

23 April 2008

Learning from Rice in Lao PDR

MANILA, PHILIPPINES – Sky-rocketing food prices risk wiping out accomplishments in **poverty reduction** and, if allowed to escalate, could hurt global growth and security, **United Nations** Secretary-General Ban Ki-Moon said last Sunday at the **12th session** of the **United Nations Conference on Trade and Development** in Ghana. According to the **United Nations World Food Programme**, the price of essential **staple food**—**wheat, maize**, and other **cereals**—has gone up by more than half over the last six months.

Increased **biofuel** production has contributed to the **2007–2008 world food price crisis**. For years, concerns over the **price of petroleum, energy security**, and **climate change** have led governments to encourage production and use of biofuels. This has fed demand for raw materials and increased competition for cropland. A **new report** of the **World Bank** explains that "Almost all of the increase in global maize production from 2004 to 2007 ... went for bio-fuels production in the U.S., while existing stocks were depleted by an increase in global consumption for other uses."

"If not handled properly, this crisis could trigger a cascade of other multiple crises—becoming a multidimensional problem affecting economic growth, social progress, and even political security around the world." Source: The Secretary General.

United Nations. 2008. *Remarks to the 12th United Nations Conference on Trade and Development. "We Can Do This."* 20 April. Accra.

Alarm over the "silent tsunami" of the food price crisis, and how bad policies can have deadly effects, can muffle success. In 2006, the Operations Evaluation Department assessed the performance of the Asian Development Bank's **Country Strategies and Programs** for the **Lao People's Democratic Republic** starting from 1986 (when the country embarked on a transition from a centrally-planned economy to a market-oriented

system) up to 2004. The **country assistance program evaluation for the Lao PDR** was informed by a **sector assistance program evaluation for the agriculture and natural resources sector in the Lao PDR**, itself enriched by an **evaluation synthesis on rice**. The synthesis described the importance of rice in the current cultural, social, and economic contexts; rice production systems; constraints facing rice farmers; research conducted and technologies developed; and future priorities for further rice development.

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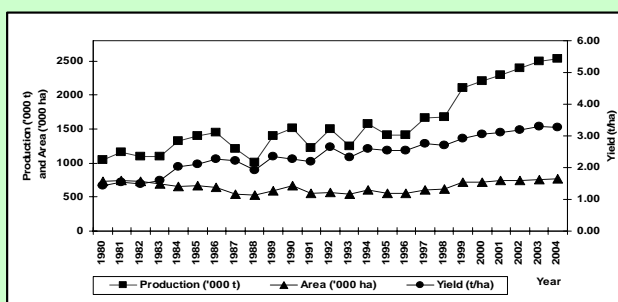
Since the introduction of the **new economic mechanism** in 1986, the country has experienced a steady increase in the national output and improvements in the general standard of living. Policy changes in the agriculture sector have contributed to the economic growth and improvements in welfare, notably through **food security**.

Initially timid, the new economic mechanism was expanded to include an array of reforms formulated to create conditions conducive to private sector activity. Prices set by market forces replaced government-determined prices. Farmers were allowed to own land and sell crops on the open market. State companies were granted greater decision-making authority and lost most of their subsidies and pricing advantages. The government moved the exchange rate close to real market levels, lifted trade barriers, replaced import barriers with tariffs, and gave private companies direct access to imports and credit. In 1989, the Government

reached agreement with the World Bank and the **International Monetary Fund** on additional reforms. The country assistance program evaluation judged ADB's operations in the intervening years, and up to 2005, to have been *successful* overall.

Research in agricultural development and **natural resource management** has played a determinant role. The Ministry of Agriculture and Forestry operates its agricultural research program through the **National Agriculture and Forestry Research Institute** and its extension program through the **National Agriculture and Forestry Extension Service**. Both institutions have active and long-term collaboration with international institutes, and have engaged with the **International Rice Research Institute** in the **Consultative Group on International Agricultural Research** since 1990. A **fact sheet** on the **Lao-IRRI Rice Research and Training Project** chronicles, with commendable sobriety, on the remarkable impact of 15 years of research. The sector assistance program evaluation for the agriculture and natural resources sector judged that ADB's policy-based operations over the period 1986–2005 had been *partly responsible* for improving the policy environment that promoted related investment and development.

Rice Area, Production, and Yield in the Lao PDR, 1980 to 2004



ha = hectare, t = ton.

Source: Ministry of Agriculture and Forestry. 2004.

The rice economy of the Lao PDR has made startling progress in the past 20 years. Rice production has increased, and its growth rate has been above the population growth rate. Thus, per capita rice availability has increased at the national level. Strides have also been made on the technological and institutional fronts. Even so, the country faces enduring challenges in order to develop a dynamic, stable, and market-responsive agriculture that meets the dual goals of achieving household food security and income growth. To maintain self-sufficiency in rice and meet demand resulting from population growth, it will have

to produce an extra one million tons each year by 2020. Also, although food availability at the national level has improved, household food security has not yet been achieved fully. Farmers with low incomes and those in remote areas are still unable to meet their rice requirements. And, research and extension systems need continued support.

Amidst the gloom of the **world food situation**, the success of rice in the Lao PDR in keeping with historical, cultural, and agricultural contexts gives food for thought. To the Lao people, it offers the food security they need for future economic development.

Growing Impact

Farm Impact

- Almost 3/4 of households that have adopted Lao modern varieties now have a surplus or are self-sufficient in rice (almost two-thirds of farmers who grow traditional varieties are rice-deficient).
- Households that have adopted Lao modern varieties have more than triple the cash income of households growing traditional varieties.
- The total rice area planted to modern varieties increased from less than 5% in 1990 to more than 80% in 2001.

National Impact

- Between 1990 and 2004, rice production increased from 1.5 million t to 2.5 million t—an average annual growth rate of more than 5%.
- The increase in production attributed to adoption of Lao modern varieties is valued between \$8 million and \$19 million per year.
- The Lao-IRRI project investment has a net present value of \$25–\$92 million—a return of between 11% and 22% per year.

Institutional Impact

- More than 4,000 training courses, seminars and workshops have extensively boosted the Lao PDR's rice research and training capacity.
- Lao-IRRI has established a rice research network covering the entire country.
- More than 100 papers, mostly co-authored by Lao scientists, have been presented in professional meetings or published in professional journals.
- The Lao-IRRI project has improved and established research and training infrastructure across the Lao PDR.

Source: Lao-IRRI Rice Research and Training Project.

See Also:

Making a Difference with Agricultural Research.

Available: www.adb.org/documents/oed/news/2008/making-difference-agricultural-research.pdf

The Silent Tsunami. Available: www.economist.com/opinion/displaystory.cfm?story_ID=11050146

World Agriculture: Towards 2015/2030. Available: www.fao.org/docrep/004/y3557e/y3557e00.htm