



RURAL DEVELOPMENT AND FOOD SECURITY FORUM 2019 PROCEEDINGS

DECEMBER 2020

RURAL DEVELOPMENT AND FOOD SECURITY FORUM 2019 PROCEEDINGS

DECEMBER 2020



Creative Commons Attribution 3.0 IGO license (CC BY 3.0 IGO)

© 2020 Asian Development Bank
6 ADB Avenue, Mandaluyong City, 1550 Metro Manila, Philippines
Tel +63 2 8632 4444; Fax +63 2 8636 2444.
www.adb.org

Some rights reserved. Published in 2020.

The views expressed in this publication are those of the authors and do not necessarily reflect the views and policies of the Asian Development Bank (ADB) or its Board of Governors or the governments they represent.

ADB does not guarantee the accuracy of the data included in this publication and accepts no responsibility for any consequence of their use. The mention of specific companies or products of manufacturers does not imply that they are endorsed or recommended by ADB in preference to others of a similar nature that are not mentioned.

By making any designation of or reference to a particular territory or geographic area, or by using the term “country” in this document, ADB does not intend to make any judgments as to the legal or other status of any territory or area.

This work is available under the Creative Commons Attribution 3.0 IGO license (CC BY 3.0 IGO) <https://creativecommons.org/licenses/by/3.0/igo/>. By using the content of this publication, you agree to be bound by the terms of this license. For attribution, translations, adaptations, and permissions, please read the provisions and terms of use at <https://www.adb.org/terms-use#openaccess>.

This CC license does not apply to non-ADB copyright materials in this publication. If the material is attributed to another source, please contact the copyright owner or publisher of that source for permission to reproduce it. ADB cannot be held liable for any claims that arise as a result of your use of the material.

Please contact pubsmarketing@adb.org if you have questions or comments with respect to content, or if you wish to obtain copyright permission for your intended use that does not fall within these terms, or for permission to use the ADB logo.

Corrigenda to ADB publications may be found at <http://www.adb.org/publications/corrigenda>.

Notes:

ADB President Takehiko Nakao stepped down as President on 16 January 2020.

In this publication, “\$” refers to United States dollars.

ADB recognizes “China” as the People’s Republic of China.

All photos are by ADB.

Cover design by Rodel Valenzuela.

Abbreviations

ADB	Asian Development Bank
ASEAN	Association of Southeast Asian Nations
AWD	alternate wet and drying system
CIRAD	French Center for Research and Agricultural Development
CO ₂	carbon dioxide
DMC	developing member country
DSR	directly seeded rice
EBRD	European Bank for Reconstruction and Development
EU	European Union
FAO	Food and Agriculture Organization
FDI	foreign direct investment
FPC	farmer-producer company
FPO	farmer-producer organization
GDP	gross domestic product
GIS	geographic information system
GMS	Greater Mekong Subregion
IAEA	International Atomic Energy Agency
ICT	information and communication technology
IFPRI	International Food Policy Research Institute
IRDP	Integrated rural development program

IRRI	International Rice Research Institute
IT	information technology
KMUTT	King Mongkut University of Technology, Thonburi
LAO PDR	Lao People's Democratic Republic
NATCO	National Confederation of Cooperatives in the Philippines
NGO	nongovernment organization
OECD	Organization for Economic Cooperation and Development
O&M	operation and maintenance
OTOP	One Tambon One Product
PGP	Carrageenan plant promoter
PNRI	Philippine Nuclear Research Institute
PRC	People's Republic of China
PPP	public-private partnership
PSOD	Private Sector Operations Department
RDFS	Rural Development and Food Security
R&D	research and development
SDG	Sustainable Development Goal
SME	small and medium-sized enterprises
STEAM	Science and Technology, Engineering, Arts and Mathematics
UK	United Kingdom
UNCDF	United Nations Capital Development Fund
US	United States
USAID	United States Agency for International Development
WHO	World Health Organization



Information and communication technology as an opportunity. Smallholders and rural stakeholders can benefit from using ICT but they will need advisory and user support.

Farming Crisis

This session described the current key challenges of farming and proposed transformative changes in policies and approaches for making farming profitable and gender-friendly, highly productive, and attractive to the youth in the region.

