

**Greater Mekong Subregion Economic Cooperation Program
First Meeting of the Working Group on Agriculture
ADB Headquarters, Manila
20-21 January 2003**

SUMMARY OF PROCEEDINGS

Introduction

1. The First Meeting of the Working Group on Agriculture (WGA-1) was held at the Asian Development Bank (ADB) Headquarters in Manila on 20-21 January 2003. The Meeting was co-chaired by Messrs. Kazu Sakai, Director, Operations Coordination Division, (MKOC) Mekong Department (MKRD); Bradford Philip, Director, Agriculture, Natural Resources, and Social Sectors Division (RSAN), Regional and Sustainable Development Department (RSAN), Regional Department for Sustainable Development (RSDD) and C. R. Rajendran, Director, Agriculture, Environment, and Natural Resources Division (MKAE), MKRD, ADB. Officials from countries in the Greater Mekong Subregion (GMS), representatives from the private sector, and representatives from international and regional organizations participated in the Workshop. ADB staff and consultants also attended the meeting. The list of participants is in **Appendix 1**.

2. WGA-1 was organized following the Inception Workshop held in Vientiane on 4-5 July 2002. At the Inception Workshop, the GMS countries agreed on the establishment of a working group on agriculture and on the general framework for its operation. The objective of the WGA is to reach a final agreement on the details of this framework and on a prioritized work plan. The agenda of WGA-1 is in **Appendix 2**.

I. Inaugural Session

3. Mr. Kazu Sakai, Director, MKOC, ADB opened the meeting with a warm welcome to all the participants. He gave a brief overview of the GMS Program—its history as well as its achievements. He explained that an important element in the GMS Program's recent distributional focus is the development of transport infrastructure along well-defined economic corridors, which are designed to accelerate rural development, increase rural incomes, and generate employment. The GMS Ministers' decision to make agriculture a priority sector of cooperation complements this focus. Moreover, new cross-border transport routes and facilitation measures being developed under the GMS Program have created new markets and opportunities for trade, including for agricultural products. Cooperation in telecommunications and energy are also putting in place the required infrastructure for business to make the GMS more competitive. He reminded that the effectiveness of the WGA would determine the breadth and depth of cooperation possibilities in agriculture within the GMS Program framework. He encouraged the WGA to consider the GMS Strategic Framework, which was endorsed by the 10th GMS Ministerial Conference, in drawing up its work program.

4. In his keynote address, Mr. Rajat Nag, Director-General, MKRD stressed that the role of agriculture in the development of the subregion is important both as a means for alleviating poverty and stimulating economic growth. Cooperation in agriculture plays an important role as a means for ensuring that subregional integration contributes to the

shared goal of poverty reduction through enhancements in productivity and incomes, and incentives to better protect and utilize the environment in a sustainable manner. He cited several opportunities for agriculture cooperation in the subregion, namely, rich and varied natural resources, existence of know-how, differences in factor prices that could promote trade, availability of information technology for accelerating technology transfer and access to markets, and similarities in production systems that could stimulate sharing of research results. At the same time, there are challenges to be addressed; these include weak national policy and regulatory frameworks, proliferation of market access impediments, stringent quality standards, gaps in market information, and poor environmental management. Cooperation in agriculture can help meet these challenges through information sharing, dissemination and adaptation of research results, and networking. Mr. Nag recalled the GMS vision articulated by the GMS Leaders at the first GMS Summit Meeting in November 2002—that of a more integrated, prosperous and equitable GMS—and invited the WGA to help realize this vision through a well-defined action plan and cooperation among the WGA representatives.

