

**OPENING REMARKS BY THE PERMANENT SECRETARY FOR INDUSTRY,
TRADE AND TOURISM, MR. SHAHEEN ALI AT THE PACIFIC
AGRICULTURE POLICY PLANNERS WORKSHOP**

Mr. Kofi Nouve from the World Bank,

Representative from the European Union,

Mr. Vili Caniogo from Secretariat for the Pacific Community,

Distinguished Participants,

Ladies and Gentlemen,

Bula Vinaka and a very good morning to all.

On behalf of the Fijian Government, I wish to welcome you to this regional workshop for Pacific Agriculture Policy Planners.

The key objective of the workshop is to introduce public expenditure reviews for the agriculture sector in the Pacific. This workshop is timely and relevant as it directly related to our responsibilities as policy planners to deliver development gains to our people in the most effective and efficient manner.

It is important to have a shared regional objective for the Pacific towards the growth of the agriculture sector to create sustainable livelihoods, increase growth, and reduce poverty.

The Fijian Government firmly believes that the agricultural sector has a key role to play in contributing to achieving these objectives, especially when a large portion of the population in most Pacific live in rural areas or farming communities. The sugar industry alone supports the livelihood of 200,000 Fijians, which is 25 percent of the population.

Ladies and Gentlemen,

Fiji and the Pacific are going through a transformation. It is fact that agriculture's contribution towards GDP has been declining over the last 10 years – this is because economies in our Region industrializing and becoming service orientated. The Fijian economy is predominantly made up of services, which represents 70 percent of the economy, followed by industries at 15 percent, whilst agriculture represents 14 percent of the economy, half of which is sugar.

This is not necessarily bad because linkages to manufacturing and services sectors and would also enable growth in the agriculture in absolute terms. It also allows for modernization and commercialization of agriculture and for the sector to be part of domestic, regional and global value chains.

In terms of budgetary contribution, the Fijian Government has over the past 4 years, increased its contribution to this sector. The total budgetary allocation has increased by 40 percent from \$51.5million in 2012 to \$71.8 million in 2015. It should be noted that the increase has been attributed to the increase in capital expenditure in the agriculture sector that are aimed at improving efficiency and increasing agricultural production.

The agriculture sector, both sugar and non-sugar combined is provided approximately 2-3 percent of the national budget in Fiji. But this is not the only contribution.

Additionally, the Bainimarama Government has taken bold steps to provide farmers with the necessary supporting infrastructure. Over 36 percent of the national budget, or \$1 billion, is allocated to capital expenditure, of which 17.3 percent of \$487 million is for the improvement of the access road, bridges and port infrastructure.

This increased expenditure by the Fijian Government positively impacts agriculture by linking agriculture commodities to markets, both domestically and abroad.

We do have to acknowledge the fact that budgetary contribution to the agriculture sector in the region has not increased dramatically and this is due to a number of factors. Most important is the lack of success of public projects.

Even in Fiji, before the Bainimarama Government came into power, implementation of large and expensive projects did not achieve the desired outcome. Because these projects were not put through rigorous test of relevance, lacked accountability and most importantly, did not have measurable and quality targets to achieve.

The Fijian Government strongly believes that we cannot afford to continue in this vein. As part of good governance and democracy, it is essential that Governments are accountable. The Fijian constitution places economic, social and moral duty obligation on the part of the elected Government to ensure that public expenditure is better targeted and achieves the intended impact.

Therefore, before embarking on establishing a model to the efficacy of public expenditure in agriculture, we should not lose sight of what has led to certain projects in the agriculture sector to fail. We should focus on how we can redress issues of accountability and effectiveness.

Therefore, Ministries of Agriculture and Finance must work jointly and methodically examine their systems and processes and address the weaknesses underpinning low success rate and poor returns on investment on public expenditure in agriculture.

Key amongst these, are poor policy planning and implementation of agricultural public expenditure projects, in some cases leading to mismanagement of funds.

Therefore, capacity building in the Agriculture Ministries, (in terms of project planning and implementation), needs to be addressed, if we are to provide confidence for Governments in the Pacific to invest in the agriculture sector. Donors need the same confidence

Additionally, Agriculture Ministries cannot work in isolation from agencies responsible for trade, investment, tourism and rural or regional development. This applies to agricultural development partners also.

Essentially, projects in Agriculture should be measured similarly to projects in the other sectors, that is, what is the impact on the ground in term of contributing to country's sustainable economic growth.

Fiji has experienced unprecedented growth levels (positive consecutive growth for 5 years), in the past 3 years recording over 4 percent growth, and the 2014 revised growth at 5.3 percent. The Minister for Finance announced in Parliament yesterday that Fiji is poised to have above 5 percent growth in 2015.

Our macro indicators are strong and there is strong investor and consumer confidence in the Fijian economy for this growth trajectory to be sustained in the medium to long term.

However, our growth can be even higher, if we unlock the potential of the agriculture sector, especially capitalizing on synergies and linkages with others sectors such as services and manufacturing.

Ladies and Gentlemen,

Fiji now has in place the 2020 Agriculture Sector Policy Agenda, which provides the basis for targeted intervention and assistance from Government as well as from donors. The Fijian Trade Policy Framework and soon to be concluded Fijian Tourism Development Plan also outlines agricultures sectors role in trade and tourism development.

Any agricultural project should take cognizance of Government's overall vision and policies, which includes the soon to be released 5-year and 20-year Development Plan. This is important because projects are also likely to fail, if its implementers and development partner agencies work in isolation or against government policies.

Ladies and Gentlemen,

Public Expenditure Review in the agricultural sector is new concept for Pacific, as a diagnostic instrument to evaluate public finances, it provides additional arsenal for policy planners to target resources effectively.

It is vitally important that the Public Expenditure Review model should contribute to measurable targets and objectives, especially on the impact of the project at the national level, these indicators include the level of sustainable employment created, income generated and export markets tapped. In other words, how has this project impacted on the farmers and ordinary citizens?

Over the next few days participants will get to learn about the various analytical and diagnostic tools for undertaking agricultural public expenditure review.

Agricultural Public Expenditure Review is aimed at increasing the capacity of the agricultural officials to put forward evidence based justification for expenditure proposals to the Ministry of Finance.

As policy planners, we need to budget and invest in projects that contribute to sustainable economic growth and development objectives. This in turn requires better targeting of public expenditure in the agriculture sector, if we are to achieve development objectives such as food and nutritional security, self-sufficiency and local value addition in sectors such as tourism and processing.

I call on the participants to take ownership of this initiative that is been developed and assess whether it adds value to our own national processes. Whilst these diagnostic tools may have worked well in other regions, it needs to be tailor-made to our situation, which is why your input and contribution today is important.

With these words, I wish you well in your deliberations.

Vinaka vakalevu and thank you.