Keynote Address

Mekhala Krishnamurthy, Associate Professor of Sociology & Social Anthropology, Ashoka University, India

In 2009, 10 years ago, during the soya bean harvest in Madhya Pradesh I was sitting in the field with a young farmer named Vijay Tale. That day, Vijay's primary concern was getting the harvest in because it had been raining a few days before and he was focused on bringing in the harvest that morning. He had spent a week organizing, traveling all the way from rural Punjab to come to Madhya Pradesh and get to his fields in time as clouds were gathering, and there is a small window of time within which farmers must harvest the crop. In the middle of all of this, I noticed his T-shirt and I asked him if he knew what his T-shirt said. He laughed and said it is his favorite T-shirt and I should not say anything to ruin it for him. But he said he did not know what the T-shirt displayed. I told him, it read "Make your own destiny." Vijay laughed loudly and said what a ridiculous T-shirt for a farmer to be wearing! He asked what kind of farmer thinks they can make their own destiny. As if on cue, the harvester started bellowing smoke and Vijay ran to find out what he could do. Afterwards Vijay said that is just one example of the type of everyday risk that farmers face.

Vijay's humor is typical of many farmers across the world. There is a philosophical approach to every day risks faced by farmers and the ability to laugh even under extraordinary stress and to share a joke in the middle of what clearly is a daily crisis for Vijay and millions of others. It also reveals something about the helplessness that many farmers across the region face. When they think about what it means to bring in the harvest, that particular moment, a vulnerable moment in which weather, market risks, postharvest storage conditions—all are playing on his mind, not least the small matter of how Vijay would have



Agrarian destiny as a collective public effort.

Mekhala Krishnamurthy, Associate Professor of Sociology & Social Anthropology, Ashoka University, stressed that farm income support is not a substitute for public investment in agriculture and rural development or for other vital forms of social protection.

the cash to pay the harvester driver, who had come from a long distance and was to leave shortly after.

This small example tells you a great deal about the kinds of risks that farmers face every day. *Farming has always historically been a very risky business.* But what farmers like Vijay Tale are facing today are both the intensification of old risks and the extensification and expansion of risks that encompass new aspects that are affecting farming. It begins of course with questions of land—access to land, land insecurity, ownership, lack of recognition of title, timely access to high-quality inputs; seeds, water, fertilizer; access to labor, which is complicated in all of these economies; access to credit at the right time and at serviceable cost; weather and climate, and volatility and risks brought about by the market.

Risks in Agriculture

We must keep in mind when we think about agriculture today that the scale, frequency, complexity, and context-specificity of risks are all coming together. This means we have risks at a larger scale than ever before but that they are also highly context specific. The challenges that Vijay Tale (a 10-hectare [ha] farmer) was facing in his field were both quite unique as well as general. Right next to his plot was a small farmer owning only 2 acres (0.80 ha) of land and who took on an additional 10 acres (4 ha) on lease. His risks were quite different than the ones that Vijay was facing, but they both shared common risks as well. This is where scale and context-specificity come together. Moreover, the frequency of risks has escalated and equally their complexity. This makes it extraordinarily challenging for farmers, who must manage scale, frequency, complexity, and context. It also makes it exceedingly challenging for those who are seeking solutions to these kinds of risks.

Let's take an example from land—insecurity of ownership of and access to land across many countries of the Asia and Pacific region. Farmers still often do not have clean title or access to their land. Those who have ownership rights often struggle to ensure that the title remains updated, struggle with mutation, passing on that land to other members of their families. Tenants and sharecroppers—a very large proportion of our farmers—are also landless. Tenants and sharecroppers struggle to get basic recognition. This affects their ability to access inputs, to access guaranteed minimum support prices, and to access credit, which is often in the agricultural context tied to land and the ability to furnish clean title to land and property. Farmers are coping with land fragmentation. Land fragmentation is happening both as a result of family sizes and generational and intergenerational transfers. But there is also the dynamics of land acquisition at work.

Across the region, farmers are dealing with the challenge of quality and declining productivity of their land. This is a problem related to access to water but also soil quality. Land is vulnerable to humans and nonhuman actors. Vijay Tale and many other farmers across our region spend their nights close to the harvest, sleeping on their land to protect themselves from both human and nonhuman intervention. This is just one example of risks related to land. Similarly, we could see similar kinds of

complexity related to inputs, labor, credit, weather and climate, and markets. Each aspect of agriculture is dealing with challenges at multiple levels.

