



Improving Agricultural Productivity through Pro-Poor Strategies

Dr. Chuwit Mitrchob
Executive Director,
Competitiveness Development Office
[Office of the National Economic and Social Development Board](#)

11th July, 2013 13.30-16.00 hrs.
Centara Hotel & Convention Centre Khon Kaen, Thailand



Agricultural Development in the Mekong Countries

Core Agricultural Support Program: CASP Under GMS

- harmonized food safety standards and system
- paper free trade and IT traceability systems
- critical mass quality of food and products
- community-based Participatory Guarantee Approach (PGA)

Food Safety

- carbon financing for agriculture
- climate-resilient farming systems
- weather-based insurance system
- transboundary invasive species and animal disease control

Climate-Friendly

- regional bioenergy regulatory framework and harmonized standards
- efficient utilization of biomass for bioenergy while fostering food security
- eco-label systems for market access

Bioenergy & Biomass Management



Expanding cross-border trade in agri-food products, climate change adaptation, and food and bioenergy security.

CASP's Vision for GMS Agriculture 2011-2015

Proposed Agricultural Investment Projects under GMS

Climate Friendly Pro-Poor Green Agribusiness Value Chains in the GMS

(Cambodia, Lao PDR, Myanmar)

- Creation of Agribusiness Centers (ABCs) in the GMS corridor towns or rural growth clusters to effectively link farming communities and urban centers along the corridors by developing upstream and downstream linkage
- Improve road /logistics infrastructure
- promote PPP and private sector investments in agribusiness

Enhancing Regional Competitiveness on Food Safety, Quality and Market Access for Smallholders

(Cambodia, Lao PDR, Myanmar, China, Thailand, Viet Nam)

- Promote GMS corridors as regional hubs for safe agri-food trade development.
- Infrastructure development for enhancing cross-border agri- trade logistics including agro-processing and cold storage
- Strengthen regional IT-based traceability and certification systems

Agri-Tourism Value Chains Development

(Cambodia, Lao PDR, Myanmar, China, Thailand, Viet Nam)

- Improve border rural infrastructure, upgrading of access roads and amenities to agri-tourism sites
- Promote PPP and private sector investments in agri-tourism related activities. Innovative financing modalities



NSEC : Economic Activities

Corridor

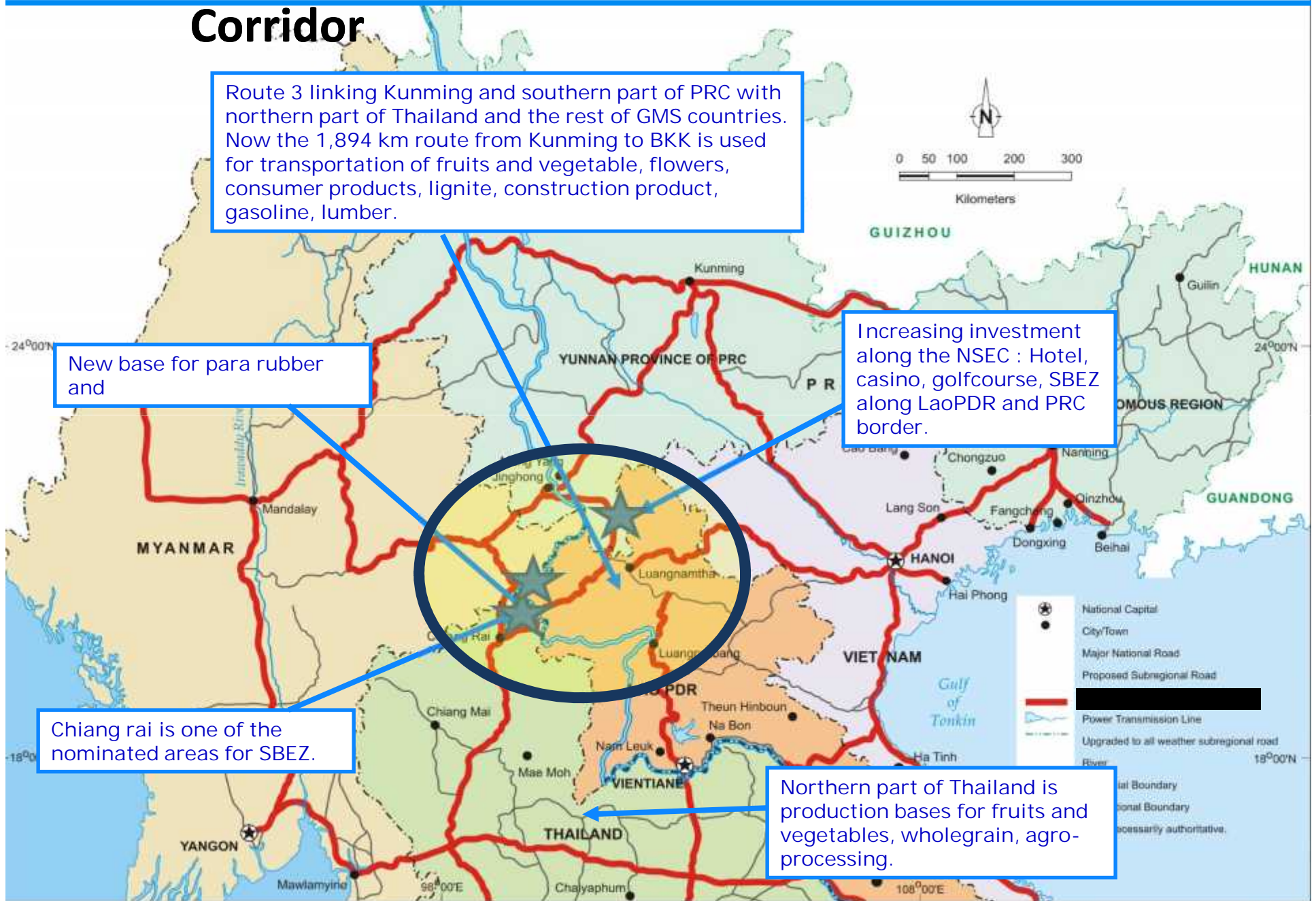
Route 3 linking Kunming and southern part of PRC with northern part of Thailand and the rest of GMS countries. Now the 1,894 km route from Kunming to BKK is used for transportation of fruits and vegetable, flowers, consumer products, lignite, construction product, gasoline, lumber.

