



REPORT

(GCP/INT/045/EC)

PACIFIC REGIONAL WORKSHOP ON STRENGTHENING THE CAPACITY OF FARMERS ORGANIZATIONS TO RESPOND TO TRENDS IN AGRICULTURAL MARKETS



6TH – 10TH OCT 2008, MARAVAGI, SOLOMON ISLANDS

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ACRONYMS

AAACP	All African Caribbean Pacific Agricultural Commodities Programme
ACP	African, Caribbean Pacific
AGS	Rural Infrastructure and Agro-Industries Division, FAO
CBHC	Community Based Health Care
CFC	Common Funds for Commodities
EU	European Union
FAO	Food and Agriculture Organization of the United Nations
FOs	Farmers' Organizations
FSA	Farm Support Association
IFOAM	International Federation of Organic Agriculture Movements
IIRC	Ipa Integrated Resource Centre
ITC	International Trade Centre
KGA	Kastom Gaden Association
MFFN	Melanesian Farmer First Network
MoA	Ministry of Agriculture
NASA	National Association for Sustainable Agriculture Australia
NGO	Non Governmental Organizations
PNG	Papua New Guinea
SIG	Solomon Islands Government
SPC	Secretariat of the Pacific Community
SWOT	Strengths, Weaknesses, Opportunities and Threats Analysis
UNCTAD	United Nations Conference for Trade and Development
WIB	Women in Business

PREAMBLE

This regional workshop in the Pacific was the first in a series of five, which are planned for the African, Caribbean and Pacific (ACP) regions. Participants from regional and national Farmers' Organizations, networks and agribusiness and farming communities highly dependent on commodities such as copra, cocoa and coffee were invited. Apart from many Melanesian representatives, participants came from Papua New Guinea, the Solomon Islands, Vanuatu, Fiji, Samoa, Tonga, Cook Islands and Niue.

The workshop was held to identify capacity building strategies that agricultural Farmers' Organizations (FOs) and networks at the regional, national and sub-national levels can promote, in order to support small holder farmers become reliable and profitable suppliers for the agribusiness sector. Due to the limited degree of FO's commercialisation and current involvement in modern agriculture value chains, the original workshop programme had to be adjusted to match the realities and environment in which the participating FOs in the Pacific operate.

The workshop was funded by the EU-All African, Caribbean Pacific Agricultural Commodities Programme (AAACP) coordinated by the Food and Agriculture Organization of the United Nations (FAO) Rural Infrastructure and Agro-industries Division (AGS) and jointly co-organized and hosted by the Solomon Islands based sub-regional Farmer Organization, the Melanesian Farmer First Network. The workshop was in response to the AAACP regional stakeholder workshop held in February 2008, Samoa, which called for support for Farmer Organizations with agribusiness capacity building.

The workshop was necessitated by the current changes in agricultural markets. The opening up of markets and the closing down of state marketing boards have meant that small farmers and other players in the agricultural value chain – processors, buyers, traders and exporters – now have to organize and interact with one another differently. Today's markets demand larger volumes, lower prices and higher quality produce and the actors involved have to constantly adapt to survive and make profits.

Small holder farmers, who are represented by the Farmers' Organizations (FOs), struggle to keep up with these trends and changes in agricultural markets and find themselves at a disadvantage as they have high transaction costs and low bargaining power. To deal with these challenges in agriculture, FOs continuously look for new ways to organize their members so they can make more profits and savings through collective actions, such as bulk buying, collective marketing and negotiating credit and contracts. However, they frequently face a number of capacity related obstacles which include: access to markets, access to services and voice.

Strengthening FOs from national to community levels in capacities that focus on responding to the needs of agribusiness demands can support small holder farmers become reliable and profitable suppliers of agricultural produce.

A major output of the workshop will be the action plans for capacity building to be supported by FAO All African, Caribbean Pacific Agricultural Commodities Programme as well as by other donor programmes.

EXECUTIVE SUMMARY

FAO in collaboration with the Melanesian Farmer First Network (MFFN) organized and hosted a Pacific regional workshop on “Strengthening the Capacity of Farmers’ Organizations to Respond to Trends in Agricultural Markets”. This 5-day workshop in the Solomon Islands in October 2008 was held for representatives from regional and national FOs, and networks as well as agribusinesses from the Pacific, under the aegis of the EU-funded All African Caribbean Pacific Agricultural Commodities Programme (AAACP). The workshop aimed to:

- (1) Share learning on key issues in agribusiness value chains in order to contribute to the successful participation of farmers in chains;
- (2) Provide insights into the demand and requirements of the agribusiness sector and identify constraints and solutions for farmer’s participation in modern agricultural markets;
- (3) Prioritize the capacity building needs of local FOs to respond to changing agricultural markets and the responsibilities and functions of national FOs in supporting the local ones organizations;
- (4) Develop action plans for FOs’ follow-up capacity building activities, which could be supported by the AAACP or other donor programmes.

During the workshop it became clear that there is a general widespread lack of market-oriented agricultural advisory services. Private sector companies as well as NGOs and FOs have a role to play in filling this gap. Some key areas of service provision requiring strengthening were identified as:

- Provision of and ability to make use of relevant market information for improved production planning for a consistent supply of required quantities of quality and safe/clean produce.
- Farm management and business skills such as money management (learning how to save), farm record keeping, cost and profit calculations.
- Continued advice on improved technologies and post-harvest handling to improve productivity, add value to products and ensure high quality.
- The upgrading of market and communication infrastructure for sustainable linkages between farmers and buyers as well as the improvement of value chains, specifically of fresh products.
- Strengthening the advocacy role and collective action of organizations in order to give farmers a stronger voice to address the issues at national and regional level.

DAY ONE

Purpose of day one:

- 1. Formal opening by host organization and government representatives;**
- 2. Introduction of participants.**

1. WORKSHOP OPENING

This report provides a record of the proceedings and outcomes of the deliberations from the five day workshop on ‘Strengthening the Capacity of Farmers’ Organizations to Respond to Trends in Agricultural Markets’. The event was co-hosted and facilitated by the Melanesian Farmer First Network (MFFN) and the Food and Agriculture Organization of the United Nations (FAO). The workshop was held at Maravagi Resort, in the Solomon Islands from 6th to 10th October 2008. It was sponsored by the EU - All African Caribbean Pacific Agricultural Commodities Programme.

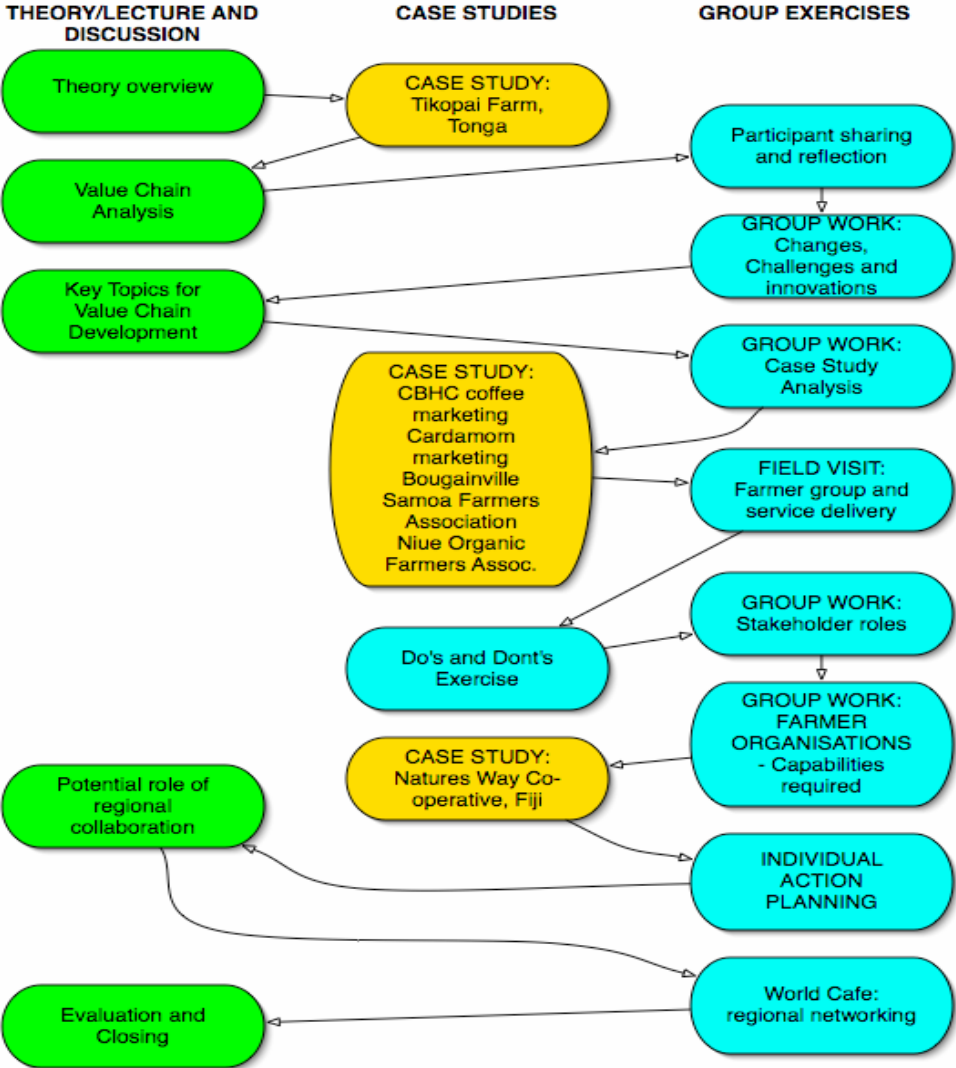


Figure 1: Overview of the workshop's structure

The workshop started in the afternoon with opening speeches by Joseph Warai, Chairman of the Melanesian Farmer First Network, Heiko Bammann from the FAO and Alfred Maesulia, Undersecretary of the Ministry of Agriculture in the Solomon Islands (see Appendix B: Opening Speeches).

Chairman Joseph Warai emphasized that the Melanesian Farmer First Network looks forward to finding new ways to help their farmer members to improve their living and lifestyle. There are many challenges that the Pacific region is facing but by best using resources and skills the situation can be improved. The output from this workshop will be useful for regional planning and contribute to enhanced networking.

Heiko Bammann, Enterprise Development Officer, FAO, briefly shared the background of this EU-funded programme. In response to the hardships faced in world agricultural markets and the removal of preferential agreements to European markets, this programme aims to find strategies and alternative income opportunities for small farmers in ACP countries. The purpose of this workshop is to look at best ways to support farmer organisations to better assist their members to supply modern agricultural markets.

Undersecretary Alfred Maesulia welcomed all participants and resource people and opened the workshop. He pointed out that there have been many attempts to engage with communities and farmers in income-generating activities however these activities only remained viable as long as external assistance was available. Therefore, everyone was encouraged to pursue more efficient and sustainable income-generating activities. The Ministry is always at the doorstep to assist.

After the official opening, the workshop structure was briefly presented (see Figure 1). The workshop programme encompassed a mix of case studies, group exercises and presentations as well as theoretical background on business models and value chain related issues.

2. SELF-INTRODUCTION OF PARTICIPANTS

All 23 participants introduced themselves and gave a brief snapshot of their organizations' activities and services as well as their expectations of this workshop. Apart from several Melanesian representatives, participants came from Papua New Guinea, the Solomon Islands, Vanuatu, Fiji, Samoa, Tonga, Cook Islands and Niue.

In short, the participants represent organizations that focus on various issues which include the following: food security and livelihoods, marketing of products, sustainable agriculture, organic farming, communication services, capacity development of farmer field schools, and production plans; they network and collaborate with farming communities, government and donor agencies, agricultural research institutes, NGOs and other associations on different crops such as root crops, black pepper, cardamom and coffee, vanilla and nonu, and fruit and vegetables.

DAY TWO

Purpose of day two:

- 1. Introduction into the theory and some methods to improve small farmers' involvement in value chains;**
- 2. Apply models in the Pacific by providing an insight into case studies and experience shared by workshop's participants;**
- 3. Share experience on changes, challenges and innovations of small farmers in the Pacific, who deal with modern value chains.**

1. BUSINESS MODELS TO INCLUDE SMALL FARMERS INTO MODERN AGRICULTURAL VALUE CHAINS

By Heiko Bammann, Enterprise Development Officer, FAO

All ACP Agricultural Commodities Programme

Heiko Bammann briefly introduced the All African Caribbean Pacific Agricultural Commodities Programme (AAACP) within which this workshop was being held. He stated the programme's objectives, result areas and the lessons learnt. (For more information please see www.euacpcommodities.eu).

The AAACP started in 2007 and is scheduled to end in December 2010. This programme has the following objectives:

- Improve incomes and livelihoods of ACP agricultural producers (through improved competitiveness);
- Reduce income vulnerability;
- Build the capacity of stakeholders all along the commodity value chain, including national policy makers but also producer organizations, to conceive and implement sustainable commodity strategies.

