



Government of Vanuatu
Gouvernement du Vanuatu



INTRAACP
Agricultural Policy Programme

Highlights of the workshop

**Policy setting for improved linkages between agriculture, trade and tourism:
Strengthening the local agrifood sector and promoting healthy food in agritourism**

**Organised by the Government of Vanuatu and CTA
in collaboration with IICA and PIPSO**

**Port-Vila, Vanuatu, 25-27 May
Warwick Le Lagon Resort & Spa, Erakor Lagoon, Port Vila**

I. Background

Promoting linkages between agriculture and tourism-related markets for improved food and nutrition security

Tourism is the lifeblood of many Pacific economies and agritourism provides a promising avenue for diversification and trade growth. High quality, nutritious and healthy food, available every day of the year, is critical to hotels, lodges and resorts. Often the food purchasing bill of a tourism site is large in comparison to the size of the local economy, yet surprisingly little of this is spent locally, even when supplies are available from farmers, fishermen and small-scale agribusinesses. The challenges of shifting food-sourcing to local suppliers are considerable – achieving this in a way that meets commercial needs and customer preferences and meets food and safety requirements would be one way in which tourism operations can significantly increase their contribution to local economic development.

Tourism has the potential to stimulate demand in the agriculture sector, promote healthy and nutritious food and strengthen the use of local products, so it is important to create linkages between the two, and to develop a policy on agritourism. In addition to the strong economic value of developing a sustainable tourism sector, enhancing the linkages between tourism and agriculture represents an important potential mechanism to stimulate and strengthen traditional local producers and processors and to improve the distribution of benefits along the chain as well as generate investment incentives for local production. The trade policy environment should be more favourable to the private sector and investment, while supporting local entrepreneurs and SMEs through appropriate measures that address import substitution, notably in the form of tariff and non-tariff barriers.

Linkages between agriculture, health and tourism not only potentially increase opportunities for domestic agriculture earnings, new markets and product development and therefore sustainable economic growth, but also offer opportunities to help develop visitor attractions and distinctive tourism destination brands through the creative use and marketing of local produce and production techniques, and use of local landscapes. In order to acquire these benefits, the tourism industry needs to be proactive in utilizing local, high quality, healthy and niche agricultural products in touristic sites and events.

Vanuatu has the natural and cultural potential to develop a point of difference in its tourism policy and diversifying its economic sectors can increase resilience of food systems and incomes for rural communities. A policy on agritourism will also develop linkages with the health sector ensuring that it supports national campaigns towards nutritious and healthy food (embedded in the concept of quality food referred above).

II. Context of the Vanuatu Agritourism Policy-setting workshop

The first Pacific Agribusiness Forum held on 1-3 July 2015 in Denarau, Fiji, as part of the *Pacific Agritourism Week*, was organised by Pacific Islands Private Sector Organisation (PIPSO), the Secretariat of the Pacific Community's (SPC), the South Pacific Tourism Organisation (SPTO) and the ACP-EU Technical Centre for Agricultural and Rural Cooperation (CTA).

It highlighted successes in strengthening links between agriculture and tourism industries in the Pacific region. A major challenge identified was the lack of favourable policies in place to encourage linkages between agriculture, tourism and trade policies and the need to design and develop Agritourism policies which would facilitate those linkages at national and regional levels. An added element is cooperation with Health Ministry in order to promote quality products and healthy food as niche markets.

The Forum recommended that the first pilot be launched in Vanuatu with two immediate actions: (i) A selected group of stakeholders involved in the development of the policy will visit the Caribbean where policies are in place and meet their Caribbean counterparts and learn from the process. This was done at the 2nd Caribbean Agribusiness in October 2015. (ii) A policy workshop to be held in Vanuatu in 2016 for the launch of the policy design process.

The workshop on *Policy setting for improved linkages between agriculture, trade and tourism: Strengthening the local agri-food sector and promoting healthy food in agritourism* was held on 25-27 May 2016 in Port-Vila (Vanuatu) as a partnership between the Government of Vanuatu and CTA in collaboration with PIPSO and IICA. The policy process is being led by the Ministries of Agriculture, Trade and Tourism of Vanuatu in close collaboration with the other ministries. Regional and international partners include PIPSO, SPTO, SPC, IFAD, CTA and IICA. The Intra ACP Agricultural Policy Programme financed one expert from the Caribbean.

The workshop aimed to promote sustainable use of local food by the tourism industry through strengthened intersectoral policies. The specific objectives were:

- To promote linkages between the agri-food sector and the tourism industry to increase sustainable local sourcing through an agritourism policy in Vanuatu;
- To increase understanding and awareness of the current deficiencies in the supply of produce along the value chain and the actions needed;
- To contribute to the main elements of the Strategy/policy on agritourism validated by the multi-sectoral focus group;
- To establish a platform promoting linkages between Health, Agriculture and Tourism which will provide input to the design of the 1st Vanuatu Agritourism Week;
- To find ways of expanding and sharing with other countries the main elements of Vanuatu agritourism policy.

A total of 60 experts representing Government officials from Agriculture, Trade, Health and Tourism ministries, private sector, chefs and actors from the hospitality sector, civil society and academia, international and regional partners shared their experience and enthusiasm towards the agritourism agenda.

III. Opportunities to support linkages between agriculture, health and tourism

3.1. Trends and evolution of agritourism and food tourism

Global trends

International tourism receipts in destinations around the world grew by 3.6% in 2015, in line with the 4.4% increase in international arrivals. For the fourth consecutive year, international tourism grew faster than world merchandise trade, raising tourism's share in world's exports to 7% in 2015. The total export value from international tourism amounted to US\$ 1.4 trillion.

Income generated by international visitors on accommodation, food and drink, entertainment, shopping and other services and goods reached an estimated US\$ 1,232 billion (euro 1,110

billion) in 2015, an increase of 3.6% accounting for exchange rate fluctuations and inflation. International tourist arrivals (overnight visitors) increased by 4.4% in 2015, reaching a total of 1,184 million.

