



Promoting regional trade and agribusiness development in the Pacific 2nd PACIFIC AGRIBUSINESS FORUM

LINKING THE AGRIFOOD SECTOR TO THE LOCAL MARKETS FOR ECONOMIC GROWTH AND IMPROVED FOOD AND NUTRITION SECURITY

Organised by PIPISO, CTA, IFAD, SPC and SPTO

Tanoa Tusitala Hotel, Apia, Samoa, 29th August -1st September 2016

OUTCOMES

I. Context

The ACP-EU Technical Centre for Agricultural and Rural Cooperation (CTA) and the Pacific Private Sector Organisation (PIPISO) are partners in an annual initiative that was launched at the [Third International Conference on Small Island Developing States](#), held in Samoa on 1-4 September 2014.

The 1st Pacific Agribusiness Forum organised by CTA, PIPISO and SPC was held in Fiji in July 2015 on [Linking the Agrifood sector to the tourism-related markets](#) aimed at strengthening the agrifood sector through agribusiness development and the identification of new market opportunities. Experts from the Caribbean and the Indian Ocean shared their experiences as well.

The 2nd Pacific Agribusiness Forum on [Linking the agrifood sector to the local markets for economic growth and improved food and nutrition security](#), held in Samoa was organized also as part of the strategic partnership between IFAD, CTA and PIPISO and financed by CTA (EU funding) and IFAD with a number of strategic partners such as the South Pacific Tourism Organisation (SPTO). Many other organisations provided support (SPC/PAPP, APP Caribbean, Pacific Cooperation Foundation, Samoa Tourism Authority and Samoa Chamber of Commerce & Industry, COLEACP, and IICA). This multi-partnership approach is very important as a key constraint raised is ensuring there is communication and collaboration across the various organisations and programmes working in this area to avoid duplication of efforts and to maximize impact.

More than 100 participants representing private sector, farmers' organisations, policy-makers, research networks, development practitioners, and international organisations discussed in Samoa lessons learned from successful agribusiness models in linking farmers and value chain actors to local, regional and tourism-related markets in the Pacific and reviewed the necessary inputs for realising better organised,

integrated and competitive value chains and clusters in the agriculture and agribusiness sectors through skills development, finance/investment, data and information services and favorable policies.

The three-day meeting analysed selected successes in value addition in the Pacific, focusing on marketing, branding, labelling to increase demand for higher quality and healthier foods and agricultural products.

A number of related activities were held on the fringes of the Forum:

- (i) Launch of the IFAD/CTA/PIPSO *Grow Healthy Cultivating Sustainable Food Systems in the Pacific* Project;
- (ii) Women in Agribusiness Workshop and Field visits to Women in Business Development (WIBDI) and the Australia-Pacific Technical College (APTC); and
- (iii) Parallel Chefs Training Programme organised by the South Pacific Tourism Organisation (SPTO) which culminated with the *Chefs for Development Dinner: Contemporary Island Cuisines*

II. Pacific Women in Agribusiness Workshop

Women entrepreneurs running SMEs play a significant role in contributing to economic development by creating jobs, boosting economic growth, and harnessing the productive capacity of women. Enhancing women's economic opportunities and entrepreneurship could also contribute to lessening the gender gap, boosting per capita income growth, and generally reducing poverty.

Women entrepreneurs, particularly in rural areas, often experience difficulties accessing relevant financial products and services due to a lack of appropriate products, information, understanding of their needs and collateral. Business Development Services are not readily available in many rural areas and affect the growth of rural women's businesses. As a consequence, women are left to rely on friends and family for finance, management capacity and other informal support to their businesses. Many women rely on personal funds for their investment needs.

Women's economic empowerment also means having a voice and representation in decision-making, and strong business networks. The rigidities of some gender-blind policies, institutions, programmes, and projects are perpetuated by the underrepresentation of women as policy makers, their limited participation in policy and institutional change processes and insufficient recognition of women's agencies and networks.

Little sex-disaggregated data on entrepreneurship in agriculture is available. There is a need to improve the collection and analysis of reliable data on women's enterprises to understand their needs and realities and inform policies, including generating better indicators, programme/project evaluations, lessons on what does or does not work and why, feedback mechanisms, and identifying where opportunities lie to scale up successes.

Training and skills upgrading are needed to strengthen women entrepreneurs' business management, marketing and technical skills, with an emphasis on growth sectors, green technologies and safe and sustainable farming and agro-processing practices (standards, safety measures). This will contribute to upgrade clusters/sectors that support the transition of women-led enterprises from informal to formal status.

By strengthening production and marketing of healthy local foods, women producers can contribute to reducing the dependency upon imported food and contribute to healthy food systems and diets and changes to poor food habits. Therefore, empowering women to play a greater role in the agrifood and agribusiness sector can have a multiplier effect on economic development across the Pacific islands. Additionally, there will be more opportunities for businesswomen in the Pacific to meet and network to

strengthen their production, market access and value-addition strategies and provide a platform to exchange best practices from farm to table and develop advocacy and communication tools.

