

AID-FOR-TRADE: CASE STORY

TONGA

Tonga: A Tale of TA

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Tonga; a Tale of TA

Case story analysis of the technical assistance (TA) programmes, RMFFP and STABEX, in the Tongan agricultural sector.



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Executive Summary

The Kingdom of Tonga no longer enjoys the economic benefits of strong agricultural exports. This is due to many changing factors including enhanced global bio security regimes and quarantine requirements, the erosion of tariff preferences, the constricting impact of regional and bilateral trade agreements and domestic challenges which limit the competitiveness of local industry.

Technical assistance has been of benefit to Tonga in tackling these challenges. Quarantine issues have been addressed to some degree through the Regional Management of Fruit Fly Program (RMFFP), which commenced in 1990 after the discovery of two species of fruit fly. The Pacific Horticultural and Agricultural Market Access (PHAMA) Programme is hoped to further assist in this regard.

Tonga has lacked the infrastructure necessary to trade in the agricultural sector including quarantine treatment and fumigation infrastructure and equipment which would assist in the processing and value adding of produce. These infrastructure issues have been addressed through technical assistance and donor support. Most recently the EU-funded STABEX programme has provided fumigation and processing facilities to complement the existing HTFA facilities and as such, lack of infrastructure is no longer the impediment to trade it once was.

The question now is that with the benefits and achievements of these programmes can development partners and government representatives utilise the lessons learned to work towards the design and implementation of programmes that will identify the remaining impediments to trade and ensure adequate resources, both financial and human, to meet the challenge? A potential solution may lie in value chain analysis in order to accurately identify impediments and enhance understanding and co-operation amongst the actors in this sector. Regional neighbours are embracing value chain analysis to some success; it is time for Tonga to also reap these benefits.

It is hoped that this review of the two relevant TAs, which have contributed to positioning Tonga for stronger agricultural sector export earnings, can further contribute to the enhanced design and development of additional TA to supports the national aid-for-trade objectives of enhanced competitiveness, poverty reduction, gender equality and regional integration. The agricultural sector, fertilised by enhanced market access and infrastructure to support trade, may be on the cusp of a return to past efficiency and production levels if future programmes are well targeted to identify and address remaining impediments.... some might say it is *ripe for the picking*.

Intro

In the Pacific, Tonga has had a reputation of excelling at the production and export of agricultural products. Tonga's climate, soil, and geographic position, have supported agricultural success. Despite being small, Tonga has been competitive in major international markets, including vegetables, bananas and watermelons to New Zealand; squash to Japan and Korea; coconuts to Australia and New Zealand; root crops to Australia, New Zealand, USA and Japan; kava to Fiji, Australia, New Zealand, USA, and Europe. The discovery of Tongan fruit fly, *Bactrocera Facialis* and the Pacific fruit fly, *B. Xanthodes* in the early 1980's resulted in Quarantine bans and restrictions from New Zealand, one of the largest export markets due to the winter window for trade. At the same time, world prices for Tonga's other major agricultural export, copra, had fallen to levels which were no longer viable for farmers. The loss of both of Tonga's major agricultural export markets at the same time lead many farmers to emigrate and forced Tonga to look for alternative products to export.

In a bid to address these challenges at least eleven development assistance or technical assistance programs have been delivered in the past twenty years, predominately through regional or sub regional architecture, which focus on assisting one challenge or issue in the agricultural sector in Tonga. In addition, a multitude of smaller bilateral programs have impacted the Kingdom, however there is no comprehensive domestic record of TA projects programmes or their value in the agriculture sector. Furthermore with a raft of new agricultural sector programmes about to be delivered, including the Pacific Horticultural and Agricultural Market Access (PHAMA) programme, Facilitating Agricultural Commodity Trade II (FACT), the Pacific Agribusiness Research for Development Initiative (PARDI), and potentially inclusion in the ACP All Agricultural Commodities Programme, the need is more critical than ever to ensure the right focus and the key success factors are utilised to ensure efficient and effective design and implementation.

