

Developing a Regional Framework for addressing emerging challenges to PIC Agriculture Sector

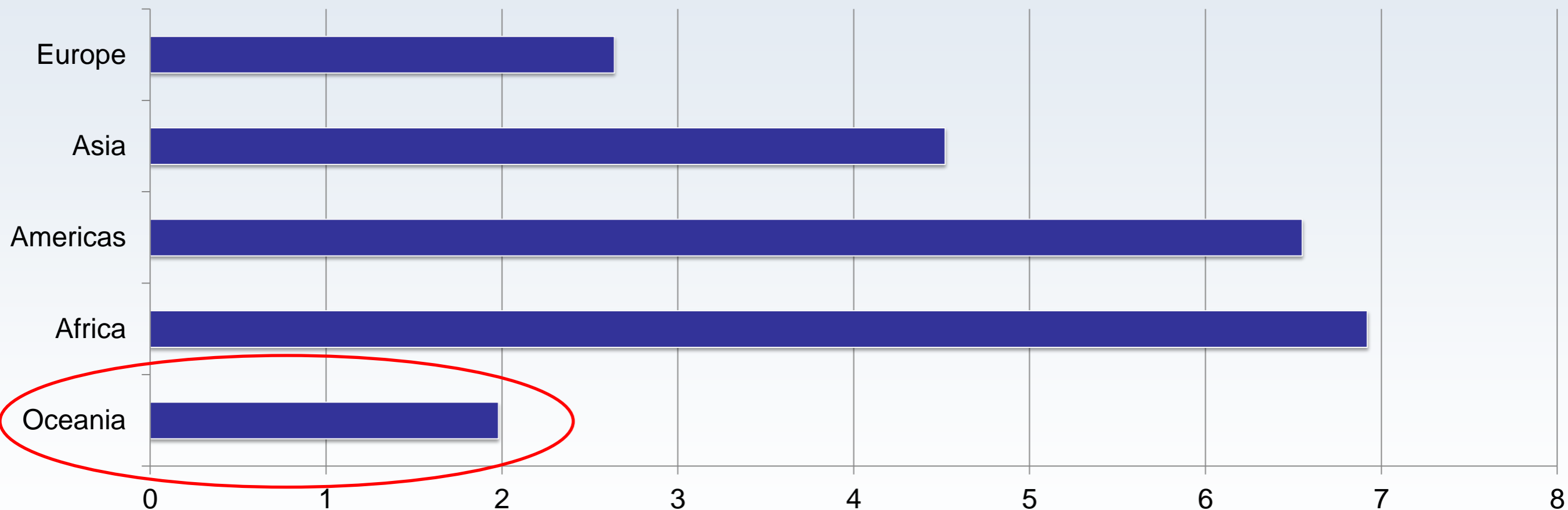
Tim Martyn

24/9/15



Relative to the agriculture sector in other regions, the agriculture sector in the Pacific receives the least development assistance

