



Australian Government
AusAID



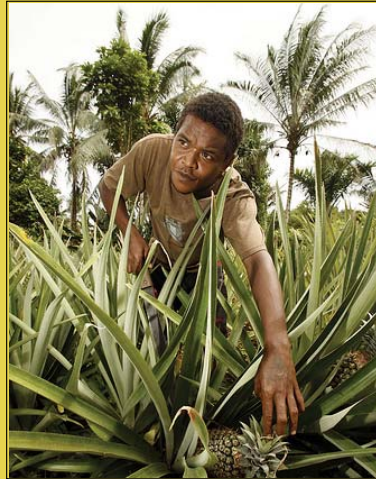
PHAMA Industry Briefing

Pacific Horticultural and Agricultural Market Access

www.ausaid.gov.au

PHAMA

- > Context
- > Key design features
- > Governance arrangements
- > Performance indicators
- > Preparatory activities



Caption: Bina Pineapple farm, Auki, Solomon Islands. Leonard Fenowae (cutter) harvesting pineapples at Bina. Photo by Rob Maccoll.



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Welcome

- Understand many of you have anticipated this briefing for awhile and that there is a lot of interest in PHAMA from industry in Australia. There is also much support from PIC Governments and PIC industry.
- Recognise that the process has been ongoing and there was some delay in moving forward with this tender process. With the tender going out two weeks ago, I am anticipating the successful tenderer will be mobilising in December 2010.
- Today I will describe the program details, place it into the context of AusAID's wider aid program, regional programs and briefly mention linkages to other programs addressing market access and biosecurity.

Context

- > For many developing countries, horticultural commodities are becoming an important mechanism for growth and poverty reduction with incomes and employment boosted
- > However PICs have not profited in any significant way from this global trend
- > This lacklustre performance presents an opportunity for the Pacific
- > Improving trade performance means PICs must address market access issues



Caption: Vanuatu market-seller.



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The aim of this program is to contribute to sustainable economic growth and food security, through trade.

The Pacific is out of step with global trends for export of horticultural products. Allow me to elaborate using a few statistics:

- High-value horticultural commodities now make up over 66% of all developing country exports. In comparison, the share of traditional tropical products account for 21% of developing country exports.
- It's a growing market: fruit and vegetable products accounted for 30% of all developing country products in 2005, compared with 16% in 1980.

However the Pacific is not part of this global trend. This is a real shame, because despite the tyranny of distance

- agriculture is the “backbone” of Pacific economies
- there are highly suitable agro-ecological conditions to be found in many countries
- comparative advantage for such products is often identified for the region

Amongst the usual constraints identified for the Pacific such as low levels of private sector participation and insufficient in-country transportation links and gravity-equation type conclusions, a key constraint is Pacific Island Countries' effectiveness in accessing markets. Some of the reasons for this are

- Poorly identified market access priorities
- Inability to submit, communicate and follow-up with market access requests
- Resourcing constraints inhibiting the capacity to meet import requirements

Context

- > PHAMA and AusAID
 - Funded through the *Food Security Through Rural Development* budget measure
 - Managed in Pacific Branch as a regional trade facilitation program
 - Links with other regional and bilateral programs addressing: trade, rural development, private sector development and food security
- > Previous programs as per PHAMA PDD Appendix 4
- > Strong links with other programs addressing agriculture sectors and biosecurity in the Pacific
 - Market Development Facility (AusAID)
 - Solomon Islands Rural Development Program (AusAID)
 - Pacific Agribusiness for Development Research Initiative (ACIAR)
 - DAFF programs inc. Australian Fumigation Accreditation Scheme and DAFF International Programs and Pre-border Intelligence
 - Facilitating Agricultural Commodity Trade project (SPC/EU funding)



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Now that I have outlined justification for the program, I will discuss where it sits amongst other support for market development, agricultural sector or biosecurity type programs within the Australian Government but also more broadly in the Pacific.

This is particularly important to note because this program is driven by a need to demonstrate aid effectiveness. And in such a small space - market access for agriculture in the Pacific – it is important to coordinate activities across country-level, regional and global programs already operating or about to start in that space.