Issues Addressed

The Ministry of Finance state that aid contributions represent approximately 8% -15% of Tonga's GDP and were in the order of 60 million pa'anga (US \$ 32,325,800) in 2010. The most recent OECD Aid-for-Trade figures (see Appendix A) indicate that the 2006 commitments were approximately US\$ 2 million with a disbursement for that year just over 600,000 above the commitment. In 2007 the commitments rose to over US\$9 million but with a lower disbursement of just over US\$4 million achieved (OECD, 2009,). With so much aid assistance directed to Tonga and with reasonable - though by no means consistent support for the agricultural sector -a sector which accounts for approximately 25% - 27% of GDP, why is it that agriculture does not contribute more – both to the GDP of the Kingdom, and to the household income of individual growers and families at the community level?

TA has been spread across a broad range of areas including the specific focus of technical challenges such as fruit fly, the delivery of infrastructure such as the HTFA facility and market sites such as the Pango Pango market, capacity building in Ministries, assistance for the development of advocacy groups such as GrowFed – the farmers sector based umbrella organisation, and more recently in the provision of new species of crops, new livestock and a raft of subsector initiatives. Rather than focus on all of the TA, two specific programmes have been targeted as case stories. The first being the Regional Management of Fruit Flies in the Pacific (RMFFP), a program which commenced in the

1990's but has been ongoing in Tonga and the second being the EU – MAFFF (Ministry of Agriculture, Food, Forests and Fisheries) STABEX project through the 7th and 9th EDF. These programmes are different in nature both through virtue of time and trends but also through design, implementation, focus and problems faced. Whilst it is acknowledged that the two programmes identified represent a small slice of the TA delivered in the agricultural sector in Tonga, history has shown that often the factors for success and failure amongst all programmes are not vastly different. It must also be noted that the STABEX programme has recently closed and this review can therefore focus only on implementation challenges and speculate as to future impact, while the impact of the RMFFP is extensively documented.

The RMFFP was the commencement of what remains today an ongoing focus on fruit fly in the Pacific. The original RMFFP objectives were to 'increase the level of production and quality of fresh fruit and vegetables, leading to enhanced availability for local consumption, increased exports and higher farmers' incomes and addressed a significant quarantine issue. The programme had a targeted outcome with regard to fruit fly and was restricted in the first three years to four Pacific countries – Cook Islands, Fiji, Tonga and Samoa. Fruit fly activities are now fully embedded into the Secretariat for the Pacific Communities (SPC) Plant Protection Service and constitute Component 2 – Fruit Fly Management of the Project on Pest Management in the Pacific

Underlying technical objectives (see box) were more specific in nature regarding technical knowledge, post harvest control and quarantine. The RMFFP was originally funded by FAO to the value of US\$174,000 for a one year period and subsequently additional donors (including AusAID, UNDP and SPC) contributed to keep the programme running, and a second more substantial phase was introduced in 1994 – 1997 to the value of US\$1,146,396 and funded by AusAID, UNDP and New Zealand. The total funding through 1990 – 2000 was just below AUD \$4 million.

RMFFP Technical Objectives:

- to upgrade the technical knowledge and understanding of plant protection, quarantine and extension services staff of the impact of fruit flies in the production of fresh fruits and fleshy vegetables in the four countries identified;
- to develop new techniques for pre-harvest control of fruit flies, leading to the dissemination of information on control strategies and reduced levels of damage to fruits and fleshy vegetables by these techniques; and
- to strengthen the capacity of quarantine services and industry to overcome quarantine restrictions of fruits and fleshy vegetables susceptible to fruit flies, imposed by importing countries.' (SPC, http://www.spc.int/pacifly/Project_docs/RMFFP-History.htm, viewed 7 Jan 2011)

STABEX is a bilateral programme between Tonga (specifically MAFFF) and the EU, which was signed in March 2008. The programme is for the amount of Euro 2,504,145 and closed 31 December 2010.