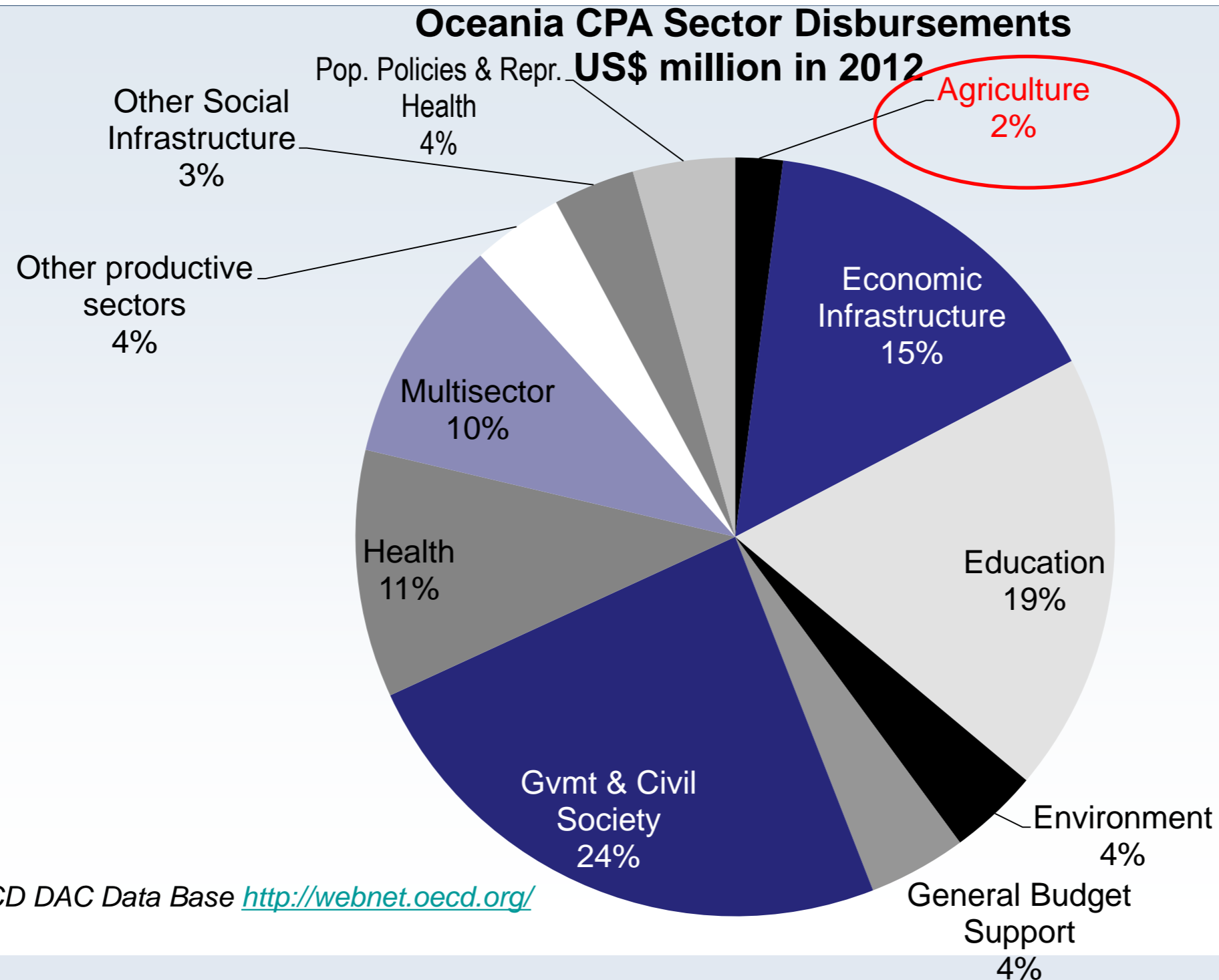
Relative share of total aid to agriculture sector by region 2012



Source: OECD DAC Data Base <http://webnet.oecd.org/>



Relative to other sectors in the Pacific, the agriculture sector receives the least development assistance