The AAACP partners include the Common Fund for Commodities (CFC), the Food and Agriculture Organization of the United Nations (FAO), the International Trade Centre (ITC), the World Bank and the United Nations Conference on Trade and Development (UNCTAD).

The programme has four result areas. These are the following:

- Development of commodity strategies;
- Access to markets, production factors and services;
- Improving access to market-based risk management instruments (e.g. crop insurance against disasters or market-risks); and
- Making use of synergies and complementarities between the implementing partner organizations.

The key objective of the workshop is to professionalize FOs so that they in turn can support small scale farmers to become profitable suppliers for agribusiness. FAO's approach focuses on strengthening the agribusiness capacity of FOs and improving the functioning of the entire value chain.

Pacific region

During the kick-off workshop in February 2008, the most promising sectors that have been identified in the Pacific region are the fruit and vegetables sectors as well as indigenous nuts. The recent increase in commodity prices in Pacific, for example for coconut oil, and the global food shortage provides an opportunity to grow more and sell more products locally for a better price.

FAO has learnt many lessons with regard to business models that improve small farmers' involvement in modern agricultural value chains. In brief, these lessons are the following:

1. Producers need to be better organized to meet competitive pressures that demand efficiency and economies of scale.
2. Building market capacity – shift focus from production to marketing;
3. Unreliable quality and availability of products is a major impediment to market access.
4. Ensure that there are other activities that complement the main source of income – growing different crops and having different sources of income.
5. Extension services (for example, provided by government) have limited capacities for meeting the diverse needs of producers and their groups.
6. Local organizations and service providers are critically important in market linkages and should be reinforced by interventions.
7. Networking, alliances and inter-institutional collaboration can bridge gaps between small farmers and the private sector.
8. Competitiveness depends on developing specific, sustainable partnerships along the value chain.
9. Development agencies, Non-Governmental Organizations (NGOs) and public sector can be facilitators in linking farmers and buyers.
10. Effective private-public cooperation can create incentives for involving small farmers in value chains.

Linking farmers to value chains

This presentation on value chains included some methods used to identify opportunities to strengthen and improve value chains that benefit small farmers.

A value chain encompasses a full range of activities required to bring a product or service from conception, through the different phases of production, transformations, and delivery to final consumers and final disposal after use. A series of actors are involved in the chain, such as inputs suppliers, producers, processors, exporters and buyers. The aim of a value chain is to maximize overall value. The value chain approach is different from earlier approaches because it is more holistic, cross-sectoral, business-focused and driven by market demand.

The value chain approach follows a step-by-step process for developing and implementing value chain development programmes that link farmers to the agribusiness sector. Typical steps and actions include, for example: (1) value chain selection and identification of key entry points; (2) value chain mapping; (3) participatory analysis of the value chain; (4) drafting the project proposal; and (5) stakeholder validation and planning workshop (see figure 2).

There are several useful methods that can be used to research value chains in order to identify possible entry points for small farmers into chains. Examples are SWOT analysis (Strengths, Weaknesses, Opportunities, and Threats), focus group discussions and key informant interviews (see figure 3).

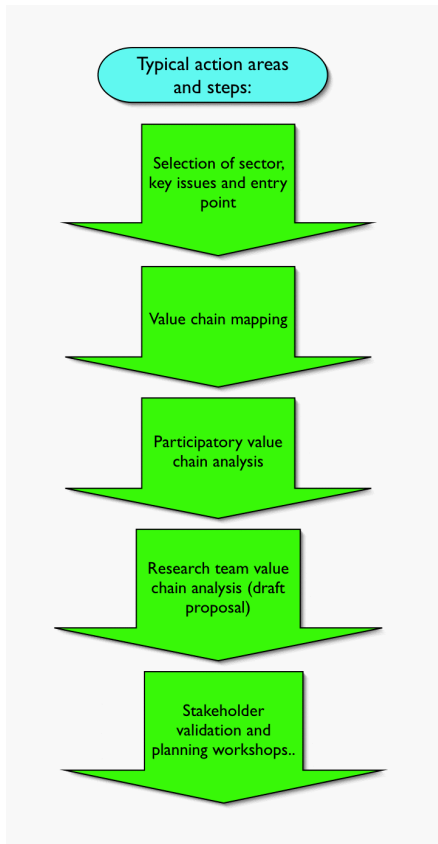


Figure 2: Value chain project approach

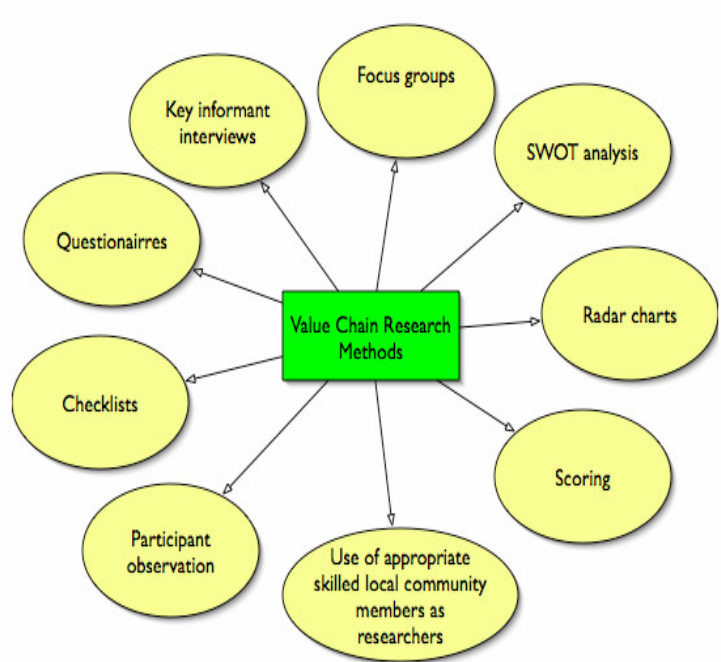


Figure 3: Value chain research methods

2. REQUIREMENTS FOR FARMERS TO BE SUSTAINABLE SUPPLIERS TO MODERN VALUE CHAINS – AN INTRODUCTION TO THE WORKSHOP

By Pousima Afeaki

Pousima 'Afeaki from Tinopai Farm, which is located in the Kingdom of Tonga, gave a presentation on 'What has changed in the last 15 years and what do farmers need to do to be able to supply and survive in the modern business world?'

In the agricultural markets there have been far-reaching changes taken place. Some of these changes are shown below:

- Governments reduced the statutory board controls with the effect that many boards have been replaced by small middle marketers. In Tonga, for example, the copra board was abolished and some new market players entered the production sector. As the copra industry was not competitive it disappeared. Instead soy bean production became profitable.
- Farmers have more choices but also face more uncertainty with which they have to cope;
- Increase in direct farmer exports and local sales – in quantity and in diversity of products in the market;
- Higher demand for value added products, at the same time, decrease in exporting bulk products;
- Increase in food safety and health requirements, especially for fresh products.

Currently the following commercial crops are mainly exported by Tonga:

- **Squash** is exported to Japan. The industry has dramatically declined and might collapse due to high market risks caused by volatile prices. As a response, there has been an increase in export companies, which bear the risk. This was not the case in the past and farmers had to find a way by themselves to cope with the situation and collaborate with one another;
- **Coconuts** are traded a lot locally. Tinopai purchases coconuts and guarantees a fixed price to farmers. The international market for mature brown coconuts is not very big in Australia and New Zealand but there is a good market potential for processed coconuts. However, this market is very competitive and there are other market actors that provide more sophisticatedly marketed and packaged products.
- **Root crops** are grown for the local market but also for exports. It is a thriving business. There is potential for processed products - frozen or cooked.
- **Vanilla** has a very volatile price on the market. There is potential for processed vanilla products.
- **Coffee** is sold in local markets and only a small part is exported.
- **Kava** is a big business in Tonga with a good local and a growing export market. There are two or more kava clubs in every village so that clubs exceed the number of bars. Kava from Tonga is more popular than from elsewhere. At least there are five export houses and processors. The strong selling point is that the Pacific region uses environmentally-friendly farming practices compared to the Chinese production of kava.

- **Taro leaves** is exported to New Zealand. The business is growing. Xanthosoma taro is used for leaf production.

The key messages of this presentation are the following:

1. **Produce to market links:** Work with middle men to identify and grow cash crops and value added products. Their advice is based on a clear understanding of the market and the risks they are willing to take; they constantly look for new and viable opportunities.
2. **Help to establish national agricultural associations** in your country; .associations can help to organize collective actions for farmer groups such as buying input supplies in bulk, enjoying discounts and representing the farmer's interest in political circles;
3. **Product quality and safety:** Products for local and export markets increasingly have to meet quality and food safety standards; work with government and NGOs to improve the production practices for growing traditional crops so you comply with food safety regulations. For example, in terms of food safety and the regulation on residues of chemicals, if you export you will have to get your product tested so it complies with the CODEX standards.

Some of the issues discussed by the participants were:

- Farming needs to become a sustainable business without project money or support from government or donors.
- In many Pacific countries accessing loans is difficult or impossible if land titles are required as collateral.
- Important to build farmers' associations from bottom up - national organizations should be built up before trying to build any kind of regional farmers' organization. But there is potential interest in informal regional networking.
- Generally Ministries of Agriculture are not very effective in the Pacific.
- Mix of subsistence and cash cropping is up to farmers to decide. Those who go for more commercial farming face more risks. Others will continue to do subsistence farming.
- In Melanesia, access to markets and product quality are major issues. Farmers are also confused when they are encouraged to grow different things each year – one year teak, another vanilla etc. especially when promoted by government and not a buyer.
- *'If someone asks me to grow a new crop I ask 'what is the minimum price?'. If I hear of something with no minimum price then I won't touch it. I look at the price if it is offered and do my margins and work out whether or not to grow it.'* (Pousima 'Afeaki).

3. HOW DO FARMERS' ORGANIZATIONS HELP THEIR FARMERS TO PARTICIPATE IN AGRICULTURAL VALUE CHAINS?

In this session, each participating FO's representative briefly gave in insight into the objectives, roles, services and activities the organization engages in to help their members participate in agricultural value chains and become reliable and profitable suppliers.

Samoa Farmers' Association, Samoa By Jeff Atoa

The association was formed five years ago through an active relationship with the Ministry of Agriculture. Currently it has 300 members and is growing quickly. The association provides leadership to industry, initiates research & development and training programs that meet farmers' needs. It also works on import substituting tasks. The Ministry allocated an office for the farmers' association in the government building.

Niue Organic Farmers' Association, Niue By Aue

80 certified organic farmers exist on the island. They are certified by BioGrow International, in New Zealand. Every year the association does audits to certify growers of vanilla and nonu. These crops are the focus because they are easy to produce, have good market value; and as they are processed the quarantine requirements for target markets are reasonable. The association promotes organic farming methods, especially compost making.

SIG Ministry of Rural Development, Solomon Islands By Benjamin Inukoru

The main role of the department is to encourage indigenous development. It provides services such as accounting to cooperatives and other support to groups which want to form cooperatives under cooperative society laws. It does auditing of co-ops. Technical training for co-ops are provided by other agencies (eg Ministry of Agriculture or Kastom Gaden).

Kastom Gaden Association, Solomon Islands By Jack Kalisto and Claudine Watoto

The Kastom Gaden Association (KGA) is a locally registered NGO with a focus on food security. It provides training and assists communities with food security and agriculture livelihood. KGA works with grassroot people promoting self reliance through a national network with over 1500 members. It offers many services, such as distribution of locally appropriate seeds and planting materials, information provision, marketing opportunities for farmers, provision of training and support services. It supports networking of farmers aimed at building the capacity of farmers, farmer groups and leaders within communities. There is a strong focus on isolated areas of the country. KGA has a marketing arm called 'Farmer Fresh'.

Women in Business, Samoa **By Fuatino Muliaga**

The Women in Business (WIB) was formed in 1990. Its aim is to help rural women in Samoa to earn an income. WIB works on topics such as climate change, food security, disaster preparedness, permaculture, coconut oil production. It has 235 farmer members in Samoa. Chairman is the Prime Minister who is very supportive of organic farming and the organization. WIB organises an organic market once a month. Coconut oil producers in Samoa have a market in the United Kingdom (Body Shop). It works closely with other organizations including the International Federation of Organic Agriculture Movements (IFOAM), the National Association for Sustainable Agriculture Australia (NASA) and others.

Farm Support Association, Vanuatu **By Billy Balo**

Farmers helping farmers is the main model of the association. It started in 1983 without any formal structure and is still working until today. No core funding is provided. The main programme provides technical assistance to farmers. Another one focuses on an organic spice network. This network is connected to a company called Venui Vanilla. Farm Support Association (FSA) does their organic inspection. FSA started working on certification in 2004 and has now 300 certified organic farms. Another programme works on horses for transport of produce from garden to wharf; multiplication of planting materials of yam and kumara working in collaboration with the department of agriculture. The sustainable farming programme includes control of erosion and how to extend cropping period before fallow. Other areas include bee keeping, and working with women.