The objective for the use of this STABEX transfer is to ‘contribute to the overall sustainable development and a more equitable distribution of economic and social benefits among all Tongans’ (EC, 2008, p 14). The programme deliverables include upgrade to market facilities for fisheries, new livestock strains, infrastructure and plant equipment for fumigation and post harvest, agro-processing and food laboratory facilities, and training and capacity building. The following box provides an overview of the sectoral breakdown of the programme.

Sectoral breakdown of the STABEX programme
Export Commodities Intensification and Diversification
Post Harvest Handling, Processing and Market Infrastructure
Livestock Development Initiatives
Agro Processing and Value-added Home Industries Development
Project management
Source: EC, 2008, p 14

The programme document mentions an additional ten activities under the four sectors outlined above and then further extensive indicators for each project component. As such the STABEX programme is ambitious and appears to be a “catch all” programme with multiple focuses to ‘tie up the loose ends’ in the agricultural sector. Discussions with the PMU indicate that the broad ranging focus of the STABEX programme was due to an inability to priorities areas of focus.

Objectives Pursued

The OECD states ‘trade is partly mainstreamed in the national development plan and also addressed in various sectoral strategies’ (OECD, 2009a). The Kingdom of Tonga has implemented a National Strategic Planning Framework (NSPF) which provides a long term (5–10 years) strategic planning tool with attention to key determinants of economic and social development, and focuses on a limited number of government priorities, with implementation details to be laid out in the corporate plans of government agencies. Further to this the Ministry of Labour, Commerce and Industries developed the National Export Strategy (2007/08 – 2009/10) in 2007 with support from the Commonwealth Secretariat. This document does take a strong sector focus however it must be noted that the NES did not receive Cabinet approval. Without full Government endorsement it seems that the strategy has not driven the development and growth envisaged.

The relevant development goals in the national and sector strategies are for private sector development and growth in the value and volume of agricultural sector production. There has been considerable focus at the agricultural sector level on addressing the sanitary and Phytosanitary measures (SPS) non-tariff barriers to trade such as the Quarantine and Food-Safety bans and restrictions by Tonga’s traditional trading partners, including New Zealand, Australia, EU, Fiji and Samoa. Reviewing the OECD (2009) figures in Appendix A the majority of funding has been targeted towards ‘trade policy and administrative management’ and ‘trade facilitation’. The other area of focus has been ‘building the productive capacity’ of the ‘business and other services’ and banking and ‘financial services sectors’. Much less support has been directly focused on the productive sectors of society, including agriculture.

Design and Implementation

The design and implementation methodology of these two programmes, the RMFFP and STABEX, reflect the differing trends and methodologies in use over the extended period from 1990 when the RMFFP was developed to the signing of the STABEX fund in 2008. One might argue that the RMFFP design and implementation was perhaps less participatory and more geared towards outcomes than STABEX, but therein lies the inherent challenge of current sustainable development practice with a stronger participatory focus.

The RMFFP has been praised as a model of successful programme management and design.

‘There are key features of the project that have helped ensuring its success, and these should be kept in mind in the future.’ (Leblanc, L. & Vueti, E. T., 2000, p 21).

A Chief Technical Adviser (CTA) was appointed from FAO and stationed within SPC in Fiji to implement the programme, receiving administrative support from SPC. Further to this a strong network was developed within the recipient countries with a team of focal point who received training and gathered together on a regional basis throughout the implementation of the programme. It was this network of focal points, such as the National Junior Scientific Officers, which provided a high prospect of sustainability post programme. A Steering Committee was utilised as a method of management and guidance, to encourage communication, and enhance regional and national ownership of the Project.

