II. Situation Analysis and Agriculture Sector Overview

- 2.1 Over the last two decades the country has been weakened by political instability and an ongoing cycle of coups. There has been rising unemployment, an increasing number of people living in squatter settlements and deepening poverty. High rates of emigration have resulted in a serious loss of valuable skills, experience and expertise. Increased Government dept with higher payments for interest has preempted funds for vitally needed infrastructure. Despite 15 years of Public Sector Reform, any lasting impact on standards of service delivery and public sector performance is hard to discern. All major sectors of the economy weakened in 2007, after a military coup in December 2006 that led to the installation of an interim administration. Export income and business confidence fell and macroeconomic policies were tightened, resulting in an estimated 3.9% contraction in the economy. Modest growth is expected in 2008 and 2009¹¹. The rural areas continue to be the home for about half of Fiji's population, though declining. Urbanisation remains the dominant contributing factor to this decline. However, Fiji's key exports are rural based, providing the greatest potential for future development and prosperity, particularly in the tourism, agriculture, forestry and fisheries sectors.
- 2.2 Subsistence farming and sugar cane production dominate the agricultural sector. In 2004 the structure of the agriculture sector was as follows: crops and livestock, 73%; forestry 10%; and fisheries 17%. Subsistence production provides 38% of the total agricultural GDP, sugar cane 27%, other crops 16% and other sub-sectors 19%. Agriculture is a key part of the Fijian economy in terms of its role in providing subsistence in the rural areas and helping in ensuring food security for the society as a whole, as well as contributing to export earnings

¹⁰ Draft Peoples Charter for Change, Peace & Progress and the State of the Nation and Economy Report.

¹¹ ADB Asian Development Outlook 2008.

and foreign exchange. Agriculture could be a key driver for increased export earnings and import substitution needed to reverse a growing trade deficit. But the sector has been under performing for several years with agriculture's contribution to GDP falling from around 15% in the mid-1990's to 11% in 2006. However this decline is wholly due to the decline in sugar output, as the other components of agricultural GDP have either shown increasing trends (livestock and subsistence) or at least not declined (non-sugar crops). Increased production and productivity across all sub-sectors; sugar, livestock, traditional food crops, and horticultural produce is now an overarching development priority. Whilst global oil and food prices continue to fuel inflation it is also imperative that national food security is maintained by strengthening the resilience provided through the traditional farming system.

- 2.3 In 2007 sugar production contributed some 35.7 per cent of agricultural GDP, 22 per cent of total domestic exports, and employed around 40,000 people. Government recognizes the need for restructure with the twin concerns of Fiji Sugar Corporation's insolvency and falling sugar prices when the EU Sugar Protocol Agreement price regime ends. The mahogany forest harvest is just beginning to make a useful contribution to the value of primary production as plantations had reached maturity in 2005. A major shift in agriculture is the increasing role of cash crops and livestock. This represents a diversification towards more commercial agriculture as some farmers move out of sugar. However, evidence points to life becoming more difficult for some rural communities as food resources become scarcer with declining soil fertility, soil erosion, and the encroachment of pests and diseases. Protecting and enhancing the subsistence basis of the economy through measures such as the protection of the environment, the re-planting of food trees, and improving village farming systems is an important priority. Improvements in adaptive research and extension can have high dividends, particularly in management of pests and diseases and for making farmers aware of unsustainable agricultural practices.
- 2.4 The loss of forest cover, forest degradation and agro-deforestation is prevalent in Fiji. Most of the deforestation in the hilly areas has been caused by sugar cane and taro farmers clearing sloping areas for farming. These areas have experienced soil depletion, soil moisture deficits and decreasing productivity. Measures need to be taken to get at the source of the problem, which is the soil erosion following the cultivation of steep hillsides. The problem is due in part to lack of appropriate land-use planning and regulations, and also because there is demand for using the sloping land when flatter arable land is unavailable due to leasing issues or because of frequent inundation. There is some potential for large denuded forest areas (grasslands) to be converted into forest plantations. Reforestation could employ an important number of skilled and unskilled people that are displaced from the sugar industry. In addition, with the harvesting of the high value mahogany resource, issues of sustainable forest management, value adding and effective involvement of resource owners are prominent in the sector strategies.
- 2.5 Fiji has a large and diverse fishery, encompassing many different resources and with significant on-shore processing and value adding. Along with other Pacific countries, long lining in Fiji has suffered in recent years. In the last two years the situation seems to have improved, partly because the fall in catch rates has prompted reduction in licenses for vessels fishing in the Fiji zone from 100 plus in 2003 to 60 in 2006. The catch of the Fiji fleet is declining in domestic waters and more of the catch is now coming from High Seas and neighbouring countries. Fiji has an expanding value adding industry for tuna, which includes frozen sashimi grade yellowfin loins, loining and CO treating yellowfin for the US market, fish smoking for niche Japanese markets, and small scale value adding for local and export markets. Sustainable development in the fisheries sector will require strengthened policy, strategic and regularity frameworks which are developed with full stakeholder participation.
- **2.6** The aquaculture sub- sector has not progressed as rapidly as might have been expected despite the large amount of resources that have been invested in research, subsidising ponds, and