Ipa Integrated Resource Centre, Bougainville, Papua New Guinea **By Bruno Idioai**

The main focus of the centre is raising awareness on organic farming and not using chemicals. It promotes sustainable agriculture in isolated mountain areas. The centre has established a spice focus and supports farmers in growing and selling cardamom to a PNG buyer – Pacific Spices. A cooperative working in this area has established international market links for copra and cocoa. +It has had many challenges to overcome with linking remote farmers to markets. The centre is part of the MFFN without which it would not have come up with this kind of marketing system.

Community Based Health Care, Papua New Guinea **By Joseph Warai**

It was set up in 1995 as an integrated holistic health care facility in the communities. The communities face a lot of problems with the breakdown of health care and agricultural services. The Community Based Health Care (CBHC) works with communities to address their needs and health care issues. Its comprehensive programme includes issues such as food security, law and order. CBHC's focus is on agriculture in support of household farming such as crop livestock gardening, rabbit farming, fish ponds, and chicken. Manure from animals is used to grow nutritious food for the families. Many areas have a lot of soil problems due to a growing population. The Tari area, which is the Southern highlands province, has 300,000 people. CBHC wants to help poor families to have a higher income and to manage their income so that it is not all going into bride price and excessive community obligations. All services are village based. It has tied coffee marketing into the community banking, helps each community to form

co-operatives and has now decided to link farmers directly to local exporters and exit from the role of an NGO as a middle man.

Ministry of Agriculture, Solomon Islands **By Lilly Wame**

The Solomon Islands Government (SIG) Ministry of Agriculture (MoA) works with women in agricultural extension services. Its focus came about in 1993. Prior to that there were few women in extension services; now there are 25. The focus is on food production and traditional crops. The women extension officers aim to make women more comfortable to come to make use of extension services. The MoA does a lot of training on vegetable production and soil improvement. Its goal is to foster collaboration with NGOs such as the Kastom Gaden Association.

4. REFLECTION ON STATEMENTS AND SUMMARY OF KEY AREAS **By David Hitchcock, Senior Farming Systems Development Officer, FAO**

David Hitchcock gave some reflections on the presentations by the participants and how this relates to trends on a global level.

Typical features of smallholder farmers are:

- Inaccessible markets
- Independent decision makers on a household level
- Planning flexibility <1 week
- Reluctant to cooperate
- Input supply, land tenure, and food security constraints

Below are some important questions to consider:

Farmer-market linkage:

- Why is it that small farmers do not link to markets?
- While few small farmers are successfully linked to markets there are many more who are moving further and further away.
- Do we link farmers to markets or do we link markets to farmers?
- Is there a market?
- What are the requirements of that market?
- Is the market accessible? What is the infrastructure required?

Risks, profit and farming:

- How do we actually minimise the risks for small farmers?
- Should not push farmers to abandon traditional farming;
- Profit-oriented thinking is necessary;

Organizing farmers and resources:

- Can farmers be organised? There have to be benefits of having to work with other people, which are greater than the disadvantages.
- Farmers come together to pool their available resources, to access external resources (credit) and to empower each other;
- Are external resources such as credit, information and inputs available?

5. MOST IMPORTANT CHALLENGES AND INNOVATIVE RESPONSES

This workshop session was a working group exercise and participants broke into small groups to discuss the following three relevant questions:

1. What are the major changes in agriculture in the past 15 years?
2. What are the new challenges farmers face because of these changes?
3. What are the most innovative responses to these challenges?

In summary, the group results are presented below:

1. Major changes in agriculture over last 15 years	Tally of discussion references
More export and local market opportunities although range of products for export limited. In post conflict areas commercial farming and exports restarted after collapse during conflict. But export is increasingly difficult due to, for example, quarantine restrictions;	8
No more visits and advice by government extension staff. Extension functions taken over or shifting to NGOs and private sector; Farmers continue to improve and innovate without Government extension services.	6
Severe impacts of conflict on agriculture in some areas (SI and PNG): Commercial farming destroyed; Unity of farmers lost /destroyed; subsistence farming to survive;	3
Farming has diversified in varieties grown on farms. Now have better choices to market (particularly local market) and a growing local market;	3
Women increasingly involved in commercial agriculture;	2
Farming techniques improving and increased out puts. Increased income;	2
Less malnutrition but conversely many farmers sell their produce and buy imported goods from shops leading to new nutritional health problems	2
Improved training methods i.e. farmer to farmer. Women more involved in all areas of extension services.	2
Government owned exporters in past are gone and now a range of private exporter business and entrepreneurs.	2
<ul style="list-style-type: none"> ▪ Immigration of farmers overseas ▪ Many are now farming with no external inputs (organic by certification or by default) ▪ Farmers previously worked as individuals but now starting to work as coops/collectives/groups. ▪ Decrease in traditional farming ▪ Importation of hybrid seeds and planting materials through agri business ▪ Farmers have more access to information ▪ Research – changes to on farm research and collaboration with NGOs ▪ Population growth putting pressure on land access (especially fertile land) 	Each one

2. New Challenges farmers face due to those changes	Tally of discussion references
Severe lack of basic infrastructure (roads and transport, electricity) for majority in Melanesia. High fuel prizes and dependence on expensive means of transport – eg outboard motors, air freight etc. Resulting Fluctuations of supply and income opportunities.	6
Farmers need multiple skills. Farmers need better farming practices and management; finding ways to overcome declines in production; access and use appropriate technology.	6
Vulnerable to changes in market – some prices up, some down. Production costs going up;	3
Competition for allocation of resources time and labour between different crops and between subsistence and cash crops; land disputes Inconsistency – swinging from one crop to another. Also due to copy cat situation	3
Maintaining Quality; pest and disease problems with decrease in yields;	3
Developing understanding about value addition: products with longer shelf-life; products comply with market requirements;	3
Not enough information/training/technical support reaching farmers; Risk of taking on new crops and increasing vulnerability to market changes.	3
Improvement of government policy to promote farming. Mismanagement of organizations and services;	2
<ul style="list-style-type: none"> ▪ Farmers have less capital to sustain changes in market and to expand farming activities; ▪ NGO/farmer association and government relationships; 	1 each

3. Most innovative responses to these challenges

The responses from participants have been grouped into those that: (A) Reflect a handout mentality stemming from their experiences with government and donor interventions in the past; (B) Concerned getting infrastructure and policies in place to support small farmers – the enabling environment; C) Others that had innovative ideas on how capacity building of farmers can help to address the occurring changes.

A. Hand-out mentality

- Government grant funding assistance to small subsistence farmers;
- Government subsidies fuel;
- Source funds from donors for farmers;
- Exemptions on duty for machinery (also above);
- Government grants funding assistance to small subsistence farmers.

B. Enabling environment

- Build infrastructure;
- Appropriate policies;
- Duty exemption for agricultural machinery;
- Set policies to favour agriculture;
- Easier access for farmers to export markets;
- Joint activities of government and NGOs to improve services to farmers;
- Niche markets being identified where the Pacific has comparative advantages.

C. Farmers' capacity building

- Provide credit facilities for small subsistence farmers;
- Substitute fertilizer and other inputs with organic alternatives eg compost;
- Promote agricultural initiatives;
- Training;
- Publications from different associations so public know what they are doing.

SUMMARY OF THE DAY

Day two of the workshop started with a general overview of the EU-AAACP and how this particular workshop activity relates to it, followed by an introduction into the purpose of the workshop, definitions of value chain development and business models promoted for Farmers' Organizations by FAO/AGS to link small farmers to markets. Thereafter, the new market requirements for farmers were presented on the example of the Tinopai Farm case study.

During the afternoon session, each organization presented the type of services they provide to members in order to support their participation in modern value chains. Afterwards, changes in the agricultural sector and new challenges for Farmers Organizations were discussed.

It became clear from today's discussions and presentations that most Farmers' Organizations in the Pacific still have a more livelihoods focus rather than a market focus.

DAY THREE

Purpose of day three:

Share learning on the key topics and issues for successful farmer's participation in value chains.

1. INTRODUCTION TO KEY TOPICS FOR VALUE CHAIN DEVELOPMENT

By Heiko Bammann, Enterprise Development Officer, FAO and

Day three of the workshop aimed at sharing learning points on the key topics for successful farmer's participation in value chains and value chain development. The five key topics are the following: (1) Producer-market linkages; (2) Food quality and safety standards and certification; (3) Diversification and value addition; (4) Business and financial services; and (5) Collective actions and alliances. An introduction into all five key topics for value chain development was provided.

Producer-market linkages

There are several reasons why it is a necessity of linking farmers to markets. These are:

- Focusing on production is short sighted and does not take the market into account;
- Ad hoc sales of small surpluses are not a realistic long-term approach;
- Changing agricultural markets require more market-responsive actions by farmers;
- Closer links and business partnerships between producers, processors, exporters, traders and retailers have strong potential benefits such as increased efficiency and competitiveness.

Examples of producer-market linkages are: (1) Farmer to domestic trader; (2) Farmer to small agro-processor; (3) Farmer to retailer; (4) Farmer to exporter; (5) Linkages through leading farmer; and (6) Linkages through FOs.

Producers and buyers face specific challenges, which they need to tackle when establishing market linkages. These are:

- (1) For producers: Day-to-day financial needs; Information about the buyer's requirements; access to inputs and technical know-how; and market-oriented production.
- (2) For buyers: Access to reliable supplies – quantity, quality and price; tying up scarce capital in inputs, technical assistance and advancing payments; and finding finance and identifying new markets to expand the business.

Food quality and safety standards and certification

Increased consumer awareness of the need for safe and healthy food has led to the proliferation of food quality and safety standards. However, standards are also used as a marketing tool by retailers to demonstrate product superiority through applying stringent requirements.

Certification guarantees compliance with standard requirements and helps to gain consumers' confidence in food products. They have become pre-requisites for accessing fast-growing markets and at the same time, create huge barriers for farmers to enter these markets.

Some of the challenges faced on different levels are:

- (1) Macro level: Establishing market information systems on standards traceability procedures and food safety and quality institutions; and

- (2) Farm level: Farm business management skills, food hygiene and sanitation and post-harvest management.

To reduce the farmer's costs of complying with standard requirements and certification procedures, FOs and cooperatives can play a crucial role by organizing collective actions and facilitating group certification. This can lead to increased access to niche markets.

Diversification and value addition

On the farm level, diversification activities to access markets are aimed at minimizing risks and yielding higher returns in a cost-effective way. This can be done, for example, by growing a variety of products, starting new market-oriented income-generating activities and serving different market segments through product differentiation by using innovative approaches.

Value adding activities upgrade a product or give additional value to the customer, for example through improved processing methods, increased product quality and more sophisticated packaging by applying new technologies. Value addition can take place at different stages in the value chain, for example, during harvesting, production, processing, marketing or while the product is stored.

The challenges are:

- Identifying market demand and market niches for value-added and diversified products;
- Overcoming poor market information;
- Complying with food hygiene and quality requirements;
- Coping with volatile market demand and staying profitable;
- Managing the risk involved in accessing new market opportunities;
- Investing in the right technology to upgrade production.

Thus, it is crucial to (1) know your market, especially, customer's demand, customer's product preferences and the quality specifications and price range and (2) to identify appropriate technologies that match the market demand for value-added and diversified products.

Business and financial services

Business services are important for the commercialization of farm production. For example, marketing and business management services include record keeping, accounting and business planning, which are delivered through local small dealers, agri-clinics and agribusiness service centres.

Financial services include credit, savings, insurance, leasing and transfer of payments, value chain finance such as warehouse receipts schemes, inventory credit, and leasing for value chain actors. These services are provided by formal providers, such as savings and credit cooperatives, microfinance institutions as well as companies and banks. There are also informal providers of financial services on the market, such as shopkeepers, and money lenders. Market information about supply and demand and the development of prices can be delivered via SMS, phone, radio and video.

Some of the challenges are:

- (1) Having access to affordable and customer-responsive business services;
- (2) Coping with high transaction costs due to poor infrastructure and dispersed clients;
- (3) Adapting credit lines to actual business needs;
- (4) Providing more flexible and cost-effective working capital loans and longer term loans for capital investment;
- (5) Adapting repayment schemes to actual cash-flows of producers/agribusinesses; and
- (6) Mitigating production and price risks in volatile markets.

To suit different clients' needs, business services need to be customized. Financial services are being transformed through information technology, which opens access to finance for remote customers like farmers. However, poorly-designed financial schemes undermine the technical viability of services and can lead to highly indebted borrowers. To achieve high repayment performance, careful and responsible analysis of borrower's cash flow is crucial.

Collective actions and alliances

Collective actions are voluntary actions undertaken by a group, for example to increase the negotiating capacity and incomes of small-scale farmers, or to meet market demands for product volumes and quality. Commonly, these actions are beneficial for all. Alliances are agreements between, for example, farmers, processors and traders, who aim to cooperate with each other on common goals.

Forms of collective actions and alliances by small-farmers are, for example: (1) Buying input in bulk; (2) Negotiating better prices with intermediaries and buyers; (3) Negotiating credit with financial institutions; (4) Marketing collectively; (5) Contract farming; and (6) Sharing processing facilities.