5. Mr. C. R. Rajendran, Director, MKAE, initiated discussions by recalling the events leading to the establishment of the WGA. In November 2001, the 10th Ministerial Conference called for the establishment of the WGA; this was endorsed once more by the 11th Ministerial Conference, which also called for public-private partnerships in developing a holistic approach to the sector. In response to the mandate of the GMS Ministers, an ADB fact-finding team met with representatives of the GMS countries and relevant multilateral agencies on the potential role and scope of the WGA. A small-scale technical assistance was approved in April 2002 to facilitate consultations, build awareness about GMS agriculture issues, and identify opportunities for increased GMS cooperation in agriculture. An Inception Workshop was held in 4-5 July 2002 in Vientiane to discuss an issues paper on agriculture. Subsequently, national focal points for the WGA were designated, national consultations were held to develop national positions and priorities with regard to WGA activities, and further follow-up discussions with ADB were held in Bangkok. He explained that the core rationale for establishing the WGA is to use agriculture resources more efficiently to reduce poverty by (i) sharing research and development experiences; (ii) cooperation in addressing subregional constraints; (iii) improved information flows; and (iv) greater cooperation in research, extension, training, policy making and regulation. Recalling the vision of the GMS articulated by the GMS Leaders at the first GMS Summit, Mr. Rajendran called on the WGA members to also reflect on the need for a mission statement to support the GMS vision. In this regard, he proposed the following mission statement for the WGA representatives to consider in the course of the meeting's deliberations: *To help poverty reduction in the GMS through partnerships with rural communities to promote food security and sustainable livelihoods.*

III. WGA Rationale and Proposed Action Plan

Chair: Mr. Kazu Sakai
Director, MKOC

6. Mr. Ray Mallon, Consultant, ADB (i) reviewed the background, rationale for cooperation in agriculture, key agriculture issues, opportunities and challenges, and progress of the WGA; (ii) reviewed the terms of reference of the WGA; (iii) summarized the concept papers of proposed WGA activities and projects endorsed by the GMS countries; and (iv) presented the next steps in the preparation of the work plan for the WGA. As indicated in its TOR, the WGA has the objective of helping rural communities

escape poverty through partnerships aimed at promoting food security and increased commercial opportunities. The WGA would be composed of GMS senior officials, with additional representatives invited to attend as necessary, and with private sector and relevant NGOs consulted in planning and implementation of WGA activities. The GMS countries determine the venue for WGA meetings, with a core group member from the host country chairing the meeting. The proposed strategic focus for the WGA are: (i) markets and market institutions; (ii) transfer of know-how, experiences and technology; and (iii) public-private partnerships in the following subsectors: crops, livestock, fisheries, and forest and water resources. The guidelines for selecting WGA initiatives included: (i) policy, institutional and/or technical issues that contribute to poverty reduction; (ii) improvements in the sustainability of agriculture; (iii) benefits accruing to two or more GMS member countries; and (iv) opportunity to address a given issue on a subregional basis.

7. Mr. Mallon summarized 14 project concepts endorsed by the GMS countries based on the strategic focus of the WGA. These are: (i) core support for WGA dialogue; (ii) addressing animal health constraints to livestock trade; (iii) cooperation in the use of agricultural biotechnology; (iv) upgrading of SPS standards; (v) gender-targeted agricultural extension and training; (vi) empowering the poor through information technology; (vii) post-harvest management; (viii) soil nutrition management; (ix) renewable energy and eco-environment development; (x) improving fishery statistical systems; (xi) rural aquaculture development; (xii) pre-investment pilot project for cross-border agricultural supply chain management; (xiii) GMS Business Forum market research and business development initiative; and (xiv) joint study on demand and supply of key agricultural products. The task of the WGA is to prioritize these project concepts, develop them into technical assistance proposals, and solicit funding support.

II. Country Comments and Suggestions

Cambodia

8. Mr. Chay Sakun, Deputy Director of Planning, Statistics and International Cooperation Department, Ministry of Agriculture, Forester and Fisheries of Cambodia, stated that agriculture cooperation should focus on the poor in the rural areas in order to help achieve the goal of poverty reduction. The rural sector's contribution to economic growth and environmental management has often been overlooked. To develop the rural sector's full potential, government should provide support for basic health and education services, management skills for increased productivity, access to credit, and gender equality. Within this context, Cambodia proposed that cooperation in agriculture should address the following priorities: (i) strengthening capacity for the rural poor to gain access to basic social services, organize and negotiate on an equal and informed basis; (ii) providing the rural poor with access to productive natural resources and technology; and (iii) development of rural financial institutions.