establishing hatcheries and pilot farms. The poor performance has been attributed to declining prices, disease, problems in producing post larvae, and difficulties in maintaining yields due to high cost of feed. The pearl industry is relatively important and the Fisheries Department has made many efforts to encourage it, but the government still supports most of the existing farms. The industry is currently worth about F\$7.5 million and the government is aiming at increasing the value to F\$50 million by 2015. However, increased technical capacity is needed to develop the industry. Tilapia farming is a subsistence activity for small farmers. The seaweed industry is concentrated on Lau. Production recently has been as much as 40 tonnes per month but has dropped in 2006 to 20 tonnes per month and is still declining. The Fisheries Department has a giant clam hatchery, which has mainly been used for re-seeding of reefs.

- 2.6 Trade opportunities have been identified for exporting certain high value niche products. Such products are not new to Fiji. More significant examples are fresh ginger to North America, mangoes to Japan, taro to New Zealand, egg plant to Canada, coconuts to Australia, organic banana puree to France, and kava to Germany. The lesson from this long experience is that marketing and not markets per se has been the major constraint. Quality, volume and continuity of supply are seen as marketing problems and for high value exports; they are the hallmarks of success, even more important than price competitiveness. Fiji, as a small producer, must always be at the premium end of quality scale. The net gains to the exporter and grower attributed to quality can be huge and usually represents the difference in terms of viability. Marketing problems are prevalent in rural areas and outer islands in Fiji. Marketing networks are virtually absent or weak, and physical access to markets is constrained and costly because of inadequate infrastructure. Poor product handling practices and the absence of local cool-stores and grading and packing facilities can lead to severe quality deterioration during the passage from farm to market. Food safety issues also need to be diligently monitored.
- 2.7 A combination of declining sugar export earnings and increasing external debt servicing are combining to reduce foreign exchange purchasing power for imported food-stuffs thus increasing food security vulnerability in Fiji. With soaring global prices for food and oil the urban and peri-urban dwellers, which represent almost 90,000 households and 50% of the population, and sugar-cane farmers and labourers, representing around 22,000 households and a further 11% of the population (who face declining incomes and grow little of their own food) are particularly vulnerable. Rural households, however, may be in a position to take advantage of the significant improvements in the terms of trade for agricultural and marine products through increased earnings either from exporting commodities or selling more food on the domestic market. But to fully realise this opportunity improvements are needed in marketing infrastructure; including post-harvest storage and transport as well as adequate roads. Additionally, extension and research services need to be adequately resourced and appropriately focussed to provide needed technical information to farmers. New Zealand, Australia and the west coast of the United States have large and increasing Pacific Island and Asian populations that offer a significant market for a range of horticultural products, including root crops. Fiji is well placed to take advantage of these opportunities; however, meeting quarantine requirements remains a major obstacle to agricultural exports in these markets.
- 2.8 Fiji is burdened by increasing levels of food and nutrition related diseases (including diabetes, hypertension, obesity, coronary heart disease) which impact negatively on the health system, families and the national economy. NCDs are the commonest cause of morbidity and mortality in Fiji. Whilst higher food prices may cause increased consumption of locally grown nutritious food, cash-poor urban households may respond by switching to cheaper imports of lower nutritional value, thereby worsening health problems. Therefore serious attention needs to be given to the opportunities and requirements of urban and periurban gardening and food production.