Alongside international tourism receipts (the travel item of the balance of payments), international tourism generated US\$ 210 billion in exports through international non-resident passenger transport services, bringing the total value of tourism exports up to US\$ 1.4 trillion, or US\$ 4 billion a day on average.

International tourism represents 7% of total world exports and 30% of services exports. The share of tourism in overall exports of goods and services increased from 6% to 7% in 2015 as for the fourth consecutive year international tourism outgrew world merchandise trade, which grew 2.8% in 2015 according to recent data reported by the World Trade Organization.

As a worldwide export category, tourism ranks third after fuels and chemicals and ahead of food and automotive products. In many developing countries, tourism ranks as the first export sector.

Over the past six decades, tourism has experienced continued expansion and diversification, becoming one of the largest and fastest-growing economic sectors in the world. Many new destinations have emerged in addition to the traditional favourites of Europe and North America. Despite occasional shocks, international tourist arrivals have shown virtually uninterrupted growth – from 25 million in 1950 to 278 million in 1980, 528 million in 1995, and 1087 million in 2013. Long-term outlook, International tourist arrivals worldwide are expected to increase by 3.3% a year from 2010 to 2030 to reach 1.8 billion by 2030, according to UNWTO's long term forecast Tourism Towards 2030. Between 2010 and 2030, arrivals in emerging destinations (+4.4% a year) are expected to increase at twice the rate of those in advanced economies (+2.2% a year). The market share of emerging economies increased from 30% in 1980 to 47% in 2013, and is expected to reach 57% by 2030, equivalent to over 1 billion international tourist arrivals.¹

Tourism expenditure from the world's second largest source market, the United States, increased by 9% in 2015 to US\$ 120 billion, while the number of outbound travellers grew by 8% to 73 million. Expenditure from the United Kingdom, the fourth largest market globally, increased 8% to US\$ 63 billion with 65 million of its residents travelling abroad, up 9%. By contrast Germany, the world's third largest market, reported a small decline in spending (US\$ 76 billion), partly due to the weaker euro.²

Many developing countries consider tourism to be important for economic progress and poverty reduction. However, it is also clear that the link between tourism and economic growth and poverty reduction is not automatic. It very much depends on whether tourism generates employment opportunities, creates linkages – in particular with agriculture and service-providing sectors – and stimulates the development of basic infrastructure through the construction of roads, port and airport facilities and the provision of financial services from which the economy as a whole can benefit. It also depends on whether the development of tourism is guided by a national strategy comprising policy, regulatory and institutional frameworks with sufficient incentives to stimulate the development of supply capacity in national markets. Equally important is the extent to which the national strategy limits financial leakages from the domestic economy.³

¹ UNWTO (2014) Tourism Highlights 2014 Edition, United Nations World Tourism Organisation, Madrid <http://www.e-unwto.org/doi/pdf/10.18111/9789284416226>

UNWTO (2015) Tourism Highlights 2015 Edition, United Nations World Tourism Organisation, Madrid <http://www.e-unwto.org/doi/pdf/10.18111/9789284416899>

Australian Department of Foreign Affairs and Trade, Carnival Australia and IFC, a member of the World Bank Group. August 2014. Assessment of the Economic Impact of Cruise Ships to Vanuatu Executive Summary

<http://www.ifc.org/wps/wcm/connect/e78c6000458337069717bf9916182e35/Summary+of+Results+-+Assessment+of+the+Economic+Impact+of+Cruise+Ships+to+Vanuatu.pdf?MOD=AJPERES>

² UNWTO

<http://media.unwto.org/press-release/2016-05-03/exports-international-tourism-rise-4-2015>

³ UNCTAD. 2013. Sustainable tourism: Contribution to economic growth and sustainable development http://unctad.org/meetings/en/SessionalDocuments/ciem5d2_en.pdf

Growth potential for tourism in PICs

The UNWTO expects the number of international tourist arrivals worldwide to increase by an average of 3.9 percent a year over the period 2005 to 2030. International tourist arrivals worldwide are expected to reach 1.4 billion by 2020 and 1.8 billion by the year 2030. Over the twenty years 2010- 2030 UNWTO forecasts emerging economies annual tourism growth, at 4.4 percent, will be double that of advanced economies (UNWTO 2011). Asia and the Pacific will gain most of the new arrivals over that period. Arrivals in Oceania (including Australia and New Zealand) are expected to grow at the slower rate of 2.4 percent, of which 2.9 percent between 2010 and 2020 and 2.0 percent between 2020 and 2030. International arrivals in Oceania are expected to increase from 11.6 million in 2010 to 19 million in 2030. Australia will receive the largest share of this market.⁴

Total arrivals to the Pacific grew from 1.5 million in 2010 to 1.7 million in 2014 which represents about 0.16 percent of global arrivals. The average annual regional growth is 4.6 percent over last five years (2010-2014). 50% of the visitor traffic was from Australia (34%) and New Zealand (16%). 50% from other markets – Europe (10%), USA (9.1%), Japan (4.5 %) and, China (3.3%).

The five most popular destinations in order of visitor arrivals were Fiji, PNG, Palau, Samoa and Vanuatu. Fiji received 100,000 more than the other 10 countries combined. Two thirds of the market for the PIC11 is visitors from Australia and New Zealand. The United States, China, Japan and Europe are relatively small but still very important markets as they have the potential to generate much more growth in arrivals given the size of their populations.

Tourism is an important source of export earnings for many PICs. In Samoa and Vanuatu, tourism generates the majority of export earnings. In Tonga it is the largest single source, about five times that of agriculture and fisheries combined. For Fiji it has replaced sugar as the primary export earner. Tourism is also a tax base, which generates revenue from targeted taxes, like Fiji's service turnover tax on hotels and restaurants. Targeted taxes also give governments another means to influence visitor arrivals numbers by affecting prices, like Palau's efforts to limit arrivals via increased departure and hotel taxes. Tourism is a significant employer in those PIC11 where tourism is a major industry. South Pacific Tourism Organization (SPTO) estimates indicate the highest levels of employment in Tonga, 15 percent, Samoa, 18 percent, and Palau, 50 percent.