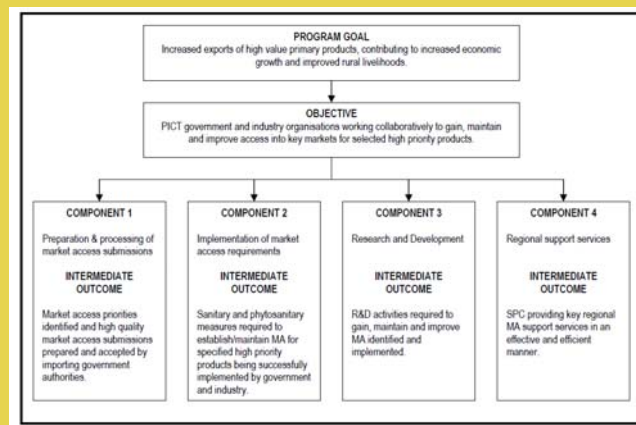
PHAMA will be (see points in slide describing AusAID).

Previous programs relating to this are usefully elaborated in Appendix 4 of the PHAMA PDD.

As I mentioned coordination above, I will note some of the key programs currently operating or beginning in the region that any successful tenderer will not only need to be aware of, but coordinate closely with.

- (as listed in slide)

Key design features



Source: PHAMA Design Document



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The PHAMA program is highly targeted towards addressing *regulatory* aspects of market access for Pacific trade. It will work through:

- Building constructive partnerships between private and public stakeholders to identify and prioritise market access issues at a national level;
- Providing practical assistance and operational support for PICs in the preparation of quality market access submissions;
- Implementation of market access requirements;
- Research and development needs as identified through the prioritisation process; and
- Providing support to the Secretariat of the Pacific Community (SPC) to provide regional market access services.



Key design features

- > Component approach
 - Each component addresses a key constraint to PICs' access to markets
- > Market Access Working Groups
 - Structure used by PHAMA facilitates public/private-sector dialogue to prioritise MA issues
 - Will be the decision-making body for each country participating in PHAMA
 - Will be supported by a National Market Access Coordinator
 - Priorities determined annually: flexibility of a Consultant Pool reflects this.
- > Funding for Pacific market liaison officer within DAFF
 - Operational procedures, capacity to meet operational procedures and target quality standards, and treatment/handling facilities established
- > Close link with Secretariat of the Pacific Community
 - SPC have a mandate for market access services
 - SPC will host the PHAMA Program Management Office



(As per points in slide)

Governance

- > Program Coordinating Committee oversights PHAMA (Components 1-4)
 - AusAID
 - SPC
 - MAWG Chairs
 - PHAMA team leader
 - NZ-MFAT
 - ACIAR
 - DAFF/MAFF (observer status)
- > Alongside, SPC management structure (Component 4)



