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ABSTRACT

The adoption of the Vanuatu Agriculture Sector Policy demands the development of strategies for commodities in the agriculture sector. Kava is a major commodity in the sector and numerous studies have been carried out articulating the issues that need to be addressed to improve its utility as a commodity that affects the lives of ordinary citizens. The two elements facing the kava sector in Vanuatu are quality and quantity. Quality is an element that needs to be woven throughout the entire kava value chain. Increased production of quality product is the other element required to ensure a thriving and sustainable kava industry. A paradigm shift in the approach to dealing with these issues is required. No longer can Vanuatu treat the kava issues in a ‘business as usual’ manner. Vanuatu needs to take control of its future in kava, by acting on the numerous studies and collective knowledge now available to it. Recent changes in the world market for kava demand that urgent action be undertaken as the danger for Vanuatu is that it will become a follower of trends subject to the dictates of potential newer entrants who are better capitalised in terms of production and marketing apart from decisive action being taken by Pacific island neighbours.
Kava is an integral part of Vanuatu society, symbolising peace, respect and goodwill. Important ceremonies are incomplete without kava either as beverage or as freshly dugout roots. Over the last 3 decades, use of the kava beverage has evolved from being a social drink that village folks would enjoy at the nakamals in the evenings to an established cash crop that is sold on the domestic and export markets.

The birth of commercial kava has brought along with it a number of challenges that the industry has not been able to address in a cohesive manner. In particular kava quality remains a big concern along the production and marketing chain. Vanuatu has about 80 varieties of kava which comprises good as well as bad varieties for the beverage market. Farmers chose fast growing varieties that often are not recommended varieties for the beverage market.

It is for this reason that the Ministry of Agriculture has put together a National Kava Strategy to address gaps in the production and marketing chains. The Kava Strategy is part of a series of strategic documents produced by the Department of Agriculture and Rural Development to assist in implementing the Vanuatu Agriculture Sector Policy (2015-2030).

Many people contributed to the development of this strategic document. I would like to note especially the contribution of farmers and the Kava Industry representatives during consultation meetings held on Malekula and Santo. Comments received formed the core of this document. I would also like to acknowledge various individuals under the Ministry of Trades and Ministry of Agriculture for their contributions in directing the development of the document. John Fordham from Santo is acknowledged for sharing his pictures for the document. SPC PAPP project in Suva provided support in editing, graphics and printing. Finally I would like to acknowledge Tukana Bavoro who was hired to organise the consultations and coordinate writing up of the document.

James Wasi
Acting Director
Department of Agriculture and Rural Development
# List of Acronyms and Abbreviations

<table>
<thead>
<tr>
<th>Acronym</th>
<th>Description</th>
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<tbody>
<tr>
<td>ASP</td>
<td>Agriculture Sector Policy</td>
</tr>
<tr>
<td>DARD</td>
<td>Department of Agriculture and Rural Development</td>
</tr>
<tr>
<td>DSPPAC</td>
<td>Department of Strategic Policy, Planning and Aid Coordination</td>
</tr>
<tr>
<td>GDP</td>
<td>Gross Domestic Product</td>
</tr>
<tr>
<td>KIWG</td>
<td>Kava Industry Working Group</td>
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<tr>
<td>MDG</td>
<td>Millennium Development Goals</td>
</tr>
<tr>
<td>MSME</td>
<td>Micro, Small and Medium Enterprises</td>
</tr>
<tr>
<td>NIRS</td>
<td>Near Infrared Spectrometer</td>
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<tr>
<td>PAA</td>
<td>Priorities and Action Agenda</td>
</tr>
<tr>
<td>PHAMA</td>
<td>Pacific Horticultural and Agricultural Market Access</td>
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<tr>
<td>PLAS</td>
<td>Planning Long and Acting Short</td>
</tr>
<tr>
<td>RBV</td>
<td>Reserve Bank of Vanuatu</td>
</tr>
<tr>
<td>SDG</td>
<td>Sustainable Development Goals</td>
</tr>
<tr>
<td>SHEFA</td>
<td>Shepherds and Efate Islands - SHEFA Province</td>
</tr>
<tr>
<td>SPC</td>
<td>Pacific Community (formerly Secretariat of the Pacific Community)</td>
</tr>
<tr>
<td>TVET</td>
<td>Technical Vocational Educational and Training</td>
</tr>
<tr>
<td>VAC</td>
<td>Vanuatu Agriculture College</td>
</tr>
<tr>
<td>VARTC</td>
<td>Vanuatu Agricultural Research and Technical Centre</td>
</tr>
<tr>
<td>VBTC</td>
<td>Vanuatu Broadcasting and Television Corporation</td>
</tr>
<tr>
<td>VCCI</td>
<td>Vanuatu Chamber of Commerce and Industry</td>
</tr>
<tr>
<td>VCMB</td>
<td>Vanuatu Commodities Marketing Board</td>
</tr>
<tr>
<td>VIT</td>
<td>Vanuatu Institute of Technology</td>
</tr>
<tr>
<td>VMAWG</td>
<td>Vanuatu Market Access Working Group</td>
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<tr>
<td>VNPF</td>
<td>Vanuatu National Provident Fund</td>
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</table>
EXECUTIVE SUMMARY

More than 80% of Vanuatu’s population rely on agriculture for their daily subsistence and wellbeing. Subsistence farming continues to be the mainstay of Vanuatu’s economy, however an increasing proportion of farmers are evolving into semi-commercial farming, making the sector the largest provider of employment.

Kava is the third largest export commodity from Vanuatu and its utility as a cash crop is universally recognised. The issues facing the sector are well known and well documented, and solutions have been put forward in the past in various studies and working groups on how to deal with these issues.

Observations suggest that the volume of kava consumed locally and the ancillary activities surrounding local consumption would gross over VT 2 billion per annum.

Quality and Quantity are the challenges facing the industry. Many attempts have been made to try and address these challenges but results have been mixed and awareness materials developed have not been disseminated to the level where those who need to know are aware of their existence.

The strategies in this document have been developed with a view to addressing part of the following national goals: broadly reflecting Article 7d of the Constitution on duties to one’s self; Government’s Priorities and Action Agenda (PAA), specifically on primary sector development; Government’s Planning Long and Acting Short (PLAS) call for agriculture to be promoted as the country’s economic growth and employment generator.

The above national goals and their inherent strategies, and the recently launched Vanuatu Agriculture Sector Policy (of which kava is a part), are linked to the global aims of the Millennium Development Goals (MDGs) and the new Sustainable Development Goals (SDGs), for poverty eradication, SDG1, food security, SDG2, gender equality and empowerment, SDG3, sustainable economic growth, SDG8, and SDG15, sustainable management of terrestrial resources.

These linkages are outlined in the Action Plans developed for the strategies.

The existing regulatory framework is recognised as an impediment to the growth of the kava industry and needs to be reviewed and enhanced to ensure the future viability of the industry. The recent change to the Kava Act passed by parliament is a move in the right direction.

There is insufficient investment by government in research and development; this is an essential component for the future of the industry.

Paramount to the successful implementation of any strategy is that of ownership – as proven in the past a ‘working group’ finds great difficulty in leading and directing as it cannot be accountable for any decision it takes simply because each member of the group have their individual functional priorities which often takes precedence over the group priorities. The strategies articulated here will join the other ‘papers’ if no ‘champion’ is appointed, and funded to drive the vision.

A paradigm shift is required by all stakeholders in the kava industry if the aims of the Agriculture Sector Policy are to be achieved. There is a need to develop a formal industry framework to ensure leadership in the delivery of these strategies. Second and also vital to the plan is to challenge farmers and make them understand that farming, especially kava farming is an ‘honourable profession’. Third farmers need to be trained in all facets of the kava value chain, including basic business awareness training.

A very ambitious Vision Statement has been developed to provide the road map for the future. Given Vanuatu’s position as the ‘home’ of kava it is
imperative that an ambitious vision be developed and also imperative that all stakeholders play their part.

**THE PROPOSED VISION IS: TO BE THE LEADING PRODUCER OF QUALITY KAVA IN THE PACIFIC AND THE WORLD.**

This strategy outlines 4 main strategic objectives with a 5th supplementary objective to drive the industry to the next level and to support the vision of being the leading producer of quality kava in the world:

**Objective 1.0** Develop and imbed quality conscientiousness throughout the industry. Provide the necessary framework to develop, instil and monitor quality standards in all facets of the kava value chain.

**Objective 2.0** Develop and establish a nationwide planting program to ensure consistent and sustainable supply. Provide the framework to ensure an increase in kava production to consistently meet export and local demand.

**Objective 3.0** Engaging the market. Develop a framework that ensures that kava produced meets internal and external market expectations and encourages value adding.

**Objective 4.0** Embrace the future by being proactive now. Provide a framework that will ensure that Vanuatu is at the forefront of research and development issues for kava.

**Objective 5.0** (Supplementary) - Develop a strong regulatory framework. Provide a legislative framework to ensure the establishment of a formal kava industry with clear regulations and procedures on how the industry is developed to achieve the stated vision.