The average annual growth rate for the five top destinations in the Pacific from 1995 to 2014 was 5.5 percent.

Home-basing cruise ships in the Pacific can generate multiplier effects in the hosting country, and open up new destinations. The growth of the Australian market has transformed cruising in the Pacific. Since 2004, cruising to all destinations by Australians has grown at an annual rate of 20 percent, reaching 1 million passengers in 2014. One way to increase both the number of visitors to the PIC11 and the socioeconomic impact of cruising is by basing large cruise ships in the islands. Not only would this bring benefits to the homeport country, but it would also bring more cruise arrivals to PICs that are too far from Australia to reach on the most popular 7-10 day-length cruises. In 2040, the economic potential of the home-basing cruise ships market opportunity is estimated at nearly 133,000 tourists, which bring nearly US\$65 million in tourism receipts, and generate nearly 4,500 jobs. The country hosting the cruise ship can earn over two thirds of these benefits.

Agriculture, forestry and fishing have traditionally been the most important sources of income for Pacific Island Countries (PICs) and their rural households. However, agriculture's average value added contribution to PICs' GDP has declined from around 19 per cent to about 14 percent over the last 15 years, whilst tourism's contribution to GDP has steadily increased. This reflects a decline in the relative competitiveness of PIC primary sector exports in recent

⁴ The WB- Tourism
<http://pubdocs.worldbank.org/pubdocs/publicdoc/2016/5/95491462763645997/WB-PP-Tourism.pdf>

decades, rising food import dependence and a migration of labour into other sectors. Labour force participation in agriculture still remains high in the Pacific, estimated at about 40 per cent, albeit efforts are more often directed to subsistence rather than commercial agricultural activities. Thus whilst the sector remains a critical source of food security and livelihoods for rural households in PICs, its economic value has declined.

During the same period, the tourism sector has established itself as the main engine of economic growth, and foreign exchange income, in several PICs.

Agritourism and food tourism are major economic contributors worldwide and very dynamic and profitable sectors. The Pacific region has a positive growth trend forecast until 2030. This opportunity for growth in the tourism sector should be seized to make it profitable for the Pacific countries, businesses and rural communities. As shown in the Caribbean region, there are many opportunities to maximise agritourism linkages in small island economies and many lessons can be learnt (organisation of food festivals, food routes, national awareness campaigns, diversification and product development). In this context, agritourism is of special relevance for import substitution (i.e. sourcing 40% cassava for fries and bread production instead of potatoes).

The Pacific region already has successful business cases linking agriculture and tourism and has the potential to scale them up and out. Recent studies⁵ highlight the potential for the main agricultural products of Vanuatu to be upscaled and enhanced to meet the requirements of the tourism sector (ie meat, poultry, vegetables), but also highlight that diversification is key (including within the same product) and value addition is needed in order to move up in the value chain. Further the research highlights the considerable barriers which exist in relation to local production capacity and diversity, seasonality, transportation and product quality. In this context, more efforts should be put into promoting sustainable and inclusive PPPs which promote collaboration between producers, agribusiness and the tourism industry.

Rapid tourism growth could provide a significant boost to agricultural production in some of the PICs, especially if these PICs can exploit synergies between tourism and agriculture. The benefits of such synergies have long been recognized among these PICs, but progress in realizing these benefits have been slow. This linkage is particularly important for small states such as PICs, as potential agricultural exporters face high transportation costs in selling their products to overseas markets, and tropical produce often faces more stringent sanitary and phytosanitary (SPS) restrictions. The onerous sanitary and phytosanitary requirements have significantly constrained the expansion of agricultural export bases. By supplying to the domestic tourism industry, agricultural producers would be able to avoid the disadvantages arising from distance and SPS restrictions. In fact, if domestic producers are located close to tourism sites, they would also be able to save a significant portion of domestic transportation costs, which are often significant.

The linkage between tourism and agriculture is important because it not only offers a way to reduce export costs and barriers, but also serves as a critical strategy for inclusive growth. Despite weak performance over the past decade, agriculture is still by far the largest sector of most PIC economies and provides employment and income for more households than does any other sector. Thus, linking agriculture to tourism can help revive agriculture and broaden the base for economic growth.

While there is limited information about the current state of agricultural supply to the tourism industry in the Pacific, anecdotal evidence suggests the potential is significant. A study based on a "Farm to Table" project by the University of the South Pacific cites an estimate that 70 percent of food for the tourism industry in the Pacific is imported (Gibson, 2013). The overall retention rate for tourist expenditure is about 44 percent in Fiji; that is, for each dollar a tourist spends, 56 cents leaks out of Fiji via spending on imported goods and services, a large portion of which is food and agricultural products.

⁵ Vanuatu Agri-Tourism Linkages: A Baseline Study of Agri Demand from Port Vila's Hospitality Sector – IFC World Bank Group – December 2015

Once domestic producers can supply local hospitality industries with adequate volumes and consistent quality, local producers will be in a stronger position to export. The larger volumes and higher quality would effectively reduce the cost of agricultural exports and make PICs more competitive in overseas markets, as witnessed in the strong demand for Vanuatu's beef exports. In fact, overseas markets and domestic hospitality markets can be highly complementary. Seasonality of certain vegetables and fruits has been a major issue for local hotels and restaurants, but this is because small production volumes make it economically unviable to develop local storage facilities. Once production volumes increase to a critical mass, it would become more cost-effective to develop such logistics to facilitate exports. Agricultural development can also help enhance the tourism industry.⁶

3.2. Opportunities for Vanuatu's agrifood sector in tourism related markets: some key issues

The government of Vanuatu has the following target for tourism: (a) Cruise ship – 1,000,000 tourists by 2020 (b) Air Arrivals – 150,000 by 2020. The cruise ship tourism is growing in the Pacific with several PICs experiencing increased numbers of day cruise ship visitors: from around 580,000 passenger port days in 2007 to over 1.3 million in 2012, representing a 17 per cent compound annual growth rate over the five year period.⁷

In 2014 IFC funded a survey that showed that a total of VT.1.5 billion was spent on fresh produce. Of this 54% was imported. In particular, are the following produce: (a) Potatoes, onions, carrots and capsicum (b) Tomatoes, oranges and cantaloupes (c) Prawns and fish (d) Pork, lamb, chicken, beef, bacon. These agricultural products can be produced locally.