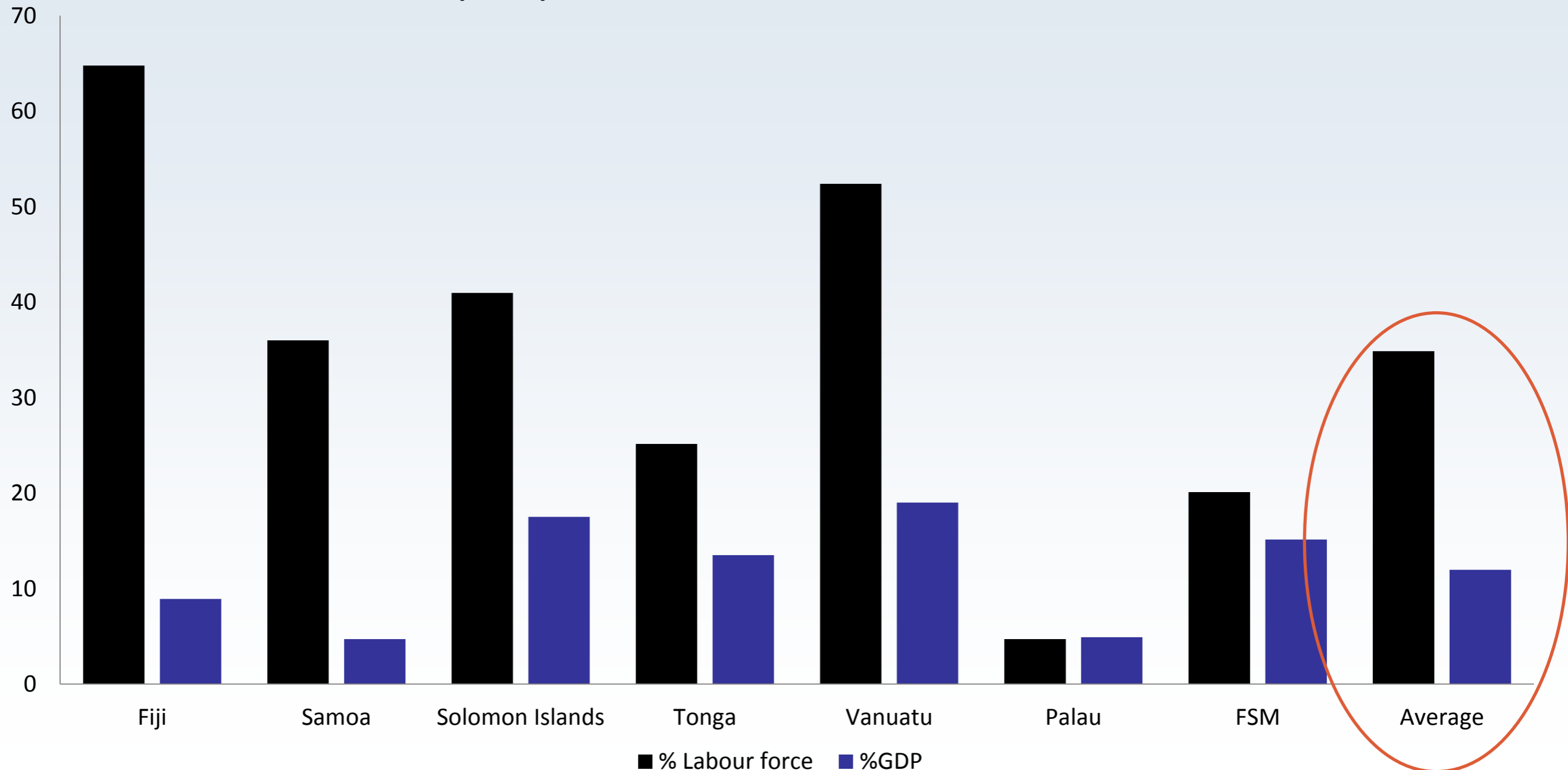


Source: OECD DAC Data Base <http://webnet.oecd.org/>



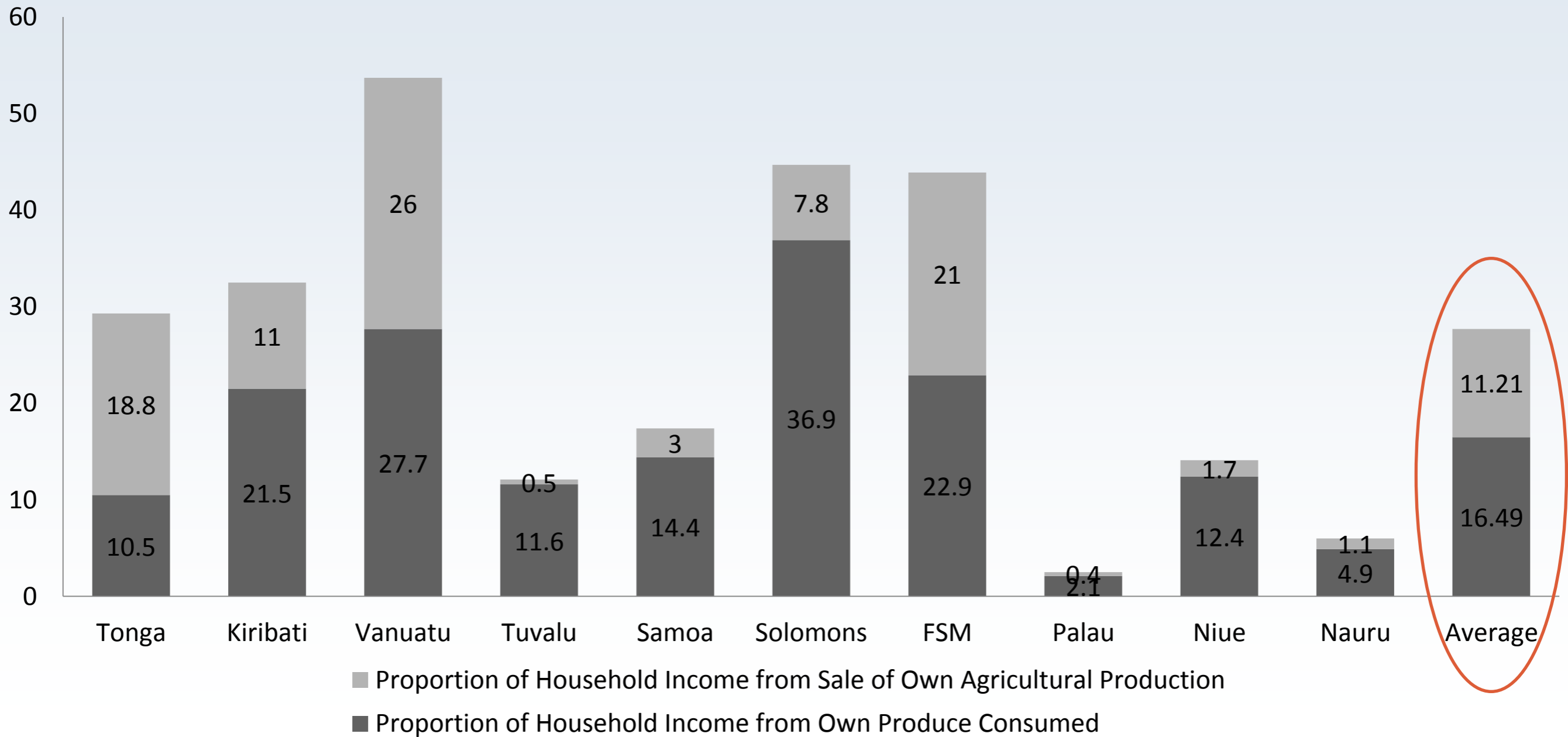
Relative to the labour force participation rate and contribution to GDP, agriculture receives a low share of CPA

