



Applying territorial approach to rural agribusiness development in Malaysia's aboriginal (Orang Asli) settlements: A comparative study of Pos Balar, Kelantan and Pos Sinderut, Pahang

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Abstract

Multiple factors may contribute to poverty among Orang Asli, namely, traditional, consumption oriented ways of crop cultivation which depend largely on family labour, inconsistent returns of cash cropping, the presence of middle traders which prevent their direct access to market, lack of transportation network and information, lack of access to basic infrastructure, low education, insufficient skills and limited opportunities to change. The Territorial Approach to Rural Agribusiness Development (TARBD) envisages eight stages of meeting the twin goal of food security and poverty reduction, viz. 1) planning and initiation by building strategic partnership 2) mobilization through participatory diagnosis and community visioning, 3) formation of participatory market research, 4) participation programmes, 5) evaluation of enterprise options, 6) design and implementation of agro-enterprise projects, 7) support services for enterprise development, and 8) strengthening of local institutions. This study compared the situations in two Orang Asli settlements - Pos Balar in Kelantan and Pos Sinderut in Pahang - with respect to the TARBD's eight stages. The findings revealed some real limitations with the TARBD approach and pointed to the need to adapt it to actual local conditions and contexts of the Orang Asli settlements.

Keywords: agribusiness, food security, Orang Asli, poverty reduction, rural development, Territorial Approach to Rural Agribusiness Development (TARBD)

Introduction

The Orang Asli in Pos Balar and Pos Sinderut reside within the vicinity of thick rainforest in Kelantan and Pahang respectively. Farming, gathering and hunting jungle produce are inevitably the backbone economic activities of those indigenous people. However, due to the geographical isolation and lack of access to market, every household in the village practices agriculture and focuses on growing staple food to meet consumption of the individual family. As farming activity is predominantly subsistence in nature, income earned from farming and collecting activities is limited. According to the findings from a baseline study in Pos Balar and Pos Sinderut, it was found that more than 90% of the surveyed male farmers earned less than RM300 (USD 75) a month. The fact is that about 66% and 74% of farmers in Pos Balar and Pos Sinderut respectively received cash income of less than RM60 (USD 15) from agricultural activities (EPU, 2012). Based on the indicator of cash income earned, it is suggested that Orang Asli are mired in chronic poverty. It is worth noting that poverty encompasses not only economic and material resources deprivation derived from income, it is also a violation to human rights (Education and Research Association Consumer, 2001).

Essentially, what make Orang Asli poor? Does the poverty arise as a result of lacking in initiatives among themselves or a lack of opportunities? What should Orang Asli do in order to break the poverty

grip? This paper, therefore, aims to discuss the approach which centers around the territory and on the basis of real participation of Orang Asli to increase agricultural production, poverty reduction and food security.

Factor contributing to poverty among Orang Asli

UNIMAS research team found that, to a large extent, the persistent poverty of Orang Asli is due to the socio-economic constraints where they live, not so much due to that they are "...stupid, low in confidence, incapable of making decisions on their own and lazy." (Chupil & Joseph, 2003). A middle-aged Semai man reported, 'I wrote many times to the Malaysian Rubber Board asking for rubber seeds but they never bothered to reply.' In addition, the Orang Asli are still applying traditional cultivation method. Hack and slash techniques is rampant. The land is cleared by burning the existing vegetation which is then replanted with basic foodstuff such as tapioca, their main staple food, banana, hill paddy and different types of vegetables in addition to the cash crops such as rubber, cocoa and tobacco. The problem is intensified by subsistent production relying heavily on family labors. Furthermore, without having a means of transport, they sell cash crops such as rubber, cocoa, and the surplus from food crops as well as medical herbs to middle traders who come regularly to their villages. It is worth noting that some Orang Asli rear livestock and poultry around their house area to meet their staple nutritional food requirement, but in a very small scale. Nevertheless, most of the Orang Asli still have limited access to adequate diets and nutrition.