The importance of understanding these risks and their interlinkages must be highlighted. If we look at land, we could find solutions to each one of the problems. For example: how do we improve ownership and titling; how can we give recognition to tenants and sharecroppers; how do we combat the question of fragmentation and think about land pooling; how does one address the enormous challenges of land quality and productivity? However, what makes agriculture so complicated is how these risks are interlinked and interconnected with the whole range of other risks, beginning with the fact that we are centrally concerned with farmers who work both on and off the farm.

Farmers as Consumers

A great amount of our attention is focused on the farm as a unit. But these risks happen on-and-off the farm. We also spend a large amount of time thinking of farmers as producers. But we pay very little attention to the fact that all farmers are also consumers. They are not only consumers of the very produce they grow—as they both buy and sell agricultural produce and food—they are also consumers of inputs. As the journalist Harish Damodaran puts it often, farmers buy in retail but sell in wholesale. The terms of their engagement in both input and output markets tend to be poor. But many farmers, especially small and marginal farmers, are also laborers. They work as paid laborers on other people's farms, off-farm labor, and of course also work as unpaid laborers, contributing to household labor in a range of activities as part of the production system. A number of farmers are also aggregators or petty commodity traders. These are multiple roles that the same farmer plays. Income is both augmented and depleted in multiple ways for a single farming household. This makes the analysis of farm income extremely complicated because we are not dealing with a single, linear kind of analysis—e.g., how much did you get from this particular crop? Farmers usually grow multiple crops on the same farm, and provide labor for multiple kinds of livelihood options at the same time.

Agriculture needs to be seen as an agro-ecological, agro-commercial, and socioeconomic system. If we do not understand the ways in which these linkages are combined, we are unable to address the challenges. This multiplication of risks also presents the multiplication of opportunities for engagement but we need to understand the whole complex—if vicious—cycle, where farmers are inundated with accelerating and intensifying risks is to be turned into a different, more virtuous cycle. This kind of coordination can only be done with public, government-led transformation.

In many ways we are at a crossroad, where benefits of the green revolution and its costs have reached a critical point. In terms of the many achievements of food security over the last several decades, we are finding a plateauing. The focus on cereals and cereal-centricity of that intervention is now being widely questioned. It has had—and we have seen this across the region—very large and serious agro-ecological consequences. In some ways, we are now better able and equipped to



Turning crisis into opportunity. William Dar, Secretary, Department of Agriculture, Philippines, pointed out that the rice sector crisis is a chance to develop the Philippines' agricultural economy.

think about solutions or mitigation strategies for these consequences—to think about scale-neutral technologies, socioeconomic interventions, leveraging a whole range of scientific and technical developments. However, what we have not learned from the green revolution is the fact that it was a massive, coordinated public sector intervention. In 2019, we need to go back to those lessons; to take the right lessons from that effort, not to replicate the “package” but the public investment. We need new frameworks of public investment. We need to rebuild and strengthen agricultural systems and institutions, whether they are institutions of science, agricultural extension, agro-commercial context, or farmer organizations. We must rebuild state capacity for agriculture and think of new frameworks by which technology can be adapted and adopted. This calls for extraordinary coordination and this is where ADB and organizations of this kind are so vital as you can coordinate at different scales and across different kinds of entities and region. Just to take the few examples that I mentioned—land rights and consolidation, agricultural extension and knowledge ecosystems, farmer producer organizations, where the massive questions of capital, working capital constraints, and institutional capacities, market design and regulation—all of these require coordination and are areas where women and youth are critical.

I will end with two brief points: firstly, farm income support, which is one of the key elements that governments are turning to as a way to address the crisis in agriculture, is not a substitute for public investment in agriculture and rural development or for other, vital forms of social protection. We must think of farm income support as an important complement, not as a band-aid to public investment. Secondly, our region and subregions have benefited from an understanding of agriculture as a multiplier and driver for wider economic growth and development. We need to move from the current scenario of distress-driven diversification to a cycle of surplus-sustained diversification. To come back to Vijay Tale, in many ways making an agrarian destiny must be a collective public effort.

Thank you very much.

Address

William Dar, Secretary, Department of Agriculture, Philippines

On behalf of President Rodrigo Roa Duterte and the Filipino People, we would like to thank again ADB, led by its President Takehiko Nakao, for inviting us to the Rural Development and Food Security Forum 2019. Indeed, this event provides the Department of Agriculture an opportunity to share our thoughts on the relevant topic of addressing various challenges and crises. When one mentions crisis, the challenge of global climate change often comes to mind, particularly when it applies to agriculture and rural development.