People's Republic of China

9. Ms. Jin Shisheng, Deputy Director-General, International Cooperation Department, Ministry of Agriculture, PRC noted considerable progress since the Inception Workshop in Vientiane and appreciated the development of the concept papers as laying the foundations of the work of the WGA. PRC agreed with the proposed objectives of the WGA as reflected in the terms of reference, but suggested the need to

remain flexible by way of responding to changing conditions. PRC also agreed with the scope of work but cautioned that in light of limited financial resources, priority should be given to those projects that would benefit all the GMS countries and with the greatest impact. PRC considered that the objectives and output of the draft regional technical assistance (RETA) for Promoting Partnerships to Accelerate Agriculture Development and Poverty Reduction in the GMS was reasonably designed and indicated that it will participate actively in the RETA's implementation. PRC offered to co-finance some of the activities in the proposed RETA through the provision of local expertise, and the conduct of workshops and training. In particular, PRC offered to co-finance with ADB, a training workshop to promote trade and investment, facilitate the transfer of technologies among GMS countries, promote cooperation among GMS enterprises to expand regional shares of agricultural products, and encourage and promote private sector participation. As regards the concept papers, PRC indicated three projects where it could share its considerable experience with the GMS countries, namely: soil nutrition management; renewable energy and eco-environment development, and animal health constraints to livestock trade.

Lao People's Democratic Republic

10. Mr. Somnuk Thirasack, Deputy Director General, National Agriculture and Foreign Extension Office, Ministry of Agriculture and Forestry, Lao PDR expressed the view that WGA activities should be action-oriented, consistent with national priorities, and linked with ASEAN initiatives. The following priority areas were suggested for WGA: sharing of experiences in research and extension to expand agricultural production; opening new commercial opportunities for agricultural production, developing non-farm employment, and capacity building.

Myanmar

11. U Tin Maung Shwe, Deputy General Manager, Department of Agriculture Planning, Ministry of Agriculture and Irrigation of Myanmar proposed the following priorities under WGA's strategic focus: under the strategic focus on development of market and market institutions, (i) development of sanitary and phytosanitary regulation and capacity; and (ii) pest risk analysis and plant pest surveillance; under the strategic focus on transfer of know-how and technology, (i) better awareness of genetically-modified food standards; and (ii) cross-border supply chain management. He reminded of the need for WGA activities to complement and not overlap with ASEAN activities.

Thailand

12. Dr. Aroon Auansakul, Director, Foreign Agriculture Policy Section, Bureau of Agricultural Policy and Planning of Thailand emphasized the need for cooperation to increase competitiveness of domestically produced agricultural products for exports. He also stressed the need to support an increased self-sufficiency in food production by adopting appropriate farming systems model that ensures food security and the well-being of the grassroots community. He said that the WGA should strive for a balance among the objectives of income growth, quality of life, and sustainable development. Any planned activity should support any one of these three strategic program themes. The concept papers are comprehensive and useful; however, one important issue that was not discussed is organic farming, which is important considering that the demand for clean and green foods is rapidly growing in many developed country markets. On the

supply side, the GMS countries can be an important source of organic foods. The cooperation project for the promotion and extension of organic farm products should therefore be supported. Overall, Thailand agrees to support the projects proposed by the ADB consultant.

Viet Nam

13. Mrs. Tran Thi Hanh, Senior Expert, Economic and External Relations Department Ministry of Planning and Investment of Viet Nam cited that several GMS subregional projects such as the Phnom Penh-Ho Chi Minh Road Project, and the East West Corridor Project have greatly benefited Viet Nam, as well as other GMS countries. Agriculture is accorded the highest priority in Viet Nam's development strategy. Viet Nam fully agrees with the objectives of the WGA as specified in the terms of reference. Viet Nam also agrees with the three strategic focus of the WGA. In Viet Nam, most farmers suffer losses on account of difficulties in accessing markets for agricultural products primarily on account of poor product quality and lack of information. Viet Nam also suffers from lack of the technology and weak institutional framework where there could be an opportunity to learn from other GMS countries. Viet Nam's agricultural program loan with ADB includes a component on improving the institutional framework for agricultural research activities. Public-private partnership is also considered an important area of focus, since most agricultural activities are undertaken by private enterprises. Increasingly the private sector in Viet Nam is involved in agro-processing, trade, and livestock development. As regards the concept papers, Viet Nam generally agrees with the guidelines for selection of priority projects but added criteria that GMS project should not hurt the other countries in the region. She also suggested that WGA activities should be linked with activities of the GMS Working Group on Environment (WGE).

General Discussion

14. Mr. Sakai noted that several concepts and ideas were covered in the country statement which the WGA could take into account in further developing the mission statement, namely, competitiveness, commercial agriculture, agro-processing, market and market institutions, training and capacity building, and technology issues.

