

## Strengthening governance of agriculture to enhance competitiveness of farmers in Pacific Islands Countries

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### ABSTRACT

Effectiveness of governance and its regulatory quality matter for agricultural development in Pacific islands countries. Agriculture in these countries is important but is poorly developed and suffers due to weak agricultural institutions and governance issues. A stronger performing agriculture is crucial, but its development depends on the enabling environment. There is need to facilitate the farmers by enhancing their competitiveness and bargaining power. Needed actions for strengthening the governance in Pacific islands countries are: investment in rural and market infrastructures and services, ensuring quality of farm enterprises, strengthening the extension capabilities, and promotion of regional brand for niche products.

**Key words:** Strengthening governance, competitiveness, competitive advantages, Pacific islands.

### INTRODUCTION

Governance refers to the manner in which public officials and institutions acquire and exercise the authority to shape public policy and provide goods and services (World Bank, 2007). This includes the capacity of the government to effectively manage its resources (AusAID, 2008a) and implement sound policies (Foukona, 2006). Governance includes both the 'enabling conditions' for enforcing law, as well as the capacity to manage broader economic and social factors (Magrath, 2010). For agriculture, good governance is important to formulate a conducive policy environment and for effective implementation of policy agendas. Effectiveness of government and its regulatory quality, therefore, matter for agricultural development (World Bank, 2008).

In developing countries, particularly the small islands countries of the Pacific region, problems of market failure are more serious. In the region, agriculture suffers due to weak agricultural institutions relative to the institutions governing other sectors and the governance problems. Effectiveness of government, defined in terms of quality and capacity of public services, and the quality of policy formulation (Commonwealth, 2009) and trade liberalization are crucial for economic growth. For the flow of benefits of

trade, however, the liberalization process, which has been initiated in the nineties in different Pacific islands countries (PICs), must be accompanied by efforts to improve the competitiveness of farmers. This would require the development and effective dissemination of appropriate crop technologies, and strengthening the bargaining power of farmers by investing in post-harvest facilities and marketing infra-structures and thus creating a business-enabling environment (Singh *et al.*, 2010).

Agricultural sector in PICs continues to be the linchpin of their national economies and serves as the main source of livelihood for poor rural households, but is, in general, poorly developed. Over the last two decades, the level of food self-sufficiency of these countries has been declining and presently the region is perennially in food deficit (Singh *et al.*, 2010, Esera, 2012). Lack of economic growth experienced by these countries (see Appendix I) is contributing to rising unemployment and hardship to their people. With scarcity of arable land in the region, with the exception of Papua New Guinea (PNG), the task of increasing food production may be accomplished by getting higher crop productivity which cannot be realized by farmers alone. However, through partnership with governments, their development partners,

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research institutions and extension agencies, farmers' associations, the civil society and private sector working together, the needed task of increasing food production can be done. But the question is not only of producing additional food; there is an important issue of enabling different players particularly the farmers, a big majority of whom are smallholders, to get their due share. These small scale producers can be helped to realize better returns from their farm produce by formulating right kind of policies, arrangements, technologies and approaches helpful in increasing productivity, lowering unit costs of production, strengthening producers' competitiveness and bargaining power, and promoting private investment in agriculture (Singh *et al.*, 2010; Singh & Bhati, 2012).

In this paper we want to highlight options that are available to strengthen the governance of agriculture to enhance the competitiveness of farmers in PICs. The study may be helpful to government agencies to learn about approaches and strategies to stimulate political and economic development and work in partnership with NGOs, farmers' organizations, civil society and the private sector. The paper is organized in five parts. Next part defines the salient features of agricultural sector in PICs, their agricultural marketing situation, competitive advantages, opportunities available and challenges faced by them. The third part discusses the strategies for enhancing the performance of farmers. The fourth part highlights ways and means for strengthening the governance to help farmers improve their competitiveness. Conclusions and recommendations are presented in the final part.

## FEATURES OF AGRICULTURAL SECTOR IN PICs

### General overview

The PICs is a group of small islands countries scattered over vast areas in the Pacific region. The group includes a mix of continental and volcanic islands, and low and raised coral atolls. These island states have

small populations - totalling 9.5 million scattered across an ocean area of approximately 30 million square kilometres of which less than two percent area is land (Secretariat of the Pacific Community - SPC, 2004). Over 70 percent of the population of PICs is predominantly rural (Food and Agriculture Organisation - FAO, 2009). These countries display an amazing combination of geographical, ecological, sociological and economic characteristics (Table 1). The diverse groups of indigenous peoples and cultures of the region are recognized with three common sub-regions - Melanesia<sup>1</sup>, Polynesia<sup>2</sup>, and Micronesia<sup>3</sup>.