2.9 Fiji contains globally significant biodiversity on both land and sea and much of Fiji's flora and fauna are species found nowhere else in the world. In spite of this globally significant biodiversity, no comprehensive system of Protected Areas (PAs) exists in the country and PA legislation – which dates from colonial times – is inadequate. There is a need for a policy and legal framework that would allow for innovative, community-based management of PAs and empower local people to participate and benefit from PA management. The country is also vulnerable to natural disasters and potential impacts of climate change and sea level rise which could adversely affect agriculture, forestry and fisheries. There are increased risks of cyclones, storm surges and floods. The country was devastated by serious flooding in early 2009. Climate Change mitigation/adaptation and disaster management are priority areas for developing appropriate policy and strategies.

III. Key issues shaping priorities for FAO assistance.

Lack of an agriculture sector plan that provides a coherent policy framework
for promoting agriculture development (& food security).
Weak policy analysis, formulation and coordination capacity.
Weak agriculture data and statistics collection and management systems.
Inadequate domestic food production & productivity to meet food security and market demands.
Rapidly increasing levels of food and nutrition related non communicable diseases, which impact negatively on health system, families and the national economy.
Inadequate/inefficient agricultural extension services and the lack of technologies responsive to local conditions
Inbreeding of livestock with loss of preferred traits and increase in undesirable
characteristics.
High mortality (>30%) in rearing dairy calves.
Lack of improvement in feeding practices for dairy herds.
Livestock agribusinesses cannot obtain reliable local supply of feed grains that meet basic specifications and thus have to rely on expensive imports.
Lack of consistent supplies of good quality fruit and vegetables to meet tourist market and export market demands & opportunities.
Slow development of the aquaculture sector
High rates of soil erosion.
Depletion of forest resource and vital need for sustainable forest management.
Potential loss of valuable biodiversity because of a lack of community managed
Protected Areas.
Vulnerability to adverse impacts of natural disasters and climate change.

IV. Country programme framework

- **4.1** Fiji's Strategic Development Plan (SDP) 2005-2007 was being reviewed and revised in 2006 (draft SDP 2007-2011), until the military intervention, subsequently the Interim Government is preparing the "Peoples Charter for Change". The agriculture sector, as the principal source of rural livelihoods, has a vital contribution in terms of Strategic Priorities such as; rural and outer island development, raising export earnings, creating employment opportunities, economic growth, poverty alleviation and food security. The Ministry of Agriculture, Sugar and Land Resettlement's (MASLR now called the Ministry of Agriculture and Primary Industries) Strategic Development Plan 2006-08 has provided the framework to guide activities of the ministry. Key objectives of the strategy are to:
 - o Improve resource management (implement environmental-friendly, land and water management principles and farming practices).

- Improve productivity and output (adapt appropriate technologies to improve productivity, increase food production and income generation. Diversify into areas of comparative advantage)
- Conduct effective research, development and information dissemination (improve means of collecting data and information. Develop appropriate production technology research.
 Engage in applied research suitable for local conditions of agricultural production.
 Publicise and disseminate research findings and technologies).
- Improve trade market access (hasten transition from subsistence to commercial agriculture). Expand available market access and secure new niche and value added markets. Optimise opportunities for both domestic and external trade. Enhance knowledge and expertise in trade policy.
- Expand available market access and secure new niche and value added markets
 Enhance stakeholder participation

The Ministry of Agriculture and Primary Industries (MAPI) is undertaking a review of its organizational structure, with assistance from FAO, and will also review and revise the strategic development plan. A new Forest Policy Statement was prepared by the Ministry of Fisheries and Forests (supported by SPC and the GTZ Pacific-German Regional Forestry Project) which was approved by Cabinet Decision on 6 November, 2007.