New base for para rubber and

Increasing investment along the NSEC : Hotel, casino, golfcourse, SBEZ along LaoPDR and PRC border.





Chiang rai is one of the nominated areas for SBEZ.

Northern part of Thailand is production bases for fruits and vegetables, wholegrain, agro-processing.



EWEC : Economic Activities

GREATER MEKONG SUBREGION EAST-WEST ECONOMIC CORRIDOR

-  National Capital
-  City town
-  National Road
-  Provincial Road



Garment and electronics, food processing, auto parts, ethanol, organics vegetable linking Lao PDR. and Viet Nam.

การก่อสร้างสะพานข้ามแม่น้ำโขง แห่งที่ 3 (ม่วน) แล้วเสร็จ

Mae Sot will be the first pilot area for SBEZ.

Savan-Seno Special Economic Zone : Industrial estate, distribution center, entertainment complex, 2550-2560



Mukdahan as one of the 11 nominated areas for SBEZ. Promote contract farming in maize, casava, para rubber, fruits, processed wood.

Contract farming, garment

Illustration – Pro-Poor Value Chains in East West Economic Corridor

- ✓ Global food market is robust – 36% rise in food prices in the last year.
- ✓ Global market prices for *organic* vegetables are, on average, 2.4 times higher.
- ✓ Prices of organic produce is more stable.
- ✓ EWEC countries have a comparative advantage in organic vegetables because of low-cost labor.
- ✓ Food safety concerns driving the rapid growth.
- ✓ In Thailand, Petchaboon is the most for organic vegetables.
- ✓ Thailand-LaoPDR and Viet Nam are formed as a cluster for organic products.



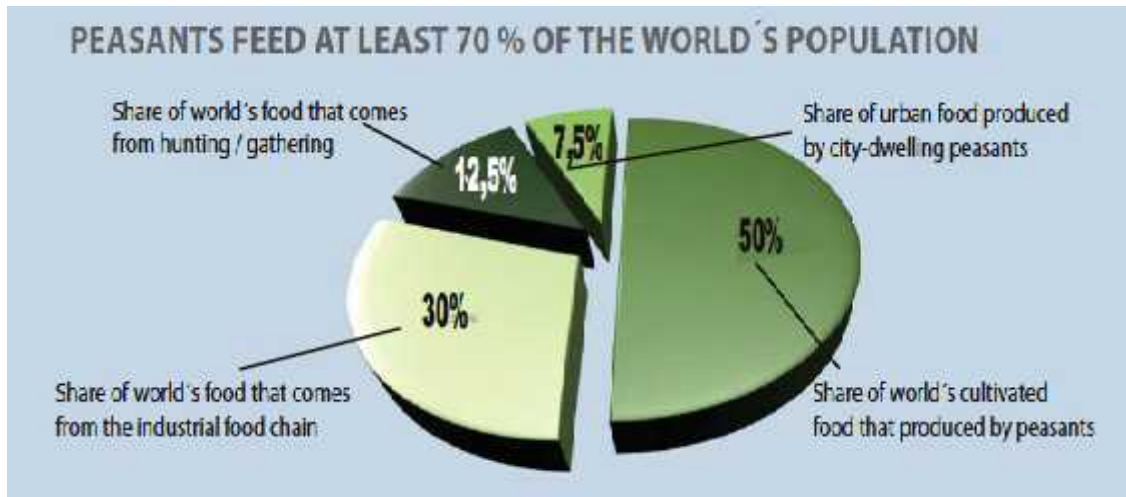
Small Holder Farmers are the Most Vulnerable

80% of the worlds hungry live in rural areas

50% of the worlds hungry are small farmers

20% are the landless who are dependent on farm work

Source: ETC



- 70% of the world's food is produced by small holder farmers – source ETC
- 80% of the food in developing countries comes from small holders – source: FAO



