impact that this is having on international timber agreements. Forest degradation and illegal logging are continuing adversely affecting local livelihoods and the environment. The Philippines are especially prone to environmental degradation due to the mountainous terrain and fragile soils.

An estimated 200,000 ha of forest is lost in Vietnam each year out of less than 10 million hectares remaining standing (SRV, 1992). Vietnam was heavily deforested during the Second Indochina War, when defoliants were used to clear two million hectares of forest in the Central Highlands and mangrove forests along the southern coasts. After 1975, the

expansion of cultivation under the rice self sufficiency programmes led to deforestation in northwestern Vietnam, There was large scale resettlement of lowland Vietnamese into the Central Highlands to New Economic Zones under land settlement schemes, which were designed to relieve population pressure in the lowlands and recover from the war. These areas were originally inhabited by ethnic minorities. Logging and clearing of land for Coffee and other cash/plantation is causing widespread destruction . Despite recent increases in forest area, forest quality remains a concern. Closed canopy forests still make up only 13 percent of the total forest area, while poor/regenerating forests account for 55 percent. Plantation forests, on the other hand, have more than doubled from 0.7 mha in 1990 to 1.6 mha in 2000.

Unlike other southeast Asian countries, Cambodia has retained most of its forests and natural resources. More than four-fifths of the population relies on forests for their daily living. But rapid population growth, inappropriate use, uncertain legal ownership, and extensive commercial exploitation are threatening forest resources and rural livelihoods. Ratanakiri Province in northeast Cambodia is home to several highland minority groups that have practised swidden (or slash-and-burn) agriculture and hunting and gathering on their traditional forest lands for centuries(World Bank overview of environmental issues in Cambodia<sup>4</sup>). These minority groups are especially vulnerable to the negative effects of deforestation.

Similarly weak governance has led to the destruction of forests and grasslands in the Philippines due to urban expansion, illegal logging and forest fires. Reforestation efforts by the government have been erratic, with low tree survival rates (world bank website on environmental issues in the Philippines<sup>5</sup>). Although the number of protected areas has grown on paper, so have the rates of destruction and habitat conversion within them. Management is hampered by inconsistent laws, inadequate regulations, over-lapping institutional mandates, weak enforcement and funding shortages.

It is important to understand how changing global markets for timber are impacting on the poor and how they can manage their resources effectively in such a context and also gain from new opportunities that arise.

#### **2.1.4 Household livelihood strategy options**

Where the poor have not been able to engage directly, with global processes they have tended to do so as labourers and workers, often through seasonal migration from low-potential and remote rural areas to high productivity manufacturing centres and agricultural fields. We cover such migration here because of its potential to benefit the poor living in poor regions. The causes and impacts of migration continue to be hotly debated and opinions are strongly divided. Therefore this section presents more detail than others in order to justify the position taken on migration here.

### **Livelihood Diversification and the rural non-farm economy**

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A recent study on the RNFE in Vietnam (Pham 2006) shows that nonfarm employment has become an increasingly important employment source for the rural labourforce in Vietnam. On average, the contribution of the rural nonfarm sector to rural employment increased from 21.46% in 1993 to 32.1% 2002. This increase is attributable to considerable diversification of rural economic activities towards services. The structure of rural employment differs strongly by region. Rural economic activities in the Northern Mountains and Midlands, the Central Highlands are less diversified than other regions. In contrast, the Red River Delta, the South Central Coast, and the Mekong River Delta have witnessed a fast development of the RNFS as an increasingly important source of rural employment.

The concentration of rice production and other agricultural crop processing in the Mekong River Delta and the Southeast makes these two regions depend on agricultural processing as a main source of nonfarm employment.

Compared to the majority Kinh, the participation of ethnic minorities in nonfarm activities is limited. During the 1993-2002 period, roughly 6% of total RNFE was undertaken by ethnic minority people. The remoteness of their locations to major urban centres is an obvious explanation. (Pham 2006)

There are no accurate statistics on non-farm employment in Cambodia. But, in general, non-farm income is becoming a major source of revenue for the farming community. According to the 1993 Social and Economic Survey of Cambodia, agriculture income accounts for only 43.5 per cent of total income. Increasing population pressure associated with the marginalization of landholdings and the depletion of natural resources in the highly populated lowland areas has forced farmers to find alternative sources of livelihood in the non-farming sectors. According to the Cambodia Council for Development of Cambodia, the rural non-farm economy--composed of trade, transport, processing, small-scale manufacturing, retail sales and services, holds significant potential for strong growth and rapid poverty reduction. Policies aimed at increasing physical assets of the poor, such as land, credit and rural infrastructure are needed.