The implementing agency for the STABEX agreement is the Ministry of Agriculture and Food, Forests and Fisheries (MAFFF) and a Programme Management Unit (PMU) has been established within the MAFFF consisting of two project people, the Project Manager and the Project Accountant. STABEX also benefitted from the establishment of a Steering Committee which included the Minister for Agriculture, private sector farmer representatives from both Vava’u and Tongatapu, government counterparts from MAFFF Vava’u and other relevant Ministries such as Labour, Commerce and Industry, Ministry of Works and Ministry of Environment and Climate Change.

While it is common for developed countries to focus on market access as a cure to the challenges of enhancing trade, the World Bank (2002) states that ‘the principal problem is not market access, but lack of production capacity to take advantage of new trading opportunities’. Market access is not enough! The simplified notion that enhanced market access will increase trade ignores the economics of supply and demand. Products still need to be competitive, that is of high quality, meets international health and safety standards, well priced, well packaged and well marketed. The challenge to ensure the rest of the equation is in place has perhaps been best addressed by value chain analysis which ‘includes the whole cycle of the organization, production, and delivery of products from inception to use and recycling’ (Kaplinsky, 2004). Kaplinsky states that such analysis provides a tool for mapping the potential impact of public and private policy and as such is a mechanism for influencing the distribution of ‘rents’ along the value chain. When value chain analysis is used in this way it can assist development outcomes to achieve more than a simple increase in output or earnings, ideally representing a redistribution of economic rents to the benefit of marginalised segments of communities or society.

Problems Encountered

The RMFFP seems to have encountered surprisingly few problems and delays. This maybe due to the more centralised leadership model. By this I refer to the strong technical and personal management by the CTA over the development and implementation of the programme.

The low level of funding contribution to fruit fly activities by national governments due to limited resources or political instability was a negative factor that could potentially affect long term sustainability of the national execution of the Project. However over the years from the initial phase of this programme many other partners including an extended donor base, academic institutions and regional bodies were networked to achieve the overall success of the RFFMP and its variants.

The STABEX programme experienced almost immediate financial issues. The budget for the infrastructure works, a major component of the programme, was developed in 2007 and in 2008 Tonga experienced currency devaluation due to oil price increases and other inflationary pressures such as the rising price of imported foods. While this sort of pressure can be addressed within the EU programme framework it requires budget revisions and these requests and the modification process were found to be onerous for the project staff – which had no prior experience with the considerable bureaucracy and requirements of the EU system.

Lack of experience complying with the EU rules and regulations also caused delays with the process of tendering the construction of the post harvest facilities, a major component of the programme, as the tendering process failed to meet the EU regulations on two separate occasions. The resulting pressure and shame led to the resignation of the then Project Manager midterm, leaving the programme with low deliverables against the work plan and without a way forward.

The EU bureaucracy again proved challenging with the recruitment process for the new Project Manager failing to meet regulation on a further two occasions. Thus when a Project Manager was finally in the role budget pressures were now combined with huge timing pressure to meet the programme deadline. The new manager, just like the previous one, was unfamiliar with the EU rules and regulations and has spent many hours of overtime trying to get up to speed and ensure regulations were met and no further delays impacted the programme, however she concedes '*It took a while to learn the process*' (Leody Vainikolo, Project Manager, STABEX, 20 January 2011).

A further challenge to the programme, particularly once it had regained momentum with the new Project Manager, was the tardy release of funds from the donor. An example of this challenge is that the last tranche of funding was released late December 2010, with limited working days left to the formal close of the project.

Factors for Success/Failure

Allwood (1993, p 2) states that 'one of the strengths of the fruit fly projects in the Pacific region has been the co-operative effort between the donors, the agencies that provided technical assistance, and the national staff within each country and territory. The co-operation has resulted in minimal duplication of effort and resources and effective inputs by a wide range of experts covering quarantine surveillance, identification of species, biology/ecology, field control, quarantine treatment technology, quality assurance, quarantine preparedness, emergency response planning, eradication techniques and training'.