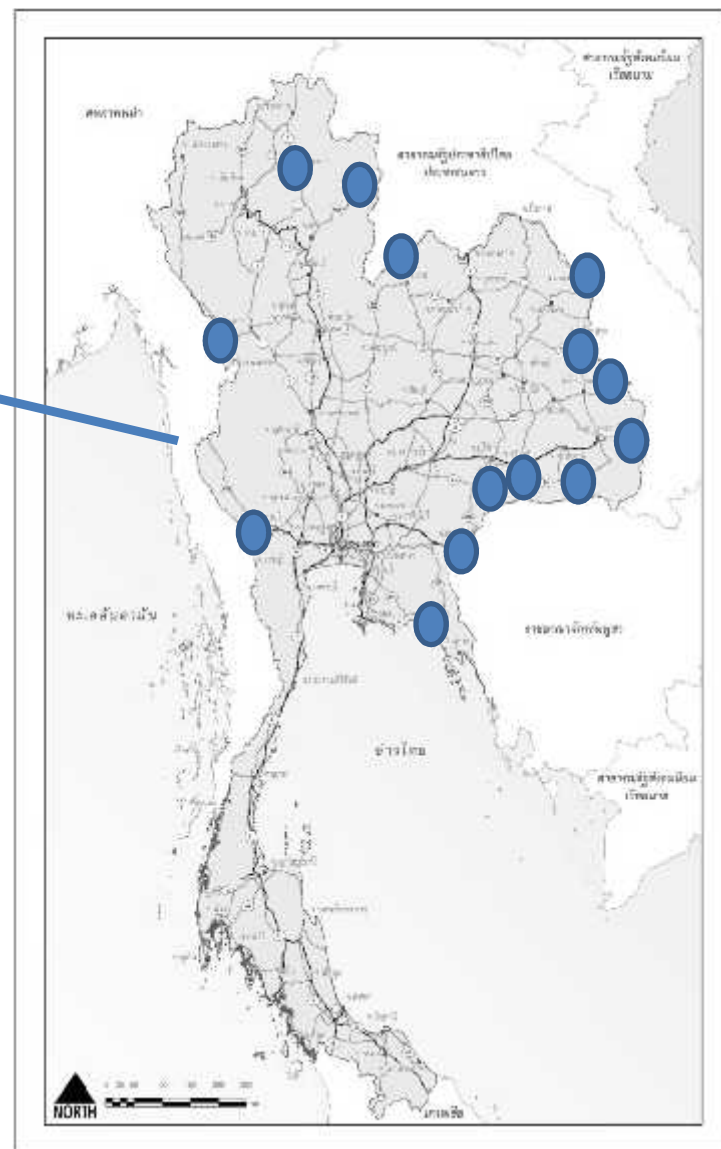
Contract Farming under ACMECS

Cabinet resolution on 5 March 2013 approved investment plan according to the proposal from MOC

- Targeted border areas : 14 provinces
- Number of registered private sector : 55
- Project areas total 736,820 rai : LaoPDR. 307,410 rai, Cambodia 257,950 rai and Myanmar 171,460 rai
- Import quota for 10 cash crops in total 1,003,200 ton. For Example, Eucalyptus (400,000 tons) maize and casava root (200,000 tons).

[10 cash crops = maize, soybean, peanut, green bean, sesame, sweet corn, job's tears, castor oil bean, casava, eucalyptus]

- 9 cash crops allowed to be imported during 1 January – 31 December 2013 except import of maize during 1 March-31 July 2013
- MOC will oversee the implantation of investment plan at the national and provincial level



Case Study : Contract Farming of Cabbage, Maize, Sugar cane in LaoPDR.

- ✓ Cross border contract farming is largely beneficial for small scale farmers and should be promoted
- ✓ CF provides a range of services not readily available in rural areas.
- ✓ Top three reasons why contract farmers will recommend contract farming to other farmers are (1) better income (2) guaranteed market (3) quick income



Thailand : Towards Modern Agricultural Systems

Issues facing smallholder farmers

- Access to credit
- Insufficient provision of rural infrastructure that reduces postharvest losses and transport costs, and shortens transit time
- Access to value-responsive markets
- Lack of knowledge of modern farming techniques
- Land ownership
- Lack of opportunities for increased private sector engagement



Low Agricultural Productivity



Government policies

Increase Income

Minimum Wage THB 300 per day

- Effective countrywide on 1st Jan 2013
- Salary increase for government officials

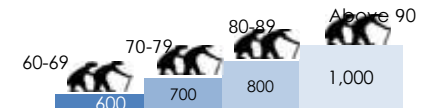


THB 15,000 Minimum Income

For public servants with bachelor degree

Incremental elderly pension

Over 6.79 million senior citizen benefitted from the program



Reduce Expense

Debt Moratorium for farmers with outstanding debt below THB 0.5 million

- Total outstanding debt of THB 46.6 million (0.4 million eligible NPL farmers)
- Total outstanding debt of THB 263.73 million (2.3 million eligible farmers)



Farmer Credit Card

Credit extension via credit cards (2.1 million cards approved with aggregate credit of THB 40 billion and cumulative spending of THB 2 billion)



Energy Credit Card

- 60,400 holders of Energy Credit Card for Taxis
- 2,934 holders of Energy Credit Card for Motorcycle Taxis