## **Migration**

Economic activity and market development have been very uneven. While diversification into non-farm activities has been limited in the countryside, a growing number of poor people are travelling to cities and other areas of economic activity to access more remunerative options that are often linked to global markets (manufacturing and processing units). There has been an explosion of circular migration within and between countries in the Mekong region.

Outmigration is especially marked from upland areas. Policies to preserve the rich biodiversity of the uplands, protect remaining forests, and reforest denuded hills, have largely failed (REPSI). Second, the political economy of the uplands is varied and complex. Upland society is culturally diverse and holds many rich forms of traditional knowledge and practice of natural resource management. The upland population has also been highly mobile in the region's recent past. A cultural divide between upland and lowland communities has characterised all the countries of the region, and is evident in policies regarding the upland areas. Third, the uplands are the home to many of the region's poorest communities. Livelihood options are few and far between, as population growth, environmental degradation, and increasing competition for resources make traditional forms of farming untenable.

Many of these people are now able to earn much more than they did in their villages and the money that they earn through migration can have a positive impact on household poverty levels and also a knock on effect on the wider economy in their home villages.

### 2.2.1 Overarching issues

#### **The policy environment**

Global trade has been mainstreamed into several sectors at the policy level. In Cambodia for example, trade is prominent in the Second Socio-Economic Development Plan (SEDP II, 2001-2005), the National Poverty Reduction Strategy (NPRS), the Governance Action Plan (GAP), and even in the Legal and Judicial Reform Strategy paper. The United Nations Development Assistance Framework (UNDAF 2001-2005), the UNDP Country Co-operation Framework (2001-2005), and the ADB and World Bank's Country Assistance Strategies all have the trade agenda embedded in them.

All three countries have been reasonably successful in attracting FDI but this appears to have been mainly to the manufacturing sector. In the Philippines for example, most of the FDI is flowing to the export processing zones (EPZs) located in four regions: Metro Manila, Southern Tagalog, Central Luzon, and Central Visayas. Although some regions bordering Metro Manila benefit from spillover effects other areas outside export zones remain excluded.

FDI in Vietnam has reached proportions approaching those of countries such as Malaysia and Singapore (in terms of FDI as a share of GDP) and it is therefore looking to such ASEAN countries to derive lessons for maximising gains from FDI, both in terms of poverty reduction and development as a whole. (Mirza 2001) the impacts of FDI on poverty depend on many factors including the host countries' institutions and policies, the quality of the labour market

There are however some areas where policy reform is needed. The policy environment is hostile or at best indifferent to migrants in most countries in the region. Vietnam still continues to impose strict controls on settling down and accessing services through the KT system which causes unnecessary hardship to migrants. Cambodia which also has a large number of internal migrants has no clear policy in place to support them.

### 2.2.2 Access to factor markets

The most often identified barriers to entry into global markets for the poor are their poor asset base (land, education, credit) location as mentioned previously and technology constraints.

#### Land

Access to land may be an important precondition to participating in global markets especially crop value chains but land distribution is inequitable and access to land appears to be worsening for the poor. In the case of Cambodia recent changes in land policies especially land concessions, appear to have increased the vulnerability of the poor to being dispossessed of their land. This state of affairs has resulted from a combination of weak governance, poor implementation and extensive land grabbing by the rich and powerful. The poor appear to be most vulnerable to being dispossessed in areas that were fought over during the 1990s; areas where the local economy is booming; areas with

high land values and potential for commercial exploitation (e.g. as plantation land); areas near national borders and along national roads. There is an urgent need to understand these processes better and devise a more pro-poor system of land administration. CIDA has provided \$4 million to the Cambodian Government under the Cambodia Land Administration Trust Fund. The DFID PD Agriculture team is planning work in this area and synergies could be explored. Other relevant projects include the Land Impact Baseline Survey being undertaken by the CDRI in order to understand the socio-economic effects of the titling of land.

Land degradation is a major problem in Vietnam, particularly in upland areas. Its major causes are insecure land tenure, poor logging practices, drought, salinization and acidification. Degraded steep slopes and deforested landscapes, especially in the northwest region, are now very susceptible to soil erosion during heavy rains. However, land use rights provided by a new Land Law in 1987 and the Amended Land Law in 1993 created strong incentives for farming households to make long-term investments. The rural economic structure has become much more diversified. Household businesses have mushroomed and become the most important source of RNFE (Pham 2006).

Where the poor do have some access to land, they often lack the capital, technology, skills and even labour to manage their land effectively. This results in them selling or leasing their land to the rich and working for them as waged labourers as in the case of Vietnam (interviews with the Director of the Institute of Policy and Strategy for Agricultural and Rural Development, the Ministry of Agriculture and Rural Development, Vietnam). Although agricultural extension and technology transfer have long been on the research agenda this is clearly an area that still requires work and an emphasis on social and institutional dimensions is needed.