In brief, collective actions and alliances are mostly successful if the following features apply:

- Group solidarity – members should not break rank;
- Trust – no hidden agendas;
- Ownership – full participation in all decision making;
- Active participation – “sleeping” partners weaken the group;
- Adherence to contracts – no side selling, while maintaining quality;
- Mutual benefits – all parties should profit according to their inputs;
- Joint accountability – systems in place to ensure all parties are accountable;
- Risk mitigation – groups and alliances reduce risks.

2. ILLUSTRATIVE CASE STUDIES AND GROUP DISCUSSIONS

In order to illustrate the key areas for value chains that were introduced in the morning, this session focused on four case studies: (1) Organic vanilla production, certification and export by the Niue Organic Farmers' Association, Niue; (2) Coffee export by the Community Based Health Care in Tari, Papua New Guinea; (3) Vegetable contract production for the South Pacific Games by the Samoa Farmers' Association, Samoa; and (4) Cardamom Marketing through Pacific Spice, Bougainville.

In small working groups, the participants then analysed these case studies considering the following criteria: (a) Issues, (b) do and don'ts and (c) skills required using the headings:

- Producer-market linkages;
- Product quality and safety;
- Diversification and value addition;
- Business and financial services; and
- Collective actions and alliances.

Presentations were made to the plenary and similarities and differences noted.

2.1 Case study: Niue Organic Farmers' Association Organic vanilla production, certification and export

Situation:

- Organic vanilla and nonu – started in 1970's;
- Grading of produce based on middle man requirements; Must be certified organic;
- 90 ha of land under production with 140 kg exported annually; only two buyers on the island;
- Need a stable market to make use of vanilla harvest;
- Do not need phytosanitary certificate for New Zealand;
- Have quality but not quantity;
- Products have good export potential as large countries are still not producing vanilla;
- Disadvantages: no reliable market; produce can go past use by date; quality is not ensured; long term crop – takes time; not enough capital;
- Opportunities: current price very good; beneficial for economy; need to acquire market from other Pacific Islands; combine efforts to form a vanilla group to export to larger markets such as EU, USA and Australia.

Solutions:

- Farmer groups to negotiate pricing and trading;
- Record keeping to determine minimum price;
- Local knowledge;
- Search for information on marketing, processing etc.;
- Collective action.

Discussion:

- At present most farmers do not keep records;
- Pros and cons of going straight to the market versus the use of a middle man; it would be good to explore both options;
- Leadership is a critical factor for the success of Farmers' Organizations. A lot of organizations will form under strong leadership such as dictatorial or benign leadership. As the organization develops there needs to be handover of responsibility – other people need to take over key roles that the leader does.
- Some potential for regional cooperation; for example could contact vanilla buyers in Tonga and see if they might be willing to buy some of the vanilla produced by the Niue Organic Farmers' Association; Niue is trying to develop a brand of Niue vanilla as being high quality and organic; Perhaps regional sharing of information on this crop would be easy achievable.

2.2 Case study: Community Based Health Care, Tari Coffee export – tree to cup

Situation

In recent years, farmers have felt that the eight legal exporters have not paid fair prices. Local middle men have flourished but the eight limited exporters licence holders have not changed.

The aim of the Community Based Health Care (CBHC) was to allow for the coffee consumers to know that they pay a fair price to the coffee growers. Cooperatives were organised under the PNG Coffee Federation. Coffee is sent down to Lae to coffee exporters, on to coffee roasters in America, and then sold at outlets. What we found out was the idea was simple but that in practice there were a lot of problems:

Farmers had to get products directly from Tari to Goroka. They found it difficult to cover transport costs. The farmers first experienced an approximate three months time gap between sending the coffee beans and receiving payment. Initially they got very high prices. The second shipment took six months. But in the second shipment the price dropped from 7 kina to 3.70. The farmers asked why the price was going down and they were told it had something 'to do with world trade centre in New York'.

Ngo did not know how to explain the changes in the prices. They were lost and so were the farmers. As a result both were de-motivated. Now they have moved to selling in Goroka to a middle man and the price moved to 4 kina. For the first time the coffee exporters put their prices up.

The process did raise the price of coffee because some farmers were getting mobilised and some of the middle men were cut out in the chain. In response some of the local middle men started to put up their price in turn.

Discussion

- There was no price set prior to export; price is paid on arrival; increased price means more risk.
- Negotiating a contract with the middle men – forward pricing. Coop shook up the market provided that they could export coffee. In the end they decided not to keep exporting as it is very hard. However, the result has been that they stimulated competition in the domestic market.

- Important point is that farmers gained new knowledge of the chain and the variability and fragility of the chain.
- CBHC put a staff member onto helping to export the coffee and also provided a vehicle to pick up the coffee and transport it. They paid 60 percent of the licensing fees.

Topic	Issue	Method/skill
Producer-Market Links	Infrastructure Transport Packaging Storage Office/admin Communication Education of Farmers Prices /changes Costs Work /effort involved Record keeping	Able to spread information (NGO's/Extension/private sector) Help farmers to understand: <ul style="list-style-type: none"> • Prices • Costs • Process/time Teach record keeping (NGO/EXT/Private sector) Advocacy /push /lobby for action to develop /improve infrastructure (NGO/Govt/Private sector)
Product Quality & Safety	Expand knowledge of quality & safety (TQM) Top quality /reliability /regularity brings top price/approaches from middle men	Show practical knowledge how to improve quality safety (NGP)
Diversification & Value-Addition	Lack of competition No diversification but added – value through forcing competition Lack of power	Form Coop (NGP) Extend involvement along value – chain(NGP)
Business and Finance Services	Record keeping Payment records + safe keeping (trust) Cash transactions (domestic/intl) Credit facilities	Show/teach trainers to teach farmers /coops Record-keeping Book-keeping Cash trans Payment records Credit fac.(NGP)
Coop/Collective Action and Alliances	Organization time, effort and cost Appropriate method & approach Coop goal must be attractive for farmers (better price improve road /wharf/building shed etc) Alliances will result after coop set up and operating successfully	Specialized skills to help set up coops (NGP)

2.3 Case study : Samoan Farmers' Association Fruit and vegetable contract production for the South Pacific Games 2007

This case study focused on the FO's role in organizing growers to supply fresh produce for the South Pacific Games in Samoa. Many donors became involved – perhaps too many.

Topic	Issues	Methods/Skills
Producer-Market linkages	Time factor-time, quality, price, quantity Information flow –no clear volume requirements, information No contract arrangement between SPG & Farmers' Association Selection of farmers /capacity adherence to the agreement	Training in Marketing information skills Contract management training
Product quality and safety	Access to good quality seed /no tested Need regular field inspection /field record keeping Proper application of chemicals, fertilization High cost of transportation Poor infrastructure: ie roads, distance location No proper packaging, grading facilities Need to adopt international food safety standard;	
Diversification & value addition	Availability of seeds Skills and knowledge of new technology of production Regular farmer training program in place Save and multiplication of PM/seeds	Training and courses post harvest management and processing
Business and financial services	Access to seed funds / startup capital Financial management / learn to save Understand the difference between profit and income Risk management Farmers link up to modern market Regular training for farmers;	Farms management skills Record keeping Money management
Cooperate /collective action and alliances	Multi stakeholders and committee for planning purposes. Technical team Lobbying and negotiation power/reduce import duty tax	Negotiation skills Good governance management

2.4 Case study: Cardamom Marketing through Pacific Spice, Bougainville

Highland cardamom has been originally introduced in 1984. Aivo/terao is the constituency of central Bougainville. During the crisis all the cardamom disappeared. The Ipa Integrated Resource Centre had a very difficult experience of linking farmers to buyers in very remote areas on the island with little functioning infrastructure. An NGO-led approach did not work well, neither the facilitation of a micro loan to a middle man. Now a local-based middle man with strong connection to the NGO has stepped in and after seven years farmers have a regular middle man buyer who then sells it to Pacific Spices in Rabaul.

Topic	Issues	Method/Skills
Producer-Market Linkages	Far away market (no infrastructure) Poor communication (lost produce) Price fluctuation Farmer's expectations New middle man - challenges	Market research Negotiation Seek advice /information Networking and good communication Confidence
Product Quantity and Safety	Mould/storage issues Mix grade-lower price No grading Driers work well	Technical skills Farmer training standards Quality standard control Product knowledge Market requirements
Diversification and Value addition	More product highlands Other spices (some chilli, turmeric/ginger) Alternative to cocoa Potential to do oil	Technical skills Value addition Market resource Farmer training Appro. Technology Traditional we act.
Business and Financial Services	Micro finance –lost payments Revolving fund Family fund-no bank Wages invested by individual-price fluctuation	Book-keeping Financial records Cash flow projection Farmers financial literacy Micro finance loan management
Cooperative/Collective Action Alliances	Cooperative partnership Plan for spice board Women coop NGO promoting production New crops/techniques &driers Farmers understand market fluctuations (before mistrust) private sector–NGO partnerships	Banks account for farmers Micro finance farmer household planning /finance skills Facilitation : Communication cooperate expertise

FIELD VISIT TO HANI PANI FARMERS' CENTRE

The workshop participants made a field visit to a farmer group which runs the Hani Pani farmers' centre where root crops are collected, bulked and distributed to local farmers and new farming methods are demonstrated. The centre is supported by the NGO Kastom Gaden Association and run by a group of women farmers.



SUMMARY OF THE DAY

Day three of the workshop focused on key areas for successful farmer's participation in value chains and value chain development. First, an overview of the five topic areas was provided, which are: producer-market linkages, food quality and safety standards and certification, diversification and value addition, business and financial services and collective actions and alliances. This was followed by case studies from the Pacific region, which illustrated more in depth the key value chain development areas and how some organizations have adapted to the changing agricultural environment.

DAY FOUR

Purpose of day four:

- 1. Draw out lessons learned in value chains for smallholder farmers from the Pacific case studies;**
- 2. Participants have an understanding of the roles and the strengths and weaknesses of each of the potential different stakeholders in the value chain;**
- 3. Functions, responsibilities and the capacities required for Farmers' Organizations in value chain development.**

1. DO'S AND DON'TS: REMINDERS FROM PARTICIPANTS

In this session, the participants focused on the questions: What are the 'dos' and 'don'ts' and the lessons learnt that can be drawn out of the four Pacific case studies presented yesterday? These were the following:

1. Niue Organic Farmers' Association - Organic vanilla production, certification and export;
2. Community Based Health Care, Tari - Coffee export – tree to cup;
3. Samoan Farmers' Association - Fruit and vegetable contract production for the South Pacific Games 2007; and
4. Cardamom Marketing through Pacific Spice, Bougainville.

DO	DON'T
<ul style="list-style-type: none"> • Record keeping • More information access • Involve women • Do what you are good at • Effectiveness = number of members who benefit • Looking at adding value further along the chain • Forward selling • Produce high quality products • Provide training for farmers • Find win-win situations for farmer and trader • Organise farmers in groups • Have effective information flows • Budget management training for farmers • Collaborate with government organizations • Find your own financial support and resources • Analyse markets properly • Make a profit • Find good middle men 	<ul style="list-style-type: none"> • Mismanagement • Don't do whole chain – find good middle men • Don't promise price to farmers • NGOs don't do everything for farmers • Make agreement yourself • Don't give loan to wrong people • Don't work with wrong middle men • Force farmers into groups they don't want to be in • Don't depend on government

2. SUMMARY OF COMMON METHODS AND SKILLS

Facilitated by Pousima Afeaki and Jeff Atoa

Below is a summary by Pousima Afeaki and Jeff Atoa of the common methods and skills identified in the Pacific case studies, which were presented on the previous day.

Key components	Common methods and skills from groups
Producer–market linkages	<ul style="list-style-type: none"> • Farmers need to get information about market – price, volume • Train farmers to keep records • Need to push to develop and improve infrastructure (advocacy)
Product quality and safety	Train farmers to ensure quality and safety
Diversification and value addition	Teach farmers/ co-ops / groups technical skills to diversify and add value
Business and financial services	Teach trainers to teach farmers / groups farm record keeping, bookkeeping, credit and savings, micro finance,
Collectives action and alliances	Help farmers to set up co-ops, collectives, groups

3. RESPONSIBILITIES OF FARMERS' ORGANIZATIONS VERSUS OTHER STAKEHOLDER GROUPS

Reality is that there are many stakeholders involved in the agricultural sector, which are Farmers' Organizations, farmer groups, the private sector, NGOs, and the government. As an NGO, for example, there has to be cooperation with the government, the private sector, and the Farmers' Organizations. Farmers need to be aware of who the stakeholders are and which their respective roles are to understand with whom to collaborate. Every stakeholder is a potential catalyst in this quickly changing market environment.