Create Opportunities

Tourism

Tourism stimulus measures created THB 1.4 trillion revenue in 2012, with over 22.28 million foreign tourists (exceeded target of 21.9 million)



'First Home' Scheme

- Maximum personal income tax exemption of THB 100,000/year for 5 years.
- Total 9,600 applications submitted, totaling tax value of THB 224 million



'First Car' Tax Incentive

- Total 1.25 million applications
- Total incentive claims valued at THB 91 billion
- Tax collection valued at THB 135 billion
- 26% registered in Bangkok and perimeter Area





The 11th National Economic and Social Development Plan



Strategy for Strengthening the Agricultural Sector, and Food and Energy Security

1. Developing the natural resource base to strengthen agricultural sector

- Conserve and protect productive agricultural land and support small-scale farmers to own land for cultivation
- Accelerate the process of expropriating private land for agricultural land reform
- Establish an organization and land management system
- Develop the natural resource base for agricultural sector
- Regain and encourage good agricultural culture and norm

2. Increasing agricultural productivity

- Emphasize on agricultural research and development
- Promote agricultural production in accordance with geography
- Control standards of imported and used of chemicals and pesticides
- Improve fundamental services supporting the agricultural production
- Encourage production supporting the biodiversity base in accordance with climate and environmental conditions
- Develop and enhance knowledge, science and technology

3. Creating value added for agricultural products throughout the supply chain

- Support communities to increase value in food and energy production
- Develop cash aquacultures and technology to reduce cost
- Add more value of livestock production
- Strengthen the central market and agricultural future exchange market
- Promote logistic management and productivity development for the agricultural sector



The 11th National Economic and Social Development Plan



Strategy for Strengthening the Agricultural Sector, and Food and Energy Security

4. Establishing agricultural employment and income security

- Develop an income insurance system covering all farmers
- Accelerate the development of a crop insurance system
- Promote the fairness of the contract farming system
- Improve farmers' social welfare
- Attract youths, young farmers to engage in farming
- Develop agricultural institutes, cooperatives, and small and micro community enterprises as mechanisms to enhance self reliance and sustainability for farmers
- Promote Thailand to be a centre of food processing

5. Establishing food security and the development in bio-energy at household and community levels

- Promote farmers to plant community forests
- Promote the sustainable agriculture
- Link local production and consumption networks
- Promote the application of zero waste principles in agriculture
- Support local communities to produce bio-energy from residuals

6. Securing bio-energy production to support the country's development and strengthen the agricultural sector

- Promote R&D, and technology application to increase energy crop productivity
- Establish the agricultural product management system for food and energy
- Enhance the efficiency of bio-energy production
- Provide mechanisms to monitor bio-energy prices
- Raise awareness of efficient bio-energy utilization



International agriculture strategies for 2012 - 2016



Thailand: Kitchen of the World

- Develop Thailand as a **center for food trade and food production of high quality** to meet the demand of consumers with high income and unique preferences.
- Develop Thailand to be a **center of future markets** for such agricultural commodities as rice, sugar, and tapioca.

Increase crop productivity through R&D on crop strain improvement, develop production technology, and transfer research knowledge to farmers, so that they can use crop strains and technologies that are appropriate to local conditions.

Develop value-added agro-industries to increase Thailand's competitiveness in the world market by upgrading the quality of Thai agricultural goods, so that they will gain greater recognition in foreign markets.

Promote cooperation with the international community under various cooperative frameworks. Esp. prepare for holding international negotiations to ease the problem of protectionist measures imposed by foreign countries.

Farmland Zoning

Farmland-zoning is the management of agricultural production including crops, livestock and fisheries to suit the land and water potential, environment, climate and the demand of both domestic and foreign markets.

Guidelines prepared by the Agriculture Ministry have identified which zones are best for which economic crops. They seek to offer incentives for farmers to effectively plant the right economic crops in the right zones. This will lead to a lower cost, and in turn boost their productivity, and bolster Thailand's competitiveness.

Farm

- Able to determine the quantity and quality of the products more accurately
- Able to plan their production which will reduce the risk of price fluctuations in early harvesting season
- Benefited from reduced transportation cost of raw materials to processing factories and lower transportation cost of agricultural products to the world market.

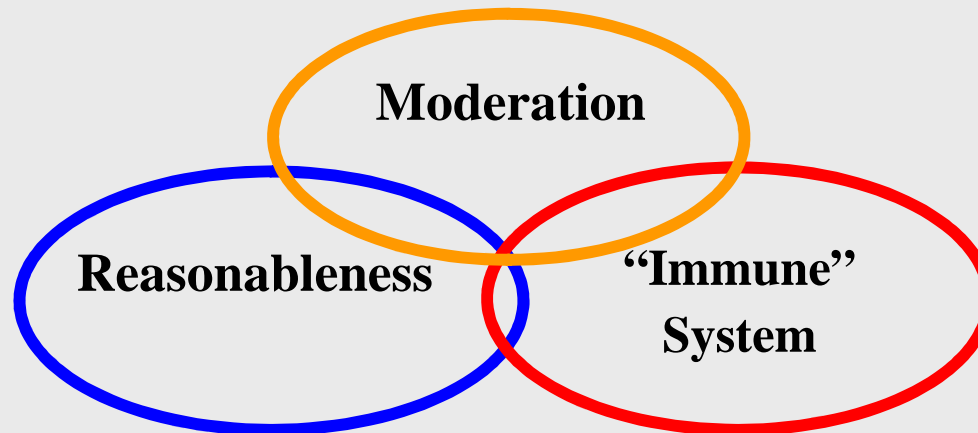
Entrepreneurs

- Able to manage processing plan to create value-added products more accurately and consistently with the demand of the world market.

