



# STATE OF LAND IN THE MEKONG REGION

## POLICY BRIEF 2

### Agricultural commercialisation: Balancing efficiency, equity, and justice

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## Introduction

**Agricultural commercialisation** has transformed agrarian landscapes and livelihoods in the Mekong region since the 2000s. Cultivation of commodity crops continues to expand throughout the Mekong countries of Cambodia, Lao PDR, Myanmar, Thailand and Vietnam, whose predominantly rural populations remain heavily reliant on farming as their primary livelihood.

The promotion of agricultural commercialisation is expected by policymakers to fulfil **numerous, often contradictory objectives**. These include: improving livelihoods and reducing rural poverty; moving away from supposedly 'inefficient' traditional practices to modern, technology-intensive farming; and contributing to economic growth, all while promoting environmental sustainability. Agricultural

commercialisation involves diverse actors, often with competing stakes in these processes. This results in conflicting claims about the benefits of commercialisation and uneven outcomes among different groups.

This brief explores how these competing objectives and outcomes are informed by different **research perspectives**. The brief focuses on three dominant perspectives of **efficiency, equity, and justice**, and the extent to which these influence agricultural strategies and legislation. Based on a review of studies and policies on agricultural commercialisation, this brief compares and contrasts the different perspectives, their influence over agricultural commercialisation in the Mekong countries, and implications for rural communities and livelihoods.

## Background

### Agricultural commercialisation in the Mekong region

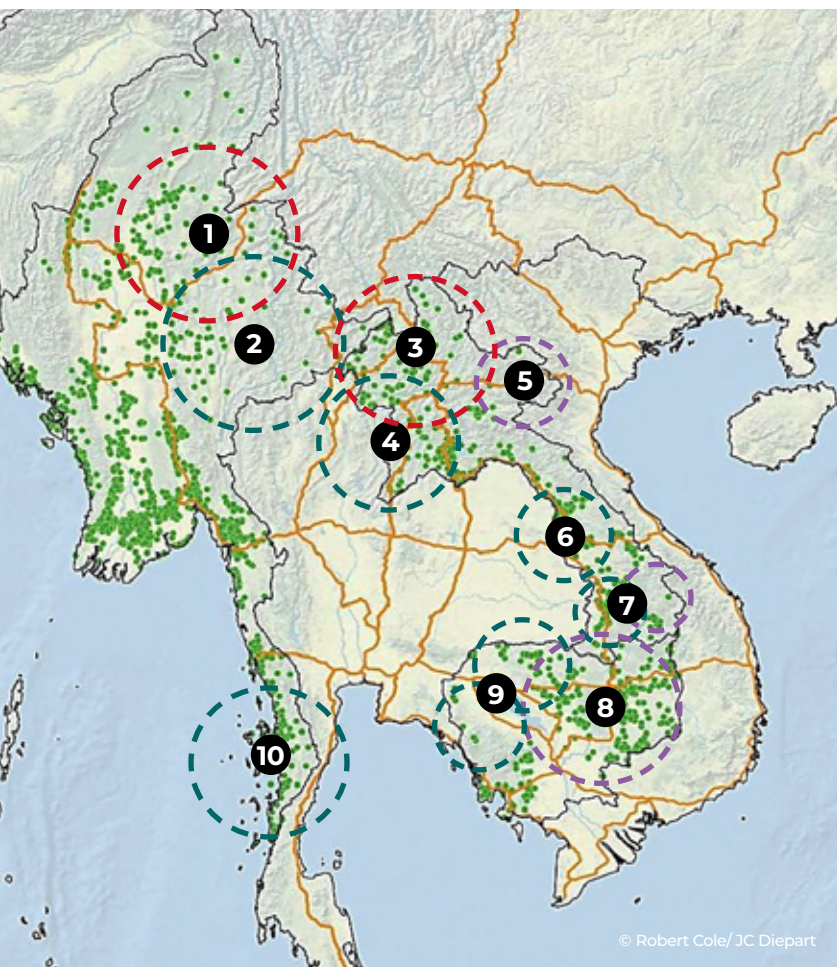
The agrarian transition in the Mekong countries has been fundamentally shaped by regional economic integration and the drive to commercialise and intensify agriculture. Thailand led the way as the only Mekong country not to enact a planned economy, promoting the expansion of agro-exports throughout the latter half of the 20th Century, and pioneering the Green Revolution that altered farming practices to dramatic productive effect. For all other Mekong economies, years of conflict and intensely centralised control preceded steps towards opening up to global markets and investment from the mid-late 1980s (Hirsch et al. 2022).