The time to act is now, there is sufficient knowledge in the country to implement the strategic objectives, there are sufficient training materials available to get basic farmers training modules developed and there are sufficient resources available to start the work.

What is needed now is leadership and work! Lots of work!

Observations suggest that the volume of kava consumed locally and the ancillary activities surrounding local consumption would gross over VT 2 billion per annum.
More than 80% of Vanuatu’s population rely on agriculture for their daily subsistence and wellbeing. While the existence of a dual economy continues to be predominant in agriculture, it is becoming more evident that a large proportion of the economically active population is shifting to commercial agriculture, making the sector the second largest contributor to the country’s GDP. A study conducted in 2011 for the formulation of Micro, Small, and Medium Enterprise (MSME) Policy highlighted that in all provinces except for SHEFA, the contribution of the agriculture sector (including fishing) to the average household income far outweighs other sectors and for the whole of Vanuatu it comprises almost 50% of the household incomes. Subsistence farming will continue to be the mainstay of Vanuatu’s economy, although an increasingly large proportion of farmers are in transition to semi-commercial farming. It is also noted that about 46% of farmers rely on their produce for income generation. A gradual increase in this figure is expected over the medium term as a result of at least two factors: increase in the influx of tourism; and the increasing demand for local roots crops in the neighbouring countries of New Caledonia and New Zealand.

In recognition of the important role that agriculture plays in the lives of the people of Vanuatu, the Government first developed its Overarching Productive Sector Policy for 2012-2017 and then recently the more specific Vanuatu National Agriculture Sector Policy.

In this regard the Guiding Principles, Vision, Goals and Specific Objectives are presented as a reminder that any strategy proposed should be part and parcel of, and should be developed with the view of achieving the aims and purposes of, the broader Agriculture Sector Policy.

Linkages to Broad Policy Directions

Broadly reflecting Article 7(d) of the Constitution of the Republic of Vanuatu, the Agriculture Sector Policy is based on the premise that “every person has [a] fundamental duty to himself and his descendants and to others – to protect the Republic of Vanuatu and to safeguard the national wealth, resources and environment in the interests of the present generation and of future generations.”

The Vanuatu Government’s Priorities and Action Agenda 2006-2015 (PAA), particularly in its Strategic Priority 4 on Primary Sector Development, aims for an “Educated, Healthy and Wealthy Vanuatu by 2015”. The PAA has itself contributed to the formulation of Vanuatu’s new National Sustainable Development Plan (2016-2030). In the short term, this Policy provides a roadmap to fulfil the Government’s Planning Long, Acting Short (PLAS) call for agriculture to be promoted as the country’s engine for economic growth and employment.

Linked to the global level, this policy provides guidance for Vanuatu to achieve the Millennium Development Goals (MDG) and new Sustainable Development Goals (SDG) aspirations for poverty eradication (SDG1), food security (SDG2), gender equality and empowerment (SDG5), sustainable economic growth (SDG8), addressing climate change impacts (SDG13), sustainably managed terrestrial resources (SDG15), and partnerships for development (SDG17).
GUIDING PRINCIPLES

- For this policy to be successfully implemented a significant level of effective collaboration with other sectoral policies and implementing agencies is essential;
- Stakeholder participation and commitment at all levels of society is a necessity for effective implementation and ensuring that the objectives of this policy are achieved;
- The agriculture sector is encompassing in that it requires the effective and sustainable management of Vanuatu natural resources, the maximum utilization of its inherent opportunities and the equitable distribution of its benefits;
- The protection and sustainable use of Vanuatu’s prime agricultural land is the duty of all citizens of the Republic of Vanuatu and therefore requires full participation and sense of responsibility and ownership from relevant stakeholders;
- Agriculture being the mainstay of the majority of Vanuatu’s population requires considerable attention and support from the government;
- As an agriculture-based economy, Vanuatu farmers must be informed of the consequences resulting from unwise and unsustainable agricultural and farming practices;
- In the face of changing and varying climatic conditions, farming and agricultural practices must be undertaken with due consideration to adaptation, mitigation and risk reducing strategies;
- The implementation of the National Agriculture Sector Policy is expected to lead to economic growth, social wellbeing, environmental stability and cultural prosperity.

AGRICULTURE SECTOR VISION

Agricultural food and cash crops of Vanuatu are sustainably and profitably managed, contributing to sustainable development for the well-being of all people in Vanuatu by 2030

GOAL

The nation’s agricultural resources are managed in an integrated and sustainable manner to provide food and improved incomes as well as contribute to environmental and social services to enhance the wellbeing of all people in Vanuatu.
SPECIFIC POLICY OBJECTIVES

1. Orderly agriculture sector;
2. Qualified and competent agriculture workforce;
3. Widespread coverage of agriculture information;
4. Accessible agriculture credit;
5. Vanuatu agriculture land appropriately allocated according to land use policy;
6. Agriculture sector the leading domestic and foreign direct investment option;
7. Quality and productive agriculture produce;
8. Agricultural seeds, planting materials and inputs readily available and accessible;
9. Environmentally friendly agriculture;
10. Agriculture soils improved and conserved;
11. Sufficient and surplus agriculture outputs;
12. Stakeholders income and revenue base increased;
13. Food and nutrition security needs of Vanuatu adequately met by all stakeholders;
14. Agriculture sector the most attractive national employer;
15. Disaster and climate resilient agriculture;
16. Equal opportunities in agriculture development.

Rationale for a Kava Strategy

This national Kava Strategy has been developed in response to the new overarching Vanuatu National Agriculture Sector Policy, and the emphasis that it places on kava as a key national commodity.

The most recent census figures (2009) report that approximately 74% of Vanuatu households live in rural areas, and of these 56% were involved with some level of kava production. Kava is a crop that rural communities are familiar with and can be viewed as a cash crop whose production level can be increased quickly with the right incentives and motivation. The popularity of kava as a cash crop is demonstrated in the table below, from the 2007 Agriculture Census.

NUMBER OF HOUSEHOLDS PLANTING KAVA BY PROVINCE

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<tbody>
<tr>
<td>Torba</td>
<td>838</td>
<td>519</td>
<td>831</td>
<td>1,231</td>
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<tr>
<td>Sanma</td>
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<td>1,281</td>
<td>2,183</td>
<td>4,363</td>
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<tr>
<td>Penama</td>
<td>3,071</td>
<td>3,535</td>
<td>3,448</td>
<td>5,793</td>
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<tr>
<td>Malampa</td>
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<td>3,071</td>
<td>3,053</td>
<td>3,086</td>
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<tr>
<td>Shefa</td>
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<td>2,100</td>
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<tr>
<td>Tafea</td>
<td>3,341</td>
<td>3,429</td>
<td>2,753</td>
<td>4,039</td>
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<tr>
<td>Vanuatu Rural</td>
<td>12,650</td>
<td>13,948</td>
<td>13,913</td>
<td>20,013</td>
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</table>

VANUATU NATIONAL KAVA STRATEGY 2016 - 2025

This data clearly shows the importance of kava as an export commodity – ranking third behind coconut oil and copra in terms of national income. These figures do not take into account local consumption.

The data captured by the Reserve Bank of Vanuatu does not take into account the contribution to GDP made by the ancillary services to both exported kava and kava utilised locally. Other services provided by the kava industry include land transportation to exporters, shipping, packaging, grinding services, food provided at nakamals and so on.

The wide use of the kava as a cash crop, its universal use by all sections of society in Vanuatu, and the growing international demand for its use as a drink and as a pharmaceutical product justifies the need to develop a strategy that will in the long run benefit farmers and all rural people.

Approach to Developing the Kava Strategy

A paradigm shift is required by all stakeholders in the kava industry if the aims of the Agriculture Sector Policy (ASP) are to be achieved.

First, given the pervasive presence that kava has in our society – as an item of daily consumption across the community, and its economic value as a crop and as a commodity – there is a need to develop an industry framework to drive and formalise the sector to ensure sustainability, quality, marketing and production requirements are met. Real leadership is needed to focus the nation’s energy and developmental impetus and to drive the changes required at the national level, to take kava production to the next level.

Second, there is a need to challenge the perception of ‘farming’ as an employment ‘of last resort, a sector left for those that cannot succeed academically. Farming, especially being a kava farmer, must be marketed as being an ‘honourable profession’. The focus of the entire educational system should be reviewed to ensure that sufficient weight is also placed on vocations that utilise the country’s natural resources. This process has a generational timeline, but a start must be made.

Third, more emphasis should be given to training farmers. Not only in understanding what they are doing and why they do it, but also in advocating the concept of treating farming as their work (or a career) and their need to be trained in time management, basic business skills, record keeping and planning, etc. This will enable them to improve their performance as farmers and contribute to society as a whole.

