

FRANK ELLIS AIDE MEMOIRE
AusAid Suva 4 Oct 2011

Overview

This Aide Memoire describes the findings from a visit by Frank Ellis to Fiji from 25 Sept to 4 Oct 2011. The aim of the visit was to contribute to the transition between a previous set of funding commitments in the agricultural, food security and community resilience areas to a future set of commitments set within a Theory of Change (ToC) and a Delivery Strategy (DS). The visit comprised a near comprehensive round of meetings with current and future stakeholders in the proposed Building Resilience and Economic Opportunities for Disadvantaged Communities component of the new aid strategy in Fiji. This was followed by field visits to roughly 20 past and ongoing projects funded by AusAid in Fiji

Past projects were generally found to be quite unusually successful at achieving their intended outcomes. In particular, a model for connecting farmers to markets via the identification of a key facilitating organisation (private business, CSO or community-based) has yielded strikingly good results in a number of instances. This model depends on the opportunistic selection of a facilitator identified as already having momentum in one or more product markets that offer potential for expansion to increased numbers of farmers. In addition, AusAid has supported the activities of several dynamic CSOs that have made visible differences in community development projects covering health, nutrition, backyard gardens, gender equity, disability and social protection.

Considerable progress has been made in devising an appropriate ToC and DS to provide a structure for planned commitments across rural & agriculture, urban, financial, civil society, disaster risk reduction and social protection programmes. The ToC identifies suitable high level purposes and goals, and the component programmes are able to demonstrate the pathways by which these goals can be met by programme execution. The DS contains an appropriate structure and sub-headings according to the understanding of this consultant concerning its intention within the new country strategy architecture. In view of the observations made above about the mode of success of previous free standing small projects, it will be important that sub-contracted programmes are able to offer the flexibility of assistance that will allow 'winners' for income growth and resilience in Fiji to be supported in the future. The final section of the aide memoire lists the author's perceptions concerning funding priorities as well as observations about potential scale-up; however, these should be interpreted in the context of the limited timescale of this exercise.

Context

After visiting a substantial number of projects, and looking at project and draft design strategy documentation, an approximate categorisation of what has been happening in the past (sometimes continuing) is set out in the following bulleted lists. This is really just a way of clearing the ground, but it points to some interesting connections between existing and planned components; as well as pointing the way to the theory of change and the design strategy.

Funding Groupings

- A. Enterprise Challenge Fund (ECF) [past]
- B. Market Development Facility (MDF) [future]
- C. Fiji Rural Economic Development [continuing]
- D. Climate Change Adaptation/DRR/DRM [some past + future]
- E. Civil Society Organisation Support [continuing]
- F. Financial Inclusion [continuing]
- G. Market Access Fiji Exports [continuing]

Cross-Cutting Topics/Themes

- (1) Markets and enterprise (funding types A, B, F & G)
- (2) Livelihood asset building (funding types C & F)
- (3) Food security (funding type C)
- (4) Resilience (vulnerability reduction; SP; DRM/CCA) (all funding types)
- (5) Community development (funding types C, E, perhaps F)
- (6) Social support services (crossing over into education and health) (funding type E)
- (7) Replication, scaling up (all funding types but esp. important in B & F)
- (8) Geography of poverty (all funding types; are AusAid efforts *located* to address the needs of the poorest or most vulnerable in Fiji?)

Important Interactions

- (a) Asset building includes human capital (training, skills), social capital (community development), economic assets: beehives, nurseries, teak trees etc; natural capital (the quality of soils); and financial capital (remittance transfers, savings, access to credit);
- (b) Markets and enterprise are to do with increasing and diversifying income sources, thus contributing to food security, resilience and capability to adapt to climate change;
- (c) Community development strengthens social cohesion (traditional social protection), and therefore contributes to food security and resilience at community level;
- (d) DRM can be a joint effect of strengthening other areas (emergency seedling stores being a case in point); climate change adaptation follows directly from greater food security and more resilience – unless it is intended to undertake infrastructural climate change projects (sea walls, river bunds etc), then climate change can be subsumed under strengthening people's ability to deal with risk in general, including current and future climate risks;
- (e) Financial inclusion offers potential of replication and scale: the use of mobile phones for financial services other than remittance transfers merits special encouragement;
- (f) Strictly, food security is not an issue in Fiji (there is no significant 'missing food entitlement' problem); however, nutritional outcomes may vary by location, age, gender etc for social and economic reasons). Also there may be scope for substituting imported foods by locally grown foods with both economic (at the macro level) and nutritional (at the local level) benefits.