In general terms we need to understand the different roles of these actors, which can be complementary and thus, contribute to an overall better cooperation with each other. The crucial questions are:

- **What is the primary responsibility of each actor?**
- **Does the actor have the authority to carry out its responsibilities?**
- **What is the role of government/private sector etc. over the next five years?**
- **What is the government/FOs able to do?**

The participants broke into working groups representing the various stakeholders in society: NGOs, government, FOs and private sector. The groups were made up of members who are not currently working in that sector. They were challenged and asked to role play as if they were part of that stakeholder group. In plenary the participants then walked around the room and asked questions and feedback from each of the groups.

Farmers' Organization's responsibilities

Primary responsibilities	<ol style="list-style-type: none"> 1. Acquire right information and share with farmers 2. Farmer cohesiveness – organise farmer groups 3. Stop corruption and provide equal distribution of resources 4. Link with local organizations (government, NGO etc for resources/funds) 5. Market opportunity
Secondary responsibilities (done with other groups)	<ol style="list-style-type: none"> 1. Training (with government and NGOs and private sector) – technical, management, finance 2. Quality production (middle men linkages) 3. Production (farmers do production, help from others eg NGO) 4. Mobilising farmers for advocacy – (government, NGO links) 5. Networks (links to private sector, NGO, government.)

Discussion

FOs have a primary role in facilitating farmer-to-farmer training and linking farmers to markets. Perhaps there is a need to re-focus on what are regarded the key areas required for better links to markets. Practical areas such as record keeping can be a role of a farmers' association.

Private sector's responsibilities

Primary responsibilities	<ul style="list-style-type: none"> ▪ Make profit ▪ Identify market opportunities and prices ▪ Source investment ▪ Exporting and importing products ▪ Provide infrastructure – storage, shipping, packaging
Secondary responsibilities	<ul style="list-style-type: none"> ▪ Organise farmer groups ▪ Provide technical training (quality and value adding) ▪ Facilitate farmer's access to credit ▪ Liaise with stakeholders – NGO, government and FOs ▪ Field monitoring and products

Discussion

Rather government than private sector should provide infrastructure. Private sector could be more focused on services such as storage, shipping and packaging. It was questioned if the private sector has a role to negotiate tax breaks and incentives for small farmers. A missing point in the presentation was that the private sector can provide the market. So making profit means providing a market to small farmers – they do this by making a profit, sourcing investment etc. Private sector sometimes tends to limit competition and reduce licenses; it is in the private sector's interest to do so.

Non-Governmental Organization's responsibilities

NGOs fill the gaps left unfilled by government, private sector and farmers to help farmers sell their products for a profit.

Primary responsibilities	<ul style="list-style-type: none"> ▪ Fill gaps ▪ Analyse and make plans to address gaps ▪ Own workers and facilities ▪ Able to coordinate help from specialists (e.g. FAO, UNDP, govern.) ▪ Consult with farmers ▪ Help farmers to set up farmer groups ▪ Do not need to get into business to help farmers make money
Secondary responsibilities	<ul style="list-style-type: none"> ▪ NGO need to fundraise or charge fees for services ▪ (NGO with government and donors)

Discussion

There are certain situations in which NGOs should run a business in order to make money. However, it is the function of an NGO to exit as soon as possible if it plays the middle man role. This was debated as some participants thought if the private sector works well then middle men will come in to fill gaps. There appears to be an overlap in functions among NGOs and other stakeholders. NGOs should have in place an exit strategy for many of their work areas.

Something missing in the group presentation but generally accepted is that NGOs should also have a focus on vulnerable groups. The role of an NGO is to promote balance between environmental and social sustainability, food security and reducing vulnerability. NGOs also have to play an advocacy role. Historically, they filled the niche of providing advocacy on behalf of the underdog. The question remained whether the primary responsibility of NGOs should be to make farmers' voices heard.

Government's responsibilities

Primary responsibilities	<ul style="list-style-type: none"> ▪ Infrastructure development (road, wharf, airport, electricity etc) ▪ Review and amend environment-friendly policies ▪ Encourage private – public partnerships ▪ Equal gender partnerships ▪ Promote transparency and good governance in market chain development ▪ Offer farmers access to unused resources – land/office/space / equipment ▪ Listen and support private sector initiatives ▪ Implement international treaties/conventions etc – on GMO's, environment, climate change, and food security
Secondary responsibilities	<ul style="list-style-type: none"> ▪ Equal opportunities for training and scholarship ▪ Credit facilities ▪ Education ▪ Regulation ▪ Establish law and justice ▪ Access to international market development–linkages ▪ Advocate for organic farming and marketing

Discussion

The group expressed frustration about the lack of infrastructure development in Melanesia. Some thought that there is a need to balance realistic infrastructure planning with a cost-benefit analysis. Others were of the opinion that necessary infrastructure has never been put in place. It was discussed if there is a role for the other players in infrastructure. Perhaps it should be high on the agenda for others to advocate for infrastructure development. Government has a role to facilitate competition (eg Digicel in PNG). A major role of government is also to facilitate access to international markets and the provision of testing facilities to enable access to export markets.

The vote is farmer's most important tool. NGOs, FOs and the private sector can help to hold government's responsible for their policies and promises.

Required capacities of Farmers' Organizations

Small groups were asked to look at four different areas of the development and operation of a FO in order to identify the capacity required. These areas are:

- Start up of a Farmers' Organization;
- Professional management of an organization;
- Effective advocacy, representation and negotiation;
- High quality service provision.

The groups then presented in plenary their results as shown in summary below.

Areas of operation	Capacity needs
Start up of Farmers' Organization	Get farmers together Identify problems or needs Set: goals & objective, constitution, vision and mission statement Set up executive/decision making/organizational structure, roles and responsibilities Note: there is a range of types of FOs ranging from Formal to informal; some may not have all these structures Value and culture Resources to operate, finance for start up and management (possibly from members themselves)
Professional Management of Organization	Financial management and administration skills Marketing strategies Able to respond to farmer's training needs Formal: more professional management (office, staff, facilities etc) Informal may not need any professional management services Human resource management Operational rules and procedures Planning and budgeting
Effective advocacy, representation and negotiation	Farmers' mobilization Represent farmers to government Farmer-to-farmer exchange programmes, cultural shows, festivals Awareness raising through local radio, TV, farm pamphlets, newspapers Formal (eg WIB, Kastom Gaden, Coffee Federation) Representing specific needs of small farmers
High quality service provision	Farmer-to-farmer training Accurate information Certification (e.g. organic) Distribute information Financial management (bookkeeping/credit etc) Regular communication with farmers (at least monthly) Monitoring market prices/volumes/new products and provide this information to farmers

4. Case study: Fiji Red Papaya – Natures Way Cooperative **By Andrew McGregor**

Natures Way Cooperative (Fiji) Ltd. (NWC) was formed in 1995 to undertake mandatory quarantine treatment on behalf of Fiji's fruit export industry. The company has over 120 shareholders some larger growers and exporters. The vast majority of shareholders are small farmers, who without the services provided by NWC would not have access to export markets. The case study focused on the development of the market for Fiji Red Papaya.

Fiji Red Papaya is seen as a fruit fly host commodity and is therefore subject to strict quarantine system. All cooperative members, including small farmers, must comply with it, if exporters are to successfully sell the produce on international markets. A key service to the industry provided by NWC is the management of the hot forced air treatment facility at Nadi airport. To ensure that NWCs hot air plants are working at full capacity the cooperative needs to increase the volumes of supply from small holders. Past major bottlenecks which NWC, together with its partners, managed to overcome include multiplication and provision of quality seeds, acquisition of field crates and to acquire capital for running the HTFA plant and packaging facility.

The market future outlook looks promising and the current challenge is to increase the supply of quality produce. During the discussion some factors of success for Natures Way Cooperative to access international markets were highlighted, including:

- Maintain high quality fruits through post-harvest control and handling and use of field crates for transports from the field to the treatment/packing plant;
- The successful introduction of the solo sunrise variety in Fiji;
- Good management practices applied along the value chain;
- All stakeholders in the value chain have to be a member of a cooperative and pay fees for services provided;
- Private sector managed value chain with Government as service provider and partner in negotiating bilateral quarantine agreements';
- Comply with quality and health requirements;
- Branding ("Fiji Red Papaya") and niche marketing.

A more detailed summary of the presentation can be found in Appendix C.

5. DEVELOPING ACTION PLANS FOR FARMER GROUPS **By Heiko Bammann, Enterprise Development Officer, FAO**

This session focused on how farmer groups and Farmers' Organizations should go about putting together proposals for an action plan for follow-up activities to improve the organizations' capacity in value chain issues to better serve their farmer members. Activities should be identified that complement the workshop's objective and could be eligible for funding under the AAACP. The action plans should be implemented within six months.

The participants met in groups and spent the remainder of the day developing the action plan proposals. A format was provided which they were to use to ensure that they capture each of the following elements of a good proposal: justification, outcome, output, activities, timeframe, partners, budget and contact **information**.

SUMMARY OF THE DAY

Day four of the workshop mainly focused on a series of working group exercises, in which the roles and responsibilities of FOs against the role of government extension services, private sector and NGO's were discussed.

One of the findings was the current and widespread general lack of market-oriented agricultural advisory services. Private sector companies as well as NGOs and FOs have a role to fill this gap. However, in order to do so and realizing the still more livelihoods focus of most of the FOs in the Pacific this remains a challenge. Some key areas of service provision require strengthening. The following areas were identified as the most relevant ones for improved farmer to market linkages:

- Provision of and ability to make use of relevant market information for improved production planning for a consistent supply of required quantities of quality and safe/clean produce to buyers;
- Farm management and business skills such as money management (learning how to save), farm record keeping, cost and profit calculations;
- Continuing advice on improved technologies and post-harvest handling to improve productivity, add value to products and ensure high quality;
- In general farmers need the skills required and the access to accurate and easy to understand information to match requirements for the profitable production of high quality produce.

Besides better service provisions, the upgrading of market and communication infrastructure including basic infrastructure for transport was named as a key area for sustainable linkages between farmers and buyers as well as the improvement of value chains, especially for fresh produce.

The last session of this workshop day was aimed at developing action plans for improved service provisions for participating farmer organizations.

DAY FIVE

Purpose of day five:

- 1. Develop national action plans for follow-up activities for support by the AAACP or other donor programmes;**
- 2. Planning of regional level activities;**
- 3. Share experiences from the week and evaluate the workshop.**

1. DEVELOPING ACTION PLANS FOR FARMER GROUPS

By Heiko Bammann, Enterprise Development Officer, FAO

The last day of the workshop mainly focused on finalizing the drafted action plan proposals. The proposals were presented to all the participants and a peer group panel commented the proposals and provided some feedback. Participants were asked to incorporate the feedback and critiques that were given into the final action plans.

The proposals are included in the Appendix of this document but below are brief descriptions of the content.

Overview of action plans

Niue	The Niue Island Organic Farmers' Association suggests as a follow-up activity the development of a marketing strategy for vanilla to secure a reliable market. This includes: 1) analysis of potential buyers; 2) negotiation of contracts with buyers; 3) technical assistance for vanilla growers; 3) development of an information and communication strategy to formalize regional links; and 3) training in financial management issues.
Papua New Guinea	The Ipa Integrated Resource Centre (IIRC) puts forward a proposal that strengthens the marketing, business and quality control capacity of cardamom farmer groups. The following activities are envisioned: 1) training in crop management; 2) business management training including household planning , book and record keeping and marketing; and 3) training in quality control.
Papua New Guinea (2)	Community Based Health Care (CBHC), an NGO program, suggests the creation of a cooperative for smallholder grower coffee marketing, coordination and production. The following activities are envisioned: 1) consultation meetings and workshops with farmer groups; 2) establishment of a cooperative; 3) development of an information & communication strategy and organizational structure; and 4) training in marketing and planning issues.
Samoa	The Samoan Farmers' Association proposes upgrading follow-up activities that improve its business model. These include: 1) Analysis of the current collective business model; 2) Identification of critical success factors such as services and products particularly valued by its members; 3) development of an upgrading strategy that includes training to small farmers in value chain issues and business management practices.

Solomon Island	The Kastom Gaden Association suggests as a follow-up activity the strengthening of marketing, planning and business management skills of the Planting Materials Network (PMN) and its members. These include: 1) Analysis of potential markets; 2) Training in marketing and networking to link farmer groups; 3) Training in record keeping, product quality and quality management; and 4) Development of simple financial procedures and operation manuals.
Vanuatu	The Vanuatu Farm Support Associations put forward a follow up plan that strengthen their provision of business management services to members and their overall operation and networking. This include: 1) TOT and training in farm business management; 2) the development and implementation of a communication strategy among farmer organizations; and 3) recruiting and training of new staff.

2. DISCUSSION ON REGIONAL NETWORK OF FARMERS' ORGANIZATIONS

In this session, participants discussed about activities at the regional level. Discussions were constrained by time, conclusions were presented on flip charts and discussed. This workshop has helped to clarify roles of FOs against the roles of NGOs, the government and the private sector in the 3 areas: management, advocacy for the members, and the provision of services. To strengthen local FOs there is the need to link them to already existing ones at the national level. In a way this aims at building on MFFN members existing activities.