Labour force participation and contribution to GDP, select PICs



Similarly, relative to income share provided by agriculture, share of CPA very low

Percentage of Household Income from Agriculture, Disaggregated by Value of Home Production and Value of Agricultural Production Sold



Source: Tonga HIES (2009); Kiribati HIES (2006), Vanuatu HIES (2006), Tuvalu HIES (2010), Samoa HIES (2002), Solomon Islands HIES (2006), Federated States of Micronesia HIES (2005), Palau HIES (2006), Niue HIES (2002), Nauru HIES (2006)



Why the small share of agriculture despite the relative high share in income and labour force participation?

- In the Pacific, we have failed to define the role of the public sector in transforming rural livelihoods. **Need for a new model**
- **Donors investing in other sectors**, e.g. energy, transport infrastructure, telecommunications, seen as critical to assisting rural households engage with markets
- Donors also prioritizing projects which invest in **creating a more enabling environment for private sector growth**:
e.g AusAID PHAMA and MDF, EU FACT/IACT, WB SACEP



Bilateral donors, and regional technical agencies have applied their own vision of how to support the agriculture sector

This represents a new vision for the public sector '*steering not rowing*' which was adopted in developed countries from 90's, and now informs their investment in development aid. This includes:

1. the **private sector delivers many agriculture support services** (e.g. marketing, extension, crop research)
2. Government creates an enabling environment for private sector growth through **evidenced-based sector plans and policy reforms** (e.g. **reduce regulation, reduce cost of finance, create market access** etc)



But this vision ignores some factors which limit the capacity of the private sector in the Pacific

The small size (population and land mass) and remoteness of some PICs means:

- The private sector doesn't obtain the scale necessary to provide many of these services themselves; and
- The national public sector won't be able to deliver the full range of services required to facilitate growth
- Therefore need for capacity supplementation from external actors (regional and technical agencies, etc)

Therefore a strong rationale for regionalism

1. Share the cost of providing certain core public services. **Efficiency**
2. Facilitate adoption of best practices for maximizing benefits from natural resource base (including tourism). **Technology and standards.**
3. Facilitate move towards more long-term, stable and predictable aid flows and provision of technical assistance. **Vision and co-ordination**



Pacific Food Security Stakeholders have attempted to identify priorities for action in the past

Towards a Food Secure Pacific



Framework for Action on Food Security in the Pacific

Acknowledged that a **return to a subsistence** way of life with the expectation of being able to feed the whole population is **unrealistic**.