Fourth, and most importantly, it is now time to act on all the information available to the kava sector. Sufficient research has been done and stakeholders

<table>
<thead>
<tr>
<th></th>
<th>Copra</th>
<th>Cocoa</th>
<th>Beef</th>
<th>Timber</th>
<th>Kava</th>
<th>Coconut Oil</th>
</tr>
</thead>
<tbody>
<tr>
<td>Million Vatu</td>
<td>Value</td>
<td>Value</td>
<td>Value</td>
<td>Value</td>
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<td>Value</td>
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<td></td>
<td>Tonnes</td>
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<td>2009</td>
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<td>2012</td>
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<td>14,038</td>
<td>305</td>
<td>1,483</td>
<td>451</td>
<td>973</td>
</tr>
</tbody>
</table>

TOTAL VALUE OF EXPORTS (RBV QTLY REPORT SEPTEMBER 2014)

Nationwide the number of households involved in planting kava increased by 44% between 1992 and 2007.
are aware of what needs to be done to elevate the kava industry to the next level that meets quality requirements and increased and sustainable production.

The importance of training and dissemination of information in ensuring success of the kava strategy cannot be stressed enough. Government and donor support will be crucial in this element of the overall strategy to develop a sustainable, quality-driven kava industry.

Unless a change in thinking and approach is undertaken by all stakeholders concerned, the current malaise in the kava sector will remain.

Nationwide the number of households involved in planting kava increased by 44% between 1992 and 2007.

More than 80% of Vanuatu’s population rely on agriculture for their daily subsistence and wellbeing.
Our areas have been identified where value is added in the kava value chain analysis. These are then analysed in terms of issues identified at each juncture, the required intervention and the stakeholders involved and their responsibilities. The four areas where value is added are in the propagation of planting materials (sourcing and preparation); planting and maintenance of kava; processing and value adding; and marketing and trade of kava.

**Approach**

In discussing the kava strategy it was determined from the outset that a major outcome required was the development of ways of inculcating ‘quality’ in all the processes of producing and marketing kava whilst at the same time developing strategies to increase production to ensure consistency of supply.

The approach taken to develop the Kava Strategy was:

1.0 Identify the stakeholders in the different stages of the kava value chain, by consulting through workshops;

2.0 Identify the issues and challenges hindering the different stages of the value chain;

3.0 Identify the appropriate interventions required to address these challenges and hindrances;

4.0 Identify the stakeholders responsible for managing each point of intervention and state the appropriate tasks and roles to be undertaken by each responsible stakeholder in ensuring that the identified interventions are effectively addressed, and finally;

5.0 Develop a National Kava Strategy

**Review of Existing Materials**

The role that kava plays in the economy and the lives of the people of Vanuatu is recognised and documented in various studies and much work has been done to address the various issues and challenges faced. An abundance of material is available on kava as a crop and is readily available to anyone interested in studying its propagation, harvesting and trade. The Department of Industry in the Ministry of Trade is the repository of much of these materials.

A matrix developed following the National Kava Forum hosted by the Government of Vanuatu from November 26 to 28, 2012 was a good starting point to review the challenges faced by the industry. The four major themes identified in the matrix are:

**Key Issue 1:** Increased and sustainable production is insufficient

**Key Issue 2:** Vanuatu must increase its market outlets overseas

**Key Issue 3:** Vanuatu is producing very poor quality kava and it must immediately develop and institute systems to address this problem

**Key Issue 4:** Policies are not conducive to industry growth

Provincial consultations conducted in developing this Strategy validated a lot of the issues outlined in the Forum matrix, except that the focus of this strategy is to now try and weave the issues of quality and quantity
into each facet of the value chain process and to see that the strategies are implemented to ensure that quality is improved and planting increased.

Another valuable document developed by the Vanuatu Market Access Working Group (VMAWG) “Potential PHAMA initiatives for Phase 2 with Kava Industry” makes an attempt to develop strategies to meet the objectives to:

(1) Improve returns from Kava exports by improving product quality and potential development of new markets and products, and

(2) Improve returns from Kava exports by improving market access terms for selected markets.

The issue of quality and quantity had been identified as the major feature of that needs to be addressed in improving the kava industry. In the developing the kava ‘value chain’ the consistent theme running through the various interventions has been the effort to try and instil ‘quality’ in the various processes. The lack of consistency in supply (both for the local and export markets) can be attributed to its use as a cash crop planted by farmers only to meet certain immediate needs.

It is time to change the mindset of all involved in farming kava and to develop structures that will elevate the position of kava from being just a crop to that of an industry – the Kava Industry.

This Kava Strategy focusses on the issues and challenges at each step in the value chain, and outlines proposed solutions and those responsible for providing the solutions, with the aim of creating a Kava Industry that is of high quality and can consistently supply its markets.

Four areas have been indentified where value is added in the kava value chain analysis.

*The four areas where value is added are in the propagation of planting materials, planting and maintence of kava, processing and value adding and marketing the trade of kava.*
The Vision

To be the leading producer of quality kava in the region and the world.

Strategic Objectives

1.0 Develop and imbed quality consciousness throughout the industry.

Provide the necessary framework to develop, instil, implement and monitor quality standards in all facets of the kava value chain. Ensure that quality standards meet international requirements and imbed quality consciousness through all facets of the industry.

2.0 Develop and establish a nationwide planting program to ensure consistent and sustainable supply.

Provide the framework to ensure an increase in kava production to consistently meet local and export demand. Planting, planting and more planting of noble varieties.

3.0 Engaging the market.

Develop the framework that ensures that kava produced meets internal and external market expectations and encourage value adding.

4.0 Embrace the future by being proactive now.

Ensure that Vanuatu is at the forefront of research and development issues for kava. Do things differently now to take advantage of new opportunities or create new opportunities.

5.0 Develop the regulatory framework. (Supplementary Objective)

Provide the legislative framework to ensure the establishment of a formal kava industry with clear regulations and procedures on how the industry is developed to achieve stated vision and means for developing standalone support institution.

2 Vanuatu Agriculture Census 2009
The Vision

To be the leading producer of quality kava in the region and the world
ACTIVITIES REQUIRED
(Means of delivering on the Vision)

SO 1: Develop and imbed quality consciousness throughout the industry.

Develop quality standards that meet international requirements and imbed quality consciousness through all facets of the industry

Development of a Kava Quality Management Plan that is simple, practical and can be applied in rural areas; Quality standards developed are to be applied for both local and external markets, and need to be articulated clearly, harmonised with international standards, and both farmers and exporters trained and re-trained regularly to ensure compliance with these standards.

Recent legislative and regulatory changes to be communicated to all stakeholders, and sanctions for non-performance to be developed and publicised.

Revised Kava Act to be translated into Bislama and an awareness campaign carried out as part of the overall farmer training to be developed – focussing on the long term benefits of compliance with the Act.

Translation into Bislama and dissemination of relevant materials from SPC and PHAMA handbooks (for both export and local use) and conduct training on:

- selection of noble varieties for planting materials, nursery operations etc.,
- desired plantation methods, plantation and disease management methods, and adoption of best practice;
- best practice processing methods /facilities to ensure quality;
- best practice packaging and testing for kava lactone content;
- benefits of complying the law.

The Vision, Strategic Objectives and intended actions in this Strategy to be translated and shared with farmers and all stakeholders, and their active participation encouraged.

A holistic approach to training farmers should be developed that covers training on both technical aspects of farming and ‘soft’ skills required to ensure success and quality consciousness in all aspects of the kava value chain.

Management, control and annual review of the quality management system to be institutionalised.
Strategies put in place must lead to real and measurable changes in the number and variety on the ground. Promote kava farming as a business and support with relevant training.

With the assistance of the Department of Agriculture and Rural Development (DARD), a National Quality Kava Planting Program is to be developed that identifies the best areas to plant kava, determine the resources required and manages its implementation through an appropriate institution.

A national survey to be undertaken to determine planting stock available on the ground in terms of variety, ages and location.

Definition of a kava farmer to be made and benefits of farming kava to be clearly articulated.

Encourage the establishment of kava growers associations and articulate their functions. These associations are to be used as a conduit for information sharing and to get feedback from farmers on their needs.

Encourage and incentivise more women and other groups to plant kava. Women are to be actively engaged as kava growers, and they should be incentivised where possible. Benefits that accrue to the industry if more women are encouraged to participate will be seen clearly in the lives of their families.

Youth groups are a potential source of labour for larger farmers and also, as potential owners of kava farms themselves. Young farmers should be encouraged to organize around the traditional ‘Nakamal’ concept in rural communities, and to participate in mass kava planting programs. This will discourage urban drift and contribute significantly to earning them regular income.

The different types of plantations and their benefits are to be clearly explained to farmers – the mixed crop farming method commonly used in Vanuatu should be encouraged for smallholders, as other crops provide cash flow well before the kava is harvested and if coordinated properly can create a regular secondary source of income for the farmer through export of other crops.

Provision of rural agriculture credit is paramount to the success of this strategy. Facilitate provision of credit for farmers – financiers to be encouraged to review their underwriting criteria.

Appoint, train and equip Extension Officers, to be initially located on the main kava-growing islands.

Basic business training, budgeting and planning skills training to be provided for farmers.