- **4.2** Donor coordination in the sector currently relies predominately on initiatives of the various development partners. The Australian Centre for International Agriculture Research (ACIAR) provides assistance in the agriculture, forestry and fisheries sector. A high priority is economic and technical research aimed at developing alternative crops to sugar and in understanding the impact of specific policy changes on Fiji's food production sector. Development in promising horticultural crops and accompanying post-harvest technologies and marketing options are being explored. Japan technical assistance support has been provided for vocational training including in the field of agriculture. Japan is also providing TA (dispatched experts and senior volunteers), through the School of Marine Studies at USP, in resource management, aquaculture and fish processing. New Zealand is providing assistance through the Government Agency Contestable Fund (GAF) for a project on sustainable land uses in the sugar cane belt. The objective is to provide information and options on which sustainable farming systems can be developed. Support is also planned for the Fiji Land Information System (FLIS) project. Fiji is one of the 18 ACP countries which as signatories to the Sugar Protocol benefit from preferential trade arrangements for sugar exports in the EU market. In April 2006 the Government of Fiji prepared a draft National Adaptation Strategy (NAS), setting out its priorities for support under three defined areas:
 - 1. Strengthening the competitiveness of the sugar cane sector;
 - 2. Promoting economic diversification so as to generate alternative livelihoods for those exiting the sugar cane sector;
 - 3. Social mitigation measures

The EU have subsequently funded studies to build on the outline proposals set out in the draft NAS and developed them into a more detailed series of proposed interventions to be supported. A four -year multi-annual implementation programme has been prepared with overall budget of €60.2 million. The World Health Organisation is providing technical assistance to strengthen policy action plans, food safety legislation and standards, and enforcement. They are also assisting in establishing a programme of food safety emergency response with linkages to the International Food Safety Authorities Network (INFOSAN). UNDP is implementing a four-year GEF-funded sustainable land management project aimed at reducing land degradation by promoting the use of sustainable and environmentally responsible practices. The project will allow farmers and landowners to be trained on land management techniques and train agricultural officers and NGOs in the management of land information systems (GIS & LIS).

Overview of FAO on-going and recent assistance

- **4.3** Recent and ongoing FAO assistance has focused on strengthening provision of government services to the sector and increased productivity and marketing. FAO is supporting institutional strengthening of the Ministry of Agriculture and Primary Industries (MAPI) through provision of technical assistance to review the Department of Agriculture and make recommendations on improving the performance of delivery of appropriate services to the farming community. Support is also being provided for an agriculture census to improve data availability for policy and planning purposes. Other technical assistance has recently been provided to: undertake a feasibility study for coconut 'whole nut' processing as part of the Copra Industry Development Association's (CIDA) efforts to revitalize the sector; and for a review of the food inspection services. A TCP project for empowering vulnerable groups through training on village level food processing is under preparation.
- **4.4** Earlier support included a project aimed at linking smallholders to the tourism sector. To expand sales to the hotel market, local producers have to be able to ensure quality and more particularly reliability and timeliness of supply. Meeting these requirements can often be very difficult for smallholder producers. MAPI, with assistance from FAO, attempted to address this problem with a pilot "Market Centre Project" at Lokia on the East Bank of the Sigatoka River. Success will depend on being able to run these Marketing Centres as businesses, in which the pricing structure reflects the true cost of providing marketing services. Considerable attention still needs to be given to business and marketing training. The Trust Fund RPFS has supported three projects in Fiji: a rice revitalization programme; milk and beef development; and poultry and duck production. The rice project improved farmer skills on rice husbandry and input/market linkages. Better management, husbandry practices and improved varieties has helped raise yields from 2.5 mt/ha to 7 mt/ha. Further support for rice production will be delivered within the NMTPF. The milk and beef development project focused on 40 selected farms in the Naitasiri and Tailevu districts and aimed at improved incomes through increased milk production. Milk yields have subsequently increased from 3 to 5 litres per cow per day. Further work in this area will be supported under the NMTPF. The third RPFS project aimed to improve small holder poultry production in the informal sector through improving the skills and husbandry practices of the farmers.

Other assistance

4.5Fiji has benefited from the Telefood Programme of FAO since its inception in 1997, there have been 19 Telefood projects approved and implemented. Emergency assistance has also been provided to Fiji, emergency assistance was provided following Cyclone Ami in 2003 and following an extended drought in 2000.