The potential for development includes the diversity of culture – about 105 different languages and each island is different in culture and customs; a unique environment which includes many rare species of flora and fauna and unspoiled islands; friendliest people in the Pacific (SPTO surveys) and rated twice as the happiest country on earth (2006 & 2010) by the happy planet index).

Around 80% of Vanuatu's population is dependent in some way on the agriculture sector, which contributes 28% to GDP. The majority of producers are small-holder farmers living in rural areas, with the sector contributing 71% to total rural household income. Given the potential benefit to the local farmers and economy by transfer of gains, the Government of Vanuatu is focused on reducing the import bill and recognizes the need to strengthen the domestic supply chain to maximize local benefits in the expansion of the tourism sector.

In 2014 the Department of Tourism carried out a survey of the 'mama' vendors on the Vila wharf road during cruise ship days and it was found that 90% of the handicraft products sold to tourists are Chinese made and imports. In this context, the Ministry responsible for Tourism wants to strengthen linkages and partnership between various stakeholders to increase the production of local produce and value-added items for the tourism industry.

Imported food items are a significant cost driver for the tourism sector. With the growth in tourism and urban population, Vanuatu's import bill rose 11% between 2011 and 2014. The food and live animal import bill alone stood at 5.9 billion Vatu (USD 62 million) in 2014, comprising 20% of the total import bill for the country.

The main challenges include how to increase in the supply of quality local products for the tourism industry with a minimal negative impact on local cultures and communities given the smallness of the islands. Limited supply of quality agricultural tourism products provided consistently has been identified as the major barrier to stronger linkages between the tourism sector and agriculture sector. Supporting improvements to quality, consistent production will

⁶ IMF Working Paper. Pacific Island Countries: In Search of a Trade Strategy Hong Chen, Lanieta Rauqueqe, Shiu Raj Singh, Yiqun Wu, and Yongzheng Yang. 2014
<https://www.imf.org/external/pubs/ft/wp/2014/wp14158.pdf>

⁷ SPTO (2012) Cruise Market Analysis, South Pacific Tourism Organisation, April 2012

be critical to strengthen the linkages; efforts to support increased production will need to be focussed due to resource constraints; this focus will initially need to be based around a limited number of producers and products (i.e. potatoes, poultry, beef) where demand exists and additional consistent local supply can be readily mobilised.

Additionally, the high cost of internal air travel and insufficient maritime transport are constraints in terms of cost and accessibility. There is also a need to increase the ni-Vanuatu participation in senior level of management of hotels and resorts and the ni-Vanuatu ownership of middle to upper end of the market for accommodation businesses.

In 2014⁸, the tourism sector in Port Vila (hotels and restaurants) spent 1.5 billion Vatu (USD 15.6 million) on procurement of fresh produce items. Of this amount, 54%, or more than 800 million Vatu (USD 8.5 million), is spent on imported items. Specifically:

- Total demand for vegetables is 190 million Vatu (USD 2 million), of which 108 million Vatu (USD 1.1 million) is spent on imports;
- Total demand for fruits is 155 million Vatu (USD 1.6 million), of which 60 million Vatu (USD 0.6 million) is spent on imports;
- Total demand for meats and dairy is 1.1 billion Vatu (USD 11.7 million), of which 632 million Vatu (USD 6.7 million) is spent on imports;
- Total seafood demand is 234 million Vatu (USD 2.5 million), of which 108.7 million Vatu (USD 1.2 million)
- Total demand for herbs is 19.9 million Vatu (USD 0.2 million), of which 3.6 million Vatu (USD 0.04 million) is spent on imports;

The IFC report shows that there are specific items within the import bill that can be produced locally but are either not being produced, or not being produced in sufficient quantities. While meats (including seafood and poultry) and dairy account for 79% of the estimated import bill, Vanuatu also imports significant volumes of staple vegetables and fruits including potato, onion, carrot, capsicum, cauliflower/broccoli, cabbage, tomato, cantaloupe and orange – all of which can be grown in Vanuatu.

The list below accounts for imports in excess of 400 million Vatu (USD 4.2 million), or over 50% of fresh food imports by hotels and restaurants in Port Vila:

- **Vegetables:**

Demand for vegetables is expected to be 13%, 190 million Vatu (USD 2 million), of the total demand from the hotels and restaurants sector; and 13% of imports, 108 million Vatu (USD 1.1 million), in terms of value. The total vegetables demand is equally split between hotels and restaurant segments. In all, 58% of the vegetables demand comes from imports (in value terms) - import percentage being higher for the hotels segment versus restaurants. Potatoes, onions, carrots and capsicums, cauliflowers can be grown locally.

- **Fruits**

Fruit demand is expected to be 10%, 155 million Vatu (USD 1.6 million), of the total demand from the hotels and restaurants sector, but only 7%, 60 million Vatu (USD 630,000), of imports in terms of value. Overall, only 39% of the fruits demand is met by imports, much lower than the overall average of 54%. The total fruits demand is 40% higher from the hotels segment versus restaurants segment. Restaurants source 75% of the fresh fruit required from the local market.

