School of International and Public Affairs
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Grow Your Own? Rice Self-sufficiency in Timor-Leste
Teaching Note

Case Summary

In July 2011, the Democratic Republic of Timor----Leste launched a new, 20----year Strategic Development Plan, which, *inter alia*, called for increased domestic rice production, with a goal of self----sufficiency by the year 2020. The goal was set but, as Prime Minister Xanana Gusmão himself pointedly acknowledged before a gathering of all the country's development partners, the challenge would be its implementation.

This case explores the question of how to achieve "food sovereignty" in the context of Timor----Leste, a resource----rich but nascent and underdeveloped country whose production of rice is insufficient to meet domestic consumption needs. The government had for years met the shortfall through an aggressive import policy coupled with a consumer subsidy. The new strategic plan resolved instead, in light of the rising global rice price, to adopt a policy of import substitution which took into account the country's own rice----growing potential, as well as its desire for greater food security, self----determination, and development of its non----oil economy.

The case permits in----depth exploration of the governance, budget allocation and management decisions confronting an institutionally weak national government. It highlights the challenges of setting priorities against a backdrop of conflicting interests and moving parts in a system of multiple actors and incentive structures, market distortions, and agricultural productivity and supply chain challenges.

Students are put into the shoes of a multi----sectoral government team, given the mandate to realize the goal of rice self----sufficiency by 2020. Students must consider a host of technical, political, economic, and equity questions—and decide on the best mix of policies.

Teaching Objectives

Use this case to examine the technical challenges of boosting agricultural productivity; the operational challenges of administering programs in institutionally weak settings; the economic and equity policy----setting challenges of balancing the interests of resource----constrained domestic producers against low----income consumers; and the political

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challenges of balancing the need to minimize the short----term risk of food shortages, hunger and food riots against the long----term need for self----sufficiency and food security.

The central question is how can Timor----Leste realistically reach its goal of rice self---sufficiency, keeping in mind the competing best interests of its citizens? Students (either individually or as a group) could discuss each of the following decision----making levers, decide on an appropriate mix, and be prepared to justify their choice(s):

- the **technical challenges** of boosting domestic rice production, considering access to inputs like improved seeds and fertilizer, mechanization, irrigation infrastructure, storage capacity, and technical knowledge

- the **operational challenges** of administering a government local----purchase program in an institutionally weak setting—including payment delays, distribution chain inefficiencies, lack of quality controls, and inadequate marketing

- the **economic and equity policy----setting challenges** of balancing the interests of domestic rice producers, who need a sufficiently high farmgate price to increase production beyond subsistence levels, against the interests of rice consumers, who need a retail price they can afford; of maximizing the multiplier effect of improved agricultural productivity on other sectors in the economy through consumption and production linkages; and of maintaining existing, or designing afresh, subsidies or other safety nets to assist farmers and/or consumers

- the **political challenges** of balancing the need to minimize risks of food shortages, hunger and food riots in the short----term against the need to improve economic growth, development of the non----oil economy, and provide long----term food security

- the **demographic and human capital challenges** of ensuring production gains keep up with population growth, and the need to consider simultaneously how to increase food per capita *and* diet quality and diversity, particularly in maternal and child nutrition.

Students can discuss the nature of national----level decision----making in an environment of uncertainty and multiple moving parts. What assumptions do they need to make explicit in making judgment calls? What production and financial projections might mitigate the uncertainty or pre----empt unforeseen outcomes? Is it possible to create scenarios with best, medium and worst cases based on less predictable variables such as erratic rainfall levels, or farmers' receptiveness to new techniques? How would the mix of policies change depending on these scenarios?

Class Plan

Use this case in a course about international development, food security or public sector management.

We suggest two possible approaches to teaching this case. Instructors are free to adapt as needed, or design their own class plan.

Approach #1

Pre----class. A week before class, divide students into five Subject Matter Expert (SME) teams: technical; operational; economics and equity; political; demographic and human capital. Ask them to read and consider the case in its entirety but to delve further, as a group if they choose, into the considerations of the committee they were assigned. They should be encouraged to use footnoted sources, conduct additional research and read about how countries in comparable situations have sought to meet the challenges that are the focus of their SME team. Students should come to class prepared to present on the sectoral considerations they have been assigned, and with an optimal policy mix in mind. They should also identify what on the wish----list they might give up. If SME team members disagree, students should make a note of this and notify the instructor.