Develop kava farmer and kava exporter of the year award criteria and launch the awards.
SO 3: Engaging the market

Ensure that kava produced meets internal and external market expectations and encourage value adding

Develop an industry-wide strategic kava marketing plan - this is imperative so that market expectations are considered when planning production, and so that customers’ product specifications (including packaging) are taken into account.

Gather market intelligence and provide feedback to all stakeholders.

SO 4: Embrace the future by being proactive no

Investment in research and marketing

Vanuatu needs to remain relevant and take the lead in developing a unique Vanuatu brand by studying and isolating appropriate kava lactone components that provide the effect desirable for consumers.

Do things differently now to take advantage of new opportunities or create new opportunities. Invest in research and development and make use of the world-renowned expertise available locally.

Investing in developing more kava experts – encourage students to study all facets of the industry

Ensuring that a kava levy is collected and utilised for the benefits of those registered as kava growers/exporters

SO 5: Develop a regulatory and institutional framework

Provide the legislative framework to ensure the establishment and recognition of a formal kava industry with clear regulations and procedures on how the industry is developed to achieve the stated vision.

Opposition to government’s intention for some sort of regulation appears prevalent in the private sector because of reported instances of historical abuse by the Vanuatu Commodities Marketing Board (VCMB). Discussions need to be undertaken on how to ensure that the industry is private sector driven and self-regulating in terms quality control self-funding. Government is to be responsible for the development of regulations that will continuously move the industry in the right direction, monitor the industry’s performance against regulations, and participate actively in the collection of data and the dissemination of information and in the assistance in the development of new products and markets and in facilitating the farmers planting programs.

• Review the existing Kava Act and update legislation to ban the planting and propagation of tu-dei kava and develop penalties for non-compliance. The existing Act continues to allow for the sale of tu-dei kava, if requested by a customer. This will have a detrimental effect in the long run on attempts to develop a quality standard and a ‘Vanuatu brand’, and there is a need to take decisive action now.

• List and review all legislation involving kava and harmonise all levies on kava sales.

• List, review and harmonise the roles of all institutions involving kava, and identify and attend to any legislative loopholes.

• Legislate/empower, the Kava Industry
Working Group (KIWG) and provide it with powers to oversee adherence to regulations and monitor and deal with issues arising from implementation of the revised Act and this Kava Strategy

- Provide powers to function as an independent entity as much as possible
- Develop an organizational structure to support the delivery of strategies
- Impose strict conditions on membership of the KIWG to be brought in from private sector, membership to be scrutinised with care – through the Vanuatu Chamber of Commerce and Industry (VCCI), ensuring that all stakeholders are represented, including Government.
- Develop KIWG Charter and define standards of behaviour for members
- Develop regulations to outline relationship between roles of the KIWG and DARD/Biosecurity
- Ensure that corporate governance training is undertaken for members of the KIWG
- Develop reporting standards and regularity
- Appoint a ‘managerial role/function’ to work under and report to the KIWG to ensure delivery of Vision and Strategic Objectives. The person will be responsible to the KIWG with dotted line responsibilities to Director DARD, who is also a member of the KIWG.
- Discuss and impose one levy only for export and local consumption and ensure funds are used for the benefit of the industry.
- Develop appropriate regulations on how funds are to be collected and how they are to be monitored and used
- Develop rules of accountability for these funds
- Develop governance parameters including 6 monthly reviews and annual audit of funds.
- Registration of all kava growers and exporters
- Determine definitions (criteria) for a kava grower – by number of plants
- Determine definition of a kava exporter – criteria to be developed
- Impose conditions for compliance
- Kava should be removed as a prescribed commodity from the VCMB lists
- Develop any other regulations to support the implementation of the proposed Kava Industry Act
- Consult widely with all stakeholders, especially farmers, to avoid unintended consequences. Department of Agriculture and the State Law Office to be responsible.

Quality

How can Vanuatu ensure that it produces what the market wants? Does the market demand the noble variety only? What about the non-noble variety?
Basic knowledge of kava propagation exists and instinctively farmers know of the need to use good planting material to start with. This instinctive knowledge has been borne out by scientific studies and endorsed by development institutions as part of their awareness processes.

Quality kava stock depends on quality planting material. The primary issue to be resolved is the procurement of planting materials which must be from desirable cultivars with good drinking characteristics, and cuttings must be from healthy and vigorous plants to help avoid the spread of diseases.

Quality - how can Vanuatu ensure that it produces what the market wants? Does the market demand the noble variety only? What about the non-noble variety? How relevant is the Kava Act? Are farmers aware of the Act? Is it being policed?

What can farmers do to improve quality?

‘...Kava lactone content appears to be greatly determined by the growing conditions, either by the local environment or by the agricultural techniques used by local farmers. Consequently, the selection of cultivar, its organ and the geographical area of origin are factors contributing directly to quality control in *Piper methysticum*’.

Supply – how to ensure that sufficient planting materials of the desired variety and quality are produced.

Awareness and availability of publications that farmers can use to improve production and quality is variable; The publication ‘Pacific Kava: A producer’s guide’ by the Secretariat of the Pacific Community is a good starting point for any new or existing kava farmer, and should be translated into Bislama and distributed or made easily available to all.

All the materials available point to the fact that the process of getting good quality kava starts from selecting good planting material.

Strategies on how to ensure that good planting materials is in sufficient supply and is easily available is an essential building block to the success of the industry. The underlying mechanism to ensure that this is achieved will be through training and facilitating access to credit farmers all over the country. Field discussions indicate that there is little or no training carried out consistently to enlarge kava farmers pool of knowledge on kava and related skills sets.

Training to re-inforce successful traditional practices and knowledge with scientific studies will enhance skills and knowledge set, enabling the farmer make considered decisions on the best methods to be adopted given the type of plantation or business/farm that he or she wants to establish. Training will also enable them understand the need for capital required to expand existing activities.

The issues raised at this stage, the establishment of the kava plantation revolves around nursery establishment and management. The type of nursery developed by the farmer depends on the farming method adopted, the environment surrounding the farmer, the availability of planting materials and so on.

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PLANTING MATERIAL CHECK LIST

1. **Carefully select** planting material from vigorous healthy plants

2. **Carefully inspect** stems selected for cuttings to ensure they are free from mealy bugs and scale insects.

3. **Use the more** rot-resistant woody mid-portion of the stem for good root and crop development

4. **Avoid using** the soft upper portion of the stem because it is prone to rot and does not easily develop roots and shoots.

5. **Do not use** lateral branches for planting plants with horizontal stems.

6. **Do not buy** planting material from unknown sources because it may carry plant diseases or may be of poor drinking quality.

Source - Pacific Kava: A Producer’s Guide, Secretariat of the Pacific Community, Suva, Fiji Islands, 2001

CROPPING METHODS

Kava can be grown as a single crop (mono-cropping) or with another crop (inter-cropping). Mono-cropping is not recommended as it can lead to severe disease problems and reduce production levels.

**Inter-cropping** is a better technique because you can grow food or cash crops at the same time as the kava and the other plants can help protect the kava from weeds, pests and wind and provide shade.

After harvesting kava the area should be rested for at least 3 years. It should be used to grow kava or other crops during this time.

While the soil is resting you can grow plants like glycine which are legumes. These plants can nourish the soil fixing nitrogen and stop the bush or weeds from returning.
VALUE CHAIN STEP 2 PLANTATION
ESTABLISHMENT AND MANAGEMENT

Issues - Increase kava population on the ground to ensure consistent supply

The activities at this point in the kava value chain revolve around the transition of the planting materials (cuttings) into the ground where they will be permanently planted.

There are various methods of plantation establishment around Vanuatu, with the traditional method being most widely practised - cuttings are directly planted into the ground. The majority of smaller farmers use mixed cropping whilst the larger farmers tend to mono-crop. These two types of cropping methods have their advantages and disadvantages but much needs to be done to create awareness of the pros and cons of each. For the subsistence farmer, mixed cropping tends to be more effective given the usefulness of other crops in providing cash flow and, in most cases, the lack of capital to invest in larger plantations is a drawback.

As indicated in the 2007 Agriculture Census, the majority of the kava holdings are small in nature and this raises questions as to how or what can be done to encourage more people to plant kava. In order to create a viable kava industry, both production and quality must be increased and improved.

Survey respondents in Malekula indicated that their definition of a kava planter was a farmer with 500 plants. When asked in Santo this number was increased to around 3,000 plants to be qualified as a kava farmer. With the suggested spacing is 1sqm for each kava plant, approximately 10,000 can be planted in one hectare. It is suggested that this measure - 10,000 plants be used a measure to define a kava farmer.

Access to land has to be made easier especially for those that may want to plant kava but do not have access. The Department of Lands need to review all available lands and perhaps develop means to enable secure access to land, and financial institutions are able to assist because there is some semblance of security of tenure.

The demand for kava continues to be greater than available supply as local consumption increases and the lifting of the bans in Europe with the pharmaceutical industry becoming involved again will only bring added pressure.

Other issues facing farmers in the planting and establishment of kava is lack of government support and direction for the sector. What is required now is for Government to provide the legislative support to allow the private sector continue with the impetus that has brought the industry to what it is at this point. Innovations and variations in the industry have been largely private sector driven.