There have been many attempts to link up and open up the government to work more with NGOs but there is still scope for improvement and more work in this direction is required. At regional level there are not that many FOs. MFFN is one and perhaps the formation of the "regional organic task force" led by SPC and Women in Business can be considered as another regional network.

Traditional commodity-based groups are often organised top down rather than by the farmers and often quite political. Now there is the chance to build up something from the bottom up. The knowledge, network and skills of Kastom Gaden Association and the Melanesian Farmer First Network (MFFN) are very good entry points to build on.

What are the gaps that could be filled at a regional level?

Below is a summary of some of the points of discussion:

- Information sharing regional networking
- Advocacy for small farmers on trade etc
- At national level, remove unjustified trade barriers (Quart + health/food safety)
- Market information of national prices/volumes/electronics
- Training(TOT) on setting up Farmers' Organizations
- Marketing, quality problems and facilitating inter-island trade
- Pacific organic standards
- Utilization of regional Experts Resource bank to call on for services at national level.

How could this be done?

- Set up a secretariat;
- Web site, E-mail list, News letter, other web resources;
- Push Pacific Forum to act;
- Work from local level plans up to regional level.

Who would take the leading role?

- SPC & FAO
- MFFN & PFF (Pacific Farmer First - the idea is to form a similar network for Polynesian countries)

3. LESSONS LEARNED FROM THE WORKSHOP

Participants were asked to share with the group what they consider to be the most important lesson from the week's discussions:

INIA: Don't make promises to the farmers.

JOSEPH: It is good to have stakeholder's participation in the chain before planning an intervention. Now I am realising we need to change our role.

JACK: I have realised that the middle man does not get all the profit. The middle man has to make some money as well and is part of the process. For farmers who are far from the market centres you have to have some middle men to get remote products to the market. It is something that I realise we need to explain to the farmers. Identify a good middle man you can trust. As an NGO we think we can do everything but that is not the case. If you want to run a project and a business at the same time it is not easy. Maybe our role is just to facilitate.

MICHAEL: Marketing is very hard. There are many things that you will face when you do marketing. I have now a better understanding of these challenges.

BENJAMIN: Being able to identify who is responsible to solve various problems within the farmer to market links.

NATHANIEL: Effective communication along market chain is very important.

KENNEDY: You have to build confidence within yourself and the organization to work with farmers.

JEFF: It is very important to understand the different roles of farmers, farmers' organizations, government, private sector, and NGO in order to achieve more. If you do not understand these roles it is very difficult to link all the different stakeholders.

POUSIMA: Look after your small farmers – show them how to do better farming do that first then they can start to look at cash cropping.

NEW: Power of an organization – if you go as a single mouth it will fall on deaf ears but as an organization you have more power. Many organizations only exist on a piece of paper but they are not active. Organizations should collaborate with government, middle men, NGOs on, for example, for developing market strategies. There is a lot we can do.

FRED: Different organizations are producing different cash crops with some international marketing, for example papaya, cardamom, and coffee. We are contributing a lot of different cash crops to the international market. On our action plans we need to look at how we can improve our marketing plan. We need to improve our standards and work together in the Pacific.

BILLY: Professional management of producer organizations is very important. If people running organizations are honest and have management skills it will work successfully. Good management skills are required.

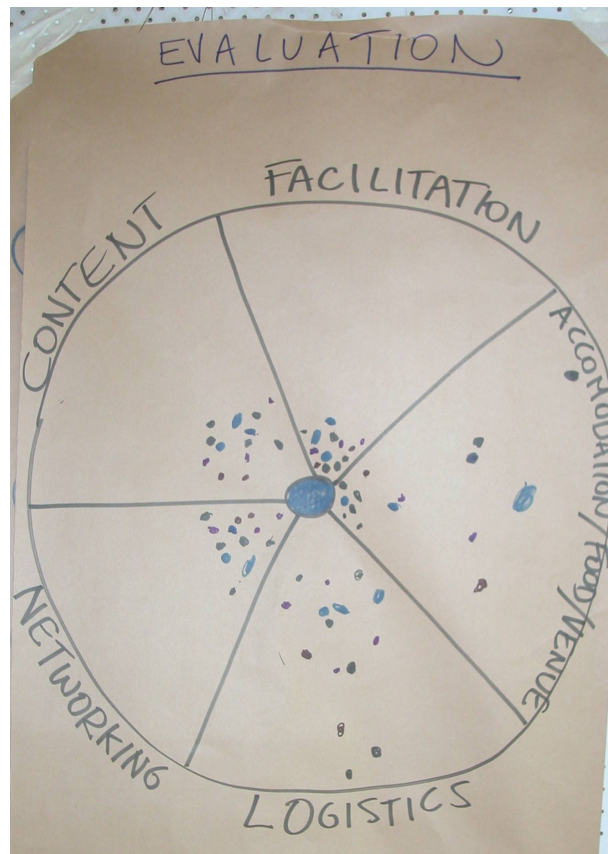
BRUNO: Happy about learning a lot of things and very impressed with case studies, especially with the one on red papaya from Fiji. All this indicates that there are great opportunities to get together on a regional level to fight against conventional farming systems. We need to work together when working on organics. We need to be persistent. If we persist we are going to get somewhere. In the case of Fiji it took them seven years. The Bougainville crisis took ten years and all the government services closed down. So the NGO had to move in to take the place of government. NGO created an environment to give confidence and trust among local farmers and the setting up of the autonomous regional Bougainville.

FRANK: We started our organization without the right people or skills but the steps outlined help to see ways that we can improve our farmer organization.

DAVID: I learned that people from different countries and cultures can come together and look at problems and resolve them in a really positive way. It gives us strength because most of the issues faced are about relationships, negotiation, and that everyone can win.

4. PARTICIPANTS' EVALUATION AND WORKSHOP CLOSURE

A 'bulls eye' method was used for participants to evaluate the workshop. The result is displayed below:



The workshop concluded that farmers' organizations would benefit from strengthening their advocacy role and collective action in order to give farmers a stronger voice to address the issues at national and regional level. In addition, advocacy and collective action offer excellent opportunities for marketing, product promotion, and price negotiations with input suppliers as well as a better negotiation with potential buyers.

The workshop organizers and participants were thanked for a very successful and productive workshop, which expands the development of the agricultural sector in the Pacific. The workshop was officially closed.

APPENDICES

- A. WORKSHOP PROGRAMME**
- B. OPENING SPEECHES**
- C. CASE STUDIES**
- D. ACTION PLANS**
- E. LIST OF PARTICIPANTS AND FACILITATORS**
- F. USEFUL LINKS**

APPENDIX A: WORKSHOP PROGRAMME

Pacific Regional Workshop on Strengthening the Capacity of Farmers' Organizations to Respond to Trends in Agricultural Markets

October 6-10, 2008, Solomon Islands

Day 1: Monday 6 th Oct 2008 - Arrival and workshop opening	
Time	Session
AM	<ul style="list-style-type: none"> • Arrival at workshop venue • Registration and room allocation <p>LUNCH</p>
PM	<ul style="list-style-type: none"> • Final group arrives at workshop venue • Workshop opening <ul style="list-style-type: none"> ○ Joseph Warai, Chairman of MFFN ○ Heiko Bammann, Enterprise Development Officer, FAO Rome ○ Alfred Maesulia, Under-Secretary for Agriculture • Self introduction of participants
	Dinner and Social Evening
Day 2: Tuesday 7 th Oct 2008 - Key topics for value chain development – what needs to there!	
AM	<ol style="list-style-type: none"> 1. Business models to include small farmers into modern agriculture value chains – an introduction to the workshop <i>Heiko Bammann, Enterprise Development Officer, FAO</i> 2. Requirements for farmers to be sustainable suppliers to modern value chains – a private sector and agribusiness perspective <i>Pousima Afeaki, Tinopai Farms, Tonga</i> 3. Discussion
PM	<ol style="list-style-type: none"> 3. How do Farmers Organisations help their farmers to participate in agriculture value chains <i>Brief statements of one specific and most relevant support services provided by Farmers Organisations present at the workshop (short statement by each FO Rep)</i> 4. Reflection on statements and summary of key areas <i>David Hitchcock, Senior Farming Systems Development Officer, FAO</i> 5. Most important <u>challenges</u> and most <u>innovative responses</u> <i>-- break out groups/ informal discussion groups –</i> 6. Groups reporting back in plenary
	<i>Dinner, followed by video screening: Ruth Namba One Fama, FPDC, PNG</i>

Day 3: Wednesday 8th 2008 - Key topics for value chain development – what needs to there!	
Time	Session
AM	1. Working groups: Illustrative case studies and group discussions <ul style="list-style-type: none"> • Niue: Organic Vanilla production, certification and exports • PNG: Coffee exports, CBHC, Tari, Southern Highlands, PNG • Samoa Farmers Association: vegetable contract production for the South Pacific Games • Bougainville: Cardamon Marketing through 'Pacific Spice'
PM	2. Illustrative case studies (contd.) <i>Note: each case study will highlight the one (or more) key topic/s and provide the rationale for its importance</i> 3. Presentations, discussion and clarification session 4. Field visit to Hani Pani farmers centre
	Dinner
	Information Café/informal exchange
Day 4: Thursday 9th Oct 2008 - Functions and responsibilities of farmers organisations	
AM	Dos and don'ts reminders from participants
	1. Summary presentation of common methods and skills, presentation and discussion Facilitators: Pousima Afeaki and Jeff Atoa
	2. Group exercise: responsibilities of farmer organisations vs. other stakeholder groups
PM	3. Working group presentations and discussion and clarifications
	4. "Fiji Red" papaya, Natures Way Cooperative, Fiji Invited presentation by Andrew McGregor 5. Action planning for farmer groups
	Social Evening

Day 5: Friday 10th Oct 2008 - Design of national follow-up activities, peer review, evaluation and closing

Time	Session
AM	1. Action planning for farmer groups (contd.)
	2. Presentations and peer review of proposed action plans
PM	3. Discussion on a regional network of farmers organisations 4. Workshop evaluation 5. Workshop closing session

APPENDIX B: OPENING SPEECHES

(note: the presentations are based on notes taken during the speeches)

Inia Barry MC, Opening prayer Jack Kalisto

Joseph Warai – Chairman of MFFN:

Mr Warai provided a background on the history of the Melanesia Farmer First Network (MFFN), which currently consists of five partner organizations in PNG, SI and Vanuatu. Members have been exchanging experiences and networked for the past 5 years and have learned a lot from each other. The workshop was seen as a good opportunity to widen the MFFN network and he expressed hope to find new ways to help farmers to make a living from agriculture and improve lifestyles. Small farmers in the Pacific region have been facing many challenges, it is important to find a way to improve farming by better use of resources and skills. He expected outputs from this workshop would be useful for regional planning, better connected networks and be of help to gain the right kind of donor support and learn from other parts of the world.

Heiko Bammann, FAO:

Mr Bammann provided some welcoming words from FAO. He acknowledged the organizational effort by MFFN to get everyone together in a rural environment for this workshop. This is appropriate since the focus of the work is also on improving the local economy and formerly commodity dependent farmers. He continued to briefly explain the history, background and purpose of this European Union funded “All ACP Agriculture Commodities Programme”. In short, it is looking for ways to support small farmers in ACP countries in response to the hardships faced in world markets and removal of preferential access to European markets. The EU and five international partner organizations aim to find strategies and alternative income opportunities for small farmers formerly growing traditional commodities. The program operates in 76 countries – and thus a large programme to coordinate and manage. World Bank, UNCTAD, ITC are working on the implementation of this programme in the Pacific. For the Pacific the start up workshop was held in Apia, Samoa in February and was also attended by representatives from farmer organizations. The EU made it clear that the programme cannot work in every country directly and so should focus on regional activities. Priority should be private sector and private sector organization. This is the first workshop of this program and so it is the ‘guinea pig’ of the program. The main purpose is to look at best ways to strengthen farmer organisations capacity to support their members to better supply modern markets and value chains and to identify areas for additional skills to improve services to small farmers. He closed by saying that assisting regional, national and local farmers organizations to provide better services is a key result area under the EU program. He thanked MFFN for organising the workshop and the Government of the Solomon Islands for hosting it.

Alfred Maesulia, Undersecretary of Ministry of Agriculture.