I would like to focus on the challenge that springs from fragmentation of farmlands. Such fragmentation results in the dominance of smallholder farmers, who are

fast aging because of the uninviting appeal of farming on the youth. It also limits the application of modern farming technologies and tools leading to low farm productivity. This comes at a time when population notably in urban areas is growing and the demand for healthy and safe food is on the rise.

The Philippines is not spared from the so-called farming crises. Due to the implementation of an agrarian reform for more than 30 years now, the country's farmlands have been divided into miniscule sizes, currently averaging less than 1.7 ha. One major factor is increasing population, which grows at an average of 1.8 % annually, one of the highest in Asia. Furthermore, there are competing demands for the use of farmlands exacerbated by urbanization and industrialization. Thus, there is an urgency to elevate the efficiency of our farmers, especially on how they adopt modern farm technologies. This requires farm consolidation.

Take the case of the rice sector. Rice is considered a political commodity. The performance of the Department of Agriculture and the Agriculture Secretary depends on how rice is produced in the country. With the recent policy change in the rice economy from quantitative restrictions to the Rice Tariffication Law (RTL), there is now a so-called farming crisis in the agriculture sector. As farmers continued planting of palay, rice was exempted from liberalization for more than 2 decades despite our country's official participation in the World Trade Organization since 1994. Traditionally, we experienced fully farmgate prices of palay during peak season, from October to December. With smallholders' inadequate knowledge of modern farm technologies, there has been difficulty in increasing productivity. This proves that rice farms can no longer compete with imported rice.

Through the years, attaining rice self-sufficiency has been consistently set as the cornerstone of our agricultural policy. However, this proved to be unfavorable, as other agricultural crops have been deprived of much needed support. Hence with the RTL in place, ensuring food security now is the country's goal. A reason to level up Philippine agriculture is encapsulated in the eight paradigms of our new thinking, a new development framework for agriculture.

- i. Modernization must continue.
- ii. Industrialization of agriculture is key.
- iii. Promotion of exports is necessary.
- iv. Consolidation of small and medium-sized farms is needed with an inclusive agri-business approach as the anchor.
- v. Infrastructure development would be critical.
- vi. Higher budget and investment for Philippine agriculture is a must.
- vii. Legislative support is needed.
- viii. Road map development is paramount.

We need to turn this crisis into an opportunity. We see the crisis in the rice sector as an opportunity to further develop and modernize our agricultural economy. The rice industrialization road map, which will serve as a blueprint for the modernization of the rice industry, is in its finalization process. This will promote consolidation of production without necessarily consolidating ownership and enable efficient use of

farm technologies and machineries. To promote farm mechanization, increase the use of better seeds, provide low interest production credit, and offer training programs to palay farmers, a PHP10 billion World Competitive Prize Fund was established for every year. The registry system for basic sectors in agriculture serves as a basis for providing assistance to farmers who are affected by the falling palay prices. The updated farmers' registry is the basis for identifying beneficiaries. We are optimistic that the unconditional transfer the government has decided will be rolled out by the end of the year in time for our affected farmers and their families to celebrate Christmas season on a happy note.

In closing, we recognize the big and small contributions in improving the agricultural sector and in achieving a more bountiful harvest for our farmers and fishers. It has been barely 3 months since I have assumed leadership in the Department of Agriculture, and we have a long way to go. But I know that with your knowledge, expertise, resources, and support, we will increase the productivity and profitability of the farming and fishing sector. We see ADB as one of our important allies and supporters in this noble undertaking. I look forward to a fruitful discussion with you.

Panel Discussion

Shenggen Fan, Director General, IFPRI: In IFPRI's 2019 *Global Food Policy Report*,⁴ we highlighted several crises facing rural areas. Foremost is hunger and malnutrition. We know that we still have 800 million people globally who suffer from hunger and 2 billion people lack micronutrients, which we call hidden hunger. Majority of the hungry are in rural areas despite rapid urbanization. Many of these malnourished people are in our region—Bangladesh, India, Pakistan, and the PRC, or even in Southeast Asia.

Secondly, the environmental crisis threatens rural areas. My colleagues at CGIAR and I am proud of the green revolution without which many millions would have suffered from hunger. But we also have to recognize that because of the overuse of inputs and water, we are facing an environmental crisis today. Land has been degraded, water has been polluted, and particularly the air has been polluted (such as burning of straw in India).