In the Philippines it is time to revisit how to accomplish the goals of rural land reform so that the intended beneficiaries--the poorest of farmers and landless agricultural workers--can benefit. The Comprehensive Agrarian Reform Program, which has accomplished a number of its original goals, is getting too expensive and complicated. Tenancy should be allowed once again, as a useful interim state between landless labor and owner-cultivator status.

#### Labour

Globalisation has had a profound impact on labour markets and employment in the region. Much of the expansion has been in labour intensive industries and these attract a large number of rural-urban migrants as we have described in the section on migration.

#### Credit

An essential prerequisite for diversification is credit. The most disadvantaged groups often find it hard to borrow the money needed to start very small businesses to support themselves or to cover temporary cash-flow crunches. Access to credit is a constraint for the poor throughout the region preventing them from investing in options that are more remunerative than subsistence agriculture and wage labouring.

In general the uptake of credit programmes remains poor and there is certainly scope for more work in this critical area especially in understanding what prevents people from accessing existing services. In Vietnam for instance, many poor households return cash or refuse to accept the loans since they believe they are too poor and too vulnerable to return the loans (Ha, 2002).

## Section 3: Overview of research activities (including ‘gaps’ in the past and on-going research agendas of IDRC and others & potential future research partners)

### 1. Making markets work for the poor

Value chain analysis of commodities can help us to understand the governance systems at work and the potential opportunities and threats they present (see box). In particular they can help us to understand the role of intermediaries, their persistence and ways of working with them effectively in order to maximise the returns to the poor from value chains. Some interesting examples are discussed here in order to highlight the issues.

#### Box: The Value Chain Approach

A value chain can be defined as “an organized system of exchange from production to consumption with the purpose of increasing value and competitiveness”. A value chain is not a supply chain. A value chain is about linkages generating value for the consumer

A supply chain is about logistics.

The key features of a value chain are the creation of business linkages by getting people in the chain (e.g. farmers, processors, retailers and exporters) to work together. This requires good coordination of decisions and exchange. Effective governance is needed to facilitate coordination. In order to increase value, the value chain needs to meet consumer demand and be competitive. To remain competitive, the value chain needs to innovate continuously. To establish effective linkages, the chain needs to distribute benefits that provide incentives to the participants. A successful value chain must show continuous innovation in the form of products, technologies, management, marketing, distribution etc. The chain must be highly organized internally using hierarchies and achieving economies of scale. The chain will go beyond spot market transactions to include contracts, vertical integration, supply chains within networks, alliances and other forms of coordination. The chain will introduce practices that meet environmental and social responsibility concerns

The ADB funded project on Making Markets Work for the Poor identified five models that link smallholder farmers to entrepreneurs and markets in a competitive and sustainable way, including:

- (i) Farmer to Market Linkage Model;
- (ii) Farmer to Enterprise Contract Model;
- (iii) Large Enterprise to Farmer Model;
- (iv) Small and Medium Enterprise to Market Linkage Model; and
- (v) Supermarket Supply Chain Model.

In the *Farmer-to-Market* Linkage Model, farmers are linked with market services and other value chain stakeholders through facilitating service provider organizations. In the *Farmer-to-Enterprise* Contract Model, farmers are linked directly with enterprises through contract grower systems. There are two types of contracts envisaged; contracts directly between enterprises and farmers, and contracts indirectly through traders, NGOs and suppliers. In the *Large Private Enterprise* Model, out-growers are treated as partners in the enterprise rather than as mere contract suppliers. The large private enterprise provides a guaranteed market outlet for associated smallholders, as well as technical extension services and credit in the form of production inputs. In order for the large private enterprise program to be successful, however, the enterprise must also exercise some degree of management control over the smallholders’ production and post harvest practices and must take some responsibility for the general well being of the smallholder and his/her family.

In the *Small and Medium Enterprise-to-Market* Linkage Model, enterprises are linked with market services and other value chain stakeholders through the facilitation services of organizations and institutions such as NGOs. In the *Supermarket Supply Chain* model, farmers are linked with supermarkets and large retailers through supplier organizations. The supermarkets and retailers are responsible for developing standards and quality specifications, as well as contractual terms for suppliers. Suppliers are responsible for organizing individual farmers and farmer groups to supply perishable product that meets those standards and quality specifications.

