



The Political Economy of Pro-Poor Livestock Policy in Cambodia

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EXECUTIVE SUMMARY

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, 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.

The Political Context

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.

Politically, there is no alternative other than to work within the system if donors insist on dealing with the government. Some have refused. The US Congress does not allow any US funds to go directly to the Cambodian government, mandating that funds instead go through NGOs.

The Economic Context

Cambodia’s economic performance has enjoyed some notable successes in the last decade, especially in the area of macroeconomic stability, as the country embraced aspects of the Washington Consensus. Inflation has been low for a number of years, and the exchange rate is stable. These are flip sides to the same coin thanks to nearly complete dollarization (accounting for up to 90% of all liquidity). Cambodia became the first Least Developed Country to join the WTO in 2004. Despite the serious impact of corruption on Cambodia’s economy, the Heritage Foundation rates Cambodia as mostly free and ranks it above Thailand, Vietnam, and Laos.

Other economic trends have not been favorable, beyond a veneer of moderate GDP growth of circa 5 percent. Human development outcomes have been poor in the 1990s—this despite more than five billion US dollars in aid. Poverty and inequality have stagnated (and may even have worsened based

on projections). Child and infant mortality have all increased since 1990. Expectations from interventions should be limited as observed from recent experience on Highly Pathogenic Avian Influenza (HPAI), where neighboring Vietnam was responsible for detecting Cambodia's cases of human infection.

Policy Context

The constraints to designing effective rural development programs can be summed up as shortages of key inputs, inaccessibility to markets, human insecurity, limited technical capacity at ministry level, limited skill base at village level, and disinclination towards community or group actions due to low social capital following the Khmer Rouge period (EC, 2001). The challenges suggest that the problems of livestock are much wider than just the sub-sector alone; they are agriculture-wide and economy-wide. Categorized broadly, they concern market problems such as widespread corruption in supply chains, lack of access to water and energy, and insecurity of land tenure.

The government's "Linear Animal Health Strategy and Policy Development" published in 2001 proposed both a Basic and a Smallholder Strategy. Several of its elements ran into difficulties because of the difficult institutional environment. With the guidance of existing strategies evaluated for political feasibility, three strategic entry points for pro-poor policy making are identified.

Strategic Entry Points

These recommendations are by no means exhaustive, but it is believed that they offer politically feasible opportunities for pro-poor engagement in livestock and livestock-sector related activities:

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 2008¹. 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.

Pro-Poor Livestock Policy Initiative (PPLPI)

Website: <http://www.fao.org/ag/pplpi.html>

Working Paper: <http://www.fao.org/ag/againfo/projects/en/pplpi/docarc/wp26.pdf>

¹ This is per Cambodia's World Trade Organization working party report, adopted on 22 July 2003.