Economic integration has been catalysed by national reforms, regional and international development initiatives and trade agreements, including accession to the Association of Southeast Asian Nations, membership of the World Trade Organization and cooperation through the Greater Mekong Subregion program. Domestic policies on agricultural commercialisation are promoted through centralised economic planning strategies within each country, mostly in the form of 5-year socio-economic development plans. These target-setting strategies have been enacted alongside far-reaching legal reforms to liberalise foreign investment and trade, grant land use or ownership rights to enterprises, and create a policy framework for smallholder-based investments such as contract farming (Nguyen et al. 2023). Commercialisation has also accelerated in many ways outside of State influence. Smallholder farmers connecting with market opportunities have been at the forefront of this transition, while the opening of economies to foreign (particularly cross-border) investments has forged the needed market linkages (Cole 2021).

The period since the turn of the millennium has been marked by the progressive decline of subsistence agriculture in favour of commercial farming for export-oriented value chains, increasingly exposing rural communities to global market risks and rising competition over land. In the process, the Mekong countries have experienced rapid

Figure 1: 'Origin-type' investment clusters in the Mekong region





expansion of, and conversion to, a handful of commodity crops, including cassava, maize, sugarcane, rubber, and oil palm (Ingalls et al. 2018). In parallel, new patterns of agricultural investment have emerged, including a dramatic rise in plantation concessions in Cambodia, Lao PDR, and Myanmar, as well as smallholder-based models including contract farming (CF) and land leasing (Byrelee 2014). Many investments are intra-regional in origin and driven by high demand in China and other more advanced economies within the region, such as Thailand and Vietnam (Kaplinsky et al. 2011). Figure 1 illustrates a number of emergent investment clusters in border regions, as well as the dominant crop type and production model.

### Scope and approach of the policy brief

This brief presents the results of a review of academic and policy literature on the impacts of agricultural commercialisation on rural livelihoods in Cambodia, Lao PDR, Myanmar, Thailand, and Vietnam, reviewing a total of 95 scientific articles along with key policy documents from each country (see Nguyen et al. 2023). The brief summarises studies emerging from the following three perspectives that dominate analysis of agricultural commercialisation:

**1. Efficiency:** focusing on the economic efficiency of the market, the role of individual decision-making, and enhancing market linkages to boost rural productivity.

**2. Equity:** focusing on social and power dynamics, and how different groups benefit from, or are disadvantaged by, agricultural commercialisation due to contextual factors and struggles over resources.

**3. Justice:** focusing on the rights of vulnerable communities, transformation of traditional livelihoods by agricultural commercialisation, and the need for safeguards to protect smallholders.



The brief describes the three perspectives and provides analysis of the forms of evidence and general conclusions they produce, as well as their relative influence on policymaking. Lessons, knowledge gaps and potential blind spots are revealed, with an emphasis on the need for a better understanding of all three perspectives to support policies that are more grounded in the realities faced by smallholder farmers in the Mekong countries.