Source: MMW4P: Agriculture Commercialization and Poverty Reduction

The IIED project entitled “Regoverning Markets” has conducted studies on securing small producer participation in restructured national and regional agri-food systems. The country studies in South East Asia provide valuable insights into the structure of commodity markets and value chains and the constraints faced by small producers. The project has a large number of publications on its website (<http://www.regoverningmarkets.org>). E discussions have also been initiated on the following questions and it would be worth learning from their experience:

- To what extent is market access and market entry for small-mid scale producers being affected by changes in domestic food retailing and processing?
- How can small producers get better entry to commercial agrifood chains?
- Do traditional marketing chains confer greater benefits for livelihoods and poverty reduction? How can these markets respond to the challenge of supermarkets?
- What are the research gaps?

A detailed study of the potato and dairy product supply chains in Vietnam was conducted under the Regoverning Markets project. The constraints faced by small producers are highlighted.

The World Bank East Asia and Pacific Regional office has conducted detailed assessments of the rice value chain in Cambodia and Vietnam.

APAARI, the Asian Pacific Association of Agricultural Research Institutes, has published success stories on high value agricultural products, fish production, livestock and horticulture.

IFPRI is also working in this area through its projects on Participation in High-Value Agricultural Markets in the region. The project focuses on: identifying trends and issues in world and local markets that offer robust opportunities for sustained commercialization of high-value agricultural commodities; analyzing options for addressing policy and transaction cost barriers to increased participation of smallholders, the rural poor, and women in high-value sectors; and encouraging smallholders participating in high-value markets to promote environmental sustainability and lower health risks.

Many of these projects including IDRC work in the region have established that a key element is to support and promote organisations of small scale producers and networks so that they can collectively bargain for better returns and better access to input and produce market links, extension services and financial support. In addition there are a number of public private partnership experiments which offer important lessons including the Cocoa Extension Services for Smallholders in Vietnam (Masterfoods, USAID, USDA, World Cocoa Foundation, Government of Vietnam/Ministry of Agriculture and Rural Development, Nam Long University. EDF Mann andCargill). The New Bamboo initiative in Vietnam (IKEA, Mekong Private Sector Development Facility/International Finance Corporation, The Bamboo Factory (Vietnamese Company), Governments of Vietnam).

Participation in markets for HVAP requires institutional changes to become more inclusive of small-scale farmers and the landless. What is needed now is a clear focus on the poor especially those in remote areas to understand whether and how organisations of small producers can work. It may be the case that creating such arrangements and markets in remote rural areas is not a practical option because of the expense and other infrastructural, technological and human capacity factors. But research is needed to explore this question.



## 2. Community-based natural resource management

Many of IDRC's projects in the region have been related to community-based resource management and environmental issues. Some of the important ones are outlined below. All of these projects have generated valuable information on the livelihood strategies of different social groups by ethnicity, gender and region; who is upwardly mobile and who is excluded; which assets are important and the constraints faced by the poor in accessing them. This should form the basis of any future research which examines the effects of globalisation on the poor and how they can be helped to maximise the benefits from it.

For example the project "Managing Community Natural Resources to Develop Cambodia" which was co-funded by Oxfam, promoted (CBNRM) as a mainstay of the Royal Government of Cambodia's socio-economic development, with supportive policies, legislation, and links between stakeholders in natural resources. The underlying idea was that Cambodia will achieve its long-term national goal to manage its natural resources only if every stakeholder has the understanding and skill to plan, apply, and evaluate CBNRM projects.

IDRC also supported work in Ratanakiri, concentrating on research related to farming systems and the conservation and use of natural resources. During the first two phases, support aimed to develop, test, and implement methods of community-based natural resource management. In the third phase the project focused on adapting traditional systems of agriculture and forest use. The overall objective was to ensure that communities have control over and access to natural resources that they have traditionally used, and that they can use these resources in a more efficient, sustainable, and equitable manner in the face of changing economic conditions. This three year project also ended in 2004.

Both projects ran from 2001 to 2004 and valuable lessons will no doubt have been accumulated. One major follow up initiative is the Cambodia CBNRM Learning Institute which IDRC is providing a core grant to until 2007. A number of research projects have been carried out by the Institute on community forestry, fisheries, livelihood diversification. IDRC is also funding a project on Community Forestry in Cambodia which is due to end this year. This project builds on the ability of communities to manage forests and other resources efficiently, equitably, and sustainably. It also improves the ability of three community forestry units to carry out research with villagers. Findings will encourage better policies locally, provincially, and nationally. Now in its second phase, the project is also allowing several key government ministries to strengthen their capacity through field-based research, information sharing, multi-stakeholder networking, training, and policy advocacy. (Project # 101247; Duration: 1999-2006; IDRC allocation: \$358,010; IDRC contact: Stephen McGurk; Research partner: Sy Remony, Cambodian Ministry of Environment.)