Additional Notes

Note 1: The tension between individual entrepreneurship and social obligation in efforts to increase standards of living and livelihood security needs to be kept in mind. It is no coincidence that the best functioning projects in communal Fijian settings are those which incorporate individual initiative within the community obligation context (Lutu, Tutu). Conversely, where community obligation is not a strong feature, individual entrepreneurship works well, and the more critical issue becomes the demonstration or replication effect of individual success (as manifested by the beekeeping project).

Note 2: The distinction between private and public interest is an interesting and important one when discussing aid contributions to market or private sector led economic activities (i.e. businesses). Where a business is unable to demonstrate additional public added value (for example, assistance to other producers with technical expertise or inputs) then the case for an AusAid contribution is weak; however, when the business is able and willing to carry out public outreach activities, then AusAid contributions to these activities are valid and can be very effective.

Projects Visited (and any other relevant projects)

This section of the aide memoire constitutes a brief summary of projects visited or discussed during the author's visit to Fiji. A selection of the project sites visited are subjectively rated by the author from personal observations made during the field trip and (some) background reading. The scoring comprises the 6 criteria of: size of outreach (incl. replication, scale up); contribution to resilience (vulnerability reduction; risk spreading); proven cash income generation (i.e. sales rather than subsistence); reaching the poorest; future sustainability (when AusAid help ends); and community cohesion (only when this is a pertinent criterion). Scoring is on a scale of 1-3. Overall score is a simple average of the 5 or 6 criteria.

Funding Type A

Type A projects are past ECF funded projects. They address themes (1) and (2), and in the process also address (3) and (4). Financial assistance has been to a component of overall project design, sometimes with a broader outreach intention (extension support; critical assets; nurseries etc.)

Nature's Way Cooperative

Nature's Way Cooperative is a commercial enterprise, which incorporates cooperative principles for its trader members and growers. Its core operation is the preparation of horticultural products (specifically papaya) for export using a heat treating method to eliminate contamination by insect pests (fruit flies). It undertakes this service for trader and grower members. It also undertakes the packing of treated products under the brands of its different trader members. It has spare capacity for future growth, and therefore offers the prospects for expansion of products and growers in the future. AusAid has supported the provision of extension support and training to growers. This is a very good project offering a particular model for connecting farmers to export markets. Nature's Way is located in Nadi in Western Province.

SCORE - Outreach: 3; Resilience: 3; Cash: 3; Poorest: 2; Sus: 3; *Average: 2.8*

Reddy Duck Farms. In some ways similar to Nature's Way, but directed to the domestic rather than the export market, Reddy Duck acts as the facilitator by which contracted duck raisers can be connected to the domestic consumer market for ducks. Reddy Duck supplies contracted farmers with ducklings as well as technical advice and appropriate feed. It also provides facilities for slaughter and chilling or freezing for onward sale to supermarkets and hotels. This is a good project, previously supported by AusAid for some components of its infrastructure and advice to contracted farmers. According to its owner, the company is approaching the maximum trade volume that can be achieved without a substantial scale-up in its investment and fixed costs. It seems probable that the company will stay at its current level of operation, not therefore offering scope for further expansion in its contract farmers.