The narrow technical focus of the programme and the ability to build a strong and committed technical network in the recipient countries seems to have also been a factor in the success of the RMFFP. An interesting observation made by one of the public servants involved with the project at the time was that the onus on co-ordination fell firmly on the donors and they were able to effectively and efficiently co-ordinate themselves, without excluding country input. It was felt that this was more efficient than modern efforts to have recipient countries, with limited financial and human capacity, co-ordinate donor efforts and programmes. The growth and maturity of the programme which is now incorporated into the Pest Management role of SPC, is further evidence of the capacity developed and regional ownership of the programme.

Further to the management efficiencies achieved, a contributing factor to success was the linkage of additional TA to support the original RMFFP. The establishment of the Heat Treatment Forced Air (HTFA) plant to treat fruit fly hosted produce such as breadfruit, chilli pepper, tomatoes, mangoes and eggplant was closely aligned to the RMFFP and a critical project in determining the overall success of the RMFFP. The HTFA plant was funded by USAID as part of a technology transfer developed by the US Department of Agriculture (USDA). The original terms of reference requested that quarantine treatment be the responsibility of the private sector and to 'develop the business to commercially operate the quarantine treatment facility' (McGregor, 2009, p 30). However the HTFA plant in Tonga was handed over to the Department of Agriculture.

An article in the Tonga Chronicle dated October 27, 2010 stated that the 'government is dragging its feet on important work that will enable growers to export their products' (Latu, p 5). Issues raised included the delayed certification of the fumigation plant at the Queen Salote Warf and the fact that the HTFA facility at Fua'amotu airport was out of use due to broken parts. Comments from the Growers Federation (GroFed), the growers' representative body funded by the National Economic Development Committee (with AusAID and NZAID contributions) echo the article.

Farmers/exporters started exporting melons to NZ in November this year after a 6-year break. There were no exports because there was no fumigation facility since 2004. Five containers of melons have been exported to NZ in the last 3 weeks and 4 containers are expected to be exported next week. An exported container of melons means between TOP10-11,000 paid to Tongan farmers.

Viliami Tiseli CEO GroFed, November 2010

The Government responded that lack of reliable supply of produce from the private sector hampers the effectiveness of the plant which needs constant operation to run smoothly.

It is essential to ensure there is a linkage between the efforts of TA in this sector to the identified markets which will purchase and consume the products; either raw or value added. The issue of market linkages is missing in the majority of programmes to date and while some effort was made in the STABEX design, the September quarterly report states that the activity 'market identification for potential export crops and agro-processed products' was cancelled with the funding being re-allocated to the post harvest facilities. Rationale for this is, due to delays with the post harvest and packaging facilities, there was no product to market. But this short sighted approach has the potential to contribute to programme failure as the expectation is already created in the minds of farmers that markets exist for their products. Research (FAO, 2010, p 68) illustrates that Tongan 'exporters, especially individual exporters, send their goods overseas on the assumption that the market, Tongan and Pacific Island peoples, will buy their goods. This can lead to poor producer returns when markets are flooded and prices are low and as no prearranged contract price has been agreed between producers and distributors this can lead to conflict and mistrust when returns to growers are low'.

There is a lack of national government budgetary commitment to programmes during and after donor funding expires, leaving no budget for ongoing consumerables such as electricity, water and internet access, nor funds dedicated to routine maintenance and upkeep of facilities. This lack of planning has potential to negatively impact the management and operations of the STABEX facilities. Fiona Ramesy, representative of the EU forewarned against this risk at the opening of the facilities in Nuku'alofa.

In order to extract the maximum benefit from this infrastructure investment, the question of future management and maintenance is key and should be addressed today not when there is a problem to resolve. It is crucial that maintenance protocols and resources, both human and financial, be set aside or built into user fees to ensure the continual operation of the facilities for the benefit of small holders and fishermen today, tomorrow and in the future.