Mr Maesulia welcomed all participants and resource people and explained that he addresses the this important workshop on behalf of The Minister of Agriculture and the Permanent Secretary. The Ministry has engaged with communities and farmers many times to engage more in income generating activities. One concern is that these projects only remain viable as long as external assistance is available. They stop when the assistance is no longer there. He encouraged those involved in income generation to be more efficient and reliable in their activities. They need to be able to continue without outside assistance and acknowledged that this be will be discussed during the course of the week. He continued by saying farmer

networking has been established in 60s and 70s. For example a young farmers club existed and worked well in the early days. There was a farmers association established in the 80s – it did not last as it seemed to be in the wrong hands or run by the wrong people. In 1990s, he participated in the development of a with a plan for the Pacific – it was held in Apia and related to the idea of this workshop, more specifically to stimulate the formation of young farmer groups. In the Solomon Islands a committee was formed and meetings organized – about the ‘Future Farmers of Pacific’ – Solomon Islands. Little happened in SI due to the ethnic tension that effected the country in subsequent years. He asked whether in other countries something happened with the future farmers program? In this respect he mentioned that he met with a group in Samoa that had its seeds from this program. He encouraged the MFFN to include the formation of young farmer groups as one of the regional tasks. The Kastom Gaden Association has been engaged in networking in many parts of the SI since it was established. The idea of sharing planting materials with farmers has been very successful. In a wider scientific network SI is about to sign a treaty on the utilization of plant genetic resources. With this kind of sharing of plant genetic resources, he said, countries will be able to help each other (i.e. other countries) to recover from disaster. The example of Samoa was brought up: Samoa suffered from taro leaf blight in the 1990’s and, thanks to the sharing of planting material and breeding, today they have recovered their taro production. This happened because one country in Asia is resistant to taro leaf blight and we could access their genetic material. However, Mr Maesulia also expressed caution and asked to be careful not to spread pests and diseases. The Department of Agriculture discourages farmers to not take planting material from one island to another but this was not taken seriously by many farmers. In Malaita, taro was effected by Alomae in the 1960s but some other islands were spared. E.g. Rennell and Bellona did not have this disease. The Agriculture Department put a ban on moving planting materials to the island. Alomae was finally introduced to other islands and has seriously affected taro production. It is hoped that MFFN will be able to devise ways of preventing disastrous situations. For example regional organizations such as SPC are standing by to assist.

The Under-Secretary closed his speech by confirming that the Ministry of Agriculture in the Solomon Islands is always at door step to assist. A recent workshop, he mentioned, called for assistance with marketing of ngali nuts in the three Melanesian countries which have this tree crop. The Solomon Islands is keen to collaborate in this activity. Following these final remarks he declared the workshop open.

APPENDIX C: CASE STUDIES

Case study 1: Pousim Afeaki, Tinopai Farm, Kingdom of Tonga

Presentation topic: *What has changed in the last 15 years and what do farmers need to be able to supply and survive in the modern business world?*

We are farmers ourselves and also work with other farmers.

Introduction – last 15 years

- Reduced govt./ statutory board control
- Statutory boards replaced by smaller middle marketers (MM) Eg in Tonga copra board abolished and some new players have come in for coconut product development. (the copra industry disappeared due to competition with Soya bean)
- Farmers have more choice and more uncertainty.
- Increase in direct farmer exports and local sales – in quantity and in diversity of products in the market.
- Increase in higher value / value added products
- Decrease in bulk produce exports
- Increase in quarantine restrictions (particularly for fresh produce)

Increase in health / food safety requirements – but because Pacific is relatively clean and unpolluted compliance is usually possible.

Pacific has good export advantage in being able to market produce as coming from clean and unpolluted environment.

Current commercial crops (mostly for export) in Tonga:

- Squash (exports to Japan – 15,000 tonnes per year at its peak in just a one month season. Industry has dramatically reduced and may be dying. 2008 down to only 2 tonnes. The reason for downturn is farmers had to wear risk of market downturn and volatile prices. In response there is a growth of export companies who are wearing risk. In the past the exporters did not wear any risk and did not look after the farmers and work together)
- Coconuts: Lots of local trade in coconuts. Tinopai Buying coconuts and guarantee a price to farmers. Market for mature brown coconuts is not very big in Australia and New Zealand. But there is good potential for processed coconut market. But these markets are very competitive – other products on market with sophisticated marketing and packaging.
- Root crops: grown for local market but also for export to Tongans living overseas. It is a thriving business. Potential is there for processed exports – eg freezing or cooking – will avoid the increasing quarantine restrictions.
- Vanilla: started in 1970's. There are seven exporters who compete to buy from vanilla growers. Vanilla has very volatile prices. 4 years ago it hit \$400US dollars per KG. By 2006 price was \$50USD. At present export of beans is focus. But see potential to produce processed products from vanilla. 4KG of green = 1 kg of dried.
- Coffee: last year production hit 1.5 tonnes. Each year trees double production – so expecting 3 tonnes this year. Coffee is sold in local markets and a little bit of export.

- Kava: big business in Tonga, more people drink kava than alcohol in Tonga. More kava clubs than bars – eg two or more in every village. Very good local market and strong export market. 80,000 people overseas who want to buy Tongan kava rather than kava from elsewhere. At least five export houses and processors. Advantage is that Pacific has clean reputation compared to Chinese kava.
- Taro leaves – being exported to New Zealand – 50 tonnes airfreighted to New Zealand. Going to Tongan distributors in New Zealand who are selling to Tongan families in New Zealand. 1000’2 of acres of taro grown just for leaves. Xanthosoma taro is used for leaf production. Started by some small farmers who have now grown big.
- Farmer groups and associations: Have many different groups – eg kava council, each island has a farmer association. Now looking to set up a national agricultural association. When you become a national farmer group you get political power. Has been effective. When government put tax on farm inputs two mile chain of tractors used to protest and government gave in and removed tax from farmer inputs.

We are here to help farmers have a better lifestyle. If you want a road and you try and get it on your own nothing will happen. But with a national farmers association this could really have the political power to help. It also allows you to approach regional and international agencies for support – eg to UNDP and FAO, SPC etc. Small groups cannot do this but national groups can.

Implications for what farmers need:

Produce to market links: Competing middle men exports are always looking for new viable opportunities for products and markets. ‘what can I do to expand the things that we do?’. Government is not good at doing this – at figuring out what can sell and what can work well in the market. But people like me can do this – I look at things that I can make money from and farmers can make money from. This is why all the boards have failed. Farmers need to talk and deal with middle men to get viable markets. If you deal with government 90% of times it wont work. If government proposed to grow something for market then close your ears and don’t listen - that is my advice. Much better to listen to middle men who are prepared to put their own money on the line.

Product quality and safety: even in local markets the expectation for quality is there and is increasing. It comes out of the local market and extends into the export market. If you use same principles for local marketing it becomes easier to make transition to export markets. In terms of safety and residues of chemicals if you export you will have to get your produce tested to see that it complies with CODEX standards – eg for residues of 256 chemicals. In our case we couriered 2kg of taro to New Zealand and tested for chemicals and found nothing. Even Australia has contaminated soils – for example why are people eating Australian rice and supporting Australian products here? We should eat our own taro and root crops.

Diversification and value adding: If you divert your time away from subsistence crops and into cash crops this can be dangerous. I think first step for farmers is to learn how to grow their traditional crops better. We might think we are good farmers in pacific but our yields are very low per acre. So we need to spend a lot of time to grow food for our families. If we improve the yields by using better methods – varieties, technologies etc – then we can save time and pout this saved time into growing cash crops. So first stop is to grow traditional crops better in order to free up time to look at cash crops. With this approach you cant lose. Even if cash crop fails you still have your food. Its not a good idea for small farmers to jump completely in to cash cropping – its too risky.

With cash cropping this is where the middle men come in. Talk to the marketers about what opportunities are there. There are new varieties and farming techniques for all crops that can be used.

Business and financial services: Often for cash crops need to pay for seeds, fertiliser and other things. Middle men marketers will often fund small trials with farmers. If I wanted to try a new export crop I would test it myself, then get some farmers to test it – I would pay for the seed, fertiliser and inputs – and see how it goes. Once this has been done then I might talk with the government or otherwise – but not at the beginning.

Farmers need to make sure they talk with the middle men marketers.

As farmers get more involved in exporting some of them will move on to become exporters themselves. Some of them will succeed and then they will start buying from other farmers...

Cooperative collection and alliances: if you combine a number of farmers from a village straight away the ability to do bulk buying will lead to a discount. Information can be spread very quickly among an organised group of farmers. For example if there is a pest problem the information on how to control can spread quickly among the group in order to control the problem. And as mentioned earlier, when groups get big enough we can have influence to build a road or other needs.

Case study 2: Farmer fresh, Solomon Islands (Kennedy)

KGA works in a range of different component areas. One of these is Marketing and Processing. Farmer fresh started in 1995. Farmer fresh has two business streams:

- Selling of products like jams, chutneys, banana chips, cassava chips
- Fresh produce delivery for expats

Current Situation:

- Have only 30 customers.
- Twice a week we do a home delivery service.
- 80% of purchase is made at the local market. Poses a threat that may purchase crops which are not organically produced

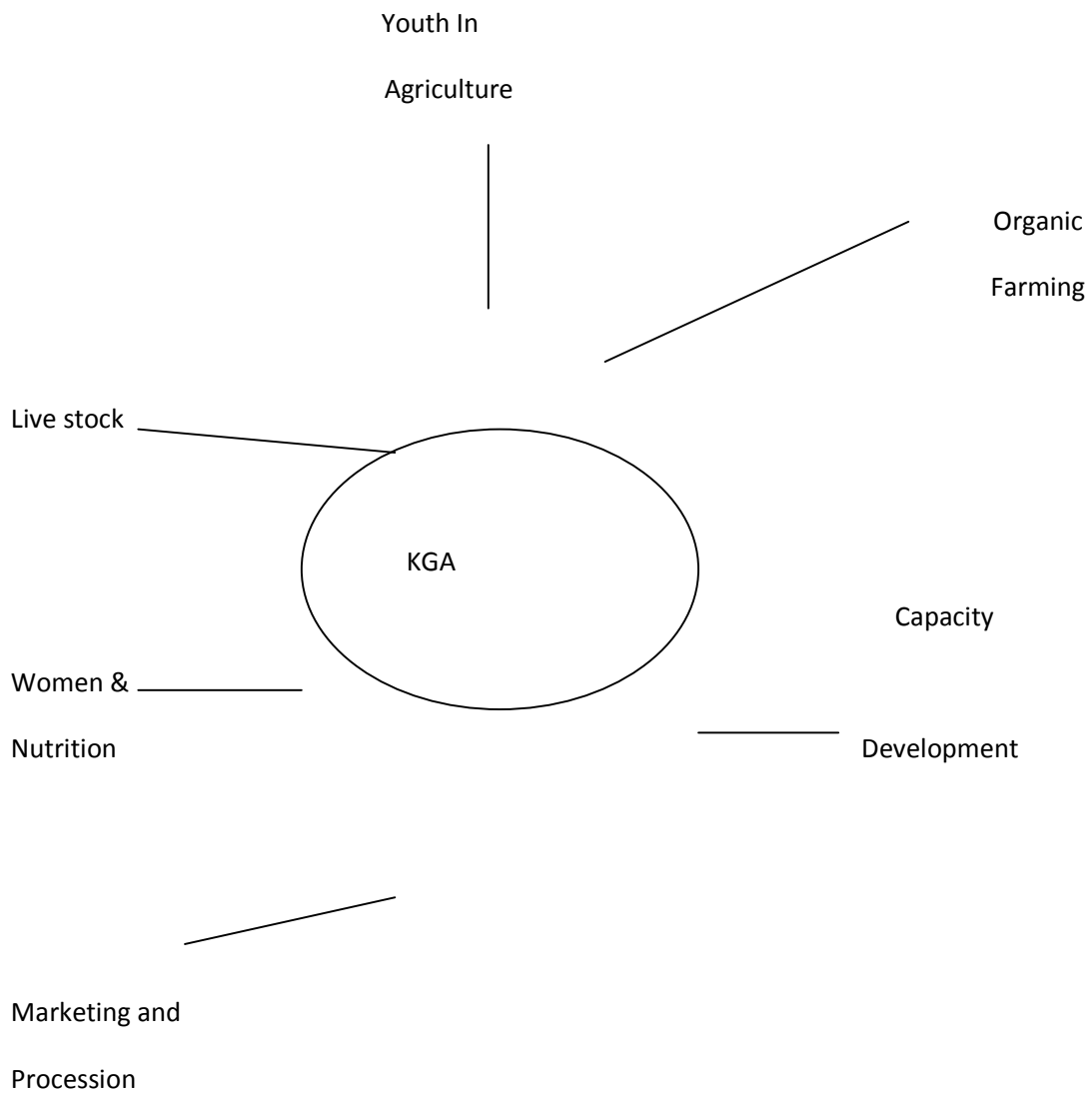
Constraints

- No storage facilities
- Transportation – logistics of getting produce from other islands
- Inconsistency from suppliers
- Funding. If we had a big capital to start off we could be doing better.
- Vehicle has broken down and no funds to repair...
- Mistrust of the middle men

Opportunities

- Could be whole saler for hotels, restaurant.
- No other competition in this area

Kastom Gaden Association –farmer fresh marketing services



Case study 3: Natures way cooperative (Andrew McGregor)

Natures Way is a service business and has been in business for 12 years. 15 years ago chemical quarantine treatments were banned – the Fiji fresh produce export industry had to come up with a new method if it was going to continue to export. There was technology transfer from USDA for replacement of chemical treatment with heat treatment. USDA requirement was that heat treatment could not be run by the government. Prior to this all Pacific quarantine treatment had been run by government – often not very successfully. In Tonga the heat treatment was done by government while in Fiji it was set up by a co-operative.