The Pacific region is unique and diverse and the PICs have diverse resource endowments, economies, and political situations with varying agricultural conditions which vary both among and within countries. Notwithstanding this diversity, these nations experience a number of common development challenges, not only due to their geographic dispersion, limited size, ecosystem fragility and isolation from external markets and related high transportation costs, but because of governance issues as well (International Fund for Agricultural Development - IFAD, 2004). Their poor access to commercial and capital markets, poorly developed infrastructure and limited institutional capacity hinder their economic development. Their economic growth, in general, has been well below the global average for developing countries (World Bank, 2012). The challenges shared by them are compounded by weak policy and regulatory frameworks. Agriculture is important to many of these countries from subsistence security and livelihood option viewpoints. As land is the most important factor of production, system of its governance, the land tenure, is crucial for the development of agriculture.

Land tenure systems in the region, though very diverse, have several common features. Most of the land is held under customary authority also known as traditional, customary or communal tenure. In most of the countries, it accounts for more than 80 percent of the land area (see Appendix II). Approxima-

<sup>1</sup>Melanesia: It comprises of Fiji, New Caledonia, PNG, Solomon Is., and Vanuatu. These are relatively larger countries with best natural resources and most of the land and population of the region.

<sup>2</sup>Polynesia: The sub-region comprises of Cook Is., Niue, Samoa, Tokelau, Tonga, and Tuvalu. Samoa and Tonga have modest land resources. In Tokelau and Tuvalu, the scarcity of land and water are the limiting factors.

<sup>3</sup>Micronesia: Countries of the sub-region are Federated States of Micronesia, Kiribati, Marshal Is., Nauru, and Palau. These tiny nations are resource-poor, small, and predominantly atoll states, and unsuitable for agriculture. But they are spread over vast area of Pacific Ocean and possess vast marine resources.

**Table 1.** Profile and summary of selected PICs (basic indicators).

Country	Land area (km <sup>2</sup> )	Sea area (,000 km <sup>2</sup> )	Population (,000)	Land form	Agricultural exports as % of total exports	Contribution of agriculture to GDP (%)
Fiji	18 376	1290	779	Volcanic Is. & minor atolls	43	16
FS Micronesia (FSM)	701	2780	119	Volcanic Is. & atolls	--	--
Kiribati	726	3550	83	Predominantly atolls	40	17
PNG	461690	3120	4312	Volcanic Is. & few small atolls	17	26
Samoa	2 934	120	177	Volcanic Is.	16	14
Solomon Is.	29 785	1340	432	Volcanic Is. & few atolls	8	40
Tonga	696	700	100	Volcanic Is. & few small atolls	75	28
Vanuatu	12189	680	177	Volcanic Is. & few small atolls	70	20

Source: FAO, Support to the Regional Programme for Food Security in Pacific, 2003.

tely 79 percent of all farmers are small-holders and operate on an average up to two hectares of land. The average size of holding is, thus, small. Though most islanders have some land they can call their own, few can use it fully and freely without fear of dispute, constraint, or claim on the crop or its proceeds by kin or community (Crocombe, 1974). The land, therefore, is being used less efficiently. Such system produces many problems and keeps farm productivity low. It also leads to lack of individual responsibility and incentive for land improvement and conservation, no security of tenure, restricted scale of operation and problems in getting credit (Johnson, 1990). As getting land rights beyond the subsistence needs is hard the system is an obstacle to commercialization. Relationship between land tenure, crop productivity and investment shows that access to land is crucial to escape poverty (Prasad, 1998; Prowese & Chimhowu, 2007). Uncertainty of property rights in land affects the level of production and investment (Prasad, 1998). Most of the governments of PICs have tended to avoid interfering with customary tenure system in terms of allocation, management and record keeping rights (AusAID, 2008b). However, recognising the intertwined dimensions of the issue

of improving land-based economic development, the (Pacific) Forum Regional Security Committee had endorsed a Land Management and Conflict Minimisation Project in 2006. In addition, periodic efforts have also been made in some parts of the region to improve land administration by addressing specific aspects of introduced administration system with the aim of facilitating access to customary land. Such efforts have been met with limited success (SPC, 2008). As countries are experiencing the problems of unemployment, poverty, food security and low economic growth, a stronger performing agricultural sector is crucial.