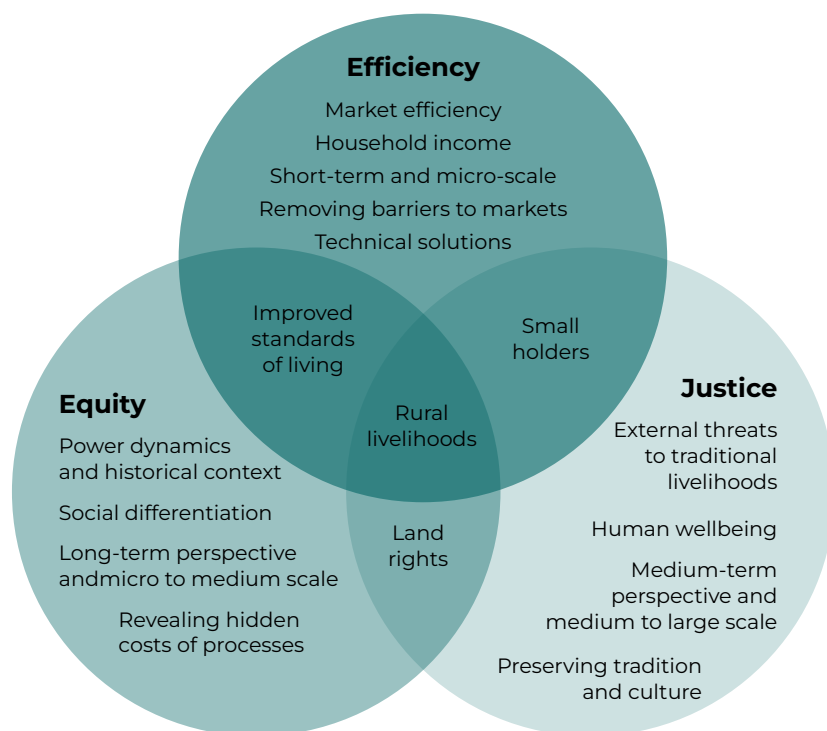
## Three research perspectives

### Efficiency

The efficiency perspective assumes that **the market provides the best outcomes for all stakeholders**. From this perspective, agricultural commercialisation goes hand in hand with improving livelihoods for farmers and reducing poverty in a 'win-win' solution. Focus is placed on the role of individuals, particularly individual farmers, and recommendations focus on enabling markets, such as by removing barriers and encouraging participation (World Bank 2008; Griffin et al. 2004). Studies from the efficiency perspective overwhelmingly focus on smallholder-led commercialisation, reflecting the emphasis on individuals, and geographically on Thailand and Vietnam. These studies most often used large data sets and statistical modelling, focusing on farmer behaviour to improve market engagement and the benefits of commercialisation.

Overall, the efficiency perspective found that **agricultural commercialisation results in positive economic outcomes for farming households**, concluding that this contributes to reducing rural poverty. Cash income from commercial production is considered to support smallholder food security – a commonly observed finding in quantitative analysis, and a major theme underpinning the poverty-reduction aims of agricultural development policies in the Mekong countries. The main challenges arising from commercialisation are barriers that prevent different groups from participating, including women. Gender is approached from a productivity perspective, highlighting the importance of specific agricultural tools to support women's farm labour (Ha et al. 2016). Quantitative methods are prevalent in the efficiency perspective. **Proposed solutions** focus on removing barriers, reducing transaction costs, increasing access to credit, and increasing the quality of products through modifying farmer behaviour. Examples include promoting contract farming for more efficient production and collective economies of scale, or intensification and adoption of technology.

Figure 2: The three perspectives of efficiency, equity and justice, their areas of overlap and particularities



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## Equity

The equity perspective focuses on relationships between different actors and how different (e.g. power) relations result in varying outcomes. Emphasis is placed on historical context and the differing ways stakeholder groups are positively or negatively impacted by agricultural commercialisation (Akram-Lodhi and Kay 2010). Studies from the equity perspective focused first on smallholders, but also on concession-based commercialisation, with country focuses on Lao PDR and Myanmar. These studies most often used mixed qualitative and statistical methods, with an emphasis on long-term historical context. The equity perspective found that, overall, agricultural commercialisation processes create and deepen social inequalities through which **certain groups may benefit, while others are negatively impacted. Recommendations** from this perspective are primarily focused on revealing the 'hidden costs' (Suhardiman et al. 2015) of these processes to support more equitable decision-making, as well as collective action through cooperatives or producer groups to correct power imbalances.



## Justice

This perspective focuses on traditional livelihoods and cultures, and how these are impacted by changes that occur alongside agricultural commercialisation. Adverse impacts are particularly emphasised in relation to crop booms and land concessions, and the resulting disruption of local livelihoods, land and resource access and rights, as well as intensifying environmental impacts and loss of self-sufficiency (Schneidel et al. 2013; Taylor 2016). In contrast with the efficiency and equity perspectives, the justice perspective focuses primarily on concession-based commercialisation, followed by smallholder-led commercialisation, including the dispossession of vulnerable communities by large-scale investments and the erosion of traditions through intensive commercial production. Countries of focus include Cambodia and Lao PDR, where plantation concessions are more common. These studies use mainly qualitative and ethnographic methods. The justice perspective generally found **negative impacts of agricultural commercialisation** compared with previous, traditional livelihoods, and that women and ethnic minorities are particularly vulnerable. Although maintenance of traditional practices can be seen as an increasing focus of current international development narratives, the emphasis tends to be on how this can support income generation by improving the sustainability of commercialisation, as a component of smallholder livelihoods engaged in production for agricultural value chains. Policy **recommendations** focus on maintaining traditional livelihoods through protecting access and rights to land and livelihood resources.

## Comparison of the three perspectives

### Areas of focus, proposed levers of change, main recommendations, and blind spots

Category	Efficiency	Equity	Justice
<b>Topical focus</b>	Household income Individual behaviour	Social inequalities Historical perspective	Changes to traditional livelihoods, loss of access to land and resources
<b>Methods</b>	Quantitative; mixed	Qualitative; mixed	Qualitative; mixed
<b>Common scale</b>	Household	Household; village	Village; district
<b>Perceived outcomes</b>	Positive impact on household income; potential increases in inequality	Differentiated outcomes for different groups	Negative impact on traditional livelihoods and wellbeing
<b>Proposed levers of change</b>	Individual behaviour Reduction of barriers to market, transaction costs	Equitable social relations Equal access to and protection of land tenure	Preservation of traditional knowledge, access to, and rights over, land
<b>Policy recommendations</b>	Improve agricultural commercialisation by removing barriers, increasing adoption, enhancing benefits	Increasing understanding of power dynamics to reveal 'hidden costs' and inform policymaking	Protect land rights, maintain traditional livelihoods; balance socio-economic and environmental concerns over crop productivity
<b>Gaps and blind spots</b>	Land concessions and leases; long-term impacts; power dynamics; impacts of loss of livelihoods	Concrete solutions; gendered intersections with class in wage and unwaged/ care labour	Gendered power relations recognising diversity of women; gender divisions prior to commercialisation