V. Proposed Programme Framework

- **5.1** Based on the situation analysis and existing medium-term priorities of the Government and the UN System, and taking into account past and on-going FAO and partner's programmes, the following four priority outcomes will be pursued in the next four years:
 - 1) Strengthened policy, legal, regulatory and strategic frameworks for sustainable agriculture, forestry and fisheries development.
 - 2) Increased production, productivity and resilience of crop and livestock systems.
 - 3) Improved marketing systems and market access for livestock, traditional food crops and high value specialty commodities.
 - 4) Sustainably managed terrestrial, freshwater and marine resources.

Strengthened policy, legal, regulatory and strategic frameworks for sustainable agriculture, forestry and fisheries development.

5.2 The recent review of the Department of Agriculture has indicated that research and extension services need to be strengthened and better focused to the needs of the farming sector. For policy formation and planning purposes, collection and publication of agricultural data, particularly output statistics need to be improved. In the past policies have been adopted without being subjected to detailed economic analysis and without a good understanding of what can be expected from the farming sector. Improved performance by the ministry and by the sector as a whole will only result from a strengthened policy, legal, and regulatory framework. FAO will provide technical assistance to support policy formulation, legislation and regulation reviews and strategic planning. Particular emphasis will be placed on linking planning to financing. Capacity building support may also be provided to improve sector data collection and management systems. Policy work and strategic planning will also be a focus area for the fisheries and forestry sub-sectors.

Increased production, productivity and resilience of crop and livestock systems.

5.3 Enhanced agricultural production for export and for food security and rural livelihoods is a key priority for Fiji. Increasing agricultural production and productivity is the highest overarching priority for MAPI. Several markets are available (or could become available), but growth is limited primarily by supply-side constraints. There is a need for improved supply of inputs – planting materials, fertilizer, livestock breeding stock, livestock feeds; for improved infrastructure – agricultural roads, market and post-harvest facilities, and for better technology and husbandry practices supported by appropriate research and information services. Primarily through the FSSLP, but also through TCP programmes, FAO will bring support in the areas of need to improve agricultural productivity across the board.

Improved marketing systems and market access for livestock, traditional food crops and high value specialty commodities.

5.4 Improved market opportunities, market access, processing and value adding are critical areas for further development in Fiji. The objective is to create increased income earning and employment opportunities in the primary sector. FAO support will improve capacity for product processing and value adding, and also strengthen capacity in food safety and standards to improve market access.

Sustainably managed terrestrial, freshwater and marine resources.

5.5 Fiji signed the Convention on Biological Diversity (CBD) in 1992, and pledged their support to halt the continuing decline in global biodiversity. Subsequently they have prepared a National Biodiversity Strategy and Action Plan (NBSAP 2003) in line with the requirements of Article 6 of the CBD. Fiji fully recognizes the need to protect its valuable and unique biodiversity and the importance of community involvement in this process. Biodiversity promotes ecosystem services important amongst which are: food production, provision of raw materials, recreational opportunities and cultural values. In 1994, the total estimated value of Fiji's ecosystem services was F\$ 973 million, over 42% of the GDP¹². In partnership with UNDP, and subject to availability of GEF-PAS funds, FAO will support the government of Fiji implement a project for conserving Fiji's biodiversity via an integrated system of protected areas (PAs). The main output areas will be: improved policy and legal frameworks to underpin PA networks; strengthened capacity for community-based conservation management; establishment of new protected areas; and mechanisms developed for sustainable financing for the PAs. Support under the FSSLP could be provided to address adaptation/mitigation issues related to climate change.

¹² National Biodiversity Strategy and Action Plan – Fiji Islands - , Ministry for Labour, Industrial Relations, Tourism and Environment, 2007.