Production and productivity of farm enterprises meant for commercial purposes are related to prices and, therefore, subject to fluctuations. Given the functions of agricultural prices, the implications of wide fluctuations in them are that the incomes of farmers fluctuate more than the fluctuations in output. In the short-run, a fall in prices dampens the enthusiasm of producers to invest. Consequently, in the long-run, the production may dampen. On the other hand, an unrestrained rise in agricultural prices would affect the levels of living of population in other sectors of the economy. Because of such

behaviour of prices and their importance, different governments in the region, in the past, have taken different measures to regulate/stabilize prices for their export commodities (notably tree crops) and/or improve the bargaining position of the farmers. In the development plans of most of the PICs also, government-led agricultural development projects have featured prominently. Such projects involved the establishment of marketing boards and agencies. Few examples of these projects included Fiji's National Marketing Authority (NMA), the Tonga Commodities Board (TCB), Samoa Produce Marketing Division and the cocoa and copra boards, Solomon Islands Commodity Export Marketing Authority (CEMA), Vanuatu's Commodities Export Marketing Authority (VCMB), etc. In some countries, agricultural sector was also protected and subsidized and public sector bodies were involved in processing and marketing of chosen goods. However, evidences show that many of the projects/programmes were not sustained and have failed (Commonwealth, 2006). Despite the intentions to support farmers, such interventions proved to be detrimental to them and the development of many crop based industries (FAO, 1999a; FAO, 1999b; FAO, 2002; Singh & Bhati, 2012).

Farmers, including the semi-subsistence farmers, in the region, are becoming increasingly market oriented and are supplying the domestic markets with roots and tubers, horticultural produce and other foods. However, it is being widely recognized that production is a major constraint. As stated above, the issue of improved marketing of agricultural produce and market development is not new to the region. There are some improvements in infrastructures including communications. Fiji, PNG, Samoa, Solomon Is., Tonga, and Vanuatu have joined the WTO. Many other governments are also reducing barriers to imports and exports. Gradual shift in the role of governments from administration to development is also being observed, but a lot more needs to be done. As part of growth policy, the role of government is to accelerate the growth of agriculture output. Large parts of farm produce are retained for home consumption; favourable policies, therefore, may ensure adequate increase in market supplies of farm commodities.

### **Agricultural marketing situation**

Crop sub-sector of agriculture in the

region is undergoing changes both in production and marketing technologies. Supplying affordable foodstuffs for growing urban populations is a challenge. As stated earlier, slow growth of these economies, particularly the agricultural sector (Appendix III), has created socio-economic problems. In spite of government efforts to produce more food, PICs still import substantial amounts of foodstuffs. The farming sector has the potential to provide the growing population with employment opportunities and food supplies, but for farmers to produce more, they need a secure source of income from marketing of excess production. As subsistence production is important and the domestic markets have limited capacity due to small size of most island economies, the concern is to promote supplies for export markets by providing incentive to farmers through better returns. Farmers produce and sell small quantities of produce which involve dis-economies in its assembling at different locations. There are additional constraints of infrequent and expensive sea transport from smaller and isolated islands. Accumulation of sufficient produce at individual export ports is difficult and costly as small surpluses of producers need to be transferred from small ports to major export ports. Even larger and more populated islands experience communication-transport bottlenecks. Due to small domestic demand and few processing ventures, the export markets offer potential for fresh vegetables and fruits. But there are concerns of wide price fluctuations in international markets. Main recipient of crop produce from PICs is New Zealand which itself is of relatively small size. Together with this other problems being experienced by these nations are: quarantine requirements, competition from outside the region, difficulties of irregular and unreliable supplies both in terms of quantity and quality, lack of storage and freezer facilities at collection centres, and the inability to comply with international trade obligations under WTO. Basic agricultural statistics on crop production, number of farm operations, market information, etc., is weak and understanding of market variables is poor and a constraint to development. PICs have, also, to put in more efforts in market research to determine the processing and export potential of different commodities.