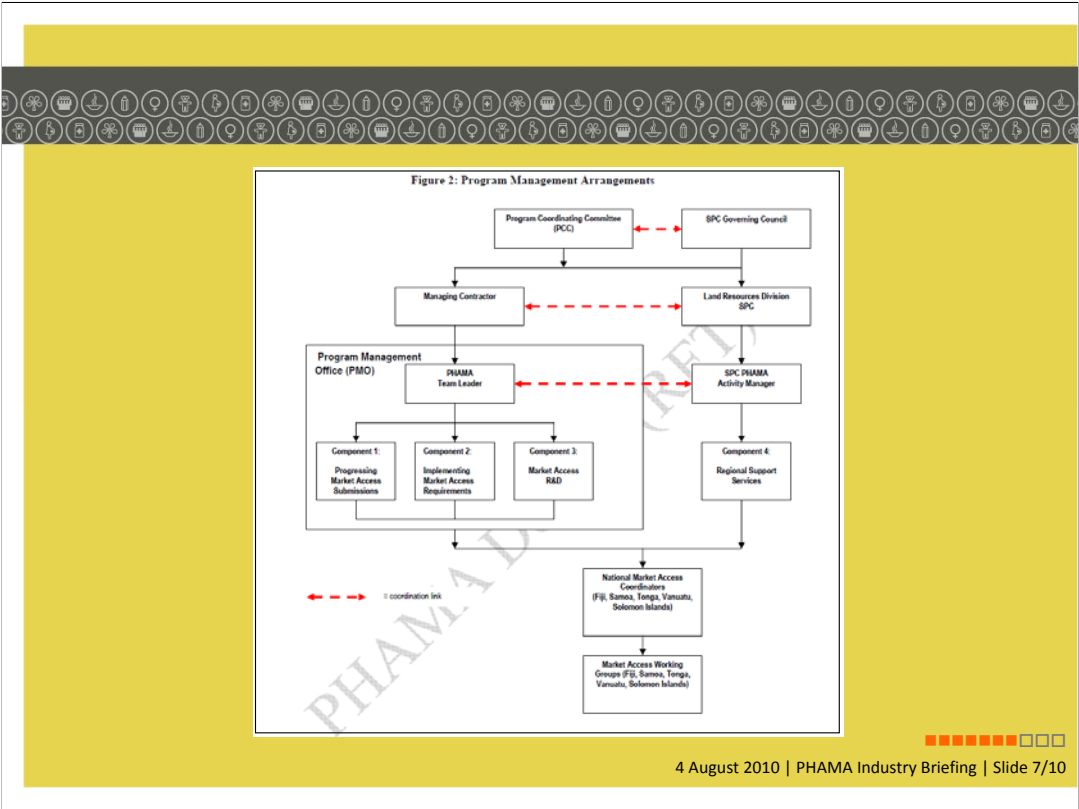
Caption: Volume and value of domestic markets are frequently underestimated.



Source: *PHAMA Design Document*

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(as per slide)



(as per slide)



Governance

- > Managing contractor will:
 - Manage Component 1-3 of PHAMA
 - Establish a Program Management Office
 - PMO location is SPC's Nabua office, SPC

- > MAWGs
 - Established in each country
 - Key private sector players
 - Government representatives e.g. NPPO, trade, industry, commerce portfolios
 - Supported by the National Market Access Coordinator

- > NMACs
 - Secretariat support to MAWGs
 - Key link to PHAMA PMO



Performance indicators

- > Monitoring, Evaluation, Reporting and Improvement (MERI) Framework currently being finalised
- > Will incorporate a live approach to enable continuous improvement to operations of PHAMA
- > Needs to fit in with AusAID quality and performance management requirements
- > Will include quantitative as well as qualitative reporting measures
- > As part of the successful tenderer's obligations, an implementation plan for the MERI Framework will form one of the key documents to be submitted to AusAID by the end of January 2011
- > Additionally, Contractor Performance Assessments (as per BoP Annex 2): KPIs to be designed cooperatively between AusAID and successful tenderer



Caption: Tropical products, Vanuatu market.



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I want to talk now about the performance indicators for the program.

Essentially, I want to know, how is this program working? Is it achieving the overall aim of economic growth through increased trade? However such questions are very high-level and because the initial Phase of PHAMA and MA issues often take years before benefits are seen, we need to break this down somewhat. For that reason, there will largely be a components-based approach.

It is a bit tricky to talk about this particular component because a MERI Framework is not yet finalised. It will be soon, and will be issued as an Addendum as soon as possible. A draft M&E framework is included in Appendix 10 of the PHAMA PDD.

Key features are (as per slide).

Preparatory Activities

- > Significant lead-time between PHAMA peer approval for program quality, a financial approval, and the tender process finalisation
- > PIC governments and industry very supportive, and activities have taken place to ensure momentum is not lost
- > Formal PIC government approval obtained
- > Market Access Working Groups
 - Draft charters for MAWGs
 - Familiarisation with prioritisation process
 - Discussion encouraged on where Secretariat (NMAC) should be hosted
 - Discussions have already begun between PIC government and industry on priorities for market access issues to be addressed in the first year



Caption: Cut flowers, Vanuatu market.

