

TECHNICAL ASSISTANCE COMPLETION REPORT¹

Division: PARD/SPSO

TA No., Country and Name TA4572-FIJ: Strengthening Commercial Agriculture Development			Amount Approved: \$600,000	
Executing Agency: Ministry of Agriculture, Sugar and Land Resettlement			Revised Amount: \$600,000	
Source of Funding: Japan Special Fund (JSF)		Amount Undisbursed: \$438,823	Amount Utilized: \$161,177	
TA Approval Date: 28 March 2005	TA Signing Date: 13 April 2005	Fielding of First Consultant: 20 January 2006	TA Completion Date Original: 31 March 2007 Actual: 26 January 2007 Account Closing Date Actual: Original: 31 March 2007 3 December 2007	
<p>Description: TA4572-FIJ: Strengthening Commercial Agriculture Development was an associated technical assistance project (TA) in support of Loan 2158-FIJ: Alternative Livelihoods Project (ALP). The preferential trade agreement for sugar that the Fiji Islands had enjoyed with the European Union (EU) would be reduced and the sector therefore had to be made more efficient to compete on the international markets. The combination of land-lease expiration and the necessary restructuring of the sugar industry necessitated agricultural diversification and this potential was identified from (i) existing export channels to Indo-Fijian, Asian, and Pacific island communities in Australia and New Zealand, and (ii) supplying the expanding urban agribusinesses and local tourist markets. As a result, the TA aimed for the development of stronger commercial agriculture and orienting the Ministry of Agriculture, Sugar and Land Resettlement (MASLR) towards a greater degree of demand-driven, client-oriented service delivery to the agriculture sector. It should be noted that as Loan 2158 primarily would assist the predominantly Indo-Fijian communities engaged in sugar cane farming in another investment loan—Rural and Outer Island Development Project had been prepared and was awaiting final processing to assist the predominantly indigenous Fijian farming communities outside the sugar belts. Concurrently with the ALP processing and implementation, the EU was formulating the National Adaptation Strategy (NAS) which aimed towards better profitability from the sugar sector by improved processing methods, higher yielding sugar varieties, and better farming techniques.</p> <p>Expected Impact, Outcome and Outputs: The expected impact of the TA was a strengthened commercial performance and capacity of the agriculture underpinned by the private sector taking the lead with appropriate laws and policies enacted and capacity developed to sustain the sector. The outcome was a sustained increase in the value, market share, product range and employment within the agriculture sector. Achievement of the outcome was supported by the following outputs (i) at least 5 private sector-led industry organizations had prepared strategic business plans and obtained financial support to undertake research and development and marketing activities, (ii) farm business advisory services supported by appropriate policy, privatization policy, and professional accreditation, (iii) Fiji College of Agriculture (FCA) corporatized, (iv) product standards, labeling, auditing, and pertinent legislation satisfy major markets, (v) Government and industry organizations provide agricultural information services to farmers and agribusinesses, and (vi) at least 5 industry workshops/training in agribusiness opportunities, commercial arrangements, and marketing processes standards, etc. To achieve these outputs, the TA would be implemented over a period of 24 months with the engagement of an international agribusiness and agricultural institutions specialist for 10 person-months, an additional unspecified allocation of 10 person-months international and 7 person-months domestic consultancy.</p> <p>Delivery of Inputs and Conduct of Activities: The TA formulation was very appropriate, however, the slow start-up and virtual non-performance in implementation of the associated loan—due to internal conflicts between MASLR and the Ministry of Finance on establishment of an imprest account and procurement methods—caused the TA activities to be implemented in isolation and thus without the necessary investment components. The agribusiness consultant nevertheless was very efficient in input provision and because of his professionalism and thorough background he rapidly gained the respect and confidence of the private sector and decision makers. The approval of industry standards for export and development of business plans with financial support are proof of the quality of the consultant's input.</p>				

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Given the weak skills base in MASLR the consultant also spent much time assisting with practical tasks, which normally the counterpart would have carried out, and the consultant also participated as focal point in several events organized under the loan. Despite the extra work activities outside the consultant's terms of reference, the consultant showed considerable initiative and made commendable progress ensuring the productivity level was very high. The achievement of the outputs, especially on policy issues and industry involvement and acceptance is testament of the quality provided by the consultant.

In September 2006, it became clear that the EU-funded NAS would go ahead and as the Government wanted to avoid any overlap with ALP, it was decided to prepare a hybrid project from the remaining ALP and the ADB-proposed Rural and Outer Island Development Project. At Government's request ADB agreed to let the TA consultant be part of the team to write-up the new project document, which took one month. The resulting project formulation was very ambitious and rather complicated. However, the focus of the interim Government was primarily on the much larger EU grant for the NAS project and no decision was taken to request ADB to approve the major change in scope to accommodate the new hybrid project. The ALP loan had by November 2006 hardly implemented any of its expected components and this, coupled with the uncertainty of the political will to actually pursue the loan, or the newly proposed combined project proposal, made it very difficult to justify the repeated request for extension of the TA consultant. In the absence of any government decision ADB could only provide a 1-month extension to finalize the report in December 2006.

Evaluation of Outputs and Achievement of Outcome. The TA inputs began in January 2006 and were completed in December 2006. The consultant achieved the following outputs (i) 6 industry organization prepared business plans with commitment for financial support and an additional 4 industry organization prepared business plans with pending financial support, (ii) 8 farm business advisors accredited as Enterprise Trainers and pending privatization of the Rural Enterprise Service with policy endorsement by Cabinet, (iii) Fiji Sugar Corporation corporatization did not take place, (iv) private sector services accredited to ISO65 auditing standards for Food Safety certification; major food processing agribusinesses have or are in process of HACCP certification; accreditation of organic food standards not achieved; selected export horticulture biosecurity market access protocols established, (v) website constructed for MASLR but need improvement, and (vi) 2 industry workshops/seminars were conducted.

In January 2007 it became clear that the EU grant for improving the sugar sector was not being released due to certain grant conditions that were not fulfilled—and were unlikely to be—and the agriculture sector was being very politicized within the Government. Because Loan 2158 was virtually stalled in implementation, no political will was there to take a decision on the reformulated hybrid project, and ADB was facing a reputation risk due to the non-performance of the loan, several meeting with Ministry of Finance had to take place to find a solution. It eventually became clear that Loan 2158 in all likelihood would be cancelled and there was therefore no justification to extend the input of the TA consultant.

The outcome was not achieved in full and without the necessary physical infrastructure such as roads, effective quarantine and certification office etc., it is also doubtful if sustainability of the achieved outputs can be ensured.

Overall Assessment and Rating: The TA can only be rated partly successful. It was negatively impacted by external events, but the quality of performance of the consultant was excellent and well regarded by counterpart staff and target groups.

Major Lessons: A more rigorous assessment of the counterpart ministry, MASLR, should probably have been carried out to reveal how suspicious the Ministry of Finance was of MASLR in its financial due diligence. Such findings would have shown that a normal ADB project set-up would not be feasible. Also, such an assessment would clearly have identified the weak skills base within MASLR and the need for capacity development concurrently with the agribusiness development.

ADB was aware of the EU NAS proposal as a concept but was unaware that the final project document contained several identical project interventions as was included in the ALP. Better development partner cooperation is obviously a prerequisite.

Recommendations and Follow-Up Actions: None as the Project loan was cancelled.