SCORE - Outreach: 2; Resilience: 2; Cash: 3; Poorest: 2; Sus: 2; *Average: 2.2*

Future Forests Fiji. Future Forests provides yet another good example of the model by which a strong commercial enterprise can be assisted during its early expansion in order to cause spread effects by outreach to poor farmers. Future Forests is a teak growing enterprise, and AusAid assisted at a critical stage with the funding of a nursery facility enabling the enterprise to provide free seedlings to poor farmers who wished to take up teak production. Teak is a long term investment with serious returns occurring only after 11 years and full size of mature trees reached in 25 years. It remains to be seen if poor small farmers will stick with the necessary cultivation practices to ensure the realisation of the high potential income that teak can provide. A complementary activity which offers shorter term income potential is grazing sheep within teak plantations. The company will in the future continue to provide technical advice to growers, and will provide the timber processing facilities when harvesting gets under way.

SCORE - Outreach: 2; Resilience 2; Cash: 3; Poorest: 2; Sus: 3; *Average: 2.4*

Funding Type C

Type C projects are past or ongoing 'rural development' projects concerned with increasing farm productivity, encouraging markets sales of agricultural output, ensuring food security, and increasing the livelihood resilience of farmers and communities.

PCDF-MORDI villages. MORDI is a rural development project in the Pacific funded by IFAD with an AusAid contribution. In Fiji MORDI is managed by an NGO called Partners in Community Development (PCDF). A field visit was made to one out of three sites where MORDI is working on, amongst other things, connecting farmers to markets. The site visited was Veinuka district in Namosi province. Discussions held in a village hall were strange in that facilitators and others discussed events and priorities such as sewing machines, satellite phones and solar panels which seemed little to do with MORDI objectives (and were being funded by other entities). It was difficult to discern any major excitement about MORDI-specific activities. It is possible that farmers in the selected villages were already quite capable of identifying their own markets.

SCORE - Outreach: 1; Resilience: 1; Cash: 1; Poorest: 1; Sus: 1; *Average: 1.0*

Lutu Cooperative. The Lutu Cooperative is a well-known 'success story' of farmer-to-market cash income generation in a group of three traditional Fijian villages: Nukuloa, Navunivaro and Lutu, which together comprise the Lutu District in Naitasiri Province in Fiji. The Cooperative is embedded in the Fiji cultural tradition of social obligation and reciprocity, and is really a communal rather than cooperative initiative, lacking the institutional features which would normally be associated with the term 'cooperative'. Lutu Cooperative produces taro for export to New Zealand, and has a disciplined weekly routine in which farmers must work on their own taro farms from Mon-Thur, and must refrain from drinking kava in these days. This is a highly successful project; but appears not to be replicable. No adjacent villages have adopted the same approach to generating cash income from their land (i.e. there have been no demonstration effects), nor has the model been adopted elsewhere in Fiji despite numerous visits to study the project by government officials, donor personnel and NGO workers over the past twenty years.

SCORE - Outreach: 1; Resilience: 3; Cash: 3; Poorest: 2; Sus: 3; *Average: 2.4*

Tutu Rural Training Centre. This innovative centre located in Taveuni has developed a unique approach to encouraging young Fijians from communities in Taveuni and southern Vanua Levu to take up agriculture as an occupation, and to realise the income gains (for

themselves and their communities) of growing crops for market sale. The core programme involves rotating students between fields allocated at the training centre and their own fields back in their home villages. The young farmers are given realisable goals to achieve (for example, raising sufficient income to build themselves a superior home), and the full programme takes 4 years to complete since yaqona is the principle crop from which high levels of cash income can be realised. There is also a shorter married couples programme (6 months) concerned with home economics which seems to work well. Tutu offers a template which could possibly be replicated in other areas of Fiji with crops not necessitating quite such long training cycles.

SCORE - Outreach: 3; Resilience: 3; Cash: 3; Poorest: 3; Sus: 2; *Average: 2.8*

Government/SPC Macuna Bean Trials (this is classified on the itinerary as DRR but is clearly to do with soil fertility). Not scored.

Tei-Tei Tavenui Farmer Group. Location Taveuni (links to ACIAR Soil Health Project). Not scored.