Financial assistance for the ordinary farmer to start up or to expand kava planting operations is virtually non-existent. The Vanuatu Agriculture Development Bank needs to re-look at its underwriting criteria and see if it can assist farmers in such a way that still enables it meet prudential guidelines, by mitigating its risks as much as possible. Financial assistance can also be made available through a government credit guarantee scheme that can be organised through other commercial banks and monitored by the newly established kava authority. The provision of appropriate financial assistance to farmers throughout the country in a timely and transparent manner can be a great booster in getting the industry headed in the right direction.

Feedback from farmers pointed to the usefulness of
forming an association to represent their interests to the various authorities, and as an institution that can be a conduit of information to advise farmers on changes to regulations, market prices, innovations in the industry etc. The example of the Cocoa Farmers Association in Malekula was cited often as a case in point.

In reviewing the value chain at this juncture it is relevant to also identify the various stakeholders and their roles in the process.

At a very basic level, farmers are responsible for the selection of planting material, location of the plantation, maintenance of the plants during their early-, mid- and harvest stage, and the type of plantation – a mono-crop plantation or intercropping. If it is to be inter-cropped then the decision and the selection of the other crops to be used are also important because of the financial impact on the farmer.

The decision to use the noble variety or not still rests with the farmer. Protocols must be established to ensure that the type of kava being planted is clearly identified from the seedling stage to harvest. This is to ensure that none of the non-noble variety is sold as a noble variety, which has the potential to have a disastrous impact on the Vanuatu kava industry. Protocols must be closely monitored, and penalties and restrictions must be immediate and meaningful for those that do not comply with the regulations and protocols established to protect the industry.

Feedback from discussions reveal that there is almost never any formal re-planting program in place for most farmers – in fact there is never any formal planting program in the first instance in most cases. Farmers must be trained to plan their plantation, harvesting and re-planting program to ensure consistency of supply.

Most of the Government’s intervention has been at the macro level - through efforts to regulate the sector, through the enactment of the Kava Act, and through efforts by the Ministry of Trade to attempt to develop kava standards. The leading publication on kava quality is the ‘Kava Quality Manual for the Export of Kava from Vanuatu’, first published in 2012, funded by AusAID under the Pacific Horticultural and Agricultural Market Access Program (PHAMA). The availability of this document in the rural agricultural stations and access to it by farmers whether in Bislama or in English is unknown. Farmer training is urgently being pointed out as a necessary component of any booklet published to assist farmers rise to the next level.

Issues to be reviewed at this stage of the value chain are in the procurement of good planting material, good husbandry practises, co-ordinated effort to oversee quality production, the development of standards for kava farmers, the facilitation of credit for farmers, and the availability of land for potential farmers.
-value chain step 3 kava processing and value adding

Issues - Quality control at harvesting, processing & packaging

To ensure that kava is processed in a manner that maintains quality and meets market demands is the specific objective of this section. Standardisation across the islands amongst all kava producers is the challenge.

Ensuring that kava is harvested in the proper manner and that the harvested material is treated correctly will ensure that the desired quality is maintained.

The issues that need to be addressed revolve around standardising the processing of kava to ensure that it meets market requirements in a sustainable manner.

Some of the items that should be considered to ensure that a quality product is delivered to the market include:

- Ensuring that information on best practice methods of how to process kava for the local and export market are disseminated
- Enforcing compliance of above best practice
- Quality Standards for Kava translated into Bislama and appropriate training carried out to teach farmers on best methods.
- Facilitating construction and distribution of materials for kava dryers
- Facilitating distribution and understanding of relevant Codex standards for kava - especially impact to farmers if product does not meet standards required.
- Facilitating acquisition and distribution of NIRS (Near Infrared Spectrometer) to analyse kava lactone, moisture and ash content.
- Consider inclusion of quality standards in the revised Kava Act
- Promote the processing and value addition of noble kava variety by only issuing kava licenses to companies that comply with regulations.
- Assisting kava processors by facilitating import of machineries and equipment with VAT and duty exemption.
- Assist kava processors to diversify into other kava products such as powder, juice etc.
- Facilitating provision of cost effective packaging material for farmers
- Ensuring that local (juice) supply also meets quality standards
- Facilitating credit for farmers that want to add value to their produce.

Much work and studies have been carried out by DARD, Department of Trade and other donor agencies in the effort to deal with the quality issues faced by the kava industry.
Developing a brand

Apart from developing and maintaining quality, branding Vanuatu Kava will form part of the strategic future of the industry.
Issues - Meeting market requirements and developing the future

The specific objective of this section in the value chain process is to increase the market share of Vanuatu kava regionally and globally by increasing the production of quality kava and through market and product diversification.

DEVELOPING A BRAND

Apart from developing and maintaining quality, branding Vanuatu kava is going to form part of the strategic future of the industry. Current exporters blend their kava from various varieties to suit the market they sell to, which in some cases include tu-dei kava. Whilst the current Kava Act (Section 3(4)) allows for this type of transaction, there is no restriction on the percentage of tu-dei kava that is included in a kilo of exported kava.

Discussions should be held to deliberate on this contentious issue as it is important to arrive at a consensus as to how the industry wants to brand and then protect the Vanuatu kava brand. Perhaps ensuring that the kava lactone content meets a certain combined mixture could be the basis of defining what Vanuatu Kava is. Kava lactone content for each variety is available and further research should be undertaken to develop the ‘taste of Vanuatu Kava’. Vanuatu kava has a lot going for it and a concerted effort must be made to determine if this is something worth supporting and working towards.

Patricia Sime’oni and Vincent Lebot’s scientific paper ‘Identification of factors determining kava lactone content and chemo type in kava” (2002) should be used as a basis for further work in this area – developing a Vanuatu brand and ensuring the quality required to determine the brand.

Branding of agricultural products is not something new but must be considered in the overall plans under the overarching Agriculture Policy.

“Branding creates consumer demand, giving producers leverage in negotiations with large buyers. Two case studies from developing countries show the potential rewards: branding of Barbados sugar will capture over US$1 million in added value for producers in 2012 alone, while a Namibian beef brand is delivering price premiums to farmers worth US$25 million per annum.

Branding is not just glossy advertising. A brand comprises all that distinguishes one product or service from similar competitors — from advertising and packaging to provenance and ethics. For basic commodity products, it may seem unlikely that consumers will recognize such distinctions, but the task is little different from branding many other consumer products. There is no more physical variation between brands of mineral water, for example, than types of sugar or beef. To distinguish one commodity product from another, branding efforts must combine marketing expertise, an efficient supply chain, financial resources and effective organization. Brands should be seen as an integral part of making supply chains sustainable and profitable. This means abandoning a classic mind-set about commodities: upon ‘successful branding, commodities’ core value lies not in the physical products but in the brand — intellectual property owned in the country of origin’.

Kava from Vanuatu is currently being exported to Fiji, New Caledonia, the United States, and other countries. Further studies should be carried out to determine the final use of these products once they

4 Docherty, C. (2012)
reach these export destinations. Are they consumed or re-processed and then packaged and re-exported.

The industry must make the decision on whether it wants to value-add or export partially processed kava. For the pharmaceutical industry perhaps some processing could be done locally before kava is exported. For the markets where the use is for drinking then, perhaps determining the acceptable mix of kava before exporting could add value.

Whilst much work has been done on trying to improve the quality of kava, not much has been done in determining the exact position or demands of the markets that kava is being exported to.

As with other kava producing countries a well-structured marketing approach must be undertaken to determine the best market(s) for Vanuatu kava and kava products to ensure that the country gets a competitive price for its products. What the market wants must determine the changes required at all levels of the value chain – from the nursery, to harvesting and processing to marketing.

THE NEED FOR RESEARCH AND DEVELOPMENT

Going forward the industry must invest in research and development given the importance of kava to the livelihoods of the people in this country.

The identification of kava for medicinal/pharmaceutical purposes led to increased interest from nations with larger resources in terms of capital and research facilities and who can, if they wish produce kava on a commercial basis. The potential for kava to produce cancer inhibiting properties is an added boost for its production in the future.

The danger for Vanuatu and other pacific island producers is that the world will take-over if they do not change the way they treat the kava industry.

CONCLUSIONS

Parliament has recently passed amendments to the Kava Act that has brought about some welcome changes. It remains to be seen how this will be implemented.

As indicated, kava availability in the islands makes it an ideal crop to generate economic activity, reduce poverty, improve gender equality and provide funds for schools.