## Sustainability pathways

### Summary of findings

This study highlights three dominant perspectives on agricultural commercialisation in the Mekong region. Its purpose is not to promote one of the described perspectives over another. Rather, viewing commercialisation from all three perspectives allows us to understand how their core assumptions and ideological positions influence the evidence and conclusions they produce, and how these are absorbed into policy.

This understanding can be applied by policy-makers and development agencies to navigate competing evidence and advocacy on these topics, and to combine different sources of evidence to propose new and innovative pathways for more sustainable future farming landscapes in the region. In general, the objectives of national policies reveal the dominance of efficiency-oriented policy and solutions. This is not surprising given the prevailing interests of governments in creating enabling conditions for boosting economic growth. But focusing on efficiency only reveals part of the picture. Many may stand to gain from commercialisation, but outcomes are uneven, and inequalities are widening in parallel with environmental impacts. More responsive policies should afford some form of protection for the vulnerable alongside the pursuit of commercialisation. From this analysis, we recommend the following key actions:

### Recommendations

- **Understand different perspectives and broaden utilised evidence:** There is a clear need to move away from the overly simplistic presentation of complex problems. Each of the three perspectives highlights important aspects of the agricultural commercialisation, but none is sufficient on its own to understand the complexity of processes and outcomes it entails. The full range of evidence from efficiency, equity and justice perspectives provides a more extensive understanding of agricultural commercialisation. Quantitative data remain the building blocks of many policies, but it is critical for the other research perspectives to more effectively communicate findings towards the policy sphere. Market-efficiency-based analysis should



be considered along multidimensional, gendered wellbeing outcomes, especially in terms of access to land and resources, in legislation, decision-making and project design.

- **Develop policies that adapt to local contexts:** The varied experiences observed across the three perspectives underscore the context-specificity that determines commercialisation processes and outcomes. These specificities are the result of, among other factors, policy variance at national and sub-national scales, agro-ecological and environmental conditions, differences in the types and scales of commercialisation taking place, as well as differences in the pre-existing land use systems of the rural communities affected. The local context must be more effectively taken into account, pointing to the need for decentralised decision-making that is more attuned to the complex field of market opportunities, risks, actors and production conditions that shape commercialisation in specific localities.

- **Make social safeguards the norm rather than the exception:** The impacts of agricultural commercialisation are not universally positive. Policies that are responsive to real-world impacts need built-in safeguards that protect vulnerable smallholder communities and landscapes from negative outcomes and risks. These include: widening inequalities; widespread land dispossession that continues where land rights are weak and legislation often defers to powerful interests; and the damaging impacts of monoculture production in formerly diverse smallholder landscapes. To better inform policies and incorporate effective social safeguards, more evidence is needed on alternative and emergent models of commercialisation, such as out-grower schemes, contract farming and land leases, as well as greater attention to gender dynamics across the three perspectives.



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**Layout and Design:** Watcharapol Isarangkul Na Ayuthaya

**Citation:** Nguyen A-T, Cole, R., Oya, C., Beban, A., Gironde, C., and Ehrensperger, A. (2024). *Agricultural commercialisation: Balancing efficiency, equity, and justice*. State of Land in the Mekong Region Series, Policy Brief Nr 2. Vientiane: MRLG and CDE.

This brief summarises findings published by the same authors in a research article published in the Journal of Land Use Science:

Nguyen, A.-T., Oya, C., Beban, A., Gironde, C., Cole, R. and Ehrensperger, A. (2023). Agricultural commercialization in the Mekong region: A meta-narrative review and policy implications. *Journal of Land Use Science. Special Issue: Agrarian Change in the Mekong Region*, 128-151. <https://doi.org/10.1080/1747423X.2023.2191599>

**The Series:** This brief is part of a series of four on the agrarian transition in the Mekong region. It highlights issues that emerged as critical concerns in a consultation involving inputs from more than 100 experts from the region.

**Brief 1** 'Pathways towards sustainable land systems'

**Brief 2** 'Agricultural commercialisation: Balancing efficiency, equity, and justice'

**Brief 3** 'Recognition of customary tenure in the forest landscapes of the Mekong'

**Brief 4** 'Creating agricultural landscapes with positive environmental outcomes'



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