Due to weak linkages and coordination between the ministries/departments of agricul-

ture, trade, commerce, tourism and industries, the strategies and programmes are often contradictory and confusing. Agricultural marketing is mainly in the hands of private sector, except for few commodities' boards which are responsible for domestic purchase and sales and/or are engaged in policy and regulatory functions. Many of these boards could be regarded as monopoly traders or monopsonist in trade practices (FAO, 1999a; FAO, 1999b; FAO, 2002; Singh & Bhati, 2012). There is need to have a change in the development strategy, and focus should be on the diversification of crop sub-sector from predominantly subsistence entity to a semi-subsistence and commercial entity. Presently, the farmers and traders in PICs lack the ability to meet the WTO's Agreements on Sanitary and Phytosanitary (SPS) Measures and Technical Barriers to Trade (TBT) and are at a disadvantageous position compared to the multinationals which are entering the region.

### **Competitive advantages, opportunities and challenges**

Agricultural sector in PICs presents many opportunities. Taking advantage of such opportunities is important both to lift aggregate growth and to enhance rural incomes. During the last few years, these countries have been experiencing rapid rates of urban population growth. One domestic opportunity stems from the rapid rates of urban population growth, which have created a domestic market for traditional staples and other food products in urban areas. There is also potential to target the tourism market more effectively. Presently in Pacific islands, most food consumed by tourists is imported. Significant tourism sectors offer a substantial market for locally grown produce and packaged value-added products. In terms of export opportunities, countries of Melanesia remain internationally competitive in producing traditional tree crops. In Fiji, smallholder horticulture is now the fastest growing part of its agricultural sector (Singh & Bhati, 2012). There is also scope to expand export markets by effectively targeting the Asian and Pacific island communities in New Zealand, Australia and the west coast of the United States, which offer a significant market for various horticultural products. Fiji and the Polynesian countries are in a position to take advantage of such opportunities. The rest of Melanesia is in a disadvantageous position due to limited airfreight capacity, unfavourable

fruitfly status, and the absence of their own people living in target markets. But indigenous tree nuts, for example 'nangai' or 'ngalinut' (*Canarium* sp.) have potential for Melanesia. In Vanuatu where only estimated five percent of the nuts are harvested, a limited value addition can help to realize a price of AU\$ 17,000 per tonne (Commonwealth, 2006). Solomon Is. also has a thriving domestic market for both natural and processed nangai and has now started exporting its products. There are other promising nut species, e.g. 'cut nut' (*Barringtonia* spp.), 'okari' (*Terminalia* spp.), etc., which need assistance for development, value addition and marketing. In PNG, despite the constraints of poor governance, weak infrastructure and customary land tenure, the palm oil industry is thriving because of natural comparative advantage and market-driven approach. Many PICs have comparative advantage in the production of many tropical fruits, root crops and off season vegetables. They have the advantage of location and a relatively pest free unpolluted environment for producing niche organic fruits and vegetables having export demand. Few countries are promoting the production and marketing of high value products. Overall, their agricultural sector has performed poorly. Available agricultural statistics suggest low and variable agricultural growth across the region (Appendix III). Their traditional farming systems are under increasing pressure, particularly in Melanesia and East Timor.

### **ENHANCING PERFORMANCE OF FARMERS**

Issues identified above need action. Infrastructure is an important constraint for the development of agriculture, but land tenure, policies and governance are also inhibiting factors in the region and need emphasis. Improved profitability of farm sector is crucial for enhancing the performance of farmers, which in turn will accelerate agricultural growth. Farmers can be helped to get better returns from their produce by lifting productivity and lowering unit costs of production for which the needed actions are: improving farmers' access to technology and information; removing distortions against agriculture; and facilitating market access.

Limited access to appropriate technology and market information constrains the abilities

of farmers and marketers to make informed farming and business related decisions. Research needs of farm enterprises in general are not catered for due to funding constraints in many countries unlike in Fiji, for sugar, and PNG, for larger tree crop enterprises. But there are opportunities to establish twinning relationships and links with neighbouring countries, donors and international research institutions. Presently, these countries operate diffuse and often ineffective extension services with weak links to research. Their research and extension capabilities are weakest in areas of subsistence and domestically marketed food products (Commonwealth, 2006). An improved cooperation between research and extension wings can improve the effectiveness of extension services. Paucity of agricultural statistics constrains the assessments of the sustainability of different farming systems. There are inter-country variations and available observations are for short periods. These countries are feeling the pain of declining crop yields in the face of increasing population pressure and inadequate land conservation measures. To fund agricultural research and extension, they may pursue alternative approaches with greater involvement of private sector, commodity industries and NGOs. Regional bodies with agricultural programs, like the SPC, can be approached to get technology and market information to farming communities (Commonwealth, 2006).