Local potential is in tomatoes, oranges and cantaloupes production.

Tomatoes are the highest imported fruits, largely due to poor quality and production in very warm wet months. A processing plant would go a long way in avoiding product wastage and preservation for use in alternative months, reducing imports.

Temperate fruits, such as apples, present an opportunity to be partly substituted by local fruits. For example, when mango is in season, it was observed that demand for apples is lower.

⁸ IFC/WB. 2015. Vanuatu Agri-Tourism Linkages: A Baseline Study of Agri Demand from Port Vila's Hospitality Sector

Tourists are keen to sample local fruits and this is an area to work with hotels – increasing their selling point if providing a good selection of local tropical fruits on the breakfast table.

- **Meat and seafood**

Meats and dairy demand is worth 1.1 billion Vatu (USD 11.6 million), and is estimated to be 75% of the total demand from the hotels and restaurants sector in Port Vila. Significantly, it accounts for 79% of imports in terms of value, 630 million Vatu (USD 6.6 million). In line with the overall trend, hotels import a higher percentage of their demand versus the restaurants. While meats, including seafood, constitute the largest segment as a category, the import percentage is much higher for the dairy products. With the exception of eggs, all dairy demand for milk, cream, cheese and butter is completely met by imports.

Meat products, such as **Lamb, Pork and Bacon**, have huge potential to be supplied locally. **Seafood** certainly has huge potential for local production but has often been out bid by lower prices from imports in South East Asian countries. The imported produce is often cheaper as well as more consistent in supply incentivizing buyers, especially hotels, to source via bulk deals. The seafood industry calls for further analysis to be developed locally, whether via generic sea food supplies or developing the market for exotic seafood products.

- **Herbs**

The value of herbs demand from the hotels and restaurants in Port Vila is insignificant in the total demand (barely 1%) and insignificant (less than 0.5%) as a percent of total imports. The total imports are estimated to be only 3.6 million Vatu (USD 38,000). Restaurants source most of their herbs locally. For the hotels, one of the key imported herb/spice is vanilla but remains insignificant compared to other key vegetables, fruits and meats.

Some herbs like basil, parsley and sage are appearing in the market more often than before and this sector has evolved in a positive direction in the past few years.

3.2.1. Increased involvement from the public sector for an agritourism policy: promoting cross-sectoral collaboration

The discussions highlighted some of the key issues which need to be considered in developing an agritourism linkage policy in Vanuatu.

At the level of the public sector, agritourism linkages need to be prioritized. In that context, multisectoral approaches and strong linkages are needed which develop agriculture (including fisheries), trade, health, environment and tourism policies as well as conducive policies and investment incentives for local production and agro-processing. Government incentives and measures to promote local food in order to decrease the food import bill (i.e. taxes on imports of cheap food; further dialogue with the hospitality sector) will create a conducive environment for business to operate. Equally important is the support given to farmers' organisations to enable them to meet consumer and public demand in quantity and quality terms.

There are gaps in the data for crop production, yields and service providers. This data relates to the types of crops that are planted, the volume exported, prices and main chain actors. Equally, further information is needed on the nutrition and health characteristics to promote local fresh and processed food.

Having up-to-date and sound data is essential for making informed decisions and business related strategies. Furthermore, access to affordable ICTs and platforms is essential to support business development growth, as communications forms a core component in the business infrastructure.

There is a need for a collaborative effort by the private sector actors (including farmers' networks, processors, artisans, service providers and investors) to work with the various ministries to put in place policies and strategies that bring together the tourism and agriculture industries.

The proactive and visionary approach of Vanuatu's government was stressed. It is indeed a very timely agenda for Vanuatu to take on board as there is strong commitment and interest at political level to move it forward. This is confirmed by the strong presence of all Ministries which have a role to play (Agriculture, Trade, Tourism and Health). The New Zealand Government has made a commitment to support the development of a national agritourism strategy. The Vanuatu Agriculture Minister also stressed the importance of the local population consuming a greater proportion of local healthy produce.

The agritourism agenda should also be supportive of healthy food which meets the food safety standards of a very competitive market. In this context, it is very urgent to train food safety inspectors, of which there are only two in the country, able to provide the required certification at production, processing and serving levels and reassure the tourist market on the safety and reputation of the local providers. Efforts in supporting local foods will also contribute to fighting non-communicable diseases (NCDs) and other nutritional deficiencies, which represent a very serious problem in the country. Further awareness and media campaigns should be developed to promote local food, especially targeting young people.

Another promising avenue is collaboration with Chefs who are able to showcase local foods in very sophisticated ways, increase local sourcing and promote the country's image as a food destination. The Pacific has already piloted some initiatives in this area which could be further replicated in Vanuatu.

- Linking nutrition and health for quality food

Non-communicable diseases (NCDs) develop through a combination of lifestyle behaviours including poor diet, physical inactivity, tobacco use and the harmful consumption of alcohol.

There are four main types of NCDs: Cardiovascular diseases (like heart attacks and stroke); Cancers; Chronic respiratory diseases (such as asthma and emphysema); and Diabetes. In Vanuatu NCDs contribute to 70% of all deaths in Vanuatu as well as 52% of premature deaths in men and 60% in women.

Of significant concern are:

- High levels of NCD-related premature death
- 11.7% of ni-Vanuatu adults are physically inactive
- 28.6% have high blood pressure increasing risk of stroke and heart attack
- 18.8% of the population is obese
- National diabetic prevalence of 21.04%

Immediate risk factors and NCDs are primarily the responsibility of the health sector. Multi-sectoral action can aid in shifting the NCD burden with a whole-of-society focus on underlying determinants and common risk factors. In Vanuatu a rise in NCD risk factors has been noted and coincides with the nation's economic development.

Through a combination of health sector-focus on NCDs as well as proactive multi-sectoral engagement, the rise in NCDs in Vanuatu can be halted.