The third crisis is unemployment. We know that between 20%–50% rural youth are either unemployed or underemployed. The average rural income is one-third, and in some places only 20% of average urban income, which is a great disparity evidencing poverty. I would call that a crisis.

But that does not mean we do not have opportunities. There is rapid urbanization, and by 2030, two-thirds of the middle-income population will be residing in Southeast Asia and Asia in general. Many will also be in rural areas, and this will be an opportunity as these people will demand better and more food. Another opportunity is the rapid development of ICT. Access of smallholders to that technology can help

⁴ IFPRI. 2019. [Global Food Policy Report](#).



More productive and less resource intensive agriculture. Results from and the ADB-IFPRI research showed that climate-smart practices could increase profits from rice production and make it less material intensive with lower water use, less greenhouse gas emissions, improved labor productivity, increased carbon sinks, and improved soil quality.

improve their productivity and employment opportunities. IFPRI's Global Food Policy Report 2019 (footnote 2) highlights several solutions:

1. **Rubonomics** (term coined with Achim Steiner of the United Nations Development Programme). This means considering rural and urban areas as one economic entity with no need to segregate them in consideration of employment, resource, or mobility. There should be no artificial boundaries, so that rural and urban areas are in one economy. It is easier said than done. First, there is a need to improve infrastructure such as urban-to-rural roads. Second is policy—there has to be coordination of food policy between rural and urban areas.
2. **Restore the environment.** In restoring the environment, rural areas get a great opportunity. If degraded land can be improved or restored, we can increase productivity without much inputs. We can help to mitigate negative effects of climate change. If smallholders use conservation agriculture, they must be compensated because they will contribute to the social and environmental goals.
3. **ICT as a technology opportunity.** We hear that villages in the PRC, for instance, are connected to the internet and use apps and e-commerce. Smallholders and shops in villages can sell not just agriculture products and food items but also traditional crafts to urban consumers and even export to foreign countries.
4. **Empowerment of women.** We know that in rural areas women do almost 50%–60% of the work in agriculture. If they are not empowered, we cannot revitalize rural areas. Empowering women in South Asia and Southeast Asia is the way to go. IFPRI has worked with Oxford and with the United States

Agency for International Development (USAID) to develop an Empowerment Index to ensure that women have access to land, water, technologies, extension services, etc. How can we ensure that women farmers are well-represented in political decision-making process at village, county, state levels? I do see great opportunities to do this.

5. **Finally, accountability.** Accountability is key to ensuring that governments respond to citizens, especially the poor and those in rural areas. Some policies and services for rural revitalization need to be implemented at the local level, for which strengthening subnational capabilities will be important. With such decentralization, citizens may feel more empowered to participate in decision-making and communicate their demands. At the same time, harnessing the information revolution to enhance information available to the rural poor can further empower them to demand accountability to keep policy makers accountable and responsive.
6. **Successful country cases.** There are three cases where we have seen successes: (i) European Union: in the 1970s and 1980s, the European Union spent €40 billion to subsidize agriculture—fertilizer, water, land, etc. Today, those reforms have succeeded. They used the funds to support rural infrastructure investment, direct income support, and nutrition and health thus improving the whole rural landscape; (ii) Republic of Korea: the new village movement in the 1980s used government funds to support agriculture technologies, rural infrastructure, improving living conditions of rural communities. After 30 years you do not see much difference between rural and urban areas. Rural residents enjoy high living standards as those in urban areas; and (iii) rural revitalization in the PRC. I applaud ADB that has signed an agreement to revitalize rural areas in the PRC. Again, it deals with improving rural infrastructure, ICT, linking rural areas to urban areas.
7. **Reform of subsidies** is an important issue. We currently spend \$600 billion to subsidize agriculture production—water, fertilizer, and pesticides. These subsidies do not produce healthy and nutritious food and are usually linked to grain production. These subsidies are not sustainable as they use more water and land and do not benefit farmers. When you subsidize, food prices go down and governments restrict food export. Farmers in India suffered tremendously because trade bans kept food prices artificially low. The funds used for subsidies could go toward supporting smallholders to produce healthy, nutritious, high value crops, and protect the environment and transform the food system and rural areas to be sustainable, healthy, and with good living conditions. I am confident that with these strategies, rural areas will become in 5–10 years a new attraction. I am retiring soon, and my dream is that one day I will return to my village where the environment, infrastructure, and health services have improved. I wish this to happen in every part of Asia.