Saraswati Bee Keepers. This is a beekeeping project with a civil society organisation called Saraswati which AusAid assisted with a small grant. The project has been a very considerable success creating 700 new beekeepers with between 4 and 24 hives each and producing additional income of between FJD1,000 and 6,000 per year. Saraswati provides 4 hives initially to prospective beekeepers in Ra province in Viti Levu, as well as training and technical support in how to keep bees. The project has provided a new source of income in cane growing areas where returns to sugar cane have fallen steeply in recent years. Saraswati offers good prospects of expansion of beekeeping to other parts of Fiji, as well as using the same model for other forms of income diversification in rural areas.

SCORE - Outreach: 3; Resilience: 3; Cash: 3; Poorest: 2; Sus: 3; *Average: 2.8*

Funding Type D

Votua village – essentially village water supply and not really DRR/DRM (except at a stretch), may have positive livelihood implications. Not scored.

Micro-nurseries project. This is an interesting project in which AusAid has funded a disaster risk management (DRM) component located within a start-up nurseries enterprise, which has the commercial objective of supplying improved seedlings for various horticultural and food crops to farmers. The DRM component comprises the ingenious use of modified freight containers to act as seedling storage containers in the event of a cyclone. The basic model is that seedlings are grown on a continuing basis in nurseries in selected locations, so that farmers can be resupplied with planting materials after a natural disaster. The trays that these seedlings are grown in can be quickly moved into the freight containers on advanced warning of a cyclone, thus protecting this important source of recovery from disaster.

SCORE - Outreach: 2; Resilience: 3; Cash: 2; Poorest: 2; Sus: 2; *Average: 2.2*

Funding Type E

Type E projects comprise support to NGOs or civil society organisations. In the future this type of project (including continued support to existing NGOs/CSOs) will presumably be situated under the independently managed CSO programme. NGOs in this funding category often provide multiple services across sectors including microfinance, food security, nutrition, community cohesion, counselling services, health services; skills training and others.

Foundation for Rural Integrated Enterprises and Development (FRIEND). This is an NGO with a community development model that it applies across both rural communities and urban settlements. It does an interesting combination of economic and social support activities, and is involved in trying to reduce the incidence of non-communicable diseases in the places where it works by attention to diversity of food supplies (from back gardens) and dietary advice as well as exercise regimes. FRIEND appears dynamic and innovative and is looking to do new things with a greater cash income generation potential in the future.

SCORE - Outreach: 3; Resilience: 3; Cash: 2; Poorest: 2; Sus: 1; CC: 3; *Average: 2.3*

Pacific Counselling and Social Services (PCSS). PCSS is an NGO based in Lautoka town which provides counselling, health, and social services, as well as urban income generating projects at community services centres in Lautoka and Labasa. The NGO appears well organised with highly motivated staff, and is about to initiate a textile and garment project (for which sewing machines have already been purchased) to provide work for seamstresses who were put out of work by the decline in the garment industry. The organisation also works with individuals infected by HIV, and with prisoner rehabilitations programmes.

SCORE - Outreach: 2; Resilience: 2; Cash: 2; Poorest: 3; Sus: 1; CC: 3; *Average: 2.2*

Funding Types F and G

These are not 'field projects' and are not rated under this exercise. Funding Type F comprises AusAid funded initiatives in the financial inclusion area (including PFIP and micro-insurance). It is considered that these are valuable initiatives that should be retained or expanded in a future funding portfolio. Funding Type G comprises assistance to Pacific organisations that help with overcoming market access regulations for Fiji export commodities. This is a practical and very useful activity, where future support can be justified under any number of criteria.

Summary and Some Preliminary Conclusions (from the meetings and field visits)

AusAid has been funding an array of worthwhile activities, mostly small scale, across a spectrum which can be loosely described as 'strengthening rural and urban livelihoods'. The word 'strengthening' can be taken to include both income growth and livelihood resilience (reducing vulnerability to crises or shocks). At one end of this spectrum lie purely economic and market-oriented initiatives to expand cash income generating opportunities for poorer people in Fiji; at the other are community and social initiatives that are more to do with strengthening community institutions than with income generation. The portfolio as a whole errs in the direction of livelihood asset building (human, economic, financial, natural capital) and connecting poor people to markets.