Both the impact and mitigation of NCDs extends well beyond the health sector and at global, regional and national level all strategies reflect the integral need for multi-sectoral collaboration

Potential links with agritourism include the integration of agriculture / tourism, and health programming; ensuring food safety through compliance with the Food Control Act and subsequent regulations; promoting food and nutrition security at all levels. Other supportive measures could include:

- o Price control: Import duties and agricultural subsidies
- o Adoption and mainstreaming of health initiative
- o Walk for Life initiative
- o Healthy catering policies in workplaces

Examples shared from the Caribbean include promoting nutritional values of breadfruit, healthy and low caloric values of coconut water, which represents a US \$400 million market a year and growing. Cassava can decrease significantly the low density lipoprotein (LDL) - "bad"

cholesterol. It may also help to lower triglyceride levels due to its high total dietary fibre content - thus lowering the risk of cardiovascular disease, colon cancer and helps also to control diabetes. Cassava root is very rich in starch and contains considerable amounts of calcium, dietary fibre, iron, manganese, phosphorous, potassium, vitamin B6 and vitamin C. Cassava flour does not contain gluten, an allergenic protein - important for gluten intolerant people to replace wheat flour.

Policy recommendations for improving access to nutritious foods in order to reduce stunting, micronutrient deficiency and NCDs include:

- Promote urban gardening programme (focus optimum foods);
- Support investment in improving access to optimum foods (e.g. cooking bananas, island cabbage, taro, breadfruit, cassava, sweet potato) among at risk groups including school feeding programs;
- Provide vouchers for target households (urban low income, high # dependents, no food production) to improve access to optimum foods;
- Fortify bread and rice with iron, vitamin;
- Apply an excise to target foods high in sodium, fat and sugar with low nutritional value.

Efforts in organic production also contribute to healthy food systems. The Pacific Organic Tourism and Hospitality Standard is under development, to help protect the character and reputation of the Pacific tourism and hospitality sector as well as provide the opportunity to continue to protect and enhance the core values that has made destinations in the Pacific so desirable. The standard has also been developed to comply with the Global Sustainable Tourism Council standard for hotel and tour operators. POETcom is now developing the mechanisms for inspecting and certifying to the to this regional Organic Tourism Standard and it will be piloted in Vanuatu, Fiji and Samoa later in 2016 with support from SPC PAPP and the POETCom Farm to Table project.

Outcomes and Recommended Actions:

- i. It is noted that Vanuatu has already established a national Agritourism Steering Committee (ATSC) to assist the Ministry of Agriculture, Livestock, Forestry, Fisheries and Biosecurity and the Ministry of Tourism, Trade, Commerce, Industry and Ni-Vanuatu Business to coordinate their actions to increase the supply of local primary products to the domestic market in particular the tourism industry as well as develop export market capability. The ATSC has already met several times and agreed to an initial Work Plan. This existing mechanism should be supported to continue.
- ii. A clear medium-long term Strategy to identify priorities which will underpin sector growth and strengthen linkages between agriculture and tourism is also required for Vanuatu. This Strategy needs to recognise and be integrated with the broader existing Productive Sector Strategies, but be highly focussed on a small number of priority activities which can be achieved. The Strategy will enhance coordination between the various stakeholder including the Vanuatu Government, private sector, NGOs and donors. Support from NZ MFAT for development of this Strategy is welcomed.
- iii. The government has to put in place favourable policies and regulations which support the local businesses for private sector operators, to enable them to compete with cheap imports. In the same way further efforts should be made to export to Pacific island markets.
- iv. The existing duty free tax exemptions for producers on exports should be extended to products designed for local markets and targeted financial incentives granted for industry development (i.e. duty free import of targeted equipment/inputs). To achieve this, an advanced level of harmonisation of agriculture/trade/tourism policies and funds is needed.
- v. Increased investment through PPPs should target processing facilities, transport and infrastructure development (the redevelopment of the airport, front sea and market would be very beneficial for the tourism industry).

- vi. Education programmes which feature the various dimensions of the use of local food and information on its nutritional values need to be strengthened. It is also recommended to develop specific programmes for young people who are not familiar with local food, which should involve adaptation of the curricula.
- vii. Development of high quality branded products could be pursued through partnerships with the Ministry of Trade, Chamber of Commerce, Ministry of Agriculture and Ministry of Tourism involving training, loans and co-sharing.

3.2.2. Promoting agritourism through value addition, quality, branded products

Private sector has a significant role to play in agritourism development

Some countries in the region have successfully managed to brand themselves and some local products (i.e. Pure Fiji). Other examples from the Caribbean were shared with had delivered a clear economic impact (museums on sugarcane, sandalwood, kava).

Promoting quality food: the nature of island economies, having limited available land, justifies focusing on quality and healthy food which contributes to the food and nutrition security of locals and also satisfies foreign tourists' demands. In this context, Vanuatu has a comparative advantage with some of its products already known for their quality, such as beef, cocoa, coffee. More communication and information tools have to be developed and greater innovation is needed in order to deliver a diverse range of sub-products. Development and strengthening of niche markets (i.e. organics, fair trade and origin-linked products) can provide a comparative advantage for Vanuatu.

Farmers' and fisherfolk organisations need to be strengthened and linked with the agribusiness and craft industries to add value to products. To achieve this, SMEs need to focus on product development, product differentiation, marketing and branding to add value to their fresh and processed products. They also need to invest in technology and research to develop their products successfully.

More effort has to be put into promoting quality food products through branding, marketing strategies and attractive labelling which promote the identity of Vanuatu. The lack of innovation and attractiveness in preparation and presentation of local food is seen as a barrier to serving current markets and identifying new opportunities.

Branding: there is a need for public campaigns to brand Vanuatu as a unique tourist destination with a strong food and culinary offer. Awareness campaigns should target consumers (locals and tourists) on the various uses and benefits of local products (providing information on nutrition and health characteristics).