On one hand, presence of middle traders provides a link to connect Orang Asli with the market. On the other, the Orang Asli affirmably lamented those transactions are always conducted under unfavorable terms. A durian, for instance, was bought at a price ranging from RM1 to RM3 (between USD 0.24 – USD 0.72) (EPU, 2012) without considering the quality of the fruit. The low buying price is reinforced by a small number of middle traders buy goods in their villages. Study has shown that if farmers can choose between traders to sell their products, price levels have the tendency to increase (Minten, 1999; Lothore & Delmas, 2009).

In addition to making margin from price differential, middle traders also gained from the quantity. The Orang Asli are aware that the market price is markedly higher than the price paid by the middle traders, but they are in no position to overcome the unfair trading. A male respondent sighed 'the unfair trading will never be solved insofar we do not have the financial ability to purchase a truck to transport our goods and sell them at the nearby town'. Another respondent added that 'I was forced to sell my produce at the offered price in order to get cash to buy salt and cooking oil'. In this context, it suggests that a lack of collective action in selling their crops may add to weaken the bargaining position of Orang Asli and persistently made them as price taker.

Other constraints, including lack of transportation network and access to market information have adversely impacted the Orang Asli's income and rural agricultural development. For instance, the only road in Pos Balar and Pos Sinderut was built by the private logging company in their respective communities. The road, however, is not pro-base and has many potholes. Poor road quality is expected to increase transportation costs and leads to lower food crops prices offered by middle traders.

Lack of information remains a challenge in both Pos of study. Information about agricultural knowledge, market prices and demand is vital for participation in value chains. A middle aged man in Pos Sinderut said, 'to make the right decision about what to plant you need to know the market and prices'. While agricultural information is very often sought after, the Orang Asli cannot access to or receive the required agricultural information as easily and freely as dwellers in urban cities. As they live in remote thick jungle, they rely mostly on traditional means include, face-face communication, letter, wireless set, community meeting and printed materials displayed at their respective religious centers for sending and receiving information (EPU, 2012). It must be emphasized that changes in the mode of information received has occurred since the end of 2014 as a result of the introduction of telecommunication services provided which is Maxis Corporation.

As every household depends on agriculture for their livelihood, it is significant to development. In this context, improvement in agriculture informed by the lives and experience of Orang Asli is crucial to tackle poverty. However, the improvement is insufficient to tackle poverty if access to market is not provided. In Vietnam, with the government support in facilitating the commercialization of agriculture, the sales of rice output saw a growing trend and led to a sharp decline in the proportion of poor households from 23% in 2006 to 16% in 2010 (Viet Nam News, 2011). The closed correlation between agricultural growth and poverty reduction among the poorest and agriculture-based economies is also demonstrated in the Rural Poverty Report 2011 (IFAD, 2010a).

‘1 percent growth in GDP originating in agriculture increases the expenditure of the poorest 30 percent of the population at least 2.5 times as much as growth originating in the rest of the economy... agricultural growth is up to 3.2 times better at reducing US\$1/day poverty than growth in non-agriculture’ (IFAD, 2010a).

The reality is the poor Orang Asli face insecure livelihood as a result of a lack of access to basic infrastructure, low education, insufficient skills and limited opportunities to change. The disadvantaged Orang Asli are therefore associated with low value added and small scale production. Limited cash crops production and surplus from food crops, coupled with fewer middle traders buying their produce in villages have resulted in them having little power in price negotiation with the middle traders. To address the so-called ‘treadmill production’ as coined by Lundy et al. (2004), a robust approach is needed to allow Orang Asli to exit poverty and on a more level playing field in agricultural activities. It must be emphasized that the introduced mechanism in agriculture must not only enhance the quality of life for farmers, but also to communities including women, youth and children as a whole.

Territorial Approach to Rural Agribusiness Development (TARBD) as a potential solution to poverty reduction

It must be stressed that the challenges encountered by the Orang Asli in Pos Balar and Pos Sinderut is a multifaceted phenomenon and the associated disadvantages vary to some extent between the Pos, villages or communities where the families live. All these suggest that whatever strategies intended to be introduced and implemented in responding to development projects, the delivery mechanism must tailor to the local need within a specific territory.

More importantly, to have a sustainable program it must have the real participation and inputs from Orang Asli communities and beneficiaries. Without taking into the consideration of local input and needs, we saw a failure in some of the development projects carried out by the World Bank in developing countries. This is exemplified in the case of Veterinary Department livestock production program in Malaysia. In the program farmers are initially allocated a certain hectares of land for the supposed livestock production. However, it turns out that large numbers of farmers produced less livestock than the agreed number. Instead, the allocated land had been used for plantation of oil palm and rubber trees (The Star, 2014).