Sufficiency Economy and Co-operatives

HM King's Philosophy of "Sufficiency Economy"

The Middle Path



Wisdom Condition

(an application of knowledge with due consideration and prudence)

Moral Condition

(honesty, integrity, diligence, patience, perseverance)

Leading to

Life/Economic/Social

Balance/Stable/Sustainable

New Theory for Agriculture

1. First step The aim is to let the farmers be able to support themselves (self-sufficiency) especially concerning rice. If the main problem is water then they should dig a pond in their land to make sure that they have enough water for farming and household usages which they might need support from the government or private sector in digging the pond.

2. Second step Farmers should work together and create a cooperative to reduce the cost of production and for saving purposes as well as social security and together they will also have more negotiating power in selling their products to the markets.

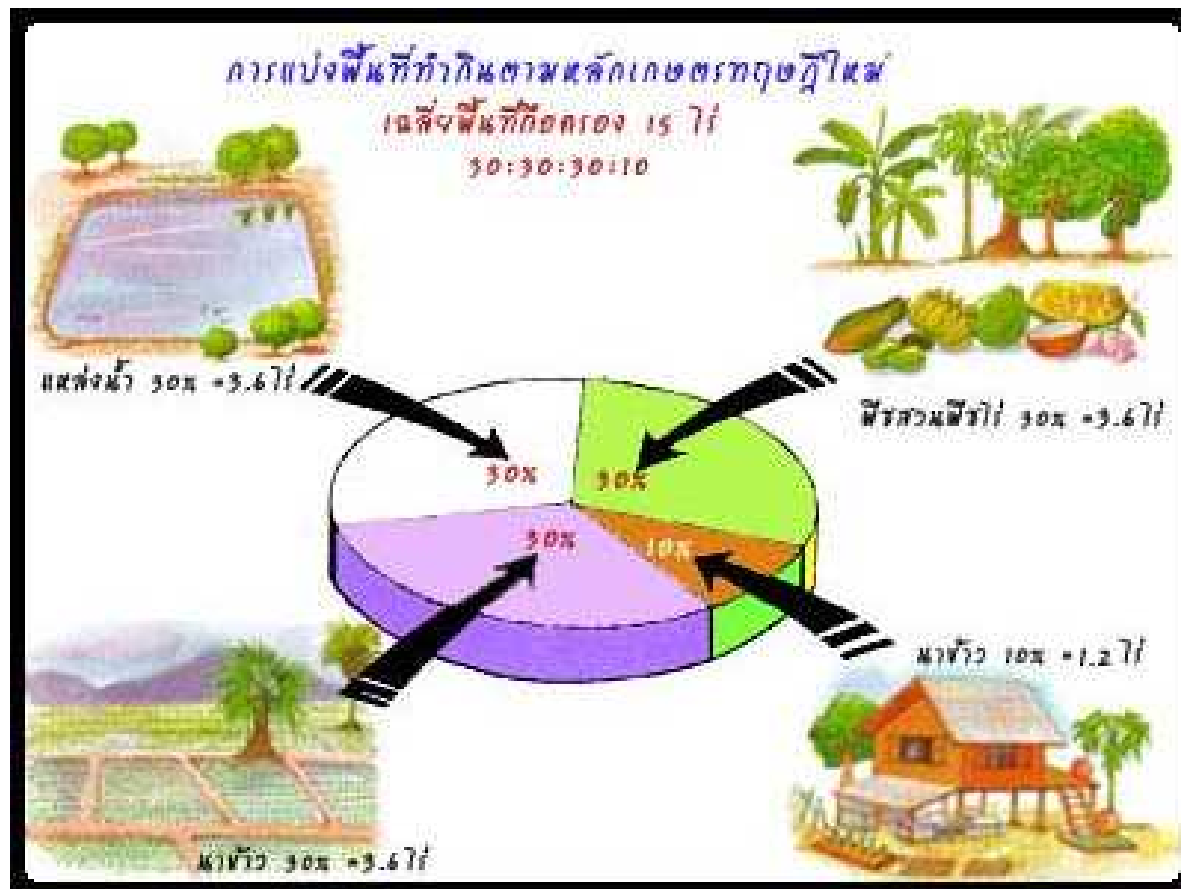
3. Third step For developed communities, further expansion of the production process and commerce such as cooperative stores or rice milling factories can rely further from the cooperation from commercial banks or oil companies in improving their livelihood.