Priority NMPTF Outcomes and their Relationship to the to the Government and UN Medium-term Priorities

National Mediun	n-Term Development Agenda	UNDAF Results Areas: 1. Equitable economic growth and poverty			
		reduction; 2. Good Governance and Human Rights; & 4. Sustainable			
		environmental management			
Strategic Goals	Key Issues/constraints	NMTPF Outcomes	NMTPF Outputs	Potential areas for FAO	
				assistance	
Sustainable community livelihood through competitive exports and efficient food security.	 □ Lack of an agriculture sector plan □ Weak policy analysis, formulation and coordination capacity □ Lack of adequate fisheries policy/strategic and regulatory frameworks □ Weak agriculture data and statistics collection and management systems. □ Inadequate domestic food 	Strengthened policy, legal, regulatory and strategic frameworks for sustainable agriculture, forestry and fisheries development.	 □ Agriculture sector policy/strategy and financing plan in place □ Review of forest sector and strategic plan in place □ Training and infrastructure for 	TA to support policy / strategic planning and legal/regulatory framework development (TCPF) Capacity building in agriculture data and statistics. Irrigation infrastructure for	
(Fiji is served by a thriving commercial agriculture sector, sustaining Fiji's food sector and incoming security for all.)	production & productivity to meet food security and market demands. Inadequate/inefficient agricultural extension services and the lack of technologies responsive to local conditions Inbreeding in livestock High mortality of calves Lack of improvement in feeding practices for dairy herds. Expensive imported livestock feeds. Lack of consistent supplies of good quality fruit and vegetables to meet	Increased production, productivity and resilience of crop and livestock systems.	vegetable production Improved productivity of 500 rice farmers on 1,000 hectares of land Potential for local livestock feed production appraised Infrastructure and equipment for dairy farmers, trainings conducted and improved feeder access roads Increased availability of planting materials of	vegetable production (FSSLP) Rice revitalization programme (FSSLP) Development of locally produced livestock feed (TCPF) Smallholder dairy and beef development (FSSLP) Upgrading access roads for smallholder farmers (FSSLP)	
Pursuing growth through sustainable marine resource management.	tourist market and export market demands & opportunities. Rapidly increasing levels of food and nutrition related non communicable diseases Slow development of aquaculture sector	Improved marketing systems and market access for livestock, traditional food crops and high value specialty commodities.	indigenous fruits and vegetable A feasibility study conducted to look at improving links between producers and buyers Facility for farming pearl oysters established and technical training conducted on pearl oyster farming/processing	Indigenous fruits and vegetables project (FSSLP) Empowering vulnerable Groups through Training on Village Level Food Processing (TCP) Support for strategy development EU/ FAO/ITC	

National Mediun	n-Term Development Agenda	UNDAF Results Areas: 1. Equitable economic growth and poverty			
		reduction; 2. Good Governance and Human Rights; & 4. Sustainable environmental management			
Strategic Goals	Key Issues/constraints	NMTPF Outcomes	NMTPF Outputs	Potential areas for FAO	
				assistance	
Sustainable management and development of forest resources. (Resource owners benefit from sustainable development and management of the forest resources and maximize the long term economic returns.) Fiji's environment is protected from degradation and provides the people with a healthy and clean environment	 □ High rates of soil erosion. □ Depletion of forest resource and vital need for sustainable forest management. □ Potential loss of valuable biodiversity because of a lack of community managed Protected Areas. 	Sustainably managed terrestrial, freshwater and marine resources.	Retention dams and appropriate infrastructure Increased availability of flat land for agriculture and adoption of land-use and conservation techniques by farmers Fruit and timber trees established on degraded areas and training for landowners conducted Community forest plantation establishment on flood prone areas for high risk protection Improved policy and legal frameworks to underpin PA networks Strengthened capacity for community-based conservation management Establishment of new protected areas	project Pearl Oyster Farm Development (FSSLP) Nadi/Ba Watershed Management project(FSSLP) Cakaudrove Land Drainage Project (FSSLP) Reforestation of Nadi water catchment project (FSSLP) Conserving Fiji's Biodiversity via an Integrated System of Protected Areas (GEF-PAS Project)	
	☐ Vulnerability to adverse impacts of natural disasters and climate change.		 Mechanisms developed for sustainable financing for the PAs. Improved technology for pine 	Support for CC mitigation/adaptation (FSSLP Horizontal component)	
			tapping adopted by 10 pine schemes and a consistent supply chain for pine resin established	Non-wood forest products project (FSSLP)	