In the Philippines the IDRC is supporting the government Community Based Forest Management (CBFM) program which attempts to empower and involve communities in forest management. This capacity-building project, now in its third phase, will support CBFM in the fulfilment of its mandate by piloting community-driven policy projects, supporting advocacy processes, and upgrading the skills of forestry professionals to meet contemporary challenges in community forestry. (Project # 101468; Duration 2003-2006; IDRC allocation: \$379,780; IDRC contact: Stephen McGurk; Research partner; John Freeman, International Institute of Rural Reconstruction.)

Clearly IDRC has already supported the building of knowledge and information on a range of key issues related to CBNRM. Future research could focus more on the effects of globalisation on natural resource economies in the region. IDRC may also want to think of linking up with large and long-term projects in this area in order to bring in a stronger pro-poor focus. Some examples are cited in the table below

Vietnam World Bank

Forest Sector Development Project 2004-2011	The Forest Sector Development Project will achieve sustainable management of plantation forests, and conservation of biodiversity in special forests uses.
Forest Sector Development Project-Supplemental Credit 2004-2011	The overall goal of the project is to contribute to sustainable management of forestry and alleviation of poverty of the rural areas and the enhancement of contribution of the forest to the development of local communities.
Forests for Livelihood Improvement in the Central Highlands (Sector Loan)(2006 onwards)	The Project objectives and activities include: (i) formulating technically sound and socially relevant SFM plans for over 3 million ha of natural forests and plantations on bare land. SFM plan preparation will include (a) delineating forest conservation and use zones, (b) rationalizing Government's and stakeholders' roles and responsibilities, and enabling effective participation of the local communities and the private sector in SFM, and (c) providing investments for improving the condition and productivity of household, community, and state managed forests; (ii) providing wage generating and livelihood improvement investments, especially for forest-dependent ethnic minorities; (iii) supporting stakeholder technical and operational capacity building for SFM; and (iv) providing project implementation support.

### Communities Managing Mangroves

The “Communities Managing Mangroves” project introduced community-based planning and management in nationally protected coastal areas of Koh Kong Province. The project involved making inventories and analyzing sustainable livelihood options. During this project, ministers began visiting the sites — a hitherto rare occurrence — and villagers, reluctant to answer any government invitation after the terror and disappearances of the Khmer Rouge years, became actively involved. Project results persuaded government officials to change policies on protecting natural resources, allowing communities to control them. (*Project # 40401; Duration: 1997-2000; IDRC allocation: \$426,784; IDRC contact: Brian Davy; Research partner: Kim Nong, Cambodian Ministry of Environment.*)

A project conducted by the governments of Vietnam and Australia also deserves mention here. The six-year research and development project was designed to assist farmers in the Mekong Delta with techniques for improving yields and farm income in mixed shrimp farming and mangrove forestry farming systems. <http://www.deh.gov.au/commitments/wssd/publications/mekong.html#download>

The institute's main partners were the Vietnam Ministry of Fisheries, the Australian Centre for International Agricultural Research, the Network of Aquaculture Centres in Asia Pacific and the University of Tasmania.

The project, which began in 1995, had three objectives:

- to investigate factors controlling the yields of shrimp and wood from existing shrimp farming-mangrove forestry systems and to evaluate appropriate, cost effective technologies to improve production and farm income from these systems;
- to enhance Vietnam's capacity to address research and development issues in land use, aquaculture and mangrove forestry in coastal areas; and
- to assist national and provincial authorities to transfer the results of the project to the wider coastal farming community in the Mekong Delta.

### Coastal Economies

The RPE funded a project on Helping Local People Protect Their Seacoasts in the Philippines that ran from 1999 to 2002. Researchers identified what types of activity may

be best managed by households or community organizations or local governments, and on up the chain. Because roles in managing resources are allotted according to traditional gender roles, women's participation is currently limited: research also aimed at finding new ways to involve women more directly. (*Project # 4305; Duration:; IDRC allocation: \$491,560; IDRC contact: Brian Davy; Research partners: Orlando Arciaga, Haribon Foundation for the Conservation of Natural Resources; Sammuel Formielleza, University of the Philippines, Department of Community Development.*)

IDRC is also funding the Participatory Management of Coastal Resources project in Cambodia (2004-2007). This project is developing and testing models for integrating coastal communities into coastal resource management involving various levels of government. The project aimed to do so by facilitating collaboration between village management committees, commune councils and technical facilitation teams. The results of this research and the skills and attitudes developed will be shared with other CBNRM projects and other provinces. An IDRC project is looking at how well Marine-protected areas (MPAs) in the Philippines are working in offering new ways of managing tropical reserves and benefit local communities. The goal of the project is to set guidelines for establishing and managing MPAs that will benefit local communities over the long term and safeguard biodiversity, then share them with resource managers, communities, and other marine conservationists. (*Project # 100607; Duration: 2001–2006; IDRC allocation: \$443,470; IDRC contact: Brian Davy; Research partner: Amanda Vincent, University of British Columbia.*)