Support to farmer's organisations production and marketing capacity: There is a need to create new opportunities for women and youth farmers, families and communities in promoting the use of local food.

Increased setting up/compliance of food safety regulations is needed in order to strengthen the reputation of local foods in terms of their health and nutrition quality. A rating system for food health standards will reassure tourists.

Promoting access to affordable ICTs and platforms, particularly with respect to the types of crops planted and available; fisheries products available; processing companies and available products, disaggregated demand from local fresh market and distribution sectors; and from hospitality, tourism, and airlines; artisanal actors and their products; level of exports, *inter alia*.

The government and industry need to better know and understand the tourist market and its needs and expectations in order to adapt their offer. Traditional local food could be further developed to meet specific tastes (Asian, European, Indian...) and traditional recipes adapted.

The multiculturalism of the island and Pacific region and the diversity of tourist's country of origin should be used as a further opportunity for product development.

Examples were provided of successful agritourism initiatives in Fiji which have been supported by mentoring and training to facilitate enhanced production and processing and access to finance/investment. Potential exists for a similar initiative in Vanuatu to increase agritourism linkages and production.

Key Outcomes and Recommended Actions:

- i. It is recommended to share stories about the uniqueness and value of key local products so as to enhance domestic consumers' and tourist's appreciation of them. Stories should be promoted through the Tourism and Agriculture Departments, highlighting the geographical origin in the islands, the production process, the story of the farmer's groups and rural communities involved, their following by consumers.
- ii. Branding the country using some of its characteristics (diversity of cultures, remoteness, pride, uniqueness, nature and environment, fresh products) is considered a priority. Tourism Ambassadors could be used to educate and encourage tourists to taste local foods.
- iii. Market scoping studies and surveys should be conducted in resorts and hotels to identify the needs for food supplies in the different market segments. Equally important is mapping the offer of producers and farmers and better understanding their productive capacity. Some successes (i.e. livestock subsidised transport for farmers in Vanuatu, support to collective transport and collection centres in Fiji, Samoa...) can be expanded.
- iv. There is a need to maximise the linkages between food and tourism by helping businesses to seize new commercial opportunities. Quality Vanuatu food experience could be promoted through branding iconic industries as the "Must Have" foods for tourists to take back with them (Tanna coffee, Organic Beef Jerky, Kava, Honey) and branding of packaged products linked in with quality assurance.
- v. Competitions, awards and agricultural/food events promoting local food have to be regular and sustained. Major international events have also to be used to promote local production (i.e. World Food Day) and have "Tour – Buy – Cook – Eat" offers.
- vi. To expand and upscale trainings on certification processes, quality, marketing packaging and labelling training as well as and intellectual property rights to promote certification schemes for the groups serving the tourism industry. Farmers groups should benefit from trainings on quality, pricing and consistency in supply.
- vii. Further investments in food processing technologies are required. Food safety and business development trainings remain indispensable to meet the required quality standards to serve highly competitive markets. Groups of processors could be supported to get HACCP compliance, and the establishment of aggregation centres with cold storage facilitated.
- viii. Market intelligence: Identify fresh and processed goods and craft products with high demand potential. Determine the standards and specifications and price ranges for goods identified. Compile an inventory of all fishermen, forestry, farmers and livestock producers on Efate, Santo, Malekula, Tanna and Epi on their capacity to supply the tourism industry market. Carry out an assessment of the infrastructure and services in support of the distribution system (including access roads, transportation, postharvest handling – cleaning, storage packhouse and cooling facilities, inspectors).

3.2.3. The Chefs: the link between sustainable tourism, agriculture, nutrition and cuisine

This session looked at the role of chefs and the hospitality sector in stimulating demand of local products and its use by chefs. It also shared experiences from the Pacific and the Caribbean. Some culinary training workshops for the Pacific Region have been organised since August 2014 in Samoa, Tonga, Fiji to encourage import substitution, the use of local food resources for menus and innovation & creativity in food preparation.

The role of chefs in agritourism is still in its infancy and needs to be developed further, particularly in getting hotels and tourist hot spots to utilise local produce in their cuisine. Vanuatu should promote culinary tourism based on the 'from farm to table' concept and further develop key relationships between the farming and culinary communities so that more locally-sourced foods are in restaurants, hotels etc. There is also an opportunity to address the need for nutritious choices and build markets for local nutritious crops to support local value chains.

Enhancing the profile of Vanuatu as a destination where visitors can experience high-quality, locally produced food is a priority and an area where the Chefs and the hospitality sector have a key role to play.

The **cuisine of Vanuatu** incorporates fish, root vegetables such as taro and yams, fruits, and vegetables. Papayas, pineapples, mangoes, plantains and sweet potatoes are abundant through much of the year. Coconut milk and cream are used to flavour many dishes. Most food is cooked using hot stones or through boiling and steaming; little food is fried. The national dish of Vanuatu is "lap lap", which contains yam, banana and manioc smothered in coconut cream and cooked in a traditional oven. Flying foxes are also captured, kept in cages, and eaten as a stew. Coconut crab is one of the unique foods of Vanuatu. However, many restaurants in Vanuatu have stopped serving this dish as the crab is at risk of becoming extinct.

The chefs should be recognised as key value chain actors in stimulating demand for local products. The experiences shared from the Pacific, the Caribbean and other parts of the world demonstrate the value in training local chefs, and in particular, young chefs. The Vanuatu Chefs Association is already doing a commendable work in training of Ni Van Chefs on enhancing traditional food.

Vanuatu needs to become the destination of choice for travellers seeking to enrich their understanding of diverse regions and cultures through authentic culinary tourism experiences. In this context, developing new tourism products and experiences is a priority. The Government should help to promote regional/island identities and local foods by sharing information on their history, traditional uses, nutrition values, recipes... Some actions could be taken in a short term such as Vanuatu food award ("Taste Vanuatu"), Restaurant Guide, promotion booklet on key products...