There is need for research and development

There are two important lynchpins to the successful implementation of this strategy: someone to drive the implementation and the necessary funding to support the implementation.
<table>
<thead>
<tr>
<th>Issue</th>
<th>Proposed Intervention</th>
<th>Stakeholder Responsible/To Be Requested</th>
<th>Timeframe</th>
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<tbody>
<tr>
<td>Quality of kava is an issue that the industry recognises. In order to obtain and maintain local and export market recognition and maintain the concept of quality throughout all aspects of kava production.</td>
<td>1. Review existing awareness material and define quality standards at all points of the kava value chain - plantation establishment, plantation establishment and management, processing and value adding and marketing and trade. Please refer to Appendix 1.</td>
<td>DARD</td>
<td>By 9/2016</td>
</tr>
<tr>
<td>Quality of kava is an issue that the industry recognises. In order to obtain and maintain local and export market recognition and maintain the concept of quality throughout all aspects of kava production.</td>
<td>2. Ensure that quality standards developed comply with Regional Codex Standards and other external regulatory requirements.</td>
<td>DARD/Bio-Security/DOI/KEC</td>
<td>As above - by 12/2016</td>
</tr>
<tr>
<td>Quality of kava is an issue that the industry recognises. In order to obtain and maintain local and export market recognition and maintain the concept of quality throughout all aspects of kava production.</td>
<td>3. Translate materials on kava quality into Bislama, distribute widely and provide training - develop consciousness of the need to ensure quality. (Pacific Kava: A producer’s Guide (SPC) and Kava Quality Manual, AUSAID)</td>
<td>Translation Department in Government</td>
<td>By 3/2016</td>
</tr>
<tr>
<td>Quality of kava is an issue that the industry recognises. In order to obtain and maintain local and export market recognition and maintain the concept of quality throughout all aspects of kava production.</td>
<td>4. Develop nationwide awareness campaign and disseminate information. Utilise materials already researched and available.</td>
<td>DARD/VARTC</td>
<td>As soon as practicable and ongoing</td>
</tr>
<tr>
<td>Quality of kava is an issue that the industry recognises. In order to obtain and maintain local and export market recognition and maintain the concept of quality throughout all aspects of kava production.</td>
<td>5. Appoint qualified kava extension officers to be stationed throughout the major kava-producing islands. They need to be trained, equipped and funded properly for at least 5 years. Will have set KPIs and be accountable on performance basis to DARD.</td>
<td>DARD/VARTC</td>
<td>As soon as practicable and ongoing</td>
</tr>
<tr>
<td>Quality of kava is an issue that the industry recognises. In order to obtain and maintain local and export market recognition and maintain the concept of quality throughout all aspects of kava production.</td>
<td>6. Develop appropriate training program to support this strategy.</td>
<td>Private Sector support to fund advertisements.</td>
<td>As soon as practicable and ongoing</td>
</tr>
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</table>

From Kava Matrix:

Key issue No. 3: Vanuatu is producing very poor quality kava and it must immediately develop and institute systems to address this problem. 

VANUATU NATIONAL KAVA STRATEGY 2016 - 2025

STRATEGIC FRAMEWORK
### 2. DEVELOP AND ESTABLISH NATIONWIDE ORGANIC PLANTING PROGRAM TO ENSURE SUSTAINABLE SUPPLY.

<table>
<thead>
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<tbody>
<tr>
<td>The Matrix developed following the National Kava Forum hosted by the Government of Vanuatu from November 26 to 28, 2012 is a good starting point to review the identified challenges faced by the industry. This is attached. The four major themes of the matrix are:</td>
<td>1. Ensure quality of kava cultivar meets market demands and quality standards established – please refer to Appendix 1</td>
<td>DARD/Department of Industries Kava Working Group/ PHAMA/AusAID (Kava Quality Manual), South Pacific Commission/Syndicat Agricole/ Kava Cooperatives</td>
<td>ASAP</td>
</tr>
<tr>
<td>Key Issue No.1: Increased and sustainable production is insufficient</td>
<td>2. Ensure dissemination of translated materials to relevant stakeholders.</td>
<td>DARD/VAC/TVEC/Donor Agencies/ Newpapers/VBTC/Private Sector Sponsors/ Vanuatu Chamber of Agriculture</td>
<td>ASAP but certainly by 1st QTR 2016</td>
</tr>
<tr>
<td>Key Issue No.2: Vanuatu must increase its market outlets overseas</td>
<td>3. Develop training to change attitudes of the individual farmer’s outlook towards farming - to treat farming as a business, especially kava.</td>
<td>DARD/TVEC/Donor Agencies/Financial Institutions/VIT/VRDTCA</td>
<td>ASAP but certainly by 1st QTR 2016</td>
</tr>
<tr>
<td>Key issue No.3: Vanuatu is producing very poor quality kava and it must immediately develop and institute systems to address this problem</td>
<td>4. Develop basic business skills, basic finance and borrowing skills (credit) and teach farmers about their role in the national economy.</td>
<td>RD/TVEC/Donor Agencies/ Financial Institutions/VIT VCCI – Farming as a business management/ VRDTCA/Donor Agencies</td>
<td>ASAP but certainly by 1st QTR 2016</td>
</tr>
<tr>
<td>Key issue No.4: Policies are not conducive to industry growth</td>
<td>5. Enhance the availability of credit in rural areas by getting banks to re-invest say 10% of deposits gathered from a rural area back into agriculture loans from that area.</td>
<td>DARD/RBV/VADB/VNPF</td>
<td>By 12/2016</td>
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<td></td>
<td>6. Encourage farmers cooperatives</td>
<td>Department of Co-operatives</td>
<td>ASAP</td>
</tr>
<tr>
<td></td>
<td>7. Develop criteria for a Kava Farmer of the Year award and implement after ensuring national wide awareness and publicity.</td>
<td>VCCI/VCA/DARD</td>
<td>By 6/2016</td>
</tr>
<tr>
<td></td>
<td>9. Encourage landowners to establish large kava plantations through input support.</td>
<td>DARD/VCA/Department of Cooperatives</td>
<td>ASAP and continuing</td>
</tr>
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</table>
### 3. ENGAGING THE MARKET – PROCESSING AND VALUE ADDING

<table>
<thead>
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<tr>
<td>To ensure that kava is processed in a manner that maintains quality and meets market demands. Standardisation across the islands amongst all kava producers is the challenge. Ensuring that kava is harvested in the proper manner and that the harvested material is treated correctly will ensure that the desired quality is maintained.</td>
<td>1. Identify what the market wants – understand the demands of the two markets to be serviced – juice and dried (local and export) – via market survey</td>
<td>DoI, T&amp;C/DARD/VCCI/VCA/National Trade Development Committee/Vanuatu Kava Industry Working Group</td>
<td>ASAP</td>
</tr>
<tr>
<td></td>
<td>2. Train farmers in best practise standards for harvesting, cleaning, preparation, packaging of fresh kava and transportation to market.</td>
<td>DARD/VAC/VIT TVEC/ World Vision/PHAMA/SPC/VRDTCA/Donor Agencies (Utilise existing PHAMA &amp; SPC Documents) Training of Trainers First (?)</td>
<td>ASAP but by 3/16 at the latest</td>
</tr>
<tr>
<td></td>
<td>3. Train farmers in best practise standards for harvesting, cleaning, preparation, drying, packaging and identification of dried kava and transportation to market.</td>
<td>As above -</td>
<td>As above</td>
</tr>
<tr>
<td></td>
<td>4. Ensure adequate access to Colorimetric Test facility and proper training</td>
<td>DARD/Bio Security/Donor Agencies</td>
<td>By 4/16</td>
</tr>
<tr>
<td></td>
<td>5. Access to funding (working capital) to acquire dryers, water blasters, packaging materials, etc.</td>
<td>DARD/VADB/Commercial Banks</td>
<td>ASAP and on going</td>
</tr>
<tr>
<td></td>
<td>6. Ensuring clarity of control in quality of kava for local and export use. Standards to be established.</td>
<td>DARD/Bio-Security/Min of Health/Municipals/Provincial Councils</td>
<td>ASAP – part of revised Kava Act</td>
</tr>
</tbody>
</table>
## 4. EMBRACING THE FUTURE

<table>
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<tbody>
<tr>
<td>The danger for Vanuatu and other Pacific island producers is that the world will take over if they do not change the way they treat the kava industry.</td>
<td>1. Develop and implement market intelligence capability</td>
<td>DARD/DOI/VCCI/VCA/Donor Funding Required/Min of Foreign Affairs/DSPPAC/VNKWG</td>
<td>As soon as practicable</td>
</tr>
<tr>
<td></td>
<td>2. Carry out market survey and determine future needs of market, update data regularly and disseminate information to stakeholders</td>
<td>As above</td>
<td>As above</td>
</tr>
<tr>
<td></td>
<td>3. Establish R&amp;D to support future market demands and or to create new kava based products, e.g. medical use</td>
<td>DARD/Bio–Security/DSPPAC/Min of Foreign Affairs and Donors/VNKWG</td>
<td>By 6/16</td>
</tr>
<tr>
<td></td>
<td>4. Ensure that this Kava Strategy is implemented, build accountabilities and ensure KIWG is monitored and annually reviewed by the Department of Strategy, Policy, Planning and Aid Coordination (DSPPAC). Performance to be reported to Parliament.</td>
<td>DSPPAC</td>
<td>As soon as practicable</td>
</tr>
<tr>
<td></td>
<td>5. Ensure KIWG and strategies obtain appropriate funding.</td>
<td>DARD/DSPPAC/Donors/Private Sector/Financial Institutions.</td>
<td>As soon as practicable</td>
</tr>
<tr>
<td></td>
<td>6. Develop and register a ‘Vanuatu’ brand that represents existing and new research findings/information on kava lactone contents and kava varieties with enhanced kava lactone content that the market desires; kava produced using sustainable methods (green image) etc.</td>
<td>Ministry of Trade/DARD/VARTC/Donor Funding/Industry Funding</td>
<td>Work to commence as soon as practicable</td>
</tr>
</tbody>
</table>
### DEVELOP REGULATORY FRAMEWORK