Fiona Ramsey, Second Secretary, EU, Speech at the Inaugural Commissioning of Post Harvest Facilities and Tu'imatamoana Fish Market, funded under the EU STABEX programme. 27th January 2011

While it has been acknowledged that the government must initially provide the 'capital to run' the new STABEX funded facilities, it is also well known that the government is under extreme financial pressure. Due to major delays in the programme there was no opportunity to undertake the budgeted capacity building and training, nor undertake the evaluation, recording and documentation on the performance of these facilities. The funds for these activities were re-allocated.

Results Achieved

Through the RMFFP, Tonga is the only country that has realised substantial market-access benefits based on non-host status (Linder & McLeod, 2008, p 21).

McGregor (2000) concluded that a 19% return on investment has been achieved by RMFFP. The benefits to Tonga were assessed in 1999 to be USD3.8 million (McGregor, 1999), although not as high as originally forecast this level of foreign earnings positively impacts Tonga's GDP. The programme saved the Asian markets for squash to Japan and Korea as without the identification and treatment of fruit fly the trade would have collapsed. For a sociological view of the Tongan squash export case study see Storey & Murray (2001).

The RMFFP also claims success in upgrading technical knowledge and understanding regarding the impact of fruit flies on production and export of fresh fruit and fleshy vegetables by the national plant protection and quarantine staff and the private sector. The market success would not have been achieved without the ability to generate and disseminate research which provided the basis to secure protocols for the export of certain fruit and vegetables to New Zealand. It is hoped that the PHAMA programme may work to further these inroads and increase the range of fruits and vegetables under non-host status.

The STABEX project has two major achievements (excluding the support of the fisheries industry through the Tu'imatamoana Fish market – which falls outside of the scope of this review); the provision of infrastructure to facilitate the fumigation, post harvest and agro processing of tradeable fruit and vegetable crops, and the support of Women's groups through the poultry pen distribution component. The infrastructure includes the buildings and equipment for the fumigation chamber and associated tools and equipment for operation including forklifts, bins, stackers and lifers, and the post harvest and agro-processing facility which includes a blast freezer and cooler and finally the

food laboratory which includes basic tools and equipment. While the provision of this infrastructure is crucial for Tonga's agricultural sector, the future success will hinge on finding a model of operation which is economically viable, effective and accessible to all. Experience with the HTFA plant would indicate that this may be more challenging than anticipated.

The second achievement is important due to the focus on gender based interventions at the community level. The PMU has received informal positive feedback regarding the success of the provision of poultry pens to Women's Groups throughout the main islands. Feedback indicates that such pens are enhancing the success rate of poultry breeding, providing families with a healthy food alternative and additional income generation. Whilst this achievement is not currently gaining the recognition afforded the infrastructure, it may well contribute more immediately to the STABEX objectives of 'contributing to the overall sustainable development and a more equitable distribution of economic and social benefits among all Tongans'.

Lessons Learned

There is no easy fix in development nor in agriculture but the benefits of increased trade, specifically trade which links back to farmers and growers at the community level, may offer tangible outcomes for the Kingdom of Tonga. As such it is important to learn the lessons from each development activity and specifically from the RMFFP and STABEX projects. In reviewing the two agricultural sector TAs the following lessons may shed light on the development and delivery of future Aid-for-Trade resources and programmes:

The project, whatever the focus, **must occupy a high priority in National development plans**, as directly relating to increased food security, increased farmer's incomes from sustainable agriculture, development of export markets, etc. The project or programme must have cabinet backing and the full support of all relevant ministries, departments and the private sector.

The identification of **strong programme management**, often due to the characteristics of the individual recruited for the task, is crucial to success. Further to this the likelihood for success can be **enhanced by providing technical support and training** to understand and meet donor requirements, particularly legal and financial rules and regulations.