A women in agribusiness workshop was held on 29 August 2016, and key recommendations stemming from that workshop are listed below:

Recommendation 1: Develop a strategy to strengthen institutional capacities, key business information for improved market access, and networking opportunities for women entrepreneurs across the Pacific.

- **Action 1: Mapping of women's-led agribusinesses and SMEs**
This mapping exercise is conducted to feature women producers and agribusiness organisations, and analysis of their products, and markets and to determine areas for new opportunities – including product development, marketing aspects, business development in financial and business skills, trainings on certification, etc.
Timeline: TORs prepared in October, with Mapping conducted in October-December 2016.
- **Action 2: Promising innovations from women's-led business are documented, scaled up and widely disseminated.** It is expected to have a selection of incubators for women best practices in agribusiness. This includes Farm-to-Table projects.
Timeline: October 2016-February 2017
- **Action 3: Improving access to finance by women's-led SMEs, especially using ICT applications.** The innovation credit system will be used to identify successful women-led enterprises which need financial support.
Timeline: Calls for proposals January-March 2017.

Recommendation 2: Strengthening women's participation in upgrading and mainstreaming value chains through advocacy, learning spaces, exchange of experiences.

- **Action 4:** A Women in Agribusiness segment in the PIPSO website to capture best practices and networking and sharing of experiences; to also include PIPSO's sharing of cluster development in agribusiness.
Timeline: November 2016 onwards
- **Action 5:** Support to **Agribusiness Fora** focusing on women's-led SMEs in the Pacific (with potential experiences from other regions through support from CTA and partners).
Timeline: February 2017

Recommendation 3: Policy advocacy in support of Women in Agribusiness

- **Action 6:** Ongoing **lobbying and advocacy** work to advocate for women's private sector participation in policy development agenda. through PIPSO to regional and international events/meetings

Recommendation 4: Resource mobilizing to support of Pacific Women in Agribusiness

- **Action 7:** Develop funding proposals and formulate partnerships for the support of Pacific women in agribusiness technical and business programmes.
Timeline: TORs and partners outreach in October – December 2016

III. Opportunities for the Pacific Agrifood Sector in local markets: trends and successes in promoting quality, nutritious and healthy food

Agricultural production in the Pacific has decreased dramatically, decade on decade, and with the limited capacity of individual islands to achieve economies of scale (largely due to geographic factors), this means that insufficient volumes of food is produced in PICs to satisfy domestic demand, and the price of production is too high for locals to then afford domestically grown fresh fruit and vegetables.¹

The development of local and regional markets can only be realised if infrastructure and connectivity within the value chain is expanded – smallholder and family farmers, who are the primary producers in PICs, largely produce for subsistence, rather than to supply buyers. As there is limited domestic demand for agricultural goods, agribusinesses are largely geared towards export markets, particularly those with large diaspora communities (Australia, New Zealand, the United States etc.). It is the buyers and the intermediaries for the export markets who will play a key role in providing farmers with inputs, finance and transportation for their goods.

As Islanders are increasingly living in urban or semi urban areas, purchase choices have leaned towards processed, longer lasting (preserved, canned) foods. Households demand for cheaper foods (and mainly imported processed products) that provide more calories per serving, and impact on personal health and lifestyle choices.

A critical feature of supplying agricultural goods to the tourism industry and export markets is the ability to satisfy and often exceed, very specific standards related to safety, packaging and labelling of consumer products – both food and non-food (e.g. cosmetics). Systems and controls have to be instituted throughout the value chain and within/among clusters, and require investments to be made by all parties. These can be in the form of inputs – using the approved seeds, fertilisers, preserving agents, packaging materials, and such – as well as in the form of processes, such as storage, transportation, transformation

Development of good quality food safety and labelling legislation still needs more work in the Pacific, with many countries still not requiring nutrient information panels on food labels.² PICs could adopt regional strategies for better packaging and labelling of local products for domestic consumption, with a stronger emphasis on providing information on content, provenance, nutritional information.

Equally important is to invest in marketing of Pacific food and produce, and creating identifiable and common branding that can enhance the visibility of Pacific goods.

Main discussions highlighted the fact that small economies cannot compete on volumes or production intensification with big agricultural players. Therefore, to be exported Pacific island products either have to be unique (niche market: pacific Islanders overseas) or of very high quality. It was also stressed that national **market focus on price while international markets are driven by quality and certification standards. There is an urgency to strengthen supply and value chains and work within cluster groups using** technology transfer, business information and finance, and with government and academia to address productivity and competitiveness issues for agribusinesses. Ensuring compliance with quality standards for value-added products is key and compliance with standards should be a prerequisite for the operators. The increasing consumer demand for organic commodities provides a viable opportunity for PICs farmers and processors to benefit from this growing market.