The IDRC funded [Sustainable Livelihoods/CBCRM SE Asia](#) 2003-2006 project aims to develop an approach to CBCRM based on the evolving notion of sustainable livelihoods. It will provide resources for research and capacity-building initiatives within the national contexts of the Cambodia, the Philippines and Viet Nam in conjunction with the regional CBCRM Learning and Research Network, LeaRN

DFID and FAO funded the Aquatic Resources Dependency and Benefit Flows (ARDB) project in Cambodia . The project was implemented by IMM of the UK, the Community Fisheries Development Office (CFDO) of the Department of Fisheries (DoF) and the Community Based Natural Resource Management Learning Institute. It had two aims: 1) to build capacity amongst government and NGO staff in understanding the importance of livelihood diversification as a potential tool for natural resource management, and 2) to further our understanding of how factors that support or inhibit rural household diversification may apply in the Cambodian coastal context and beyond. The short project provided important insights into the nature of diversification in the coast and their kinds of institutional arrangement and partnerships that would benefit the poor. Using the findings from this project, future research efforts should try to identify the kinds of institutional arrangements that will work in the interest of the poor to enable them to link with GEP more positively.

Opportunities for learning from the World Bank funded Vietnam Coastal Wetlands Development Project 1999-2006 should also be explored. The project aims to re-establish the coastal mangrove wetland ecosystems along the Mekong delta, and, protect its aquatic nurturing. In addition there is the Livelihood Improvement in Central Coastal Provinces project started in 2003 which aims to reduce poverty by improving livelihoods and sustainably managing coastal resources in poor communes of project provinces.

## Credit

There have been a number of State and donor microfinance initiatives. For example the UNDP in the Philippines has launched an ambitious microfinance programme for what it calls the “entrepreneurial poor” who number around 3 million. The focus is on the very poor and underserved, including women and hard-to-reach poor areas.

An IDRC funded project studied links between community-oriented financial intermediaries, the financial regulations and conditions under which they work, and poverty. Teams in five countries, including Canada and the Philippines, conducted parallel case studies that compare how disadvantaged people are faring after dealing with the local intermediaries. (*Project # 100473; Duration: 2000–2003; IDRC allocation: \$483,120; IDRC contact: Randy Spence; Research partner: Klaus P. Fischer, Université Laval.*)

Other relevant projects in the area are listed in the table below. Although some of them are already over there will be important lessons to learn from them.

Rural Credit and Savings 2000-2005 Cambodia	ADB	The primary objective of the Project is to develop effective financial services in the rural areas, which will provide poor households with better access to rural finance. This will be based on a private sector initiative of NGOs that have demonstrated viable systems of credit delivery and achieved substantial outreach.
Rural Enterprise Finance Project 2000-2006 Vietnam	World Bank	The objective of the Project is to support the Government's efforts to reduce poverty and promote private sector investments in rural and agro-based industries. The Project will provide a credit line for financing microenterprises, which will directly impact the livelihoods of farm families, and for financing small rural agrobased enterprises, which will accelerate economic growth and contribute to rural employment, productivity and prosperity.

## Labour Markets and Migration

The Development Analysis Network is working on the impact of cross-border economies on livelihoods Cambodia, Laos, Thailand and Vietnam and opportunities for collaboration with them should be explored. Other potential partners are the UNDP and UNFPA who have also funded work on migration across the region.

The ADB has conducted a number of studies on migration between countries in the region. IDRC funded a project between 1999 and 2001 on the macroeconomic role of labour markets in Thailand and Indochina. In particular, it examined links between labour markets, growth, and poverty, focusing on the labour markets’ role in channeling impacts of the Asian crisis. These issues are prominent in Thailand, but have been neglected in Indochina. The project was collaborative — seven research institutions comprising the Development Analysis Network in four countries (Cambodia, Lao PDR, Thailand, and Vietnam) were involved. This represented a significant effort in regional networking and mutual technical assistance. The collaboration also allowed a relatively rare study of migratory links between labour markets in different countries. The project built on a previous IDRC effort, involving the same institutions, that addressed the impact of the Asian crisis on the economy as a whole. For most participating countries, this was the first systematic attempt to collect and analyze labour market data, so it introduced the labour market as both a research and a policy issue in these countries. The labour market’s importance at both macro and local levels gave the project potential to contribute to better macroeconomic management and improved community living standards. (*Project # 100199; Duration: 1999-2001; IDRC allocation: \$257,900; IDRC contact: Randy Spence; Research partner: Martin Godfrey, Cambodia Development Research Institute.*)

Other projects that RPE could link up with to incorporate migration concerns include:

Northern Mountains Poverty Reduction Project 2001-2007 Vietnam World Bank	The Northern Mountains Poverty Reduction Project's development objective is that poor villagers in the region, may profit from improved, sustainable infrastructure, and social services, within an improved institutional capacity in the upland communes, and districts. To this end, the components will assess community participation to identify development priorities, focused on the development of rural transport, and market networks, by connecting the administrative center to the road system.
EC Initiative for Pro Poor Development in the Northern Uplands	The initiative will enable local people to upgrade their skills, and therefore revenue earning capacity, across a range of fields, such as crop and animal husbandry, marketing of agricultural products, and small business development. Construction of basic infrastructure, especially in remote areas will complement these activities.
ADB Central Region Poverty Reduction	The objective of the TA is to formulate a project aimed at reducing the incidence of poverty among the rural population in the Central Region of Viet Nam by increasing food security, and income and employment opportunities of poor households and vulnerable groups in the project area. Crosscutting issues of gender, ethnic minorities, and sustainable natural resource management also will be addressed.
Thanh Hoa Improved Livelihoods 2000-2006 CIDA Vietnam	The project has been designed to deliver an integrated set of activities to improve livelihood and quality of life for households in poor communities, and to strengthen the local agencies and organizations which are responsible for the provision of health and education services and for poverty reduction. It focuses on districts with marked poverty rates in the mountainous areas of Thanh Hoa province.

## Tourism

In 2005, Australia commenced assisting the Greater Mekong Subregion (GMS) with tourism development, through the Sustainable Tourism Cooperative Research Centre (STCRC). STCRC researchers have played an active role in developing the foundations of the World Tourism Organisation's STEP (Sustainable Tourism Eliminating Poverty) initiative. That research platform is currently being transformed into practical tools and applications in Cambodia and Vietnam, and other projects including China. [http://72.14.205.104/search?q=cache:8VrzOrGx0hoJ:www.the-ice.org/page.aspx%3Fpage\\_id%3D5%26expertiseID%3D14+tourism+research+mekong&hl=en&gl=in&ct=clnk&cd=5](http://72.14.205.104/search?q=cache:8VrzOrGx0hoJ:www.the-ice.org/page.aspx%3Fpage_id%3D5%26expertiseID%3D14+tourism+research+mekong&hl=en&gl=in&ct=clnk&cd=5)

The World Bank GMS: Mekong Tourism Development Project (2002-2007) has tried to promote the development of the tourism sector in the lower Mekong River basin. It aims to improve tourism-related infrastructure in Cambodia, Lao PDR and Viet Nam, (Greater Mekong Subregion (GMS) participating countries [GMSPC]), support pro-poor community-based tourism projects in the rural areas of these countries, facilitating private sector participation in tourism marketing and promotion, establish mechanisms to increase subregional cooperation, and facilitate the movement of tourists across borders. Research on the political economy of tourism is needed in order to understand what kinds of barriers the poor may face to participating in such projects.

The Research Center for Mekong Regional Tourism (ReCMerT) was established in 2003 at Khon Kaen University. The center was aimed to develop Mekong Regional tourism ability and enlarged cooperation network with other organizations for sustainable tourism management. Researchers at the Social Research Institute, Chiang Mai University have also worked on the competitiveness of the tourism industry in the GMS.

## Livelihood Diversification

The UNDP has been supporting the poor in linking up to small and medium agribusiness and handicrafts sector enterprises in Vietnam. This is being done through the establishment of producer groups such as the Silk Forum, and a planned National Spice Forum. Research is needed on understanding how such institutions work in practice and where there is scope for improvement. CIDA is also funding the Tra Vinh Improved Livelihoods Project from 2003 to 2009. The project focuses on increasing income-earning opportunities in on-farm and off-farm employment for the poor. It aims to increase productivity and improve food security through activities which support crop diversification, the intensification of agriculture and the development of rural enterprise.

## 1 Possible Broad Areas for Future Work

### ***1.1 Improving market access through Value chain analysis***

Broadly speaking there are four ways in which the poor can be helped in gaining from value chains:

#### 1. Collective bargaining

Farmers collectives/ cooperatives/associations/clubs can, in theory improve the bargaining power of small producers to get better prices and lower transaction costs. Producer associations may also provide access to inputs at more competitive prices and a means to become an established supplier of a value chain. However the record is rather poor and there are very few examples of successful farmers' associations.

#### 2. Contract farming

Contract farming has also been viewed as a potentially effective way to draw the poor into value chains, as a way of overcoming market failure, introducing new technologies, providing support services and mitigating risk. But the experience has been mixed and contract farming has tended to work better for rich farmers with access to land, irrigation and social networks.