Programmes should target the local community (both formalised private sector and micro producers) with **simple, sustainable technology** which seeks to provide a more equitable distribution of economic gains. The distribution of poultry pens to Women's Groups throughout the main islands via STABEX is an example of how this may be successfully implemented and highlights an increasingly important outcome of development programmes; the achievements of outcomes through the focus of **gender based interventions at the community level** in conjunction with higher level trade and export objectives.

Ongoing budget must be factored in, either through long term donor support or national budgets to ensure upkeep and consumables for the equipment and infrastructure required. A relevant example of this is the challenge to fund travel for a foreign technician to address HTFA mechanical issues. Such a situation is not a best case example of capacity building nor sustainable development.

There is a need to strike a balance between the efficiency gains sought by donors through the development of large projects such as STABEX versus the outcome efficiencies achieved through

technical projects such as the initial RMFFP, which have been able to achieve long term impact by **utilising multi-donors funding availability to ensure flexibility.**

A well targeted and implemented programme can lead to additional and reinforcing TA which supports and extends the benefits of the original objectives. This was the case with the RMFFP which lead to USAID support for necessary and complimentary infrastructure in the form of the HFTA plant.

Similarly while the provision of market access is not necessarily enough to ensure success, neither is the isolated provision of infrastructure. While the need for infrastructure provided by the STABEX programme cannot be questioned, the real challenge will be to find **a mechanism to efficiently operate the infrastructure for the benefit of all.**

There appears to be a drastic lack of technical assistance to **build market linkages and develop national capacity to support export through trade promotion.** Whilst there is a great deal of focus on market access from an SPS and tariff position and provision of trade related infrastructure, there is little effort focused on market development. In order to ensure success, efficiency and capability must be achieved along each function of the value chain including the whole cycle of the organization, production, delivery of products and market identification and promotion. FAO studies illustrate that ‘smallholder farmers in the Pacific respond to market demand’ (2010, p 19), but this can only occur if they is a consistent path to transfer and receive the market demand message.

Whilst national solutions must be sought to national problems there may **be economies of scale at the regional level.** This has been the case for the Pacific with regard to trade policy (including the Geneva based Forum Island Country Representative in Geneva) and technical barriers to trade (such as the role now played by SPC with regard to fruit fly in the Pacific), and further such economies should be explored.

The **Tongan private sector is small and has limited capacity, time and resources** to divulge to the national objective of private sector development as opposed to the daily struggle of company profitability. Great co-ordination is needed in dealings with the private sector in order to maximise involvement and outcomes.

Conclusion

The agricultural sector, though vulnerable to commodity shocks and preference erosion, may provide a real short to medium term strategy for the enhancement of national export goals *and* the achievement of development goals through enhancing community and family livelihoods and incomes. In the past twenty years the agriculture sector has been the recipient of considerable donor funded technical assistance with a focus on market access addressing both tariff and non tariff barriers to trade and providing the necessary infrastructure to support Tonga’s agricultural trade.

There has been considerable success with this focus given the non-host status achieved for fruit fly and the rebuilding of previous lucrative markets for effected produce. Tariff rates have reduced, though not without the accompanying need to reduce domestic tariffs. Technical assistance has also focused on providing the infrastructure to support trade development including the HTFA facility and the more recent STABEX funded fumigation and post harvest facilities. Whist this infrastructure is necessary, like market access, it is not in itself the answer. The key to future success

will be in the operation and management of these facilities and the availability to all who could benefit.

The school of thought which shows most promise in effecting consolidated sectoral outcomes is the value chain approach which focuses on barriers at each step of the process from crop choice and soil preparation, to marketing, to enable trade. A further benefit of this approach has been the ability to build stronger linkages between the players in the sector; private sector, micro producers, government, and bureaucrats. Stronger linkages at the human level are needed to enforce the cooperation required for outcomes, especially when the demands on the private sector are equally – if not more - constricting as those on the resource strapped government counterparts.