15. On the relationship between the WGA and the WGE, Mr. Rajendran explained that the WGE has primarily focused on developing environmental standards for the GMS countries. These included information systems on environmental issues, identification of "hot spots", and development of monitoring indicators for environmental performance. Although the activities of the WGA and WGE are on a different plane, the environmental impacts of agricultural projects will be carefully considered in implementing WGA activities.

16. Mr. Rajendran further explained that close consultations have been made with the ASEAN Secretariat in planning WGA activities. Essentially, ASEAN activities are focused on the promotion of trade in agriculture, and the WGA should be able to complement ASEAN's work in this area. The Initiative for ASEAN Integration (IAI), which is specifically directed to the CLMV countries, have also taken into account in formulating the project concepts for the WGA.

17. Mr. Rajendran clarified that the WGA is work in progress and other project concepts that may arise in the future could still be considered for inclusion in the work

plan .

18. Mr. Sakai informed the WGA representatives of the Phnom Penh Plan (PPP) which was launched at the GMS Summit in November 2002. ADB has provided initial support to kick-off the PPP and the guidelines for training are in the process of being formulated. WGA senior and middle level officials from WGA can avail themselves of training under the PPP.

IV. External Stakeholders Comments

Chair: Bradford Philips
Director, RSAN

19. Dr. Somsak Pippopinyo, Assistant Director for Food, Agriculture and Forestry, ASEAN Secretariat, appreciated ADB's technical assistance in building ASEAN member countries' capacity in several areas. In particular, he expressed appreciation for ADB's efforts to develop infrastructure in the subregion, trade facilitation, agricultural promotion, tourism, telecommunication, environmental protection, and sustainable development. The strategic focus and most project concepts of the WGA complement ASEAN initiatives in food, agriculture and forestry. He expressed the hope that dialogue on more specific collaborative activity would continue once the WGA priorities have been set.

20. Dr. Mandret Giles, Regional Representative, CIRAD, explained that the focus of the institute is on intensive agriculture systems and smallholders. In developing commercial agriculture systems, he stressed the importance of the domestic market which is fast expanding as a result of improvements in incomes, rising food expenditures, and the rise of secondary cities. There has been an increasing demand for animal products in Southeast Asia, even as exports of these product continue to slow down in the wake of stringent sanitary and quality standards. CIRAD works with a consortium on food market analysis to monitor developments in the domestic market, and to observe urban and rural market trends. CIRAD has ongoing research projects on periurban agriculture, and intensification of animal production for small holders. Two areas of focus in the region are: (i) animal biodiversity, concentrating on products with high economic value, and (ii) agro-ecology to prevent erosion and restore fertility of the soil. CIRAD is also engaged in training and capacity building. Mr. Francis Forest, also from CIRAD, elaborated on Mr. Giles' presentation, by citing some examples of research results in Cambodia, Lao PDR, Viet Nam and Thailand.

21. Dr. Ronald Cantrell, Director-General, International Rice Research Institute (IRRI) was glad that there is renewed interest in agriculture as a central theme in the development of the region. He addressed two key concerns in agriculture, namely: agricultural sustainability and declines in support for research and development. He lamented the fact that countries have not been able to create an environment where is it possible for farmers' children to engage in farming as a profession. Unless a more favorable environment is created for farmers, the sustainability of food in agriculture could threaten food security. Another pressing issue is the decline in the level of support to research and development. Although technologies are presently available, declines in the level of official development assistance (ODA) and national expenditures for research and development imply that technologies may no longer be available in the next five years. If the region is to be viable and competitive, there is an need to invest in research and development on a long-term basis. He was encouraged by the

establishment of the WGA as it can create and realize opportunities for cooperation in these areas.

22. Dr. Thomas Lumpkin, Director-General, Asian Vegetable Research and development Center (AVRDC) shared Dr. Cantrell's views regarding research and development. Research and development in agriculture however, needs to take a psychological shift because it should not only be concerned with food production but with the environment. There is also a need to address biotechnology issues and to make the general public more aware about its implications on health and the environment. There is a need to develop a set of protocols to give the public confidence on biotechnology applications. Unless this is done, biotechnology could be lost because its applications will be completely forbidden. As regards vegetable production, it is one of the fastest growing areas in agriculture. AVRDC is currently involved in vegetable research in periurban areas; biodiversity, especially in indigenous vegetables; human resource development and training; breeding of high-resistant varieties; improvement of vegetable nutrition; and organic vegetable production.