Akmal Siddiq, Chief of Rural Development and Food Security (Agriculture)

Thematic Group, ADB: This crisis is not limited to one part of the region or one country. In just about all countries—as Dr. Fan mentioned, the PRC—there are major

issues in this sector. Within every country, there are bright spots from which lessons can be derived—which policies work and what kind of actions can we take to improve the situation. ADB has set its Operational Priority 5 under Strategy 2030 and will try to strive to provide the necessary policy and regulatory framework ideas to the governments. ADB provides financing to go with these initiatives. I would like to share my perspective on what ails the agriculture sector:

- i. Governments have significantly underinvested in agriculture. There are no two opinions about this issue. Gaps are different in different countries, but the underinvestment is very clear.
- ii. Agriculture in just about every country I have visited is considered to be unsophisticated, less desirable, and not a very fancy sector to work in. For ADB work, we interact with so many governments and, frankly, the weakest ministry I see in terms of capacity and resources is the ministry of agriculture. This makes me wonder ... we all eat three times a day and we desire to have nutritious and safe food. I can assure you even in my own country Pakistan, I feel very apprehensive eating every day because I know for a fact where the food is coming from. It is not safe. It is not nutritious, but people have no choices.
- iii. If you look at developed country agriculture, they have food systems that are relatively safe and affordable. The food is mostly nutritious. There is one common denominator in all developed countries—the governments lead from the front, provide public goods, research and development, infrastructure, and most importantly policies and regulatory frameworks where producers, processors, wholesale markets, and retail markets have to comply with quality standards. Without enforcement of those standards, you cannot ensure safe food even in developed countries.

In Egypt, there is a common adage where mothers tell their daughters to behave or else, she would be married off to a farmer. This shows you how cultural and official biases have ignored the support that agriculture requires. I also like to pose a million dollar question to people. If I gave them a million dollars to invest in any country or their own and then asked after a year where they have invested the million dollars, chances are they would not have invested even a dollar in farming.

As we have heard, the return on farming is minimal. Rather, in many countries when we examine the farm enterprise budgets, the returns are often negative for many operations. We must make agriculture profitable and desirable. As Dr. Fan has said, the youth are not interested in farming because it is a back-breaking drudgery and they do not see making reasonable livelihood by farming.

What ADB would like to do under its Strategy 2030 is to try to convince its member governments that there is a need to change policies and set out the regulatory frameworks that enable agriculture to become more profitable. We have heard that subsidies do not work. Most subsidies are perverse—they make the situation go from bad to worse. What we would like to see are smart policies, and good enterprise models. As Dr. Krishnamurthy said, fragmentation of land in agriculture is not helpful.

Modern geographic information system technology is now available at affordable cost which can make land ownership and land use rights transparent and safe for farmers to pool their lands from a fragmented farm to a larger landholding to become financially viable enterprise. These are some of the creative ideas under ADB assistance that we would like to try out in a few countries.

Hopefully, we will be able to set some models that show that fragmented and subsistence farming can be turned into profitable, modern, commercial farming. May be then we will see a lot of private investment come into farming and youth will be interested in taking up farming. Otherwise, we are facing a difficult situation in ensuring food security and especially safe and affordable food.

Mekhala Krishnamurthy, Ashoka University, India: One of the exciting things about this framework is not to look for a quick-fix solution to the farming crisis but to look for a comprehensive public approach. The example given by Secretary Dar on paddies from the Philippines shows all the different levels of coordination that are possible. It also allows us to think about diversification.

Under the green revolution, one of the biggest challenges was the cereal-centricity. How do we think about paddy-rice and wheat today? We should think about diversification in this context and supporting both. Dr. Fan mentioned thinking about the urban and rural economy as a whole. This is powerful because one of the key things in South Asia historically is that the urban emerged from within the rural. We always make a separation between the urban, the rural, and agrarian. What we thereby forget is that the rural has always been more than agriculture, but the agrarian has always been urban. Anywhere where you eat food is part of the food system. It is part of a common system. Therefore, connecting the urban, the rural, and the agrarian in a common framework is vital to reimagining how we think about growth engines and agriculture as a multiplier.