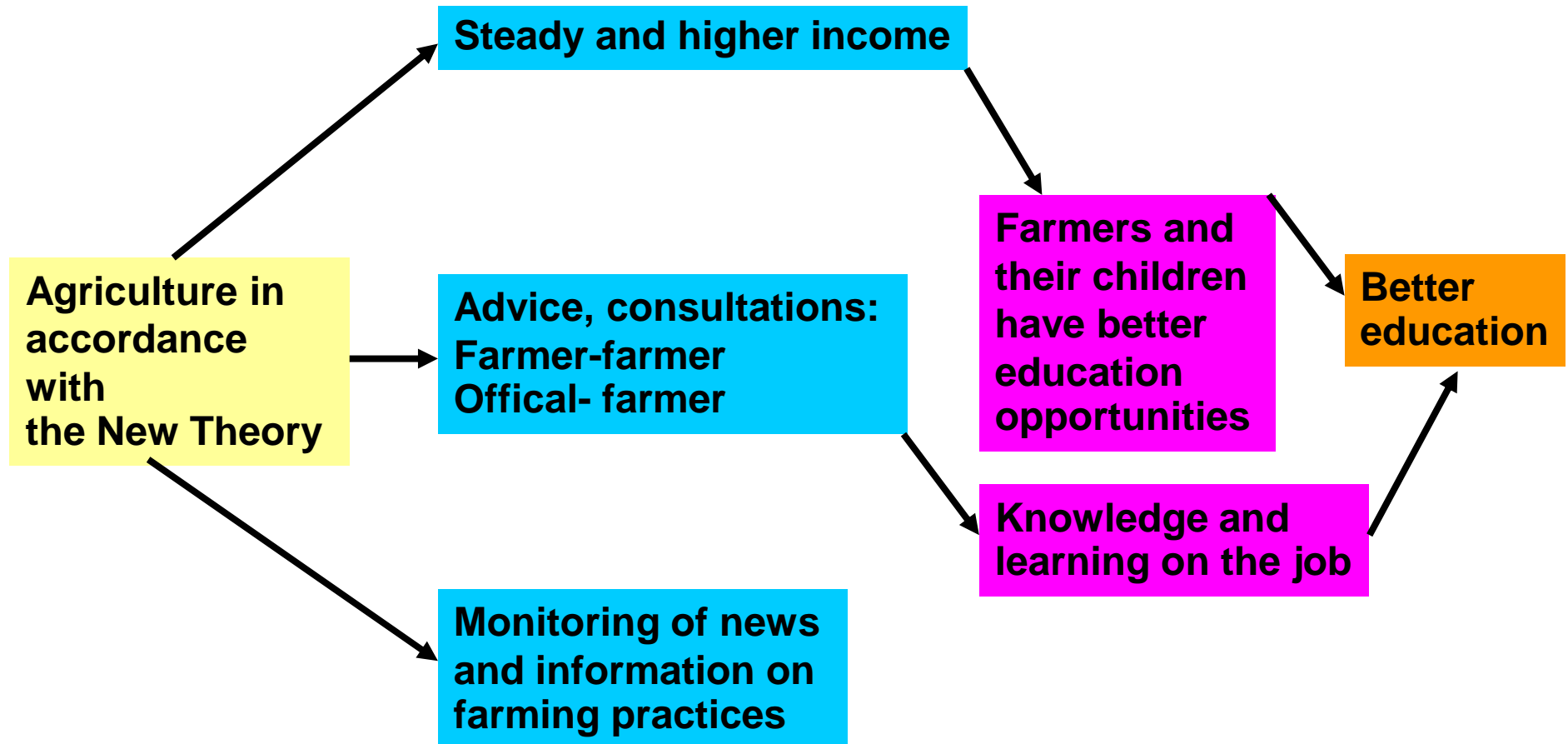
The New Theory

the land should be divided into a proportion of 30:30:30:10 as follows:

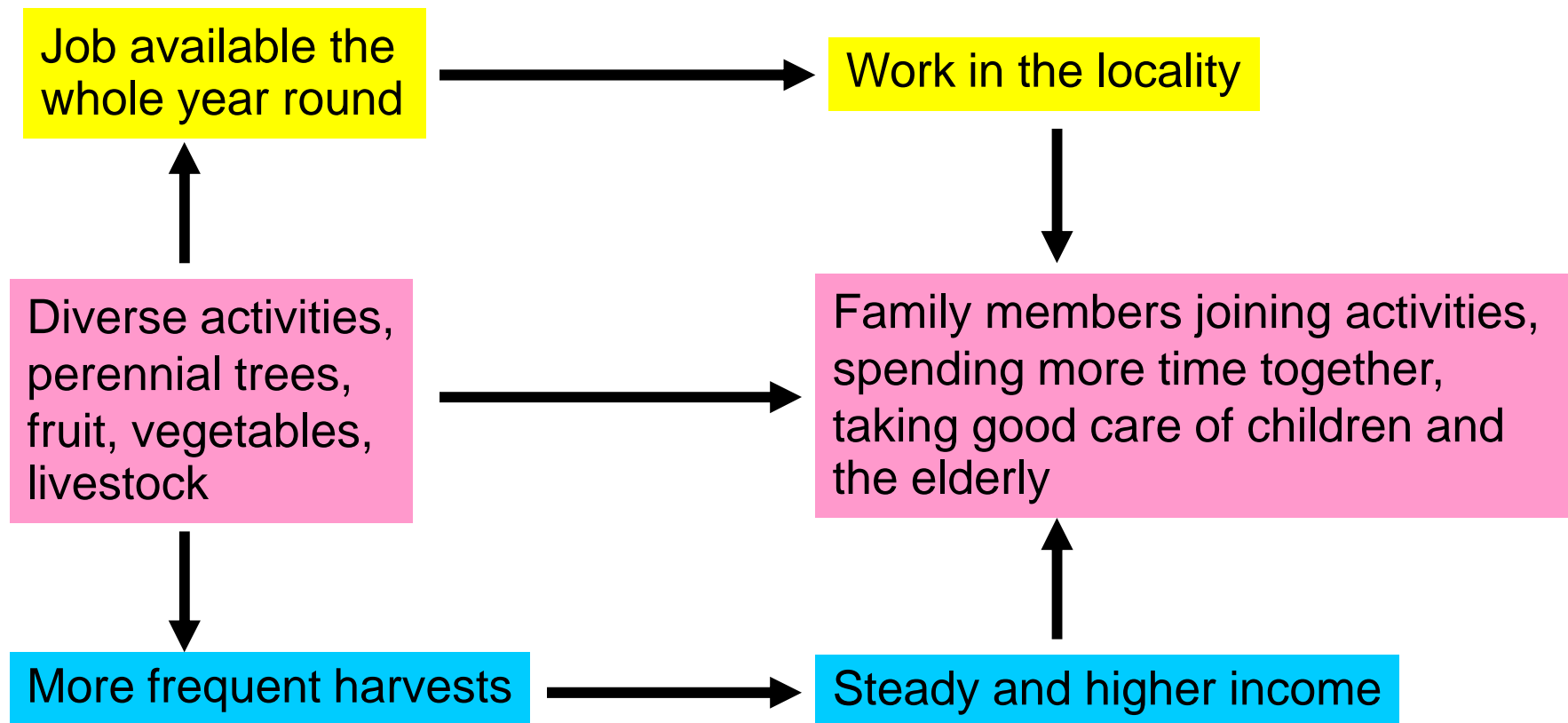
1 st portion: Farm pond	=	30%
2 nd portion: Main production/Paddy field	=	30%
3 rd portion: Other production	=	30%
4 th portion: Housing & others	=	10%