The government must also work tirelessly to seek the most efficient manner to operate the now state owned infrastructure. Financial modelling must be undertaken to identify and enact a strategic plan which ensures funding for consumerables, maintenance and management until a more self-sustaining (ideally self-funded) model can be achieved. The infrastructure is of no use if not working efficiently and not available to all who could benefit. To support the infrastructure the government must also work closely with the private sector to find a suitable and cost effective model of building and supporting international markets.

Whilst the agriculture sector may or may not provide long term competitiveness to the Kingdom of Tonga, an increase in the productivity and efficiency of the sector would spur value added enterprises that would build the entrepreneurial experience and grow the private sector; in terms of numbers of businesses, diversity of business and financial success. The growth of a vibrant private sector is seen as integral to the growth and development of Tonga. Technical assistance has provided the infrastructure and enhanced market access for export success. What remains is the need to create a conducive and supportive policy environment and develop the financial and human capital in order to utilise the tools available to the full support of the agricultural value chain. The solution required is one that recognises the embedded ‘constraints that nature and culture’ (Curtis, 2004, p 421) bring to Tonga and identifies a simplified path to sustainability. The agricultural sector may not provide a dynamic or particularly inventive solution to the development challenges of Tonga – and that may very well be the key to success.

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APPENDIX A

Aid-for-Trade Flows: CRS Proxies						
ODA: USD thousand's, 2006 constant prices						
Country	Tonga	Commitments			Disbursements	
CRS purpose codes		2002-05 average	2006	2007	2006	2007
TRADE POLICY AND REGULATIONS and TRADE-RELATED ADJUSTMENT						
33110	Trade Policy and administrative management ¹	61	75	--	88	--
33120	Trade Institutions	124	38	5	257	0
33130	Negotiate trade agreements (NTAs)	5	--	--	--	--
33140	Monitor trade agreements ¹	3	--	--	--	--
33150	TRADE-RELATED ADJUSTMENT	--	--	5	--	0
33181	Trade education ²	5	--	--	--	--
	sub-total	198	39	10	315	0
ECONOMIC INFRASTRUCTURE						
21010 to 21081	Transport and storage	475	280	24	686	15
22010 to 22040	Communications	20	--	8 710	--	3 252
23010 to 23082	Energy supply and general ²	211	28	0	28	0
	sub-total	706	397	8 734	601	3 267
BUILDING PRODUCTIVE CAPACITY <i>(Includes Trade Development activities (1))</i>						
25010	Business and other services	188	1 456	125	1 886	668
24010 to 24081	Banking and financial services	107	1 48	158	1 48	353
31110 to 31195	Agriculture	19	--	--	--	--
31210 to 31291	Forestry	180	0	--	26	--
31310 to 31391	Fishing	--	--	--	--	--
32110 to 32182	Industry	--	--	--	--	--
32210 to 32268	Mineral resources and mining	--	--	--	--	--
33210	Trade ²	--	--	--	--	--
	sub-total	494	1 754	283	1 793	1 021
not applicable	Focus on Trade Development (1):					
	Plan of objective			4 372		0
	Significant objective			5		0
	sub-total			4 377		0
OTHER TRADE RELATED NEEDS (2) <i>(USD thousands or national currency)</i>						
not applicable	These data will form part of donors' reporting in the WTP under the donor-for-crediting system.					
TOTAL AID-for-TRADE		1 398	2 190	9 027	2 710	4 288
TOTAL SECTOR ALLOCABLE ODA		22 113	24 602	32 925	18 381	10 148

Source: CRS6, Creditor Reporting System

1. Trade development activities are identified in the CRS via the Trade Development policy codes. The amounts shown represent Productive Capacity building activities carried on contributing principally or significantly to trade development. Note however that some CRS reporting donors may not use the Trade Development policy codes and that the amounts presented under this category cannot be added up when reporting on the global flows.

2. The data covered under this category are not explicitly identifiable as APT within the CRS. If so decided, your government is invited to complete the columns for CRS data (commitments and disbursements) and to provide the relevant CRS codes.