#### 3. Supporting an infrastructure for certification and product branding

Value can be added through product differentiation using trademarks, branding and marketing. This is as yet very underdeveloped and moving from primary commodities to branded products is still several stages away. There is a need for marketing and business skills to build brand awareness, to locate suitable retail outlets, and to maintain regular supplies to meet demand in a timely way.

4. Encouraging Foreign Direct Investment in Agriculture and Agro- industries FDI in the agricultural sector is still very low. Large multinational agribusiness firms could play an important role especially in the development of cross border agro industries in the Greater Mekong Sub-region. Foreign or multinational firms could bring market credibility to the product, provide access to technology and new markets. In all of these models the driver is enterprise. Government, NGOs or donors can only play a supportive role.. There is a significant shift from a producer focus to a consumer focus. The key questions are (a) who is the buyer? (b) what are their demands? (c) how can those demands most effectively be met? Answering those questions provides the impetus for commercialization and poverty reduction.

Commodities to focus on include:

- a. Rice

- b. High value agricultural products
- c. Others – tea, ntfps,

## 1.2 Migration

There are several sub-themes which require research :

- Developing **models of migrant-friendly services** (remittance mechanisms, skills training, transport, food, shelter, crèche facilities etc). There are a number of initiatives in other Asian locations (especially India and China) and a few in the Mekong region. there is a need to analyse these and develop a more systematic understanding in order to inform policy.
  - Improving the **data on migration**. The possibilities of including migration in existing data collection exercises should be explored. Potential partners include the CDRI which conducted some microstudies on internal migration a few years ago . It may also be possible to link up with Cambodia's poverty monitoring and assessment (PMA) mechanism, which has been set up to facilitate a participatory, country-owned and result-oriented poverty monitoring and analysis system, capable to inform pro-poor policy decision-making and design of targeted programme for poverty reduction. The PMA system, works in partnership with the National Institute of Statistics in conducting socio-economic household surveys and data analysis. There is also a case for **supplementing/ground truthing official data sets with microstudies** in some cases. In Vietnam, the government has recently undertaken a large survey on internal migration but there are gaps and drawbacks in the dataset that need to be filled through micro-research. For example, there is insufficient disaggregation of the occupations of the poor; all farm and non-farm labouring are combined into a single vast category. A more disaggregated understanding is important for understanding the links between mobility and occupational diversification as well as labour market segmentation and their policy implications.
  - Protecting migrants against economic shocks in **vulnerable sectors** e.g. the garment manufacturing sector. The end of the Multifiber Agreement in 2005 will have affected the livelihoods of 200,000 workers (mainly women) in Cambodia without diversification strategies in place. In Cambodia, especially in view of the recent shocks that will have resulted from the end of the Multifiber Agreement.
  - **South-south circular migration**. This is an under-researched area and requires work urgently because of its relevance to the poor (something like 60% of all international migration is actually south-south migration but policy discussions are more focused on south-north migration).
- 2.2 Research Question 2: How the enabling environment can be enhanced to support the successful participation of the rural poor

## 1.3 Community Based Natural Resource Management

There have already been several research projects on this theme which provide good base level information. New research should focus on the impacts of globalisation on CBNRM and how policy needs to change in order to protect the poor from negative consequences and help them to take advantage of the new opportunities.

For example, it is important to understand how changing global markets for timber are impacting on the poor and how they can manage their resources effectively in such a context.

#### **1.4 Livelihood Diversification and the rural non-farm economy**

It is important to understand what sectors are promising for the poor, what they need in terms of assets and how policy can create a more propoor environment for diversification.

#### **1.5 Propoor tourism**

Can Tourism be made more 'pro-poor' in the Mekong Region?: what kinds of institutional arrangements would be more inclusive of ethnic minority groups?

#### **1.6 Remote rural areas**

People living in remote rural areas have been left behind other regions. Research is needed on understanding what the constraints are and whether there is any comparative advantage in such areas in linking up with specific GEPs.

#### **1.7 Including ethnic minorities and indigenous people**

Ethnic minorities have not been as successful in engaging with GEPs because of the numerous disadvantages that they face compared to dominant social groups. There is a need to understand which sectors, markets and institutional arrangements can be more inclusive.

#### **1.8 Credit**

In general the uptake of credit programmes remains poor and there is certainly scope for more work in this critical area especially in understanding what prevents people from accessing existing services. I

#### **1.9 Pro-poor Land Administration and tenancy reform**

Access to land is a problem for the poor but the issues differ across the three countries. In Cambodia, there is a need to develop propoor land administration whereas in Vietnam there is a need to support farmers with technical advice, extension services and credit so that they can use the land that they have. In the Philippines, research on land tenancy reform is needed.

#### **1.10 Women's access to resources**

Ways of improving women's access and control over resources: land, technology, wages and information.



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