¹ FAO. 2015. "Improving Domestic Market Linkages: Policies to Improve Agriculture Sector Competitiveness in the Pacific.

² Processed foods available in the Pacific Islands. Wendy Snowdon, Astika Raj, Erica Reeve, Rachael LT Guerrero, Jioje Fesaitu, Katia Cateine and Charlene Guignet. 2013.

Key opportunities exist in fisheries, fruits and vegetables, root crops, and meat industries. Coastal and inland fisheries and seafood has a lot of potential for tourism markets. Opportunities also include medicine, nutraceuticals, pharmaceuticals; and cultural goods/handicrafts/creative industries.

Recommendation 5: Ensuring quality standards and compliance

- **Action 8: Support collective certification** (certifiers for a group of companies, farmers' groups to minimise costs) and analyse existing models (i.e. as Ministry of Trade in Fiji provide grants) that help companies to apply for certification/standards.
- **Action 9: Capacity-building programmes for SMEs and farmers groups**
 - o E-training courses on business and financial skills for selected SMEs through E-platform (partnership between PIPSO, CTA, COLEACP and others)
 - o Strengthening the knowledge and implementation of Sanitary and Phytosanitary (SPS) measures for selected SMEs active in the horticultural sector (Partnership PIPSO/COLEACP/ CTA) and identifying new market opportunities
 - o Trainings related to coconut production (with Coconut Industry Development for the Pacific (CIDP) Programme)
 - o PIPSO to support SMEs certification through the training of trainers that the [ACP-EU TBT programme](#) will provide from September 2016.

Recommendation 6: Support organisational capacities of farmer's organisations

- **Action 10: Support to Farmers organisations** in their organisational capacity as well as in strengthening linkages with the agribusiness sector.
 - o **Trainings** in financial skills, negotiating skills (i.e. agreements to reduce days for the farmers to receive payment from their clients), quality and consistency enhancement (ensuring agreed volumes and quality by top buyers, certification process) through economies of scale (grouping/bulking, direct sales, clusters development...) and finance.
 - o **Support to smart farming development** through increased use of technology/ICT. Support member registration of farmers groups through ICT to map their production, members, markets.
 - o **Support collection centres** to ensure reliability of supply from the producers and local businesses and aggregation of production (i.e. Joe's farm business model).

Recommendation 7: Support to agribusiness development for performing SMEs

- **Action 11: Organise Agribusiness forums and B2B** to attract investors, incubators and strengthen SMEs and farmer's organisations opportunities to access markets.
 - o **Profitability analysis** to be done for selected SMEs and farmers groups to expand, required training delivered, as well as linking them with trade support institutions. This will include farm to table projects to be expanded.
 - o **Business incubators** to enable MSMEs to carry out product development, starts ups, processing of products, etc. Business incubators will target young entrepreneurs.
 - o **Promote linkages with the financial institutions** on successful documented business models (i.e. to acquire processing machines, technology for packaging, labelling and acquiring marketing skills).
 - o Development of e-commerce and support to SMEs to explore opportunities for selected products.

- **Action 12: Promote better understanding of policy and regulatory frameworks impacting agribusiness**

Policy support is needed to promote and support “Buy local and consume local” – i.e. increasing taxes on sugar drinks and salty foods – and innovative ways and incentives to address the NCD regional crisis. Capacity building is also required for the value chain actors to understand rules and regulations affecting them.

- Promote better understanding by private sector of policy and trade rules at regional and international levels (i.e. collaboration with EU funded TradeCom programme)

IV. Promoting linkages between agriculture and tourism markets

Lack of economies of scale has a negative effect on the price competitiveness of local products over imported goods. One area where the Pacific region can identify, strengthen and broaden their comparative advantage over imported goods is in relation to the linkages between local agricultural products, cuisine, culture and the islands themselves.

The linkages between agriculture and tourism are considered as a key opportunity for some market segments and product development by local SMEs. Using tourism to strengthen the domestic agrifood sector on the basis of locally grown produce, local ingredients, traditional cuisine and the history and cultural diversity of the Pacific region is possible through targeted marketing and campaigns. Attractions and activities to further enhance the profitability of smallholder and family farming through tourism include supporting tourist friendly food and farmer’s markets, ecotourism and agritourism, such as tours of farms.

The tourism sector, whether it is mass or niche, depends on the availability of food that meets minimum standards, reliability in supply in terms both of time and volume, as well as affordability.⁷

Agribusinesses can play an important role in supporting smallholder farmers to improve quality and to also encourage the tourism and food service industries to buy local. Demand is there, but many constraints have to be overcome with important roles to be played by both the private and public sector. Creating awareness, and educating farmers and chefs about the importance of local ingredients for enhancing profitability in their operations, improving competitiveness and realising sustainable economic development requires increased investment into training, learning facilities, knowledge sharing and also access to the necessary data and information resources.