<table>
<thead>
<tr>
<th>Issue</th>
<th>Proposed Intervention</th>
<th>Stakeholder Responsible/To Be requested</th>
<th>Timeframe</th>
</tr>
</thead>
</table>
| To provide the legislative framework to ensure the establishment of a formal kava industry with clear regulations and procedures on how the industry is developed to achieve the stated vision whilst accommodating private sector and government requirements. Stakeholder needs are to be carefully articulated and consensus reached to avoid ‘unintended consequences’. | 1. Review and enhance the existing Kava Act to become the primary legislation for kava.   | Individual Farmers  
Kava Farmers Association                                                | First half of 2016 |
|                                                                      | 2. Reinforce or enhance quality provisions in the existing Act                         | Vanuatu Chamber of Commerce and Industries  
Department of Industries  
DARD  
Kava Exporters  
State Law Office  
VIPA  
Provincial Councils  
National Planning Office  
Donor agencies                                                          |                    |
|                                                                      | 3. Define and enact registration of kava farmers and exporters                         |                                                                                                         |                    |
|                                                                      | 4. Review and formalise the KIWG to be the body that plans, leads directs and implements strategies that will enhance the establishment of the sustainable quality kava industry. |                                                                                                         |                    |
|                                                                      | 5. Develop supporting regulations to strengthen and support the KIWG                  |                                                                                                         |                    |
### APPENDIX 1 - ACTION PLANS

#### VALUE CHAIN 1: NURSERY ESTABLISHMENT AND MANAGEMENT (SO 2) & (SO 3)

<table>
<thead>
<tr>
<th>Issue</th>
<th>Proposed Intervention</th>
<th>Responsibility</th>
<th>Target Completion Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Kava Cultivar – selection of the best planting material <strong>SO 1 &amp; 2</strong></td>
<td>1. Review and enhance the existing Kava Act to become the primary legislation for kava.</td>
<td>Individual Farmers Kava Farmers Association</td>
<td>First half of 2016</td>
</tr>
<tr>
<td></td>
<td>2. Farmer training to be carried out on best methods of propagating seedlings</td>
<td>As above</td>
<td>Immediate</td>
</tr>
<tr>
<td></td>
<td>3. Provide technical material to farmers on kava - Existing material available in English to be translated into Bislama,</td>
<td>DARD/VARTC/Government translation department – funding from SPC to be considered.</td>
<td>Immediate</td>
</tr>
<tr>
<td></td>
<td>4. Use scientific data available to select and promote ideal kava variety desired by the market and develop ‘Vanuatu’ brand <strong>SO 4</strong></td>
<td>Donor Agencies to assist</td>
<td>TBD – medium to long term</td>
</tr>
<tr>
<td>2. Propagation of desired kava variety for end user - both external and local market <strong>SO 1, 2, 3</strong></td>
<td>1. Standardise names of kava in Vanuatu, especially those of the noble variety to be promoted.</td>
<td>DARD/Provincial Councils/</td>
<td>TDB – medium</td>
</tr>
<tr>
<td></td>
<td>2. Determine market requirements <strong>SO 4</strong></td>
<td>Department of Industries/ Private Sector/ KIWG/ Donor Funding DARD</td>
<td>TBD - medium</td>
</tr>
<tr>
<td></td>
<td>variety to be Commercially encouraged. (Simeoni &amp; Lebot Identification of factors determining kava lactone and chemo type) <strong>SO 4 &amp; 5</strong></td>
<td>DARD/Donor agencies</td>
<td></td>
</tr>
<tr>
<td>Issue</td>
<td>Proposed Intervention</td>
<td>Responsibility</td>
<td>Target Completion Date</td>
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</tr>
<tr>
<td><strong>3. Encourage the development of nurseries and specialisation</strong></td>
<td>1. Train farmers on the advantages and benefits of using nursery grown planting materials</td>
<td>DARD/VARTC/ Donor support/ TVET/VAC/VCA</td>
<td>Immediate</td>
</tr>
<tr>
<td><strong>SO 1</strong></td>
<td>2. Train farmers on basics of proper nursery business.</td>
<td>TVEC, SPC or other training organizations</td>
<td>Immediate</td>
</tr>
<tr>
<td></td>
<td><strong>4. Develop Licensing Register for nursery operators with relevant standards.</strong></td>
<td>DARD/DoI State Law Office</td>
<td>Immediate to medium</td>
</tr>
<tr>
<td><strong>SO 5</strong></td>
<td>1. Review Kava Act to accommodate proposed changes</td>
<td>TVET, SPC or other training organizations</td>
<td>Immediate</td>
</tr>
<tr>
<td></td>
<td>2. Issue authorisation certificates for commercial nursery operators.</td>
<td>VCCI</td>
<td>Immediate</td>
</tr>
<tr>
<td></td>
<td>3. Develop minimum standards for nursery operators</td>
<td>VAC</td>
<td>Immediate</td>
</tr>
<tr>
<td></td>
<td>4. Develop reporting system to monitor activities</td>
<td>Dept. of Cooperatives</td>
<td>Immediate</td>
</tr>
<tr>
<td></td>
<td>5. Develop incentives for operators to comply with standards</td>
<td></td>
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</tr>
<tr>
<td><strong>5. Encourage farmers to develop a business like attitude towards farming</strong></td>
<td>1. Basic business training for farmers - planning, basic record keeping, time management, etc., to foster a change in attitude and approach to farming</td>
<td>TVET, SPC or other training organizations VCCI VAC Dept. of Cooperatives</td>
<td>Immediate</td>
</tr>
<tr>
<td><strong>SO 1, 2, 3,</strong></td>
<td><strong>6. Facilitate development of nurseries</strong></td>
<td>TVET/DARD DARD VADB/Syndicat Agricole / TVET/ NBV VARTC</td>
<td>Immediate</td>
</tr>
<tr>
<td><strong>SO 1, 2</strong></td>
<td>1. Train farmers on various types of nurseries</td>
<td></td>
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<tr>
<td></td>
<td>2. Develop and cost out basic nurseries requirements</td>
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<td></td>
<td>3. Assist farmers to access credit where possible</td>
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<td></td>
<td>4. Facilitate establishment of kava seeding centres around the islands</td>
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<td></td>
<td>5. Train farmers in modern nursery methods – traditional and modern</td>
<td></td>
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</tr>
<tr>
<td><strong>7.0 Facilitate formation of kava organizations/associations</strong></td>
<td>1. Similar to the Cocoa Associations</td>
<td>DARD Department of Cooperatives</td>
<td>Immediate</td>
</tr>
<tr>
<td><strong>SO 1, 2, 3,</strong></td>
<td>2. Utilise newly formed associations to be conduit of information, quality issues, markets etc.</td>
<td>Department of Industry</td>
<td></td>
</tr>
<tr>
<td><strong>8.0 Carry out a national kava survey</strong></td>
<td>1. Establish current kava status and determine growth opportunities and develop targets</td>
<td>DARD Depart of Tarde and Industries Donor agencies VCCI/VCA</td>
<td>Immediate</td>
</tr>
<tr>
<td><strong>SO 2, 3, 4,</strong></td>
<td>2. Establish varieties on hand</td>
<td></td>
<td></td>
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<tr>
<td></td>
<td>3. Develop plan of attack on making ‘narafala kava’ variety irrelevant</td>
<td></td>
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</tr>
<tr>
<td><strong>9.0 Review the Kava Act</strong></td>
<td>1. Make it more relevant and remove kava from ambit of the VCMB</td>
<td>DARD/State Law Office/ Biosecurity/ VCCI/VCA/Provincial Councils</td>
<td>Immediate</td>
</tr>
<tr>
<td></td>
<td>2. Provide for supporting regulations to enforce quality requirements</td>
<td></td>
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<tr>
<td></td>
<td>3. Provide for the establishment of an entity to manage the development of kava as an industry</td>
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</tbody>
</table>
## VALUE CHAIN 2: PLANTATION ESTABLISHMENT & MANAGEMENT