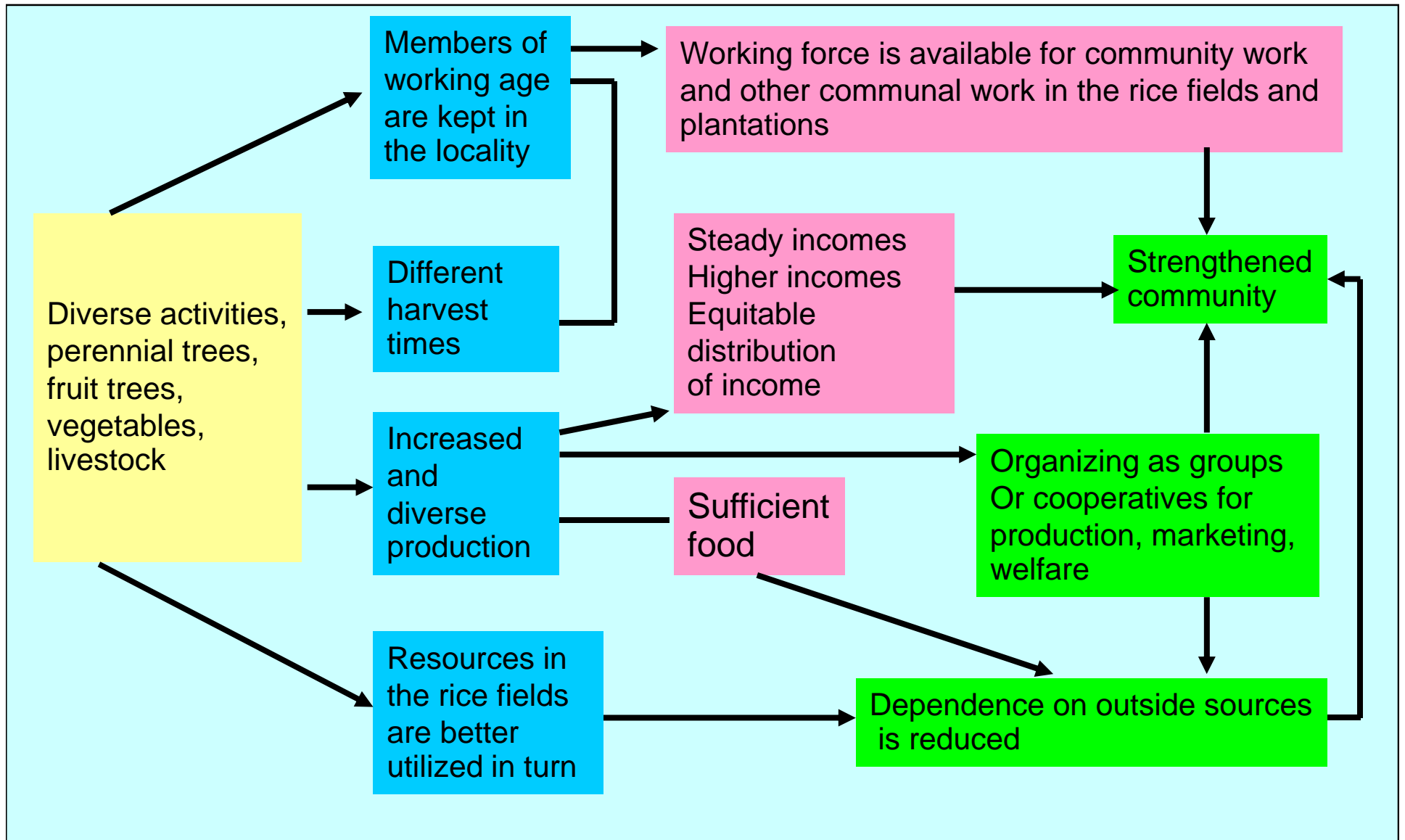
Benefits of the New Theory



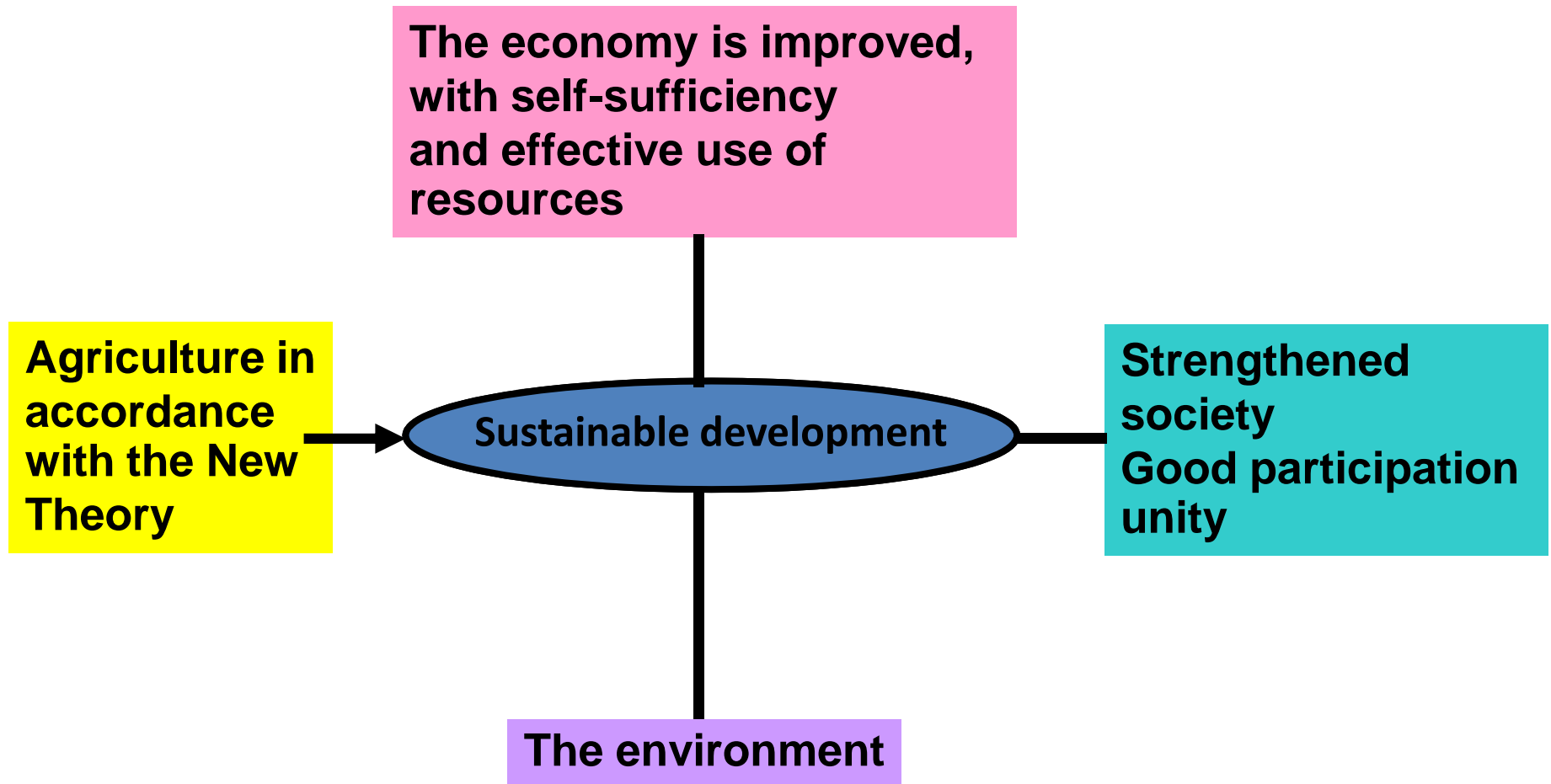
Farm Families and Communities Kept Intact and Content



Strengthened Community



Sustainable Development and Environment



Thank You