Development of agricultural sector depends heavily on an enabling environment and trade policies. Farmers should have a choice in who they sell to. In Fiji, Samoa and Vanuatu, cocoa boards have monopoly powers but their export industries are performing below the potential or barely exist. However, in PNG, the coffee and cocoa boards never had monopoly on marketing and had focused on improving quality standards, price stability and funding and directing research. Such a competing marketing structure has served PNG farmers well despite the decline in efficiency and performance of the boards. Here it is important to understand that future expansion of demand for domestically produced food is likely to remain limited, even including the demand for tourists, unless agricultural raw material contributes a substantial proportion of total value added in food industry. In the absence of such a structural shift, most additional spending on food will go to overseas food processors.

Consequently, the focus of agricultural marketing development should be on expanding value in export marketing channels. Governments should also understand that there are not enough roles for the public sector as marketing participants. Most of the farmers are village-based, small, sell their output independently and have limited bargaining power. Marketing channels for different commodities are also underdeveloped. There is lack of market information and farmers have to contend with poorly developed infrastructure. Therefore, the temptation for government intervention is always there. Yet, it would be inappropriate for governments to intervene as direct participants in marketing or processing. Statutory authority like commodity boards is not a good vehicle for innovation and productivity gains necessary to compete in the competitive agricultural markets. Appropriate role for the governments is to aid the development of contractual system in agricultural marketing. Contractual farming is not new to PICs. Examples of agro-industries having formal contractual relations between crop producers and processors are sugar industry of Fiji, and oil palm industry in PNG and Vanuatu. Development of producer groups, successful producer cooperatives, and NGOs could form an integral part of development and evolution of contractual system. Governments through policies, infrastructure and services can also play other facilitating roles to nurture value-adding ventures.

Quality and safety standards - SPS measures, are a weak link in the export marketing chains of PICs. As exporter, they have to ensure that their products meet the quarantine safety standards of export markets. As importer they have to ensure that their own quarantine systems are adequate to prevent the entry of pests. As many countries are not in position to develop the critical mass of required expertise, they may take a regional approach to provide such specialized functions. More work is also needed to resolve non-SPS market access barriers, such as securing import approval for new or specialized products. 'Noni' (*Morinda citrifolia*), 'kava' (*Piper methysticum*) and various indigenous nuts produced in the region have considerable export potential.

## **STRENGTHENING GOVERNANCE**

Historically, public sector interventions in agricultural markets in PICs were often ill

informed, poorly implemented (FAO, 1999a; FAO, 1999b; FAO 2002; Singh & Bhati, 2012), and corrupt leading to poor overall governance. However, the scales of interventions were reduced during the nineties when structural adjustments were initiated by many PICs. This had positive impact on the private and agriculture sectors, but has left many unresolved issues particularly those of market failures since their private sector, in general, is weak. They now have to enhance their investment in public goods like agricultural research, extension, transport and rural market infrastructure, and agricultural statistics. After structural adjustments, in many countries the ministries of agriculture have to redefine their roles and develop new capabilities. The 'Agreement on Agriculture' (AoA) has made the agricultural sector very sensitive to trade related issues. Efforts to increase production for global markets means that the sector is not isolated and rather increasingly linked with other sectors within the economy, and with other economies at global level. It is advisable to develop regional trade agreements/be member of such agreements to supplement their supplies (i) for potential export markets or (ii) if local-domestic production capacity is limited. Governments should develop regional quality-safety standards and certification mechanism and position their niche products having comparative advantage under a common brand name. They should focus on agribusiness, marketing and trade to strengthen the capability of their farmers. For the development of a competitive agribusiness sector, a positive rural investment environment is needed, which can be created by financial sector reforms. In PICs, the farmers' organizations and NGOs have potential to overcome the market failures. This third sector can facilitate the input supply, extension and marketing activities successfully as has been demonstrated in many other developing countries. Development partners can also pool their expertise and resources to support the governance reforms.