In terms of the projects visited, for those that are rated in the above subjective exercise, the average scores were as set out in the table below, ordered from highest to lowest. No scientific accuracy should be attributed to this scoring system since it is not based on systematic enquiry. Clear 'winners' here are Natures Way, Tutu and Saraswati Beekeepers. These score well for different reasons. Nature's Way provides an excellent example of providing growers with the capability to participate competitively in the value chain for exported horticultural products. It has a strong commercial dynamic, scope for expansion, and AusAid can contribute to outreach to new participants. Tutu instils the motivation for young Fijians to become market oriented farmers while at the same time complying with their community obligations. Saraswati Beekeepers has identified a model that allows flexibility in scale of individual involvement (e.g. from 4 to 40 beehives), has strong scope for replication

and scale up, and can potentially be extended to other lines of production than bees where market opportunities exist or can be created.

Project	Score
Natures Way	2.8
Tutu	2.8
Saraswati Beekeepers	2.8
Future Forests	2.4
Lutu	2.4
FRIEND	2.3
Reddy Duck Farms	2.2
Micro-Nurseries	2.2
PCSS	2.2
MORDI	1.0

Only fractionally below these first three are Future Forests and Lutu. Future Forests comply with similar criteria for success as those found in Nature's Way or Saraswati Beekeepers. The only question mark here relates to the time duration of the investment and whether teak growers (other than the core enterprise) will stick with the investment for sufficient years to realise the economic return envisaged. Lutu scores high on many criteria, but appears not to be replicable. Given the duration of its history and the number of people who have visited the project, any potential for replication in adjacent villages or elsewhere would surely have occurred by now. This project is not in any case in receipt of AusAid funding.

It is possible that FRIEND and PCSS are slightly under-rated in this exercise. This is because they are NGOs which need continuing support to do the things which they do; unlike the economic enterprises that can be self-sustaining under certain conditions once AusAid funding has been spent. Both FRIEND and PCSS have a very good record with regard to the things which they set out to achieve, and their outreach is high relative to funds committed. It is likely that they would be priority recipients of continuing support under the future CSO programme. Reddy Duck Farms has been successful and has made good use of past AusAid funds; it appears, however, that it may have reached the limits of its growth potential unless a similar project were started elsewhere under a different management. It provides another good example of practical models by which farmers can be connected to markets.

MORDI's project in Namosi was, on balance, not high priority for AusAid funding (although the parent NGO may well be!). These are superficially remote villages, but in fact have road access from three directions and river access to Navua. The high cost of a transport fare to Suva reflects the distance and vehicle wear; but this is a bit misleading since many young people from those villages in fact live and work in Suva, and transport is evidently available enough for dalo and yaqona to be sold to market. The 'remote' village from which the community facilitator had ridden by horse in fact used to have a subsidiary manufacturing plant for Pure Fiji, and has road access which was temporarily cut off by a landslip (or bridge washout?), which is due to be reopened quite soon.

From these case studies a 'core' model emerges for successful building of resilient rural livelihoods in Fiji. This model involves linking farmers to markets via a strong facilitator. The facilitator may be a private company that is interested (or can be persuaded) to take its social obligations seriously, a non-government or civil society organisation (including religious institutions), or, more rarely, a community organisation like the Lutu Cooperative.

The facilitator plays a key role in providing farmer training and technical support at the production end; key inputs for start-up (e.g. seedlings); and often (but not always) the connection to the market intermediaries further up the value chain (at home or abroad). In the case of the beekeepers, farmers must become their own honey sales agents, and this seems to work adequately in that example. The role of AusAid in this model is to fund the 'public interest' component of spreading a good market idea to as many participants as possible; it is also legitimate to use aid funds to overcome a particular investment bottleneck which is preventing an otherwise clearly beneficial project from going ahead.