In addressing challenges faced by Orang Asli as outlined in Section II, the application of territorial approach to rural agribusiness development (TARBD) along the lines of Lundy et al. (2004) is suggested. This model encompassed eight dimensions as shown in Figure 1.



Figure 1. *Territorial Approach on Rural Agribusiness Development (TARBD) framework*

Narayan et al. (2009) write ‘when we look closely at the local realities of communities rather than that at the countries, we see movement and not stagnation’. The approach however, is a relatively new concept in rural development. De Miranda and Adib (2007) suggest that rural development should not be confined primarily to its physical and sectoral dimensions only, but also the locus in terms of the interaction of social relationships, expression to an identity and society’s capacity to lead and manage its own development. Put simply, the concept of territorial approach can be regarded as the collective recognition of an intricate engaging of characteristics and components specific to a given social fabric, unique to the inhabitants of a spatial unit and determined by its particular resources and the environmental, political institutional, economic and socio-cultural dimensions (De Miranda & Adib, 2007).

There is considerable evidence supporting the idea that market access improves the vulnerable life situation of poor farmers and rural development at large in developing countries (IFAD, 2010b). Thus, access to market is a gateway to underpin a vibrant and competitive agricultural industry. As Lundy et al. (2004) put it ‘for effective rural enterprises, it must be linked to the emerging markets opportunities to support the rural business development’. Therefore, finding good market opportunities to make farming a remunerative business is a priority in the context of Orang Asli, with the means to sustain agricultural development and gear towards its food security. Furthermore, economic transactions in the modern world are mostly conducted in the market. If the available market opportunities either at the domestic or international levels, or both, works well, the indigenous farmers can reliably sell more and likely to get better prices for their produce than the existing situation. A better buying price will act as a catalyst for Orang Asli to efficiently utilize their scarce resources so as to increase the quantity, quality and even product diversification. The resulting increase in farm income as suggested by Kamara (2004) contributes to the purchase of more farm inputs thus intensify production. It is also worth to note that the Orang Asli indeed are aspired to learn whatever skills and farm more intensively if they know it is profitable to do so.

It is worth to highlight that 35% of total land areas in Malaysia are suitable for agriculture. Nevertheless, 77% of arable land is used to produce cash crops that demand higher market values and profits. As a result of decreasing land use for food crops, to meet the food requirement of its people, Malaysia imported 30% of rice, 66% of fruits and 41% of vegetables in 2013 (De Schutter, 2013). Over a span of two decades, we saw a drastic increase in the Malaysian balance of trade in food products from RM1 billion in 1990 to RM13 billion in 2013. Corresponding to the importance of food independence, the large areas of land occupied by forest in the settlement of Orang Asli could be utilized for food crops activities. The increase in food crops production reduces the dependency of surrounding markets and Malaysia in a larger context on imported food to feed its people on one hand, it also contributes in enhancing food security among the Orang Asli on the other. It must be pointed out that the ultimate decision on what to produce and how to produce are to be made by the farmers involved and their families. The decision and achievement, however, requires due attention and support from various stakeholders to develop the food sector and bring their products to the market. This does not suggest that the presence of intermediaries in their villages should be eliminated totally at the initial stage of development given their isolated geographical areas.

While market access is a necessary and essential prerequisite for economic takeoff, it is insufficient to generate a dynamic and a sustainable rural development in an ever-changing environment. Market participation is often associated with uncertainty and risk. In reducing risks on one hand and reaping market opportunities on the other hand, two principles in marketing shall be considered. These include product diversification and economies of scale in production. The diversity of product is pertinent to overcome price volatility in the market participation which may impact positively or negatively on their income. The latter is important to make them more competitive and to lower costs of production.