In-class discussion. At the start of class, form multi----sectoral government teams, each with one technical, one operational, one economics/equity, one political, and one demographic/human capital SME. For 30 minutes (of a 90----minute class), each team should negotiate and build a consensus around an appropriate mix of policies, noting assumptions and identifying opportunities for revising policies where appropriate.

The teams then gather as a whole class to compare and contrast team approaches, and collectively seek to understand commonalities and differences. For instance, did assumptions differ, or did a particular SME defend his/her position more strongly than the others? Did the class prefer one particular team's proposal above the rest? If so, why? How well did the teams work together? How effective were SMEs at communicating sectoral concerns to their team members?

Approach #2

Study questiosn. Help students prepare for discussion by assigning the following questions in advance:

1. What do you think were the key motivators behind the goal of self----sufficiency by 2020?
2. What do you consider must----have elements in the implementation plan?

Instructors may find it useful to engage students ahead of class by asking them to post brief responses (no more than 250 words) to the above question in an online forum. Writing short comments challenges students to distill their thoughts and express them succinctly. The instructor can use the students' work both to craft talking points ahead of class and to identify particular students to call upon during the discussion.

In-class questions. The homework assignment is a useful starting point for preliminary discussion, after which the instructor could pose any of the following questions in order to promote an 80–90 minute discussion. The choice of questions will be determined by what the instructor would like the students to learn from the class discussion. In general, choosing to discuss three or four questions in depth is preferable to trying to cover them all.

1) The consumer rice subsidy is a social policy intended to benefit rice consumers. Discuss the economic, political and social implications of removing this safety net. Discuss alternatives, including the transfer of subsidies to producers for the purchase of inputs. Could the consumer subsidy be gradually phased out? Has this been done successfully elsewhere?

2) How could Timor----Leste manage the unknowns in the transition from imports to domestic production? Should it spend above ESI to maintain current import levels until higher yields are achieved? Or should it reduce imports to free up funds to invest in production support?

3) Domestic rice producers care about profit margins. In what ways can their profit margins be maximized? (For example: a) reduce costs through input subsidies and infrastructure development; and/or b) increase price points for domestic producers through either government purchase of domestically produced rice or development of the domestic rice market.) Discuss the pros and cons of each.

4) How feasible is Timor----Leste's goal of rice self----sufficiency by 2020? Why? Discuss also the implications of population growth (known as a Malthusian Trap).

5) Does it make sense for Timor----Leste to invest primarily in rice production, or should it instead support a wide array of crops? Discuss the benefits of crop diversification.

6) Take a step back and look at the big picture: could the Timorese government put the funds it would need for rice production support to better use? How?

Suggested Readings

The World Bank, Sustainable Development Department, East Asia and Pacific Region. *Raising Agricultural Productivity: Issues and Options*. Report No. 50276----TP, January 2010.

SYNOPSIS: This report, produced by the World Bank's Social, Environmental and Rural Development Sector Unit of the Sustainable Development Department in the East Asia and Pacific Region, represents some of the most up----to----date and comprehensive analyses of Timor----Leste's agricultural sector, focusing on staple and cash crops as well as livestock production, and their key constraints. Its primary author was Philip Young, a rural development policy specialist who, at the time of the writing of the case, was working with the Government of Timor----Leste on drafting a national food policy.

"The Rice Crisis: What Needs to Be Done?" *Rice Today*, July----September 2008, pp.11----12.

SYNOPSIS: This article takes a succinct, big----picture look at the factors contributing to rising global rice prices and proposes possible policy responses to prevent future rice crises.

http://www.scribd.com/doc/34676488/Rice-Today-Vol-7-No-4

Agrifood Consulting International, *Rice Value Chain Study: Cambodia*, September 2002, pp. 82-83, and 86-89.

SYNOPSIS: The selected pages in this study, prepared for the World Bank, convey the spirit of the moving parts found in this case and the possible policy simulations that could be conducted before setting prices and/or subsidies. While the case is not as quantitative as the Cambodia study, the analyses and decision----making processes are similar.

http://www.agrifoodconsulting.com/ai/dmdocuments/Project%20Reports/Rice%20Value%20Chain/Rice%20Value%20Chain%20Study%20Cambodia.pdf.