Participants expressed the need for a multi stakeholder and multi sectoral approach to agritourism development in the Pacific which captures the opportunities offered by the tourism industry on Pacific economies and the 35% of tourist expenditures spent on food. There are opportunities in direct physical delivery from farms to hotels and restaurants which promotes a trust-based relationship between the chain actors. Other topics debated ranged from engaging with mature agritourism economies from Europe and the Caribbean to share ideas, practices, branding and safety standards that Pacific states can learn from.

Each country to develop and market their Unique Selling Proposition in terms of food cuisine and promote the needed linkages with chefs and chef’s associations towards use more local resources and **develop strong links and networks with the farmers and seafood suppliers** to consistently supply quality produce and seafood.

Another critical area is the policy-setting which promotes cross-sectoral collaboration as shown by the **agritourism policy-setting** in Vanuatu. 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) are key, and 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 and the promotion of public-private partnerships (PPPs).

Recommendation 8: Promoting linkages between agriculture and tourism industries

- **Action 13: Agritourism policy-setting**
 - Support to the implementation of the agritourism strategy for Vanuatu
 - **Supporting an Agritourism policy-setting for Samoa** which will develop further linkages between agriculture, trade and tourism sectors to support local businesses in serving tourism-related markets.
Timeline: 2016-2017. A national multistakeholder workshop will be held Mid-December 2016 to discuss the agritourism policy.
 - Preliminary exchanges with Solomon Islands for **Agritourism policy-setting for 2017**
 - Support to Farm to Table project to the tourism industry (data and capacity building for youth) with WIBDI and similar projects in other Pacific island countries.

- **Action 14: Promoting the Pacific region as a food destination**
 - Expand the **Chefs for Development Platform** and include a course (accredited) for chefs on understanding and using local and traditional foods.
 - Support food festivals, culinary tours across the region and linkages between farmers and agribusiness
 - Support to SPTO in promoting healthy food and linking agriculture to tourism and strengthening capacity-building for local chefs.

- **Action 15: Set up of Culinary Associations in the SPTO member countries and a Regional Culinary Association**
 - SPTO will work with the NTOs and existing stakeholders in member countries to set up culinary association as well as partner with them.
 - **Institutional strengthening and capacity building** of the above Culinary Associations through training.
 - **SPTO to work closely with NTOs and Culinary Associations in conducting training activities** based on the different levels of chef's needs in the region, including exchanges with overseas chefs.

- **Action 16: Develop Pacific Quality Standards** that can be adopted by PIC for the entire agri-tourism value food chain.

- **Action 17: Build regional and international collaboration with other agri-tourism & seafood partners** to share information, network and **complement PIC's agri tourism & seafood activities**
 - Special efforts will be made to link tourism organisation and Chefs Associations from both the Pacific and Caribbean regions as well as in Europe through study tours and fairs.

- **Action 18: Develop a Delicious Pacific Brand to promote Pacific Cuisine that will support the SPTO overall tourism brand.**

- **Action 19: Fundraising proposal and partnership development in support of regional agritourism project**

V. Agribusiness financing: Innovative solutions to support agribusiness

A key challenge is the limited finance available for agribusiness entrepreneurs to develop businesses that carry out value addition and transformation due to the nature of risk involved. In part, this is exacerbated by a reluctance by established financial institutions to service the agribusiness sector, poor data collection, accessibility and processing to fill information gaps and carry out the relevant research and analysis. Further hampering agri-finance is the lack of opportunities for improving financial literacy through education and skills development programmes in the agricultural sector. Beyond finance, infrastructure is also a major barrier to progress in development, as poor roads, expensive transportation, a shortage of reliable and fast communication links (either physically or digitally) mean that the value chain operates under capacity.

• Action 20: Provide innovative financing solutions

- Access to Finance by smallholders is key and the financial institutions need to understand the agricultural sector and solid relations need to be developed. Asset financing for the farmers available from some financiers (Fiji-Merchant Finance Ltd). Access to finance (Subsidization) as customary land cannot be used as an asset for financial institution.
- Access to Finance should be accompanied by training with relevant organisations and financial institutions themselves. Also there is a need to develop simple financial statement templates that can be kept by farmers and agriproducers to assist them in their financial records which would be needed when making loan applications.
- EIB to fully engage with local financial institutions apart from development and commercial banks and consider other financial institutions like credit institutions and finance companies who are making inroads in providing financial products suitable for the agribusiness industry
- A Business Development Fund scheme to be set-up to assist agriproducers under a cost sharing arrangement. This is to assist with produce development and certifications.