23. Dr. Paul Teng, Deputy Director General (Research), World Fish Center, recalled that fish is sometimes called the poor man's protein. More importantly, in the Mekong region, fish provides a way out of poverty. Total value of fish exports in Viet Nam, for instance, have grown three times more than its rice exports. The World Fish Center is interested in both the technology and policy aspects. Active partnerships with other research institutions have been developed, with the Center currently implementing about 20 projects. He supported the strategic focus of the WGA, but suggested that governance and institutional issues be also added. Another missing aspect is research and development, which actually goes beyond the scope of technology. This is particularly important in the area of sustainable development since most fish in the Mekong still come from the wild. He expressed interest to collaborate on projects dealing with fish statistics, aquaculture, and supply and demand issues.

24. Dr. G. Douglas Gray, Regional Representative, International Livestock Research Institute (ILRI) explained the Center's new set of themes which revolves around a set of five key questions: (i) how can livestock contribute to path ways out of poverty; (ii) how adoption of livestock innovations can be accelerated; (iii) will small holders benefit from increased livestock markets; (iv) how can livestock biotechnology be used for development; and (v) what are the environmental consequences for livestock especially for health and water quality. The work of the institute essentially reflects these five areas. Since 1997, ILRI has expanded throughout the world and works in partnership with other CG centers. Some of the research priorities of ILRI includes: control of epidemic disease, control of endemic diseases, interaction between crops and livestock, animal systems research, and the relationship between small holders and poor people and input and output markets. ILRI expressed interest to collaborate on the projects concerning livestock trade and information systems.

25. Dr. Rod Lefroy, Land Management Regional Coordinator, CIAT shared the views expressed by previous speakers that sustainable rural livelihood is an important area of focus as it also related to issues of food security. Biotechnology also needs to be handled well to keep the general public aware and informed of its applications. He explained that although CIAT is based in Colombia, it has a regional office in Lao PDR which handles two of its mandate areas, namely cassava and forages for livestock. Other mandate areas are beans, rice (in Latin America, but not in Southeast Asia) and

more recently, tropical fruits. The focus on cassava and forages has a regional aspect. The work of CIAT in Asia is focused on community based resource management, which has recently expanded to spatial analysis and remote sensing, land degradation, and assessing risk management. CIAT is also looking at biophysical constraints faced by farmers, and the combination of scientific and local know-how. Community-based resource management is also focusing on farming systems in general, as well as crop-livestock systems where CIAT closely collaborates with ILRI and IRRI. Small holder agro-enterprise development is a new area of activity in Lao PDR and Viet Nam focusing at the community level. CIAT is also involved in improving the quality of food in terms of human nutrition; improving the industrial use of cassava particularly for starch, post harvest processing for agro-enterprises, and system-wide research on gender targeting and participatory research and analysis.

26. Dr. Ian Makin, Regional Director, International Water Management Institute (IWMI), noted the lack of attention on natural resource management in the list of WGA activities, although he observed that this being is addressed in the larger GMS Program framework. He expressed the hope that natural resource management would continue to be an important consideration in the work of the WGA. IWMI is currently expanding its activities in Southeast Asia, with its regional office recently opened in Bangkok, and another office opening in PRC. He cited IWMI's five areas of work, namely: integrated water resource management, small scale land and water management, soil nutrition and management, ground water management, governance issues (in the management of irrigation systems and river basins), and health and environmental impacts of environmental operations. He cited the need to improve links between CGIAR institutions, and national institutions involved in research.

27. Dr. Cornelius Van Tuyl, Program Director, Mekong River Commission (MRC)-GTZ Cooperation Program, cited the importance of WGA on account of its cross-border elements---between countries, between sectors, between demand and supply elements, and across generations. One possible reason why agriculture was obscured in the recent past was because of the failure to consider these cross-border elements. He suggested that the role of the MRC in the WGA could include: facilitation of dialogue in sharing of experiences, looking at favorable environments, ensuring the coherence of policies, development of standards, and building of databases and information systems.