A secondary model apparent in the case studies is continuous support to civil society organisations that are involved in resilient livelihood or community development activities, but are unlikely to 'graduate' from needing funding in the future; since their portfolio of activities are predominantly 'public interest' and they have few means of recouping their outlays through the market. Carefully selected, these organisations can make a big difference to the lives and livelihoods of the communities and individuals that they support; including in the economic sphere of production advice and help with markets.

The projects visited for this aide memoire were almost entirely, if not exclusively, rural and agricultural (while also containing human capital and community development dimensions). The recent poverty analyses for Fiji suggest that in terms of absolute numbers (even if not in proportions), the urban poor are likely to be just as numerous as the rural poor in Fiji and may even be more numerous (there is an argument that urban poor areas are under-represented in the national sampling frame). Spatially, poverty is proportionately higher in Vanua Levu especially in the more densely populated northern side of the island, than in other parts of Fiji. In addition, rural to urban migration is important, more rapid than tends to be officially recognised, and gives rise to the social and economic adjustment problems that occur with rapidly expanding populations in and around major cities. In view of these considerations, AusAid may wish to consider more deliberately seeking out urban Fiji and northern province opportunities for building resilient livelihoods in Fiji.

Delivery Strategy and Theory of Change

Background (as seen by an outsider)

It is understood that delivery strategies incorporating a theory of change are a new way of organising Australian aid according to a common set of principles across all aid recipient countries. Many of the elements of this approach are familiar from earlier strategic approaches such as logical frameworks. The core of these approaches is the statement of an overarching purpose such as 'reduce poverty in Fiji', then a set of subsidiary and manageable objectives designed to contribute to the overall purpose, and a set of proposed inputs and projected outputs designed to meet the stated objectives. Setting out an aid programme in this form facilitates subsequent interim and final evaluations, since M&E can be designed around indicators of progress according to what the programme stated it would deliver and when. More recently, the achievement of delivered outputs has come to be considered inadequate for measuring programme success, since the successful delivery of, for example, 15 weeks training in cassava production, has little to commend it if none of the participants go on to cultivate cassava, or to improve their incomes through this route. Hence the new emphasis on impact evaluation, which focuses on long term outcomes, and on observable differences in livelihood indicators between the beneficiaries and non-beneficiaries of the development intervention. The theory of change is an interesting and useful addition to the design task

since it demands that the process (cause and effect) by which high level purpose is to be achieved is fully specified (a dynamic logframe essentially does the same thing).

Theory of Change

The Theory of Change developed in Suva Office was undergoing revision towards the end of this consultant's visit. The high level purpose (super goal) has been stated as Improved Livelihoods and Resilience of Rural and Urban Poor in Fiji. Beneath this are the two pillars of 'improved incomes and employment for rural and urban poor' and 'increased household and community resilience to shocks and stresses'. This is more or less exactly as should be expected from the pattern of ongoing and forward activities described in this aide memoire: these divide between economic enterprise, on the one hand, and community cohesion on the other. At the third level of purpose, eight desirable longer term outcomes of the funding portfolio are identified, and these are well specified. Finally a manageable portfolio of bilateral and regional programmes is set out, and the links to outcomes are in process of being further developed.

In developing further the major links and cross-linkages between these programmes and the way they influence outcomes, note could be taken of some of the distinctions and interactions identified earlier in this Aide Memoire. In particular, there are a number of cross-linkages to 'livelihood asset building'. Livelihood assets comprise human capital (health, skills, training), natural capital (land, soil quality), financial capital (transfers, savings, credit), economic or physical capital (tools, equipment, processing machinery, buildings, roads etc.), and social capital (social cohesion and informal SP). Raising the level of some combination of livelihood assets is generally considered to be a good thing, and contributes to both income/employment and resilience. Higher assets enable more active participation in markets and higher incomes. In poverty traps, family or community assets are depleted, income earning capability is diminished, and assets cannot be rebuilt since there is no capacity to accumulate. An example is a family that experiences a shock (death of the main breadwinner), discovers that it is irretrievably in debt, has to sell land or house to repay debts, loses active family members who move away to build lives elsewhere, leaving behind perhaps a widow and elderly grandparents. The opposite positive spiral upwards is worth encouraging – active family members stay at home and have worthwhile activities in which to engage, debts are paid off and savings occur, investments are undertaken which increase income further and so on.