A co-operative would allow for expanded membership. The aim was to establish a conclusive organization – not the first people getting in and controlling the market. Current review is moving away from co-operative – while still be owned by industry, the co-operative laws are not seen as suitable for the larger scale of the business as it has grown.

Main role is to provide a service to members – fruit exporters and farmers. Only members can use the facility. Not all farmers who currently supply are members. Have about 230 shareholders. Most are small holders in western Fiji. 15 exporters are members. The key service is to provide quarantine treatments for products designate to be fruit fly free. Products approved for export are papaya, eggplant, breadfruit and mango. Papaya has the largest potential. It is one of the very few products that has potential to replace the sugar industry as an agricultural foreign exchange earner, which is just about finished. It wont replace all the sugar but has significant potential for large scale exports to Aus, NZ and in future USA and also Japan.

Now that this basis is established it is important to move on to providing other services to farmers – including extension services to farmers and purchase of bulk inputs such as crates for movement of produce. With adequate finance there is an opportunity to bring in crates and sell the crates to members using a revolving fund scheme with small profit margins. NWC wants to expand these types of services significantly to members. The proposed project with FAO under the EU AAACP aims to support this – improve the services along the value chain.

Fiji red papaya has become a good brand. There is a need to maintain quality in order to maintain the established place in the market. The reason NWC has been successful – apart from good management and discipline in system - is that it does something that people want. Any exporter of fruit fly host fruits from Fiji has to be a member. A lot of NWC's members don't like each other but they still want to be part of it – there is a very good reason to exist. For an exporter to set up its own treatment plant, it would require an investment of about half a million dollars.

NWC provides a service that is required for export. The seeds originally came from Hawaii. It is an old variety. Hawaii has been affected by ring spot virus and has difficulties to grow the solo sunrise papaya variety. Fiji does not have the virus and the variety seems to do very well in Fiji conditions – it is very sweet and very red.

Basic treatment is to heat the fruit to kill the fruit fly eggs in the fruit. In the case of papaya there has never been a fruit fly in the fruit. It is basically nonsense. But export markets believe it is a fruit fly host. Nerveless that is what they want so that is what the country has to do. At the stage it is harvested it is not going to be a fruit fly host. But for the organization (NWC) it is an advantage because industry has to go through the co-operative for exports. The process is to take fruit up to around 60 degrees Celsius which will kill tolerant fruit flies. This has been worked out experimentally. It has to be heated up slowly so that the fruit is not cooked. Hold it at that temperature and then cool. It has no adverse effect on the fruit – in fact it seems to make the fruit last longer by killing off pathogens. Alternatives would be irradiation – which is better in terms of

speed – but it would require an investment of about 10 million dollars for this kind of technology. NWC is looking at developing organic markets for the papaya. All the Hawaiian papaya is now genetically modified for ring spot resistance. But for organics irradiation and GMOs are all not allowed. Exports to Japan are also possible although they do not need heat treatment. The Japanese market does not want genetically modified papaya.

The co-operative does its own packing to the exporters specifications. Exporters say what and how they want packaging done. The co-operative, however, does set certain standards – for example if fruits are too green they will not go into exports. The aim is to maintain a basic standard that will not undermine the name of the product in the market.

The current size of the industry in Fiji is: 9 exporters, 11 larger papaya farmers (producing more than 1 tonne week); some 100 small farmers; 1 industry owned and operated treatment facility (Natures Way Cooperative) .

Fiji has fought for seven years to get approval to export to Australia. It has been slow to get into the market. Following a cyclone which hit Northern Queensland, the market was first accessed and then the Fiji red papaya stayed in the market. The Australian industry came back after cyclone, however, by the Fiji had established its niche place in the market. Due to the drought conditions in Australia, often irrigation is required which makes production less competitive. This will be the situation for many crops – in Australia there is now a permanent drought in many places and this likely to open up opportunities for Pacific islands.

Fiji had been trying to get access to United States. For this, NWC had to recruit professional help to get access to US market. It should be responsibility of quarantine to do this but often this is beyond the capacity and interest of Governments in Pacific. NWC invested more than USD 20,000 for expertise and advice to gain market access. For organic papaya, Fiji may be the only producers – so the country will have comparative advantage.

The demand for the next 2 to 3 years is estimated to allow for exports of about 2620 tonnes per year, with growing volumes. In 5 years, NWC plans to increase production and exports to up to 4,500 tonnes. This is seen as slightly over optimistic and more likely to be reached in ten years from now.

Identified constraints include the need to improve and maintain high quality fruit production and to achieve consistent supply in order to realise the existing market potential. Poor quality fruit exports can easily ruin name in market. Therefore it is very important to maintain quality.

With regards to key production and post harvest issues, the phytophthora root rot is a serious problem as well as other fungal diseases. Furthermore, controlling problem of hard lumps in fruit is essential. Different theories exist about what causes the lumps, the most likely explanation is micro nutrient deficiencies which causes stress on the plant in early stages of fruit set. To get highest quality, availability of irrigation is important.

NWC is currently working on a new four year ACIAR project to do field trials for controlling production related problems. NWC has recruited an extension officer and received some financial assistance from AusAID to pay for the person's salary. NWC contributed a salary and after 3 years it is expected that the services will cover themselves. Also the Ministry of Agriculture provides extension services but require more focus on the industry needs. The government service is very cooperative.

NWC wants to provide the required focus and then be able to receive additional support and resources from government. Government services on their own do not meet industry requirements. The aim is to support farmers to produce high quality and reach a profitable production of fruit. Profitability comes from productivity, quality, reward for quality, and ability to supply the market at a consistent basis.

For the FAO EU AAACP supported market linkage training programme, the following activities are envisaged:

- Desk survey and analysis papaya value chain in economic terms in preparation for training program
- Organise and conduct training of trainers workshop
- Papaya industry stakeholder workshop
- Business training workshop for farmers
- Workshop for transport and handling sector
- Workshop for the buyers of papaya (exporters, wholesalers)
- Follow up and mentoring at farm level with new and established growers.

NWC will produce training materials following a similar process implemented during a processor to convert small scale flower production into a business. A key for success is the issue of honouring contracts. Any successful business must be in a position to honour contracts. NWC affiliated support staff is having the same discussion with CEMA (the Commodity Export and Marketing Agency in the Solomon Islands) about similar training they might do for the copra and cocoa industry where the same principles apply.

APPENDIX D: ACTION PLANS

1. IIRC

TITLE: To Strengthen farmer groups for marketing

JUSTIFICATION: enable and create an effective marketing environment for farmers

Outcome: standard cardamom product

OUTPUT:

- More farmers with better returns or earnings
- Quality maintained
- Financial knowledge improved

ACTIVITIES

Capacity building

- Quality control skills training and awareness
- Financial management skills training
- Farmer/household planning and financial skills training

When	What	Who	Where
Feb 09/02/09 -13/02/09	Farmer Awareness in cardamom crop management Financial literacy – book keeping and record keeping	IIRC	Villages of Avaipa (100 spice farmers) K1000
Mach 09/03/09 – 13/03-09	Farmer Awareness in cardamom crop management Financial literacy – book keeping and record keeping	IIRC	Bank District (500 spice farmers) K1300
March 23-27,09	Farmer Awareness in cardamom crop management Financial literacy – book keeping and record keeping	IIRC	Atamo Area (100 spice farmers) K1300

Negotiate improved marketing relationship with buyer

Travel to Rabaul.

Transport – K 1020, Accommodation K1000, Food K 480

2. SAMOA FARMER'S ASSOCIATION

1. Action Objectives: To develop an action plan to identify and address the needs and gaps of farmer-members.

2. JUSTIFICATION: To improve farming capabilities & livelihood of farmer-members

3. OUTCOMES

- a. Improve farmer capabilities
- b. Improve Livelihood

4. OUT PUTS

- a. Increase yields
- b. Increase quality
- c. Increase Profit

5. ACTIVITIES

- a. Identify gaps/Needs of farmers
- b. Analyse + priorities gaps/ Needs
- C.** Develop plan to address those priority needs (Trainings, Better varieties , better farming techniques, quality, safety, market linkages, packaging, record keeping, credit facilities etc.)

3. VANUATU – FARM SUPPORT ASSOCIATION

Title	To build the capacity of farmer organization in Vanuatu
Justification	To strengthen the FOs to be effective delivery of a high quality management skill to improve the organization operation.
Outcome	<ol style="list-style-type: none"> 1. 20 farmers will be trained on management and governance skills 2. Farmer organization linkages will be strengthened-ICT 3. Increased volunteer staff in FSA
Output	<ol style="list-style-type: none"> 1.1 Provide training on roles and responsibilities of office bearers 2.1 Good communication flow. 3.1 New addition staff to FSA
Activity	<ol style="list-style-type: none"> 1.1.1 Visit each FOs and provide training 2.2.1 Identify and train one person to provide information to farmers. 3.3.1 Recruit and training of staff.

4. KASTOM GADEN ASSOCIATION

Area/Title	PMN marketing and management
Justification	Increase access to market and strengthen the current PMN member's management skills.
Outcome 1	Improve financial management, market and planning skills
Output 1.1	Proper record keeping and correct product for market demand
Activity1.1.1 Activity1.1.2	<ol style="list-style-type: none"> 1. simple book keeping training for PMN members 2. train and provide proper record receipt and invoice books
Outcome 2	Good organization management skills
Output 2.1	Financial procedures and manual of operation in place
Activity 2.1.1	<ol style="list-style-type: none"> 1. develop simple financial procedures and manual of operation
Outcome 3	More farmers are able to sell quality products
Output 3.1	Highly trained and knowledge farmers
Activity 3.1.1	Facilitation, leadership and governance training
Activity 3.1.2	support farmers to produce quality products
Outcome 4	Farmers increase income level
Output 4.1	Access to market opportunity
Activity4.1.1 Activity4.1.2	<p>Market survey study</p> <p>linking farmer groups</p>
Management	Monitoring and Evaluation
Timeframe	2009
Budget	SBD\$92,000

5. ACTIVITY PLAN-CBHC TARI

Project Title: To implement a Exit strategy for coffee marketing from NGO to Farmer Organization

Implementing Agency: Community Based Health Care

Justification

To help farmer group to have power and control over the management of the cooperation and develop specialized skills in under market forces.

Outcome

Sustainable access to coffee market & sustainable profits for former CBHC small holder coffee growers.

Output 1

One cooperative for coordination, production and market linkage established that is accepted by all former CBHC small holder coffee growers. ð

Output 2

Information and communication strategy developed

Activity 1

2. Conduct consultation meetings/workshops with farmer groups
3. Register cooperative under PNG laws
4. Identify a good middle man for storage and transportation to Goroka

Activity 2

3. Improve the email communications systems in Tari
4. Discuss with Digicel and Telikom for better communication in Tari
5. Develop a farmer communication and information strategy

Time Frame: (6 months) January to June 2009

Budget: K35,000

6. MARKETING STRATEGY FOR NIUE VANILLA

Justification

Niue Vanilla, a export potential in the NIOFA organization will need to find a reliable market that will buy Niue Vanilla.

Outcome

- Secure a reliable market
- Give incentives to farmers continue producing vanilla in order to retain the market
- Improve information to help farmers produce and market their vanilla products in a safe and secured manner
- Improve profits for Niue vanilla farmers

Output

- Technical assistance to vanilla growers
- Farmers/MM – win win situation
- Training material formulate and distributed
- Positive feedbacks – farmers are happy to continue vanilla production and more farmers get involved

Activities

1. Formulate production manual for Vanilla
2. Formalise regional links to exchange information regarding marketing strategies, innovations of vanilla production
3. Inform farmers through media of important notices regarding the vanilla industry
4. Provide training for farmers
5. Promote diversification
6. Financial management training

Budget:

NZ\$40,000

APPENDIX E: LIST OF PARTICIPANTS AND FACILITATORS

Participants

Name	Organization	Country	Email/address
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APPENDIX F: USEFUL LINKS

1) AGS Publications

<http://www.fao.org/ag/ags/publications/en/index.html>

2) Agricultural Marketing Resources

http://www.fao.org/ag/portal/archive/detail/en/item/7157/icode/?no_cache=1

<http://www.fao.org/ag/ags/subjects/en/agmarket/agmarket.html>

3) Contract Farming Resource Centre:

http://www.fao.org/ag/ags/contract-farming/index_cf/en/

4) Rural Finance Learning Center:

<http://www.ruralfinance.org/>

5) Information Network on Post Harvest Operations (INPhO):

<http://www.fao.org/inpho/isma?i=INPhO&p=index.jsp&lang=en>

6) Good Agricultural Practices:

http://www.fao.org/prods/gap/index_en.htm

7) Labour Savings Technologies:

http://www.fao.org/sd/teca/tools/lst/index_en.html

8) FAO Sub-Regional Office for the Pacific:

<http://www.faopacific.ws/>

9) Melanesia Farmer First Network

<http://www.terracircle.org.au/mffn>