Urged the development of **modern food systems capable of offering greater food security in an environment of increasing change**

Yet what would this vision mean for the majority of farmers who are semi-subsistence and easily linked to modern food markets?



But key stakeholders didn't prioritize

Plan of action seem to have started from the perspective of what are we doing, rather than what should we be doing more of, or less of? And so:

Had too many actions



Action Plan 2010-15 contained 7 themes, 34 strategies and **403 actions** across 5 agencies: SPC, WHO, UNICEF, PIFS and FAO

Had too many targets



Selected **142** indicators for measuring food security covering **agriculture, fisheries, health, education, the food industry, trade, transport, the environment, demography, energy, labour force participation, government service delivery, consumer behaviour and telecommunications**, most which weren't measured.



Donors weren't on board with the process; and eventually, neither were the countries and key technical agencies



And so the process was quietly abandoned..



This leaves the agriculture sector without a shared vision of:

1. What are the key factors which makes the Pacific agriculture sector one that requires a different approach
2. What are the emerging issues/ key priorities for the agriculture sector which need action
3. What we can realistically deliver at a national and regional level
4. How we should go about delivering this



Key characteristics of the agriculture sector – 3 types of PIC farmers



1. **Commercial farmers** who can respond to market incentives to adopt new productivity enhancing technologies by accessing financial products, increase the size of their landholding or labour supply. **Currently targeted.**



2. **Semi-subsistence farmers** who can't respond to incentives and increase their supply to modern markets; but who are accessing off-farm income. **Does this path offer a better path to improved livelihoods for themselves and their families?**



3. **Subsistence farmers** who also can't respond to market incentives and don't have access to off-farm income opportunities. **Subsidized inputs aren't transformative but do offer social income.**



What is the role of national and regional sector actors with regards to these three groups?

Donors are prioritizing commercial farmers, with assistance to help some semi-subsistence farmers ‘farm as a business’. Yet this is a minority, say 1-10% of participants (proportion of commercial farmers in developed countries).

We do need to consider **what is the role of agriculture sector technical agencies/government departments in best serving the remaining two rural farming groups** by:

- **helping some actors leave the agriculture sector** (and then what to do about the remaining land, and impact on labour supply) or leaving this to other sectors (e.g education, tourism, etc)? and
- **providing social safety net programs for remote semi-subsistence farmers**, or leaving this to other sectors (e.g. social security, community development etc)?

Given resource constraints, **do we need to focus our efforts?**



Some emerging issues for PIC agriculture

Framework for Pacific Regionalism (replaced Pacific Plan) identifies 5 regional priorities, including 2 of core interest to agriculture

THE FRAMEWORK FOR
PACIFIC REGIONALISM



Climate Change and Disaster Risk Management – need to invest in new productivity enhancing tech, biodiversity; but huge threat to investment from disaster (cyclone and drought). Traditional methods for managing risk (scattered cropping) under threat from population growth. Need to facilitate adoption of new methods

Food security and nutrition – dietary transition driven by urbanization, trade liberalization and pursuit of cheaper and more convenient calories has left soaring NCD rates and health care costs. Fruit/veg key component of prevention, but need to deliver these at cheaper prices relative to substitutes



Yet what is the role for the public sector (national, regional, international) in the response to these threats?

Framework recommends more programs which increased investment in private sector growth, specifically:

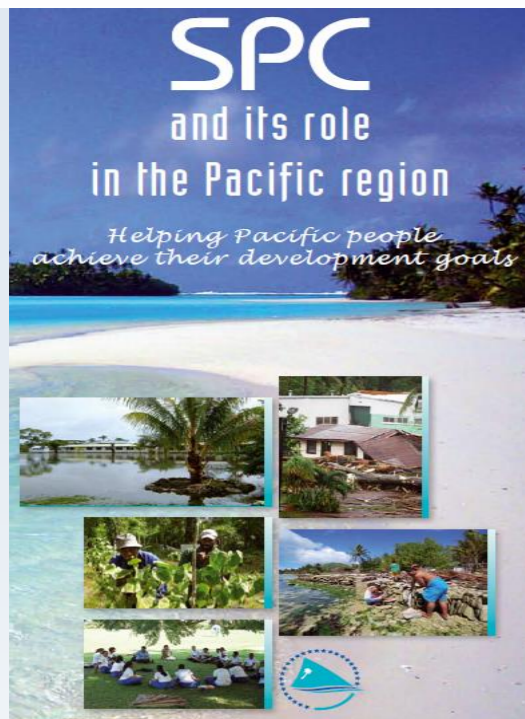
- Productivity enhancing techs for promoting import substitution;
- Processing technologies for increasing value to traditional export commodities;

A key element in the fight against both relates to delivery of research and extension yet financial capacity of national actors severely constrained. How can we best/cost effectively facilitate research and adoption? Role for private sector, ICTs, etc? Role for regionalism?