Rural demand is an important and salient factor. In many countries across Asia, rural demand spurs economic growth. What we are seeing in India and the PRC is that as we have lower rural wages—we start seeing rural demand play less of a role. Economic crises are also driven to a large extent by a lack of rural demand. This is where agricultural incomes become important. Moving beyond just thinking of urban as the trigger of demand but realizing that rural communities are huge consumers is critical. And they are a large part both in terms of employment as well as in terms of agricultural surplus. We are beginning to see rural demand and rural incomes slow down across the region, which is in some ways an indication of the crisis. Before it becomes an even greater problem, we need to address it with these efforts.

One of the exciting things about this framework is not to look for a quick fix and solution to the farming crisis but to look for a comprehensive public approach. The example given by Secretary Dar on paddies from the Philippines shows the all different levels of coordination that are possible. It also allows us to think about diversification.

Under the green revolution, one of the biggest challenges was the cereal-centricity—how do we today think about paddy-rice and wheat. We should also think about diversification in this context and supporting both. Dr. Fan mentioned thinking about the urban and rural economy as a whole. This is so powerful because one of the key things in South Asia historically is that the urban emerged from within the rural. We always make a separation between the urban, the rural, and agrarian. What we thereby forget is that the rural has always been more than agriculture, but the agrarian has always been urban. Anywhere where you eat food is part of the food system, part of a common system. Therefore, connecting the urban, the rural, and the agrarian in a common framework is vital to reimagining how we think about growth engines and agriculture as a multiplier.

Rural demand is an important and salient factor. In many countries across Asia, rural demand spurs economic growth. What we are seeing in India and the PRC is that as we have lower rural wages—you start seeing rural demand play less of a role. Economic crises are also driven to a large extent by a lack of rural demand. This is where agricultural incomes become so important. Moving beyond just thinking of urban as the trigger of demand but realizing that rural communities are huge consumers—and they are a large part both in terms of employment as well as in terms of agricultural surplus—is critical. We are beginning to see rural demand and rural incomes slow down across the region, which is in some ways an indication of the crisis. Before it becomes an even greater problem, we need to address it with these kinds of efforts.

William Dar, Department of Agriculture, Philippines: I saw the new RTL, which was made effective in March 2019, as an opportunity to put a new development framework with which we can develop and grow Philippine agriculture. There was a critique earlier on before I became secretary of the Department of Agriculture relating to where agriculture is going. Once given the opportunity, we started ensuring food security for the country as a priority with prosperous farmers and fisherfolk.

There are two dimensions in the vision, where for the first time in the history of the country, we had a vision to have prosperous farmers and fisherfolk. When we came down to the goals, we needed to increase productivity. All these years Philippine agriculture has had low productivity. The second major goal will be increasing income, with a target of doubling the income of farmers in 5 years.

I have enumerated early on what the eight paradigms or areas we can holistically develop for agriculture: modernization, industrialization, export, farm consolidation, increasing budget. All these big items that we need to bring together in a systematic way for development and growth of agriculture. I have been saying all along—the country has been rice-centric—we really need to build a program on crop diversification. This is also part of the new RTL law, under which some of the farmers will now venture into crop diversification and high value agriculture. We have an existing program on that, and we will now broaden this so that aspects like safe food, nutritious food, resiliency, and sustainability will be considered. We are targeting a 2% growth of the sector to be achieved within 1 year from the time I have assumed office as secretary of the Department of Agriculture. We will mainstream

a new development framework that will focus on rice agriculture but with crop diversification and high value agriculture plantation crops.

Shenggen Fan, IFPRI: On the question of why the private sector is not investing in agriculture, there are two reasons why private sector investments are not coming to agriculture: agriculture subsidy policy and the risks of private sector investment.

On the first point, if the government is responsible for procurement, buying and selling, and public distribution, then there is no role for the private sector. The private sector engagement has been crowded out in trade, investment, and from the whole system. That is one of the biggest problems why the private sector is not coming in to invest in agriculture.

The second problem is risk. We have heard about common risks as well as smallholder risks. Again, how we use the public investment or reform public policy to ensure that we de-risk the private sector agriculture investment through a bundle of measures such as insurance and financing will help the private sector to come in to invest providing higher returns with lower risks. We must think innovatively. For example, we must think of green funds, or orange funds (for nutrition) that can attract private sector to invest that also helps solve the social and environmental problems.