Delivery Strategy

Here some blocks of text that may be useful (or not) for the Delivery Strategy are drafted.

(Under Theory of Change)

In rural Fiji, most of the population are food secure most of the time due to traditional social protection, and the presence of good soils with abundant rainfall. On the other hand, as for any PIC, there are serious problems of remoteness, high transport costs, lack of market access, lack of advice on crop or livestock alternatives, and a tendency for subsistence level incomes to remain static in the long term. In addition, the steep decline in the sugar industry that has been ongoing for several years and is predicted to accelerate as ACP sugar protocol support is finally withdrawn altogether, makes diversification of income sources for former cane farmers an urgent priority. Fiji is prone to natural disasters (cyclones, floods, droughts, climate change) meaning that it is not sufficient for rural families and communities to stay at the subsistence level; they require additional income as a buffer against personal shocks and widespread disasters. Finally, on the social side, lack of basic social services around health,

nutrition, gender equity and disability mean that much needs to be done to raise the level of such services, at the same time contributing to the social cohesion for which Fiji is well known.

Rural hypothesis: Scope exists to connect farmers to markets in such a way that they can diversify income sources, raise rural incomes and learn to cultivate new crops, thus providing a buffer against shocks and disasters and reducing rural vulnerability. This process will be facilitated by better financial inclusion (transfers, savings, credit, micro-insurance); and also by strengthening community services and institutions. This hypothesis gives us the three pillars of strengthening rural livelihoods which are market-based increases in rural incomes, financial inclusion and community development.

A model of rising rural incomes accessible by the poor has been tried and tested over the past three years in Fiji. This model comprises identifying partners with whom AusAid can work as facilitators of new connections between poor farmers and markets. These partners can be private sector enterprises (private business), civil society organisations, or community organisations. In the case of private business, a requirement is that the business must be prepared to carry out outreach activities (for example, extension, training or provision of seedlings) which go beyond the strict parameters of commercial profitability; although in most cases a coincidence of interest between outreach and commercial considerations is in practice discovered. In this model, the goal of achieving reliable or sustainable increases in rural incomes has a clear pathway by which AusAid assistance can lever or accelerate the expansion to greater numbers of poor farmers of an initiative already put in train by the partner organisation. Thus AusAid can help organisations overcome resource constraints at start-up; accelerate the process of identifying, training and contracting new farmers; and explore new sites for the production of the same product or new products that could be produced by the same or different farmers. The pathway of cause and effect contains multiple strands but heads in the single direction of more poor farmers earning more cash income from higher crop or livestock sales to domestic or export markets.

Priorities for Future Funding

This final section of this Aide Memoire arises from the projects visited (as described earlier) and ongoing commitments which will come under the new aid strategy for Fiji. Some observations are as follows:

- (1) A number of previous partners merit continuing funding for different reasons; in particular:
 - (a) Nature's Way offers continuing potential to expand to new farmers and new products, with assistance for research, extension and outreach activities;
 - (b) Saraswati offers potential to replicate its beekeeper project in other parts of the country and to experiment with the same model for other enterprises for which a good domestic market potentially exists;
 - (c) Future Forests probably no longer needs support (it is about to be listed on the Pacific Stock Exchange with an IPO); however, its outreach programme to additional growers represents a broader public interest some elements of which may be worth continuing to support;
 - (d) Ways of working with Tutu, either to replicate their farmer training model with modifications in other places, or to fund them to take on a new branch in their activities are worth exploring;