And what is the role for government in creating an enabling environment for investment/adoption through evidence-based policy and regulatory reform



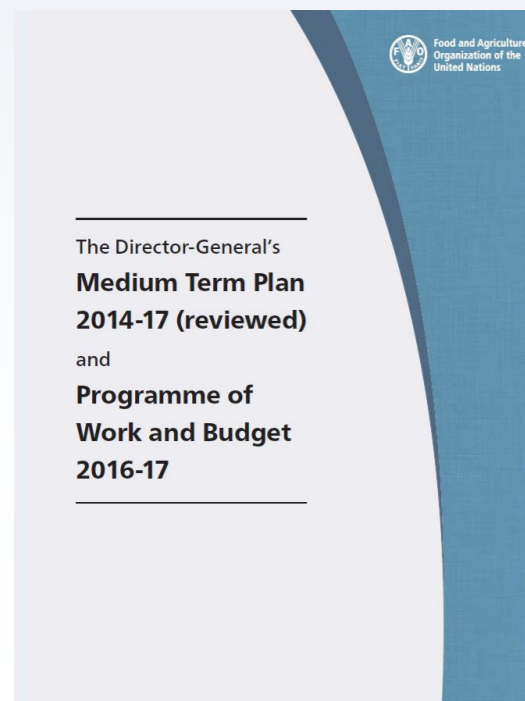
Emerging consensus around these priorities



SPC identified that 2 of its 4 multi-sector priority areas are:

- **Food security and non-communicable diseases;**
- **Climate change and disaster risk management**

A third is development statistics and the contribution to improved **evidence based policy**



FAO has identified that **nutrition** is a new focus of its medium-term plan, as well as combating **climate change** in SIDS, through

- **disseminating scientific research** (bringing new technology and ideas into public domain)
- facilitating the adoption of **evidence-based policies and sector strategies** (creating enabling environment for sector growth and more effective service delivery)



Regional framework for addressing emerging priorities: recommended path ahead

Pacific Week of Agriculture 2017 offers unique opportunity: one forum for endorsing a co-ordinated sectoral approach

HOAFS/MOAFS coming up in March, opportunity for a side meeting to undertake some deliberations

Opportunity for SPC, FAO and some key agencies to work together with key informants (countries, universities, advisors) to begin to sketch out medium to long-term vision for the sector



Need for ownership of stakeholders

Commission team to gather information and begin bilateral negotiations (countries, donors)

Bring PAPP Steering Group and some key partners/informants to reflect on info gathered and develop strategy between now and PWA 2017

Aim to present at HOAFS/MOAFS in March 2016 to get discussion/feedback/endorsement from wider group stakeholders



Need to identify achievable targets and realistic assessment of capacity



- Prioritize and identify limited number of targets and indicators of success
- Consult with countries and donors to ensure fit emerging funding priorities/national strategies
- Who has the comparative advantage or the capacity to undertake these actions; and what should be left to the private sector,



In conclusion

We have not been able to effectively communicate a long-term vision of what we need to do to address the key emerging challenges facing agriculture in the Pacific (**rather than what we are doing now**); and as a result, partner investment has gone elsewhere.

New funding opportunities (e.g. Aid for Trade) point to a continuing focus on enabling commercial agriculture (via policy reform, productivity enhancement and improved marketing infrastructure, etc) and therefore we need to help direct that investment towards emergency priorities.

To date **agriculture has not played a major role in interventions against NCDs and climate change** and therefore need to identify what we can contribute to multi-sector approaches (with Health, Environment, Trade, Finance, etc).

Need to develop a shared approach (with national, regional and international stakeholders; and donors) with **PWA offers a forum** for presenting a shared approach, and co-ordination mechanism going forward.