<table>
<thead>
<tr>
<th>Issue</th>
<th>Proposed Intervention</th>
<th>Responsibility</th>
<th>Timing</th>
</tr>
</thead>
</table>
| 1. Kava Cultivars – selection of the best planting material and easy access to planting material  | 1. Farmer training to be carried out on identification and selection of proper planting material.  
2. Identification and supply of noble varieties for propagation. | Individual Farmers  
Kava Farmers Association | Immediate and On-going |
| SO 1,2                                                                |                                                                                       |                                       |                |
| 2. Lack of Coordinated effort to oversee quality and production       | 1. Develop support for industry working group – Continue where PHAMA Phase 1 ended  
2. Develop registry for all farmers  
3. Develop 'rewards' for compliance | DARD  
Donor Agencies  
VAC | By 6/17 |
| SO 1,2,5                                                              |                                                                                       |                                       |                |
| 3. Develop standards for kava plantations                             | 1. Distribute appropriate training material already produced under PHAMA  
2. Enforce standards approved by the Kava Act and approved best practice | DARD/VARTC  
State Law Office/ Appropriate Government Department | By 6/17 |
<p>| SO 1,2                                                                |                                                                                       |                                       |                |</p>
<table>
<thead>
<tr>
<th>Issue</th>
<th>Proposed Intervention</th>
<th>Responsibility</th>
<th>Timing</th>
</tr>
</thead>
<tbody>
<tr>
<td>4. Lack of appropriate technical support (Agriculture Extension Officers) for farmers</td>
<td>1. Recruit and train AEO and place in dense kava producing areas 2. Provide appropriate budgetary support for AEO work over a 5 year period</td>
<td>DARD</td>
<td>By 6/17</td>
</tr>
<tr>
<td>5. Availability of credit for farmers to expand plantations</td>
<td>1. Distribute PHAMA and SPC publications 2. Farmer training to be carried out</td>
<td>DARD/ Donor agencies Donor agencies / TVET/ VRTC</td>
<td>Immediate and On going</td>
</tr>
<tr>
<td>6. Dissemination of information available, best practice, diseases cultivation methods, etc.</td>
<td>1. Distribute appropriate training material already produced under PHAMA 2. Enforce standards approved by the Kava Act and approved best practice</td>
<td>DARD/VARTC State Law Office/ Appropriate Government Department</td>
<td>By 6/17</td>
</tr>
<tr>
<td>7. Diversify participation</td>
<td>1. Encourage women and youths to be directly involved and own plantations 2. Encourage and establish kava plantations for young farmers</td>
<td>Department of women/ Provincial Councils/ VRDTCA/DARD DARD/Min of Education, Min of Lands</td>
<td>Immediate and On going</td>
</tr>
<tr>
<td>8. Plantation types</td>
<td>1. Discuss benefits of mixed and mono cropping 2. Review need for mechanisation 3. Provide mechanisation assistance where appropriate or encourage private sector</td>
<td>DARD VAC Credit Providers</td>
<td>By 3/17</td>
</tr>
<tr>
<td>9.0 Set up community kava organizations/ cooperatives (KM)</td>
<td>1. To become representative for ‘farmers voice’ and means for dissemination of information and training 2. Assist farmers get a ‘voice’</td>
<td>VCCI Department of Cooperatives</td>
<td>By 3/17</td>
</tr>
<tr>
<td>10. Provision of improved farming tools (KM)</td>
<td>1. Government &amp; Aid donors to provide basic machinery such as rotovators, spades and knives</td>
<td>Department of Industry/ Banks and financial institutions/ DARD/ Donor Agencies Business houses</td>
<td>Immediate and On going</td>
</tr>
<tr>
<td>11. Encourage Kava farming as a business (KM)</td>
<td>1. Training for basic business -</td>
<td>VCCI Department of Cooperatives VAC VARDTC</td>
<td>By 3/16</td>
</tr>
<tr>
<td>Issue</td>
<td>Proposed Intervention</td>
<td>Responsibility</td>
<td>Timing</td>
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</tr>
<tr>
<td>1. Standardise kava processing procedures to meet market demand for both export and local use at farm level (Provide regulations to be part of kava act). SO 1, 3</td>
<td>1. Train farmers on best practise – harvesting and processing kava for local and export market. (PHAMA and SPC)</td>
<td>DARD/Bio Security/TVET, FAO</td>
<td>By 3/17</td>
</tr>
<tr>
<td></td>
<td>2. Disseminate existing manuals on kava processing and train farmers accordingly. (PHAMA &amp; SPC)</td>
<td>Department of Industry/VCCI VCCI, FAO</td>
<td>By 3/17</td>
</tr>
<tr>
<td></td>
<td>3. Train farmers to understand processes and relation to quality and price and benefits of providing quality products.</td>
<td>Private Sector/ DOI/VCCI/VAC</td>
<td>By 3/17</td>
</tr>
<tr>
<td></td>
<td>4. Ensure that farmers are aware of current market data and future requirements</td>
<td>DARD/Bio Security/Trade and Industries/VCCI</td>
<td>By 6/17</td>
</tr>
<tr>
<td></td>
<td>5. Assist kava processors by facilitating import of machineries and equipment VAT and Duty free.</td>
<td>DOI/Customs &amp; IRD</td>
<td>Immediate and On going</td>
</tr>
<tr>
<td>2. Enforce quality requirements in processes SO 1, 3</td>
<td>1. Develop clear guidelines and enforce quality regulations for kava exporters both for local use and external use</td>
<td>Bio Security/ VCCI/Donor Agencies KWIG appointed inspector / quality control</td>
<td>By 3/17</td>
</tr>
<tr>
<td></td>
<td>2. Provide support for all exporters to meet required guidelines and importing country requirements – local exporters and international exporters</td>
<td>Bio Security KWIG appointed inspector / quality control</td>
<td>By 3/17</td>
</tr>
<tr>
<td></td>
<td>3. Provide training for exporters to meet market quality requirements</td>
<td>Bio Security KWIG appointed inspector / quality control</td>
<td>By 3/17</td>
</tr>
<tr>
<td></td>
<td>4. Encourage farmers to value add and to develop export markets.</td>
<td>DARD/Bio Security/Trade and Industries/VCCI</td>
<td>By 6/17</td>
</tr>
<tr>
<td></td>
<td>5. Assist kava processors by facilitating import of machineries and equipment VAT and Duty free.</td>
<td>DOI/Customs &amp; IRD</td>
<td>Immediate and On going</td>
</tr>
</tbody>
</table>
### VALUE CHAIN 3: KAVA PROCESSING AND VALUE ADDING - CONTINUED

<table>
<thead>
<tr>
<th>Issue</th>
<th>Proposed Intervention</th>
<th>Timing</th>
<th>Responsibility</th>
</tr>
</thead>
<tbody>
<tr>
<td>3. Lack of knowledge of quality control at farm level</td>
<td><strong>SO 1, 3</strong></td>
<td></td>
<td>Bio-Security/VCCI/PHAMA/Donor agencies/VAC</td>
</tr>
<tr>
<td>4. Facilitate Credit to farmers that want to add value to their produce</td>
<td><strong>SO 3, 4</strong></td>
<td></td>
<td>DARD/VADB/NBV/PHAMA/Donor agencies</td>
</tr>
</tbody>
</table>

#### Enforce quality requirements in processes

1. Develop clear guidelines and enforce quality regulations for kava exporters both for local use and external use.
   - Bio Security/ VCCI/Donor Agencies
   - KWIG appointed inspector/ quality control
   - By 3/17

2. Provide support for all exporters to meet required guidelines and importing country requirements – local exporters and international exporters.
   - Bio Security
   - KWIG appointed inspector/ quality control
   - By 3/17

3. Provide training for exporters to meet market quality requirements.
   - Bio Security
   - KWIG appointed inspector/ quality control
   - By 3/17

4. Encourage farmers to value add and to develop export markets.
   - DARD/Bio Security/Trade and Industries/VCCI
   - By 6/17

5. Assist kava processors by facilitating import of machineries and equipment VAT and Duty free.
   - DOI/Customs & IRD
   - Immediate and On going

#### Issue 3. Lack of knowledge of quality control at farm level

<table>
<thead>
<tr>
<th>Proposed Intervention</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Train farmers on processes and procedures to ensure that product meets market requirements for green or dried kava</td>
</tr>
<tr>
<td>2. Facilitate distribution and understanding of relevant Codex standards for kava processing, preparation and packing</td>
</tr>
<tr>
<td>3. Facilitate acquisition training and distribution of testing equipment to analyse kava lactone, moisture and ash content</td>
</tr>
<tr>
<td>4. Develop a Kava Quality Standard for domestic trade (KM)</td>
</tr>
<tr>
<td>5. Develop a Kava Quality Standard for export trade (KM)</td>
</tr>
</tbody>
</table>

#### Issue 4. Facilitate Credit to farmers that want to add value to their produce

<table>
<thead>
<tr>
<th>Proposed Intervention</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Develop resource centre that farmers can tap into on value adding opportunities at farm level</td>
</tr>
<tr>
<td>2. Provide suitable training for interested farmers</td>
</tr>
<tr>
<td>3. Develop award for farmers that develop successful ideas</td>
</tr>
<tr>
<td>4. Facilitate farmers proposals to obtain credit</td>
</tr>
<tr>
<td>5. Facilitate source market for farmers</td>
</tr>
</tbody>
</table>
REFERENCES


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This publication was printed with financial assistance from the European Union-supported Pacific Agriculture Policy Project (PAPP) implemented by the Pacific Community (SPC).