



AID-FOR-TRADE: CASE STORY

SOLOMON ISLANDS

Solomon Islands Cocoa Livelihood Rehabilitation Project (CLIP)

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INTRODUCTION

Assessing the impact and effectiveness of aid for trade in Solomon Islands prove to be a big challenge. This is because there is no clear distinction made between aid for trade and aid in general that the country receives from donors. Coupled with this is the fact that there is no central aid for trade coordinating body or mechanism in place that can trace, assess or monitor the aid for trade flow in to the country.

However, this does not mean that Solomon Islands has not received or benefited from aid for trade assistance. In fact, a number of examples of aid for trade projects and programmes recently completed or currently underway in Solomon Islands have been identified based on the accepted definition of aid for trade.

This case story illustrates a very specific example of an aid for trade assistance provided by a particular donor to Solomon Islands which addresses productive capacity building in the agriculture sector through the project titled the 'Cocoa Livelihood Improvement Project' (CLIP).

Although this case story is only specific to this particular sector, it provides an illustrative example of how, to some extent, aid for trade is working for Solomon Islands, what mechanisms are being used by donors to deliver the assistance and the extent of the role played by the recipient government.

A brief assessment is also made at the end of the case story.

BRIEF BACKGROUND ON THE COCOA INDUSTRY

Cocoa is one of the most important cash crops in Solomon Islands. Ranked fourth after Forestry, Fisheries and Palm oil, cocoa accounts for 4% of total exports (2008). This represents an annual export volume of about 4000 metric tonnes and an annual export return of more than SBD71 million, a substantial cash injection for the relative size of the local economy.

This level of production and export performance remained relatively constant throughout the history of the cocoa industry in Solomon Islands, except for the period of national crisis when the industry plunged to its lowest point.

Despite the significant contribution the cocoa industry has made to the Solomon Islands economy, production has been stagnant over the years. This is due to the fact that most of the cocoa trees are 30 years old, neglected, overgrown and produce poor yields. So instead of producing an estimated 1000 kilogram per hectare, they only produce around 300 to 500 kilogram dry beans per hectare with poor quality which in turn affects demand.

This problem was further compounded during the period of the ethnic tension between 1999 to 2001 when the industry was almost abandoned by small cocoa farm holders who drive the industry.

However, when conditions returned to normality in the country, the government, through the Ministry of Agriculture and Livestock (MAL) and the Commodity Export Marketing Authority (CEMA), provided some support to try and revive the industry. Thereafter, the production started to pick up again in 2002 and reaching an annual export volume of about 4000 metric tonnes from 2003 to 2009. Records then showed that production and export volumes stagnated once more and for the last 6 years since 2003 there was no growth in the industry beyond levels during the pre-ethnic tension period.

THE CLIP PROJECT

In mid 2009, the Australia Government stepped into assist the efforts made by MAL and CEMA to rehabilitate and further develop the cocoa industry. So the CLIP project started in June 2009 and was fully funded by the Australian Government under its bilateral aid.

The main objectives of this project are to increase the production and export volume of cocoa which aims to reach an annual production volume of 10,000 metric tonnes within 5 years, increase income of cocoa farmers and help bolster the national economy. The main activity focus is to rehabilitate the old cocoa trees to produce maximum yields within a shorter timeframe in order to achieve quick results.

The Australia Government through its Aid Agency, AusAid, committed AUD 5.3 million to the project over a 4 year period. Out of this AUD 5.3 million, AUD 3.5 million goes directly to the cocoa farmers in the form of field-based trainings, materials and equipment, strengthening extension services by also involving both MAL and CEMA.

The other funding component goes to setting up the CLIP project office and providing for support staff, recruitment of both national and international TAs.

PROJECT ACHIEVEMENTS

Since the CLIP project started, it has been dubbed a success. The project delivered extensive training to the cocoa farmer throughout the country through information pamphlets, posters, cocoa book, radio programs and practical field trainings. Because the aim of the project is to achieve short term results, resources provided are well targeted and coordinated. Cocoa equipments and tools were distributed to farmers. There are trainers, extension officers and cocoa enumerators dispatched and stationed at provincial centers. Logistics and means of travel in to the remote farms are also provided to ease mobility and transport costs.

Since the enhancement of resources provided for the rehabilitation of the cocoa industry through the CLIP project, for the first time in the history of the industry, Solomon Islands cocoa export volume reached a record figure of 5481 metric tonnes in 2010. It is expected that volumes will increase further over the coming years as the project progresses further to cover cocoa farmers in all the provinces in Solomon Islands and extend its focus to engage famers in new planting.

ASSESSMENT AND RECOMMENDATION

The CLIP project provides an example of the flexibility available to donors in Solomon Islands to devise their own mechanisms for the delivery of aid for trade. In this case, the Australian Government, through AusAid, uses a development support facility where fund management is contracted out to a third party with presence in-country who then delivers the funds to the project. The Ministry of Agriculture and Livestock and its statutory marketing arm, CEMA, provide support and facilitate the delivery of trainings with the help of resources extended to them through CLIP.

While there are no problems in employing such an aid-for-trade delivery mechanism, the fact that government is kept at arm's length could raise concern about project sustainability. Like many externally funded projects in the country, the activities and associated achievements tend to cease once the project period lapses and funding stops. This is because government does not take ownership of these kinds of projects to drive them forward and continue to build on the work initiated. Mistrust on the part of donors as well as the recipient government could result in a lack of support to drive the project forward even though both parties may recognize the benefits achieved by the project.

While there appears to be positive results, particularly in terms of the increased export volume, at present Solomon Islands lack the tools, capacity, sense of ownership, and access to all the details to be able to accurately assess the benefits that the project itself has had on the industry and more particularly in terms of trade development for Solomon Islands. Building country capacity to assess the benefits from aid for trade projects could be a recommendation.