Recommended Actions:

- i. Platforms and networks such as *Chefs for Development* which aims to link Chefs and other agribusiness actors to share information and best practices can be used to promote Vanuatu's achievements amongst a wider community of SIDS. A dedicated page will feature Vanuatu's experience.
- ii. Vanuatu Agritourism Week to be held in June 2016, the 2nd Pacific regional agribusiness forum in August 2016 as well as the Pacific Week of Agriculture in 2017 offer opportunities to share Vanuatu's experience in agritourism and expose the value chain actors to new trade and industry developments.
- iii. The recent decision by Government to use local products when they hold functions and meetings should be implemented and widely communicated.

- iv. Develop one or two proposals to promote PPPs between potential suppliers and buyers and negotiate increased access to farmers, forestry, fisherman, livestock producers and value added businesses to credit to facilitate increased production and trade
- v. Conduct a survey of the major restaurants and hotels to determine local content of all foods consumed, estimate the status of linkages, and map the supply and distribution system.
- vi. Develop training programmes in business development for food preparation, food handling, menu development and food services.

IV. The way forward

In the short and medium term, a series of immediate actions can be taken.

4.1. Coordination, strategic alliances and partnerships needed to move forward agritourism policy development

- Multistakeholder dialogue

The multi-dimensional nature of agritourism requires a multi-sectoral and multi-layered approach for addressing cross-cutting issues among Ministries of Agriculture, Tourism, Transportation, Health, Environment, Education, Trade and Economic Development. Input from the private sector is also key as Governments primary role is to establish a conducive environment for the private sector to invest and flourish.

The support from NZ MFAT to develop a national Agritourism Strategy by the end of 2016 is a welcomed first step. The Strategy should clearly identify priorities which will underpin sector growth and strengthen linkages between agriculture and tourism. The Strategy should recognise and be integrated with the broader existing Productive Sector Policies and Strategies, but be highly focussed on a small number of priority activities which can be achieved and which directly relate to Agritourism.

As important is the coordination and synergy between the various programmes and interventions of development partners which can leverage strategic alliances and PPPs. The existing Agritourism Steering Committee (ATSC) and their strategic workplan should be supported.

It will be useful for the Government of Vanuatu to map the key interventions in the sector or agritourism by the various actors at national level and at partner's level and promote dialogue platforms involving those actors. In this context, an informal group could be set up to exchange information and build synergies on the agritourism agenda.

- Advocacy and policy advancement

A series of high-level policy events will be organised to inform a wider audience of the successes in agritourism and progress made nationally and regionally (i.e. CTA/EC/ACP to organise Brussels Policy Briefing last week of September 2016 to present best practices in policy and agribusiness; SIDs fora, Caribbean Week of Agriculture- October 2016).

- Information and communication

Special efforts will be made in publishing and disseminating best practices in policy and business and impact.

The recently-introduced Government of Vanuatu policy on local food sourcing for official event catering to be implemented using a phase-in approach, and awareness on this to be disseminated.

4.2. Agritourism policy should promote inclusive growth and private sector development

In developing the agritourism strategy, expanding economic linkages with the local economy and the private sector operators will be vital to ensure broad-based and inclusive growth.

Successful business models on key value chains should be expanded and upscaled. Some pilots could be developed, i.e.:

- i. Building upon the IFC/WB study, analyse the current and foreseen potential of key identified value chains with potential for the tourism market in Vanuatu and possible contractual agreements between producers and hotels, measuring its impact over a given period (i.e. (two-year).) CTA could support a review of opportunities and challenges to local production in selected value chains.
- ii. Assess the need for skills upgrading and a capacity building package for selected groups of producers and processors, particularly on food safety. A proposal can be developed for a national and regional capacity-development programme on quality issues.
- iii. Support one or two cases of PPPs with significant leverage which can stimulate the development of the agro processing industry and boost demand for rural transport, storage and trading activities. This will involve linkages with the financial sector. CTA could look into possibilities in 2017 with innovation scheme.
- iv. Increase support to Farmers Organisations to assist them in developing the supply side – in-demand varieties, off-season production, group marketing, and quality, safety and consistency of supply.
- v. Support to Women in Agribusiness: mapping of women entrepreneurs needs and link them to the other groups in the region (Women entrepreneur's session will be held at the Agribusiness Forum in Samoa). It is foreseen to develop a specific programme on Women in agribusiness to promote bet practices and exchanges of experience.
- vi. Support farmers with mobile phone apps, text messaging to improve market, crop data, information on improved quality seeds/techniques (CTA can promote exchange of experiences with other regions).
- vii. Promote agribusiness fora in Vanuatu and strengthen Vanuatu private sector participation to regional and international meetings
 - CTA to invite Vanuatu PPPs to the 2nd Pacific Agribusiness Forum last week of August
 - CTA to support Vanuatu delegation to Caribbean Week of Agriculture (October 2016)
 - Support the inaugural Pacific Week of Agriculture, to be held in Vanuatu in 2017
- viii. Collaborate with the Melanesian Spearhead Group (MSG) Secretariat following the decisions of the MSG Trade Ministers Meeting on 25 May 2016 to firstly, support initiatives linking agriculture to tourism and secondly, to facilitate intra-MSG knowledge sharing on agritourism and other relevant cross-sectoral initiatives in line with the MSG Private Sector Development Strategy.

4.3. Promote the role of Chefs as Value chain actors

- CTA to feature dedicated page on Vanuatu agritourism agenda
- Upscale current work with Chefs such as Robert Oliver and look at capacity building needs
- Market scoping studies and surveys should be conducted in selected resorts and hotels, building on the existing IFC/WB study, to identify the use of local food in Vanuatu branded-cuisine and promote successes.
- Support the building of relationships between chefs and growers, possibly through a Farmer-Buyer Mart or 'speed dating-style' event, using the model already developed by SPC PAPP.