- (e) The NGOs FRIEND and PCSS are worth continuing support since they are good at what they do and provide (to some extent) measurable evidence of impact on the well-being of families in the communities where they work;
 - (f) The author of this aide memoire has insufficient knowledge of other NGOs/CSOs with which AusAid has worked in the past to comment on their appropriateness for future funding;
 - (g) PHAMA should obviously continue to be supported; its work on market access for Fiji products in importing countries is essential as a complement to other activities and goals in the aid portfolio;
 - (h) Fragmentary work currently done on soil quality in Fiji (macuna beans etc) could be extended in a more systematic way. Frequent mention was made in field visits to the declining Ph level of soils (greater acidity) and the shortage and high cost of calcium carbonate (lime) to correct this. Rising acidity has an adverse effect on the uptake of nutrients by plants and reduces yields the more acid the soil becomes. The prevalence of shifting cultivation in *dalo* probably reflects experience of this effect by farmers; and it may also be a factor in cane yield trends.
- (2) Recent poverty analyses (supported by AusAid) demonstrate that poverty in Fiji is as much urban as rural, and that northern province (in particular the northern side of Vanua Levu) has high absolute numbers of people in poverty. A lot of the discussion in Fiji is about the spatial distribution of *relative* poverty, but this biases attention to poor rural areas with low population densities. It is appropriate also to examine the absolute numbers of poor and where these are located. In considering future replication of farmer-to-market work through a facilitating organisation, or identifying CSOs with potential for good results in community work, or urban poverty reduction efforts, the effort should be made to map new initiatives to the absolute numbers of people in poverty in different locations.
- (3) Continued support to poverty analysis remains a useful exercise for AusAid to be engaged in.
- (4) AusAid is already funding an impressive array of activities in the area of financial inclusion as well as electronic delivery of payments to FAP recipients. These should remain priorities for AusAid funding, with particular emphasis on expanding the financial services available in mobile phone networks and ensuring that these services are available where large numbers of poor people are located as well as in better off parts of Fiji.
- (5) Urban poverty reduction represents a particular challenge in Fiji (as it does in urban areas the world over). There is pessimism about start-up micro businesses due to the small size of the domestic market. AusAid should consider funding work which brings international best practice in urban poverty reduction onto the table for discussion. The impression is that current efforts are largely 'fishing in the dark'; however, there is a lot of material out there (much of it on the internet), and there are case-studies of successful efforts to turn around blighted urban areas. The World Bank has done a lot of work in this area over many years.

Aid Scale-Up in Fiji

The question was raised concerning potential avenues for expansion if political circumstances changed so that AusAid decided to scale up the volume of its foreign assistance to Fiji. The table below shows some avenues that could be pursued with respect to the Building Resilience and Economic Opportunities for Disadvantaged Communities component of the new aid strategy. This table is set out to distinguish moderate from high impact outcomes, against an array of different potential funding level commitments. At this stage, the description of these options is not developed further. The high impact ideas comprise countrywide implementation of a suggested programme, designed to reach large numbers of poor people in multiple locations. The moderate impact ideas comprise programmes that are likely to be more location specific, or for which the spread effects are more limited than the high impact examples.

Up to AUD over 2 years	Moderate Impact	High Impact
10,000,000	<ul style="list-style-type: none"> ○ Micro-hydro supply 	
5,000,000	<ul style="list-style-type: none"> ○ Market infrastructure for women traders ○ Mangrove-related livelihoods project in poor coastal areas 	<ul style="list-style-type: none"> ○ Tutu version in high poverty areas (Bua, Navuso or Nadave) ○ Rural infrastructure – employment-intensive drainage and farm access roads
1,000,000	<ul style="list-style-type: none"> ○ Pulse production for domestic market ○ Virgin Coconut Oil project ○ Post-tissue culture nursery for climate-ready crops 	<ul style="list-style-type: none"> ○ Affordable lime supply ○ Forestry extension project ○ Micro-enterprise development in urban settlements ○ Development of debt consolidation service for urban settlements
500,000	<ul style="list-style-type: none"> ○ Aquaculture extension project ○ Peking duck expansion 	<ul style="list-style-type: none"> ○ Honey production expansion ○ Soil care training for farmers ○ Urban settlement nursery project
100,000	<ul style="list-style-type: none"> ○ Pilot (for potential scale-up) of Lutu farm cooperative model 	<ul style="list-style-type: none"> ○ Replication of Lutu pilot, if successful

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