Adding value to produce is a good practice in diversification and it allows farmers to reap greater benefits from the market participation. In comparison to other actors in value chains, it was found that farmers earn significantly less. Coffee growers in Uganda, for instance, earned about 0.5 per cent of the retail price paid by final consumers in London. Mangetout peas growers in Zimbabwe earned just 12 per cent and vegetables farmers in Kenya 14 per cent while the retailer in Europe earned 27 per cent of the final price respectively for fresh vegetables from Africa (IFAD, 2010a). In sharp contrast, when smallholder farmers in the West Noubaria, Egypt, process their produce on the farm and sell the finished product, they succeeded to sell for a kilogram of sun-dry tomatoes at a price about 5 times more than the fresh tomatoes (IFAD, 2010a).

In fact, moving up the value chain can be as simple as selling directly to processors rather than wholesalers (IFAD, 2010b). With the support of IFAD, Stubbs (2011) reported that smallholder farmers in El Quiche, the most isolated areas of Guatemala, had increased their income as much as 50% after forming a partnership with the Guatemalan Export Association. The assistance provided by the association in marketing has granted the farmers opportunities to export cash crops such as onions, radicchio and French beans to some of the biggest retailers in the world, including Walmart.

To seize rewarding opportunities in market participation, infrastructure in terms of better quality of transportation network and access to information communication technology are equally important. The former is associated with reducing transaction costs and the latter to reduce uncertainty associated with market information flows. The inextricable link between better road access and agricultural production is found in India (Binswanger et al., 1993). Similarly, Minten (1999) reported that the price of rice producers in Madagascar was 13 to 18 per cent lower due to a decrease in infrastructure quality. Over and above the effect of hard and soft infrastructure, to harness the opportunities offer in value chains, support and investment in strengthening the capacity of Orang Asli is essential. This is evident in the smallholder tomatoes growers in Egypt where acquiring appropriate skills is critical for farmers to move up value chains and even to start and run their own business.

There is no simple solution to address the poverty of Orang Asli. Whatever strategies that would be formulated and implemented to combat poverty, they should build on the principle of decentralization so that the Orang Asli will have voices to make their decisions based on their local circumstances. As highlighted by Lundy et al. (2004), the TARBD approach is more likely to generate positive outcomes if

it is applied with collective action, integrity and commitments from all actors who are keen to support the affected local communities (Lundy et al., 2004). A 22-year old, secondary educated and single male farmer from Badiana, Senegal has this to share 'I understand the logic behind whatever activity I carry out... It is impossible to continue with the way our ancestors used to work... First we have to work hard, then we will need help from outside partners' (IFAD, 2010a).

Conclusion

Despite that TARBD is seen to bring potential solution to poverty reduction; it must only be adopted based on suitability of local context. The specific definition of "territory" needs to be made clearer as different designation might yield different results taking into account the diverse range of socio-economic conditions particularly in Pos Sinderut and Pos Balar. In many cases, means of communication in rural areas such as Pos Sinderut and Pos Balar is relatively ineffective. This might impose higher cost to reach a collective agreement or decision as compared to the benefits gained from collective decisions made. This consideration should be factored in before application of TARBD so that the objective of poverty reduction would be attained.

Considering the lack of basic infrastructures such as communication access as well as roads for transporting their goods, the Orang Asli have been left out from actively involved in market activities thus relatively led them to poverty. Poverty reduction among the Orang Asli community is complex in nature and cannot be resolved by one single agency within a short period of time. Changes must come in hand through the application of sustainability as its core linking various stakeholders especially the Department of Orang Asli Development or *Jabatan Kemajuan Orang Asli* (JAKOA), other relevant government agencies together with researchers and also the Non-Governmental Organizations (NGOs). Stakeholders should rethink the strategies and mechanisms to enhance the Orang Asli in emerging the economy sector in Pos Balar and Pos Sinderut. Skills, knowledge and information on agriculture are fundamentals in helping the Orang Asli to start up in building rural enterprises in the near future. Through TARBD, quality, quantity and product diversification through the process of implementing value added approach can help in developing the food sector. Furthermore, providing good product will ensure better relationship with middle traders as well as better participation in market in the long run. Hence, this positive consequence will determine profitable environment and reduce dependency as well as creating market power among the Orang Asli.

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Abbreviations:

- JAKOA : *Jabatan Kemajuan Orang Asli*
NGOs : Non-Governmental Organizations
TARBD : Territorial Approach for Rural Agribusiness Development