General Discussion

28. Dr. Nihal Amerasinghe suggested a separate meeting of CGIAR and other international institutions to assess how their various projects and activities are addressing various requirements and priorities of the GMS countries from a regional perspective.

29. The GMS countries made the following comments and suggestions:

- a) Thailand suggested the inclusion of community-based agro-processing activities and agricultural services in the TOR of WGA, and the need to focus WGA activities at the grassroots level; and
- b) On genetically modified foods, PRC stressed the need to increase the GMS countries' capacity in the area of biosafety.

30. Mr. Rajat Nag highlighted the need to also address the policy and institutional aspects of agriculture in order to maximize the benefits of know-how and technology that are already available in the region.

V. Priority WGA Programs

Chair: Mr. C. R. Rajendran
Director, MKAE

31. Dr. Nihal Amerasinghe, former Director, Agriculture Department, ADB gave his reflections on the WGA. In retrospect, he recalled that the initial focus of the GMS Program on infrastructure development in the subregion was a necessary condition for promoting trade agricultural products. He cited the following key factors that continue to be relevant for promoting agriculture, namely: (i) incentives for agricultural production and productivity; (ii) quality inputs; (iii) innovation and research; (iv) infrastructure development as a basic requirement for agriculture development; and (v) Institutions for managing various aspects of agriculture development.

32. Dr. Amerasinghe reminded the WGA participants to take into account the elements of the mission statement in prioritizing WGA projects. In this regard, he proposed the following criteria for prioritizing the WGA projects:

- a) ownership and commitment
- b) potential for reducing poverty and development impact
- c) value contribution to agriculture
- d) markets/market development
- e) capacity building: training and education
- f) contribution to regional integration
- g) cooperation with the private sector
- h) information sharing
- i) relieving policy constraints
- j) linkages to other GMS initiatives
- k) avoiding duplication of effort
- l) contribution to sustainable development

33. The GMS countries made the following comments and suggestions:

- a) Viet Nam indicated that the government's priority for agriculture are in the areas of varietal improvement and seedling propagation to help farmers in the highland areas; biotechnology, to assist growth improvement and seedling propagation; high-technology agriculture for promoting agricultural exports; and post harvest processing to assist farmers in improving the quality of their products.
- b) PRC stressed the need to identify key issues in agriculture in the GMS, on the basis of which an independent evaluation team could assess the 14 project concepts.
- c) Thailand observed that commodity prices have been declining due to policy distortions and trade barriers; there is therefore a need to focus on product quality and not only productivity; It is also important to focus on off farm earning opportunities and community-based simple agro-processing in order

to increase farm family incomes. In the WGA mission statement, Thailand proposed to add the element of promoting agricultural trade, as this will also contribute to the poverty reduction objective.

34. The Meeting agreed that the points proposed by Dr. Amerasinghe would be used as criteria for ranking the projects. ADB would assign indicative weights to the criteria and WGA representatives would be requested to rate the projects on this basis.

35. The Meeting discussed the 14 project concepts in more detail. The views and suggestions on the project concepts are summarized in **Appendix 3**.

36. The Meeting adopted the TOR of the WGA, including its initial strategic focus, as it appears in **Appendix 4**.

37. The Meeting also endorsed the mission statement of the WGA as follows: "*To help poverty reduction in the GMS through partnerships with rural communities to promote agriculture trade, food security, and sustainable livelihoods*".

VI. Closing Session and Next Steps

38. Mr. Nag indicated that he was pleased that the WGA has been finally established. He recalled an important founding principle of the GMS, namely, the flexibility for any two countries to implement a project without all the rest of the countries having to agree. He indicated that he would exert efforts to source funds to support for the activities of the WGA, including from the private sector. He expressed the hope that CGIAR institutions, as well as other international and regional organizations, could also support the activities of the WGA.

39. In his closing remarks, Mr. Rajendran congratulated the participants for accomplishing the meeting objectives. With the strong endorsement of the WGA and its key role for reducing poverty, expectations have been raised. It is therefore important to generate tangible results. Although the TOR has been endorsed, it will be flexible to take into account changing needs and conditions. Mr. Rajendran expressed appreciation to the GMS countries for their contributions in further developing the project concepts and prioritizing them. The next step is to develop these project concepts further so that resources can be mobilized. He also thanked the representatives from international and regional institutions for sharing information and expertise.