Presently, countries in the region have underdeveloped capacity for policy analysis and formulation. Their systems of collection, analysis and management of agricultural statistics are weak. Strengthening of these systems is needed to enhance their capacity of policy analysis. They find it difficult to meet food quality and regulate safety standards due

to weak capacity. Competitiveness of niche, traditional crop and livestock products is also weak due to their limited grading, standardization, processing and other value adding facilities. Many PICs do not have facilities for slaughtering the meat animals under good and hygienic conditions. Construction of abattoirs and improved meat handling facilities, etc., will mean more income to farmers and better supply of food to the consumers. Improved infrastructural facilities, therefore, will improve the competitiveness of farmers. These countries must also develop effective farm support services including the market driven research and extension to promote improved technology and farmers' access to such technologies. By encouraging the application of improved husbandry practices, more particularly the tropical fruits and vegetables' agronomic practices and livestock husbandry, the productivity will improve which, will lead to affordable costs of safe and nutritious food to the islanders. A thriving agriculture underpinned by improved productivity will expand the rural economy. The development partners of PICs can help in strengthening the needed capacities. Land reforms are important but sensitive and political issues. However, they are on the agenda of many countries. PNG and Vanuatu have taken a holistic approach to address the issues based on national land forum approach of the Land Resources Division of SPC. On the other hand, Samoa has adopted the approach of consultation as part of ADB funded land development project (SPC, 2008). Likewise, Solomon Is., Marshal Is. and Tonga are also considering to bring some sort of land policy reforms to ensure that land contributes to community and national development. The challenge is to develop new modalities for land use agreements which are consistent with traditional/customary arrangements.

## CONCLUSIONS AND RECOMMENDATIONS

Governance is the exercise of economic, political, and administrative authority to manage a country's affairs at all levels. Good governance is important for formulating conducive policy environment and effectively implementing agendas that make it possible to use agriculture for development. The PICs have varying geographical, social, political and agricultural conditions. Notwithstanding

this diversity, these countries experience many common development challenges and governance issues. Agriculture is important to the economies of many of these countries from subsistence and livelihood option viewpoints, but poorly developed. In the region, farmers mainly practice semi-subsistence farming under customary tenure system. As private sector is poorly developed, a stronger performing agricultural sector is crucial for addressing food security, poverty and economic growth. Farmers mainly grow wide variety of tropical fruits and vegetables, roots and tubers, spices and medicinal plants.

In the development plans of PICs, government-led agricultural development projects feature prominently, which involve the establishment of marketing boards and agencies. But the evidences show that many of these projects/programmes have been detrimental to the farmers and the development of crop-based industries. Farmers in the region are becoming market-oriented and there are improvements in infrastructure. Gradual shift in the role of governments from administration to development is also being observed. But still, there are many gaps and obstacles which create market imperfections. Role of state is to create favourable environment to accelerate the growth of output and increase in market supplies. As has been stated, supplying affordable foodstuffs to the rising populations, particularly the urban populations, is a challenge. In all the countries, reliance on cheap imported food is increasing. The farming sector has the potential to meet food supplies, but to produce more, farmers need a secure source of income from the marketing of excess production. Concern is to provide incentive to producers through better returns from their produce. Profitability of farm enterprises can be improved if producers are able to produce more at lower unit costs. With the development of appropriate production technologies, effective extension services, and by improving the market infrastructure the competitiveness and the bargaining power of farmers may be strengthened, which will help them in realizing better returns and remunerative prices. Most of the countries follow customary land systems where there is lack of clarity in property rights. It constrains the development, conservation and use of arable land for commercial crop production. Security of land tenure, when implemented properly, provides incentives to farmers for long-term

investment. Therefore, land reforms supported by rural reconstruction programmes are important.

Agricultural development depends on the enabling environment and trade policy. Infrastructure in PICs is an important constraint for the growth of farm sector and agribusiness. For improving the productivity, farmers need access to technology and information. Limited access to appropriate crop production and post-harvest technology and market information constrains the abilities of farmers and marketers to make well informed decisions. Due to funding constraints, research needs of many enterprises are not catered for. But opportunities are there for the governments to establish twinning relationships and links with their neighbours, development partners, donors and international research institutions. Extension services and links between research and extension departments of these countries are also weak. Farmers need improved technical knowhow and better inputs which, presently, are being provided for few crops and by few countries only. Alternative approaches may be pursued with greater involvement of private sector, commodity industries and NGOs. Regional bodies like SPC can also be helpful. Quality and food safety standards-SPS are weak in the export marketing chain of these countries. The PICs have also to work to resolve many non-SPS market access barriers like securing import approvals for new and specialized niche products, for example, 'noni' juice, kava, various indigenous nuts, etc.

