



THE POLITICAL ECONOMY OF PRO-POOR LIVESTOCK POLICY IN CAMBODIA

Agriculture is paramount to the Cambodian economy, accounting for almost half of GDP (1997-2001). Nearly 88% of the poor come from rural areas and 80% of the population is rural, yet the country does not have a medium-term agricultural sector strategy. The livestock sub-sector ranks among the highest 'potentials' and priorities for future development in Cambodia according to the Ministry of Agriculture, Forestry, and Fisheries (MAFF), contributing 14% to the agricultural economy (1997-2001).

It materially affects the lives of millions of Cambodians. Agriculture's primacy is undeniable, given that it is the only sector capable of absorbing the 150,000-250,000 entrants joining the labor force each year. This represents a tremendous opportunity for agriculture in general and livestock in particular. However, the last decade of development action has also shown donors (with the implicit consent of the government) unwilling or unable to contribute to agriculture, with only eight percent of aid going to that sector. Aid coordination, while a stated goal, remains elusive. A difficult institutional environment manifests itself through a combination of weak state capacity and poor governance that limits the scope for reform.

Civil servant salaries are abysmally low (barely above the poverty line) for political economy and patronage reasons. 'Illegal taxation' is pervasive with, for example, demands for heavy and frequent informal payments for transport of cattle within the country. There are numerous reasons for this, but three are of particular note: the legacy of the Khmer Rouge causing the death of a quarter of the population and decimating the country's human resources; patron-client relations with an embedded culture of corruption that prevents pro-poor policies from being implemented; and a donor-government nexus which has produced too many strategies and plans, but too few funded mandates and feasible policies.

Four areas of particular interest, which represent both risks and opportunities, emerge for pro-poor policy making.

● Agricultural Strategy

There is a consensus that the development of agriculture is Cambodia's best hope for survival in the global economy following the end of the preferential quotas for the export of garments to the United States and the European Union, which had made that industry Cambodia's largest foreign exchange earner. This consensus should be exploited before embarking on myriad other donor-driven priorities.

An opportunity avails itself in that the Consultative Group (CG)¹ meeting in December 2004 called for a medium-term sector strategy for agriculture within an overall policy and strategic framework to be completed by December 2005. Research also shows that widows or single women heads of households and families that own no draught animals rank among the poorest and thus pro-poor policies could target this group.

● Highly Pathogenic Avian Influenza

Situated between Thailand and Vietnam, Cambodia clearly is an important element in the region wide Highly Pathogenic Avian Influenza (HPAI) epidemic. Funding for Cambodia's overextended surveillance system contained in the National Animal Health and Production Investigation Centre was depleted (as of this writing). Donors await a government request for support. HPAI can still be contained, so this is a golden opportunity for donors to coordinate activities and thereby increase the effectiveness of their interventions.

¹ Co-chaired by the Royal Government of Cambodia and the World Bank, the CG takes place annually and offers Cambodia's major donors the opportunity to evaluate progress and pledge aid for the following year.



• Livestock Export

Livestock has been shown to hold significant, mostly untapped potential for the economy (80,000-150,000 head of cattle exported unofficially) that could be critical to Cambodia's overall prosperity. Its development can be a major contribution to poverty reduction. Total livestock imports for ASEAN were 591,500 head of cattle in 2002, while the rest of Asia accounted for 91,300 and the Middle East took in 527,756.

Of this trade, Cambodia's official exports accounted for only 10,600 head. The livestock sub-sector thus has considerable potential if tapped properly, as farming continues to shift from subsistence to commercial agriculture over the next decade. This would likewise depend on how effectively and credibly Cambodia is able to create a Foot and Mouth Disease (FMD)-free zone within the country, considering that there is significant cross-border trade in cattle with Thailand, Viet Nam and Laos, countries which have not yet succeeded in creating their own disease-free zones.

• Village Animal Health Workers

The experience of NGOs and donors when they collaborate, as in the case of Village Animal Health Workers (VAHWs), is instructive. It was in the absence of animal health services in rural areas that Vétérinaires Sans Frontières (VSF) introduced VAHWs in 1996. It took VSF five years and the help of the World Bank and IFAD to have a sub-decree recognizing VAHWs adopted by the Council of Ministers on 2 March 2001.

In 2004, MAFF reported that the development of animal health and production services at commune and village levels had reached 4,449 VAHWs or 75% of a foreseen requirement of 5,906. While 80% of poultry breeders have not been exposed to VAHWs in 2004, it is a remarkable feat that 20% have, while prior to 1996, none would have been serviced. That in eight years two million smallholders have interacted at some point with VAHWs is an impressive achievement. Consolidating the gains made in VAHWs is essential.

Overall, three strategic entry points emerge from the above risks and opportunities:

1. A two-pronged strategic entry point:
 - (a) Take advantage of the increased

emphasis on agriculture at the December 2004 Consultative Group meeting to produce a medium term agricultural sector strategy that includes NGO involvement and targets widows or single women heads of household and families that own no draught animals; and (b) Support HPAI interventions that consider training of poultry producers and subsidize microfinance to producers whose birds have been culled (especially if they meet the above criteria of widows or single women heads of households).

2. Cambodia is poised to take advantage of growing regional demand for livestock, and it should not fail to do so because the window of opportunity is narrowing with FMD-free status required for exports by 2006 and SPS Agreement by 1 January 2008². Thus Cambodia should exploit its comparative advantage in livestock exports (especially cattle), regionally and internationally and consider creation of an FMD-free zone. A feasibility study could be funded by the private sector and/or donors such as AusAID.
3. Because development outcomes have been so disappointing in the last decade (poverty reduction appears to have stalled, while human development indicators are markedly worse since 1990), regularizing VAHWs through contractual agreements for preventive services with the government and/or NGOs is one avenue that should be explored. However, if political willingness remains weak, donors may consider by-passing the government altogether to work directly with the poor on their own or through NGOs that have been effective in promoting vaccination and animal health services in rural areas, especially as these relate to HPAI and FMD prevention.

² This is per Cambodia's World Trade Organization working party report, adopted on 22 July 2003.

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