William Dar, Department of Agriculture, Philippines: In terms of export, modernization, and industrialization, we are ready to welcome a “big brother–small brother” partnership. I just came back from the province of Leyte, where a couple from France (Renucci family) came after the big typhoon. They sold their properties and invested in processing facilities ranging from silos to drying and milling and marketing. They are working with 1,000 smallholder rice farmers with an additional 3,000 in the vicinity.

We believe private sector investment can happen in a nurturing environment with a win-win for big business as well as small farmers. What is the role of government in this regard? We will be involved in training the farmers, enhancing partnership between big and small farmers, and we will see to it that this is replicated in other areas. In the last 50 years we have been developing farmer organizations but with few success stories. This has to change. We must bring in other components of that process for it to be accelerated. In terms of collective and individual growth, it is the private sector that can bring about a difference with a nurturing policy environment support.

Mekhala Krishnamurthy, Ashoka University, India: We do have to take into account the market failures in the past in agriculture. This is why the role of the public sector becomes important. From a multiplier perspective, public investments lead to private investments. It is important to get to the point where we see those multipliers. We have an organized private sector but also a large, unorganized private sector, farmers, traders, and consumers.

There is a productive relationship between public and private investments in the context of agriculture. Creating a large, integrated market exchange is a critical

role that should be taken up by the public system because getting market design, structure, and regulation right—as markets do not regulate themselves—is a role that governments should play. In India where we are trying to establish a common market, this is a key role of regulatory capacity by the public sector.

William Dar, Department of Agriculture, Philippines: On the question of an integrated market and trading exchange, when a country has competitive edge with certain commodities and value addition, one can see a trade exchange of various products in the Association of Southeast Asian Nations (ASEAN), e.g., coconut between the Philippines and Indonesia. While currently coconut oil is the number one product of the Philippines, we can diversify our value-added products, which can also compete with Indonesia and others. That possibility is always there within the framework of a trading arrangement like the ASEAN.

Shenggen Fan, IFPRI: On trade issues, the current anti-trade movement or sentiment affects global food and nutrition security. The food price crisis of 2008–2009 left millions hungry. More importantly, the nutrition status of many has suffered. In the current anti-trade climate, countries become isolated, which will further hurt our global food and nutrition security. We know that free trade can help, as vegetables from the Philippines can be exported to the PRC, Japan, and the Republic of Korea. Using trade as a weapon, particularly trade in food and agriculture, means the poor and hungry will suffer most.

Here in this region I am not sure whether it is possible to form a trading block. But we can start with some of the subregional trade agreements. South Asia is working on its own trade agreement. East Asia is also working on a free trade agreement. ASEAN + 3⁵ and ASEAN + 6⁶ are also working out trade deals. Growing trade relations in the subregions could gradually form a whole Asian trading block and this would enable Asian agriculture and food products to move freely. That would help enhance food and nutrition security. It will also help to mitigate climate change because different products have different carbon footprints. We from IFPRI with 45 years of experience would argue not to use trade as a weapon and particularly in agriculture and food.

⁵ ASEAN countries plus the PRC, Japan, and the Republic of Korea.

⁶ ASEAN countries plus Australia, the PRC, India, Japan, the Republic of Korea and New Zealand.

Rural Development and Food Security Forum 2019 Proceedings

Smart rural development, effective agricultural policies, and efficient regulations are critical to ensure a sufficient, safe, nutritious, and affordable supply of food to Asia and the Pacific's growing population. Toward this end, the Asian Development Bank hosted the Rural Development and Food Security Forum 2019 to prompt governments in the region to provide the leadership and transformative change needed to generate rural prosperity and effective stewardship of land and water resources. Among the topics discussed were the farm income crisis, food insecurity and malnutrition, and rural distress and prosperity challenges. This report captures the stories and on-the-ground experiences of farmers, entrepreneurs and young agripreneurs to help prompt leaders to provide active leadership, effective resource stewardship, and promote transformative changes in rural development and food security.

About the Asian Development Bank

ADB is committed to achieving a prosperous, inclusive, resilient, and sustainable Asia and the Pacific, while sustaining its efforts to eradicate extreme poverty. Established in 1966, it is owned by 68 members—49 from the region. Its main instruments for helping its developing member countries are policy dialogue, loans, equity investments, guarantees, grants, and technical assistance.



ASIAN DEVELOPMENT BANK

6 ADB Avenue, Mandaluyong City

1550 Metro Manila, Philippines

www.adb.org