In the region, there is need to have a government drive to revitalise the agricultural sector and give a much needed boost to production through higher productivities. It requires a strong private sector to lead the increase in farm productivity guided by the market driven approach. The agricultural sector has been under-performing due to the constraints of institutional factors which are impeding the productive potential of farmers and agribusiness. These countries must, therefore, develop effective farm support services to boost productivities. A thriving agriculture in PICs will expand the rural economy. In light of the above discussion, focus areas for better governance, government interventions and priority outcomes can be summarized as follows. The development structure of PICs has common elements which inter alia include: strengthening policy,



regulatory frameworks, increased agricultural productivity and food self-sufficiency, improving marketing and export performance. Government has to facilitate farmers to enhance their bargaining power and competitiveness. Needed medium- and long-term actions which would be helpful to

farmers may be highlighted as: investment in rural and market infrastructure and services, ensuring the quality of farm produce both for home and export markets, strengthening the extension and research capabilities, and promotion of regional brand for niche products.

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**Appendix I.** Annual GDP growth rates (%) of selected countries: 2001, 2005, 2008 to 2011.

Country	2001	2005	2008	2009	2010	2011
FSM	0.9	3.0	-2.4	0.7	3.1	1.4
Fiji	1.9	-1.3	1.0	-1.3	-0.2	2.0
Kiribati	-3.1	0.3	-1.1	-0.7	1.8	1.8
PNG	-0.0	3.9	6.7	5.5	8.0	9.0
Samoa	8.1	5.2	-3.2	-1.7	1.7	2.1
Solomon Is.	-8.0	5	7.3	-1.2	7.0	9.0
Tonga	3.5	-1.0	2.0	-0.1	-0.5	1.2
Tuvalu	13.2	-4.1	1.3	-1.7	-5.0	1.0
Vanuatu	4.5	7.1	9.0	3.5	3.0	4.3

Note: FSM - Federated States of Micronesia, PNG - Papua New Guinea.

Sources: 1. ADB, Key Indicators for Asia & the Pacific 2010.

2. World Bank Data: <http://www.worldbank.org/en/country/pacificislands> [Accessed 5 Dec. 2012]

**Appendix II.** Distribution of land by systems of tenure in selected PICs, in per cent.

Country	Public land <sup>a</sup>	Freehold land <sup>b</sup>	Customary tenure
Fiji	4	8	88
FS Micronesia	35	< 1	65
Kiribati	50	< 5	>45
Nauru	< 10	0	>90
Niue	1.5	0	98.5
Palau	Most	Some	Some
Papua New Guinea	2.5	0.5	97
Samoa	1.5	4	81
Solomon Islands	8	5	87
Tokelau	1	1	98
Tonga	100	0	0
Tuvalu	5	< 0.1	95
Vanuatu	2	0	98

Note: a. Includes Crown land and land owned by provincial and local governments.

b. Includes land that is not strictly freehold, but similar in characteristics, such as the 'perpetual estates found in Solomon Islands.'

Source: Commonwealth of Australia, 2008. Making Land Work, Vol. One, Reconciling Customary Land and Development in the Pacific, Table 2.1.

**Appendix III.** Annual growth in agricultural output in selected PICs during 2000, 2005, 2008 and 2009, in percent.

Sub-region & country	Annual growth rate			
	2000	2005	2008	2009
Melanesian sub-region:				
Fiji	-1.3	0.9	2.1	na
PNG	2.1	5.6	4.3	2.3
Solomon Islands	-17.1	5.2	6.6	-7.3
Vanuatu	3.2	5.6	6	na
Polynesian sub-region:				
Cook Islands	0.1	-3.5	-3.7	na
Samoa	0.1	4.8	-8.6	0.7
Tonga	7.0	-4.8	0.6	-1.3
Tuvalu	-2	0.9	3	0.4
Micronesian sub-region:				
Kiribati	-6.1	-5.7	1.8	1.4

Note: na- Data not available.

Source: ADB, Key Indicators for Asia & the Pacific 2010.